POLITICAL CORRUPTION: ESTABLISHING THE PARAMETERS

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ABSTRACT

This article considers the potential contribution of the New Public Management (NPM) to address a number of World Bank suggestions dealing with political accountability improving the management of the public sector. Previously, (deLeon and Green, 2001) we posed a similar set of questions, but were only able to address them through examples drawn from the American political system. The argument was made that an examination of United States incidents of political corruption would at least test the theory that modernity ameliorates political corruption. We now cast a somewhat wider net, looking at other developed nations as well as the US, to ask the central question: what effects would NPM have on the incidents of political corruption across a number of nations?

INTRODUCTION

The presence of political corruption possibly predates the historical record. For years, it was viewed as an artifact of political development, a common malignancy that nations would naturally reject as a function of their respective national maturations; this was one of the underlying theses of the American progressive movement. However, this cleansing has been neither as straightforward nor as natural as its proponents would argue. An anti-corruption coalition established in the 1990 under the umbrella of Transparency International (TI) has brought a new light on the world of political corruption. TI annually publishes a Corruption Perception Index that in 2001 ranked over 90 nations in terms of their perceived political corruptions. Peter Eigen, the TI Chairman, observed that There is no end in sight to the misuse of power by those in public office--and corruption levels are perceived to be as high as ever in both the developed and developing nations" (Transparency International Press Release, 2001).[1]

Anecdotally, cases of corruption continue to intrude onto national agenda. In August 2003, *The Economist* lead editorial asked Italian Prime Minister Silvio Berlusconi to resign for numerous indiscretions, including having his ruling party vote him amnesty while in served as Prime Minister (Anonymous, 2003a); Berlusconi's case was particularly illuminating since he was forced to testify at his own bribery trial (Bruni, 2003a),[2] which he immediately amending by declaring in an interview with the *New York Times* that he was the ultimate defending of Italian freedom (Bruni, 2003a). In France, the former Prime Minister, under President Jacques Chirac, Alain Juppe, has been charged with illegally solicited funds for their former political party in the mid-1980s (Tagliabue, 2003). Buddy Cianci, the long-time (and often re-elected) mayor of Providence (Rhode Island) was convicted of racketeering and sent to federal prison (Stanton, 2003). Lastly, the collapse of the most recent negotiations of the World Trade Organization (in Cancun, Mexico) floundered (at least in part) on the inability of the developed and less-developed nations (the latter forming a coalition of 21 developing nations) to agree on how (or even if) corruption should be a WTO priority (Anonymous, 2003b). In short, the baleful presence of political corruption continues, today more so than ever.[3]

Within the last few years, the World Bank has focused some of its activities on political corruption, which it viewed as a detriment to the continuation of an orderly and equitable process of economic development in Third and Fourth World nations. Thus, the World Bank has argued for the elimination of political corruption (which it defined as"the abuse of public office for private gain") through the employment of five key elements:

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

This essay considers the potential contribution of the New Public Management (NPM) to address a number of the World Bank's suggestions, specifically, those dealing with political accountability and, of course, improving the management of the public sector. The authors' initial attempt along these lines (deLeon and Green, 2001) posed a similar set of questions, but was only able to address those questions through examples drawn from the American political system. At the time, the argument was made that an examination of the United States' incidents of political corruption would at least test the theory that modernity ameliorates political corruption.[4] We now cast a somewhat wider net, looking at other developed nations as well as the US, to ask the central question: what effects would NPM have on the incidents of political corruption across a number of nations?

We need first to pose a number of reservations on this analysis. First, as we have indicated above, we are only addressing political corruption among the economically developed nations, typically those nations within the OECD, and most often within the European/American bloc of nations. While this restriction would undercut any pretensions towards a more general theory of political corruption, the number of additional considerations (e.g., political, social, economic, and cultural) that would have to be entertained to responsibly include the nations of the developing world is simply beyond the scope of the present enterprise. Put in a more positive vein, there is more than ample evident of political corruptions within the developed nations upon which to base the present analysis.

A second, perhaps more of a semantic reservation, is in order. Much of the current literature on political corruption has focused on what many (e.g., Drew, 1999; Etzioni, 1984) might call the 800 pound gorilla -- campaign financing. Drew (1999), for one, has termed the conditions surrounding campaign financing as one of the most poisonous elements in contemporary society. But one man's poison is another's elixir that is, the issue of campaign finance is a highly contentious issue. In the United States, for instance, many, such US Senator Mitch McConnell (R-KY), have strongly suggested that campaign financing is part and parcel of free speech in America and cannot be curtailed; in this, he claims the support of the US Supreme Court in *Buckley v. Valeo* (also, see Burke, 2002). Others (e.g., della Portia and Vannucci, 2002; and Golden, 2000) talk to campaign financing as a central contributor to corruption within the Italian political system, and Susan Pharr (2002) argues that it is pivotal to Japanese perceptions of political elections; the French polity suffers similarly, although concern there is somewhat diminished by what Pujas and Rhodes (2002) call a culture of "political hypocricy." There is little doubt that politics and political corruption can and do go hand-in-hand, but until some sort of agreement can be reached on the general permissibility or illegality of such relationships, they need to be treated more as propositions than as definitive evidence.

This essay will briefly presents an overview of research in political corruption as a way of introducing the problem. Next, it sets out the general tenets of NPM and extracts a series of concepts and measurements that, if designed and implemented, should reduce the amount of political corruption. We then offer up a reviews of some relatively recent acts could be described as corruptions, as well as referring to the US cases largely described in our earlier essay (deLeon and Green, 2001). Finally, we will comment on the intersections, with particular focus on both what we have learned and what remains in an NPM research agenda regarding political corruption.

AN ASSESSMENT OF POLITICAL CORRUPTION

Traditionally, public administration and public management (that are, after all, disciplines that traffic in "good government") have viewed corruption as a rare occurrence. The recent conviction of US Congressman James Traficant (D-OH) and his disbarment from the House of Representatives illustrates the "bad apple" syndrome (D. Johnston, 2001; Clines, 2002). When such a situation occurs, it is typically treated an isolated (usually egregious) issue of public accountability, one in which ethical behavior and education are inevitably portrayed as the ready remedy (Caiden and Caiden, 1977). Alternatively, Quah (1999) has asserted that the solution belongs in a stronger central political authority, with his principal example being his native Singapore. Political science has been much more open in its recognition of political corruption (e.g., M. Johnston, 1982; Benson et al., 1978) but even here, the empirical literature has been characterized as "not extensive" (Meier and Holbrook, 1992: 135) and policy recommendations are murky.[5] Economists have generally have treated corruption as little more than (in their jargon) "side payments", that is, a worrisome but largely inconsequential (as we will see, it is not an especially "expensive") condition.

The important exception is Susan Rose-Ackerman (1978; also, Rose-Ackerman, 1998), who makes two important observations: first, that corruption is most likely to occur at the vital intersection between the public and private sectors, i.e., between public goods and personal gain (also see M. Johnston, 1982); and second, that corruption can best be described as an inherent, *systemic* activity, as opposed to the insular, case study perspective of public administration scholars. In this latter observation, Rose-Ackerman

is in close agreement with sociologist Robert K Merton (1968), who argues that corruption often serves a manifest, desired social and political function; if the recognized government is unable to provide a good or service (say, dependable policing), there will be occasions for people to engage in "side payments" to obtain the desired articles or services, at times on a systematic basis.

Public policy and public management scholars cannot afford academic detachment of economists and sociologists. We will strongly agree with Rose-Ackerman (1998) and Robert Klitgaard (1988) that if political corruption is found to be "inefficient," i.e., that it somehow distracts from the cost-efficient operations of government, especially in the long-term, then public management must be directly concerned with countering corruption and its costs.

Drawing from these disciplines, let us begin with a basic definition of political corruption, recognizing, with Michael Johnston (1986: 379) that "We should not expect to find a sharp distinction between corruption and non-corrupt actions. Instead, we will find fine gradations of judgment, reflecting a variety of equivocations, mitigating circumstances, and attributed motives." Our proposed definition suggests that the typical public administration and economic assumption -- that currency lies at the root of political corruption -- is incomplete, because alternative means of valued currency or exchange (clan, fame, patriotism, etc.) can be involved. Thus, we posit our working definition: a co-operative form of unsanctioned, usually condemned policy influence for some type of significant personal gain, in which the currency could be economic, political, or ideological remuneration (deLeon, 1983: 25).

The question then poses itself: granted that corruption exists, should public management be concerned with it? Some have suggested that in developing nations, corruption might even serve as a *benevolent* management tool in terms of political recruitment (Nye, 1967). But this recognition extends beyond recruitment activities. For the owner of a diner to give a dough nut to the cop on the beat could easily be construed as a low-level form of bribery, but it might just as justifiably be viewed as a form of direct taxation for a police retainer, services rendered, or maybe as little more than a tip for overtime; similarly, a bribe might be considered a user's fee for overcoming a bureaucratic bottleneck, just another (albeit illegal) business expense, perhaps akin to insurance. Klitgaard,(1988: 33) captures the idea: "…if the prevailing system is bad, then corruption may be good."

We claim, however, that this arguments is fundamentally wrong on at least two counts. The first addresses economic or opportunity costs. Activities we would consider corrupt (especially if we include illegal drug activities) divert large amounts of resources from the public sector, money that could easily be spent better elsewhere (see Klitgaard, 1988; Rose-Ackerman, 1998). In the US in the 1990s, deLeon (1993: 33) "guesstimated," (given that there is no accurate way of "knowing") the "costs" of corruption (particularly if one includes the so-called "victimless crimes" like prostitution) in the tens of billions of dollars; world wide, this estimate could easily run into the low hundreds of billions of dollars, and more if one calculates in the corruption in the public health services (e.g., AIDS vaccines and food distribution services in southern Africa and Southeast Asia). Still, in a world economy that runs into the tens of trillions of dollars, this is hardly a lethal financial wound.

However, a straightforward cost-benefit analysis (assuming for a moment that both costs and benefits could be accurately assessed) of the harm caused by corruption would need to be more than an accounting exercise. It is much more complex because of confounding complications like time frames, the state of specific national economies, and, most centrally, the expectations of a nation's people as they see corruption inequitably sapping their economy and well-being.[6] Writing primarily about Japan and South Korea, Pharr (2002: 841) generalizes, "Civic-ness,…is fundamental to social trust and attitudes of cooperation that in turn promote and sustain good government." As political scientists from Almond and Verba (1960) to Frank Fukuyama (1994) to Robert Putnam (2000) remind us, "trust" is the essential national "glue" necessary in any nation building (or maintaining) exercise.

The second concern posits: if corruption is all-but inevitable, simply accept it as a minor cost of democratic governance. The former Prime Minister of Italy, Bettino Craxi, most clearly depicted the "everybody does it" argument (or what sociologists like Merton refer to as the "functionalist" argument) in his 1992 speech to the Italian Chamber of Deputies:

> The political parties have been the body and soul of our democratic structures…. [U]nder the cover of irregular funding to the parties, cases of corruption and extortion have flourished and become intertwined... What needs to be said, and which in any case *everybody knows*, is that the greater part of political funding is irregular or illegal…. If the greater part of this is to be considered criminal pure and simple then the greater part of the political system is a criminal system. I do not believe there is anybody in this hall who has had the responsibility for a large organization who can stand up and deny what I have just said. Sooner or later the facts would make a liar of him (Craxi's speech is quoted in della Porta and Vannucci: 717-718; emphases added).[7]

Thus, if corruption is little more than part and parcel of democratic governance and going to happen anyway, why expend valuable resources on something that will happen in any case? In response, we claim that there is little choice (see deLeon, 1993), that "minor" corruptions too often metastasize into larger ones, i.e., the dough nut on the beat segues into a bottle of scotch that seamlessly becomes a protection payment. Moreover, there are too many examples when citizens might have recognized the functional nature of corruption as a latent form of governance, and still found cause to remove its practitioners from positions of authority. Lastly, at its base, corruption is simply inequitable in terms of democratic governance, its accesses, and its citizens, if not in the short run, then surely over the long run (see D. Kaufman, 1997). When an individual acts as if he somehow personifies government -- as might have been the case when former German Chancellor Helmut Kohl solicited funds that remain unaccounted for (see Anonymous, 2002) or the former Foreign Minister of France accepted a bribe from a lobbyist who also happens to be his mistress (Anonymous, 2000) -- then the democratic underpinnings and financial assurances of government are potentially at risk. As Klitgaard (1988: 42) cautions, "Whereas an occasion act of corruption may be efficient, corruption once systematized and deeply ingrained never is."

Let us assert a few benchmarks. First, most public affairs scholars have recognized the destructive nature of corruption in both political and economic terms. The traffic in corruption fundamentally skews the political process by confusing or substituting private gains for public goods. Public administration scholars propose "remedies" of greater education, higher ethical standards (Frederickson, 1999; Garafolo, et al., 1997), higher wages for administrators (in developing nations), or greater centralized authority

(Quah, 1999) but these have not proven to be particularly effective. These shortcomings argue for more structural changes. Second, corruption is an important area for continued study, both for its generic activities as well as for the more specific question of how the NPM might ameliorate the condition, especially in light of the World Bank's charge (*supra*: 2-3). Let us now briefly review the relevant NPM theoretic and applied literatures, focusing on the nexus between the public and private sectors.

EVALUATING THE UNDERPINNINGS OF NEW PUBLIC MANAGEMENT

Many public administration scholars during the 1990s warned about the problems associated with implementing new public management reforms in their respective country's bureaucracy (Lynn, 1998). Their recurrent theme centered an entrepreneurial form of government. George Frederickson (1999) claims that entrepreneurial government will somehow lead to an abuse of administrative powers, an absence of democratic responsibility, and ultimately political corruption. There is little argument that an entrepreneurial government is a conceptual bedrock of NPM in that it is required to make sustainable changes in the managerial ranks. Moreover, it is certainly true that an element of adopted NPM reforms is a certain level of empowered government entrepreneurs capable of making innovative decisions without the usual system of checks and balances.

However, a more complete reading of the NPM texts goes well beyond the reliance of entrepreneurial government (Barzelay, 1992; Osborne and Gaebler, 1993; Holmes and Shand, 1995; Stokes, 1996; OECD 1996). We earlier identified on theoretic and practices bases a number of key features of NPM, as schematically set out in Table 1.

Table 1: NPM Characteristics According to Selected Sources

Barzelay (1992)[i]	**Osborne & Gaebler (1993)**	**OECD (1996)**	**Holmes and Shand (1995)**
Shift from the public interest to a focus on results and citizen's value	Catalytic government	Closer focus on results in terms of efficiency, effectiveness and quality service	More strategic or results oriented (efficiency, effectiveness, and service quality) approach to decision making
Shift from efficiency to a focus on quality and value	Community owned government	Replacement of highly centralized hierarchical structures by decentralized management environments where decisions on resource allocation are made closer to the point of delivery	The replacement of highly centralized hierarchical organizational structures with decentralized management environments where decisions on resource allocation and service delivery are take closer the point of delivery, where greater relevant information is available and which provide scope for feedback from clients and other interest groups
Shift from administration to a focus on production	Competitive government	The flexibility to explore alternatives to direct public provision and regulation that might yield more cost-effective policy outcomes	Flexibility to explore alternatives to direct public provision which might provide more cost effective policy outcomes

Shift from control to a focus on winning adherence to norms	Mission driven government	A greater focus on efficiency in the services provided directly by the public sector, involving the establishment of productivity target and the creation of competitive environments within and among the public sector organizations	Focus attention on the matching of authority and responsibility as a key to improving performance, including through such mechanisms as explicit performance contracting
Shift from specifying functions, authority and structures to focus on identifying missions, services, customers and outcomes	Results oriented government		The creation of competitive environments within and between public sector organizations
Shift form justifying costs to a focus on delivering value	Customer driven		The strengthening of strategic capacities at the center to "steer" government to respond to external changes and diverse interest quickly, flexibly and at least cost
Shift from enforcing responsibility to a focus on building accountability	Enterprising government		Greater accountability and transparency through requirements to report results and their full cost
Shift from simply following rules and procedures to a focus on understanding and applying norms, identifying and solving problems, and continuously improving processes	Anticipatory government		Service-wide budgeting and management systems to support and encourage the changes.
Shift from simply operating administrative systems to a focus on separate service from control, expanding customer choice, encouraging collective action, providing incentives, measuring and analyzing results and enriching feedback	Decentralize government		
	Market-oriented government		

Table 1 reflects such managerial components as accountability, transparency, efficiency, and performance. Certainly, in the minds of NPM scholars such as Barzelay (1992) or Kettl (2000), improvements in these areas – that is, not *just* in entreprenuerism -- can only enhance public services (see Cohen and Eimicke, 1999).

Taken collectively, NPM principles represent a coherent and interdependent constellation of managerial elements. (OECD, 1996; PUMA, 1995, 1996a, 1996b, 1996c, 1997; Uhr, 1999). NPM reforms offer a well-integrated NPM managerial agenda; adopting the values of entrepreneurial government, rule flexibility, and privatization also requires the accompanying functional reforms, such as improved management information systems, performance based monitoring, and enhanced incentive structures. Thus, NPM reforms need to identify and adopt a relatively complete set of NPM principles and functions (Ferris and Graddy, 1997; Frant, 1998; Jones and Thompson, 1999) or risk key gaps. We begin with a short exposition of the theory underlying NPM's functional reforms. To address these matters, we should first address basic theories upon which NPM is based.

Fundamental to an understanding of the NPM practice is the concept of "transaction costs" (see Williamson and Masten, 1995; Menard, 1997), which Ferris and Graddy (1997: 91) define as "the costs (other than price) associated with carrying out two-sided transactions -- that is, the exchange of goods or services from one individual to another with agreed-upon payment for performance. These costs vary with the nature of the transaction and the way it is organized." Basically, transaction cost analysis suggests that successful firms will try to minimize these costs. Nobel Laureate Ronald Coase (1937) had previously argued that organizations were composed by a series of formal and informal contracts that determined by the characteristics of the transaction costs. Typically, the employer would subsume these contracts under one contract, which specified the employer-employer relationship within certain limits (Coase 1937; Miller 1992). This relationship later became known as "principal-agent" theory.

The principal-agent relationship is inherently problematic. In Jones and Thompson's (1999: 1) words "…a) the efforts of the agent cannot be perfectly observed; b) the interests of agent and principal diverge; and c) agents pursue their own interests, i.e. behave opportunistically." Moreover, at least in theory, there are information asymmetries: the principal has an overview of the firm's objective while the agent has a better view of the day-to-day operation in the immediate sector. And neither actor wishes to reveal his/her information completely, for fear of surrendering her/his comparative (bureaucratic) advantage. Therefore, the practical task of the principal-agent relationship is to justify and respect the two perspectives.

Jones and Thompson (1999) have observed that bureaucratic hierarchical organizations developed specialized rules (codified as "contracts") that outline clearly which activities are allowed and those that are prohibited under a principal-agents regimen, as well as specifying the sanctions for violating the rules. The problem with the rule-based mode of control, however, is that scarce resources (such as human capital) must be expended to monitor the rules instead of allocated toward performance. To address the principal-agent problem, NPM suggests that end results -- *not* process -- provide clearer, more discerning information regarding the actors' (respective) preferences and thereby leads one to design better incentive systems in the context of the organization. By providing better information to the principal, the agent's activities can monitored, resulting in what economists refer to as "transparency" (Jones and Thompson, 1999). Furthermore, this information can counter the tendency by agents to serve their self-interest or, again, in the language of the economist (and some street gangs), the tendency to "shirk." These capabilities are immensely enhanced by advances in modern management information systems.

The evidence supporting these assertions has a long history of application, albeit in the private sector. Better information systems and incentive structures regarding the principal-agent relationship was a direct result of the rise of industrialization in the early part of the 20th century. Moving from a craftsman production mode to a production system of mass-production assembly line mode (i.e., multiplying the number of contractual relationships) required more accurate systems of monitoring, coordinating, and (in many cases) bargaining, in particular, the evolution of modern cost accounting systems and accrual based accounting. Thus, the employer ("principal") could more easily monitor the activities and performance of workers ("agents") from the perspective of the firm.

There are, of course, noted shortcomings to principal-agents theory when its monitoring activities are applied to the public sector. For instance, labor unions provided a means by which unwieldy individual contracts could be aggregated.[8] There is a growing awareness that principal-agents is a uni-directionable management procedure, in which the principal somehow manages to ride "herd" on the agents (Fischer, 1990). Alternative public management protocols stress such ideas such as a participatory managerial concept, in which agents and principals reach consensual agreements as to goals and missions, a more democratic regimen if you will (deLeon and deLeon, 2002). Furthermore, the public sector is, in many ways, different than its private sector counterpart; for example, Moe (1984) has suggested that the public sector is directed by a multitude (or confusion) of principals such as elected representatives, administrative executives, and a variety of superior-subordinate relationships (e.g., civil service) within the organization itself. In addition, the public and private sectors are often perceived as driven by differing sets of normative concerns; this distinction can most readily be viewed as their respective emphases of "efficiency" vs. "equity" tenets (Okun, 1975). The ultimate "principals" in the public organization are, of course, the citizens themselves and depending on their own policy and program preferences, associated principals and agents can be sent (or receive) a variety of conflicting signals (Ferris and Graddy, 1998). All of these conditions can result in obscured systems of managerial transparency and accountability. These lead, in turn, to different managerial concepts and approaches.

This concern is especially germane with regard to financial matters (e.g., budgeting and accounting) given that the political process has the greatest influence on the management systems (Jones, 1992). Traditionally, public sector budgeting fails to provide a clear picture of program effectiveness. Furthermore, budgeting (Wildavsky, 1964) and even audits (Power, 1993) are primarily driven by politics; any sense of accountability is geared towards politics rather than management. As the record of Government Performance and Results Act (GPRA) points out (Radin, 1998), public sector evaluation is beset by a series of political and methodological compromises that render its precise managerial application problematic. While private sector accounting can be obscured (witness the example of Enron, whose ally was the accounting firm of Arthur Anderson), the opportunities for accounting mischief are easily multiplied in the public sector.

In summary, NPM offers several constructs that would be useful in combating the excesses of political corruption; these include community-owned government, competitive government, mission-driven government, and results-oriented government that is enterprising, anticipatory, and decentralized. Modern accounting and management information systems are necessary adjuncts to these NPM principals. This brief review also indicates some potential oversights:

- while some appreciative nod has been given to the institutional features of an organization, there is little indication as to what are the key organizational variables that would hinder/facilitate the introduction of NPM; that is, all organizations are treated by NPM as roughly isomorphic;
- even though democratic systems are seemingly inferred, there is no direct discussion of the values indicated by that political system; that is, at its basis, NPM appears to be largely indifferent to political ideologies; it should produce laudatory managerial results regardless of its ideological bedrock; and
- potential corruptors are possibly just as versed in the necessary accounting and monitoring procedures as their NPM counterparts and, if they so choose, can potentially counter or avoid them.

With these overviews of both political corruption and NPM in hand, we can now turn to incidents of recent political corruptions to examine how NPM would have addressed them. In conjunction with earlier examples (see deLeon and Green, 2001), we will then consider the potential effects of NPM on corrupt conditions.

STUDY OF NOTEWORTHY CASES OF POLITICAL CORRUPTION

To help understand the capabilities of the NPM to guard against political corruption, we briefly discuss a few recent cases of what many (although surely not all) might view as corrupt actions. While we will later include discussions of national policies relating to campaign finance reforms (e.g., in Italy, the US, France, and Germany), in this section we will deal with three specific cases: the so-called "Travelgate" that occurred during the early days of the Clinton Administration in the US; the trials of former German Prime Minister Helmut Kohl; and an account of recent press reporting that indicates pervasive political corruption in France.

Travelgate

The Clinton Presidency did not begin especially well. By April 1992, the Administration was troubled by numerous transitional difficulties. For instance, the newly appointed Attorney-General, Janet Reno, took full responsibility for the FBI attack on the Branch Davidian compound at Waco, Texas, and the resulting conflagration, while the White House did not issue a statement until well after the incident. So it was with particular embarrassment that on May 18, the President was reported in the national press of closing down air traffic at Los Angeles International Airport to have a haircut in Air Force One from Beverly Hills hair stylist Cristophe (usual fee, about $200). The following day, White House Press Secretary Dee Dee Myers announced that seven members of the White House Travel Office -- that had the responsibility of arranging commercial (i.e., not on Air Force One) travel arrangements for the White House staff and the attendant press corps when they were traveling with the President -- were being terminated. "Travelgate" was thus offered up on the presidential stage, which was to be scripted through at least four separate investigations and a press corps that seeming saw one of its cherished prerogatives threatened.

During the 1992 presidential election, Catherine Cornelius (a distant cousin of the President) had served as Clinton's liaison to World Wide Travel, which was owned by fellow Arkansan Betty Carney. Both wanted to continue working for President Clinton, particularly since World Wide Travel had made a reported profit in excess of over one million dollars during the campaign. Larry Watkins, one of Clinton's principal campaign aides, was the nexus, having once worked for World Wide as well as having been a business associate of Ms Clinton's in Little Rock. Rounding out this cast of central players were two more Arkansans, Harry Thomason and wife, Linda Bloodworth-Thomason, famously (if unofficially) known as "Friends of Bill" (FOB).

In December 31, 1992, Cornelius sent Watkins a memorandum, suggesting that if Clinton were to "privatize" the Travel Office, it would permit him to cut back the size of the staff (Clinton had promised to reduce the size of the White House staff by 25%) and result in better air fares; she also suggested the possibility that World Wide Travel (if chosen) could rebate back to the White House 3.5% of its usual commission, estimated to be approximately $210,000. In a January 26, 1993, memorandum to Watkins, Cornelius proposed that she and a friend assume the operating responsibilities of the Travel Office; thereupon, Watkins had both named as White House assistants. Finally, on February 15, Cornelius wrote Watkins a third memorandum, which again emphasized that the elimination of the Travel Office would result in a more efficient operation (including a reduction of costs), as well as (emphases in original memorandum):

1. Incoming Clinton Administration More Comfortable and Familiar with this Proven System.
2. Recommended Staff are More Knowledgeable and Familiar with the Personalities Involved as well as the System; thus, allowing for BETTER SERVICE.

These recommendations clearly inserted a partisan tone to the discussions since the existing Travel Office was staffed with career civil servants who were presumed not to be necessarily friendly with members of the Clinton Administration.

At roughly the same time, Harry Thomason -- who, in his FOB position had choreographed the Inauguration and had been accorded a White House pass, complete with office and telephone -- asked Press Secretary Myers if the "White House [Travel Office] charter business was subject to competitive bidding" and was referred to Billy Dale, the long-time Director of the Travel Office. Thomason then sent his business partner, Darnell Martens, to speak with Dale about becoming the travel broker for the White House. Dale was neither enthusiastic nor supportive, bluntly telling Martens (as he later recounted in an undated memorandum to Thomason), "…there was no possible combination of price/service under which [you] could earn the White House business and to not waste his time discussing the matter." Martens also indicated to Thomason that the Travel Office had been using a, "Republican-operated charter airline" that he accused of not fully charging the press corps during the 1992 campaign as a way of currying media favor for President Bush, charges the accused firm as well as members of the press denied.

Finally, in early March, Martens indicated to Thomason that he had heard "rumors" about corruption (allegedly, "kickbacks" from the airlines) in the Travel Office.

Thomason passed along all of this information to Larry Watkins, who assigned Cornelius to the Travel Office to gather additional information on its operations, with instructions to report back to him by May 15. In the meantime, Thomason brought up during one of his informal conversations with the President what he called “trouble” in the White House Travel Office.

On May 12, Watkins and Cornelius met with Thomason and Martens. Later that day, Watkins and Cornelius met again with Thomason, with White House Deputy Counsel Vincent Foster and Associate Counsel William Kennedy joining them. Cornelius presented what she had observed during her assignment in the Travel Office, but apparently her evidence was insufficient to support charges, so Foster ordered Kennedy to instruct the Federal Bureau of Investigation (FBI) to initiate an immediate investigation of the Travel Office. While the FBI investigators were not initially persuaded with the charges, at the insistence of Kennedy and later Foster -- and by the intimation that the “highest levels of the White House” were concerned -- the Bureau opened an investigation on May 13. After some prompting by the White House, it became “criminal” in nature, according to a subsequent FBI press release.

Unbeknownst to the FBI, on May 13, Watkins and Foster also set in motion a plan to have the Travel Office audited by a representative of the accounting firm KPMG Peat Marwick, who (by coincidence) was serving in the Vice President’s office as part of the Vice President’s National Performance Review (NPR). A GAO report later indicated, however, that at this Watkins-Foster meeting, the decision was made to fire the staff of the Travel Office, even though Chief of Staff Mack McLarty insisted that the termination not take place until after the Peat Marwick report was finished, which had not even been started until the morning of May 14. There was still the matter of FBI pending investigation, which the White House had just convinced the FBI of its immediacy.

Foster managed to delay somehow the start of the FBI study until after the Peat Marwick report was completed, no small feat since the FBI had only reluctantly joined the fray.

At this point, Watkins chose to brief the First Lady, Hillary Clinton. His notes, later released to the Congressional hearings, quoted her saying “Harry [Thomason] says his people can run things better, save money, etc.” In the subsequent GAO study, Ms. Clinton, replying by letter, wrote that she did not remember using those “exact” words.

The Peat Marwick review team worked over the weekend and briefed its draft report to Watkins on the following Monday, May 17, prefaced by the disclaimer:

> Our procedures do not constitute an audit, examination, or review in accordance with standards established by the American Institute of Certified Public Accountants and, therefore, we do not express an opinion or any other form of assurance on the information presented in our report. (Peat Marwick, 1998)

Based on the draft, however, Watkins wrote a memorandum to McLarty (with a copy to the First Lady) explaining how the report had provided grounds for firing the entire Travel Office staff, because, he later explained, he believed that the staff worked together “interchangeably.”

On the morning of 19 May, Watkins wrote a brief press announcement for Press Secretary Myers, indicating that the Travel Office staff was being released as the result of a "routine review conducted as part of the Vice President's" NPR program; in the background notes, he also mentioned the on-going FBI review. He then met with the staff of the White House Travel Office to inform them that they were all being terminated, based on charges of "mismanagement" alluded to in the Peat Marwick report. They were told to gather their belongings and leave the building immediately. In the meantime, Foster and Kennedy altered Myers' text to exclude the FBI investigation, but, unknown to them, she had already briefed two reporters on the Travel Office dismissal, including the FBI's investigation. As a result, the FBI criminal investigation was public knowledge literally before the Travel Office staff was aware of its existence.

In retrospect, as Drew (1994) commented, the ensuing "uproar was out of proportion," especially since five of the seven dismissed employees were reinstated to the federal civil service within a week of being fired, assured by the Justice Department that they were neither "targets nor subjects of the pending criminal investigation," and ultimately reassigned. Congress, with the concurrence of the White House, passed an amendment to the 1994 Department of Transportation authorization providing for $150,000 to pay their legal bills. On December 7, 1994, Travel Office Director Dale was indicted by a Federal Grand Jury for mishandling travel reimbursements; he plead innocent the following week; he was acquitted on all charges the following November. Deputy Director Gary Wright was not charged and chose to retire. World Wide Travel served as the White House travel consultant for two days before American Express was awarded the contract on a competitive bid basis. Still, the White House had received such criticism that President Clinton ordered an internal management review of the entire Travelgate incident, which, among other findings, indicated that Myers' briefing on the Travel Office's dismissals was "ill-advised" and that the five of the seven members of the Travel Office had been unfairly impugned. More specifically, it found that the abrupt manner of dismissal of the Travel Office employees was unnecessary and insensitive.... All the employees should have had an opportunity to hear the reasons for their termination, especially the allegations of wrongdoing, and should have been afforded an opportunity to respond (*White House Management Review*, 1992)

Comments by the President consistently reflected that he was generally unaware of what had transpired, even after it had become a public issue. He subsequently responded to Travelgate questions during an interview with CBS News reporter Connie Chung on May 27 that it was not, "…handled as well as it should have been. And I said so...[saying] I take responsibility to any mistakes made in the White House and mistakes were made in the way that was handled-absolutely."

While Travelgate probably affected the lives of various individuals, it most centrally affected the institution of the White House and, pivotally, the public's perception of the President and, later, Ms. Clinton. As Drew (1994: 179) observed,

> However valid the criticisms of the travel office were, the matter couldn't cousin -- distant or not -- in charge wouldn't look particularly good have been handled worse. The picture that was drawn was of cronyism and looseness with the truth. It apparently didn't occur to anyone that hiring the Little Rock company and putting the.... There was a systemic failure within the White House.

The Scandals of the German CDU

Christian Democrat Helmut Kohl had served as the Chancellor of the Federal Republic of Germany for almost 16 years before being defeated by Social Democrat Gerhard Schröder in 1998. His electoral defeat represented a milestone in post-WW II German and European politics. Kohl had presided over West Germany at the end of the Cold War and, with the collapse of the Berlin Wall, had become known as the "Unification Chancellor." He was in many ways an icon among European statesmen.

In 1999, less than a year after his defeat, during an investigation of possible tax irregularities over a million Deutsch Mark (DM) donation to the Christian Democrat party (CDU) by a Canadian arms dealer, Kohl was forced to admit publicly that he had run a series of "secret accounts" for political contributors. These accounts, clearly outside the purview of German election regulations, were used by Mr. Kohl as "slush funds" for CDU candidates. He later admitted to receiving over two million DMs during the 1990s, and possibly additional millions of DMs during the period of his Chancellorship. Moreover, in Germany, political contributions greater than 20,000 DM are taxed. By not immediately acknowledging them, Kohl had also violated German tax codes. This was, in short, a scandal of the first magnitude, with most observers indicating a clear case of political corruption.

Kohl later admitted that he had in fact accepted "undisclosed contribution," justifying his position "…on the grounds that the funds were needed to strengthen his party's standing among the East German electorate" (Hopper, 2000: 2). Kohl refused to divulge the names of the political contributors, because he had "given his word not to," and, simply, that "people came first." Rather, he chose to step down as the CDU's honorary chairman., thus providing some protection from the political fallout to the CDU but sacrificing any chance of political redemption. However, Kohl did continue to sit in the German *Bundestag* (where he could and did claim parliamentary immunity).

Kohl had previously explained in late December that while his acceptance of the funds "may be technically in [the] breach, he has committed no fundamental sin and, in particular, that there were no [political] favors" (Woollacott, 1999: 2). Still, rumors immediately surfaced that this was just the tip of the Kohlian iceberg; for instance, it was rumored that French President Francois Mitterand had contributed millions of DM to Kohl in the mid-1980s, even though the charges later proved to be largely unsubstantiated. (These allegations also surfaced in France, in charges brought against President Mitterand by former Foreign Minister Roland Dumas; see below.)

More troubling rumors, however, were disclosed and corroborated. For instance, Kohl's Interior Minister, Manfred Kanther, admitted that the CDU treasury in the state of Hesse "ran a secret Swiss bank account to harbour more than DM 17 million of illicit undisclosed party donations." In addition, Wolfgang Schaüble, Kohl's long-time party deputy and his successor as the CDU leader, confessed that he (Schaüble) had accepted "an illicit DM 100,000 payment from a German arms dealer which was not declared in the party's official audit" (both quotations from Kirschbaum, 2000: 2), thus lending greater public credibility to the political corruption charges surrounding the Christian Democrats.

In a not-altogether widely accepted denouement in February 2001, former Chancellor Kohl agreed to pay a fine of 100,000 pounds sterling, in exchange for not having to stand trial or reveal the names of the contributors. Kohl observed that in paying the fine, he would "avoid a lengthy legal process that would be a great burden to him and his family" (Hooper, 2001: 1).

But while Kohl may have found some relief from his immediate corruption scandals, the CDU's problems only continued. In April 2002, *The Economist* published an article entitled, "Corruption in Germany: Too Much of It", (Anonymous, 2002), in which the editors listed eight incidents (six, not counting Kohl and Kanther) since 2001, in which state-level CDU functionaries had diverted funds for either party coffers or personal activities. In one case, Hans-Joachim Dörfer, a CDU treasurer in Trier, was sentenced to ten years in prison for embezzling $10 million dollars from a charity.

However, what might easily spell political disaster for the CDU in terms of upcoming elections has been mitigated by the disclosure that five members of Chancellor Schröder's Social Democrats party were also under recent investigation and indictments for various acts of state-level corruption.

Germany's political reputation for liberal democracy, in short, fell under serious challenge, with Peter Eigen (the chairman of Transparency International) being quoted as saying that Germany "is much more corrupt than previously thought" (Anonymous, 2002: 45); in the annual TI listings, Germany is ranked only 20th (out of a total of 91) for public honesty. The evidence that has been presented to date covers the political waterfront in Germany, from its highest office (Chancellor) to local politics. If nothing else, it indicates that the lynchpin of the European economy can still be gravely affected by the malfeasance produced by political corruptions.

Recent Political Corruption in France

Political corruption in France brings a very different perspective to an Anglo-American perspective; "crimes of passion" in the United States (witness the impeachment of President Bill Clinton over sexual imbroglios and his unwillingness to own up to them; see Rozell and Wilcox, 2000; Klein, 2002) that would easily result in removal from office and potentially prison terms are often considered as "politics as usual" in France. Indeed, the funeral of former French President Francois Mitterand was openly attended by his wife and children *and* his mistress and their daughter.[9] Still, even under these less stringent rules and a more forgiving electorate (at least regarding *le affaire de coeur*), France has experienced a number of recent political corruptions, or what *The Economist* called "shenanigans" (Anonymous, 2000); in this article, eleven different cases of political corruption are noted.

Perhaps the most noted case was brought against French President Jacques Chirac. While he was Mayor of Paris, he was accused of using over $315,000 of state funds for a personal "slush" fund, which permitted him and his party to travel abroad in luxury between 1992 and 1995 (when he became President). Chirac has explained that "the money was from an official, but secret fund used to pay for covert anti-terrorist activities" (Jeffries, 2001: 1).[10] Others have indicated that the Paris has scant access to state funds, especially of this nature. Past that, Chirac has offered no additional material, and cannot be forced to testify since the French Constitution offers immunity to the President of the Republic. The French Supreme Court has upheld this interpretation.

The most involved case deals with the huge French banking firm, *Crédit Lyonnais*, which involves a number of French political and business elites, such as former Finance Ministers Michel Sapin and Edmond Alphadndery as well of *Lyonnais* chairman Jean Peyrelevade (Anonymous, 2001b). Basically, the trouble has to do with the apparent submission of false documents regarding the financial condition of *Crédit Lyonnais* that were supplied to California's insurance regulatory body involving the purchase of Executive Life, a California insurance policy that went bust when its junk bonds collapsed in value in the early 1990s. Evidence has surfaced that *Crédit Lyonnais* management was aware that its submissions were duplicitous. While *Crédit Lyonnais* is a largely privatized bank, the French taxpayer does have some interest in its affairs since the state (under the auspices of the *Banque de France*) rescued it from possible bankruptcy at a cost of roughly $18.5 billion. So this case has caught the French eye as a possible instance of governmental corruption.

Probably the most stereotypical of the French corruption cases involved M. Roland Dumas, former Foreign Minister under President Mitterand, and, more recently, the President of the French Constitutional Council, France's highest court; he had also been a hero of the Resistance as well as a lawyer to Picasso and Chagall. In January 2001, he began his trial on charges of receiving bribes, most notably from his one-time mistress as well as professional lobbyist, Christine Deviers-Joncour. From 1989 to 1993, she was a lobbyist for the French national oil company, *Elf*, with a "limitless" expense account, part of which she shared with M. Dumas, with gifts ranging from very expensive Italian shoes (one pair was estimated to have cost a thousand dollars!) to Greek sculptures (Anonymous, 2001c). Prosecution estimates for the gifts were approximately $9.1 million.

The obvious question was why a state-owned company would lobby a government minister. The answer, if one subscribes to M. Deviers-Jancour's account, is somewhat circuitous but fascinating*: Elf* was lobbying Dumas not on its own behalf, but at the urging of another state-owned company, Thomson-CSF, which was pressing at the time for governmental approval from French authorities to sell six frigates to Taiwan; *quai d'Orsay* was said to be opposed, fearing an adverse reaction from the People's Republic of China. The prosecution estimated that the sale was worth approximately $2.8 billion, while Dumas claimed Mitterand's approval. However, the court said that this particular line of defense was irrelevant to the case at hand.

At their trial, Dumas and Deviers-Jancour were joined by *Elf* defendants Loik De Floch-Prigent and Alfred Sirven (former director of *Elf* and his deputy). In May 2001, Dumas was convicted and sentenced to six months in jail; Deviers-Joncour was also convicted and received three years in prison (with 18 months being suspended); De Floch-Prigent (sentenced to three and a half years) and Sirven were also found guilty.

In June, Dumas was interviewed by correspondents from French newspaper *Le Figaro*, during which he accused former President Mitterand as well as a number of his ministers (including two current ministers) of dealing in kickbacks and bribes. In the interview, he charged that *Elf* had been a long-time "cash cow" to pass illicit funds to state ministers. He also raised the issue of *Elf* purchasing an oil refinery in East Germany, basically as a campaign contribution to German Chancellor Helmut Kohl; he claimed that "Mitterand endorsed the whole [refinery investment] project including the payment of commissions because he thought of France's interests." (In this charge, he was seconded by De Floch-Prigent.) Dumas also suggested that the French justice system was protecting "those still in powers of power….I have a few ideas about the system and the people concerned -- and the latter know that I know." (both quotations from Graham, 2001: 1, 2) At last count, French investigators were looking into these charges.

As in the case of Germany, if these had been the entire body of political corruption in France, things might have settled down. But, as the listing noted in *The Economist* indicates, these case of corruption are only representative of the body of French corruption. Immediately following the Dumas interview in *Le Figaro*, *Business Week*'s International Edition editorialized "Why France's Hands May Never Scrub Clean" (Rossant, 2001). Later that year, viewing the European scene taken as a whole (including Spain and Italy) and the generalized lack of response to the literal outpouring of political corruptions, *Business Week* asked, "Is the Corruption Crusade Over?" (Ewing, 2001). In its most recent rating, TI placed France three notches below Germany, at number 23.

CONCLUSIONS

The juxtaposition of the three previous sections are meant to indicate how and where NPM reforms might most effectively minimize political corruption. Instead of walking our way through the offered examples of corruption, we will overlay them with the basic NPM principals (e.g., transaction cost analysis and principal agents theory), their attending supplements (or programmatic approaches, e.g., community-owned, decentralized government, mission-driven programs, and entrepreneurship), and the necessary workaday components (improved accountability and management information systems). Table 1 has set out many of these concepts. Let us also expand our database slightly by including other well-documented examples (e.g., the Italian patronage system and its relationship to political corruption), as well as some of our earlier examples (deLeon and Green, 2001). This approach results in both an examination of NPM principles and programs as well as leading us to ask some (what public management scholars call) "big questions" (see Behn, 1995, and Kirlin, 1966, for illustrations).

We need first to remind ourselves of the working definition of political corruption presented earlier (see section 2, above, for the supporting exposition):

> …a co-operative form of unsanctioned, usually condemned policy influence for some type of significant personal gain, in which the currency could be economic, political, or ideological remuneration (deLeon, 1983: 25).

It is important to stress that this definition incorporates both economic and non-economic incentives or motivations to engage in political corruption. We also need to re-affirm our recognition (with Rose-Ackerman, 1989 and Robert Merton, 1968) as to the *systemic* nature of political corruption.

We also need to observe that all these cases are set in government (read: *large*) bureaucracies; concern over scope, not surprisingly, is one of the underlying NPM tenets, calling for community-based, decentralized government. But this remains a critical observation when discussing the parameters within which the NPM can be most effective. In point of evidence, most governments and their component agencies are large organizations, and even larger when one folds in the relevant private sector organizations; witness the recurrent corruptions found in the US Department of Defense. As public choice theorists have repeatedly cautioned us, government bureaucracies have for years thwarted their downsizing and re-organization as a matter of self-preservation; and, when forced to re-organize, the desired results have not always been realized. Such is the strength of established bureaucracies. In this regard, it was instructive to observe how the George W. Bush administration in the US initially rejected the idea of a new administrative department concerned with domestic security as a response to the September 11th events, opting for a decentralized, flexible, possibly entrepreneurial agency. Then, justifiably abandoning many of those preferences, the Administration turned on an executive dime and demanded Congress create a Cabinet-level Department of Homeland Security (widely advertised as the largest government reorganization in fifty years), aggregating numerous agencies that had very distinct and difference missions. It will be equally interesting to watch how the legislation is amended by a favorably disposed Congress (which still wishes to maintain its own set of oversights), and subsequently to watch the new Department's performance, especially since it is widely suspected that the new Department is underfunded. To return to the main point, however, is seems that corruption is more likely in relatively large *and* unmonitored organizations.

In terms of principal-agents theory, we earlier posited that most of the corruption apparently originated with the principal, that in the case of political corruption, "the onus seems more on the political leadership or appointed administration…, and less on the actions of the 'agents.'" (deLeon and Green, 2001: 635) The materials covered above, as well as evidence regarding the Italian political system (della Porta and Vannucci, 2002; Rhodes, 1997; and Golden, 2000), suggests that political corruption is likely to occur at all levels of government (national, state/province, and municipal), even if the national incidents receive the most attention. Still, we propose that our proposition holds *if* we amend our definition of "principal." In the case of Germany, while we found corrupt actions coming out of the Chancellor's office (both as Chancellor and as the Chair of the CDU), there is little evidence that the Chancellor was instructing state and municipal leaders to act in corrupt manners *as his agents*; in other words, there was no evidence of central coordination. What one might have was a series of decentralized principal-agent relationships with, again, the principals appearing to be more culpable.

Certainly a constant redefinition of principal and agent will result in little more than semantic frustration and ultimate confusion. For example: in the case of Travelgate, was President (or First Lady) Clinton the "principal", or was their nominal "agent", Larry Watkins, the *de facto* "principal" while the Clintons were simply sympathetic bystanders? Or, in the Iran-*contra* affair: was President Reagan the "principal"; if so, he was certainly not the direct source of any orders to Rear Admiral Poindexter or Col. Oliver North. The point, while surely messy, is crucial: if a principal-agent theory to be useful in regards to understanding political corruption, it is necessary to explicate more precisely exactly what is a “principal,” an “agent,” and the means by which those relationships can be altered.

Again, the observed “decentralization of corruption” does not negate NPM insistence on decentralized government. Kaufman’s forest ranger (1960) is a classic example of the benefits that can occur in widely disperse units. Rather, what NMP must do is develop a set of programs so principals at all levels are aware of that corrupt activities will have a negative effect on (i.e., increase) their own transaction costs. Which suggests not only a more aggressive accounting system, but a more complete one as well, that is, a system whose calculus includes both expensive Italian shoes and the assured self-destruction of a prized career in a nation’s administration. Even then, however, as utility theorists have endlessly pointed out, each person has a personal and peculiar utility function. Chancellor Kohl knowingly and consciously suffered national disgrace to protect the identities of the CDU contributors, whereas Dumas was willing to name other participants in *Elf*’s “cash cow” activities, whereas Poindexter and North were clearly willing to “fall on their swords” to protect the President (see “Charlemange,” 2003).

We earlier posited that “transparency” was only half the struggle in any managerial system. Information theorists, at least since Roberta Wohlstetter (1962), have stressed that the other important half of a message is that responsible officials need to recognize the pertinent information being transmitted and act upon it. One of the constant refrains during the Congressional investigations over the Reagan Administration HUD scandals was that nobody in authority seems to have understood the HUD Inspector-General’s reports that outlined Secretary Pierce’s improprieties (see deLeon, 1983). Dumas (admittedly not a disinterred party) indicated that many people knew about *Elf* bribes (even being willing to bribe for another firm!), but nobody acted upon it until at least a decade after the fact. The seeming nonchalance in terms of the French citizenry towards corruption is widely noted. *The Economist* has suggested that “It is easy to blame the lack of accountability in a culture whose reflex is to conceal rather than reveal” (Anonymous, 2000: 54). We may recall Pujas and Rhodes’ (2002: 745) reference to France as an example in “political hypocrisy.”

There are, to be sure, alternative versions to explanations besides a cultural indifference towards corruption. Polls in Italy and France have both shown a willingness to implement limitations and full disclosure in terms of campaign financing; polls have suggested similar findings in the US. More practically, the political devolution in these nations expands the number of people who can now readily see their own opportunities for special opportunities, many legal, a few less so. Moreover, modern political campaigns require greater resources (e.g., advertisements on television), a telling argument when so much of Italian and French political life is based upon the patronage

system and its immediate benefits. In the case of Italy, della Porta and Vannucc mince few words:

> The influence of the parties in areas beyond the public administration--from banks and newspapers--has led to an occupation of civil society, further lowing the defences against corruption and mismanagement. The political parties have occupied civil society not in order to realize long-term political programs but to facilitate the extraction of a parasitic rent. (della Porta and Vannucci, 2002: 732)

If this argument has some validity, then the issue of how the political parties (and, concomitantly, campaign financing) are factored into the equation of reducing political corruption becomes essential. The recent debate over campaign financing reform (the McCain-Feingold Bill) in the US Congress underscores the complexity of this issue, probably across a variety of nations.

NPM proponents make a case for a competitive governments, with the understanding that where politics follows markets (in terms of competition), monopolies are precluded, "prices" are reduced, and, overall, transaction costs are lowered. While we are in general agreement with this hypothesis, we need to indicate at least one crucial reservation. The Italian party system has indeed become more decentralized since the days of the Italian Christian Democrat dominance, but the move to a more competitive party system has resulted in party oligopolies, or what della Porta and Vannucci (2002: 792) refer to as a "consociational equilibrium." Under such a regime, patronage is proportionally dispensed as a risk minimization technique rather than a democratic function of voters cast per party. Such behavioral certainly warrants additional examination.

These observations lead us to at least one "big question," namely, the apparent necessity for the highly efficient (and hopefully effective) NPM system to enhance its applicability by incorporating an infusion of what many have termed "new institutionalism" (see March and Olson, 1989) into the corruption equation. As we noted above, institutions (and, in the aggregate, the body politic) can assume a life of their own, one which might not be conducive to an NPM set of protocols. For instance, it is easily apparent that, under present circumstances, New Zealand (through its Ministry of the Treasury) is far more conducive to NPM than France or Italy. In short, NPM cannot rely on the assumption that all polities have a similar political, social, or even economic outlook.

We proposed above that the NPM was basically even handed to the issue of a political ideology, i.e., it would be similarly "efficient" under democratic or authoritarian regimes. Our present research does not permit us to comment on this proposition. Simply, all the polities in our sample are (to greater or less degrees) functioning democracies. We therefore lack the necessary ideological variances necessary to comment on this issue. Still, there is an ethical component to all governmental systems. We observe that NPM is largely predicated on the underlying assumption of economic efficiency and we have seen numerous cases in which officials have opted for high ethical standards that effectively undercut (at least short-term) efficiencies. Robert Gregory, writing from the perspective of the highly successful New Zealand NPM experience, generalizes, "Economistic (*sic.*) approaches tend to deny the validity of public interest, but if administrative reforms jeopardize the maintenance of high ethical standards, then it is up to the [NPM] reformers to explain why any such decline ought to be a matter of public indifference" (Gregory, 1999: 67).

This observation brings us (albeit a bit indirectly) to a second big NPM question: given that NPM is results-drive and measured, what does it have to say about the means adopted to reach those ends? Which is another way of saying that NPM cannot assume a neutral position on matters pertaining to means; were the means chosen by Chancellor Kohl to protect the CDU acceptable under the German system of government? One suspects not, given the covert nature of the "slush fund" arrangement. Accountability makes a pivotal difference here but the issue is too critical to be left unspecified.

There are several obvious and important ways in which a serious NPM process could reduce political corruption. An accurate and credible accounting system -- i.e., transparency -- would surely have prevented Chancellor Kohl from establishing a series of CDU secret accounts. But we need, finally, to suggest that the people who engage in political corruption are neither inherently stupid nor powerless; Kohl and Dumas – to say nothing of the bankers who lead the US into the Savings and Loan scandals of the 1980 and the accountants who "cooked" Enron's books -- were both sophisticated political analysts and practitioners. Agents and even principals can almost always find ready ways around rules, especially when their own careers are seemingly at risk. This raises again the question of political ethics, an area that public administration scholars keep returning to (e.g., Frederickson, 1999), but the NPM has only addressed in an indirect manner.

This intent of this article was less intended to understand every nook and cranny concerning political corruption, and more to appreciate the specific tools that NPM could bring to the struggle to alleviate the incidence of corruption. In this case, it should be clear to all that the general theoretic underpinnings of NPM as well as the programmatic approaches do have a great deal to offer, strengths that we have underplayed. Rather, we have chosen to stress NPM's shortcomings as a means not to undermine NPM but to offer constructive criticism. This essay, then, is not so much an exercise in the on-going "war on corruption" per se but as a means of moving NPM towards a more comprehensive approach to public affairs in general and political corruption in particular.

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NOTES

[1] In 1997, the Eighth International Anti-Corruption Conference, sponsored by TI, produced the Lima Declaration that pledged an international, multinational effort to eliminate political corruption.

[2] Berlusconi's deprivations were heart-felt, as he complained that, "it's a great sacrifice to do what I'm doing... I have a sailboard, but in two years, I've only been on it one day. And I haven't been to my house in Bermuda for two or three years. And the same goes for my house in Portofino." (quoted in Bruni, 2003b: A3).

[3] A recent check of the World Wide Web using the Googol search engine, keyed on the phrase "political corruption" resulted in over 667,000 entries. In comparison, Googol only registered 183,000 entries when queried on the phrase "erotic literature."

[4] Many, including deLeon (1993) and Johnston (1982) have already disputed this explanation.

[5] Indeed, Peters and Welch (1978) subtitled their article on political corruption, "If Political Corruption Is in the Mainstream of American Politics, Why Is It Not in the Mainstream of American Political Research?"

[6] The *Source Book* published by Transparency International (1999), especially Chapter 3, makes this point with some clarity.

[7] This "defense" coincides closely with that offered by the late US Senator Alan Cranston (D-CA), who, in defending his behavior with Charles Keating during the Savings and Loan debacle in the 1980s stated on the floor of the Senate that he was being "singled out" and that all Senators were in jeopardy because "…everybody does it: "How many of you could rise and declare you've never, ever helped -- or agreed to help -- a contributor close in time to the solicitation or receipt of a contribution? I don't believe any of you could say 'never'" (deLeon, 1993: 158).

[8] This, of course, only transferred the players in the principal-agents relationship, from the managerial "principal" to the "principal" of the union boss; the "agent" remained unchanged.

[9] Regarding mistresses and the body politic: The British tabloid *The Sun* quoted French political commentator Francois Froment-Meurice as saying, "France is a kind of a monarchy. It is natural for the king to have his mistresses around, living in the palaces of the republic." Another commentator added: "Nobody cares. We are French. Everybody has affairs. We'd be more worried if our president didn't" (Anonymous 2001a). Jeffries (2001) addresses another area of Gallic indifference, income tax. He cites a 1996 report that estimated that the cost of French tax evasion is equal to two-thirds of the income tax revenue, and that between one-third and one-half of the population pays no income tax.

[10] The present trial of Chirac's aide and former Prime Minister Alain Juppe (and 27 accomplices) indicates that the incidents are far from forgotten (Tagliabue, 2003: A8).

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