

# The Core of Corruption

Professor Bo Rothstein



# THE CORE OF CORRUPTION

Corruption in governments affects all aspects of daily life. A society's health, prosperity and even trust in others are all impacted by the integrity of administrations. **Professor Bo Rothstein**, co-founder of the Quality of Government Institute at the University of Gothenburg, has helped to articulate the nature of corruption and has come up with tangible steps that can be taken to address it.

## Reimagining Corruption

In giving our governments a mandate to administrate our various geopolitical regions, we also entrust them with a great deal of responsibility for the quality of our lives. There are many obstacles facing humankind, including poor healthcare, low levels of public trust and low subjective wellbeing, that persist despite the presence of government power. Professor Bo Rothstein and his colleagues have conducted research that evidences quality of government as the salient factor perpetuating these aspects of society.

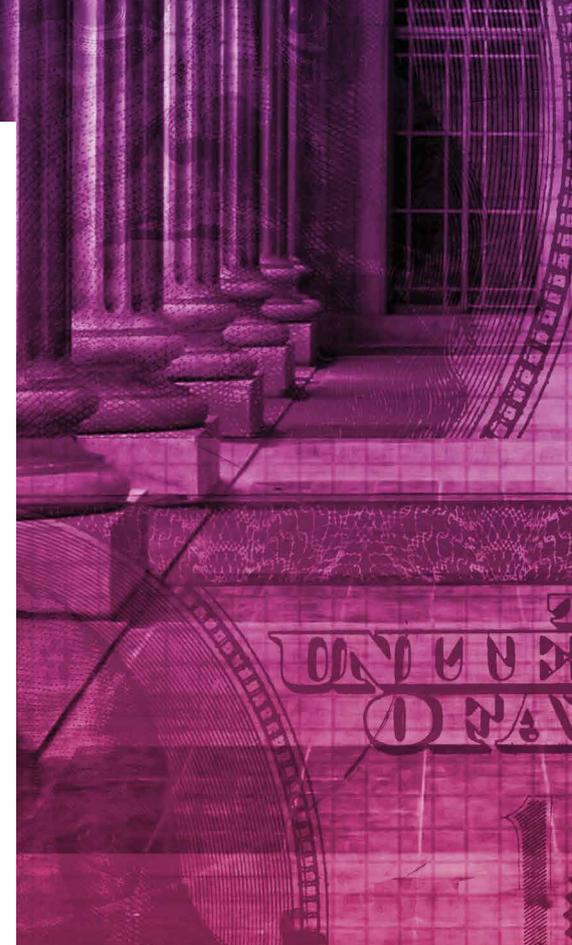
Along with Professor Sören Holmberg, Professor Rothstein founded the Quality of Government (QoG) Institute, the University of Gothenburg's organisation dedicated to research about and increasing our understanding of government corruption. The institute was the largest research group involved in ANTICORRP, a research project consisting of 21 groups in 16 European countries. Running from March 2012 to February 2017, the project investigated trends and appropriate European responses to corruption. Through this project, Professor Rothstein and his colleagues produced the basis for a more fact-oriented set of guidelines for dealing with corruption. The institute also maintains a newsletter, a visiting scholars program and a project through which the institute reaches out to schools.

'If you would summarise human misery in today's world, our findings are that most of this can be explained by the fact that a majority of world's population live under dysfunction and corrupt and incompetent government institutions,' Professor Rothstein explains. 'Why this is so and what can be done to change this are my main research questions.' This dynamic between our governments and our quality of life is not, however, determined entirely through direct or deliberate action resulting from government initiatives. As Professor Rothstein has set out, societies and governments have an interdependent relationship that creates the social conditions from which the effectiveness and contentment of a society arises.

Adding to this complexity is the finding that the depth of corruption in a segment of society is not necessarily a reflection of its values or morals. Through his research, Professor Rothstein found that corruption in society can lead to otherwise honest individuals being compelled to engage in corrupt practices. This is due to the prevalent threats to one's finances, wellbeing or family. What this means is that the effects of bad government are self-perpetuating. Professor Rothstein has found that it takes full engagement from members of a society to uproot these endemic problems.

## Social Trust: Corruption's Antithesis

Without trust, there is no society. Organisations and their rules are



predicated on the idea that individuals can work under the understanding that their interests are aligned and that it makes sense to take collective action towards them. In the social sciences, the term 'social trust' simply refers to the level of trust shared between people in a society.

Professor Rothstein's research shows that civic engagement, income inequality, and ethnic diversity have negligible effects

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on trust. On the other hand, quality of government (QoG) is supported by evidence as the overriding factor influencing trust in a society. Along with his colleagues Nicholas Charron and Victor Lapuente, Professor Rothstein conducted a large-scale survey, published in 2013, indicating that low governmental quality and high levels of corruption are distinct causes of low levels of social trust.

Conversely, while people distrust each other under corrupt governments, the team’s results further indicate that quality governments tend to promote views of society that are less self-serving. Institutions that are perceived as fair create the view of individual success as linked to the institution’s success in a feedback loop.

Professor Rothstein interprets perceptions of the nature of social trust as being formed primarily by public officials. He has pointed out that perception of law and the courts is the biggest factor influencing social trust. This aspect of his research brings attention to the social responsibility of these positions – if someone

representing the government is perceived to be lacking in integrity, individuals will often conclude that corruption is institutionalised and people are not to be trusted. As Professor Rothstein has pointed out, people will make inference reasoning that if public officials are dishonest and cannot be trusted, then why should you trust ‘people in general’ in your society?

Most fundamentally, social trust is an informal institution that complements government by facilitating the transactions that can occur within a society. With greater levels of social trust, people are more likely to engage in social processes with one another, as they perceive the chances of exploitation to be less. This leads to a healthier and more productive society.

#### **Healthcare as a Problem and a Solution**

The healthcare sector is particularly vulnerable to corruption for several reasons. One is that there is an ‘information problem’ in that healthcare providers are the ones who decide how much is to be paid. Conflicts of interest

such as these have the potential for patients’ personal circumstances to be easily exploited. The relationship between healthcare to basic survival also means that emotions play a large role, and impartiality can be compromised. Additionally, 80% of illnesses in the developing world come from inadequate water supply, which is closely integrated with infrastructure. In fact, 12,000 people die from water and sanitation problems daily because of inadequate maintenance, pricing and rights distribution to land and water.

Professor Rothstein’s research points out that good health generally equates to a successful society – it directly correlates with productivity, psychological wellbeing and quality of life. His findings indicate that improved social capital (a combination of extended social networks and generalised trust) is one factor that creates improved healthcare standards. Social capital has a positive impact on health in that networks of trusted people contribute to one’s wellbeing.

In his research, Professor Rothstein highlighted that quality of government



(QoG) creates healthy societies. His Quality of Government Institute found that all standard measures of QoG are strongly correlated with five important health indicators: life expectancy, child mortality rates, mother mortality rates, healthy life expectancy (expected years of good health) and subjective wellbeing or 'happiness'. Higher QoG also creates more willingness to pay taxes, which leads to greater equality in the provision of basic services. In ways like these, higher QoG has indirect positive effects.

Professor Rothstein collaborated with Professor Holmberg to present their analyses on the relationship between QoG, health and spending. They highlighted that QoG is more important to health than public spending, which is not a guarantee of effectiveness as high public spending on health is inefficient in countries with low quality governments. At the same time, a lack of publicly-funded health insurance can drive people into poverty. They also showed how QoG can actually compensate for decreased public spending when it comes to health. Further, private health spending results in an impact on health that is insignificant at best and negative at worst. Professor Rothstein's conclusion is that QoG and public money are the key to better healthcare.

### The Indirect Approach

Research into corruption has increased, but the effectiveness of anti-corruption institutions has been lacking. Professor Rothstein has invited further consideration of the limitations of incentive-based institutionalised measures. Conventional thought carries over from theories in economics that people can largely be expected to act 'rationally' in their own self interests. Prior findings have discredited this assumption about human nature, showing that we actually want to act in the collective interest, but our perceptions and expectations of 'people in general' in the society in which we live may inhibit us from participating in processes that are beneficial to whole communities.

Professor Rothstein argues that approaches to corruption need to be more indirect and based on the power of collective action. He has provided evidence illustrating that reciprocity is a more fundamental motivation for our behaviour, and that this requires that the less tangible conditions of social environments are addressed. Policies against corruption cannot only focus on incentives such as harder control and punishment. What is needed is a more fundamental change of the 'social contract' between citizens and the state. Principles in people tend to be mutually reinforcing with principles in *institutions*; that is, the values present on the one side of the societal spectrum tend to manifest in the other.

### Beyond Institutions

The key factor that characterises QoG is impartiality or meritocracy. Favouritism is the essence of corruption. Corruption is when institutions deal with different groups, individuals and situations unfairly. Create a context of impartiality and consistency across society, and corruption loses its power.

The process of electing individuals to administrate our societies has shown itself to be inadequate to deal with corruption on its own. The next stage for Professor Rothstein's research will be to pursue answers to this, going beyond formal measures to address corruption. He aims to 'explain why representative democracy turns out not to be a safe cure against endemic corruption'.

While anti-corruption bodies exist, these tend to approach the problem only through change at the institutional level, overlooking the power of informal methods. If countries begin to integrate the QoG standards specified in Professor Rothstein's research, they will be able to generate approaches that involve more general participation in finding solutions.



# Meet the researcher

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Professor Bo Rothstein earned his PhD in Political Science at Lund University in Sweden. He worked as an assistant and associate professor at Uppsala University, before taking a position at the University of Gothenburg, Sweden, in 1995. He currently holds the August Röhss Chair in Political Science at the University of Gothenburg and is the co-founder of its Quality of Government Institute. From 2016 until 2017, he was also a professor of Government and Public Policy and Fellow at Nuffield College at the University of Oxford. His most recent book, *Making Sense of Corruption* (co-authored with Aiysha Varraich) was published by Cambridge University Press in March 2017. His other books in English include *The Quality of Government: Corruption, Inequality and Social Trust in International Perspective* (University of Chicago Press 2011) and the co-edited volume *Good Government: The Relevance of Political Science* (Edward Elgar 2012).

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