Corruption as a Last Resort

McMann, Kelly M.

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“I do not like to give bribes,” Marzhan, a villager in Kazakhstan, said to me. She was explaining why she avoids seeking assistance from government officials. Instead, when she needs money, credit, or employment, she relies on her uncle Kanat, a successful private farmer. Her experience illustrates a fundamental point about corruption: individuals contemplate alternatives before deciding to engage in corrupt behaviors. Government officials’ demands, ineffective laws, cultural norms, or economic needs do not automatically propel ordinary citizens into illicit exchanges with officials, as studies of corruption have implied. Rather, citizens consider whether relatives, groups in society, the market, or formal government programs can provide them with the resources they need.

From this insight about alternatives to corruption, this book makes two arguments about its causes. First, when essential goods and services are not available from alternative sources, individuals engage in corrupt behaviors to try to acquire what they need from government officials. Second, market reform—policies to decrease state economic intervention—can limit these alternatives and thus encourage corruption. The first argument reveals the absence of alternative goods and services as a cause of corruption, and the second argument offers an explanation for why the absence exists. Together, the arguments constitute an “absence-of-alternatives framework” for studying corruption.

1. Marzhan and Kanat are pseudonyms used in order to protect the individuals’ privacy. Their comments and descriptions of their experiences appear throughout the book. Other ordinary Central Asians who appear multiple times in the book also have pseudonyms. I refer to others by their positions or other descriptors. Author’s interview (#161), Kazakhstan, July 22, 2001.
The corruption this book examines is petty corruption—ordinary citizens’ use of bribes, personal connections, and promises of political support to try to secure small quantities of goods or services from low-level government officials. My focus on petty corruption is a departure from existing studies, most of which examine grand corruption, or illicit exchanges of large quantities of goods and services between high-ranking officials and businesspeople. Although the book examines petty corruption, its arguments are also relevant to grand corruption. Through the absence-of-alternatives framework, this book provides a new way to understand, and ultimately reduce, both types of corruption.

**The Absence-of-Alternatives Framework**

The absence-of-alternatives framework emphasizes that citizens’ decisions about whether or not to offer bribes and favors to government officials are as important as officials’ calculations about whether to demand them. Existing theories of corruption have focused on government officials’ incentives and capacity, overlooking citizens—the other half of corrupt exchanges. The absence-of-alternatives approach also highlights the importance of family, societal, and market resources—not simply state resources—in citizens’ decisions. Earlier theories have examined the availability of state resources for corruption but ignored the fact that, from a citizen’s perspective, the value of goods and services from the state depends, in part, on the possibility of obtaining them from other sources.

An additional advantage of the absence-of-alternatives framework is its ability to solve two puzzles concerning corruption. The book’s first argument provides an answer to a puzzle neglected by prior studies of corruption: why do some individuals in countries where corruption is rampant rarely or never engage in illicit exchanges? It demonstrates that some individuals within a country have greater access than others to alternative resources, and this enables them to avoid corruption. The first argument also accounts for variation in corruption across countries—the puzzle that corruption studies typically tackle. Specifically, in countries where alternative sources of essential goods and services are more limited, corruption is more common.

Under what conditions are alternative resources scarce? While numerous factors may contribute to this scarcity, a leading cause in many countries is market reform; this is the book’s second argument. Market reform can undermine the ability of markets, societal groups, and families to provide essential goods and services when two conditions are present: (1) states have previously exerted significant economic control, and (2) reforms have failed to create institutions to strengthen markets, such as credit registries, judicial systems, and
antimonopoly policies. When market reforms are introduced under these two conditions, market actors and societal groups start from scratch with few resources and limited opportunities to increase them. At the same time, market reform reduces many families’ resources: price liberalization results in higher prices that drain families’ savings, and economic restructuring closes or downsizes inefficient enterprises that once employed family members. Under this set of circumstances, essential goods and services are not readily available from markets, societal actors, and extended family. Simultaneously, market reform, regardless of the two conditions, eliminates formal government programs, so the state provides fewer needed goods and services. Unable to readily obtain essential goods and services from markets, societal actors, extended family, or formal government programs, most citizens try to acquire them illicitly from government officials. Yet some individuals have relatives who have benefited from market reform, so they can rely on assistance from kin and avoid corruption. Market reform under the two conditions accounts for both resource scarcity in a country and some individuals’ greater access to those resources that do exist.

These circumstances have existed in many countries of the world. The two conditions, a legacy of significant state economic intervention and weak or absent market-enhancing institutions, were very common as market reform spread around the world in the late twentieth century. The socialist, and to a lesser extent the state-led capitalist development, programs of the mid-twentieth century resulted in states with substantial control of their economies. And the version of market reform championed in the 1980s and 1990s emphasized the reduction of states’ economic roles rather than the creation of support institutions to ensure market competition. Individuals in such settings are often unable to obtain the goods and services they need either through the state or from private actors. In these circumstances, they turn to corruption—it is their last resort.

By trading bribes or favors for essential resources, individuals can survive trying economic circumstances, but these illicit exchanges can also be harmful to society. These behaviors can reduce government legitimacy and effectiveness and increase economic inequality and inefficiency. Although these exchanges constitute “petty” corruption because they involve small amounts of goods and services, they are not inconsequential.

From the absence-of-alternatives approach it follows that a reduction in petty corruption requires attention to citizens, rather than just to government officials. Anticorruption strategies commonly call for a reduction in the resources available to government officials, a decrease in their discretion, and an increase in their accountability, but these approaches do not address citizens’ incentives to engage in corruption. Ordinary citizens must be able to acquire essential
resources through means other than illicit exchanges with government officials. Substitute resources have to be available from the market, groups in society, and extended family in order to stem corruption.

Existing Approach: The State as the Cause of Corruption

To underscore the novelty of this book’s arguments, consider how corruption and its relationship to market reform have been understood to date. A large portion of corruption studies has concentrated on how characteristics of the state can enable government officials to engage in corruption.\(^2\) This body of work is valuable because it has illuminated the government side of corrupt exchanges, even though it has neglected the citizen side.\(^3\) Studies have found that an overbearing state, one with myriad responsibilities, provides officials with many opportunities to dole out government resources for personal gain.\(^4\) Works have also documented that a state with weak capacity cannot constrain officials from distributing resources in return for bribes and favors.\(^5\)

Policymakers and scholars saw market reform first as an antidote to an overbearing state and then as a cause of weak state capacity. As the economies of over-

\(^2\) Besides the two institutional theories examined here, there are two others—those that focus on democratic institutions and those that examine decentralization. Subsequent chapters examine them as well as economic and cultural theories of corruption.


bearing states failed to meet growth expectations, market reform became the standard solution. Overbearing states had developed in the twentieth century in many regions, including Africa, Asia, the Middle East, the Eastern bloc, and Latin America. Some overbearing states had their roots in colonial policies of granting governments broad powers and developing expansive civil services. Later in the twentieth century many countries adopted socialist and state-led capitalist development programs that further increased state responsibilities. In the 1980s, market reform began to spread to most regions of the world, largely through training of these countries’ economists in Western universities and through programs of international lending institutions such as the World Bank and the International Monetary Fund. The market reforms that countries adopted were not identical, but they share enough similarities to make them a useful concept for my purposes. Market reforms were consistently characterized by withdrawals of states from their economies and the implementation of some or all of the following policies: privatization of state property, deregulation of industries, liberalization of trade, reduction of welfare expenditures, and increases in labor market flexibility. The reforms were meant to generate economic growth, in part, by reducing political corruption. The thinking was that a cutback in states’ responsibilities and resources would reduce opportunities for government officials to exchange state goods and services, such as contracts and licenses, for bribes, favors, and political support. States would simply not be involved in these activities, and economies would instead be driven by market competition.

In practice, however, because implementing market reforms was itself an additional responsibility for government officials, it could promote corruption. Research has shown that market reform initiatives generated new opportunities for government officials to exchange state goods and services for personal benefits. Privatization enabled government officials to receive bribes in exchange for access to property sales and price reductions. Officials also provided this access to members of their ethnic groups and particular individuals in society in order to maintain their political support. Government efforts to liberalize foreign


8. In other words, this is the maintenance of ethnic and clientelist networks. See, for example, Leslie Holmes, Rotten States? Corruption, Post-Communism, and Neoliberalism (Durham, NC: Duke University Press, 2006), 189–90, 200; Rose-Ackerman, Corruption and Government, 35–38; Yan Sun,
trade and to permit private credit-lending enabled officials to illicitly sell licenses.\textsuperscript{9} Government officials also could profit from business people’s attempts to shape the new legislation that market reform required.\textsuperscript{10}

Studies have demonstrated that market reform can also weaken state capacity to prevent and combat corruption.\textsuperscript{11} Market reform focused on downsizing the state and overlooked the importance of developing regulatory institutions, such as legal frameworks and independent judiciaries, for emerging markets. Research has shown that government officials had new responsibilities to promote market reform, but not the regulatory institutions to constrain themselves. By scaling back the state, market reform could also weaken state capacity overall,\textsuperscript{12} contributing to, among other problems, contradictory laws, ineffective law enforcement, powerless judiciaries, poor tax collection, and inadequate welfare provision, each of which further encouraged corruption.\textsuperscript{13} Scholars now argue that creating regulatory institutions prior to market reform can prevent the growth of corruption.\textsuperscript{14} In practice, however, these regulatory institutions were not established in advance of reform. Moreover, some people still advocate fighting corruption primarily by downsizing states.\textsuperscript{15}

Scholarship that focuses on state strength has provided a useful yet partial explanation for corruption. In describing government officials’ incentives and


\textsuperscript{10} This lobbying has been labeled “state capture,” and it has generated numerous studies. For an overview, see Joel S. Hellman and Daniel Kaufman, “The Inequality of Influence,” in \textit{Building a Trustworthy State in Post-Socialist Transition}, ed. János Kornai and Susan Rose-Ackerman (New York: Palgrave Macmillan, 2004), 100–118, here 100.


\textsuperscript{13} According to this line of thought, the motivation for government officials and citizens to engage in illicit acts may be not only to take advantage of, but also to compensate for, weak state capacity. Ledeneva, \textit{How Russia Really Works}, 24–25.


\textsuperscript{15} For example, Anders Åslund writes that after privatization, “The next step [to combating corruption in the former Eastern bloc] is to deprive the state apparatus of material resources by cutting public expenditures.” Anders Åslund, \textit{How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, and Central Asia} (Cambridge: Cambridge University Press, 2007), 252.
resources, it overlooks citizens’ incentives and resources. Yet, corruption involves two parties: a state actor and a private actor. This book examines why individual citizens decide to engage in corruption.

**Lessons from Central Asia, Implications for the World**

To illustrate how individuals consider alternatives to corruption and how market reform affects those alternatives, I begin with an analysis of Central Asia and then extend the investigation to other regions of the world. Central Asia presents a critical case for the argument because it includes countries where, according to some observers, alternative sources of support might be expected to exist despite the implementation of market reform. The proliferation of Islamic organizations and secular charities in many Central Asian countries since independence has suggested to some region-watchers that citizens could turn to these organizations and charities for assistance instead of to the state. Especially in countries where the states’ economic roles have shrunk as a result of market reform, these groups could be critical to citizens’ economic survival. However, data I have collected in the region demonstrate that Islamic institutions and secular charities do not provide the type and scope of assistance citizens need. Instead, people use bribes, personal connections, and promises of political support to try to obtain help from government officials, especially when relatives cannot assist them. The nearly twenty years of evidence from the region also emphasizes the staying power of corruption: citizens continue to engage in illicit practices because alternatives remain limited.

Within Central Asia, I focus on Kazakhstan and Kyrgyzstan and draw a contrast with Uzbekistan. Since emerging as independent countries from the Soviet Union in 1991, the governments of Kazakhstan and Kyrgyzstan have undertaken market reform, but the government of Uzbekistan has not. The governments of Kazakhstan and Kyrgyzstan have privatized small firms, land, and pensions; deregulated wages; and “liberalized” or reduced restrictions on the conversion of currency, trade, and the movement of interest rates and prices.¹⁶ In Uzbekistan, by contrast, “the government continues to rule out fundamental market-oriented reform.”¹⁷ In fact, according to one regional expert, “Uzbekistan’s economic

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reform program has been distinguished by the effort to retain the state as the key actor and manager in the Uzbekistan economy.” Details about Kazakhstan’s and Kyrgyzstan’s market reforms and Uzbekistan’s lack of them appear in chapter four.

While the causal factor, market reform, exists only in Kazakhstan and Kyrgyzstan, the two conditions—a legacy of significant state economic intervention and weak or absent market-enhancing institutions—are present in all three countries, as indicated in Table 1.1. As former Soviet republics, each country experienced substantial state economic intervention. The Soviet party-state owned the means of production, distributed capital, set prices, directed labor, and produced goods and services. Since the countries have become independent, none of the three governments has created effective institutions to strengthen markets.

As the argument predicts and the later evidence shows, citizens in Kazakhstan and Kyrgyzstan are more likely than their counterparts in Uzbekistan to compete for state goods and services to meet their basic needs, and this competition is characterized by bribery, favoritism, and clientelism. Individuals in Uzbekistan have typically received basic state provisions without competing. This finding does not mean that corruption does not exist in Uzbekistan, but simply that corruption to meet everyday needs has been less common in Uzbekistan, where market reform has not been implemented. Nor should the reader conclude that Kazakhstan and Kyrgyzstan were free of corruption in the Soviet era. Corruption did exist in the Soviet era, but market reform reshaped who engages in illicit practices and why. These independence-era economic policies have had a more significant effect than Soviet experiences have had on citizens’ decisions about whether to engage in corruption to meet basic needs.

19. Clientelism is “the proffering of material goods in return for electoral support, where the criterion of distribution that the patron uses is simply: did you (will you) support me?” Susan C. Stokes, “Political Clientelism,” in *The Oxford Handbook of Comparative Politics*, ed. Carles Boix and Susan C. Stokes (New York: Oxford University Press, 2007), 604–27.
Examining Kazakhstan, Kyrgyzstan, and Uzbekistan also makes my finding more generalizable. Although they are both market reformers, Kazakhstan and Kyrgyzstan are in many other ways quite different. As the information in Table 1.2 indicates, Kazakhstan is considerably wealthier, more urbanized, and richer in natural resources than Kyrgyzstan. It is also larger and more populous. Uzbekistan, not a market reformer, falls in-between Kazakhstan and Kyrgyzstan on many of these socioeconomic measures. The exceptions are urbanization, wealth, and population size. The percentage of Uzbekistan’s population living in urban areas is nearly identical to that of Kyrgyzstan, as noted in Table 1.2. Poverty figures for Uzbekistan and Kyrgyzstan are similar, and both countries are considerably poorer than Kazakhstan. Uzbekistan’s population is larger than Kazakhstan’s and Kyrgyzstan’s.

To examine the effect of the two conditions, I extend the analysis beyond Central Asia. Statistical analysis of economic and political data from ninety-two countries around the world allows me to explore the importance of historical state economic intervention and institutions that strengthen markets. Whereas the set of Central Asian countries provides variation only in terms of market reform, the group of ninety-two countries provides variation on these two conditions as well, thus enabling closer consideration of them. This analysis offers support for the argument; it suggests that countries with weaker legacies of state economic intervention and more effective institutions to strengthen markets have less corruption.

**Conceptualization, Measurement, and Data**

What constitutes corruption has generated considerable scholarly debate. I have opted to follow the lead of ordinary Central Asians in describing as corruption the use of irregular payments, personal connections, and promises of political
### TABLE 1.2. Socioeconomic characteristics

<table>
<thead>
<tr>
<th></th>
<th>MARKET REFORMERS</th>
<th></th>
<th>NONMARKET REFORMER</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KAZAKHSTAN</td>
<td>KYRGYZSTAN</td>
<td>UZBEKISTAN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP (nominal per capita, USD)</td>
<td>2,068</td>
<td>11,935</td>
<td>381</td>
<td>1,160</td>
<td>396</td>
</tr>
<tr>
<td>Percentage of the population living on less than 2 USD per day</td>
<td>22&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1&lt;sup&gt;a&lt;/sup&gt;</td>
<td>67&lt;sup&gt;a&lt;/sup&gt;</td>
<td>22&lt;sup&gt;a&lt;/sup&gt;</td>
<td>76&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Urban population (percentage of total population)</td>
<td>55</td>
<td>54</td>
<td>35</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Energy production (thousand tons of oil equivalent)</td>
<td>101,918</td>
<td>160,148&lt;sup&gt;b&lt;/sup&gt;</td>
<td>1,290</td>
<td>1,620&lt;sup&gt;b&lt;/sup&gt;</td>
<td>56,416</td>
</tr>
<tr>
<td>Territory (square kilometers)</td>
<td>2,724,900</td>
<td>2,724,900&lt;sup&gt;c&lt;/sup&gt;</td>
<td>199,950</td>
<td>199,949&lt;sup&gt;c&lt;/sup&gt;</td>
<td>447,400</td>
</tr>
<tr>
<td>Population (number of people)</td>
<td>14,909,019</td>
<td>16,797,459</td>
<td>5,043,300</td>
<td>5,582,100</td>
<td>25,567,650</td>
</tr>
</tbody>
</table>

Source: All data are from World Bank, “World Databank,” http://databank.worldbank.org/ddp/home.do (accessed November 2013), unless otherwise noted. Data are provided for the most recent year and for the time period I conducted surveys.

<sup>a</sup> This statistic is called the “Poverty headcount ratio at $2 per day,” and it is expressed in U.S. dollars at 2005 international prices. Poverty statistics are from 2002 and 2009; 2009 is the most recent year for which data are available for Kazakhstan and Kyrgyzstan. The latest year for Uzbekistan is 2003. The statistic is not available for Kyrgyzstan in 2003. The 2002 figure for Uzbekistan is only one percentage point lower than the 2003 number. The statistic for Uzbekistan was accessed from the database in 2011. Poverty statistics no longer appear in the online Databank for Uzbekistan. A comparable statistic, 71.7 percent for 2000, appears in a spreadsheet titled “WDI Uzbekistan,” provided by the World Bank and available from the author.

<sup>b</sup> The latest energy production data are from 2011. According to the World Bank, “Energy production refers to forms of primary energy—petroleum (crude oil, natural gas liquids, and oil from nonconventional sources), natural gas, solid fuels (coal, lignite, and other derived fuels), and combusting renewables and waste—and primary electricity, all converted into oil equivalents.”

<sup>c</sup> The latest territory data are from 2011.
support to try to obtain goods and services from government officials. Adhering to local interpretations underscores that my use of the label “corruption” does not represent a normative critique of these societies, but merely a line of inquiry. Also, local citizens’ interpretations of what is corrupt is preferable to legal definitions, which may not exist in new or developing states, and international norms, which may conflict with local ones. Interestingly, these Central Asians’ conceptualizations of what constitutes corruption do, in fact, resemble those in much of the scholarly literature and international development community.

Petty corruption, the focus of this book, is especially interesting to study because of the ubiquity of market reform policies in the late twentieth and early twenty-first centuries. A key aspect of market reform is the reduction of citizens’ reliance on the state, yet existing studies have not investigated reform’s effect on individuals’ relationships with government officials, as this book does.

This book also departs from earlier work by examining a variety of informal techniques. Many studies focus exclusively on bribes, personal connections, or selling electoral support. Studying a variety of techniques is important to understanding the citizen side of corrupt exchanges. Government officials’ positions may enable them to engage in only one or two types of corruption. For example, only elected officials and their subordinates can trade goods and

21. I opted to use the standard term petty corruption, even though it falsely implies that the corruption is insignificant, because it more readily relates my argument and findings to existing work than a new term would.

22. Studies have provided insights into how market reform has reshaped groups’ interactions with the state.


services for votes. By contrast, if needed goods and services are available from different types of government officials, citizens can use a range of techniques. As chapter three describes, an individual’s economic position, as well as the characteristics of the government official, influences the choice of technique. To understand citizens’ calculations, I thus examine a variety of forms of corruption. I do not, however, study citizens’ use of informal techniques where they are not trying to meet everyday needs, such as when they pay bribes to traffic officers who have pulled them over. In addition, I exclude corruption that does not involve government officials, such as bribing to enter a private university.

Regardless of how the phenomenon is defined, a key challenge in studying political corruption is that individuals may not want to admit that they have engaged in such practices, which they and their peers consider illegal, unethical, or socially unacceptable. Individuals may also be wary of revealing such behavior if they perceive that the researcher disapproves of it.

Confronting these problems, most scholars either rely on media, police forces, and judiciaries to document incidents of political corruption or they use existing survey data sets.\(^\text{26}\) Many data sets claim to be measuring people’s experiences with corruption but actually ask respondents to report on the experiences of people like them in reality or hypothetically. In other cases, the respondents are experts asked to evaluate corruption in a country. Their judgments are also perceptions of corruption.

A smaller number of scholars generate new data,\(^\text{27}\) most of which originates from indirect measures of political corruption. For example, an approach to understanding clientelism is to ask respondents from which political parties they received goods and for whom they voted.\(^\text{28}\) Another approach, common among economists, is to estimate levels of corruption by calculating differences between


28. See, for example, Stokes, “Perverse Accountability.”
funds designated for and actually spent on public goods and services or between bureaucrats’ incomes and consumption. Anthropologists do gather direct evidence. Their approach has been to collect a small number of accounts of political corruption from participants by living with them for extended periods. However, these ethnographies of corruption are not common, in part because anthropologists have been reluctant to study corruption; they began to do so only in the mid-1990s. Moreover, anthropologists have examined discourses and representations of everyday corruption, not causes.

Unlike the many studies that rely exclusively on indirect measures of corruption, this book also includes direct measures, and, by combining the two, illuminates both the extent and character of petty corruption. In research spanning 1994 to 2013, I conducted mass surveys, observational studies, and in-depth interviews, and I analyzed existing economic and corruption data sets and news reports. The observational studies and in-depth interviews provide direct evidence of corruption, whereas the other research offers indirect evidence.

The surveys were administered in Kazakhstan, Kyrgyzstan, and Uzbekistan in November and December 2003. They were conducted in Kazakh, Kyrgyz, Russian, or Uzbek as face-to-face interviews lasting approximately an hour. In each country the mass survey questionnaire was administered to 1,500 individuals ages eighteen and older.

Consistent with many earlier studies, my survey questions asked respondents indirectly about corruption; respondents were not asked to reveal their own corrupt practices. Instead they described from whom they sought assistance and

29. For a review of these studies, see Olken and Pande, “Corruption in Developing Countries.”
33. The sample for the mass survey in each country was a multistage stratified probability sample of the country. In each country, macroregions were defined—fourteen for Kazakhstan, eight for Kyrgyzstan, and fourteen for Uzbekistan, including the capital cities as macroregions. Strata were distributed among the macroregions based on each macroregion’s proportion of the total population. Primary sampling units (PSUs) were administrative districts. PSUs were selected randomly using probability proportional to size. Within each PSU, households were randomly selected. One respondent was randomly chosen from each household. If a potential respondent declined to participate, another was selected randomly from the PSU. The estimated response rate in the three countries ranged from 60 percent to 80 percent. Pauline Jones Luong and I shared space on the questionnaire, including questions for our different projects. BRIF, a research and marketing firm in Almaty, Kazakhstan, administered the survey.
characterized citizen–government interactions, such as citizen competition for state resources. These indirect questions provide more valid answers than direct questions would. Survey respondents are more likely to answer indirect questions honestly because they are not reporting on their own behavior nor is there a stigma attached to these behaviors. At the same time, the concept of competing to possess state resources encompasses the behaviors of interest in this study: ordinary citizens’ use of bribes, personal connections, and promises of political support to try to secure goods or services from government officials.

Survey respondents spoke openly about seeking assistance and about interactions between citizens and officials. At the time of the survey, Uzbekistanis were more reluctant than Kazakhstaniis and Kyrgyzstaniis to publicly discuss one topic—Islamic institutions not approved by the state. This wariness was due to the brutal persecution of these organizations by the government of Uzbekistan. To reduce the apprehension of respondents in Uzbekistan, a question asking those who indicated that they had sought assistance from religious institutions whether these institutions were approved by the state was dropped from the questionnaire. It was evident from the survey pretest and interviewers’ assessments that Uzbekistanis were otherwise willing to speak frankly and did not fear describing competition for state resources.

The survey data reveal differences among countries in terms of the frequency with which people seek government assistance and the nature of interactions between citizens and government officials generally. The data also reveal differences in the goods and services sought from government officials across countries. Differences across individuals—members of various ethnic groups, rural versus urban dwellers, and the employed and unemployed—are also evident. These differences provide support for the argument that market reform with a legacy of significant state economic intervention and absent or weak market-enhancing institutions promotes corruption.

Direct evidence of corruption came from the nine observational studies and 266 in-depth interviews that I conducted from 1994 to 2009 in Kazakhstan and Kyrgyzstan. Because these countries are the market reformers in the study and the argument examines market reform’s effect, it was important to collect more in-depth information in these countries. For the observational studies, I lived for extended periods of time with local families, taking note of their interactions with relatives, market actors, societal groups, and government officials. I interviewed average citizens; village, district, provincial, and national government officials; and market and societal actors who may have provided substitutes for state services. These market and societal actors included bankers, heads of private employment agencies, directors of university placement offices, religious leaders, representatives of local and foreign charities, heads of professional
associations, and wealthy businesspeople. I used Kazakh, Kyrgyz, and Uzbek for introductions and culture-specific words, but mostly conversed with people in Russian. Because of Soviet education policies, peoples of all ethnic backgrounds and social statuses are comfortable speaking Russian. In fact, elites, such as government officials, were often more comfortable speaking Russian.

The observational studies and interviews took place in rural and urban areas of northern, central, and southern Kazakhstan and Kyrgyzstan. I worked in households and communities where I had ties so that I could discuss the sensitive topics of corruption with members of the household and their networks. I did this first by making connections with different households and communities in the mid-1990s during the course of research for another project. I then returned to these households and locations and added a few new ones with the assistance of old acquaintances who could vouch for me. It would not have been helpful to have randomly selected households, since the purpose of this portion of the investigation was to prepare the survey questionnaire and then to elaborate on the survey data, which were representative of the population. I also did not randomly select market actors, societal groups, or government officials, but instead interviewed those to whom members of households reported turning for assistance or to whom they could potentially turn for assistance.

Interviews began with questions about everyday problems that people faced and where they turned for assistance. Ordinary citizens provided firsthand accounts; market and societal actors and government officials described problems that people approached them about and whether and how they could solve them. Many interviewees brought up the subject of corruption in response to these questions. Otherwise, near the end of the interview, I posed specific questions about corruption, but ones that did not implicate the interviewee. For example, of a credit lender I would ask to what extent applicants for loans believed they needed to offer a bribe or have a personal connection in order to obtain credit. These questions typically initiated extended discussions of corruption. Based on this information, I describe different forms of corruption, the government officials targeted by citizens for corrupt exchanges, and the resources available to government officials to use in these exchanges. When I found inconsistencies in different people’s accounts, I continued to conduct interviews to clear up the discrepancies. Consistent evidence on a topic enables me to make generalizations, which I illustrate with accounts from specific interviews.

Of the interviewees, government officials were most likely to provide firsthand accounts of engaging in corrupt exchanges. Typically, the officials viewed practices like taking bribes or buying votes as so commonplace that they were not embarrassed to reveal their involvement, or they were officials whom I knew well. Average citizens were more likely to describe how friends and acquaintances
had used bribes, personal connections, and promises of political support to try to obtain benefits from government officials. However, people I knew well provided firsthand accounts of decisions about corruption. Moreover, in the households where I lived I directly witnessed some decision making. Journalists I interviewed also described specific illicit exchanges that they had uncovered. In presenting the information from these interviews and observations, I do not include details that would make it possible to identify individuals. In order to save space, I provide background information for each interviewee, but I footnote only direct quotations.

Finally, socioeconomic data and news reports, from 1994 to 2013, were helpful to the project. Sources of socioeconomic data include the national statistical agencies of the countries and international organizations such as the World Bank. From print and online media outlets, I found useful news articles.

Together the mass surveys, observational studies, in-depth interviews, existing economic, political, demographic, and corruption data sets, and news and historical reports provide support for the argument that market reform promotes petty corruption. This is clear from Table 1.3, where the types of evidence used to support each point of the argument are documented.

In addition to the analytical leverage they provide, the data collected here substantially increase our knowledge of the world, especially Central Asia. Unlike most prior works on corruption, this book draws primarily on original data, including in-depth interviews from rural areas—a large segment of developing countries—which most studies do not include. The breadth of research allows the book to answer questions often overlooked by corruption studies: Which goods and services do people seek and why? Which government officials do they target and why? From where do the officials obtain the resources to exchange? The survey data I collected are unusual for the region in that they are both nationwide and comparable across multiple countries.


### TABLE 1.3. Summary of evidence and data

<table>
<thead>
<tr>
<th>CENTRAL EVIDENCE</th>
<th>DATA (CHAPTER NUMBER)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market reform, a legacy of significant state economic intervention, and absent or weak market-enhancing institutions exist in Kazakhstan and Kyrgyzstan.</td>
<td>• Economic data sets (4)</td>
</tr>
<tr>
<td>Because of absent or weak market-enhancing institutions, market actors are not an alternative to corruption in Kazakhstan and Kyrgyzstan.</td>
<td>• Survey data (4)</td>
</tr>
<tr>
<td>Individuals tend not to turn to market actors for assistance in Kazakhstan and Kyrgyzstan.</td>
<td>• Interview data (4)</td>
</tr>
<tr>
<td>Market reform has limited state goods and services and thus legal means to obtain them in Kazakhstan and Kyrgyzstan.</td>
<td>• News reports (4)</td>
</tr>
<tr>
<td>Governments’ market-reform messages in Kazakhstan and Kyrgyzstan discourage use of state goods and services.</td>
<td>• Interview data (4)</td>
</tr>
<tr>
<td>Because market reform under a significant state economic legacy and absent or weak market-enhancing institutions has limited resources of societal actors, they are not an alternative to corruption in Kazakhstan and Kyrgyzstan.</td>
<td>• Historical data (5)</td>
</tr>
<tr>
<td>Individuals tend not to turn to societal actors for assistance in Kazakhstan and Kyrgyzstan.</td>
<td>• News reports (5)</td>
</tr>
<tr>
<td>Individuals compete to obtain state goods and services in Kazakhstan and Kyrgyzstan.</td>
<td>• Survey data (5)</td>
</tr>
<tr>
<td>Individuals use corruption to try to secure state goods and services in Kazakhstan and Kyrgyzstan.</td>
<td>• Interview data (5)</td>
</tr>
<tr>
<td>Individuals with family members who can meet their needs avoid corruption in Kazakhstan and Kyrgyzstan.</td>
<td>• Survey data (4)</td>
</tr>
<tr>
<td><strong>CORROBORATING EVIDENCE</strong></td>
<td></td>
</tr>
<tr>
<td>In rural areas, where market alternatives are more limited, people are more likely to seek state assistance.</td>
<td>• Survey data (4)</td>
</tr>
<tr>
<td>Individuals’ demands of the state match challenges brought about by market reform in Kazakhstan and Kyrgyzstan.</td>
<td>• Interview data (4)</td>
</tr>
<tr>
<td>Those most affected by market reform are those most likely to seek state assistance.</td>
<td>• Economic data sets (4)</td>
</tr>
<tr>
<td>Competition for basic state resources is not as common in the nonmarket reformer Uzbekistan.</td>
<td>• Survey data (4)</td>
</tr>
<tr>
<td>Uzbekistanis are no more likely to turn to market and societal actors for assistance than Kazakhstanis and Kyrgyzstanis.</td>
<td>• Economic reports (4)</td>
</tr>
<tr>
<td>Alternative explanations do not explain the differences among the three Central Asia countries.</td>
<td>• Survey data (4)</td>
</tr>
<tr>
<td>The argument applies outside of Central Asia.</td>
<td>• Economic data sets (4)</td>
</tr>
<tr>
<td>Citizens in Kazakhstan and Kyrgyzstan are not averse to religious organizations and charities.</td>
<td>• Political data sets (4)</td>
</tr>
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<td></td>
<td>• Demographic data sets (4)</td>
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<td></td>
<td>• Economic data sets (4)</td>
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<td>• Global corruption data set (4)</td>
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<td></td>
<td>• Interview data (5)</td>
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<td></td>
<td>• News reports (5)</td>
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Combined, the different types of data provide an important window into how citizens in Central Asia have coped with the economic upheaval caused by the collapse of the Soviet economy and implementation of market reform. In particular, they highlight the role (or lack of a role) of family, market actors, societal groups, and the state in individuals’ survival strategies. The findings also challenge preconceived notions, such as the idea that Islamic organizations and foreign charities have become citizens’ main sources of support and thus are threats to Central Asian states. The nearly twenty-year span of the data allows me to comment on change, or lack of change, over time. The book’s arguments indicate that an increase in alternative sources of essential goods and services, as a result of new or strengthened market-enhancing institutions, should reduce corruption. Unfortunately, the latest evidence shows that market-enhancing institutions continue to be weak in Kazakhstan and Kyrgyzstan, and corruption remains rampant.

**Structure of the Book**

Why is corruption more common in some countries, and yet why do some individuals in these countries rarely or never engage in illicit exchanges? The absence-of-alternatives framework provides answers in chapter two. The reader will also find definitions of the arguments’ core concepts—basic needs, market reform, legacy of significant state economic intervention, and market-enhancing institutions. In addition, this chapter elaborates on how the absence-of-alternatives approach is distinct from existing theories of corruption and offers advantages over them.

Chapter three describes the specific corruption this book seeks to explain—petty corruption in Kazakhstan and Kyrgyzstan. The interview, observational, and survey data reveal that citizens use bribes, personal connections, and promises of political support to try to obtain money, credit, and employment, mostly from village and other low-level officials.

What are the causes of this corruption? Chapters four and five show how market reform coupled with a legacy of significant state economic intervention and weak or absent market-enhancing institutions have promoted corruption by limiting alternative resources. Chapter four demonstrates how these three factors have restricted income, credit, and employment from market actors and formal government programs. This is not the case, however, in Uzbekistan, where market reform has not been undertaken. The absence-of-alternatives framework can account for the difference between Uzbekistan and the market reformers, Kazakhstan and Kyrgyzstan, whereas other theories of corruption cannot. The
ninety-two-country statistical analysis provides additional support for the argument. Shifting to societal actors, chapter five shows how market reform under the two conditions has also limited the ability of religious institutions and secular charities to meet basic needs in Kazakhstan and Kyrgyzstan. The goods and services of other societal actors, including foreign charitable organizations, foreign companies, local companies, labor unions, aksakals (respected male elders), and educational establishments have also not become substitutes for state resources.

Despite the widespread corruption in Kazakhstan and Kyrgyzstan, how have some people managed to rarely or never engage in it? Chapter six demonstrates that they have family members who can help meet their needs. Yet, not all families can provide the credit, employment, and money that their kin require. Market reform has made only some family networks resource-rich. This chapter describes factors that account for these families’ financial success in the new economies.

Finally, chapter seven uses these insights about corruption to offer policy prescriptions more in tune with the socioeconomic reality of developing countries than previous advice has been. In particular, anticorruption strategies should include the expansion of nonstate sources of assistance for average citizens. This book highlights that corruption, despite its negative societal implications, is a sound survival strategy for individuals. Loosening government policies that limit the activities of societal groups, such as religious organizations, as well as actively developing institutions to increase market competition, such as credit registries, would provide individuals with survival alternatives that have fewer social costs. In addition to reforming government, providing citizens with alternatives to corruption is likely to be an effective anticorruption strategy. Unfortunately, little evidence indicates that Central Asia is on this path.