The Corruption Enigma: Understanding Success and Failure of Corruption Reform Programs in Highly Corrupt Countries

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THE CORRUPTION ENIGMA: UNDERSTANDING SUCCESS AND FAILURE OF CORRUPTION REFORM PROGRAMS IN HIGHLY CORRUPT COUNTRIES

by

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A Dissertation Submitted to the Faculty of Old Dominion University
in Partial Fulfillment of the Requirements for the Degree of

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ABSTRACT

THE CORRUPTION ENIGMA: UNDERSTANDING SUCCESS AND FAILURE OF CORRUPTION REFORM PROGRAMS IN HIGHLY CORRUPT COUNTRIES

Matthew T. Hall
Old Dominion University, 2009
Director: Dr. Kurt Taylor Gaubatz

There exists a corruption enigma. Experts and analysts largely agree on the institutional reforms that constitute successful corruption reform programs—this is the ‘Corruption Consensus.’ Unfortunately, the well-designed and resourced reform programs created from this consensus and intended to improve national institutional capabilities rarely work. Yet the reform programs patterned on the Corruption Consensus continue on. Everyone agrees what to do in order to reform corruption but everyone also agrees that it will not work. This is the Corruption Enigma.

This dissertation employs a structured, focused analysis to determine the reasons for varying success levels between otherwise similar countries in order to establish that the Corruption Consensus does not in fact result in tangible progress when implemented. I have carefully chosen three paired cases—Malawi and Tanzania, Peru and Columbia, and Thailand and the Philippines—each consisting of one country with a worsening corruption score and one with an improving corruption score. I then undertake a detailed qualitative analysis of each country of eight variables thought to be vital in corruption reform that confirms my hypothesis that successful corruption reform in highly corrupt countries is primarily a function of the idiosyncratic particulars of each country, rather than preordained institutional reform.
Copyright, 2009, by Matthew T. Hall, All Rights Reserved.
This dissertation is dedicated to my two children—Genki and Jumi—with much love.
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CHAPTER I
INTRODUCTION

INTRODUCTION: THE CORRUPTION ENIGMA

Why is corruption reform that on the surface looks very well imagined, financed, and, at least on paper, well developed, executed so routinely unsuccessfully in practice? Tolstoy famously suggested in the opening sentence of Anna Karenina that "Happy families are all alike; every unhappy family is unhappy in its own way." It is my suspicion that corruption reform and nations are like families and happiness in reverse: unsuccessful nations are all alike; each successful nation is successful in its own way. The world is full of highly corrupt nations trying to become less corrupt yet doing a rather rotten job of it. I call this the Reverse Karenina argument.

After a few decades of often contentious, uncoordinated trial-and-error reform efforts, the international donor community, scholars, and leaders of developing countries have come to a general agreement that corruption reform is necessary and that successful corruption reform requires extensive, lasting political, social and economic institutional reform. It has also become apparent to scholars and analysts alike that development generally has not worked well and that the noxious nature of corruption is a factor in continued underdevelopment. This has not gone entirely unnoticed by analysts and international development professionals who are, after all, familiar with these events. Recognizing the importance of corruption in continuing underdevelopment, international donors have

This dissertation follows the format requirements of *A Manual for Writers of Term Papers, Theses and Dissertations 7th* edition by Kate L. Turabian.
increased funding for corruption reforms per se and increased the number of anticorruption planks and conditions within development programs generally.¹

The corruption reform movement is in surprisingly broad agreement as to many of the specific institutional changes needed—most experts’ lists of reforms look remarkably alike. In addition, multiple well-coordinated, well-staffed, well-funded, well-intentioned, and well-planned reform efforts based upon these lists have been implemented globally from Asunción to Jakarta. Yet reform effort after reform effort disappoints and the developing world appears just as corrupt now as ever. Interested parties everywhere are left scratching their heads, wondering what has gone wrong. What remains, then, is the following puzzling practical and theoretical contradiction: Experts generally agree what constitutes successful corruption reform and support development programs that attempt to institute such changes. Yet these same experts also generally agree on what these recent reform programs designed to do just this generally fail. I refer to this puzzle as ‘the Corruption Enigma.’ This dissertation is a systematic attempt to investigate, understand and draw useful practical lessons from this enigma.

This practical impasse led to the recent ‘Spence Report.’ Nobel laureate economist Michael Spence was tasked by the World Bank to head up the Spence Commission on Growth and Development to determine international development strategy going forward; the commission’s report was released in May 2008.² The Spence report concluded that broadly designed, ‘presumptive’ institutional reform—that which prescribed laundry list-style institutional reforms—should be replaced with ‘diagnostic’ programs tailored to the

¹ I will refer to the former as ‘direct corruption reform’ and the latter as ‘indirect corruption reform.’ In this dissertation, the term “corruption reform” will generally be used to refer to both the indirect and direct types. Where the distinction is warranted, more specific terms will be used.

idiosyncratic characteristics of individual countries. But how much of a change is this? For Rodrik, this distinction between ‘presumptive’ and ‘diagnostic’ approaches is a clean, clear and significant break with the past. Presumption leads to one-size-fits-all, big and clunky programs whipped up in the lab by egghead international technocrats while diagnosis leads to tailored, specific and gradual approaches. Diagnostics, on the other hand, lead to tailored, agile and appropriate programs.⁴

We can see this report as a strong first attempt at recognizing and moving beyond the Corruption Enigma. It is clear from the report, unfortunately, that this effort is something of a patchwork. It contains typical, broad institutionalist and good governance prescriptive advice—the exact type of advice that the report is purporting to be moving away from. For example, in the ‘Effective Government’ section of the report, after all this talk of shying away from broadly prescriptive programs in favor of tailoring, we are told that it is important to alter the incentive structure on civil service compensation.⁵ We are then told that corruption requires strong political leadership, which is an essential element of the very good governance programs the report seeks to improve upon.⁵ This type of having-it-all-ways prescriptive advice is nothing new. It is quite common to find laundry lists lumped together with calls for tailored reform programs. Way back in 1998, Stapenhurst and Kpundeh led off their prescriptive conclusions on how best to curb corruption with a paragraph on diagnostics that calls for the usual institutional reforms to be performed by carefully chosen local experts

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³ Rodrik, 2.
⁵ Ibid.
because the typical set of reforms “need considerable tailoring to fit specific political, economic, and cultural circumstances.”

This shows that this seemingly evolutionary, if not revolutionary, attempt to move away from the stifling incapability of the institutionalist/good governance movement is almost as old as the institutionalist/good governance movement itself. The Corruption Enigma has been, it seems, the clichéd elephant in the room for quite some time. More importantly, it is a fresh, vivid indicator of the maddening dilemma academics, analysts, and stakeholders find themselves in. So this is where we find ourselves: in recognition that programs designed to increase institutionalist capabilities are not working, we have decided that we should create programs tailored to a country’s specific needs, which will be designed to increase institutionalist capabilities. And for all any of us know, this will be just the adjustment we have been needing.

This current puzzle no doubt presents challenges to the researcher: information on such a recent subject must be gleaned significantly from journalistic as opposed to scholarly sources. Furthermore, it is difficult to find reform programs recent enough to represent the time period I am interested in yet complete enough to allow for reliable conclusions.

On the other hand, the potential for new, relevant findings with such a study is high. The academic obstacles faced currently by scholars and policy makers and leaders alike are formidable. First, nothing much seems to work despite the enormous resources being given to this subject. Second, stemming from the first, the current impasse over what this means and what should be done about it is formidable. There has been a recent move toward

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isolationist surrender, most famously expressed by William Easterly\(^7\) on the one hand or on the other extreme a return to the beneficent Santa Claus mentality of decades ago, most vividly and famously represented by Jeffrey Sachs.\(^8\) Isolationists admire the goals of development programs but conclude that development is more likely when leaders are cut off from development funding and left to fend for themselves. The Sachs of the world see continued underdevelopment as a symptom of underfunding. This policy and analytical divide closely mirrors that found throughout the social sciences: where to draw the line between descriptive details and generalizable theory.

Yet anti-corruption programs have worked over time. Hong Kong and Singapore are the most famous of the modern anti-corruption movements. Both nations went from being nearly thoroughly and seemingly hopelessly corrupt to where they stand today, which is to say nearly lacking in corruption. So, real, positive change is in fact possible. Yet more recent corruption reform efforts—of which there are many—do not yield such positive results. Today’s success stories exist but are hidden in the shadows. They are more modest, fragile and ugly. Any light that can be shed on our current murky and complex incapability vis-à-vis corruption reform could be truly beneficial and progressive.

This lack of attention to current or recent change from a specifically comparative sense is true generally as well. It is common to see case studies with prescriptive conclusions but very little empirical research has been done into recent global trends. All of which leaves us with some significant, unanswered questions. Which types of nations are improving and

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why? Little has been done to address this question, leaving important gaps in the scholarly research and a potential leverage point for future research.

DISSERTATION EXEC SUMMARY

There exists a corruption reform enigma: on paper, corruption reform appears straightforward but in practice it is rarely successful. There is a Corruption Consensus in which agreement about what corruption reform should consist of results in the Laundry List of mostly institutional reform items deemed by just about everyone to be essential components of successful reform. Everyone agrees what to do and yet everyone also agrees that it won’t work. This is the enigma. The following is clear: that corruption is a problem; of what successful corruption reform consists; that recent attempts at corruption reform have been generally unsuccessful. The compelling unanswered question becomes the following: how to explain success. Under what conditions do highly corrupt nations become less corrupt? It is largely agreed what successful corruption reform should consist of but it is entirely unclear why some nations succeed where most do not. It is not even terribly clear which nations are succeeding. In a world full of people both worried about corruption and actively seeking to reform it and political scientists trained in the comparative method, there seems to have been little scholarly comparison derived from the now ubiquitously referenced Transparency International (TI) Corruption Perception Index (CPI) rankings.

This dissertation will attempt to fill in some of these gaps by examining the relative success of recent corruption reform. It will also seek to tear down the rather unstable foundation that is the Corruption Consensus. It will test my hypothesis—that this consensus is off target—by using first a statistical large-N analysis of aggregate national corruption data,
which suggests that there is no relationship between the Corruption Consensus and real reform success. I will then undertake a largely qualitative examination of three paired cases: Tanzania and Malawi, Thailand and the Philippines, and Colombia and Peru. This qualitative study represents the bulk of the dissertation and is designed to confirm the results of the preliminary quantitative analysis by digging a bit deeper—it is simply not sufficient to rely on the results of the quantitative examination, which could be flawed by some unknown measurement error. These cases were chosen carefully. In each case, two otherwise similar nations with relatively high levels of corruption and low levels of development were chosen. One of the two had recently become more corrupt while the other had improved. The dissertation will seek to explain the reasons for the apparent varying success levels of these otherwise similar countries.

STRUCTURED, FOCUSED COMPARISON

This dissertation will use a structured, focused comparison, as pioneered by Alexander George in *The Limits of Coercive Diplomacy*. According to George, the structure comes from systematically asking the same carefully crafted research questions of each case and the focus comes by narrowing the scope down to specific aspects of the cases. This approach was later explained further and promoted by George, et al. In *The Limits of Coercive Diplomacy*, George designed and implemented a qualitative methodological case study framework designed both to straddle the divide between historical specificity and generalizability of theory and to bridge the gap between the needs of policy and academia.

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10 Ibid, 67.
This was done, according to George, in order to add necessary descriptive detail that distinguishes between cases to broad, generalizable theories.\(^\text{12}\)

He sought to avoid the trap of drawing the wrong policy implications from deceptively dissimilar cases. He accomplished this by taking U.S. foreign policy cases that were substantively similar on the surface but with varying results. He then identified factors thought to play a role in foreign policy crises by analysts and used these as his independent variables. This type of approach is ideally suited for my needs. As I have already touched upon and will discuss in full below, international development policy professionals largely agree on the ingredients that should constitute a successful corruption reform program yet results to date are weak. Using George’s framework allows me to hone in on these factors, examining them against each other. While this approach is especially suitable for my research, this dissertation’s structure may be said to have two extra advantages. First, I preface my structured, focus comparison with a limited quantitative analysis that, essentially, establishes the murkiness of what is known. Second, I am using three paired cases. These paired cases allow comparison of similar cases, which is followed by comparison among the three cases. There is then an added layer of comparison.

HYPOTHESIS

The hypothesis to be tested here—derived from the logic of my Reverse Karenina argument—is that there is no systematic knowledge of or relationship between the factors normally thought to constitute successful corruption reform and real corruption reform efforts. The first test of this hypothesis will consist of a limited quantitative analysis. The dependent variable will be improvement in Transparency International CPI scores over time

\(^{12}\) George, 1971, xvi.
and will be matched against a wide variety of independent variables such as GDP per capita, political, democratic freedom, and economic freedom. I expect there to be no large-N evidence that this laundry list approach works. I will then see if there is qualitative evidence at the paired case level to explain variation in corruption reform success. I will choose, set up, analyze, and explain three paired cases. After all, if the Corruption Consensus is correct, then there ought to be some evidence for it somewhere. If, on the other hand, my Reverse Karenina argument is correct, we should find the answers to our research questions in the idiosyncratic details of each country.

On first glance, this would appear just another way of saying the devil is in the details. However, what has really happened is that we have turned the implicit and explicit assumptions on their heads. Rather than viewing institutional foundations as prerequisites for development and corruption reform, it may be that each country has its own set of prerequisites needed for these same institutional reforms to be effective. Much research to date has focused on how to transfer success. To the extent that this has proven to be problematic, analysts and policy implementers have gone back to the original success stories to look for missing ingredients. This paper assumes that the answers are to be found in the specifics of cases with differing degrees of success but similar, non-enviable starting points. Historically, this understandable desire to transfer what works to highly corrupt nations has resulted in three waves of research. Yet, it is not enough to tear down the foundation of the Corruption Consensus. This would leave a gaping hole for which the only viable solution would be to fill in gaps with description. This dissertation will suggest some possible theoretical leverage points for future research.
RESEARCH QUESTIONS

Broadly speaking, the research questions to be asked in this dissertation include the following: First, does this Corruption Enigma exist? I will make the case that it does in Chapter 2. Second, given this Corruption Enigma—this consensus about what to do but also a consensus that it will not work—how can we understand corruption in a more effective manner? What differentiates successful and unsuccessful corruption reform in highly corrupt countries? Which of the several factors often argued to be essential in effective corruption reform actually work and under what circumstances? In other words, what causes a few ‘lucky’ nations to become somewhat less corrupt while most others lag behind? Are these successful methods generalizable and transferable or are they specific to the unique circumstances of place and time? If so, what does this imply for policy makers and theorists alike?

More specifically, I will be asking several underlying, specific research questions to assess the reasons for varying levels of success. This is necessary in order to make sense of, in a scientifically rigorous method, these complex cases. In other words, these research questions are the basic foundational blocks of both my structure and focus. These questions include the following: what corruption reform programs did a country implement during the time period in question; which laundry list items were included or affected by the programs; how broad and deep was the program; how successful was the program; and what factors contributed to the level of success. This approach allows me to isolate only those factors that are normally thought to affect corruption reform and examine their real effectiveness in practice.
METHODOLOGY

In Chapter 3 a limited statistical analysis of the aggregate data will be performed and analyzed. The TI CPI data will be used as the basis of a basic regression analysis. Chapters 4 to 6 will consist of the three separate paired cases; these paired cases will rely on largely qualitative data and the comparative method shall be employed. Because of the current nature of the evidence being examined, sources will largely be drawn from contemporary journalistic sources more so than academic ones.

A NOTE ON ACADEMIC CULTURE WARS

This dissertation is designed intentionally to avoid the drawn-out, bloody, and boggy debate between culturalists and rational choice proponents. To lay my cards on the table, I believe culture can be a pretty good starting point in explaining inter-group variation but is of little use with intra-group variation and not much better—and often exceedingly frustrating—for policy prescription. By focusing on countries that are reasonably similar in everything except recent levels of success in corruption reform, I am able to, somewhat roughly and generally, begin from a reasonably level cultural playing field—these varying cases are, more or less, intra-group. This was the single-most important factor in choosing my cases. None of which is to equate Tanzania and Malawi, for example, historically and culturally. It is, however, the assumption of this paper that Tanzania and Malawi have enough in common historically and culturally to allow us to view their differing levels of success in recent years as a function of the choices made during those years rather than the historical-cultural factors that led through time to those choices.
One particular challenge that remains, however, is how to distinguish between national cultural traits and national idiosyncrasies. It is tempting to here to pull out Supreme Court Justice Potter Stewart’s oft-quoted response to the question of how to define pornography—“I know it when I see it.” As a working guideline, though, an idiosyncrasy will be defined here as some particular aspect of the reform that appears unique to the specific time and place.

WHAT AFFECTS CORRUPTION REFORM

Scholars and analysts largely agree on what affects corruption reform. There are several items—some specific, some general—that are on most experts’ lists. Having read through many of these lists, I have chosen to examine the seven most uncontroversial and commonly found items: national anti-corruption organizations, civil service reform, judicial reform, civil society, media freedom, political leadership, and openness to trade. This is what I refer to as the Laundry List. Five of these are institutional by nature—national anti-corruption organizations, civil service reform, judicial reform, civil society, and media freedom. Openness to trade would more comfortably fall under the old Washington Consensus format. All seven of these those would certainly fall under the ‘presumptive’ model vis-à-vis the Spence Report. Political leadership falls squarely under the idiosyncratic/diagnostic paradigm and will be used as something of a stand-in to test the Spenseian Consensus. As an additional, non-Laundry List item, I have chosen to also examine external influence. It is something of a one-off in relation to my thesis—it is neither a laundry list item or idiosyncratic by nature. However, it is no doubt important. The case for the acceptance of these variables by scholars will be made in full in Chapter Two.
While there is much agreement over missing requirements and capabilities, there are significant differences in theories to explain these gaps and, subsequently, what to do about them. Generally, there are three competing camps of experts who seek to explain corruption and prescribe effective change. From left to right and using my terminology, they are the Revolutionaries, the Moderates and the Isolationists/Alternatives.

The Revolutionaries see this failure as a direct function of the nature of the international organizations in charge and their systemic relationships with other relevant actors, particularly domestic actors. They prescribe dramatically less influence on the part of international organizations such as the World Bank and dramatically more influence for local stakeholders. Critics of capitalism argue that corruption reform is either a smokescreen for political economic hegemonic misbehavior, ineffective because it comes from international rather than local sources, or secondary to issues of economic and political exploitation by local and international elites. Culturalists argue on the one extreme that cultures are all legitimate, thereby legitimizing corruption as just another way of living and on the other extreme that fundamental differences between cultures make reform impossible. Of course, there is another group fully supportive of reform that simply argues culture must be taken into account for reform to be effective.

The Moderates see the failure as a fixable equation: plug in the right values (resources, methods, relationships between actors) and all will be better, eventually. The Moderates are the main players in this game in both numbers and influence. Whereas the Moderates see the problem in the equation itself, the Revolutionaries see it in the

mathematicians and the power structures that gave the mathematicians their positions of power. The vast majority of policy professionals and, thus, many scholars consulted and cited here, fall into this category. The Moderates move often from one paradigm to the next in the search for pragmatic solutions. The current paradigm is that of the institutionalists.

Then there are the Isolationists and Alternatives, on the other hand. The Isolationists view the equation as inherently unsolvable and can correctly cite a litany of examples in evidence of their claim. They view development from the outside as a waste of resources. As can be seen, these competing camps are analytically and prescriptively radically different. From the isolationists, we get what can be called a cut and run philosophy. After all, there is no shortage of evidence of corruption reform failure despite the immense level of resources that have been given to these issues. Recently, Easterly's argument for a tactical surrender has gained considerable attention. A quick Google Scholar search reveals 700-plus cites of his work, an impressive number for a development-related scholarly source. The Alternatives consists of people who view corruption reform as more of an effect than cause. There are some democratizationists who argue that focusing on very strictly-defined issues of good governance should take priority over specific institutional reforms. Nations need healthy, functioning democratic institutions as a prerequisite for institutional reform. And then there are the neoliberals, always with us, everywhere. Neoliberals see neoliberal economic reform as the prerequisite for political institutional reform and an instigator for positive change.

However, their influence is particularly light due to the requisite regulations for effective

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corruption reform. Rose-Ackerman, for example, argues persuasively that a strengthened state, with the ability to raise taxes and regulate against corruption, is key to successful corruption reform.\textsuperscript{18} Like atheists in foxholes, there are no true libertarians in corruption reform. There are also "neoliberal lights": those, like Kaufmann, who favor neoliberal reforms but see them as part of an overall strategic package, who, obviously, should not be included as 'holdouts.'\textsuperscript{19}

MODERN CORRUPTION REFORM

First, the success stories of Hong Kong and Singapore were analyzed and set forth as templates for reform. As will be discussed in greater detail in Chapter 2, both former colonial nations instituted extremely complex and layered yet successful institutionally-focused anti-corruption reform programs decades ago and subsequently and in time went from being highly corrupt to relatively corruption-free. Then the highly corrupt countries were ‘discovered’ and analyzed and the Hong Kong and Singapore models were applied as prescriptive templates. Then, after realizing that these efforts were not working as planned, other success stories were ‘discovered’, analyzed, and applied as templates to still struggling nations. Failed cases were examined to determine what was missing. A typical examination of a failed program will end with prescriptive conclusions informing the reader of all the deficiencies of the program. The solutions and prescriptive advice became repetitive and predictable. But in many ways this is a circular non-answer: deficient corruption reform programs fail to adequately improve institutional capabilities because they fail to adequately


improve institutional capabilities. But we know that was the intention. So we have the working, bottom-line answer—in short, corruption reform is a tough slog, especially in countries relatively deficient in institutional capabilities.

Now we need a new question—since there are no examples of clearly successful examples like Hong Kong and Singapore, we must train our sights on the relatively successful nations. By ‘relatively’ I really mean marginally, at least in comparison to the smashing success of Hong Kong and Singapore. If this is so problematic, why are some countries relatively successful? What is different? What does this relative success look like? For Hong Kong and Singapore, this question is easier to answer because the success was on such a large scale and the events were adequately recorded. For other countries, the events are recent, murky, and the successes are tougher to pin down, at least on the surface. Something has gone right but we are not quite sure what it is and why it is, apparently, working. Let me be specific and clear here: I am talking about focusing in on the details of highly corrupt countries that became less highly corrupt. They are, by definition, still highly corrupt. ‘Success’ defined in such relative terms will likely not look very successful. Yet this is exactly where the distinction must be drawn if we ever hope to make progress in such Hobbesian circumstances. Looking at it in smaller chunks of time and on a more granular level begins to make sense, then.

WHAT’S IMPORTANT

As mentioned above, the political and economic stakes are immense. Real gaps exist between what we need to know and what we know and between our goals and our success levels. We are at once, in some significant ways, ignorant and impotent. It is almost
universally agreed that corruption negatively affects development in a variety of ways. It is also generally agreed that corruption reform in the developing world is not working. The relative success of corruption reform in the developed world has the potential to increase the growing divide between the North and South. The North has made a large financial commitment to reducing corruption in the South but these efforts are not working.

The recent trend away from conditionality stipulations and toward up-front good governance restrictions to aid has the potential to all but end aid to corrupt countries by making the vast majority of them ineligible for aid. Yet to leave the status quo as is would be to sanction enormously ineffective spending at copious levels, continued underdevelopment and the arguably widening gap between the so-called North and South. An enormous amount of resources has been, and is being, spent on the reform of corruption, especially in the developing world, over the last few decades as corruption has become public enemy number one to many scholars and government leaders alike. Despite the considerable level of resources and attention being devoted to corruption reform in the developing world, corruption does not appear to be lessening.

WHAT'S NEW

This dissertation seeks to fill in five separate but related gaps in the literature regarding corruption reform. I refer to these gaps as 'Corruption Research as Misfit', 'Descriptive Politics', 'Bridging the Policy and Academic Divide', 'Missing Puzzle Pieces', and 'Little Victories.'
Corruption research as misfit

Research regarding corruption is something of a misfit subject—where does it belong, in theory and in practice? In theory, it’s anyone’s guess as it seems to reach across substantive and analytical disciplines including Comparative Politics, IPE, International Development, International Organizations, International Relations, Political Science generally, Economics, Public Administration, Business Management, and Criminology. In practice, useful information regarding corruption is found here and there throughout scholarly research, advocacy groups, government publications, international organization publications, newspapers, online sources and, of course, search engines. As such, the analytical lenses through which corruption-related information is seen and discussed vary widely. This dissertation pulls existing research from various disciplines and sources while using the comparative method for analysis.

Descriptive politics

Simply put, there just is not much comparison in Comparative Politics. This is particularly true in the sub discipline of corruption-related research. This is not an original observation. In fact, the description versus comparison debates is the essence of what is the field’s most vibrant debate and is somewhat related to the larger culturalists v. rationalist debate addressed above. It is my view that there is a nice, but as yet insufficient, amount of description in comparative politics generally and corruption-related research specifically but an alarming deficiency in truly comparative studies. There are some, for sure, but not nearly enough. The typical corruption-related piece discusses in detail the specifics of a nation’s efforts to reform corruption. It may detail one particular program. This information has been

\[^{20}\text{For a good discussion of comparative theory, see Atul Kohli, “The Role of Theory in Comparative Politics: A Symposium,” World Politics 48: 1-49.}\]
extremely useful—I have relied on this type of study extensively and am grateful for it. Then there are many studies that detail the efforts of multiple countries but in a decidedly non-systematic manner. Then there are the edited collections, which are somewhat more systematic but still lacking in scientific rigor. And then there are the small handful of studies that are scientifically designed and implemented. My dissertation is designed to fit into this latter category.

*Bridging the policy and academic divide*

The above problem is further magnified in corruption-related research because the field is dominated by policy people. Most articles in the literature are written by technical professionals who tend to err on the side of description. Again, the typical article will describe a country's efforts to reform, provide a lessons learned section but will fail to address the theoretical implications. Comparison is often done in a somewhat sloppy fashion, if at all. One of my goals is to effectively bridge this gap.

*Missing puzzle pieces*

Combining the above two problems with the enigmatic nature of corruption reform, we find ourselves trying to solve a puzzle with many missing pieces. In fact, it seems that we are dealing with Rumsfeldian 'unknown unknowns.' Another of my goals is to determine which pieces are missing and take a shot at filling some of them in.

*Little victories*

The final gap that my dissertation seeks to fill is the near absence of research regarding modern, modest reform successes, or 'little victories.' We know a lot about the past major success stories—the Hong Kongs and Singapores and, even New York Cities—but very little about recent, modest progress. But it is likely that this type of modest success is far
more common and indicative of corruption reform specifically and development work generally.

DISSENTERS

There exist dissenters on some of my assumptions. As alluded to above, the "grease the wheels" theory posited that in underdeveloped societies corruption sometimes serves as the best method of increasing efficiency in a bureaucratically inept society. Scott made a similar argument regarding corruption as a benign force in developing nations.\textsuperscript{21} This theory, however, has come under significant and effective criticism and has been countered with a "sand the wheels" theory, which posits that rather than decreasing inefficiency, corruption increases it.\textsuperscript{22} A milder version of this response is that the number of people harmed by corruption is vastly greater than the number of those who benefit from it.\textsuperscript{23} According to this argument, corruption benefits elites only.\textsuperscript{24}

A second, more recent argument is that, by over regulating public and private transactions, too much corruption reform is a bad thing. A strong version of this argument was made by Anechiarico and Jacobs.\textsuperscript{25} They argued that the obsession in America with anti-corruption regulation increases bureaucracy and inefficiency. This strong version seems most applicable to developed, relatively non-corrupt nations where the benefits of adding more

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anticorruption regulations do not necessarily outweigh the costs of burdening transactions with said regulations. This is, as the saying goes, a nice problem to have. I would add that we should be careful when scaling back regulations given everything we have learned about the negative effects of corruption and the difficulty of getting rid of the deep, systemic type. It is likely better, in the end, to be over-regulated than overly corrupt.

More current controversies come from the more radical edges of scholarship. Leftists, culturalists and postmodernists, for example, argue, very roughly, that corruption in the developing world is either not really corruption according to the cultural worldview of those nations; or a function of international capitalism; or important but greatly exaggerated for political, economic purposes; or downright racist. Or some or all of the above. I think these arguments, while raising valid concerns, ultimately fall short for two general reasons. First, the evidence that corruption is other than negative across cultures is scant. Second, non-Western cultures appear to have bought into the political philosophy of the anti-corruption crusade. Citizens of highly corrupt countries are well aware of the negative effects of corruption. Western academics and activists, on the other hand, having spent their free time on deconstructionist reasoning rather than, say, bribing customs officials to get their luggage out of customs, may tend to underestimate the real-life negative impact of corruption. Finally, while culturalist explanations can shed some light on the reasons for success between cultures they are wholly inadequate at explaining varying levels of success within cultures. What cultural explanations are there for the relative successes of Botswana,

26 Scott.
29 Baaz.
Chile, and Hong Kong, for examples. Institutionalists, on the other hand, are well prepared for this. Some of this overlaps with the issue of the widespread nature of corruption. If something viewed as corruption by “Otherizing” Anglo know-it-alls is not really corruption within the ethical and moral systems of certain so-called developing countries, then corruption is not nearly as widespread as commonly argued.

Kaufmann’s essay on the six myths of corruption provides a strong counterattack to these arguments in general. These six myths, which Kaufmann, et al, set down and then effectively refute are:

“Corruption cannot be measured; Subjective data reflect vague and generic perceptions of corruption rather than specific objective realities; Subjective data is too unreliable for use in measuring corruption; We need hard objective measures of corruption in order to progress in the fight against corruption; Subjective measures of corruption are not "actionable" and so cannot guide policymakers in the fight against corruption; Monitoring corruption closely is not a priority since many countries with high corruption have also had fast growth.”

A quick look through the 2007 CPI rankings shows 149 out of 180 of ranked countries have scores of 6.0 and under. 135 countries have scores of 5.0 and under 114 countries have scores of 4.0 and under; and a shocking 82 countries have scores of 3.0 and under. The rankings show a strong tendency. It seems exceedingly improbable that, given these and other statistics and the enormity of attention paid to the issue both domestically and internationally, that corruption is some kind of phantom menace cooked up by scholars, capitalists, or the media.

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Chapter II, The Corruption Enigma, will cover the following: Introduce, explain and detail the agreement on the negative effects of corruption, the need for corruption reform, and the limited agreement on what that reform should consist of; introduce, explain and detail the history of corruption reform including the relative early successes of Singapore and Hong Kong v. the recent general failure in the highly-corrupt world using both qualitative and quantitative evidence; and the relative success in the relatively non-corrupt world v. the highly-corrupt world; a summary of the major agreements and disagreements within the field as they apply to this study; and an introduction and detailed analysis of the Laundry List phenomenon.

Chapter III will include: an introduction including a summary and defense of the data selection and a restatement of the hypothesis; an explanation of the operationalization of the Laundry List; a detailed analysis of the aggregate data; and a summary and conclusion, especially regarding the hypothesis. I will then introduce my three paired cases—Tanzania and Malawi, Thailand and the Philippines, and Colombia and Peru—and explain and defend my case selection and my paired-case methodology.

Chapter IV, my paired case study of Tanzania and Malawi, will include: an introduction including a summary and defense of the case selection and a restatement of all applicable hypotheses; a detailed description of the evidence regarding the two nations in regard to their relative success in reforming corruption; and a summary and conclusion.

Chapter V, my paired case study of Colombia and Peru, will include: an introduction including a summary and defense of the case selection and a restatement of all applicable
hypotheses; a detailed description of the evidence regarding the two nations in regard to their relative success in reforming corruption; and a summary.

Chapter VI, my paired case study of Thailand and the Philippines, will include: an introduction including a summary and defense of the case selection and a restatement of all applicable hypotheses; a detailed description of the evidence regarding the two nations in regard to their relative success in reforming corruption; and a summary.

Chapter VII, my conclusions, will consist of: a summary and case comparison of the research and findings; the implications of the research and findings (both academic and policy-based); the limitations of the research and findings; and notes on future research.
CHAPTER II
THE CORRUPTION ENIGMA

INTRODUCTION

There exists a corruption reform enigma: everyone agrees what to do and everyone agrees it doesn’t work. The following is clear: that corruption is a problem; of what successful corruption reform consists; and that recent attempts at corruption reform have been generally unsuccessful. And the following is unclear: what to do about this generally unsuccessful corruption reform movement. Why does the Corruption Consensus continue to exist given its lousy track record? That is the enigma in short and this chapter seeks to flesh out the relevant details of what is known about corruption reform.

A recent controversy concerning the World Bank, corruption and Paul Wolfowitz serves to highlight the increasingly prominent yet puzzling role that corruption plays in development programs. It can be both a focus of reform, as Wolfowitz made it, or a hindrance to development work, as it apparently was for several months. It is also enigmatic and controversial—Wolfowitz’ strict focus on corruption was to many a well-deserved and long-awaited focus and to many others a smokescreen designed, intentionally or not, to limit the scope and pace of the “real” work of development. And it certainly did not help matters that Wolfowitz himself turned out to be corrupt in some sense of the term. How one defines and reacts to corruption is just as controversial and subjective as virtually anything else of importance in the academic and policy arenas. Yet, broad practical agreement exists. Few argue any more that corruption is not a bad thing, as was the case with the once-popular
"greased wheels" theory of corruption. As will be detailed below, Kaufmann and others have conclusively shown any limited benefit from greased wheels is overwhelmingly negated by the overall noxious, corrosive nature of corruption.

In this chapter the issue of corruption will be examined in detail, primarily relying upon existing scholarship. First, a working definition of 'corruption' will be identified. Next, it will be established that, with very few dissenting voices, corruption has been found to be widespread and harmful. Next the specific negative relationship between corruption and development will be introduced and examined. In the following section, the history of corruption reform—with a focus on the early few successes and numerous more recent failures and also on the success differential in corruption reform between the developed and developing worlds—will be introduced, detailed and examined. I will then make the case that there is something of a scholarly consensus as to what is needed to successfully reform corruption. This consensus—and its institutional components and the Laundry List phenomenon that accompanies it—will be detailed. Next, the holdouts against the consensus will be introduced and discussed. Then, it will be demonstrated that this academic consensus has taken root within policy circles, which has resulted in the practical application of theoretical prescriptive advice. Finally, in the conclusions the evidence and arguments regarding corruption will be summed up and the implications will be discussed.

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WHAT EXACTLY IS ‘CORRUPTION’?

Like anything of import in the social sciences, ‘corruption’ is a contested term. But it is, I will argue here, contested only around the edges. There is a widely used definition, formulated by Palmer, which defines corruption as, “The misuse of public power for private and personal gain.”

It has a parsimonious, commonsense, ‘good enough for government work’ feel to it that encourages practicality at the expense of unanimity. The primary dissent is part philosophical, part political and stems largely from the sociological/postmodern tradition that asks, “Who are ‘we’ to define ‘corruption’?” While there may be some validity to concerns of cultural bias, this version has been widely accepted and conforms to policy being proposed internationally, including from within non-western cultures.

To some extent, corruption is in the eye of the beholder, which is to say unscientifically defined. And to some extent it has been used by people in different places on the political spectrum. Ravi Batra, to take one of the most extreme examples, defines the term very broadly so as to be able to blame all global poverty on corruption. It is clear that this is just a political swipe designed to allow him to blame the usual suspects: Bush, Cheney, U.S. corporations—for all the world’s ills and many rather conspiratorially-imagined future ones. In so doing, however, he weakens down the term to mean, apparently, any political or economic activity the author is opposed to. A less extreme and therefore more serious version of this argument is the argument of how do we expect other nations’ citizens to eliminate corrupt practices if those same practices are not considered corrupt within the

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cultures of those nations. But this argument can be the starting point for different, right-wing and isolationist arguments—these differences make reform nearly impossible.

CORRUPTION IS WIDESPREAD AND HARMFUL

There is strong agreement that corruption is widespread and harmful. Corruption has been shown by Mauro to deter growth by decreasing foreign investment and to have a clear and strong negative correlation with development. Elsewhere he shows that corruption leads to loss of tax revenues, lower levels of foreign aid, and reduced government efficiency. This is just a small sample of the many scholarly works showing corruption to be widespread and harmful. Fisman and Gatti have shown that corruption and fiscal decentralization are negatively correlated. In a more qualitative manner, journalist Robert Guest has detailed the negative effects corruption has had throughout Africa.

Looking more specifically at the relationship between corruption and development, there exists convincing evidence of a negative, two-way relationship. Corruption and development are certainly strongly negatively correlated. There are exceptions, however, that are important to note and explain—some countries, in particular China, are managing to develop just fine with high levels of corruption. Li and Wu argue that how trusting a country is can explain this discrepancy. On the surface, one can readily see the general correlation by looking through the CPI data—while there are countries like China that are developing

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6 For a useful summary, see Bardhan.
8 Paolo Mauro, "Why Worry About Corruption?" *Economic Issues* no. 6 (1997).
quickly, there is not one single clearly corrupt yet fully developed country; neither does the reverse exist—there are no clearly undeveloped and non-corrupt countries, although in this formulation there are some close calls (Chile has corruption rankings comparable to the U.S. and is clearly much more developed than most of Latin America but not quite yet a developed country. Botswana is clearly not developed but not quite non-corrupt.12)

There is evidence as well of cause: development can help reduce corruption as institutional capability, for example, increases with development and vice versa.13 This shows that corruption may be worsening (or could expect to continue worsening) the growing gap between the North and the South. Also, it points to the relative difficulty underdeveloped countries face in enacting effective corruption reform. This is consistent with current international development policy, which by and large seeks to decrease corruption as one part of an overall development strategy.

THE HISTORY OF CORRUPTION REFORM

Successes in the developed world

Corruption reform in the developed world stands in stark contrast to that in the developing world. Within developed nations it sometimes seems to individuals that corrupt forces are in control and that high-level corruption is alive and well. Examples abound: the French scandals of the 80s and 90s and Wolfowitz’ ouster from the World Bank over charges of nepotism highlight ongoing problems in the developed world well.


But appearances are indeed deceiving for a few reasons. First, the scale of the problem is different. While many Western citizens can point to a famous high-level example or two of corruption at home, citizens of highly corrupt nations see it on a near daily basis. Corruption scandals for most of the world are run of the mill. Second, well-publicized scandals, such as the Wolfowitz firing, are partially a function of a free and transparent media.\textsuperscript{14} In this scenario in order for dirty laundry to be cleaned, it must first be aired. Third, and closely related to the second, is that these scandals often result in some kind of real punishment in the relatively non-corrupt world, at least much more so than in the highly corrupt world. Finally, In fact, the "glass houses" argument is sometimes made in reaction to the Western world's focus on reforming corruption in the developing world: the West would be better served to go after their own corrupt entities and individuals than obsessing about corruption elsewhere. But the good news and bad news is that the truth is almost the opposite. The developed world is, relative to the developing world in particular, functionally closer to being corruption-free than horribly corrupt. This is the good news. The bad news is that this implies a continued, perhaps growing, divide between the developed and developing worlds.

This is not intended to excuse or downplay the importance of existing corruption in the developed world; corruption matters everywhere and differences in scale are important. But the problems faced by the developed nations are arguably different in kind rather than scale from the problems faced in the developing world. Developed nations benefit from being in a virtuous cycle: lower levels of corruption make institutional reform and response to

\textsuperscript{14} Susan Rose-Ackerman, "Democracy and 'Grand' Corruption," \textit{International Social Science Journal: Corruption in Western Democracies} 149 (September 1996) 365-380.
corruption more manageable and thus effective; effective anticorruption institutions keep corruption levels low.

Successes: Hong Kong, Singapore, and the rest

In the developing world, Singapore and Hong Kong were famously (at least within the relevant scholarship) home to two success stories. Both nations were at the time of reform decidedly developing nations, as opposed to developed. In both nations there existed widespread institutional corruption and in both nations there existed a reasonable assumption of a cultural tendency toward corruption. Hong Kong and Singapore, for the official and unofficial culturalists of the day, were unreformable. And in both cases, corruption reform was eventually very successful: today Singapore and Hong Kong are both highly developed and relatively non-corrupt, two attributes that are no doubt decidedly related. They stand out to such an extent that they are used almost ubiquitously in the policy and academic literature as models to be followed. Much has thus been written of them. This is the good news but, very unfortunately, there is bad news to go with it as these successes, despite much exhortation and many attempts, have been exceedingly difficult to replicate. They at once, then, can serve to illustrate the need to reform, how that reform should look, and the difficulty of achieving this. As such, it is necessary here to provide a brief sketch of these programs.

The Hong Kong reform of its police and judicial system are justly famous. They were most famously chronicled by a former Commissioner of the Independent Commission against Corruption (ICAC), Bertrand De Speville.15 Having made their initial, successful corruption reform efforts decades ago, Hong Kong has scored well on the CPI from its

15 Bertrand DeSpeville, Hong Kong: Policy Initiatives against Corruption (Paris: OECD Development Centre, 1997).
inception: they’ve never been lower than 7.01 and most recently at 8.3.\textsuperscript{16} Hong Kong’s success has served as a model for many scholars, analysts and technical practitioners for a long time.\textsuperscript{17} It will be useful then to summarize the evolution and constitution of this successful model.

Hong Kong’s reforms consisted of two main components: the Independent Commission against Corruption, or ICAC, and the 1971 Prevention of Bribery Ordinance, or PBO. ICAC was created in February of 1974 in response to previous failed reform attempts, especially regarding the police force. It was designed primarily to root out police corruption. It was first and foremost to be independent. The Prevention of Bribery Ordinance was the centerpiece of an extensive, long-running, dynamic effort to enact effective anti-corruption laws. By and large, these two reforms worked in conjunction to drastically reduce corruption throughout Hong Kong.\textsuperscript{18}

From the perspective of this current study, it is clear from De Speville’s account that these wildly successful reforms were focused on enforceable legal reforms, enlisted and strengthened civil society, had strong, sustained political leadership, strengthened the police, encouraged a free press (at least within this narrow scope), and valued independence above all. They also took into account cultural considerations by outlawing guanxi. Three points to be pulled from this are that this reform was ongoing, dynamic, and comprehensive. It also shows the ability to overcome cultural limitations. And, most importantly here, it clearly serves as a guide to recent reform efforts in the particular details.

\textsuperscript{16} Transparency International CPI data available at <www.transparency.org>.
\textsuperscript{18} De Speville.
But it is Harris who brings to the discussion some particularly important critical points:

“(I)t’s greatest triumphs have been against bureaucratic and private sector corruption rather than against political corruption per se; and ... its logic and structure are colonial, and hence no more replicable than the British case study.”

Hong Kong and Singapore were beneficiaries in the particular matter of corruption reform; which is not, of course, to say that colonialism was a good thing. Nor is it to say that all nations with a colonial past are generally less corrupt than those with a non-colonial past but rather that Hong Kong and Singapore’s successes were partially but significantly a function of their colonial traditions. And this has certainly turned out to have been more true than false, more often than not, in practical application. Knowingly or not, they were institutionally prepared for the success that followed. Hong Kong’s successful reform, for all of its impressive accomplishments, has proven difficult to replicate, despite its transparent, well documented nature. This is in part due to its particular circumstances, one of which was the extensive, positive external yet in-touch influence.

The particulars of the Singaporean example differ somewhat from Hong Kong but the bottom line is nearly identical—all efforts to replicate the success that this ex-colonial city state have proven difficult. According to Quah, it is one of the most successful anti-corruption programs in Asia. Like Hong Kong, Singapore’s reforms came long before TI’s CPI began; they consistently rank among the least corrupt countries, never falling below 9.1

and currently at 9.3. And as with the case of Hong Kong, Singapore’s success has been widely discussed and exemplified.\(^{21}\)

Singapore’s modern reforms began with the gaining of full internal rule in 1959. Leaders of the newly elected People’s Action Party (PAP) wanted to overhaul the tamer, more piecemeal British anti-corruption laws-derived with deeper, systemic changes. According to Quah, “In 1960, a comprehensive anticorruption strategy was introduced with the enactment of the Prevention of Corruption Act and the strengthening of the Corrupt Practices Investigation Bureau (CPIB).”\(^{22}\) The POCA worked for five reasons, according to Quah, four of which would qualify here as ‘legal strengthening’ and the fifth as institutional independence.\(^{23}\) The POCA was amended no less than three times over three decades. Additionally, a new, separate anti-corruption commission was created in 1989. And finally, civil service wage protections were enacted on two occasions, and wages were increased in the 70s and 80s on five occasions.

There are a few points to be made about this. First, the success of Singapore’s program did not happen overnight. The change was arguably more evolutionary than revolutionary. Second, as Quah himself points out, transferring this success could prove problematic in practice due to Singapore’s unique, particular circumstances.\(^{24}\) Also, as with Hong Kong, the institutional particulars serve as a model for modern reform. And, finally,


\(^{23}\) Quah.

\(^{24}\) Ibid, 492.
Singapore's success was clearly cumulative; thus, again, we see a positive feedback mechanism at work in a no-longer highly corrupt, partially developed nation.

There have been several more recent success stories but none nearly as impressive as those in Hong Kong and Singapore. For the most part, these cases involve less drastic and systemic changes that amounted to still significant advances in corruption reform due to pre-existing institutional capabilities. Chile and France are just two other relatively developed, relatively non-corrupt countries that have shown significant improvement. In both cases, relatively non-corrupt nations with pre-existing institutional capabilities were able to further reduce their corruption levels via deeper institutional reform. In Chile, for example, reformers have countered scandals by using existing institutional capabilities.\textsuperscript{25} Thus we see a positive feedback mechanism at work. What this shows is that out of a relatively small group of countries with already strong corruption ratings and relatively developed, that significant reductions in corruption are not at all unusual. And, more pessimistically, out of the vast majority of nations with low scores, in both an absolute and relative sense, that significant improvement is seldom seen.

CONTEMPORARY CORRUPTION REFORM

Failures

We have now seen the best of the good news. These cases represent the promise of reform and offer ready-made templates for reform. Now it is time to examine the bad news and, unfortunately, in this category there are many cases from which to choose. The reasons for these failures are fairly clear. The highly corrupt, underdeveloped world finds itself in a

Catch-22 in which deep-rooted corruption requires greater pre-existing institutional capability to solve, which in turn requires lower pre-existing levels of corruption. This is true in part because the elites who benefit from corrupt practices in underdeveloped countries are able to form informal networks to resist reform. The resulting picture of corruption reform in highly corrupt countries is chaotic and ugly.

Roderic Ai Camp has shown the cyclical, cynically political, and futile nature of corruption reform in the Mexican case. According to Camp, Mexican politicians routinely run on anti-corruption platforms and upon taking office new presidents routinely use their newfound power to purge opposition party politicians in the name of corruption. Often, of course, many of those purged were corrupt but real institutional reform is rarely attempted and more rarely enacted. Not surprisingly, this is unfortunately a common practice throughout the developing world. Although some claim that these reforms are positive, most disagree. Larmour argues that institutional transfer can be inherently difficult. Mbaku argues that corruption cleanups are inherently problematic due to the rent-seeking nature of bureaucrats and argues that free market-oriented public policy approaches are essential. Nickson and Lambert have an interesting discussion of the failure of a carefully prepared and well funded governance agenda in Paraguay. According to the authors, Paraguayan institutional deficiency due to the ‘privatized’ nature of the state made true

28 From my somewhat anecdotal personal experience of living in Quito, Ecuador during the presidential campaign that resulted in the election of Lucio Gutierrez, Camp’s argument rings all too true. Anticorruption campaigns, slogans and platforms were more the norm than the rarity. Gutierrez himself ran in part on an anticorruption platform, only to be forced out of office (and Ecuador in a helicopter) in part due to seemingly credible charges of corruption vis-à-vis his handling of judicial reform.
29 For an example of the former, see Walter Little, “Corruption and Democracy in Latin America,” IDS Bulletin 27, no. 2 (1996): 64-70.
reforms problematic; in addition, the American insistence on neoliberal reforms made proper regulation required to get and keep corruption levels in check nearly impossible. Khan et al, have examined the failure of Pakistan’s National Accountability Bureau. There are many other examples of descriptive works on failed reform efforts. Having taken a quick tour of the back end of the Corruption Enigma—the basically botched job that is recent corruption reform—it is time to delve into the front end of the Corruption Enigma: the Corruption Consensus.

THE CORRUPTION CONSENSUS

The foundation of the Corruption Enigma is the Corruption Consensus: experts—policy professionals and academics alike—by and large agree on both likely positive causes of effective corruption reform and, more importantly, of what this reform should consist. One result of this consensus is the Laundry List. The Laundry List consists mostly of institutional reform items and this makes sense as the current dominant analytical school within the corruption reform movement is Institutionalism. Highly corrupt nations need to improve their basic institutional capabilities in order to be able to more effectively prevent, police and prosecute corruption. I will next discuss in detail the Laundry List, which will be followed a discussion of Institutionalism.

THE LAUNDRY LIST

The literature on corruption reform is full of reform laundry lists. Sometimes the lists are literal—prescribed items are listed in order. Common items abound—it is not uncommon to find lists that look practically the same. This is a function of the consensus posited here. The Laundry List—the most commonly found items—is the institutionalist' response to the Corruption Consensus, as described above. It is important to note that most analysts agree that corruption reform programs should be broadly designed. Case-by-case reforms are much more likely to fail.  

The following paragraph from Kpundeh’s discussion of corruption in Sierra Leone is indicative of the institutional consensus:

“Effective and sustainable reform strategies are complex measures that draw upon the manpower and resources of all institutions. Investigation, prosecution, research and prevention must be integral elements of a single, efficiently coordinated, strategy that has strong support from the leadership and the public. Systematic and systemic changes are central to the development of a government that is accountable and transparent. It employs, trains, and adequately pays workers to serve the public and carry out the duties and responsibilities of the government as legislated by the democratically elected Parliament. Most important, the public through the parliament must create and support an independent entity, free from all extraneous and political pressures, that oversees prevention, investigation and penalties.”

These issues can be divided into groups, again, most of which are institutional by nature, as follows: transparency and media, executive, judicial, legislative, and bureaucratic and administrative. It might be instructive to look at some examples of this commonality.

De Speville offers up something of a laundry list in his much cited work regarding Hong Kong’s ICAC program. The similarities between De Speville’s list of ten items that undergirded Hong Kong’s success (published way back in 1977) and the standard prescriptive advice offered up in typical laundry lists is striking. Most of the items are

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generally thought to be essential requisite components of corruption reform programs. No doubt this is not coincidental. Items common to modern anti-corruption laundry lists included here are: political will, an independent anti-corruption policy agency, adequate funding, legal strengthening, involvement and strengthening of civil society, transparency, and conditionality.37

Karklins devotes two chapters to the role of institutions and institutional reform in corruption and corruption reform in her work on corruption in post-Communist societies.38 In her prescriptive conclusions, she posits “four phases in the development of anti-corruption policies”, the second of which is, “…to put in place the legal and institutional mechanisms of accountability…”39

For its part, the World Bank has repeatedly focused on the need to strengthen institutions. In a 2000 study of anticorruption, when the term “institutional” is narrowly defined, institutional reforms account for one of five prongs of their proposed multi-prong approach. Using a broader, Northian definition of institutions, all five prongs could potentially be considered institutional by nature, at least indirectly.40

Here is what I have deemed the most common and essential items of the Laundry List, with brief descriptions of each.

Independent anti-corruption organization or ombudsman

Obviously here we see some overlap with the institutional independence category. But this was mentioned enough on its own as to warrant its own laundry list item. The popularity of this item stems in part from the successful role played by the Independent Commission Against Corruption (ICAC) in Hong Kong. Many scholars see this as a potentially powerful tool in the fight against corruption.

Judicial institutional strength

Weak judiciaries are seen as complicit in keeping corruption levels high. Buscaglia has written extensively about judicial corruption and the need to reform judicial branches in order to effectively reduce corruption. Hammergren has argued that judicial councils can be an important part of judicial institutional strengthening, which should take precedence over judicial independence, in Latin America at least. Schwenke identifies several subcomponents of judicial reform necessary for corruption reform. Many scholars have argued for the need for judicial independence. Ayittey lists judicial independence as one of

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his four components. Included in this category will be law enforcement reforms, such as those having to do with police forces, as they result ultimately in higher rates of prosecution.

Civil service reform

Many scholars and policy makers have advocated bureaucratic reduction or civil service reform as an essential component in corruption reform. Dele Olowu has argued that an overgrown state causes African corruption. Several people have asserted the need to include civil service pay increases as a component in corruption reform. As shown above, both Hong Kong and Singapore made this a central component of their successful programs. Mauro has shown that low civil service pay leads to higher corruption. Academics argue that increasing pay to a living wage reduces the incentive to act corruptly.

Media freedom

Most scholars view a free press as playing a vital role in any corruption reform program. Adut, for example, gives the media much credit for keeping the French corruption scandals, and subsequently their prosecution, alive. In a statistical evaluation of the CPI, Lederman, et al, found that a free press is one key factor in lower corruption ratings.

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50 See for example Van Rijckeghem and Beatrice Weder, “Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption?” IMF Working Paper (WP/97/73, 1997).

51 Mauro, 1997.

52 Klitgaard, 1996.


Ayittey identifies a free press as the first of four requirements of successful corruption reform.\textsuperscript{56} Djankov, et al, have argued that there is a negative relationship between freedom of the press and governance, generally.\textsuperscript{57} Brunett and Weder have found a negative relationship between freedom of the press and corruption, specifically.\textsuperscript{58} Freedom and transparency of the media has been widely argued to play a vital role in taming corruption. Not everyone agrees, however; Weyland, for example, has argued that Latin American neopopulists have greater incentive to resort to corruption because modern mass media has allowed populists to bypass traditional political methods.\textsuperscript{59}

\textit{Civil society}

The term 'civil society' can mean different of things to many different people. I will employ an intentionally broad definition here as I think it is warranted. By 'civil society' I mean anything that is designed, intentionally or otherwise, to increase access to individual stakeholders. I will include, then, programs that are not expressly, explicitly designed to have effects on civil society, such as some decentralization programs. Johnston and Kpundeh argue for ‘social action coalitions’ as the key to enhancing civil society and, thereby, reducing corruption, particularly in highly-corrupt developing nations.\textsuperscript{60} Smulovitz and Peruzzotti argue that civil society can be used to create ‘social accountability’ in Latin

\textsuperscript{56} Ayittey, 116.
America. The strengthening of civil society is, according to Ayittey, the fourth of four key elements in corruption reform success.

Political leadership

Leadership, in various forms, has been identified as potentially crucial in successful corruption reform, particularly in the underdeveloped world. This type of leadership has been referred to as ‘political entrepreunerialism.’ This leadership can be political. The support of a president or prime minister in anticorruption efforts can be a significant, if not sufficient, factor in implementing and maintaining effective anticorruption institutional provisions. Leadership can come from other sources, often in the judicial and legal settings. Although the example comes from the developed world, Eva Jolyee’s tireless role as an Investigative Magistrate in pursuing high-level French corruption scandals provides a vivid example of this type of importance.

It is widely understood that political leadership is absolutely essential in effective corruption reform. As noted above, Quah argues that ongoing buy-in from leaders was a key component in Singaporean success. Riley focuses on political leadership as the primary cause of African corruption, rather than culture. Ruzindana argues, based on research

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62 Ayittey, 116.
64 Adut.
65 Quah, 1999.
regarding Uganda’s National Integrity System, that political leadership is the key to anti-corruption success.\textsuperscript{67}

\textit{Openness to trade}

It must be pointed out, that this is the trickiest, most contentious item in the Laundry List. While there are some neoliberals who argue for full-scale privatization and deregulation as the primary source of effective corruption reform,\textsuperscript{68} there is considerable evidence to dispute this. Too much privatization too soon can actually increase corruption and deregulation is a double-edged sword as effective regulation is a central component of successful corruption reform and prevention. Kaufmann might be the most famous supporter of this type of approach: a supporter of free markets but one who recognizes both the need for simultaneous governance improvement and the short-term negative tumult wholesale privatization brings.\textsuperscript{69} Ayittey pegs liberalization as one of his four components of successful corruption reform.\textsuperscript{70} For all of these reasons, I have chosen to examine the very narrow area of openness to trade, which is much easier to argue is negatively correlated to corruption levels.

\textit{External influence}

This item is particularly controversial and, relatedly, problematic. It is controversial in that control by international actors, such as the World Bank, inevitably brings with it prickly issues such as sovereignty, Northern/Western/Anglo/Developed/Capitalist

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\textsuperscript{70} Ayittey, 116.
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domination and exploitation. Certainly outside actors have, at best, a spotty track record in this regard. Because corruption reform specifically and development generally are low odds ventures, finding the right kinds of control can be problematic. Yet asking something in return for one’s money is more than understandable and, more germane to my study, effectively changing the incentive structure would no doubt be a positive step toward obtaining better results in general in corruption reform programs. It is no wonder, despite all of the usually well-deserved criticism of various types of conditionality, that external actors continue to look for ways to impose some kind of conditionality or other. I have specifically chosen ‘external influence’ as a means of narrowing in on a potential factor in corruption reform success—to leave it at ‘conditionality’ of any type would include very weakly designed or poorly enforced conditionality that few think has any real chance of working as hoped.

Not making the cut: decentralization, privatization, and deregulation

As discussed above, privatization and deregulation are far too controversial to consider part of the Corruption Consensus; as such, I have left them out here. Whether or not to add ‘decentralization’ as an extra variable was somewhat of a difficult call. On the one hand, moving power from nationalized bureaucrats to local stakeholders is a good way of reducing corruption in theory at least. Decentralization is not such a non-controversial good as it turns out, on the other hand. Shah, for example, argues that what is good in theory breaks down in practice in underdeveloped nations as local areas have just as entrenched corruption networks as do national bureaucracies.\(^\text{71}\) However, as we will see below, some

types of decentralization may legitimately fall under some of my chosen categories, especially civil society (when local stakeholders are empowered as part of a broader decentralization program) and civil service reform (when local municipalities are reformed.)

THE INSTITUTIONALISTS

The largest functional part of this consensus concerns institutional reform. There is an overwhelming consensus that strengthening domestic institutions is the best strategy for success. There is some dissent but it is minor, especially when compared to academic disputes generally. This dissent is discussed below; this institutionalist agreement will be examined here. It is commonplace to see discussions of institutionalism prefaced with a nod to Douglass North, and rightly so. North’s application of path dependency to political economy was a milestone achievement; it showed at once both the difficulty and necessity of institutional change in achieving development. Often North’s definition of “institutions” is cited. North defines institutions simply as “the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction.”72 As such, rules can be either formal or informal.

This definition is open to broad interpretation and application. North has included informal rules for very good reasons. In his work on development and the rule of law, Dam focuses on North’s omission of the “groups” from the “rules of the game”.73 But once one begins to discuss “informal rules” then the possibility of over generalizing the concept arises.

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Indicative of the everything-is-institutional category is an article by Gylfason and Zoega from a collection on institutionalism that never appears to mention institutions. The reader is left to decide whether the article was improperly included in the collection or rather this is, as seems at least plausible, a function of the vague, poorly defined nature of "institutions".\(^7^4\)

The difference between "institutional" and "cultural" explanations would cease to exist were we to follow North’s definition to its logical conclusion. If informal rules, for example, include, say, Confucian deference to authority, then creating a free and open media becomes inherently and thoroughly an institutional task as opposed to just liberal democratic or economic or cultural. Or to take a more extreme example, societies might (and no doubt do by the scores), have "informal rules" that implicitly okay the offering and taking of bribes. The Chinese practice of *guanxi* serves as an illuminating example of a practice that would fall easily into both cultural and institutional categories.\(^7^5\) Or how about "social capital"? Stephen Knowles has argued that social capital both is and is not part of the institutional continuum.\(^7^6\) This indeterminable overlap between cultural and institutional approaches is well illustrated by Haller and Shores’ collection of "anthropological perspectives" on corruption, within which an entire section is devoted to institutions and institutionalism.\(^7^7\) In this particular instance, any and all corruption reform would be institutional at its core. Similarly, neoliberal economic reforms would be institutional in nature—after all, what part of changing formal and informal rules would neoliberal reforms not apply to? If any informal or


formal rule becomes an institution then any reform becomes institutional in nature. Most to all reforms per se would arguably be institutional by definition. And it becomes difficult to tell the difference between an institutional and a cultural argument.\textsuperscript{78}

In addition to the difficulty of effectively and accurately distinguishing between institutions and culture, there is the similarly difficult task of distinguishing among types of institutional changes. Are all institutional changes equal? If not, which seems probable given the broad nature of the common usage of the term, what are the practical implications? Recognizing this dilemma, Iyigun and Rodrik usefully divide changes into a “tinkering v. institutional” dichotomy.\textsuperscript{79} Institutional changes are deeper, structural changes, according to the authors, while tinkering is as it sounds—change around the edges, short of actual institutional change. They find, among other things, that “tinkering works best when existing policies are demonstrably poor and the productivity of modern sector activities is extremely low.”\textsuperscript{80} This would mean that—assuming the validity of the authors’ empirical results and their definition of the terms—for the vast majority of the underdeveloped world, institutional change is decidedly not the best advice for kick starting development because tinkering is the default choice given their limited capabilities.

Policy makers at all levels have recently converged toward the institutionalist approach. The Corruption Consensus has made the switch from thinkers to doers as corruption reform programs designed to reform various domestic institutions have become the norm in development programs. Sometimes these programs are stand-alone but many

\textsuperscript{78} See for an example of institutionalism as a legitimized culturalism, the otherwise excellent collection, Gretchen Helmke and Steven Levitsky, \textit{Informal Institutions and Democracy: Lessons from Latin America} (Baltimore, Maryland: Johns Hopkins University Press, 2006).


\textsuperscript{80} Ibid, 184.
other times the corruption reform takes the form of planks within an overall policy platform. The World Bank has gone through significant shifts in its strategic approach to development projects. The changes during James Wolfensohn’s ten-year reign as president from 1995-2005 were profound.\footnote{See for example Jonathan R. Pincus and Jeffrey A. Winters, eds. \textit{Reinventing the World Bank} (Cornell: Cornell University Press, 1999).} This focus only strengthened under Wolfowitz, with Daniel Kaufmann at the head of its anti-corruption division. Kaufmann has long argued for the need for the World Bank to take on corruption. This new consensus on the need to reduce corruption and the most effective methods of doing so is at once heartening and worrisome. It is heartening because international development officials have hit on something important and worrisome in that this mad rush to fix corruption is being led by actors with a bad track record using methods with similarly bad track records.

THE ROLE OF EXTERNAL ACTORS

There are other factors outside of the institutional consensus that demand discussion. No examination of corruption reform programs would be complete without looking at the following: the role of external actors, especially the World Bank; conditionality, and influence. The issues of corruption, development, and external actors have moved to center stage. Open up any newspaper and one is likely to find stories about corruption or development or any number of external actors or organizations, such as the World Bank. The same applies to websites, blogs, and scholarly books and journals. The three subjects separately demand high levels of resources and attention. The relationships between them, in varying alignments, have recently received increasing attention. On the surface we can see that development is a hard slog at best. It appears from the preponderance of evidence
presented to date that corruption has a significantly negative effect on development. It is also clear on the surface that external actors play a significant role via their active involvement in development projects.

Yet beyond this the topic of conditionality is an academic and practical minefield. First, there exists enormous discord over what these roles should be. Far rightists worry that IGOs, such as the World Bank, are becoming the foundation of a one-world governmental system. Less dramatically, Conservatives worry that sovereignty is being eroded. Leftists worry that groups like the World Bank and USAID defend corporate and great state power interests (not necessarily respectively) at the expense of the very people—the billions of impoverished citizens of the underdeveloped world—the organizations have been empowered to help. Meanwhile, many in the middle complain about the seemingly casual yet systematic and gargantuan waste of hard-earned taxpayer money.

Who should control corruption reform projects and what conditions should be attached to them? Much has been written concerning corruption reform projects specifically; much has also been written about the role of external actors (such as the World Bank), which are normally in charge of reform projects. The World Bank itself, for example, in the face of enormous criticism and robust evidence of failure, has gone through an evolution from big, strictly economic projects to smaller, more diverse projects and from loaning money with few strings attached, to loaning money based on strict economic conditionality ("structural conditionality" or "the old conditionality"), to loaning money

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based on looser, more stakeholder-friendly political conditionality ("good governance" conditionality or vis-à-vis levels of success.)

Corruption and governance are complexly interrelated. This makes sense if we look at corruption as a disease; in this case, good governance would be akin to health care. It would not make much sense to discuss disease control separately from the health care system. Good governance agendas often include anti-corruption planks while anti-corruption strategies often rely on improving governance. The World Bank and USAID, for their part, clearly recognize this relationship. The World Bank argues that in order to create lasting corruption reform, "It is import to go beyond the symptoms to tackle the causes of corruption." They list five key elements of corruption reform.84 They

1. Increasing Political Accountability
2. Strengthening Civil Society Participation
3. Creating a Competitive Private Sector
4. Institutional Restraints on Power
5. Improving Public Sector Management

It is clear from this list, that the World Bank's anti-corruption strategy relies upon quite a broad approach including among another aspects, neoliberal economics and democratization. This is somewhat ironic since the recent focus on anti-corruption was supported by the argument that corruption, as a root cause of failure to democratize or develop, needed to be dealt with head on.

The debate about, and research regarding, World Bank conditionality specifically and conditionality in general is vibrant, complex and fascinating. According to Collier, it is one

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85 Ibid.
of the three most important currently relevant debates concerning the Bank, with dependence and coordination. Santiso provides a very enlightening review of World Bank conditionality for those interested in the subject. Many policy and academic analysts take extremely critical stances on World Bank conditionality. Ratynska, for example, has argued that conditionality is unfair, harms local ownership of programs, and too one-size-fits-all to be effective. Even more negatively, Cooksey has argued that the World Bank is responsible for corruption increases for two reasons: they fund corrupt agents and they themselves are on occasion corrupt. One of the most interesting aspects of conditionality is the EU for two reasons: first, it has proven highly successful, at least on the surface and to most analysts and, second, the apparent problematic nature of replicating this success given the one-off, idiosyncratic nature of the EU. As with most academic subjects, the surface argument is not universally accepted. Some, for example, have argued that contrary to conventional wisdom EU entrance conditionality was much less evenly successful as normally assumed—the devil is in the details. Poleshchuk has shown that Estonia and Latvia were able to technically

comply with the EU’s pre-entrance demands regarding minority ethnic group rights while substantively ignoring them.\textsuperscript{91}

CONCLUSIONS

In this chapter I have introduced and examined in detail what I call the Corruption Enigma. I have argued that there is much agreement about what constitutes successful corruption reform programs despite the limited success in implementing programs based on this agreement. It is now time to turn the introduction of my quantitative analysis of recent change in global corruption rankings, which is designed to determine what, if any, effects implementation of laundry list items have on relative corruption reform success.

CHAPTER III
EVALUATING RECENT CORRUPTION REFORM EFFORTS

INTRODUCTION

Having discussed corruption and its negative effects, the history of corruption reform, including successes and failures, and the relevant scholarship and policy foci vis-à-vis corruption reform, it is time to start filling in some of the gaps and testing my hypothesis. My expectation is that there is no Large-N aggregate evidence to explain variation in corruption reform success. If the ‘Reverse Karenina’ effect is applicable (that improving corrupt nations are improving in their own particular ways), then we should expect no conclusive links between any of our variables and corruption reform success. In this chapter I will introduce and discuss the TI rankings, which the quantitative examination section of this paper uses as a basis. I will then discuss my methodological approach to this quantitative examination.

In short, I divide the 1998-2008 CPI data into an early and late period, eliminate certain countries by applying some minimal but important criteria to individual country data, and then run a multivariate regression to determine what, if any, factors correlate with corruption reform success. Next, I describe the results and pull from this some observations. This quantitative approach serves only to set the table for the qualitative approach—it is not intended to disprove the Corruption Consensus but rather to see if there is any overarching evidence that the Laundry List items work. The logic of my hypothesis is that the ideal goal of having a large-N global study that will point to determining factors in corruption reform success in highly corrupt countries is not likely doable at this point given the apparent shakiness of the Corruption Consensus. The qualitative analysis serves to indicate that the
findings of the quantitative examination were not due to just a measurement issue.

Accordingly, I will next introduce my case studies, which will be followed by a full explanation of my case study methodology. Finally, I will summarize my findings thus far.

TRANSPARENCY INTERNATIONAL’S CPI EXPLAINED

Recently the work of Transparency International has become increasingly famous. This work can be divided into several categories. First, and arguably most visibly, TI has conducted, published, and publicized important research. The most famous of these is the Corruption Perceptions Index, which TI has been conducting on a yearly basis since 1995. Next is TI’s direct involvement in corruption reform programs. The international headquarters works via global and regional conferences and by working with various IGOs and NGOs, TI supports anti-corruption efforts from a global position. Additionally, they have also fostered anti-corruption programs throughout the world via TI chapters, which serve to leverage local capabilities and talent in the effort to publicize the importance of corruption reform and foster reform itself. Through the work of TI, there now exists significant, robust quantitative evidence of the widespread nature of corruption. As some significant criticism has been aimed at the CPI ratings of Transparency International, it is necessary to introduce and review the CPI here in some detail. The quantitative evidence is derived entirely from TI’s CPI. A 0-10 rating is created with a 10 signifying a complete lack of corruption and a 0 signifying a perfectly corrupt nation. A high CPI score, then, is good. Contrary to what some might believe, the CPI is created using sound methodology. At least three and as many as sixteen surveys are used for each country. According to their website, “The CPI ranks more
than 150 countries in terms of perceived levels of corruption, as determined by expert assessments and opinion surveys.”¹

It should be pointed out that the perceptions are not just internal public perceptions but also external sources of a variety of types. In the end, though, I think this criticism is not nearly as strong or valid as it first appears. While ideally it would be preferable to have evidence of actual corruption, TI’s measurements of perceptions of corruption are sufficiently reliable. There is some evidence that perceptions of corruption actually accurately parallel actual levels of corruption.² According to Lambsdorff, TI’s reliance on multiple types of respondents—foreign experts, foreign businesspeople, local citizens, local foreign residents—provides some balance, and therefore, confidence in the results.³ Lambsdorff continues, arguing that the data correlates well together and that concerns that the CPI would become self-reinforcing as bad scores, for example, encourage respondents to give bad scores have proven, via statistical examination, to be unfounded.⁴

What is needed is a method of leveraging the observations by identifying, isolating, and measuring the relatively larger and longer lasting changes. The second reason for the under usage of this data is that it simply hasn’t been around that long. But after ten-plus years of data collection, it is not at all unreasonable to assume that many of the changes suggested in this data are in fact real. With this in mind, in Chapter 3 I will introduce my quantitative method for distinguishing change over time. Transparency International has been estimating and ranking countries according to their perceived levels of corruption since 1995. As such,

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⁴ Ibid.
the rankings are both global and domestic in scope. They can be of use (in theory and
assuming their validity) as informative data for both individual countries and regionally and
globally as well.

These rankings are not without their own controversy. The biggest concerns the
inherent limitations of measuring perception, which to many involves excessive subjectivity.
Measuring perceptions, to many, seems prone to errors caused by the political, economic,
and social differences between nations and the unscientific, subjective interests of individual
perceptions.

The CPI data has been used in a variety of research. Hisamatsu has used it to examine
the relationship between corruption and foreign demand⁵; Sakar and Hassan have used the
CPI in their investigation of links between corruption and investment efficiency⁶; Habib and
Zurawicki have employed the CPI to test the relationship between FDI and corruption⁷; as
have Robertson and Watson.⁸

However, there has been little research into changes within the rankings through time.
This is for two reasons. First, and most importantly here, Transparency International
themselves have warned against cross-year comparisons of the data.⁹ Because of the
changing nature of the TI’s methodological approach, there is much volatility between years
that is likely not attributable to any real change in corruption perceptions. And a quick

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⁵ Y. Hisamatsu, “Does Foreign Demand Affect Corruption?” Applied Economics Letters 10, no. 1
⁶ Hiren Sarkar and M. Aynul Hasan, “Impact Of Corruption On The Efficiency Of
Investment: Evidence from a Cross-Country Analysis,” Asia-Pacific Development Journal 8, no. 2
⁷ Mohsin Habib and Leon Zurawicki, “Corruption and Foreign Direct Investment,” Journal of
⁸ Christopher J. Robertson and Andrew Watson, “Corruption and Change: The Impact of Foreign
perusal of the rankings through the years seems to indicate just that—larger jumps back and forth are more likely in the early years. This makes sense: Transparency International’s data and methods have become more stable and sound. This is best evidenced in the dramatic increase in the number of surveys undertaken per country. TI has cautioned strongly against making conclusions regarding their data through time. However, as Lambsdorff notes, larger changes that occur over longer periods of time—as opposed to changes literally from year to year—are more likely valid.

QUANTITATIVE METHODOLOGY

Before launching into the empirical study, it might be useful to first have a look at the data on a surface-level basis, which yields interesting, intriguing results. Several nations gained or lost at least one full point. Belarus, Namibia, Trinidad and Tobago, and Zimbabwe each lost more than one point and it is immediately interesting to note that two of these nations—Belarus and Zimbabwe—are arguably cult-of-personality dictatorships. Belgium and Uruguay each gained more than one point while Colombia, Japan, and Latvia each gained between .75 and .99. Of course, it is difficult to say with any confidence what it means to gain a full point (more on this below.) More modestly, there were 8 countries that gained between .5 and .74 and another 6 that lost a corresponding amount. It is interesting to note that some of the starkest increases occurred in relatively uncorrupt nations, such as Belgium and Japan.

At first glance, it appears that the relatively uncorrupt nations have had an easier time implementing successful anti-corruption reforms. Out of 12 gainers, 3 of them are decidedly

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10 Lambsdorff, 2006.
11 Ibid, p.3.
developed—Japan, South Korea and Belgium; none of the decliners are developed. This is
deceptively impressive for a couple reasons. First, there are not nearly as many relatively
non-corrupt countries as corrupt. Second, non-corrupt countries have less room for
improvement so significant jumps should, everything else equal, be fewer. Given their
presumed superior institutional capabilities, this should come as no surprise. When we take
out the relatively non-corrupt nations (defined here as those above 6.0 in the first observed
year), we get the following results, shown in Table 1:

<table>
<thead>
<tr>
<th>Countries on the Move</th>
<th>0.35-0.74 (+/-)</th>
<th>0.75-0.99 (+/-)</th>
<th>1.00+ (+/-)</th>
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<td>Improving countries</td>
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</tr>
<tr>
<td>South Korea (.66)</td>
<td></td>
<td>Latvia (.98)</td>
<td>Uruguay (1.41)</td>
</tr>
<tr>
<td>Slovak Republic (.62)</td>
<td></td>
<td>Bangladesh (.9)</td>
<td></td>
</tr>
<tr>
<td>Tanzania (.62)</td>
<td></td>
<td>Colombia (.78)</td>
<td></td>
</tr>
<tr>
<td>Slovenia (.52)</td>
<td></td>
<td>Japan (.78)</td>
<td></td>
</tr>
<tr>
<td>Estonia (.50)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jordan (.5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armenia (.48)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulgaria (.48)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cameron (.42)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria (.40)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paraguay (.39)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand (.36)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lithuania (.36)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declining countries</td>
<td></td>
<td>Ethiopia (-.99)</td>
<td>Trinidad and Tobago (-1.26)</td>
</tr>
<tr>
<td>Cote d'Ivoire (-.64)</td>
<td></td>
<td>Malawi (-.92)</td>
<td>Belarus (-1.12)</td>
</tr>
<tr>
<td>Morocco (-.57)</td>
<td></td>
<td>Peru (-.8)</td>
<td>Namibia (-1.08)</td>
</tr>
<tr>
<td>Zambia (-.54)</td>
<td></td>
<td></td>
<td>Zimbabwe (-1.04)</td>
</tr>
<tr>
<td>Philippines (-.52)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland (-.52)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina (-.44)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guatemala (-.40)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
On the surface, this is an interesting list. There are nineteen gainer and fourteen decliners. The distribution appears reasonable on the surface: There are 13 modestly improved countries, four moderately improved countries and just two highly improved countries. Six European nations make the list. Tanzania, Nigeria and Cameroon represent the only African nations to have improved under the above conditions and all only modestly. There are seven modestly lowered countries, three moderately lowered countries, and four highly lowered countries. Predictably yet depressingly, seven of these fourteen are African.

OPERATIONALIZING THE LAUNDRY LIST

I have identified 8 variables that are common items in corruption reform laundry lists. The next step in conducting a statistical examination of the CPI was to operationalize the Laundry List items. I found that data was not readily available for every individual laundry list item but was available for broader thematic categories. This is one way in which the quantitative approach in this case is inherently limited, thereby necessitating a more in-depth qualitative examination. Accordingly, I relied instead on these broad data categories, such as ‘rule of law.’ Below I briefly discuss the data and variables I chose to examine.

With ‘rule of law’ I am making the rather obvious assumption that individual laundry list items—such as police force, civil service reform and judicial strengthening—are more granular items of an overall rule of law approach. This variable was included for obvious reasons. Effective, robust rule of law institutions are almost universally understood to be one of, if not the, most important planks of the anti-corruption platform. This data was obtained from the World Bank Governance Survey. 12

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EU entrant: This appeared to be a good test of a specific type of conditionality in part because on the surface this appeared to be a successful group. Of the 10 countries, only Poland declined significantly (Hungary had a smaller decline of -.18). And even they have improved significantly over the last two years. But, of course, statistical significance is another matter with only 10 observations. EU entrants of the last two rounds have been required to implement significant anti-corruption reforms as a prerequisite for acceptance. I limited these to countries in the two rounds of accession (2004 and 2007) that took place within the time period studied, but, significantly, after it had begun. This would allow for a necessary time lag for the carrots and sticks of the EU entrance process to be known and attempted.

International Aid: This was included to test the role of external actors in a very general sense—does aid work? In some ways, it might even be said to be a test of institutionalism in that international aid programs over the last ten years have been largely designed to affect institutions. This of course is just guess work but finding that international aid is correlated with corruption reform success would be an indication that institutional reforms of some sort might be working as planned. And it would be a good jumping off point for testing conditionality as well. The amount of international aid data was obtained from the World Bank.13

For economic freedom I used data from the Heritage Foundation for the years 1998 and 2008 to measure change over my time period.14 This is a very general category that, like international aid, might indicate the need for more robust analysis given a correlation one way or the other.

13 World Bank 2000 per capita data.
14 Heritage Foundation, Index of Economic Freedom.
For political freedom, I used data from Freedom House for the same two years. Freedom House.\textsuperscript{15} As with the previous two variables, we are not expecting here any conclusive findings but rather indications of whether or not we should be digging further.

RESULTS

The results of this multivariate regression are fairly shockingly inconclusive and, therefore, strongly supportive of the Reverse Karenina argument. In short, what we learn from this is how much we have yet to learn. First and foremost, our variables explain next to nothing of the variance. The R Square was .122 and the Adjusted R Square was a trifling .037. This is a surprisingly low result given the fact that reliable data representing a number of items from the Corruption Consensus were available; it is also strong early support of my Reverse Karenina argument. As can be seen in Table 2, only EU Entrant was significant, with a T score of 2.588 and significance of .012. Thus we can say with some confidence that the most recent EU entrants were relatively successful in reforming corruption in the time period under consideration. Of course, we cannot assume causation but a strong case can be made that the specific conditionality conditions imposed by the EU in general made an important, positive contribution. The results are summarized in Table 2.

Table 2. Regression results

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T-score</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>---</td>
<td>-.849</td>
<td>.640</td>
<td>-1.328</td>
<td>.189</td>
</tr>
<tr>
<td>GDP per Capita</td>
<td>5.081E-6</td>
<td>.000</td>
<td>.019</td>
<td>.111</td>
<td>.912</td>
</tr>
<tr>
<td>Democratic Freedoms</td>
<td>.011</td>
<td>.059</td>
<td>.033</td>
<td>.191</td>
<td>.849</td>
</tr>
<tr>
<td>International Aid per capita</td>
<td>.001</td>
<td>.003</td>
<td>.072</td>
<td>.547</td>
<td>.586</td>
</tr>
<tr>
<td>Economic Freedom</td>
<td>.010</td>
<td>.009</td>
<td>.183</td>
<td>1.135</td>
<td>.261</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>-.273</td>
<td>.171</td>
<td>-.305</td>
<td>-1.597</td>
<td>.115</td>
</tr>
<tr>
<td>EU Entrant</td>
<td>.603</td>
<td>.233</td>
<td>.409</td>
<td>2.588</td>
<td>.012</td>
</tr>
</tbody>
</table>

Other than EU entrance, however, nothing was significant. In fact, nothing really was even close. And the adjusted R Square was a mere .036, meaning we have accounted for essentially none of the difference between nations. It appears from these results that democratic and economic freedoms, GDP per capita, the amount of international aid received, and even governance have not had any influence on the relative recent success in corruption reform programs among highly corrupt nations as a whole. This suggests that the answers to these questions will be in the details, necessitating a detailed qualitative approach may be necessary.

It might be helpful here, given this statistical significance and the small number of cases, to take a quick look at the details. The twelve nations that entered the EU in 2004 and 2007 were the Czech Republic, Hungary, Poland, Slovakia, Estonia, Latvia, Lithuania, Slovenia, Cyprus, Malta (2004); and Romania and Bulgaria (2007). Of these, only Malta and Cyprus did not make the final cut down of 77 countries. Of these ten, eight had positive deltas: Czech Republic (.18), Romania (.18), Lithuania (.36), Bulgaria (.48), Estonia (.5),
Slovenia (.52), Slovakia (.62), and Latvia (.98). Only Hungary (-.16) and Poland (-.52) dropped.

There is good news and bad news here. The good news is that, arguably, conditionality in this case worked, providing some reason for optimism for future corruption reform efforts. The bad news is that this type of conditionality might involve enough unique circumstances as to make transferability overly problematic. This remains to be seen. Perhaps strict conditionality in general will tend to be more successful than an absence of strict conditionality—this is one of the reasons I have included this as one of my independent variables. Finally, to the extent that EU entrants have been relatively successful at reforming corruption, why is this? Was it something particular to entrance and therefore, presumably, not transferable, or was there something generally applicable about the process that would be transferable, at least in theory? Or are we left to advise all non-European, highly corrupt nations seeking to reform themselves to move to Europe?

Summary of quantitative results

This examination has shed some limited light on this murky issue of success and failure vis-à-vis corruption reform. The data suggests that EU entrants were much more likely to improve than non-EU entrants. This should not be surprising to anyone familiar with the anti-corruption requirements for the new entrants of 2004 and especially 2007. It is probably not too presumptuous to argue that this strict entrance conditionality had something to do with these nations’ apparent relative success in lowering corruption levels. How to duplicate this conditionality outside of these seemingly one-off conditions and how to continue the incentive structure now that entrance has been achieved are two remaining puzzles to be dealt with by policy makers and scholars from here out.
Unanswered questions and the next step

What does it mean to improve in these rankings? From this limited statistical examination it is well nigh impossible to say. There appears on the surface to have been significant volatility but this examination has revealed very little in terms of correlation. European entrants appear to have fared better than non-European entrants and that is just about all. We can see from this, then, that beyond European entrants, there is some preliminary large-N evidence for my hypothesis. But this is has been a very limited study that has served to indicate the need for a finer-grain approach.

It is time, then, to move on to the extensive qualitative test of my hypothesis, which is that there is no qualitative evidence at the paired case level to explain variation in corruption reform success. In other words, if this hypothesis is true, we will not be able to generalize from these results to highly corrupt nations. If it were not, we would expect to find results confirming that the relatively successful countries implemented enough items from the Laundry List well enough to improve and vice versa for the relatively unsuccessful countries. And we should be able to glean which independent variables were most important. This brings us back to the proposed reversal of Anna Karenina—all corrupt nations are corrupt for the same reasons; all non-corrupt nations are non-corrupt in their own ways. This is the expectation of this research. But in order to reach any conclusions at all with any confidence, we must begin by carefully setting up our case study.

CASE STUDY SELECTION AND METHODOLOGY

Paired cases as the focus of this dissertation were chosen for a few reasons. First, my initial large-N analysis of TI’s CPI data reveals no clearly decisive factors from the Laundry
List, a more detailed, qualitative examination as a way of confirming these initial results. Performing a comparative study became the obvious next step. As Lipjhardt has argued, comparative case studies, while not ideal, are certainly on many occasions the best available choice in the social sciences.\textsuperscript{16} More importantly as evidence of the novelty of this dissertation is Lijphart's scale under which paired cases are rated as more desirable than single-country cases, due to the ability to actually compare countries and draw general conclusions. And done with care, qualitative studies can be just as scientifically valid as quantitative studies.\textsuperscript{17} Furthermore, paired cases offered the best method of limiting to the greatest extent feasible the number of competing independent variables, especially, in this case, those having to do with culture and development.

The data was divided into two five-year periods: 1998-2002 and 2003 to 2007.\textsuperscript{18} While TI has been measuring corruption perceptions since 1995, there is a big jump in apparent reliability from 1998 on. In the earliest years, there were many fewer nations tested and much more volatility in the data, suggesting that measurement capabilities increased over time as TI gained legitimacy and experience. These five-year periods were averaged, resulting in the Early Corruption Average (ECA) and Later Corruption Average (LCA). I did this to reduce some of the early-year volatility. In order to be included, a nation had to have at least two years of data per five-year period. Since what I am concerned with is corruption reform in relatively corrupt nations, I excluded all countries with an ECA of higher than 6.0. This was done to weed out the relatively non-corrupt countries. 6.0 was chosen as the dividing line because it appeared on the surface that countries higher than 6.0 had a tendency

\textsuperscript{16} Arendt Lijphart, “Comparative Politics and the Comparative Method,” \textit{American Political Science Review} 65, no. 3, 682-693.
\textsuperscript{18} See Appendix G.
to not fall back. While this meant that a couple decidedly developed countries (Japan and Belgium) it allowed for the inclusion of several countries in a more hazardous stage, vis-à-vis development (such as the Slovak Republic, Slovenia, etc.) This left me with 71 nations for the large-N examination. The ECA was then subtracted from the LCA, which resulted in the Delta. This delta represents the dependent variable.

Having already eliminated countries with fewer than 2 observations per period and all countries with beginning corruption scores of above 6.0, I applied a few more criteria. First, there had to have been a delta of, plus or minus, at least .35. This eliminated most countries but left enough remaining as to be able to make a selection. After applying my requirements to the 71 countries, I was left with 33 countries—with 19 gainers and 14 decliners (see Table 1).

To this remaining pool I applied the following guidelines. First, they had to be geographically similar. This was a big factor in eliminating Trinidad and Tobago from consideration with its continental neighbors. This also eliminated Jordan, Bangladesh, and South Korea; though they are all Asian, they were mostly from clearly different parts of Asia and had no corresponding partners in their respective regions. This also led me to choose Malawi over Morocco, Cote d’Ivoire, Namibia and Ethiopia as partners for Tanzania.

Next, I eliminated Japan and Belgium as I’m interested in comparing non-developed countries for reasons described above and Japan and Belgium are clearly developed nations. This was also a factor in eliminating South Korea. Third, the countries must be as comparable as possible other than geographically. I wanted in particular similar jumping off points culturally and developmentally and I wanted similar beginning CPI scores. This helped eliminate Uruguay in favor of Colombia as a partner to Peru.
Next, I resolved the bigger the change the better, which was a factor in choosing Malawi over Cote d’Ivoire, for example. Finally, I wanted to avoid choosing easy cases, which were clearly idiosyncratic on the surface. This helped me eliminate Belarus and Zimbabwe; while the no doubt large, negative influence of Mugabe on Zimbabwean corruption reform would be useful for many reasons to research, its unique nature would confirm my hypothesis on the surface. Finally, an added benefit of my selections was that they were all observed in every year between 1998 and 2007.

The particular pairs were chosen carefully. Each pair was selected based on having a strong distinction in terms of the dependent variable, i.e., recent change in corruption scores. It was deemed imperative that each pair would have one ‘gainer’ and one ‘decliner’, and the gainer would not have a higher ECA (or any other obvious built-in advantages.) Additionally, these scores should be relatively low—no countries with CPI rankings of higher than 6.0 were considered. I assume here that corruption reform is much more difficult in highly corrupt countries.\(^\text{19}\) Secondly, each pair needed geographic and cultural similarity. And, third, each pair should be close to each other in terms of development, with no truly developed countries eligible. Much of corruption reform requires institutional change and developed nations have, almost by definition, a great advantage in this respect.

As can be seen from Table 3, Colombia’s beginning average was significantly worse than Peru’s: 3.06 and 4.3, respectively. Colombia improved to 3.84 while Peru dropped to 3.5, providing a distinct difference in terms of the dependant variable: clearly Colombia has

improved while Peru has declined. Peru and Colombia are otherwise comparable. Peru and Colombia are both South American, Spanish-speaking nations with similarly turbulent historical paths. Peru has in its recent history the violence of the Shining Path and the turbulence and oppressiveness of the Fujimori era. Colombia has drug trade-related violence and the ongoing civil war, especially against the FARC. Developmentally, they are similarly underdeveloped. Colombia’s 1998 GDP per capita was $2088 while Peru’s was $2043—essentially the same. It will be interesting to see why, with such otherwise similar countries, one was so clearly more successful in reducing corruption than the other.

Tanzania and Malawi provide another clean paired case. Tanzania had an ECA of 2.24 while Malawi’s was 3.68. While this seems like a significant difference, the lower ranking country, Tanzania, is the improving case, which reduces the possibility that they strengthened due to their beginning anti-corruption capabilities. Tanzania’s GDP per capita is $251 while that of Malawi $153, putting them both very near the bottom of the development ladder.

Thailand and the Philippines are mostly ‘clean.’ Thailand’s ECA is 3.16 while the Philippines’ is 3.14, giving them almost identical starting points. The former has a per capita GDP of $1,862 while the latter’s is $945. It is true, then, that Thailand’s per capita GDP is reasonably higher than that of the Philippines and Thailand’s improvement is the most modest of all six countries.

WHAT WAS LEFT OUT

I have tried to take a global approach to this project. Latin America, Africa and Southeast Asia are represented in the paired cases. An examination of Latin American cases may teach
us something about how to avoid the pitfalls of deeply entrenched clientelistic networks, among other things. In Africa, we will have a chance to look at what is possible in very deeply corrupt and underdeveloped nations. And in Southeast Asia we can look at a different region that is perhaps underdeveloped and corrupt for different reasons than Latin America.

In Table 3 below we see the range of cases under scrutiny. In terms of corruption, all six countries have ECAs between 2.24 and 4.3, which is the range I am most interested in. And it's a broadly indicative range—almost half of all ranked countries scored within this range in the most recent rankings. Scoring lower than this makes improvement, ironically, relatively likely since countries have (almost) nowhere to go but up—the lessons of how to move from implausibly to plausibly corrupt may not be very broadly transferable. Scoring higher than 4.3 increases the chances a country will already have some or even much of the prerequisite capabilities of successful corruption reform. This dissertation is most interested in how those capabilities are built from scratch. Thailand and the Philippines and Peru and Colombia are similar to each other in terms of development—they would all certainly qualify as ‘underdeveloped’ but not desperately so. As such, they are very typically underdeveloped. In contrast, Tanzania and Malawi, to put it bluntly, are typical Sub-Saharan basketcases. They are among the poorest of the poor and therefore should prove useful as examples of how (not) to go about corruption reform in the most dire of circumstances.

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Table 3. Case comparison

<table>
<thead>
<tr>
<th>Country</th>
<th>ECA</th>
<th>LCA</th>
<th>Delta</th>
<th>1998 GDP Per Capita²¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>2.24</td>
<td>2.86</td>
<td>0.62</td>
<td>$251</td>
</tr>
<tr>
<td>Malawi</td>
<td>3.68</td>
<td>2.76</td>
<td>-0.92</td>
<td>$153</td>
</tr>
<tr>
<td>Colombia</td>
<td>3.06</td>
<td>3.84</td>
<td>0.78</td>
<td>$2088</td>
</tr>
<tr>
<td>Peru</td>
<td>4.3</td>
<td>3.5</td>
<td>-0.8</td>
<td>$2043</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.16</td>
<td>3.52</td>
<td>0.36</td>
<td>$1862</td>
</tr>
<tr>
<td>Philippines</td>
<td>3.04</td>
<td>2.52</td>
<td>-0.52</td>
<td>$945</td>
</tr>
</tbody>
</table>

As can be seen from Table 4, the system I have used to calculate change may actually be underestimating any real change for some of my cases. The paired cases of Tanzania and Malawi, in particular, stand out as an example of this. Tanzania's delta is 0.62 while Malawi's is -0.92. This is a considerable difference. But looking at the year-to-year data we can see the real change may actually be quite linear. In 1998, Tanzania scored a 1.9 but in 2007 they scored at 3.2, a difference of a full 1.3 points. They declined from year to year only twice—between 2000 and 2001 and then again from 2002 to 2003. Every other year they stayed the same or improved. Malawi's situation was reversed. In 1998 they scored a respectable 4.1 but in 2007 were down to 2.7, a drop of -1.4. Malawi never improved from year to year.

Thailand scored 3.16 in 1998 but 3.52 in 2007, a modest change of 0.36 points. This was, frankly, a borderline case. One reason I chose Thailand, in the end, was its trendline in combination with the fact that its 2008 score rose again to 3.5. The Philippines started off rather high in the mid-3s, dropped quickly into the high 2s and then settled into the mid-2s. Colombia went from 2.2 in 1998 to 3.06 in 2007, a change of .86, which is quite close to their delta of 0.78. Peru dropped from 4.5 in 1998 to 3.5 in 2007. It remains to be seen of course to what extent these trends will continue or reverse themselves. It is important to keep in mind the reservations expressed above about the assumptions of my model. However, it seems reasonable to conclude from the data in this table that the countries assumed to have improved have indeed improved and vice versa.
### Table 4. Case study CPI scores

| Country     | CPI 98 | CPI 99 | CPI 00 | CPI 01 | CPI 02 | CPI 03 | CPI 04 | CPI 05 | CPI 06 | CPI 07 | CPI 98-02 avg | CPI 03-07 avg | delta  
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|-------
| Tanzania    | 1.9    | 1.9    | 2.5    | 2.2    | 2.7    | 2.5    | 2.8    | 2.9    | 2.9    | 3.2    | 2.24          | 2.86          | 0.62  
| Malawi      | 4.1    | 4.1    | 4.1    | 3.2    | 2.9    | 2.8    | 2.8    | 2.7    | 2.7    | 3.68  | 2.76          | 0.92          |       
| Thailand    | 3.0    | 3.2    | 3.2    | 3.2    | 3.3    | 3.6    | 3.8    | 3.6    | 3.3    | 3.16  | 3.52          | 0.36          |       
| Country     | CPI 98 | CPI 99 | CPI 00 | CPI 01 | CPI 02 | CPI 03 | CPI 04 | CPI 05 | CPI 06 | CPI 07 | CPI 98-02 avg | CPI 03-07 avg | delta 
| Philippin   | 3.5    | 3.6    | 2.8    | 2.9    | 2.6    | 2.5    | 2.6    | 2.5    | 2.5    | 2.5    | 3.04          | 2.52          | -.52  
| Colombi     | 2.2    | 2.9    | 3.2    | 3.6    | 3.7    | 3.8    | 4.0    | 3.9    | 3.8    | 3.06  | 3.84          | 0.78          |       
| Peru        | 4.5    | 4.5    | 4.4    | 4.1    | 4.3    | 3.7    | 3.5    | 3.5    | 3.3    | 3.5    | 4.3           | 3.5           | -0.8  

*Independent variable explanation*

Again, my eight independent variables are civil service reform, media freedom, civil society, judicial capabilities, national anti-corruption organizations, political leadership, openness to trade, and external influence.

With all of these variables, one paramount aspect will be in making sure not to confuse cause and effect. We must keep in mind that we are not testing the original national capabilities (i.e., those of 1998), but rather increased capabilities. We are looking very
specifically and exclusively at implemented laundry list items to avoid confusing pre-existing institutional capabilities with freshly instituted institutional capabilities.

WHAT SHOULD WE BE LOOKING FOR?

There is one remaining item to be addressed before moving on to our case studies: What exactly are we looking for and what do we expect to find in the successful countries? Consistent with my argument, the unsuccessful cases should not yield too many surprises—we know all too well what failed corruption reform looks like so I do not expect too many surprises. In short, we should not expect to find large-scale transparently successful programs. I have made a conscious decision to move from the seemingly hopeless attempt to find high-level, lasting success, a la Hong Kong and Singapore, to a more achievable target of modest and fragile success. I think I have found several cases that meet these criteria. That is the good news. The bad news is this type of limited change taking place in highly corrupt countries will likely look on the surface at least largely unsuccessful. And, as Adut has persuasively argued about the not-so-modest case of France, even clearly successful reform can be mistaken for just more of the same, the closer we are to the events.

So, successful corruption reform can look very unsuccessful at first and on the surface. Perhaps this means we need to be skeptical of the skeptics. Certainly there is always a risk that, especially in highly corrupt countries with systemic corruption, any particular piece of corruption reform could quickly and thoroughly run aground. This has happened time and time again. But there is an opposite danger that is just as real of over-assuming failure; combine this with the tendency, as described so vividly by Adut, for successful corruption reform to look so ineffective due to increased transparency, and we might just as
quickly expect for any limited but real successes to get overlooked or downplayed due to our understandable but perhaps overstated skepticism.

TRAILS OF SUCCESSFUL CORRUPTION REFORM

Generally, I will be looking for several different traits when analyzing the available evidence. I consider these traits general in that they should broadly apply across variables. To the extent that a piece of reform contains these traits, it will be deemed successful: items that encourage transparency, institutional independence, accountability, the rule of law, efficiency, and the creation of new reforms or improvements to existing reforms.

SPECIFIC EVIDENTIARY CHARACTERISTICS

Taking a more granular approach, I expect each independent variable to have some specific characteristics that are not applicable to some or even the rest of the variables. For example, we would not necessarily expect civil service reform to lead clearly and directly to an increase in successful prosecutions; however, this is exactly the type of evidence we should be looking for in judicial reform. Even more clearly, openness to trade and external influence should have mutually exclusive and unique characteristics that are wholly inapplicable to my other variables. This type of granular approach will be necessary when diving into the weeds of the corruption reform programs themselves. Table 5 contains a list of my eight independent variables and the specific categories of evidence I am expecting to find.
Table 5. Independent variable characteristics

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Specific Evidentiary Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nat'l Anti-Corruption Organization</td>
<td>Creation or revision of agency; increase in prosecutions</td>
</tr>
<tr>
<td>Civil Service Reform</td>
<td>Pay increases; staff reductions; efficiency increases</td>
</tr>
<tr>
<td>Media Freedom</td>
<td>Restrictions lifted; laws passed or rescinded; increase in coverage</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Increase in number, size, activity or effectiveness of groups or individuals; public education programs</td>
</tr>
<tr>
<td>Judicial Capabilities</td>
<td>Passage of laws to increase capabilities; increase in successful prosecutions</td>
</tr>
<tr>
<td>Political Leadership</td>
<td>Effective, stubborn, persuasive</td>
</tr>
<tr>
<td>Openness to Trade</td>
<td>Statistical increases in trade primarily; clear qualitative evidence secondarily</td>
</tr>
<tr>
<td>External Influence</td>
<td>Evidence of change in policy due to external conditions</td>
</tr>
</tbody>
</table>

The scoring will work as follows and is captured in Table 6. First, each country will receive a score of -3 to 3 in each category, with -3 indicating clear and significant regression and 3 indicating clear and significant progress. Ideally, reforms will also be broad, deep and durable but I am not expecting perfection. A variable will be rated 2 if the evidence is probable and modest. A variable will be rated a 1 if the evidence is in doubt and minor. I will give a variable a 0 rating if the evidence is neutral, murky or mixed; if the overall evaluation is closer to a wash than otherwise. A -1 will be given if the evidence of failure is in doubt and minor. A variable will be rated -2 if the evidence of failure is probable and modest. And I will rate a variable -3 if the evidence of failure is clear and significant. Finally, the losing score will be subtracted from the winning score. If, for example, Tanzania is rated a 'perfect' 3 in civil service reform, and Malawi gets a -3, then the total score for that variable for that
paired case will be 6. If however, for whatever reason, Malawi scores a 3 and Tanzania scores a -3, then that variable score for that paired case will be -6.

Table 6. Independent variable rating explanation

<table>
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<tr>
<th>Rating</th>
<th>Meaning</th>
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<tr>
<td>3</td>
<td>Improvement in IV clear and significant</td>
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<tr>
<td>2</td>
<td>Improvement in IV probable and modest</td>
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<tr>
<td>1</td>
<td>Improvement in IV minor and in dispute</td>
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<tr>
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<td>Either no clear evidence of movement one way or the other or clear evidence of no movement</td>
</tr>
<tr>
<td>-1</td>
<td>Decrease in IV minor and in dispute</td>
</tr>
<tr>
<td>-2</td>
<td>Decrease in IV probable but not large</td>
</tr>
<tr>
<td>-3</td>
<td>Decrease in IV clear and significant</td>
</tr>
</tbody>
</table>

This negative rating, of course, does not imply that reforms involving civil service reform, to use the above example, have a negative effect on corruption reform but rather that they may be ineffective, everything else equal. It should be kept in mind that most corruption reform efforts in highly corrupt nations are, more or less, doomed to failure.

CONCLUSIONS

In this chapter I have introduced and conducted a limited statistical analysis of Transparency International’s CPI. The aim of this examination was to conduct a limited large-N
quantitative test of my hypothesis, which was successful as the only independent variable tested was found to be significant was EU entrance. I then introduced and explained the set up for my three paired cases, which I will use to test my hypothesis using a more detailed and thorough qualitative paired case study. From there I explained what type of general and specific evidence I am looking for and how this evidence will be scored and compared. I will now turn in Chapter 4 to the first of my paired cases, Tanzania and Malawi.
INTRODUCTION

The first of my paired cases—Tanzania and Malawi—provides strong support for my hypothesis. The story begins and ends with the importance of political leadership, which is the only variable in my study that is idiosyncratic by definition. Again and again, as I dug deeper and deeper into the details of these two countries, Tanzania’s success and Malawi’s failure proved to be significantly, and at times overwhelmingly, a function of political leadership. And again and again several items on the universal laundry list turned out to be unimportant; in fact, some of the variables appeared to be negatively correlated with success.

In this chapter I will present the research regarding the first of my three paired cases—Tanzania and Malawi. I will first present the Tanzanian case. I will begin with a brief summary of the relevant history of Tanzania prior to the period of study. Then I will list and briefly introduce, define, and concisely describe the various relevant programs. Then I will present my analysis for each of the eight independent variables. Next I will conduct the same step-by-step presentation for Malawi. Finally, I will summarize and compare these results and make concluding comparative remarks.

TANZANIA: RELEVANT HISTORICAL SUMMARY

It is established that Tanzania had one of the most controlled state economies under the rule of Julius Nyerere (1964-1985). During his rule, much of the economy was
under state control. Tanzania has spent a lot of time and effort liberalizing its economy since then but it had a very long way to go. No doubt relatedly, it had an enormous problem with corruption. It should not come as a surprise, then, that much of Tanzania’s anti-corruption efforts have been in the civil service reform category. Since the replacement of the Nyerere regime with a capitalist democratic system, Tanzania has rapidly liberalized its economy and became a relatively stable democracy. Ali Hassan Mwinyi was elected after Nyerere and ruled for ten years to 1995. Benjamin Mkapa was elected and ruled from 1995-2005. Jakaya Kikwete won election in 2005 and is the current president. Since 1977 every President has been a member of the Chama Cha Mapinduzi party (CCM).

RELEVANT PROGRAMS

Tanzania’s relative success is fundamentally due to political leadership, particularly that of former president Mkapa and current president Kikwete. I have identified 18 programs and incidents relevant to this analysis. Because there are so many items to be examined here, many of which are relevant to multiple variables, I have aggregated them into Appendix A. For each program I have included the variables affected. In this section are descriptions of six of the most prominent and indicative projects—the Millennium Challenge Corporation (MCC) Compact, the Warioba Commission and Report, the National Anti-Corruption Strategy and Action Plan (NACSAP), the Prevention of Corruption Bureau/Prevention and Combating of Corruption Bureau (PCB/PCCB), the Tanzanian Revenue Authority (TRA), and the Tanzania Commercial Court (TCC). These descriptions accurately reflect the
idiosyncratic plotline of Tanzania’s relative success: strong but imperfect leadership begat modest and fragile but still important institutional reforms.

Millenium Challenge Corporation (MCC) Compact

According to its website,

"Millennium Challenge Corporation (MCC) is a United States Government corporation designed to work with some of the poorest countries in the world. Established in January 2004, MCC is based on the principle that aid is most effective when it reinforces good governance, economic freedom and investments in people. MCC's mission is to reduce global poverty through the promotion of sustainable economic growth. Before a country can become eligible to receive assistance, MCC looks at their performance on independent and transparent policy indicators. MCC selects eligible countries for Compact Assistance. Countries that have demonstrated significant improvement in policy indicators but do not yet qualify for a Compact grant may be eligible for Threshold Program assistance."

The MCC, then, is a US program begun during the presidency of George W. Bush designed to recognize, encourage, reward and build upon institutional capabilities. While this is a great example of external influence, it is too early to judge the results of the MCC; rather, I am using to what extent a country has managed to satisfy the MCC's rigid criteria as indication of progress in the IVs examined here and applicable to the MCC. Tanzania became eligible for consideration in fiscal year 2006, has signed the threshold agreement and has signed the compact. In fact, Tanzania is the largest recipient of MCC funds, at just under $800 million. This means that, in the relatively short period involved, Tanzania has been successful at fulfilling the MCC-mandated obligations. In fact, the MCC credits Tanzania with being the only candidate country to have improved its governance capabilities in 3 separate categories. Based on the criteria established by the

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MCC, this item involves the Political Leadership, Judicial Reform, National Anti-Corruption Agencies, Civil Society, Media Freedom, and Open Trade independent variables.

**Warioba Commission and Report**

Ultimately, Tanzania’s improvement can be traced back to the Warioba Commission. This was the first major act of President Mkapa upon taking office, having won election in large part due to strong anti-corruption stances; many of Tanzania’s corruption reform efforts were born from this commission. In January 1996, President Mkapa appointed the ‘Anti-Corruption Commission’, later renamed the Warioba Commission, after its head, the former Prime Minister and first Vice President.3 This Commission’s anti-corruption mandate, conclusions, and recommendations were broad, bold and deep. Several of the items studied here were created directly from the Warioba Report, which was issued in December 1996.4 The Commission was the first sign that Mkapa’s anti-corruption stance was not just politically motivated. It is clearly true from existing scholarship that most of Tanzania corruption reform in recent years would not have happened without Mkapa’s strong leadership regarding and commitment to enactment of the prescriptive findings of the Warioba report.

**The National Anti-Corruption Strategy And Action Plan (NACSAP)**

The NACSAP was the biggest outcome of the Warioba Commission. It lists and discusses seven priorities: rule of law and legal framework; financial discipline and management; procurement; public education, awareness and sensitization of rights;

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4 Ibid.
public service reform; whistle blowers and witness protection; and media.\(^5\) It is a bold, complex plan, designed to broadly address economic, political, and social areas across Tanzania. Generally, the NACSAP focuses on fostering institutional changes and raising public awareness.\(^6\) Several programs were created as a direct response to NACSAP. Like the PSRP, NACSAP was linked with the Legal Sector Reform Programme (LSRP).\(^7\)

According to U4 and the World Bank, the Office of Controller and Auditor General (OCAG) was made more independent and strengthened as a result of NACSAP.\(^8\) It was the strong leadership of Mkapa that allowed for the creation and continued existence of NACSAP. While the creation and implementation of NACSAP have been impressive, results to date have been spotty and imperfect. Current president Kikwete has continued this strategy by mandating a revised version of NACSAP, NACSAP II, which was designed to address the limitations of the original and implemented in December 2006.\(^9\)

**The Prevention of Corruption Bureau (PCB)/ Prevention and Combating of Corruption Bureau (PCCB)**

While Mkapa did enact significant reforms on the PCB, the real story and relevance of this item lies in Kikwete’s reorganization of the bureau into the PCCB. Here

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6 Ibid, iv.


we can see both the promise and limits of leadership in a highly corrupt nation attempting
reform. Originally called an ‘Anti-Corruption Squad’ when formed in 1975, the PCCB is
one of the largest and most important anti-corruption programs in Tanzania. It is
seemingly modeled after the Hong Kong model and designed to prevent, police and
prosecute corruption. In 1991 it was renamed the Prevention of Corruption Bureau (PCB)
and moved under the President’s Office.\textsuperscript{10} In 2007, under Kikwete, it was reorganized
and renamed the Prevention and Combating of Corruption Bureau (PCCB).\textsuperscript{11} It is a large
bureaucracy with many sub-organizations and regional offices.\textsuperscript{12} It has multiple duties
including raising public awareness, advising local and national government, investigating
corruption cases and prosecuting them with the approval of the Director of Public
Prosecutions (DPP).\textsuperscript{13}

It has been widely criticized as lacking independence due to this provision and the
fact that it reports to the President and for being grossly under-resourced.\textsuperscript{14} Since
Kikwete took over from Mkapa, the head of the PCCB, Edwin Hosea, has received a lot
of attention and criticism; it is somewhat unclear whether this is indication of a job well
or poorly done.\textsuperscript{15} Primarily, Hosea has been criticized heavily for not investigating

\begin{flushright}
\textsuperscript{12} Doig, et al, 2005.
\textsuperscript{13} Ibid.
more important than lack of independence from the President.
Mkapa (on the seemingly technically accurate grounds that it is unconstitutional to investigate a former president), for his alleged involvement in improperly securing contracts for friends and associates.\textsuperscript{16} It should be reiterated here that in corruption reform, no news is bad news. But the allegations that Mkapa himself was corrupt are at once unsurprising and a telling indication of the inherent limitations of corruption reform in highly corrupt countries. Overall, however, Hosea’s attention seems to have come in response to his aggressive pursuit of corrupt officials (under Kikwete’s urging), rather than his neglect.

\textit{The Tanzania Revenue Authority (TRA)}

With the TRA we have a clear view at both the promise of the institutional changes wrought by strong political leadership and the limits of the leadership. The TRA was implemented in 1996 by the government of Tanzania that was to, according to Fjeldstad, “limit direct political interference by the Ministry of Finance, and partly to free the tax administration from the constraints of the civil service system.”\textsuperscript{17} It was a direct response to international pressure; much of Tanzania’s external funding had been cut off and something like the TRA was explicitly required to get the funding tap turned back on. This focus on independence was itself designed to “pay rates above the civil service regulations to attract and retain quality staff, and to make dismissals easier. Moreover, the tax administration’s senior management was replaced. It was assumed that these steps


would provide incentives for greater commitment and less corruption."  

Finally, the sales tax was replaced with a 20% Value Added Tax (VAT). We can see that, on the surface, this program was directly and importantly relevant to this study. On the other hand, the TRA has come under significant criticism of late as it was the awarding of a contract by TRA that is now alleged to have been arranged by former president Mkapa and at the center of the criticism of the PCB and Hosea. It began quite effectively but has tapered off as time has passed.

*The Commercial Division of the High Court of Tanzania, or Tanzania Commercial Court (TCC)*

With the TCC, we see in more detail the promise and limitations of institutional reform. According to Finnegan, this court was created "in 1999 with the express purpose of improving the efficiency and fairness of commercial dispute resolution in the country." This puts this reform clearly and squarely within the judicial reform category. The Tanzanian judicial system suffered from a typical set of problems common to underdeveloped and corrupt nations: lack of fairness, lack of transparency, slowness in adjudication, etc. The Commercial Court experiment was designed as a radical, if limited, experiment. The business community needed a way to solve disputes and certain members of the Tanzanian government and international donors were already familiar with and supportive of this as a potential solution. There are three important concepts in the design of the Court: financial rationality (designed to avoid bureaucratically derived

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18 Fjeldstad.
20 See for example Anonymous, "Fight against Corruption – Allegations."
existing funding difficulties), selectivity and independence. In terms of funding rationality, revenues from the cases were easier to keep than normally, thereby avoiding otherwise inevitable funding problems that of the judicial system as a whole. In terms of selectivity, in order for a case to be considered, a high filing fee had to be paid and there had to be a relatively high amount of money involved in the dispute. In essence, the Court was seen as a way to streamline case loads down to a manageable level of financially important cases. And in terms of independence, the court was designed as a stand-alone institution.22

However, the experiment was very narrowly developed. In recent email correspondence, Finnegan, who has written extensively on the TCC, confirmed that the Commercial Court remains efficient but with a narrow range. He states,

“My sense is that Tanzania's Commercial Court is still relatively efficient in resolving cases. However, for jurisdictional or other reasons, the vast majority of commercial disputes litigated in the country are still filed in other courts—either the High Court's general division or in the lower Resident Magistrate or District Courts. This is one reason it is difficult to assess the impact the Commercial Court has had on commercial dispute resolution overall.”23

Russ concurs in that the scope of the experiment is quite narrow.24

Rating scale

As a reminder, the independent variable rating scale is shown below in Table 7.

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23 Email correspondence with author.

Table 7. Independent variable rating scale

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</tr>
<tr>
<td>-3</td>
<td>Decrease in IV clear and significant</td>
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</tbody>
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INDEPENDENT VARIABLES

Political leadership

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

This one is clear–Tanzania’s political leadership under both Mkapa and Kikwete was absolutely vital in its success. Not only did Mkapa talk the talk, he pretty consistently walked the walk vis-à-vis anti-corruption reform. Mkapa’s leadership shows up early and often in evaluations of Tanzanian reform. While most to all reform programs need at least nominal presidential approval, be they internationally sourced or otherwise, several of the reform programs and improvements were a real, direct function of Mkapa’s strong support, including the Warioba Commission, NACSAP, ATIP, Code of Ethics, and PCCB/PCB. Likewise, several of the over variables examined here and detailed below were positively
affected by his leadership as well. Mkapa was very active and successful early on in instituting civil service reductions. Mkapa and Kikwete both aggressively, if imperfectly and inconsistently, advanced corruption reform programs. The corruption allegations against Mkapa are a significant stain on this record and a continuing headache for Kikwete, who, upon taking office, responded by dissolving his cabinet. The recent allegations of corruption while in office are plausible and off-putting but not damning enough to undo the good that has been done, especially in light of Kikwete’s perseverance in areas other than the Mkapa scandal. Additionally, the fact that Tanzania was able to successfully sign the MCC compact, speaks well to political leadership. Stevens and Teggemann argue that Tanzania’s political leadership was clearly, actively supportive of administrative reform. While he could have been more effective and the recent high-level scandals point to how far Tanzania has to go in this area, I’m not sure how much more can be expected given Tanzania’s pre-existing capabilities. International development professionals have generally supported the efforts of Mkapa and Kikwete.

Civil service reform

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

There are four aspects of civil service reform I am interested in here: reduction,
efficiency, pay and governance. Overall, Tanzania has been able to significantly but not sufficiently reduce the number of civil servants. The evidence for effective pay increases suggests modest but real improvements. This is also true for efficiency. In governance, there have been some notable legal improvements but little to no evidence to date that this has had any positive effects.

Kjaer argues that Tanzania was relatively successful at civil service reform compared to Uganda and Kenya. This success took place especially during the second regime of Mwinyi, so prior to the period being studied here. But the author notes that this progress continues. This occurred despite Mwinyi being a relatively weak leader. Because Mwinyi was President prior to the time period I am concerned with, I am only considering the ongoing progress here.

Turning to the specific programs introduced above, the evidence is mixed but overall modestly positive. Stevens and Teggemann make the case that the PSRP has been quite effective. Evans and Ngalwiea agree but are more pessimistic about the ability to build on these preliminary successes. Caufield argues that the case of executive agency reform applied, in part by outside donors, to buy a new air trafficking system, largely failed as civil service reform due to Tanzania’s relative lack of institutional capabilities. The World Bank argues that an automated financial management system designed to promote transparency in public financing makes Tanzania “a pace setter in the Sub-

30 Shekighenda.
31 Stevens and Stefanie Teggemann, 45.
33 Stevens and Teggemann, 48.
Saharan Africa region."\textsuperscript{36} With the TRA, there are multiple, disagreeing accounts. There is no disagreement that the experiment was initially successful; however, neither is there any disagreement that the experiment’s initial success has significantly tapered off.

Fjeldstad argues that, as of 2002, the Tanzania Revenue Authority was not working as intended. Initially, results were positive but they reversed themselves due to a number of factors in terms of insufficient design. Among other things, tax collection agents fired for corruption were later able to be rehired in the private sector as experts.\textsuperscript{37} Temu and Due disagree with this evaluation and state,

\begin{quote}
Instead, VAT has improved the tax system in various ways. It has widened the coverage of the former sales tax; resolved the tax cascading problem rampant in the sales tax method; enforced proper record keeping amongst business enterprises; and prevented tax evasion, because it is a self-enforcing system.\textsuperscript{38}
\end{quote}

The franchise bidding tax collection experiment, as evaluated by Kobb, is limited but promising. And, according to Vian, the privatization and health care reform results in Tanzania have been mixed.\textsuperscript{39}

\textbf{Civil society groups}

Rated a 2 for ‘Improvement in IV probable and modest.’

Generally, the Tanzanian government has been active in trying to increase the presence and activity of Tanzanian civil society. This was, in part, an outcome of the Warioba Commission—the government took the specific recommendation to enhance civil society to heart.\textsuperscript{40} However, the tangible results are mixed. As noted above, the LGRP as designed appears to be a positive, proactive step toward, among other things, enhancing civil

\begin{footnotesize}
\begin{enumerate}
\item World Bank, “Updated Project Information Document (PID),” 5.
\item Fjeldstad.
\item Temu and Due, 701.
\item Riley, 2000, 152.
\end{enumerate}
\end{footnotesize}
society involvement in local governance; however, it is too early to see results. According to Kpundeh, civil society was actively involved in the creation of the Tanzania Civic Monitor, designed to help with “the implementation of the country’s national anticorruption action plan.” But it is unclear what successes, if any, they have had. The Tanzanian chapter of Transparency International, actively encouraged by the head of the PCCB, Edward Hosea, appears on a relatively vibrant comeback after having been deactivated in 2006. The PSRP appears, on the surface, to have been purposefully constructed with significant help from civil society. Temu and Due argue that while the level of involvement of the business community in anti-corruption has grown, its effectiveness certainly has not. The Tanzanian National Malaria Control Program was designed, in part, to strengthen stakeholders and civil society. According to Wilson, there were accounting problems, which led to delays in the program. Finally, the successful signing of the MCC compact indicates improvement in this category.

**Media freedom**

Rated a ‘0’ for ‘Either no clear evidence of movement one way or the other or clear evidence of no movement.’

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46 Temu and Due, 705.

47 Vian, 58.
The Freedom House rankings give higher scores to less free countries, with 0 equaling a perfectly free press and 100 meaning a perfectly ‘unfree’ press.\textsuperscript{48} Tanzania began with a score of 48 in 1998 and ended 10 years later with a 48. However, during those ten years there was some volatility, with the range being from 47-51.

Graph 1. Tanzania Freedom House rankings.

Given the availability and respectability of the Freedom House data, it is safe to conclude from this data alone that increases in media freedom played no factor in Tanzania’s improvement. The qualitative evidence looks decidedly mixed. There are several instances, of attempts by media organizations to become more involved in reporting on and providing education regarding corruption.\textsuperscript{49} Additionally, the signing of the MCC compact indicates


some possible improvement. On the other hand, there is some qualitative evidence of a backtrack.\textsuperscript{50} As such, this scores a 0.

\textit{Judicial reform}

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

Generally, judicial reform has been aggressively pursued but with limited results. Much of this reform, like so much in the highly corrupt world, involves legal reforms that provide little to no leverage on their own due to the complexity of the problem and the problematic incentive structures involved. Corrupt practices in the judiciary appear to Sedigh and Muganda to be just as entrenched as ever.\textsuperscript{51} Some of this reform, however, has yielded positive, if limited, results.

The Legal Sector Reform Program (LSRP), as noted above, is far-reaching, complex, deep and wide, and aggressive. In addition, much of the groundwork seems to have been set in place. There is much left to do, however, and there is no empirical evidence to date of results. In fact, it appears to be off to a slow start.\textsuperscript{52} Finnegan has written extensively regarding Tanzania’s Commercial Court experiment.\textsuperscript{53} Civil Society is one of the IVs that is involved, at least indirectly, in the signing of the MCC compact. These impressive but limited and narrow results in combination with the broad, promising results of the LSRP, account for the 2 rating.


\textsuperscript{53} Finnegan.
National anti-corruption organization

Rated a ‘1’ for ‘Improvement in IV minor and in dispute.

On the surface, this appears to be one of Tanzania’s strong performances. First, there were several programs and program improvements that fell squarely into this category. The NACSAP item in particular gave birth to multiple items on our list, such as the GGCU and the EID. NACSAP was successfully implemented as were its offshoots. However, this was a difficult category to rank. This is something of a mixed bag. There was little evidence for improvement from some of the programs and only limited evidence for others. The signing of the MCC compact indicates some success here. And there was some indication of failure: Cooksey's preliminary report on NACSAP and several of its outgrowth programs was simply scathing.54 Doig also views these agencies as having underperformed.55 The sheer number of programs instituted and the somewhat promising early results combine contrasted with the limited and disputed results to date to merit a ranking of 1.

External influence

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

As a heavily in debt country (HIDC), Tanzania received a lot of aid from IOs, which came primarily in the form of the PRSP, which seems to have been implemented in a very flawed fashion. It was also, due to its overall progress, the largest receiver of funding from the MCC. There is only one other item of note in this category—the TRA as described above. Conditionality was a factor, as it always is, in the IO-funded projects but it was rarely of the ‘persuasive’ type. The TRA owes its existence entirely to demands by IGOs. The TRA was

54 Cooksey, 2005.
created in response to international donors cutting off aid in response to severe problems in
tax revenue acquisition. This is external influence at its finest and the point seems to be
undisputed. This is rated a 2 due to the fact that MCC funding success is more an indicator of
success than a cause and to the limited nature of the other items.

*Openness to trade*

Rated a '3' for 'Improvement in IV clear and significant.'

There are a number of different types of data, all of which have to do with openness
to trade. In the end, I chose to use data from the World Bank and WTO. The World Bank
data covers merchandise trade as a percentage of GDP. Data is available for both the world
and individual countries, including all six being studied here. This is the exact data I
preferred to use; unfortunately, it is only available for the years 2000, 2005, 2006, and 2007.
I supplemented this with World Trade Organization data, which shows absolute amounts of
merchandise trade for each country being studied here for the years 1998-2007.

First looking at World Bank data for merchandise trade (imports and exports) as a
percent of GDP (shown in Graph 2), we see steady, significant improvement during each
year for which data is available.\(^5^6\)

\(^5^6\) World Bank data. <http://ddp-
Graph 2. Tanzanian trade.

Not only only did Tanzania’s percentage almost double from 25 to 45 but it almost caught up to the world average, which jumped from 41 to 51. This seems an exceptional increase for a very underdeveloped Sub-Sahara African nation. Additionally, WTO data regarding merchandise imports and exports for each year between 1998 and 2007 shows that Tanzania’s absolute numbers increased greatly.\(^{57}\) Tanzania’s exports nearly quadrupled from almost U.S. $600 million (at current prices) in 1998 to nearly $2 billion. Its imports more than tripled from about $1.4 billion to about $5.3 billion. And this matches up with the qualitative evidence, which shows Tanzania making efforts by joining multiple free trade blocs. All of this together is more than enough to earn a score of 3.

MALAWI: RELEVANT HISTORICAL SUMMARY

Like Tanzania, Malawi had a colonial past followed by one-party dictatorial rule, under ‘President for Life’ Hastings Kamuzu Banda. While some of the specifics differed (Nyerere’s socialist state v. Banda’s more conservative dictatorial state), the general

effects were the same—Malawi, like Tanzania, entered the modern global capitalist era late, underdeveloped, and thoroughly corrupt. Malawi has had two presidents in the post Banda era. “President Bahili Muluzi served from 1994-2004 and the efforts of his supporters to change the constitution to allow Muluzi to serve a third term caused much political controversy. This resulted in the election on a minority vote of Dr. Bingu Muntharika as President with the declared intention of serving only one term in office.”

Both presidents were vocal in making anti-corruption reform as a top priority in their respective campaigns and administrations. Yet both presidents achieved very limited results.

RELEVANT PROGRAMS

Consistent with my Reverse Karenina argument, one does not dig very far below the surface of Malawi’s recent history of reform before recognizing a familiar, sad story. The details are eerily, uncomfortably familiar. Reform efforts small and large have failed for the usual reasons: lack of political support, lack of institutional capability, lack of funds, lack of transparency and independence between branches of government and bureaucracy. If the details of Malawi’s failure were not so depressing and important, they would be banal.

For the most part, Malawi’s corruption reform efforts are fairly impressive on the surface. They are multi-dimensional, well-planned, well-funded and generally aimed in a broad, complex and holistic way. They are designed to address multiple areas affected by corruption—across the various independent variables addressed here. But the deeper they go through the process from planning to implementation to results, the weaker they

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become. The reforms are clearly well-planned. The enactment is problematic and clunky but impressive nonetheless, especially compared with the negative overall results as measured by continued drops in the CPI. In terms of our variables, these reforms are a decidedly mixed bag with one glaring, important exception—political leadership. With the other variables, none stand out really as either fully implemented are truly ignored. They combine, however, to make a disappointing stew of not-good-enough.

For Malawi, I have identified 14 programs and incidents relevant to this analysis. These items are listed in Appendix B. For each program I have included the variables affected. In this section I will examine in some details five of the programs that show the failure in all of its banality.

**Millenium Challenge Corporation Compact**

As described in greater detail above, the MCC is a US government program begun in 2004 and designed to give aid to poor countries conditioned on sufficient institutional capabilities. Malawi became eligible to be considered in fiscal year 2006, has signed the threshold agreement and is ‘compact eligible.’ Because it has not yet signed the compact, Malawi has not been as successful as Tanzania. This is at once evidence of both cause and effect: the fact that Malawi has not yet fully eligible for funding speaks to its lack of success prior to 2006 and its lack of progress moving forward.

**The Anti-Corruption Bureau (ACB)**

Overall, the ACB is an illustrative example of well-intended corruption reform gone flat. According to the U4 report, “The Anti-Corruption Bureau was established under the Corrupt Practices Act, No. 18 of 1995 as an ‘independent and autonomous government body’ with a mandate to “prevent corruption, educate people away from
corruption, (and) investigate and prosecute offenders.” It is the primary, but not sole, national anti-corruption agency and, as such, will constitute much of the focus of the national anti-corruption agency category.

The greatest institutional problem with the ACB is its lack of independence. “(I)t requires the consent of the Director of Public Prosecution (DPP) to send a case for prosecution.” According to Durevall and Erlandson, the AG’s “effectiveness in enforcing accountability has also been frustrated by the absence of disciplinary actions, follow-up investigations and prosecutions.” The AG has been largely ineffective according to them. There was short-lived success, again according to Durevall and Erlandson; this success was due in part to early support from the President. He has been able to clear away some of the back log but remains understaffed. Similarly, the ACB’s civil society approach to increasing public awareness has also been understaffed. It is telling that even the Secretary to the Office of the President and the Cabinet, the highest civil servant in Malawi, does not bother to respond to AG’s enquiries about the reasons for excess expenditure. Durevall and Erlandsson conclude that “(D)uring the two terms, 1994-1999 and 1999-2004, the President did not act as a principal for the reform programmes, and there was no other actor who could hold him accountable for this.” There is some dispute on the effectiveness of ACB reform efforts.

62 Ibid.
63 Hussein, 96.
64 Durevall and Erlandsson, 31.
65 Ibid, 35.
Madise argues, for example, that the ACB has been largely ineffective due to lack of funding, staffing and independence. They have spent too many resources on time-consuming and often unsuccessful high-level prosecutions, although they have had some nice success with mid-level prosecutions. The U4 report is markedly more upbeat in its analysis. The report notes success in the number of cases investigated, audits conducted, monitoring and surveillance exercises, and workshops conducted. They are also involved in efforts to strengthen civil society anti-corruption efforts. Their ability, however, to obtain convictions due to lack of consent from the DPP has been weak and there is a backlog of cases. It is also clear that some, if not most, of the high-level anti-corruption efforts of the ACB are politically motivated. In all, there is nothing out of the ordinary here–reform that looks pretty good up front but never translates into results due to institutional resistance and lack of resources.

Civil Service Action Plan (CSAP)

The CSAP is a World Bank-derived effort begun in 1994 designed to broadly reform civil service in terms of pay increases, reduction of employment, and increasing accountability and transparency. Durevall views the CSAP as having been mostly ineffective as of 2003. Interestingly, what on the surface appears to amount to significant cuts in the number of civil servants in Malawi turns out to be quite limited as those fired were either hired elsewhere or rehired later. This is consistent with other sources that state fired employees were rehired later when funding was made available through other

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It is also in contrast to civil service reform in Tanzania. While one finds critics of both efforts, the reforms made in Tanzania stand out as relatively successful when compared to these in Malawi. Again, we see institutional resistance to reform working to water down and impede results.

Medium Term Expenditure Framework (MTEF)

According to Durevall and Erlandsson, "The Implementation of a Medium Term Expenditure Framework (MTEF) has become a standard reform to achieve forward budgeting within public finances."\(^{70}\) It has become, according to the authors, critical to successful implementation of the PRSPs. As such, it qualifies as a program at least indirectly affecting corruption reform. Durevall and Erlandsson identify four ongoing weaknesses in Malawi's MTEF implementation: a lack of sponsorship by "the President and Cabinet" and, due ironically to its bottom-up focused, mid-level technocrats; poor "accountability, transparency and auditing"; inadequate effectiveness and cross-agency coordination; and inadequate donor funding.\(^{71}\) Again, the exact type of limited results one would, unfortunately, expect.

Malawi Revenue Authority (MRA)

The MRA was established as a function of a World Bank Structural Review and Reform. It was designed to increase efficiency in tax collecting. It began operation in 2000.\(^{72}\) According to Chiumya, the MRA has been only partially successful—tax revenues have gone up significantly but only in the official economy. The parallel black-

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\(^{69}\) Anders.

\(^{70}\) Durevall and Erlandsson, 17.

\(^{71}\) Ibid, 19-20.

market economy has skyrocketed with no corresponding increase in tax collection capacity. In fact, it appears that nothing is being done to assess the parallel economy. The MRA is backed up by capable laws and statutes but remains greatly underfunded and understaffed, which negatively affects its assessment system. Also, its incentive scheme "does not reward compliance."

The MRA also contains a taxpayer education component, which has been only slightly effective. This stands in marked contrast to the limited, somewhat tainted but still very real success of the TRA in Tanzania.

INDEPENDENT VARIABLES

Political leadership

Rated a '0' for 'Either no clear evidence of movement one way or the other or clear evidence of no movement'

As introduced above, this, our only clearly non-institutional, idiosyncratic-by-nature variable, is by far the biggest, most consistent factor in explaining the difference in success levels between the two countries. As was shown above, Tanzania's leadership under Mkapa was strong and consistent. Malawi's has been consistently but not uniformly weak. Muluzi is widely regarded as having been inactive against corruption. Mutharika has been an improvement for sure and he has become increasingly active in supporting anti-corruption programs as time has gone by. However, if anything, Mutharika's approach, despite (and in some ways, because of) its limited success in pursuing corruption charges against political rivals, has been even less effective than that of Muluzi. This shows up often and up front in several of the programs examined. More specifically, it was deemed to have an important

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73 Chiumya, 30.
74 Ibid.
negative effect on multiple programs. Additionally, it negatively affected other variable performance. Mutharika did resign in early 2005 from the United Democratic Front (UDF) "so that he could more effectively pursue an anti-corruption agenda from outside the party." He has pursued corruption cases against Muluzi and members of his administration, in some cases successfully. But using anti-corruption as a hammer to bludgeon political opponents for political reasons is quite commonplace in highly corrupt countries, especially when these political anti-corruption disputes occur alongside of impunity for political allies of the party and administration in power, as they appear to have in the case of Malawi.

Civil service reform

Rated a ‘1’ for ‘Improvement in IV minor and in dispute’

On the surface, Malawi, with the help of international donors, has quite aggressively pursued civil service reform in recent years. There were five programs applicable to civil service reform: the Civil Service Pay and Employment Reform, MTEF, PSIP, IFMIS, and MRA. So Malawi deserves credit for this. Unfortunately, there is little evidence of any real improvement, anywhere. The MRA provides a very clear alternative to the Tanzanian example, the TRA. Whereas in Tanzania the experiment was limited but vital, aimed at both estimating and then collecting taxes from the parallel/informal economy, the MRA proved to be a very limited experiment, with limited, fragile results, aimed only at the official economy. The CSAP was mostly ineffective, according to multiple sources. The twin programs of MTEF and PSIP have also been mostly ineffective. IFMIS has been very slowly

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enacted. Despite all of these criticisms, the number and scope of programs combined with the very disappointing progress to date combine to merit a rating of 1.

Civil society groups

Rated a ‘1’ for ‘Improvement in IV minor and in dispute’

According to the U4 report, Malawi has virtually no anti-corruption civil society groups. “The only identifiable NGO in anti-corruption work is TI Malawi which is more a collection of individuals than an organization. It lacks the presence, access and resources that its Zambian equivalent possesses. In organizational terms, it is, in effect, defunct.” This verdict is in agreement with Phiri’s prescriptive piece on getting Malawian civil society more involved in anti-corruption efforts. The MBAAC shows promise but as yet has yielded nothing more than promises. There has been some improvement, particularly with the creation of the PRSP (which was influenced by President Mkapa) and the German OST initiative. Local youth groups had both positive and negative effects—they were partially responsible for heading off Muluzi’s attempts to obtain a third presidential term but they were also actively involved in political violence. But this improvement is limited and there is no consensus that it has had real effect.

Media freedom

Rated a ‘-3’ for ‘Decrease in IV clear and significant.’

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77 Doig, et al, 2005, 64.
Malawi began with a 40 in 1998 and ended with a 55 in 2008. Malawi’s scores significantly worsened; this was an increase of a full 15 points. Given the reliability and respected status of the Freedom House rankings, this is clear, strong evidence of a significant decrease in freedom of the press.  

Our quantitative evidence tends to support this backtrack. But there is some disagreement. Hussein, for one, argues for the effectiveness of Malawi’s press. Bauer and Taylor give a mixed review—there has been increased reporting on corruption, which led to an increase in government repression of the media. Overall, though, it is clear that Malawi’s media became significantly less free during the time period in question.  

*Judicial reform*

Rated a ‘1’ for ‘Increase in IV minor and in dispute.’

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81 For all years, see http://www.freedomhouse.org/uploads/fop/historical/SSAfrica.xls (accessed July 9, 2008).
82 Hussein, 99.
83 Bauer and Taylor, 39.
There simply was not much going on in this category. There has been some success in obtaining convictions.\textsuperscript{84} However, this success may be misleading, according to Villalon and Von Doepp, because the convictions obtained during the Muluzi regime against high-level officials were politically motivated decisions by holdover judges from the Banda regime.\textsuperscript{85} Hussein has nothing good to say about the current state of the judiciary.\textsuperscript{86} Overall, there's little indication of progress in this category.

\textit{National anti-corruption agency}

Rated a ‘1’ for ‘Increase in IV minor and in dispute’

The reputation of the ACB has fallen significantly over the years from a once respected institution willing to and capable of going after corrupt figures to an institution severely hamstrung by its lack of political and institutional independence. It is a glaring example of the near perfection needed in a highly corrupt country to make significant advances against the disease of systemic corruption. The effort in creating a capable ACB clearly existed and most of the pieces to the puzzle were either in place or in the process of being put in place. But it never happened, largely due to political pushback by those powerful and corrupt individuals and groups who stood to lose. The ACB appears inherently limited and lacking independence in a way that all but ties its relative success to presidential support. According to the U4 Report, it is limited in that it

narrow}s the definition of corruption to bribery, provides no protection for whistleblowers and imposes minimum prison sentences of five years which encourages magistrates to acquit in cases where the sums of money involved are

\textsuperscript{84} Bauer and Taylor, 19-44.
\textsuperscript{86} Hussein, 96-97.
small. The other major constraint is finance and the limited resources provided by the government of Malawi.\textsuperscript{87}

Finally, Doig, as with the case of Tanzania, views Malawian anti-corruption organizations as having underperformed.\textsuperscript{88} Here, again, we see nothing come of serious reform efforts for all the usual reasons.

\textit{External influence}

Rated a ‘1’ for ‘Improvement in IV minor and in dispute.’

In several instances studied, there was a clear and sophisticated attempt to tinker with conditionality, such as with the PSRP. And the MCC represents a new and potentially potent use of ‘upfront’ conditionality. While efforts such as these are worthwhile and intriguing, there is little evidence yet of success.

\textit{Openness to trade}

Rated a ‘2’ for ‘Increase in IV probable and modest.’

First looking at World Bank data for merchandise trade (imports and exports) as a percent of GDP (shown in Graph 4), we see slight, but volatile, improvement during the time period.\textsuperscript{89}

\textsuperscript{87} Doig, et al, 2005, 62.
\textsuperscript{89} World Bank trade data.
Additionally, WTO data regarding merchandise imports and exports for each year between 1998 and 2007 shows that Malawi’s absolute numbers increased significantly. Malawi’s exports rose by nearly 70% from about U.S. $430 (at current prices) in 1998 to nearly $710 million. Its imports almost tripled from nearly $515 million to about $1.4 billion. The increase in imports is modest while the increase in exports in impressive. Overall, our quantitative evidence show’s Malawi to have made some absolute, if limited and volatile, progress but some relative decline. This aligns more or less with the qualitative evidence. For these reasons, I have scored this a 2.

COMPARING TANZANIA AND MALAWI

Putting these scores into our scoresheet, we get the following results.
<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Tanzania</th>
<th>Malawi</th>
<th>Difference (Tanzania–Malawi)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Leadership</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Civil Service Reform</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Civil Society</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Media Freedom</td>
<td>0</td>
<td>-3</td>
<td>3</td>
</tr>
<tr>
<td>Judicial Capabilities</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Nat'l Anti-Corruption Organization</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>External influence</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Openness to Trade</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Two categories stand out: Political Leadership (3), and Media Freedom (3). Nothing was clearer in this research than the simple fact that Tanzanian political leadership was a crucial aspect of their success. It appears that this strong, at times exceptional, political leadership led to modest but real results. And in Malawi all the usual suspects conspired to thwart once promising reform efforts. It is also important to note that political leadership as a variable often affected the other IVs—making them more or less effective. In other words, I found evidence that the respective political leadership, usually the president, was instrumental in supporting or limiting progress in one or more programs or items. As for the second variable—media freedom—Tanzania did not actually improve. Malawi got much worse. Perhaps Tanzania reform was helped by simply not backtracking but it certainly does not appear to make any kind of case for the need for improvement per se in media freedom.

After these two variables, there is quite a step lower in terms of clarity and apparent significance. For five variables (Civil Society, Civil Service Reform, Judicial Institutional Reform, Openness to Trade, and External influence) there was a difference of one point. For National Anti-Corruption Agencies, there was no difference whatsoever.
What is one to make of this? The strong difference in political leadership is strong evidence for the Reverse Karenina argument. The smaller differences in several of the variables do not in and of themselves mean much but if this trend continues, one might conclude that they are worthwhile. Keeping these points in mind, it is time to turn to my second paired case—Colombia and Peru.
CHAPTER V
COLOMBIA AND PERU

INTRODUCTION

Whereas my first paired case—Tanzania and Malawi—showed the importance of strong political leadership in setting the table for modestly successful institutional reform, my second paired case supports my argument in an even stronger, more vivid way. As will be shown in full here, Colombia’s success was clearly and overwhelmingly a function of its ongoing civil conflict. Colombia’s civil conflict is particularly complicated and idiosyncratic. It involves the international war on drugs, drug cartels, and traditional leftist revolutionaries who fund their often terrorist attacks with drug profits. Interestingly, reforming corruption is not the primary goal of these institutional reforms. Rather, Colombia needed stronger institutional capabilities in order to successfully prosecute enemies of the state. It is my conclusion that this made for a much more amenable-to-reform incentive structure than that which normally exists with elites and corruption reform. Combined with the fact that reform efforts attracted significantly more U.S. resourcing than is normally the case made the likelihood of success much greater.

Peru’s story begins hopefully and uniquely enough—the quick fall of the Fujimori regime on corruption charges created an opportunity for real reform. Reformists were put in charge; reforms were promoted, developed and enacted; and then, just a few short years later, it became apparent that supporters of real reform were outnumbered and outmatched by those opposed. Today, Peru continues to struggle to implement effective reform while its corruption level continues to climb.
COLOMBIA: RELEVANT HISTORICAL SUMMARY

Colombia's recent history has been, of course, dominated by the violent civil conflict involving drugs, multiple empowered Cold War-era guerilla groups (the FARC and ELN), and terrorism. At the same time, and no doubt in significant part due to, Colombia underwent a deep economic recession. Andrés Pastrana, who served from August 1998 to August 2002, came in to office, then, facing considerable challenges. Rather than proving too much to overcome, the challenging environment, as it turns out, provided the right incentive structure for effective change—Colombia was very much in an 'or else' predicament. In 2002, the strongly conservative Álvaro Uribe Vélez, whose father had been killed by the FARC, was elected and has served since.

RELEVANT PROGRAMS

I have identified 19 programs and incidents relevant to this analysis. (Appendix C) In this section I will provide details for and analysis of five of the most telling and important programs. As with my previous cases, a full list of programs and associated variables can be found in Appendix C.

Millenium Challenge Corporation (MCC) Compact

In December 2008, the MCC approved Colombia (as well as two other countries) for large-scale innovative grants, due to their "commitment to good governance and dedication to promoting economic freedom and investing in your people."1 This also means, in part, that Colombia has yet to receive any MCC funding. This, then, provides

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some indication of the recent improvement made in Colombia. This also means, in part, that Colombia has yet to receive any MCC funding, which puts them well behind the curve for countries under consideration.

**Plan Colombia**

Plan Colombia means different things to different people and has been, fairly or not, a hot-button issue since its inception. To the United States, it is a tool to gain advantage in the war on drugs. To Colombia, it is a means to stabilize its political and economic situation. To anti-globalization activists and Latin America graffiti artists it is a capitalist Yankee conspiracy to militarily, politically, and economically exploit Colombia and its neighbors. It is not within the scope of this dissertation to make judgments regarding the primary purposes and effectiveness of Plan Colombia; however, it has been instrumental in improving Colombia’s institutional capabilities regarding corruption reform.² It is arguably the driving force behind Colombia’s recent anti-corruption reform success.

Plan Colombia was a U.S.-funded and backed Colombian program designed to “combat drug trafficking and terrorism and strengthen public institutions.”³ Much of this institutional strengthening was directed toward programs that would directly or indirectly reduce corruption. The institutional strengthening was seen as a prerequisite component of effectively going after drug cartels and terrorists. This is important for two reasons. First, reducing corruption was a secondary goal. Second, because U.S. national security

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² For a strong critique of Plan Colombia’s overall effectiveness, see Adam Isakson, “Failing Grades: Evaluating the Results of Plan Colombia,” *Yale Journal of International Affairs* (Summer/Fall 2005): 138-154.

interests were perceived to be affected, resources were abundant. The U.S. government provided billions of dollars in funding for the project over the years, much more than is normally found in anti-corruption or governance programs.

The U.S. involvement in and support of reform is truly impressive. According to former U.S. Attorney General John Ashcroft,

In addition to providing direct assistance in law enforcement operations, we are working to reform the Colombian justice sector. These programs are funded by the Department of State and coordinated by the Justice Department. Our work in Colombia involves numerous components of the Department of Justice, including the Office of Overseas Prosecutorial Development, Assistance and Training, and the International Criminal Investigative Training Assistance Program. The Federal Bureau of Investigation, the Drug Enforcement Administration, the U.S. Marshals Service and the Bureau of Prisons also play key roles. Through Plan Colombia, the Department is also assisting in ambitious legal reforms of the Colombian Criminal Code and Criminal Procedure Code. The aim is establishment of an "adversarial" system of criminal justice, which will permit trials with open testimony before an impartial court and offer protection for the legal rights of the accused.4

Suffice it to say, this is not the default setting for U.S. resource levels of development programs.

**USAID Democratic Governance Program**

The USAID Democratic Governance program is broad, aggressive and extremely well-funded. It is a direct function of Plan Colombia. This funding comes, of course, primarily from the U.S. interest in curbing Colombian drug production and distribution. According to USAID,

USAID fosters increased participation, representation and accountability of democratic institutions and processes. The democracy program seeks to modernize the criminal justice system and promote access to justice for disenfranchised Colombians; promote and protect human rights; increase

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government transparency and accountability; and strengthen the Government of Colombia's (GOC's) ability to develop policy and implement activities supporting peace initiatives throughout Colombia. USAID is promoting the "Colombianization" of activities within GOC and civil society organizations by promoting private sector alliances and local capacity development.\(^5\)

The preliminary results are impressive and broadly distributed: multiple judicial pilot programs appear to have been effective; civil society private sector programs were implemented with apparently promising results and in 2005 President Uribe signed a civil service reform regarding conduct of executive officials.\(^6\) We can see from this that Civil Service Reform, Civil Society, and the Judicial sector are all targets of this program and the Political Leadership and External Influence variables are also affected.

**Confecámaras**

Confecámaras is the Colombian confederation of Chambers of Commerce. As such, it is a national civil society group. It was particularly active and successful during the time period in question in a variety of corruption-related programs. According to Sullivan, it began in the late 1990s in an effort designed to get businesses proactively involved in the fight to reduce corruption in Colombia.\(^7\) They developed and successfully promoted both local ethical codes of conduct and integrity pacts.\(^8\) They have also been instrumental in empowering 'citizen oversight bodies' as provided for in the constitution. According to Nasiful Islam, Confecámaras "was a leading advocate for the reform of Colombia’s Procurement Law No.80 and successfully promoted guidelines that enhanced


\(^6\) Ibid.


\(^8\) Ibid, 34-45.
competitiveness and transparency in public procurement.”  

This item involves Civil Society and Civil Service Reform.

**Defense sector programs**

One idiosyncratic subsection of Colombian anti-corruption reform that has seen some results is that associated with defense procurement. This procurement is, not surprisingly, a function of Colombia’s civil turmoil. As such, we can see a similar idiosyncratic incentive structure in place. These reforms, according to Rozo, have effectively, if incompletely, made bids on defense contracts public and transparent.  

Another aspect of defense sector contracting reform has been in the usage and promotion of integrity pacts. Colombia’s Transparency International chapter was instrumental in helping to promote these.

**INDEPENDENT VARIABLES**

**Political leadership**

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

Colombian political leadership in corruption reform has been strong over the last ten years under both Pastrana and Uribe. If anything, this leadership has grown over time–Uribe has taken a tougher stance even than Pastrana. Similar to that of the U.S., however, the

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Colombian government’s support of corruption reform was secondary to its fight against terrorists and narco-traffickers. The presidential support itself was a function of Plan Colombia, rather than the reverse. The primary component of Colombian reform in this area has been Plan Colombia to which, conspiracy theories aside, the Colombia government was a more-than-willing partner. Pastrana and Uribe, especially, have both issued decrees and created programs. Uribe as well created a National Development Plan. Additionally, Uribe was actively involved in defense sector reform. All of this adds up to a rating of 3; however, it is important to reiterate here that this success was a direct function of Colombia’s civil conflict.

Civil service reform

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

There was a lot of activity in this category during the time period under scrutiny. President Uribe’s decree of 2005 invoked ethical codes for administration officials. Multiple laws regarding procurement policies were enacted. As described above, defense sector procurement, specifically, received a lot of attention. And there were many integrity pacts created and signed on to by local officials, especially mayors and governors. However, it is not clear what the practical effects of these actions are. This accounts for the rating of 2. And, as with Political Leadership, much of this reform was a function of Colombia’s civil conflict.

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13 Ibid.
Civil society groups

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

Both TI Colombia and Confecámaras were very active and effective during this time period. TI Colombia was heavily instrumental in reform of defense procurement. As described above, the activities of Confecámaras have been truly impressive. They were instrumental in developing, promoting and helping to implement legal reform, ethical codes of conduct, integrity pacts, and citizen oversight bodies. TI Colombia was also heavily involved, especially with defense sector reform. Again, some, if not the majority, of this reform was a function of the civil conflict.

Media freedom

Rated a ‘-2’ for ‘Decrease in IV probable and modest.’

The Freedom House rankings for Colombia from 1998-2008 were volatile but overall they indicate a significant worsening of media freedom in Colombia, as shown here in Graph 5.15

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Graph 5. Colombia Freedom House rankings.

Keeping in mind that low scores indicate high media freedom, in 1998 Colombia scored a 55 and in 2008 a 59. In between they went up and down, scoring either 59 or 60 from 1999-2002 and 63 from 2003-2005 before dropping back down to 59 in 2008.

While this recent improvement is somewhat encouraging, the current score is still quite bad absolutely and relatively worse than ten years ago. One does not get very far into the qualitative details to learn why Colombia scores so poorly in this category. According to Freedom House’s country report for 2007, “(J)ournalists have trouble exercising their rights in a country racked by a complex armed conflict involving left-wing guerrilla organizations, drug traffickers, paramilitary groups, and government security forces.”\(^{16}\) As such, this receives a -2.

Judicial reform

Rated a ‘3’ for ‘Improvement in IV clear and significant.

Colombia’s general law enforcement capabilities have increased greatly as a result of Plan Colombia and, to a lesser extent, other reform efforts. The bulk of this has come, though, not in corruption-related areas but rather, predictably, in more serious cases involving the civil conflict—those having to do with drug trafficking, money laundering, terrorism and kidnapping. United States’ aid was critical in this respect, having donated billions of dollars to Colombian military and police forces. According to USAID,

USAID’s justice reform program and the new criminal procedure code accusatory system reform succeeded in reducing time-to-trial in pilot jurisdictions by up to 90%. Similarly, in accusatory system reform pilot jurisdictions, approximately 70% of the cases are being plea-bargained and adjudicated within weeks rather than the customary wait of several years under the previous system. Demonstrating support for building a full time state-funded public defense system, the Colombian Congress and the GOC are demonstrating commitment to this crucial service for the poor by enacting a Public Defense System Law. They are also doubling the budget for the pilot Public Defender program, which was created with USAID assistance.17

This list is consistent with both the general consensus that Colombian judicial capabilities have been significantly improved. These new institutional capabilities no doubt have a positive effect on other aspects of law enforcement, such as corruption prevention and detection. As such, I have rated this category a 3.

*Anti-corruption organization or ombudsman*

Rated a ‘0’ for ‘Either no clear evidence of movement one way or the other or clear evidence of no movement.’

The lack of activity within this category is intriguing. It is a very common component of the Laundry List and Corruption Consensus. Colombia has both a Controller’s Office and Auditor General’s Office. While these are not specifically anti-corruption organizations, they do often function as such in corruption reform. And both of them were subject to International Development Bank pilot projects but there is very little available information

17 USAID Data Sheet.
about these projects and, apparently at least, nothing else to speak of in this category. As such it receives a rating of 0.

*External influence*

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

When it comes to international aid, it just doesn’t get much more extensive and influential than Plan Colombia. As shown throughout this section, U.S. aid to Colombia over the last ten years as a primary function of the war on drugs has been enormous, in terms of scope and funding. And this obviously makes sense from an international relations theoretical perspective—it is in the U.S.’ best interests for nations to become corrupt but this is nothing compared to the perceived national interests involved in stemming the international flow of illicit drugs. Most of this aid has been strictly military in nature but much still was for reforms that directly and indirectly affect corruption.

Much of USAID help falls under Plan Colombia but there were other international efforts. Most significantly, TI UK was directly involved in defense sector reform, as detailed above. The UN conducted a pilot Global Program against Corruption in Colombia—the effects of this are unclear, as are those for the World Bank’s judicial training program. But overall, the aid stemming from Plan Colombia was more than sufficient by itself to merit a rating of 3.

*Openness to trade*

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

Most evidence indicates Colombia became more open to trade during the time period in question. First looking at World Bank data for merchandise trade (imports and exports) as a percent of GDP (shown in Graph 6), we see steady, significant improvement during each
year for which data is available. However, Colombian trade did not gain as much as the rest of the world on average, suggesting a possible relative disadvantage.

Additionally, WTO data regarding merchandise imports and exports for each year between 1998 and 2007 shows that Colombia's absolute numbers increased greatly. Colombia's exports went from nearly U.S. $11 billion (at current prices) in 1998 to nearly $30 billion. Its imports more than doubled from nearly $15 billion to nearly $33 billion.

The qualitative evidence suggests improvement in this area. Colombia, under both Pastrana and Uribe, has actively pursued an open trade agenda. Plan Colombia, for example, states, "The expansion of international trade, accompanied by enhanced access to foreign markets and free trade agreements to attract foreign and domestic investment..."
are key to the modernization of our economic base and to job creation. This was a close call. I have chosen to rank it a 2 based on the fact that Colombia’s average improvements appear to be more modest than both that of the world and most of my other cases.

Having shown how Colombian success was largely a function of its civil conflict, it is now time to turn to my Peruvian case.

**PERU: RELEVANT HISTORICAL SUMMARY**

Peru’s recent history begins with the end of the Fujimori regime. Known as ‘El Chino’ by friends and enemies alike, Alberto Fujimori was a very strong leader who had tremendous influence on Peruvian politics, economics and society. His primary accomplishment was to neutralize the Maoist guerilla force, the Shining Path, which had caused untold havoc in Peru for decades. The impact of his regime and its unseemly, sudden collapse on November 22, 2000 (due in large part to a corruption scandal within his administration) continue to affect virtually every aspect of Peruvian life to this day.

Much of Peruvian reform efforts are aimed at punishing Fujimori and his collaborators, alleviating the negative effects of his policies, and deterring ‘future Fujimoris.’ Fujimori was replaced on an interim basis by Valentin Paniagua, who promised and, in part, delivered on a reformist regime until Alejandro Toledo was elected and took over less than one year later on July 28, 2001. Current President Alan Garcia Pérez was elected to replace Toledo, which he did on July 28, 2006.

Like Pastrana in Colombia, Paniagua came into office facing incredible

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challenges following a particularly troubling period. But unlike Pastrana and Uribe after him, Paniagua, and Toledo after him, failed to turn lemons into lemonade. Garcia, on the other hand, has shown some promise of late.

RELEVANT PROGRAMS

While researching Peruvian reform efforts in the post-Fujimori effort, two related qualities became quickly and vividly apparent: there was much initial potential and the reform programs that were enacted were many and far-reaching. There was great potential in that Peru as a nation was ready to turn the page on the Fujimori era and eager for reform. His interim replacement, Paniagua, was respected for his integrity and spent his brief time in office supporting and enacting a variety of reform efforts, which stretched across the Laundry List. Additionally, Peru moved strongly toward more open trade and the international community was proactively involved in and supportive of Peruvian reform. Toledo was subsequently duly elected in large part based on expectations he would be able to continue these reform efforts. And, like Paniagua, he began well. The list of total reform programs is truly impressive—I have found mention of no fewer than 31 separate reform programs, which is by far the most I encountered. (Appendix D) Overall, the program was aggressive, far-reaching and broadly designed.

The plan, such as there was one, looks good on the surface—Peruvian reform efforts very well could have been successful. But they decidedly were not; as such, Peru’s story is the saddest of my six cases. A quick examination of five of the most important, indicative reform efforts will help explain just how and why these efforts failed.
Millennium Challenge Corporation Compact

As described in greater detail above, the MCC is a US government program begun in 2004 and designed to give aid to poor countries conditioned on sufficient institutional capabilities. In 2007, the MCC offered US$ 35.6 million for their ‘threshhold’ program, which is the MCC’s version of limbo, where not-quite-capable-countries are sent to improve their capabilities. In addition to working to increase immunizations in Peru, the program is designed to help Peru combat corruption by working with the judicial branch, law enforcement, the ombudsman and controller’s offices and civil society organizations to improve internal controls, as well as analyze and simplify administrative processes to reduce opportunities for corruption.

It is not at all clear what the real difference is between this type of funding and traditional international development funding that the MCC is supposed to be replacing.

National Anticorruption Commission/Council/Office

According to the Peruvian government, “In November 2001 the National Anti-Corruption Commission was created with the objective of proposing a national policy for preventing and fighting corruption, and promoting ethics and transparency in public management.” According to U4, a World Bank Country Diagnostic Survey of Peru led to the formation of the NACC, after the collapse of the Fujimori regime. This commission “devised a strong policy document identifying key anti-corruption measures for incoming President Toledo. Unfortunately, follow-up on these policy

recommendations was weak and many recommended actions were not followed through." Some initiatives were put in place initially including, "an 'anti-corruption tsar', the establishment of a special anti-corruption police division, and the introduction of an anti-nepotism law for the public service." It was, according to Transparency International, too closely tied to the President. In fact, the commission appears to have been informally shut down by Toledo following the dismissal of its Tsar for investigating the Toledo regime. When Garcia entered office, the now-defunct organization was rechristened the National Anticorruption Council. After failing to get off the ground due to a lack of publicity and support, it was again renamed the National Anticorruption Office in November 2007. It was mandated to, among things, create a national anti-corruption plan.

Here we can see the gradual decline of Peruvian political leadership in the wake of the Fujimori collapse as the early action and success of Paniagua gave way to the underperformance and then actively oppositional Toledo, which led to the, thus far, passiveness of Garcia. Unfortunately, this story is all too familiar, especially in Latin America–good intentions lead to ill actions in the face of entrenched opposition. What began as a seemingly unique opportunity quickly turned into a clichéd Latin American political telenovela of tawdry failure. This program shows vividly one side of the Reverse

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28 Ibid.
Karenina coin–corrupt nations really are all alike.

Peruvian police reform

Similar to other Peruvian institutions, Peruvian police were in particularly great need of reform due to the fact that Fujimori had used them to further his corrupt and abusive policies. When the regime collapsed, reformists moved in under a climate susceptible to reform. In July 2001, Paniagua released a report calling for major reforms in the police corps. This report was a creation of the National Anticorruption Commission, as noted above. A reform team, headed by Gino Costas, was formed and given the mandate for radical reform aimed at reducing corruption, among other things. The reform received little international support and was at once both overly independent—it was a stand-alone team with no useful institutional ties—and overly dependent—it lacked certain critical decision-making skills. It was, despite this, initially successful. Among other things, an office of Internal Affairs was created. However, it ran into resistance from police officers, especially those at high levels, especially against the anti-corruption provisions. According to Costas, at crucial moments President Toledo failed to support the reform team. It is important to add, however, that Costas was dismissed by Toledo so his judgment is somewhat suspect—Costas details, among things, the circumstances surrounding his exit from his position.

It is interesting, and illuminating, that the reform ultimately failed because of its anti-corruption provisions. This highlights the difficult, problematic nature of these types

of reforms. The otherwise commendable program failed, apparently, due to lack of external and political support.

**G8 Compact to promote transparency and combat corruption**

In 2004 the G8 created a pilot project of four countries, including Peru, designed to promote transparency and fight corruption. According to the G8, the goal was to help Peru with, “Public budgets and financial management, including revenues and expenditures; Government procurement; and Letting of public concessions.” The Peruvian proposal was more specific and aggressive—several specific reforms affecting civil service and civil society in particular were mentioned. Peru was chosen, apparently, because its various agencies lacked the independence and capabilities to properly monitor and evaluate government activities but had recently made significant efforts to address the problem. Despite the fact that the cooperative program was first agreed upon in 2004, there are apparently few tangible results to show, beyond the creation of a national plan.

**CERIAJUS Judicial Reform Plan**

The Special Commission for the Comprehensive Reform of Justice Administration, or CERIAJUS, was formed in October 2003 with the mandate to create a national plan for reforming the Peruvian judicial sector. The scope of this reform plan is aggressively broad—there are over 200 proposals in the CERIAJUS national judicial

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33 “Compact to Promote Transparency and Combat Corruption: A New Partnership between the G8 and Peru.”
34 Business Anti-Corruption Portal, Peru page.
36 Ibid.
reform plan. Yet to date there are few tangible results from any of these programs. Tom Pegram of the Peru Support Group explains it well here,

"The CERIAJUS plan, negotiated with a wide array of governmental and civil society institutions, including the judiciary, is impressive in its scope. It offers a comprehensive diagnostic of the institution and a blueprint for reform. Yet the plan has been met with apparent disinterest on the part of the Executive and Congress—and outright hostility from traditionalist quarters within the judiciary who claim it is a politically motivated attempt to meddle in its internal affairs."\(^{38}\)

Freedom House agrees that, due to a lack of political support from both the Presidency and Congress, CERIAJUS showed few results early on. In January 2007, however, under new leadership CERIAJUS became more proactively involved. As such some limited but impressive results were achieved in 2007.\(^{39}\) The results appear to be a function of political support, very similar to that throughout Peru—Paniagua pushed reform hard, Toledo began well but quickly cratered out, and Garcia has shown some limited promise.

INDEPENDENT VARIABLES

Political leadership

Rated a ‘-2’ for ‘Decrease in IV probable and modest.’

Over and over I found during my research one impressive reform effort after another that was begun, in some sense, by Paniagua and killed off or muted by Toledo. And, as will be argued below, this lack of political support had a strong negative effect on

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most of my other seven independent variables.

While the story surrounding this variable is clear-cut, scoring this variable is complicated. How much should Paniagua's early efforts and Garcia's recent promise offset Toledo's increasingly miserable performance? Early on there was strong political leadership, which steadily declined with time. Paniagua struck the right tone from the beginning and worked hard to promote reform. Toledo began well but then fell off—what started as a continuation of reform begun under Paniagua, in reaction to the excesses of Fujimori, ended in typically Latin American fashion with Toledo being run out of office with a tarnished reputation and a mostly failed legacy. To date, Garcia has shown some limited promise. It is my judgment that Toledo's incompetency and corrupt practices occurred at the crucial moment, which would largely determine Peru's decreases in the TI CPI rankings. Therefore these volatile results demand a rating of -2.

Civil service reform

Rated a '1' for 'Improvement in IV minor and in dispute.'

The number of civil service reforms implemented by the Peruvian government since the fall of Fujimori is truly impressive. I have found 17 reform efforts that appear to have civil service reform elements. The laws and regulations were varied—dealing with police reform, civil service pay, transparency in financial information and procurement, etc. Some of them proved effective, at least at first. There were some smaller, limited achievements. For example, according to USAID, Proetica, which later became the Peru TI chapter, was very successful in implementing a police uniform procurement reform project.\footnote{USAID, "Anti-Corruption and Transparency Coalitions: Lessons from Peru, Paraguay, El Salvador and Bolivia.," (August 2005). <http://74.125.47.132/search?q=cache:fN0DahQo6EUJ:info.worldbank.org/etools/ANTIC/docs/Resources/Country%2520Profiles/Paraguay/USAID_ACTransparencyCoalitions.pdf+Anti-} However, most of
these reforms have been largely ineffective. The police reform initiative, detailed above, is indicative of this failure in general and perfectly in line with the sad theme of Peruvian decline—Paniagua worked hard and achieved impressive results only to see it all frittered away under Toledo. Because of this, I have given this a rating of 1.

Civil society groups

Rated a ‘2’ for ‘Improvement in IV probable and modest’

While the TI chapter of Peru (formerly Proetica) has been active, it does not appear to have had many successes. It had solid success with initiating and helping to implement a police uniform procurement project. It also conducted twin anti-corruption projects in the field of education. One was designed as a survey while the other was a pilot program intended to allow citizens to more effectively make complaints against corrupt local education officials. The latter resulted in almost tripling the number of complaints during the pilot program. Other than Proetica, the Extractive Industries Transparency Initiative (EITI) was designed to increase transparency in the mining industry by involving civil society. This seems to have worked better than most Peruvian reform programs. In the end, this ranking was a difficult call but there was just enough certainty of actual reform and just enough overall effort to keep this from being a 1.


45 Business Anti-Corruption Portal, Peru Country Profile.
**Media freedom**

Rated a ‘3’ for ‘Increase in IV clear and significant.’

The Freedom House media freedom rankings for Peru are pretty clear-cut—Peru has made great strides since 1998.\(^{46}\) Graph 7 shows its year-to-year rankings.

![Graph 7. Peru Freedom House rankings.](image)

Keeping in mind that lower scores indicate greater media freedom, we quickly see that Peru’s media freedom rankings started off bad, at 59; worsened over the next two years; began a remarkable improvement all the way down into the 30s; and finally slumped back down to 44 over the next couple of years. So there has been volatility but, overall, great improvement. This makes sense given the autocratic nature of the Fujimori regime and the reaction against it. Clearly, Peru’s decline cannot be blamed at all on increasing repression. The reverse, in fact, appears to be the case: Peruvian corruption reform failed despite its increasing media freedom.

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\(^{46}\) Freedom House, Freedom of Press data for Latin America.
Judicial reform

Rated a ‘2’ for ‘Increase in IV probable and modest.’

There were many different programs implemented during this time period belonging in this category. In fact, 15 of the 31 programs identified concern, in part at least, the judiciary. And many of those, as was the case with CERIAJUS, have many judicial subcomponents. Clearly there was a lot of effort and resources put into these types of programs. And there is some evidence of limited success beyond initial legal changes, similar to that mentioned above with CERIAJUS. All in all, however, these reforms have failed to register results due largely to a lack of support from the political leadership, especially Toledo and the Congress. It is encouraging, though, that since 2007 under Garcia progress has been made. Perhaps Peru can use this to build upon going forward. Because of the impressive number of programs instituted, and the limited results prior to 2007 combined with the promising ones since 2007, this receives a rating of 2.

Anti-corruption organization or ombudsman

Rated a ‘1’ for ‘Increase in IV minor and in dispute.’

This is arguably the saddest component of Peru’s sad tale. As described above, the Peruvian government recognized the need for an effective anti-corruption organization but set it up poorly, failed to provide the necessary support, and fell into a pattern of periodic failed reorganizations. The fact that the organization was created, some reform components have emerged from it, and President Garcia has shown some promise of late save this from being rated lower than a 1.

External influence

Rated a ‘2’ for ‘Improvement in IV probable and modest.’
The international community has been actively involved in the post-Fujimori era. In addition to these somewhat typical international programs, Peru, as detailed above, was part of an inventive G8 pilot project in which nations that need a lot of help and have made recent efforts to improve are supported. On the surface, this speaks well to Peru’s efforts but says nothing about its accomplishments. Creating the framework for effective reform is actually quite commonplace in highly corrupt countries—empowering this framework to create results is the trick. And, overall, there is little to show for this influence. The MCC accepted Peru as a ‘threshold’ nation. This means, among other things, that Peru was not deemed institutionally capable enough to extend a compact agreement to. Thus, the new type of upfront conditionality that the MCC represents generally is not applicable here—these threshold pacts look eerily like traditional IO funding. All of this combined necessitates a rating of 2.

_Openness to trade_

Rated a ‘3’ for ‘Increase in IV clear and significant.’

In absolute terms, Peru’s world trade figures rose significantly in the post-Fujimori period. Peru’s ‘total merchandise’ exports increased almost five-fold between 1998 and 2007 and its imports increased more than two-fold.\(^47\) Looking at merchandise trade as a percentage of GDP, we see similar results in Graph 8.\(^48\) Similar to Tanzania, Peru made up quite a bit of ground on the world average. Not only do Peru’s data indicate strong changes in this area but they also are even stronger than Colombia’s. This coincides with the available qualitative evidence, which indicates Peru moved toward an open economy after Fujimori. It

is overwhelmingly clear that Peru's lack of success was not a function of a closed (or closing) economy. As such, this merits a 3.

Graph 8. Peruvian trade.

COMPARING COLOMBIA AND PERU

Putting these scores into our score sheet, we get the following results.

Table 9. Colombia and Peru scoresheet

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Colombia</th>
<th>Peru</th>
<th>Difference (Colombia–Peru)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Leadership</td>
<td>3</td>
<td>-2</td>
<td>5</td>
</tr>
<tr>
<td>Civil Service Reform</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Civil Society</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Media Freedom</td>
<td>-2</td>
<td>3</td>
<td>-5</td>
</tr>
<tr>
<td>Judicial Capabilities</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Nat'l Anti-Corruption Organization</td>
<td>0</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>External influence</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Openness to Trade</td>
<td>2</td>
<td>3</td>
<td>-1</td>
</tr>
</tbody>
</table>

As the millennium came to a close, Colombia and Peru stood at the crossroads, facing very daunting but different challenges. Peru’s way ahead looked full of promise as it had just
got rid of a corrupt, authoritarian president and seemed ready as a nation to embark on a real path to reform. Colombia, on the other hand, was mired in a violent civil war and in a severe economic recession. It seemed on the verge of collapse. Yet in their efforts to reduce corruption, Colombia advanced while Peru backtracked. Colombia succeeded because of its civil conflict for two reasons: the U.S. provided a massive level of support for Colombian reforms, which were relatively easy to effectively implement due to the unusual (if not unique) urgency and incentive structure. Colombia’s political leadership was solidly behind the reform efforts as well. Whereas in Tanzania, strong political leadership led to real but modest institutional gains, in Colombia the necessities of the drug war led to reasonably strong political leadership, which led to quite impressive institutional changes in some areas, in particular the judiciary. Interestingly, Colombian progress was primarily geographically centered in and around the capitol. Corruption may have actually worsened in outlying areas as the FARC and others abandoned Bogota.

Generally, my findings reflect this. The largest effect appears to have been political leadership, with Colombia scoring a 3 and Peru a -2, largely due to the effects of Toledo. Following political leadership, there are four variables for which Colombia scored one point better than Peru (in rough descending order of importance): External Influence, Judicial Reform, Civil Service Reform, and Civil Society. While there was just a one-point difference for External Influence, in reality this was enormously important, suggesting, not surprisingly, that corruption reform per se and development reform more generally are simply on a different scale than issues concerning perceived ‘hyperpower’ national security interests.

One interesting finding from my first case was that media freedom did not increase in Tanzania. It is not entirely clear what to make of this—it’s plausible that Tanzania’s lack of
decline was sufficient to not gum up reform efforts. Here, however, there is no ambiguity—Peru’s media freedom greatly increased (with a rating of 3) and Colombia’s worsened (with a rating of -2). Thus far, media freedom does not appear to play the beneficial role that it is assumed to.

There are some interesting, no doubt important, differences between my first two paired cases. Openness to trade may have been a factor in Tanzania’s relative success; this is simply not the case here. Both countries became more significantly more open to trade, but Peru even more so. And the fact that Peru’s national anti-corruption organization reform efforts were somewhat better than those of Colombia (which were nearly non-existent) lines up somewhat with the findings from Tanzania and Malawi, both of which scored a 1 on this independent variable. It will be interesting to keep an eye on this beloved component of the Corruption Consensus crowd as we move into my third and final case—Thailand and the Philippines.
CHAPTER VI

THAILAND AND THE PHILIPPINES

INTRODUCTION

After one paired case showing the importance of political leadership and another showing the importance of a complicated domestic civil conflict, my third case also highlights the importance of local, idiosyncratic characteristics. Whereas Colombia benefitted from an otherwise disastrous civil conflict, Thailand benefitted from an otherwise disastrous economic collapse. Let’s call it the Silver Lining Clause: corruption reform in both of these countries is ‘success’ you might wish on your enemies. And it is hard to imagine how this would be transferable. The Thai case also shows the inherently fragile nature of the modest success stories under study here. The coup was, in some significant part, aimed at turning back these reforms. It is not surprising that Thailand’s improving scores have given way to decreases since the coup of 2006. The Philippines, on the other hand, brings us a stark and simple (if sleazy) example of a country seemingly doing everything right without results. Hicken’s comparison of the respective Thai and Philippine response to the economic crisis captures perfectly this crucial difference and deserves to be quoted in length:

In Thailand—ground zero for the crisis—the collapse of the economy not only called into question the advisability and sustainability of the Thai economic strategy; it also served as the catalyst for significant political and institutional reform. In the Philippines, by contrast, the comparatively mild economic downturn was viewed in many quarters as a vindication of a set of economic reforms undertaken by the Fidel Ramos administration. The economic crisis did not generate a political crisis, nor did it lead, in any significant way, to major political and economic reforms...Ironically, however, because the crisis did not engender the depth of political angst in the Philippines that it did in Thailand, the
impetus for further reform, economic or political, was lacking.¹

THAILAND: RELEVANT HISTORICAL SUMMARY

Thailand’s history since 1997 is actually pretty clear-cut and simple. It was dominated by four sequential events: the economic collapse of June 1997 led to the radical restructuring of the Thai Constitution just a few months later in October 1997; which was followed by the election in 2001 of President Thaksin Shinawatra and his Thai Rak Thai party. Thaksin Shinawatra simultaneously sought to consolidate his power, suppress his enemies and pursue real, effective reform.² This potent combination led to the military coup of September 19, 2006, by which the new Constitution was repealed.³ The radical anti-corruption aspects of the Constitution were a function of the fact that ordinary citizens and elites alike viewed the economic collapse as largely caused by corruption.⁴ And these same citizens found themselves empowered in the wake of the collapse.

According to Munger,

In Thailand, the 1997 constitutional reform sprang not from elites’ concerns about the legitimacy of a government that served their interests, but from widespread concerns about a government that, at times, served neither elite nor popular interests due to corruption and the absence of effective democracy.⁵

From this we can clearly see the political opportunity brought by the ‘creatively destructive’ economic collapse of 1997.

⁴ Ibid, 462.
⁵ Ibid, 464.
RELEVANT PROGRAMS

I have identified 12 programs and incidents relevant to this analysis. This continues something of a trend—successful countries seem to engage in fewer reform programs than unsuccessful countries. This would seem to support the common sense notion that it’s about quality, not quantity. In this section I will provide details for and analysis of six of the most telling and important programs. As with my previous cases, a full list of programs and associated variables can be found in Appendix E.

Millenium Challenge Corporation (MCC) Compact

The first and biggest example of the lack of programs is the fact that Thailand has no MCC Compact activity whatsoever. This is because, according to the rules governing the MCC, “Thailand is subject to section 508 of the FY 2006 FOAA which prohibits assistance to the government of a country whose duly elected head of government is deposed by decree or military coup.”6 As such, there is little here to report other than that this could be recorded as either an absence or instance of external influence. It is absence in one sense, obviously, because the money that could otherwise be available from the MCC simply is not. It is an instance of external influence in that this is MCC up-front conditionality in its strictest form—Thailand very well might qualify for funding were it not for this (clearly reasonable) stipulation. It is too early, however, to tell what effects, if any, this strict conditionality will have on Thai reform.

1997 Constitution

Colombian success was significantly a factor of Plan Colombia, which itself was a function of Colombia’s complex civil conflict. If anything, the Thai case is more

extreme and clear-cut—its success is almost entirely derived from the Constitutional reform of 1997, which itself was a function of the collapse of the Thai economy.

Virtually all of my sources discuss the Constitution; while there is disagreement on its effects and effectiveness, there is a strong consensus that the radical rewrite was made possible by the economic collapse, that civil society was strongly involved in the creation of and writing, and the new Constitution was a significant departure from the old. Whereas Plan Colombia was mentioned in several of my Colombian sources, the Constitution of 1997 was mentioned in virtually every source I encountered. It was very broadly and deeply designed, affecting most of my variables, one way or another and many of the programs I researched were born from the Constitution. At least seven of the eleven other programs were created or affected by it: the Structural Reform Law, the National Counter Corruption Commission, the Administrative Reform Law, the Constitution Court and Administrative Court, the Election Commission, the Parliamentary Ombudsmen, and the Public Finance Audit Commission (formerly Auditor General). According to Warsta, "Every province had a member in the group forming the new constitution and hearings took place all over the country." Not only was it made possible by an empowered Thai civil society but some of the strongest provisions in it were intended to strengthen civil society further. According to Phongpaichit, the Constitution had four motivations: to encourage the ‘right to know’ (applicable here to accountability and transparency in the civil service and civil society); ‘removal from office’ (civil service reform, civil society); freedom of press (directly equivalent to one of

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my variables); and decentralization (in limited, specific situations, applicable to civil service reform and civil society). 8

**National Counter Corruption Commission (NCCC)**

The Constitution contained a provision changing the old, largely ineffective Counter Corruption Commission (CCC) that was dependent on the executive, into a new, more independent and capable NCCC. 9 According to Phongpaichit,

The new NCCC has been given more power. Its main duty is to investigate corruption problems among MPs, senators, cabinet members, and high government officials, including the members of the independent government bodies and law courts. 10

From this we can detect relevance to the Civil Service Reform and Judicial Reform IVs. This change is clearly aimed at reducing high-level corruption as well as high-level opposition to corruption reform. The results are mixed. Heilbrunn is strongly critical of the NCCC’s ability to affect real reform:

Perhaps the single greatest impediment to resolving crony capitalism in Thailand is that the Senate is subservient to the executive who has a decisive influence in determining the commission’s composition. This reporting structure prevents any independence of the NCCC from the executive and calls into question any effectiveness of Thailand’s anti-corruption efforts. While parliamentary oversight is a potential control on the NCCC, the constitutional weakness of the Thai parliament makes it doubtful that it will ever exert much influence. 11

However, Phongpaichit documents a number of successful cases. According to

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9 Ibid.
10 Ibid, 4.
him,

The minister of interior in the last government was barred from politics for five years, as he was found to have lied to the NCCC on his asset declaration. The present prime minister was also found guilty of intentionally concealing some of his assets from the NCCC as well, but was acquitted by the Constitutional Court on a split decision. These two incidents indicate that the new NCCC is making a mark in its new role to combat corruption among politicians.\textsuperscript{12}

\textit{Administrative and Constitution Courts}

There were many judicial elements to the Constitution. Among them was the creation of two separate types of courts: Administrative and Constitution. The Administrative Courts were designed to “oversee the vast entrenched bureaucracy”;\textsuperscript{13} the Constitution Courts were intended “to rule on the constitutionality of bills or laws referred to it and rule on disputes over constitutional interpretation.”\textsuperscript{14} More specifically, the Administrative Courts are to “try cases arising from disputes among government agencies, local administration and officials involving the performance of a duty or failure to perform a duty…” and that “For the first time, an ordinary Thai citizen has the right to sue government agencies through this administrative court.”\textsuperscript{15} From this we can see the relevance to civil service reform and civil society. The Constitutional Court “has made several landmark rulings and has rapidly become a central fixture of the political landscape.”\textsuperscript{16}

\textit{Autonomization}

Thai ‘autonomization’, according to Bowornwathana, is “the creation of

\begin{footnotes}\footnote{12}{Phongpaichit, 4.}\footnote{13}{Munger, 463.}\footnote{14}{Hicken, 386.}\footnote{15}{Phongpaichit, 5.}\footnote{16}{Ibid, 4.}\end{footnotes}
autonomous organisations within the Thai bureaucracy.”

Autonomisation should in the long run dismantle the government system based on a single large hierarchy into a more complex one consisting of a smaller core pyramid with numerous types of autonomous public organisations located outside the hierarchy.\(^{18}\)

According to Bowornwathana, it has not worked at all as planned—in fact, the Thai bureaucracy seems to have grown.\(^{19}\) Elsewhere, Bowornwathana sees autonomization as part of a political strategy by Thaksin to bring the bureaucracy under his control, rather than making it more efficient and smaller, arguing that, “Instead of autonomization of the state, Thaksin tsunami has reversed the process with prime ministerialization.”\(^{20}\) Painter agrees and states, “Only a handful of relatively insignificant bodies were ‘autonomized’ under this provision….”\(^{21}\) Levy argues that the attempts to reform the bureaucracy were designed to balance between the simultaneous, contradictory need for decentralization and effective control and, ultimately, failed due to resistance by entrenched bureaucrats.\(^{22}\) Part of this broad civil service reform effort is aimed at improving governance and reducing corruption.

**Corporate governance**

Corporate governance as a principal focus of Thai constitutional reform was a function of the economic collapse, which was deemed by many to have been caused by

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18 Ibid.
19 Ibid, 27-34.
corruption specifically. More generally, it is very clear that the lack of transparency and accountability in the private sector was a major factor in the economic catastrophe. It was one of the components all but forced on Thailand by the IMF.²³ So there were significant resources allocated to reforming corporate governance. Consequently, there is a lot of available information on these efforts. The verdict on these efforts is generally negative. According to White, corporate governance has been a miserable failure.²⁴ Other sources are more positive about these efforts. This type of reform does not fit easily into any of my eight IVs. I purposefully chose (as described above), due to its contentious nature, to leave privatization out of the mix. In addition to External Influence, I have included it as part of civil service reform, since much of civil service reform concerns increasing accountability and transparency.

INDEPENDENT VARIABLES

Political leadership

Rated a ‘1’ for ‘Improvement in IV minor and in dispute.’

Of all my successful cases, Thailand’s success is the least dependent on political leadership. As discussed both above and below, this has to do—in part—with the relatively strong importance that civil society and citizens at large played in demanding reform. It is also due to the political rollercoaster ride Thailand has been on. This reform, which appears to have been the primary cause of Thai’s modest success, occurred despite, rather than due to, political leadership. The radical rewrite of the Constitution was as much, if not much more, a function of an odd combination between external actors, especially, the IMF, and

²⁴ White.
ordinary citizens rather than the political leadership. And Thaksin’s autocratic leadership led to the successful coup of 2006, which appears to have been intended, in large part, to undo reform. Thaksin did take on the bureaucracy, in an effort to pull it under his political control, but he does not seem to have done much to the intent of the reforms. This is rated a 1 due to the flawed but real support that Thaksin did provide to the reforms.

Civil service reform

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

The result here is decidedly mixed. As described above, the attempts to ‘autonomize’ the state largely failed. This was arguably the biggest factor in Thai civil service reform. But it was not the only factor—there was a collection of reforms aimed at improving and empowering civil society and promoting accountability and transparency, which seem to have been quite effective. Warsta specifically points out two important provisions applicable to civil service in this context: the right of citizens to remove high-level public officials from office, which affects civil service accountability; and the ‘right to know’, which is designed to increase accountability.\(^25\) And the creation and implementation of the Electoral Commission has provisions in it applicable to accountability as well.\(^26\) This receives a rating of 2 due to these decidedly mixed results.

Civil society groups

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

Of all my cases, Thailand stands out as easily the biggest positively influenced by civil society. Thai civil society was instrumental in promoting Constitutional reform in the first place and a significant chunk of this constitutional reform was intended to further

\(^{25}\) Warsta.

\(^{26}\) Hicken.
strengthen civil society in Thailand. These reforms have been at all levels of society.

Reforms to local governance, designed to get local stakeholders involved in government and reform are truly impressive.\textsuperscript{27} Civil society was involved in, first and foremost, the creation and implementation of the Constitution. And from the Constitutional reform came many further civil society provisions, which appear to have been relatively quite effective.\textsuperscript{28} For all these reasons, this category can safely be scored a 3.

*Media freedom*

Rated a ‘-3’ for ‘Decrease in IV clear and significant.’

This has played a surprisingly minimal role thus far and the case of Thailand supports this trend—and then some. As can be seen in Graph 9, Thailand began this period with a relatively free media and ended it with a fairly closed media, with its rank almost doubling from 31 to 56.\textsuperscript{29} This constituted the largest, starkest change by far of all my countries.


\textsuperscript{28} For a detailed analysis of the impact of civil society on Thai reform, see Phongpaichit.

This is pretty easy to explain, qualitatively. The Thaksin regime became increasingly authoritarian, which led to an equally, if not more, authoritarian military coup, restrictions under which continue today. This category can safely be scored a -3.

*Judicial reform*

Rated a ‘2’ for ‘Improvement in IV probable and modest.

The two biggest aspects of Thai judicial reform were the creation of twin courts—Constitution and Administrative (as described above)—by the 1997 Constitution. The evidence suggests, again as mentioned above, that the courts have been reasonably, if very imperfectly, effective. The Constitution Court, before being shut down after the coup, was quite prominently flexing its muscles against other institutions.\(^{30}\) The fact that the military, in its efforts to roll back reform, closed down the Constitution Court is sad indication of its success. Due to the fact that the Constitution Court has been shut down and the existence of some criticism otherwise against the two courts, this receives a rating of 2 instead of 3.

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\(^{30}\) Bowornwathana, 2006, 6.
Anti-corruption organization or ombudsman

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

The constitutionally mandated reform of the NCC into the NCCC was the biggest component of this IV. And it is somewhat in dispute how effective it has been, as detailed above. A Parliamentary Ombudsman was also created with seemingly significant powers but few results due, perhaps, to its lack of promotion. Third, the Office of Auditor General was reorganized into the Public Finance Audit Commission (PFAC) and given more independence and greater powers. Its effectiveness is unclear. Due to the fact that these organizations have been formed and the NCCC has obtained important convictions, contrasted against its critics, this merits a rating of 2.

External influence

Rated a ‘2’ for ‘Improvement in IV probably and modest.’

When it comes to external influence, the evidence is oddly mixed. There was quite a bit of heavy-handed, controversial and ‘front-loaded’ external influence as the IMF and other IOs were heavily involved in response to the ’97 economic collapse. But after that, change appears to have been disproportionately driven by domestic forces. However we should not dismiss the importance played by international organizations in urging, implementing and controlling so many aspects of these reforms from the beginning. Because of the overwhelming (and controversial) role played by the IMF, this category receives a rating of 2.

Openness to trade

Rated a ‘3’ for ‘Improvement in IV clear and significant.’

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31 Phongpaichit, 4.

32 Ibid.
Our evidence indicates that Thailand went from being relatively very open to trade to even more so during our time period. WTO data regarding merchandise imports and exports between 1998 and 2007 each almost tripled in absolute numbers. Additionally, Graph 10 confirms this with data showing Thailand’s merchandise trade as a percentage of GDP growing from an already impressive 107 in 2000 to 120 in 2007. In percentage terms, this roughly kept pace with world averages.

![Graph 10. Thai trade.](image)

So while the relative percentage gains are not that impressive, the absolute values are. Because of this, this receives a rating of 3.

Having examined the details of the topsy-turvy and fragile Thai success story, it is time to examine the sordid details of failure in the Philippines.

**PHILIPPINES: RELEVANT HISTORICAL SUMMARY**

If Malawi provided our most typical case of failure and Peru provided us our saddest case, the Philippines perhaps provides our sleaziest case. The Philippines was

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33 WTO trade data.
34 World Bank data.
embroiled in one high-level scandal after another, including one that eventually brought down a president after a media-exposed corruption scandal that fomented nation-wide protests and eventually led to his impeachment and ouster. Philippines anti-corruption efforts have been as large scale and ambitiously designed as any other country I have encountered. In addition to this, the Philippines had some significant preexisting capabilities, especially in the areas of civil society and the media. These efforts have been killed by the one-two punch of political elites who both oppose the efforts and are pretty clearly deeply corrupt themselves.

Philippine reform has some interesting similarities to that of Thailand. For example, the Philippines also has a history of strong and successful civil society demands for reform, specifically, spontaneous mass movements intended to overthrow leaders. But, in contrast to Thailand and keeping with the trend in my findings thus far, the Philippines appears to suffer from an excess of quantity and dearth of quality. I have located 23 programs, compared to Thailand’s 12. There is little holding together the mish-mash of programs. In fact, as will be discussed, one recent programmatic effort was designed to consolidate efforts. None of which is to say that nothing worked. In fact, the most interesting aspect of this is that many of the programs were implemented, it would seem, exactly as they were imagined. Yet there are few tangible results to show from it and the Philippines’ corruption scores, meanwhile, have worsened.

Since the ouster of Ferdinand Marcos in 1987 and the beginning of the time

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37 See Appendix F for a list of Philippine programs and related IVs.
period being investigated here, the Philippines implemented a lot of corruption-related reform. So they began with some apparent pre-existing institutional capability, if only formal in nature. The Philippines have had two presidents during this time period–Joseph Ejercito Estrada (1998-2001) and Gloria Macapagal-Arroyo (2001 to present). Estrada–an actor turned politician–was elected in 1998 but later ousted, after being impeached, in 2001 as a result of the 2001 mass movement in response to corruption charges and allegations against him. Arroyo had resigned as Vice President and joined the anti-Estrada movement and, as a result, was rewarded with the presidency. She was elected in 2004 under circumstances that remain controversial to this day. She has herself been the target of consistent accusations of corruption and abuse of power and has withstood multiple impeachment attempts. In short, both Estrada and Arroyo have been the exact type of political leader one would not want or expect to lead effective corruption reform movements.

RELEVANT PROGRAMS

For the Philippines, I will examine five programs, which best exemplify the failed reform efforts. In each of these programs (except the MCC) we see, as we have throughout this dissertation and in perfect alignment with my Reverse Karenina argument, a seemingly well-intended, well-designed and often well-financed program gets implemented in a promising fashion only to produce next to no results. For most of these cases, there just is no capability of enforcing the provisions most in need of

39 Ibid.
enforcement and, relatedly, no force promulgating the program. And more often than not, that lack of a driving force equates to a lack of high-level (especially Presidential) support. As with each of my previous cases, I will begin the discussion with the slightly one-off issue of the MCC Compact.

**Millenium Challenge Corporation Compact**

The first thing to note here is the Philippines was approved in June 2006 for the threshold program, which is indication of both success and failure. They are not yet capable enough, not surprisingly, to receive full MCC compact funding but promising enough to receive funding from the limbo-like threshold program. In 2006, the Philippines was approved to receive US$ 21 million. The funds are intended to be used largely for poverty relief, anti-corruption efforts and tax collection improvement. Much of this money will be funneled through the Ombudsman and President Arroyo has also set aside Philippine 1 billion to be used by the Ombudsman in efforts to become a MCC Compact-eligible country.

**Office Of The Ombudsman**

The Office of the Ombudsman was established in 1987, like many Philippine reform programs, and was made independent and given broad powers; it was strengthened in the Ombudsman Act of 1989. According to Transparency International, the Office of the Ombudsman “is the country’s premiere anti-corruption body, lead government agency, and primary integrity institution responsible for curbing graft and

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corruption." As such, it had something of an institutional head start heading into this period. It made sense, then, for many reform efforts during the current period to originate or land with the Ombudsman. And, in fact, the Philippine Ombudsman was, during the period in question, an active recipient and funds and focal point for reform programs. Several projects, including the MCC as mentioned above, were related to or run out of the Ombudsman's office. One project was entirely devoted to funding the Ombudsman to make up for the resource shortage. As such, the Ombudsman was both a target and mover of reform efforts. It was a target because of its traditionally weak track record in achieving successful prosecutions. But how effective have these efforts been? Well, not terribly it seems. The reforms were implemented exactly as imagined but there just have not been that many tangible results to show for it. It has recently, under a new director, obtained some convictions but it seems to still have a long way to go to become a truly efficient organization.

**Procurement reform**

Procurement reform was a major goal of Philippine programs during this time period. Procurement appears to be a particularly important and vexing problem in the Philippines. Two civil society organizations—the Makati Business Club and Procurement Watch—were very active in developing and pushing procurement reform. The Ombudsman, as well, was involved. A number of international actors were involved in this area (the World Bank, Canada, and USAID). This all led, eventually, to the

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45 Ibid.

It was enacted primarily to reduce graft and corruption and to achieve economy and efficiency in procurement. Among its salient features are the adoption of consistent rules across all government agencies, including local government; increased transparency through civil society observers in the bid evaluation and award process; establishment of the Government Procurement Policy Board (GPPB) as the principal body responsible for procurement policy formulation and the implementation and monitoring of effective public procurement reform, to promote transparency, accountability and effectiveness; publication of bid invitations and outcomes on the GPPB website; and harmonisation of procurement procedures between government and international financing agencies.

Then in 2004, the Act was revised significantly for the better in several different aspects, including a whistleblower protection item that has to date resulted in no convictions. So, like the related Ombudsman item, procurement reform seems to have had everything fall into place but the bottom line: tangible results. Nonetheless, it should be stressed that on the surface recent Philippine procurement reform was apparently well done.

*National Anti-Corruption Program of Action (NACPA)*

As briefly mentioned above, modern Philippine reform has been not atypically negatively affected by an excess of programs and lack of focus. The NACPA was designed to address this deficiency. Putting together an effective, centralized focal point to promote and coordinate reform would be an important achievement. The Ombudsman was put in charge of the program. The stated objectives of the NACPA were to foster communication and consultation between the various actors (including government officials, civil society actors of various types, and external actors); make anti-corruption

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reforms more effective and efficient; create a system of performance metrics; and market these reforms.\textsuperscript{49} It is funded by the ADB, OECD, Asia Foundation and European Commission.\textsuperscript{50} The Ombudsman has “set up the NACPA secretariat and is currently organising the Multi-Sectoral Advisory Council.”\textsuperscript{51} While it is early, it appears that the NACPA’s work has been mostly limited to public marketing events. This does, however, show some promise. Whether or not it will spur results as intended remains to be seen.

\textit{Presidential Anti-Graft Provision (PAGC)}

The PAGC was created by President Arroyo in 2001 through executive order in response to criticism. According to Transparency International,

PAGC’s mandate is to investigate or hear administrative complaints against presidential appointees; to investigate administrative cases against non-presidential appointees conspiring with presidential appointees alleged to have done irregular acts; and to assist the president in the campaign against graft and corruption.\textsuperscript{52}

As such, it is a potential force for good and bad as it gives the executive strong capabilities and leeway in investigations against high-level appointees. And in the Philippines with its long history (including that being studied here) of corrupt presidents, that is no small matter. On first glance, this dependence to the executive, though, does not seem to rule out its potential importance given the existence of other, seemingly much more independent national agencies, in particular the Office of the Ombudsman. In practice, however, it does seem to have helped limit the results. Less than 10\% of the cases begun by commission have resulted in recommendations of prosecutions, a fact

\begin{thebibliography}{9}
\bibitem{50} Ibid, 10.
\end{thebibliography}
which has led President Arroyo to introduce an extremely dodgy-sounding quota system. In a civil society-related item, the PAGC has been going across the Philippines in an attempt to raise awareness regarding reform and corruption.

INDEPENDENT VARIABLES

Political leadership

Rated a ‘-3’ for ‘Decrease in the IV clear and significant.’

This is by far the most apparent, important, and oft-cited reason for the lack of success in recent Philippine reform efforts. Not only has there been a clear lack of support from presidents Estrada and now Arroyo, but Estrada was himself certainly corrupt, having been impeached from office on corruption allegations and, later, convicted as described above. And Arroyo has also come under a lot of criticism herself, nearly being impeached multiple times, although she has at least begun to ‘talk the talk.’ Both Estrada and Arroyo have behaved like stereotypical authoritarian leaders of underdeveloped nations with weak states, doing what they can to benefit themselves and stay in power. Estrada did next to nothing to promote reform, which is not terribly surprising considering that he was deeply corrupt himself. Arroyo’s recent anti-corruption activities began only recently and, seemingly, as just another way to hang onto power. Regardless of intention, her PAGC pet project has delivered very few results as of yet. She has committed money to anti-corruption efforts as part of the Philippines’ MCC efforts, as noted above. Still, this is not nearly enough to overcome the poor start. This item, therefore, can safely be scored a -3.

Civil service reform

Rated a '2' for 'Improvement in IV probable and modest.'

Civil Service Reform generally was a highly targeted category—18 out of the 23 identified programs had this as a component. As discussed, above, procurement reform was a large subcategory during this period. And, as argued above, many impressive advances were made in procurement. There were other programs as well, such as the PAGC, described above, and the Transparent Accountable Governance (TAG) program, both of which fall, in part, into this category. In short, multiple related but separate civil service reforms were implemented pretty much according to plan but with very few tangible results to date. The laws appear to be enforceable but largely unenforced. Because of this paradox, I am awarding a rating of 2.

Civil society groups

Rated a '2' for 'Improvement in IV probable and modest.'

As with the case of Thailand, the Philippines has a strong tradition of civil society involvement in politics. So there is some significant preexisting capability in this arena. And civil society was heavily involved throughout the period in question in traditional Philippine fashion, in protesting high-level corruption with results. But how are we to rate a mass protest movement that helps bring down a President or two but fails to affect real reform? It should count for something but is it improvement? I think this is something of an open question. But there were other reforms that involved using and strengthening civil society, such as the procurement-related actions of the Makati Business Club and Procurement Watch and the ‘traveling road shows’ of the PAGC. The influential involvement of citizens in the impeachment of Estrada and these other reforms are enough to merit a rating of 2.
**Media freedom**

Rated a ‘-3’ for ‘Decrease in IV clear and significant.’

The Freedom House media freedom rankings for the Philippines are pretty clear-cut—they have clearly, significantly worsened in this regard over the last 5 years or so. Like a milder version of Thailand, the Philippines went from having a fairly open media to having a somewhat closed one, with their rating going from 30 to 45. Graph 11 shows its year-to-year rankings.\(^\text{54}\)

\[\text{Graph 11. Philippines Freedom House rankings.}\]

This is consistent with the available qualitative evidence. According to Freedom House, “press freedom is undermined by killings of journalists and a poor record of prosecuting those responsible. A more recent trend involves increasing numbers of libel suits against journalists by people close to the current administration.”\(^\text{55}\) There is strong reason, given this clear-cut evidence, to rate this category a -3.

\(^{54}\) Freedom House, Freedom of Press data for Asia Pacific.

**Judicial reform**

Rated a ‘1’ for ‘Increase in IV minor and in dispute.’

The judiciary was not as much of a target of reform as it has been in some other cases. There have been a number of reform efforts including an American Bar Association/USAID legal reform project; the Judicial Reform Support Project; and the New Code of Judicial Conduct. There are very few results to show from them, in part, due to active resistance by the judiciary to reform that are intended to put a dent in judicial corruption. Because of these limitations, this category receives a rating of 1.

**National anti-corruption organization**

Rated a ‘2’ for ‘Increase in IV probable and modest.’

This was a very active category in Philippine reform over the last ten years. As detailed and discussed above, the Ombudsman was a prime focal point of reform during this period. Many reforms were successfully implemented, but with few tangible results to date. The NACPA, run out of the Office of the Ombudsman, is intended to function as something of a coordinating policy unit. While neither one of these organizations has yet brought results as envisioned, they appear to have been implemented as intended. Because of the aggressive, proactive nature of these reforms, mixed with the lack of tangible results, this category receives a rating of 2.

**External influence**

Rated a ‘2’ for ‘Improvement in IV probable and modest.’

As noted above, external actors have been pretty heavily involved in Philippine reform throughout the time period in question. There was external influence on four out of 56 Transparency International, “National Integrity Systems Transparency International Country Study Report: Philippines 2006,” 29.
five programs detailed here as well as four others researched here (see Appendix F). But it
has been a typical type of international development external involvement. USAID has had
multiple projects; the MCC has approved a threshold program for the Philippines; and the
OECD and ADB have been quite active as well. Because the Philippine economic crisis was
not nearly as severe as that in Thailand, there was relatively very little upfront, top-down
reform mandated by the IMF and others. Again, there just has not been much to show as of
yet from these efforts.

*Openness to trade*

 Rated a ' -2' for 'Decrease in IV probable and modest. '

 Philippine trade went from being relatively very open to significantly less so. The
absolute trade numbers did rise from imports of $US 31 million in 1998 to 58 million in 2007
and exports of 29 million in 1998 to 50 million in 2007. But percentage-wise, there was a
relative drop-off. While world merchandise trade as a percentage of GDP was rising, from 41
to 51, that of the Philippines fell from 101 down to 75.  

![Graph 12. Philippines trade.](image)

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57 WTO trade data.
58 World Bank data.
This lines up with available qualitative data. These factors combined merit a rating of -2.

COMPARING THAILAND AND THE PHILIPPINES

Putting these scores into our score sheet, we get the following results.

Table 10. Thailand and Philippines scoresheet

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Thailand</th>
<th>Philippines</th>
<th>Difference (Thailand–Philippines)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Leadership</td>
<td>1</td>
<td>-3</td>
<td>4</td>
</tr>
<tr>
<td>Civil Service Reform</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Civil Society</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Media Freedom</td>
<td>-3</td>
<td>-3</td>
<td>0</td>
</tr>
<tr>
<td>Judicial Capabilities</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Nat'l Anti-Corruption Organization</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>External influence</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Openness to Trade</td>
<td>3</td>
<td>-2</td>
<td>5</td>
</tr>
</tbody>
</table>

Again, we see a strong confirmation of the Reverse Karenina hypothesis. The non-institutional/idiosyncratic items are of more import generally, once again, than the institutional items. The two major differences (four points each) are found in Political Leadership and Openness to Trade. And while External Influence is a wash, the type of external influence is importantly and intriguingly different. One thing to note is that the four-point difference in Political Leadership is a function of Philippine weakness, rather than Thai strength. The second point to note is the continued unimportance of a free media–Thailand significantly improved despite a severe decrease in media freedom. What we have in this paired case, then, is essentially a negative correlation. The institutional variables, once again,
yielded some modest differences only, as the reforms as planned and instituted have much more in common than apart. Having finished my paired cases, it is now time to pull everything together and comment on the policy and theoretical implications of my findings.
INTRODUCTION

In this dissertation I have sought to answer some questions begged by gaps in the existing literature regarding (and everyday practice of) corruption reform in highly corrupt countries. Guided by the Reverse Karenina argument, which posits that failed corruption reform should all look alike while successful corruption reform programs should each be unique, I have conducted a structured, focus comparison of three paired cases from around the globe among the sadly ample population of underdeveloped and highly corrupt countries. My expectation was that idiosyncratic details are the determining factor in successful corruption reform programs. This case study approach has overwhelmingly confirmed by hypothesis that there is no systematic knowledge of or relationship between the factors normally thought to constitute successful corruption reform and real corruption reform efforts. Of course, nothing has been proven here—these finding merely shift the burden of proof to those tied to the practical validity of the Laundry List, in part or whole. In this final chapter I will summarize these findings, discuss the theoretical and policy implications, and make a few concluding remarks.

SUMMARY OF FINDINGS

For each of my paired cases—Tanzania and Malawi, Colombia and Peru, and Thailand and the Philippines—I examined differences in corruption reform success in terms of 8 independent variables: Political Leadership, Openness to Trade, External
Influence, Civil Service Reform, Civil Society, Media Freedom, National Anti-Corruption Agencies, and Judicial Reform. These independent variables were chosen carefully as being generally agreed upon by academic and policy experts alike to be important, even prerequisite, components in successful corruption reform programs. These IVs can be distinguished in two ways: non-institutional v. institutional and idiosyncratic v. non-idiosyncratic. Political Leadership, Openness to Trade and External Influence are the non-institutional IVs. Political Leadership is the only idiosyncratic IV.

Political leadership

Political Leadership—my only by-nature idiosyncratic independent variable—is the big winner. As can be seen in Graph 13, there was a difference of between 3 and 5 points in every paired case. None of the improving countries scored below 1 while none of the declining countries scored above 0. On first glance, this appears to be strong confirmation of the increasingly popular theory that political leadership is a prerequisite for successful reform. And it is similarly strong confirmation of the idea that reform must be tailored to specific local conditions, including individual politicians. It should be noted, though, that only in Tanzania was this political leadership seen as the primary factor in the difference between countries. In Colombia, political leadership was strong but an apparent function, in some significant part, of the complex civil war. And in Thailand, leadership was not particularly strong, just much stronger than that of the Philippines. Thai success was more a function of the severity of the economic crisis. What stands out in this category is the consistent lack of leadership in the declining countries. This points to the clear applicability of the Reverse Karenina argument.
Openness to trade

Openness to trade as an independent variable is much more of a mixed bag (Graph 14). Every improving country scored a 2 or 3 and one of the declining countries scored a -2. It should be noted, up front, that my first two paired cases present somewhat of a wash. So from this alone one might conclude that openness to trade certainly does not hurt. I suspect that this muddiness may be a function of the scope of my research—openness to trade is perhaps more likely to be a component of large scale, permanent change rather than short-term modest change under examination here. This provides no indication in favor of the Reverse Karenina hypothesis.
External influence

In terms of External Influence, all countries improved. In my first two cases, the improving country improved somewhat more (Graph 15). Thailand and the Philippines each scored a 1 in this category but the type of external influence in Thailand was tailor-made for the economic crisis and not at all typical of modern international development aid. And the external influence in Colombia was preposterously high due to the drug war. And all three of the declining countries scored either a 1 or 2. Readers can draw their own conclusions from this but it would seem to be as much a function of the idiosyncratic details of countries more than anything.

<table>
<thead>
<tr>
<th>Tanzania/Malawi</th>
<th>Colombia/Peru</th>
<th>Thailand/Philippines</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>2.5</td>
<td>2</td>
</tr>
<tr>
<td>2.5</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>2</td>
<td>1.5</td>
<td>1</td>
</tr>
<tr>
<td>1.5</td>
<td>1</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Graph 15. External influence.

Media freedom

In Graph 16, we see our ugliest, most surprising results with the first of our institutional variables. For the improving countries, Tanzania held even while Colombia and Thailand both declined significantly. This would indicate that not only is increasing media freedom not a necessary part of reform but that decreasing it might help! This would support ‘strong state’ or authoritarian notions of reform on the surface. But that did not really appear to be the case—for both Colombia and Thailand the media
crackdowns seemed to be more coincidental than causative. In both cases it seems to be a function of the large-scale idiosyncratic events taking place in the country. And it should be noted that for two of the declining countries—Malawi and the Philippines—there were strong declines in media freedom as well. But in Peru it strongly increased.

Graph 16. Media freedom.

Civil service reform

As can be seen in Graph 17, every improving country scored a 2 while two declining countries scored a 1 and the other a two. On the surface one might conclude that civil service reform may matter somewhat. In all of my cases it seemed to be more of an effect than a cause—local idiosyncratic conditions either provided the opportunities for advance or they did not.

Graph 17. Civil service reform.
Civil society

Civil Society looks to be on a little more solid ground than Civil Service Reform (Graph 18). In all three cases, the improving country performed one point higher than the declining country. So in none of the cases was there a major difference, as all six countries improved. And like with many other IVs, the nature of this improvement in Colombia and Thailand was a function of the drug war and economic crisis, respectively. Again, we see improved civil society as an effect rather than cause and yet more confirmation for the Reverse Karenina hypothesis.

![Graph 18. Civil society.](image)

National anti-corruption agencies

This category was something of a dud, although not nearly as dramatically unsuccessful as Media Freedom (Graph 19). The range for all six countries was between 0 and 2. In two cases there was no difference in the ranking and in the third–Colombia and Peru–the declining country outperformed in this IV.
Judicial reform

Like Civil Society, Judicial Reform is an institutional category in which every improving country outperformed its match by one point. So, on the surface, this would seem to be somewhat important. But, again, this difference in the cases of Colombia and Thailand can pretty clearly be traced to their respective, extreme, and arguably unique situations. Judicial Reform, then, like other institutional variables, appears to be important but not causative.
In sum, the more institutional a variable is, the less it generally seems to directly, positively affect corruption reform success. The variable that appears most influential is Political Leadership (by a large margin); the variable that appears least influential (again, by a large margin) is Media Freedom. But the factor that appears to matter the most, showing up in grand fashion on multiple occasions, are the idiosyncratic details of the individual improving countries. By subtracting the failure scores from the success scores per case and summing these numbers per paired case per variable, we can get a handle on the varying importance of the eight independent variables. Graph 21 illustrates these net differences per IV.

![Graph 21. Comparing independent variables.](image)

**THEORETICAL IMPLICATIONS**

What is the appropriate analytical framework from which to examine corruption and corruption reform? What discipline does corruption belong to? What level of detail is necessary in examining corruption reform? In what senses is corruption (and its reform) universal and in what senses is it culturally-specific? These are some of the theoretical questions that have motivated and guided my research. I have attempted to fill in some
gaps in the existing literature and build some bridges between academic disciplines and sub-disciplines. Now that this research is finished and examined, it is time to revisit these questions and pull out some preliminary answers.

First, the approach taken here validates the need for both generalizable theory and detail. It was important to craft an approach that would allow me to make some sense of and bring order to the incredible amount of detail available on a country-by-country and, even, program-by-program detail. But, given the confirmation of the Reverse Karenina argument, it is as equally important to ascertain the specific nature of the idiosyncratic details countries face in order to understand the best way forward in practical, policy terms.

It is my opinion that corruption and the organic, complex mishmash industry that has grown over the years in response to analyze and reform it can benefit from this structured, focused and global comparison. It is complex and cross-disciplinary by nature. By setting up a methodological structure that incorporates elements of various disciplines, it is my hope that this project can be of use to academics in the various disciplines that corruption is relevant to. This same methodological structure, hopefully, provides something of a bypass to avoid some of the boggy debates that haunt the social sciences, especially detail v. theory and rational choice v. culture. By building something of a bridge between theory and method on one side and policy implementation on the other, it is my hope that this can be of use to both academics and technical professionals as well.

Building a new foundation

It is not enough to state simply that success is a function of idiosyncracies. There
must be a role for theory in setting a new, more solid foundation to replace the cracking Corruption Consensus. Otherwise, the devil must be in the details. What explains the lack of importance of media freedom in explaining modestly successful corruption reform? In what theoretical way is political leadership important? Is there something to be determined here other than the importance of the individual in domestic politics? And, more fundamentally, how can we move from the description-oriented idiosyncratic findings to something generalizable? These are all questions for further research but it is time to make some suggestions regarding the most intriguing findings. Perhaps political leadership is a function of changing incentive structures. Perhaps Historical Institutionalism could provide an analytic framework that would accommodate the somewhat complicated task of taking into account both institutions and the incentive structures facing leaders.

Two of my cases, crises appeared to play a significant role—this could certainly result in changing incentive structures. But not all crises result in successful corruption reform—what about is it about crises that is conducive to reform and how best to implement it are two unresolved points that would benefit from future research. Perhaps the possible negative importance of media freedom in the short run is due to the need for leadership to take control in order to effectively implement rule of law initiatives. Certainly we should consider the role the state plays in providing incentives for strong political leadership. What type of state is most conducive to corruption and corruption reform? For this, a State and Society framework might prove analytically useful.

Limitations and other possibilities for future research

This dissertation has significant limitations. These results are intriguing but do not
prove anything, of course. They do perhaps shift the burden of proof back to supporters of the Corruption Consensus and Laundry List. They also provide an opportunity for future research projects (in addition to those detailed above), as well as the strong indicative conclusions detailed above. I think, in particular, further studies regarding the differences between traditional, long-term, large-scale success and recent, short-term modest success and, obviously, how to make the leap between would be very worthwhile. While I have shed some light on what it means to make modest improvements, much work remains to be done on this. A number of questions of interest to me have yielded interesting but shaky and difficult-to-interpret results. This is particularly true of the role of external events, external actors and conditionality. What role do external events play (such as the Asian economic crisis)? For reasons of scope, this dissertation stuck to first- and second-level analyses—it could obviously be useful to expand this to the third level. What is about the IMF conditionality in Thailand and the EU upfront conditionality with EU entrants that spurred results and is it at all replicable? Now, having fleshed out some of the theoretical implications, it is time to look at the more important substantive, real-world policy implications.

POLICY IMPLICATIONS

What is to be done to fix corruption reform? What are the practical, policy lessons of my findings? How can the lessons be converted into useful policy steps? First, there are a number of common sense, perhaps banal, implications that support the existing or emerging conventional wisdom. One size does not, in fact, fit all. To the extent that there are still technocrats out there somewhere trying to use ready-made formulas for corruption reform,
this can serve as yet another request to cease and desist. Local experts need to be enlisted and empowered in this fight to leverage knowledge of local idiosyncrasies in order to maximize efficiency in reform efforts. Second, political leadership matters. This is also already well documented and, essentially, stipulated by both academic and policy experts. Third, on the Santa Claus v. Scrooge continuum, the optimum solution is somewhere square in between. Successful corruption reform does exist— to the extent that we can locate and fund it, we should do so. Yet, much corruption reform is extremely cost-inefficient. To the extent that the inefficient nations with poor political leadership can be pinpointed, we should be very wary of continuing to fund them, at least in the lavish manner they have become accustomed to.

Then there are the somewhat more novel implications. This would seem to be something of a vindication of George Bush’s Millennium Challenge Corporation. One wonders if the MCC isn’t in a rather difficult situation vis-à-vis getting proper respect and support for its groundbreaking concept. The relatively few people most likely to still support Bush and his legacy are not generally supportive of foreign aid; conversely, the people most supportive of foreign aid are, to put it mildly, not likely to openly support a Bush program. It would be a shame if the MCC were to die out now— its upfront conditionality seems just about the right approach. The threshold program seems like something of a sop to the development community. It is also an unstated recognition of the Catch-22 involved: countries capable of spending aid wisely generally don’t much need aid and vice versa.

Related to this is the notion of agility of funding. I have shown that successful corruption reform is more a function of idiosyncratic country details. These details are inherently difficult to predict and subject to change. Political leadership can change overnight
and crises come and go. On the surface, this certainly does not lend immediate hope to the cause of improving the success rate of international development programs. But there does some to be an opening here for introducing an agile funding mechanism that would allow international development professionals to increase and decrease funding flows as events on the ground become more or less conducive to real reform. This applies as much, if not more, to the MCC as the World Bank and other IOs and national government programs. The MCC is set up as an alternative model to international development funding but the steps involved in the funding process look just as ponderously bureaucratic as those of the World Bank. From start to finish, it can take years for funding to be approved and meted out. But the lesson of this research is that idiosyncratic details conducive to successful reform are relatively unpredictable and dynamic. The MCC and other international development organizations should consider switching to an agile funding mechanism in which a decision to fund can be triggered quickly by in-country events rather than by jumping through a prerequisite series of formal bureaucratic hoops.

I have noted above the theoretical potential in distinguishing further between current modest reform and traditional large-scale reform. This would seem to have practical use as well. Modest success, in short, looks much different than large-scale success. It is messy, incomplete, not enough, fragile, difficult to recognize, oft-criticized, and difficult to maintain. More work needs to be done in understanding just what modest success is, how it happens, what it looks like; and how it can be strengthened and prolonged.

Finally, success seems to come with the right kind of crisis. But not automatically, of course, so more research in this area is warranted. Colombia’s civil war may be messy and bloody but it is not altogether unique. There are plenty of countries in more dire
circumstances that do nothing to reduce corruption. And while Thailand certainly was devastate by the Asian economic collapse, they seem to be the only country that responded in such a fashion. And these were not the only two countries among my cases facing crises: the collapse of the Fujimori regime seemed to create an opening for real reform. Why wasn’t this enough? I have tried to shed some light on this but this certainly deserves more attention given the enormous gap between the resources and results in international development.

CONCLUDING REMARKS

Corruption is a deeply complex subject and has proven a very difficult problem to solve. But we have seen deeply corrupt countries over time win their internal struggles to control corruption and, as a result, reap the economic, political and social benefits. The difficulties inherent to corruption reform should not be underestimated but neither should we let them stop us. There is an understandable, growing frustration with and reaction against the resources being thrown at this intractable problem. It would be tempting to give up and let nature take its course. But there are billions of people who suffer on a daily basis for the sin of being born into a corrupt society. They deserve better. It is my hope that this dissertation has shed a little glimmer of light onto this frustratingly enigmatic yet important problem.
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APPENDIX A
Reform Programs and Associated Independent Variables

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Matthew Hall is a North East Africa Knowledge Manager at NATO’s Civil-military Fusion Centre (CFC) in Norfolk, Virginia. In this capacity, he researches, publishes and promulgates to members of international organizations and NGOs information regarding North East Africa.

He completed a BA in Political Science from Virginia Tech in 1987 and an MA in Political Science from Virginia Tech in 1989.

Mr. Hall has published articles on NGOs, the role of international organizations in rainforest protection programs in South America, and Anti-Semitism. He has presented a number of papers at conferences on subjects such as the role of individuals in international relations, international development programs, and corruption reform. He twice received best paper awards at the annual Center for Regional and Global Study Graduate Research Conference at Old Dominion University. In 2009 he was awarded the Old Dominion University Graduate Network Resource Award. Mr. Hall was a founding member and Editor-in Chief of the peer-reviewed graduate student-produced journal, International Topics and a founding member and has served as acting president of the graduate assistant group Graduate Association in International Studies.