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EXPLORING SHADES OF CORRUPTION TOLERANCE

Three Lessons from Iceland and Sweden

GISSUR ÓLAFUR ERLINGSSON

GUNNAR HELGI KRISTINSSON

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Department of Political Science

University of Gothenburg

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ABSTRACT

It is sometimes argued that tolerance for corruption is universally low, i.e. that corruption is shunned among all individuals, in all societies and cultures. Against this backdrop, this paper engages in two interrelated tasks: to descriptively map variations in corruption tolerance in two low-corrupt countries, and exploratively identify factors that influence tolerance of corruption at the individual level. We note that although corruption tends to be widely disliked, there are shades to this dislike. In particular, three results stand out from our analyses. First, we reject the ‘purity of the people’ versus ‘the corrupt elite’-hypothesis, observing that if anything, politicians are less tolerant of corruption than the general public. Second, we find striking differences in corruption tolerance between such homogenous, low-corrupt and in other respects such similar nations as Iceland and Sweden; differences we argue could be traced back to their different paths to representative democracy and strong state-capacity respectively. Third, analysing within-country variations in these countries, we observe that civil-servants generally tend to have a lower tolerance for corruption than do e.g. the ‘ordinary public’ and ‘politicians’. This last result lends strength to the argument that bureaucracy and professional civil-servants should be given discretion and a high degree of autonomy from the influence of politicians to be able to lend support to a credible commitment to non-corruption.

Gissur Ólafur Erlingsson
Centre for Municipality Studies
Linköping University, Sweden
gissur.erlingsson@liu.se

Gunnar Helgi Kristinsson
Department of Political Science
University of Iceland, Iceland
ghk@hi.is

I. Introduction

The last two decades have seen burgeoning interest in corruption research across academic disciplines and regions of the world (e.g. Rothstein and Varraich 2017). Governments and international organizations have placed the fight against corruption high on the agenda, and various guidelines have been developed to signal the way to higher ethics in public life. In academia, the availability of international measurements – e.g. TI and World Bank – has contributed to a growing body of research on corruption issues. A challenging and controversial strand in this growing body of research concerns the role played by ‘culture’, ‘values’ and ‘norms’ in promoting, preserving or prohibiting corruption. A particularly provocative question is whether it may be possible that corruption reflects a particular cultural orientation, in the spirit of de Maistre’s dictum that ‘every nation gets the government it deserves’.

From this point of view, it is worth noting that corruption tolerance is widely assumed to be associated with corruption, based either on ignorance of the true laws of ethics or unwillingness to heed them (e.g. Bierstaker 2009; Fishman & Miguel 2007). Given that levels of corruption tolerance are important, it is no accident that scholars such as Levi and Rothstein (2018) have argued that we need to make sure that future decision-makers – among others, politicians and key civil-servants – are properly ethically equipped to make collectively binding decisions; and for that reason, Levi and Rothstein proposed that all institutions of higher education should adapt their training in order to instill ethical and critical thinking as well as skills to deal with ethical dilemmas (see also Becker et al 2013). Additionally, in individual countries, ethical codes/codes of conduct have been introduced in order to strengthen public sector ethics (e.g. Gilman 2005).

From this perspective, the literature on ‘administrative ethics’ is relevant for the debate on the relation between prevailing corruption levels and the tolerance of corruption within a given society. However, the administrative ethics literature tends to be either ‘positional’ (simply stating that civil servants’ values differ from other groups in society), ‘normative’ (identifying which values ought and should be embraced by civil servants), or ‘prescriptive’ (recommending what needs to be done so that the ethics of civil servants is strengthened). Empirically, however, there is not much to go by concerning neither the ethical standards of bureaucrats nor the effects of corruption tolerance on corruption levels. While there exists a handful of studies suggesting that corruption tolerance may be associated with corruption (e.g. Chang & Kerr 2017; Chang & Huang 2016), they remain

rather few and far between. Against this backdrop, the present study aims at exploring the role of corruption tolerance in corruption. More specifically, the paper deals with four questions.

First, we need to ask if variations in corruption tolerance are in fact substantial. It is well known that corruption is detrimental. It is bad for the economy, since it undercuts government revenue and limits governments' possibilities to invest in public goods. In addition, corruption is likely to hamper economic development by discouraging entrepreneurship and innovation (e.g. Tanzi 1998). There is also compelling evidence that corruption undermines democracy by eroding vertical and horizontal trust, i.e. the foundations of social capital (Rothstein 2013) and trust in political institutions (Linde & Erlingsson 2013). In addition, its effects are negative for population health as well as the subjective well-being of individuals (e.g. Uslander & Rothstein 2016). These well-known disastrous consequences of corruption might give good reason to believe that tolerance of corruption is universally low. If anything, it is certainly true that there are no broad ideologies or political parties that publicly support corruption, whatever may be going on behind the scenes.

If, on the other hand, there are non-negligible variations in corruption tolerance, our second question must be: is corruption tolerance in some way associated with actual corruption levels? Even if corruption tolerance varies, it is not self-evident that such variations are associated to actual corruption levels in any meaningful sense. Institutional weakness and failure to enforce anti-corruption measures may, for instance, account for actual corruption levels, rather than corruption tolerance. In autocratic regimes, powerful elites may similarly be able to repress effective opposition to corruption. In modern democratic states, however, a strong association between corruption tolerance and actual levels of corruption calls for a more nuanced study than we have seen, hitherto, of how corruption tolerance takes shape and the role it plays in corruption.

Our third question is therefore if we can provide a meaningful within-country account of corruption tolerance. Is it the case, for example, that despite ostensibly democratic forms of governance, there exists a corrupt elite which sustains corruption despite the opposition of a corruption-averse public? Current research indicates that the relationship between corruption and democracy is far from linear, in the sense that democracy does not provide a simple solution to problems of corruption (Bäck & Hadenius 2008). For instance, there are indications that the seriousness of the corruption problem is very different Greece and the United Kingdom, while the public's tolerance for corruption is basically similar. What therefore seems needed, is a closer look at elite structures and patterns of elite-public relationships, when it comes to attitudes to corruption.

This leads to our fourth, and final, question, i.e. if we can provide meaningful country level explanations of corruption tolerance. If corruption tolerance varies systematically within states among elite groups and the public, we still need to provide an account of how such patterns create systematic variations of corruption tolerance and actual corruption across states. While such variations most likely reflect long term variations in political development, the challenge is to develop adequate hypotheses and methods for evaluating the validity of historical interpretations. We will attempt to answer this question by looking closer at more detailed data from Iceland and Sweden, countries that had rather different paths to representative democracy and state-capacity respectively.

In what follows we address these questions tentatively and exploratively, rather than by constructing a single model and subjecting it to a comprehensive test. The justification for such an approach, we maintain, lies in the lack of previous theorizing and limited empirical research in this area, especially research with a focus on highly developed democratic states. We start by refining our theoretical expectations concerning our four main questions, and then delve deeper into the questions posed on the basis of data obtained from the European Social Survey (ESS) and some more detailed data obtained from local level corruption research in Iceland and Sweden. Iceland and Sweden are given special attention on the basis of both being highly developed democratic states, which nonetheless vary to some extent in their experience of corruption.

II. Theoretical considerations

This paper aims at exploring the determinants of corruption tolerance, i.e. to at least tentatively unveil factors which seem to affect how individuals normatively evaluate abuse of power for private gain and other breaches of norms of impartiality. In this context, we define tolerance as the willingness to accept or endure behaviors that tend to be generally shunned or disliked by the public.

Variations in corruption tolerance

Given the strong general case against corruption, the first step towards comprehension of why it might nonetheless be tolerated, is to consider the motivation behind an allowing attitude vis-à-vis corrupt behavior. The literature suggests three factors. Thus, acceptance of corruption may be motivated by 1) simple greed, i.e. taking advantage of opportunities, 2) by the perception that others are taking advantage of corruption (and individual non-compliance to acting corrupt will in fact change nothing regarding the prevalence of corruption), and 3) by the incentive structures and

norms prevalent in networks or demarcated bodies of people. The first is best understood from a rational choice approach, the second by the collective action problem, and the third by the concept of ‘embedded networks’.

The rational choice perspective is perhaps the most established of the three, seeking explanations for corruption in the structure of opportunities presenting themselves. According to this, taking part in corrupt activity has nothing to do with ‘tolerance’ per se, but solely with opportunities is hence the result of simple cost-benefit calculations, where people weigh the potential costs against perceived costs and risks of getting caught; here norms and values are therefore largely irrelevant. This is the broad gist in arguments raised by scholars such as Becker (1968), Klitgaard (1998) and Jain (2001), i.e. that corruption will result from cost-benefit calculations where the structure of opportunities (potential benefits weighted against risks) come out in favor of corruption (see also Andersson & Erlingsson 2012). An important version of the rational perspective is principal-agent theory, based on the assumption that agents are generally self-interested actors likely to fall prey to temptations when facing moral hazard. Closeness to power should, according to these assumptions, contribute to a lenient attitude towards corruption. Assuming that elites hold the key to power in democratic government we should expect them to be more tolerant of corruption than the public, which suffers the cost of corruption without similar opportunities to take advantage of it. We have, according to such a theoretical premise, something resembling the populist scenario where ‘corrupt elites’ are posed against the ‘pure people’; e.g. the rhetorical figure described in Ziller & Schübel (2015); alternatively, some version of the recurring ‘power corrupts’-hypothesis (e.g. DeCelles et al 2012).

An alternative attempt at grappling the relationship between corruption tolerance and corruption – still within a broadly rational framework – is to approach it as a collective action problem (e.g. Rothstein 2011; Persson et al 2013). If we regard corruption as resulting from a ‘pure’ collective action problem, we assume that those who wish to get rid of corruption fail to act in accordance with their wishes because of the belief that changing their own behavior will fail to bring about sufficient change in their position (benefits) to justify action. Hence, they are likely to take advantages of corruption opportunities – or at least endure the corruption that is going on around them – despite their nobler instincts. As is often said about the NYC police man Frank Serpico – it is rather tough to be the only cop in town; hence, even non-tolerant individuals comply with corruption norms, making societies stuck in what Rothstein has labeled ‘a social trap’ (Rothstein 2005). The collective action approach is consistent with the contention that corruption can persist in the

absence of corruption tolerance. In their book *Making sense of corruption*, Rothstein & Varraich (2017: 46ff), discuss an intimately related topic, and reject the idea that corruption tolerance makes a significant contribution to corruption:

...corruption is seen by many as a relativistic concept where culture, history and language play a role in how the term is understood. However, such an analysis ignores the fact that corruption appears to be something that all societies shun and that it is not confined to the Western states.

Rothstein and Varraich then go on presenting evidence from the Afrobarometer, claiming that no matter what societies or culture one turns to, people generally tend to dislike corruption.¹ According to the collective action approach, therefore, we expect little or no variations in the tolerance of corruption, even if corruption behaviour may vary. We expect it to be universally shunned.

While the rational approach is based entirely on individual calculations, the collective action approach has an important game-theoretic element: evaluations of rationality are partly dependent on expectations concerning the behaviour of others. A third possibility exists, however, still within the framework of a broadly rational approach. Most forms of corruption are practiced in networks of people who benefit from it in one way or another. Those who benefit are insiders while those who do not are outsiders (Chang & Kerr 2017). But in a networked environment the division between beneficiary and loser may not necessarily follow the elite vs non-elite distinction. People's tolerance of corruption may reflect the incentive structure of the particular networks which they belong to. Mass clientelism is an effective form of political organization which may involve large sections of both elites and the electorate competing for privileged access to selective goods and services (e.g Pittaoni 2001; Manzetti & Wilson 2007). Experience of vote buying tends to reduce disapproval of such practices even where they are recognized to be malevolent (Ocantos et al. 2014). Equally,

¹ However, taking stock of Rothstein's (2013) own arguments – at least the way we understand the gist in the mechanisms of how the 'fish rots from the head and down'-metaphor supposedly plays out – we in fact *would* expect some variations in corruption tolerance; and we would expect variations in 'actual' corruption corresponding to a significant extent to variations in corruption tolerance.

however, the incentive structures may be tilted against giving in to corruption temptations. This may happen, e.g. in a strongly professionalized context or where bureaucratic autonomy is under threat from politicization (Silberman 1993). For instance, ‘frowning’ as well as ‘fear of whistleblowing’ from low tolerance peers, implies higher social costs for individuals to engage in corruption (e.g. Bergh et al 2009). The proposed mechanism resembles what Granovetter (1978) dubbed ‘thresholds models of collective behavior’, e.g. the more individuals engage in some behavior, or in our case, conform to some value, the more likely it is to lower the cost for others to participate in such action or embrace such values (see also Schelling 1971; Kuran 1997). As Bardhan (1997: 1331) puts it: ‘corruption represents an example of what are called frequency-dependent equilibria, and our expected gain from corruption depends crucially on the number of other people we expect to be corrupt’.

In line with such arguments, and as hinted by e.g. Moriconi and Carvalho (2016) and Tavits (2010), the mere suspicion that tolerance of corruption might lead to social learning and hence have contagious spillovers to actual behavior, stresses the need for developing more knowledge about corruption tolerance. The rational actor approach suggests that corruption tolerance is associated with closeness to power (elite vs non-elite) and the collective action approach (at least its social trap version) suggests it is universally shunned, the networked approach suggests that institutions and elite structures may be crucial in determining tolerance of corruption. The network approach is not necessarily antithetical to the other two. Preventing corruption may be considered a public good, given that broad consensus prevails concerning its malevolent effects on the societal level (e.g. Rose-Ackerman 1999). As in the case of other public goods, we are likely to find some mixture of rational egoists, conditional compliers and willing reformers (Ostrom 2000) in the case of corruption. Rational egoists will take advantage of corruption opportunities, while willing reformers will report and fight corruption given the opportunity. Conditional compliers may be opposed to corruption, but they are likely to comply with whichever norm that prevails. They are unlikely to lead the fight against corruption, but in a non-corrupt setting they will comply with non-corruption norms. Willing reformers are likely to be found among those who reap no benefits from corruption on the condition that they can solve collective action problems. This may occur in a number of circumstances, e.g. in anti-corruption reform parties, professional groups or in hierarchically structured groups whose power may be undermined by corruption, such as the judiciary or the bureaucracy.

Accounting for corruption tolerance

If there are variations in corruption tolerance (which – of course – remains to be established), the question is how variations come about. We do not preclude the possibility that individual ethics may affect people’s tolerance of corruption. Indeed, we have found some evidence that intolerance of corruption may be associated with intolerance of other types of misconduct (Erlingsson & Kristinsson 2018). However, individual variations in ethical standards are unlikely to provide satisfactory accounts of large scale variations in corruption tolerance. On the one hand, explained variance seems low and on the other they still leave us ignorant of the conditions fostering intolerance across social cohorts and networks and between countries. ‘Corruption is not a problem that suddenly appears in society,’ Moriconi and Carvalho (2016) write. ‘To become consolidated, expand and become natural, certain ideas and practices have to be tolerated, whether actively or passively, by members of the community.’

A similar point is made by Johnston (2005), who argues that different syndromes of corruption are associated with its growth in different contexts. Standards and norms of conduct are likely to develop in accordance with the demands and practices which prevail in different spheres of society. The standards shaping political life under democracy are e.g. likely to be different, to some extent, from the standards shaping the behavior of public administrators (e.g. Aberbach et al. 1981). After all, politicians are in the business of attracting votes and gaining seats and may be subject to a whole range of demands which public administrators tend to escape. Civil servants, by the same token, are in the business of shaping rules and implementing public policies in an impartial manner, irrespective of the power-holders of the day or who may be at the receiving end of administrative decisions. In bureaucratic systems they are likely to be evaluated according to proficiency rather than political expediency. Thus, there is an interesting strand in the public administration literature on ‘administrative ethics’, where we find numerous examples of normative arguments from scholars who state that civil servants *ought* to have higher ethical standards than the general public and politicians, i.e. that there should be a distinct bureaucratic ethos or a public administration ethics (cf. Goss 1996; Lundquist 1988; 1998). This literature suggests that we ought to expect lower tolerance for corruption among civil servants than for instance citizens and politicians, depending on e.g. self-selection, education, socialization at the work-place, and role-fulfilment.

As relevant and interesting as the administrative ethics literature is, empirical demonstrations of whether there in fact are differences in ethical orientations between civil-servants on the one hand,

and politicians and the ordinary public on the other, remain rare. In other words, few studies have empirically put the administrative ethics-propositions to the test, whether bureaucrats in general do have different types of ethics than legislators and/or the general public; alternatively, if they plainly hold the same norms and values as everybody else.

An exception here is Goss (1996) now more than 20-year-old study, in which he surveyed 778 civil servants in Colorado, USA, 46 elected members of the Senate, and 250 Colorado voters. Interestingly, Goss indeed observed a separate public administration ethics; but, given the limited and context-bound data, he concluded that ‘further research would be helpful’. Since we believe that questions relating to corruption tolerance have been somewhat neglected in the general literature on corruption and public administration, and because Goss’s data is more than twenty years old, limited and contextually bound to Colorado, USA, our study can be viewed as a continuation of his research-program.

It is an established fact that state capacity/strong bureaucracy and representative democracy are essential for achieving good governance (e.g. Kaufman et al 2000; cf. D’Arcy 2015). But how the worlds of democracy and bureaucracy interact may vary a great deal; and here, timing and sequencing matter. In some democratic systems, politicians were originally seen as mere guests in power, with little direct access to patronage or the implementation side of policy. This, according to Shefter (1994), was the case where bureaucracy developed before the advent of democracy; a characteristic for many countries in Northern Europe and some regions in North America. Where bureaucracy was underdeveloped at the time of democratization, on the other hand, politicians were likely to gain a much stronger position within the administrative system, even to the point of hindering the development of strong administrative norms or the development of a sufficient degree of bureaucratic autonomy to counteract clientelism. As Huntington (1968) observed: democratizing before developing an effective bureaucracy, may lead to differing outcomes compared to a situation where democracy was introduced after state-capacity.

Introducing Iceland and Sweden: different paths to democracy and state capacity

In the Icelandic and Swedish contexts, we have two relatively low-corrupt cases which share many of the cultural and constitutional features of highly developed democracies. Holding a large number of external variables constant, comparisons between the two may therefore contribute to our understanding of how tolerance of corruption is shaped. We argue, in what follows, that conditions for developing professional integrity, on the one hand, and the relative strength of political norms

vs. administrative norms on the other, were crucial factors in shaping different levels of tolerance for different forms of corruption in the two cases.

Case 1: Iceland. The presence of corruption in Iceland has long been a contested issue. Early measurements by TI in the 2000s indicated that Iceland was among the least corrupt countries in the world, or even the least corrupt one (in 2005). This view was contested by a number of academics as well as large sections of the Icelandic population (for overviews of this debate and related literature, see e.g. Erlingsson et al 2016; Erlingsson and Kristinsson 2016). The TI's CPI is likely to be seriously biased with regard to Iceland in at least two respects. In the first place, the type of corruption which takes place is usually confined to grey or less serious types of corruption, which the CPI does not cover adequately. Typical corruption in Iceland includes influence peddling, patronage appointments, pork-barrel, and similar forms. However, we rarely observe bribery or highly criminalized activity. Secondly, the CPI is strongly influenced by the perceptions of foreign business people who may not be particularly knowledgeable about such corruption that actually occurs and may be highly susceptible to the influence of superficial or journalistic evaluations of corruption. Thus, after the economic crash of 2008, Iceland fell out of the CPI top-ten for the first time (e.g. 8 in 2009, 11 in 2010, 13 in 2011), even if there is no substantial evidence that corruption *actually* increased in this period. In fact, there is some evidence suggesting that corruption may have decreased in many areas during the last three or four decades following a strong reform trend focused on strengthening the rule of law and improving administrative procedure (e.g. Kristinsson 2012; Kristinsson & Matthíasson 2014). And, as for instance Erlingsson et al (2016) point out drawing on survey-data, even before the financial crisis of 2008 – i.e. at a time when Iceland occupied top positions in international indices of development, good government and control of corruption – a substantial share of the citizens viewed corruption among politicians as quite common.

The roots of the Icelandic clientelism problem lies in the weaknesses of the administrative state during the crucial decades of state formation in the first decades of the 20th century. The administration had been part of the Danish state and enjoyed very little legitimacy or political support among the political forces pressing for independence. Thus, with the emergence of Home Rule in 1904, an entirely new structure was established at the top levels of the administration subservient to the emerging political victors from the struggle for independence. The old administrative elite lost much of its former influence while the rising forces of class politics had little sympathy for the old privileged servants of the state. As soon as mass political parties began organizing – during the inter-war period – they adopted clientelistic methods of political organization, distributing political

favors in exchange for political support. This benefited, among others, the rural areas, which were overrepresented through the electoral system, and the clientelist networks of the main contenders for power, the conservative Independence Party and the rural Progressive Party. The Social Democrats – much smaller than their Scandinavian counterparts – may have reaped some benefits from the system but the communists/left-socialists can be considered political outsiders, for the most part. There seems little doubt that considerable support existed for the patronage system, especially among the sections of the population which benefited, which includes the rural, less professionalized sections of the population as well as political insiders (Kristinsson 1993).

Growing opposition to clientelism since the 1960s had roots in a number of different developments, including the liberalization of the economy, trends towards greater professionalization, and a more independent media. Greater opposition to clientelism made questionable political practices riskier than before and greater transparency increased the risk of being exposed. At the national level a dedicated effort has been made since the 1980s to improve administrative procedure, leading among other things to greater separation than before between the worlds of politics and administration. At the local level, however, more of the old practices still exist. The local administration is extremely weak in many places and highly politicized, with politicians engaging directly in administrative activities which in the neighboring countries would be seen as the exclusive domain of professional administrators.

If it is the case, like we have suggested, that people adopt their evaluations of norms and behavior to some extent to roles and prevailing practices we should expect a) marked differences in the normative evaluations of politicians and administrators and b) political norms to prevail to a high degree in Icelandic local administration.

Case 2: Sweden. For all intents and purposes, Iceland and Sweden are often described as quite similar in the comparative politics literature, being e.g. classified as mature democracies, and belonging to the ‘Nordic welfare model’. And precisely like Iceland, Sweden has continuously been ranked high in e.g. TI’s CPI, never lower than the sixth least corrupt country in the world since the measure was launched in 1995; and always in top of the rankings when e.g. rule of law is being measured.

However, this has not always been the case. Swedish state-building and state-expansion is typically traced back to the 16th century, driven by warfare and military competition (cf. D’Arcy et al 2015). Scholars analyzing Sweden’s historical corruption records have pointed out that the system was clientelistic and rather corrupt up until in the first half of the 19th century. However, in Rothstein (2009), a story is told on how Sweden eradicated its corruption problem. By the end of the 19th century, long before the introduction of parliamentary democracy, corruption was basically eradicated. The problem was – according to Rothstein – largely amended through a series of non-incremental, quite dramatic – or to speak with the author himself - “big bang”-reforms, which in a short time-frame changed a somewhat flawed, corrupt and unprofessional bureaucracy into a Weberian-type bureaucracy between 1855–1875. But not only (relatively) free from corruption. As D’Arcy et al. (2015) conclude, what happened with the Swedish state in 19th century meant that Sweden had become a highly effective state well before it became a ‘full-fledged’ democracy in 1921.

To sum up our expectations from the preceding discussion, if we are right about the importance of timing and sequencing, we expect there to be differences in normative evaluations between administrators and politicians, influenced by their different roles. Given different paths of political development, we also expect the political norms to be much more prevalent in the Icelandic case than the Swedish one. Simultaneously, we expect administrative norms to be more prevalent in the Swedish case.

III. Data and method

Our analysis proceeds in several parts. In the first place we establish whether there exist sufficient variations in corruption tolerance to warrant further study. We do this, using ESS data covering a large number of European states in 2004 – the year being chosen because of the inclusion of questions relevant to our project.² Secondly, we look for evidence that tolerance of corruption is related to actual corruption levels. Again, we use ESS data on corruption tolerance while we use data from Transparency International’s Corruption Perception Index (CPI) to evaluate corruption levels. The corruption data at this point of the analysis is concerned primarily with bribes. Our aim at this

² For technical detail, cf. <http://www.europeansocialsurvey.org/>

point is to establish if rejection of corruption is universal or if there exist marked and meaningful variations, which can be seen as a test of the collective action hypothesis (i.e. that corruption is universally shunned).

Aiming to establish (see below) that there exist sufficiently important variations in corruption tolerance, we need to find ways of studying them empirically on the basis of relevant data. For Iceland, we use data from municipal level corruption research which covers both the public and municipal elites (politicians and administrators). The Icelandic data was obtained in parallel surveys conducted by the Social Science Research Institute among the public, municipal employees and members of municipal councils.³

Our first aim, using this data, is to find out whether the closeness to power hypothesis holds, i.e. if we find a pattern where elites are more accepting of corruption than the public, in accordance with the rational actor hypothesis. To that end we probe the Icelandic data for systematic differences in the attitudes of politicians, administrators and public towards corruption. Since bribes may not be the most common form of corruption in countries with relatively little corruption, we ask for respondents' attitudes to a number of different types of activities relating to various kinds of abuses of power for private gain (or to favor those one has ties to), without mentioning the word corruption.⁴ Respondents were first asked how common they thought a number of different types of corruption are and after that whether – or to what extent – such behavior is justifiable. The activity in question is described in Table 1.

³ Sample among public was 1502 and net response rate 66 percent. Among municipal employees and representatives the sample size was 302 and net response rate 70 percent.

⁴ The problem with using only attitudes or experiences of bribery to corruption-related phenomena is that bribes may not be the most relevant type of corruption in all settings. In the North European setting, for example, very few people claim to have any experience of having been asked to pay bribes (cf. Bauhr & Oscarsson 2011; Erlingsson & Kristinsson 2016). Other activities may be more relevant, what Papakostas (2009) has called 'sophisticated' corruption (cf. Girling 1997). In the Icelandic corruption study of 2015, we asked respondents for their attitudes to, and experiences of several different types of corruption.

TABLE 1, (TYPES OF CORRUPTION: DESCRIPTION OF BEHAVIOR)

Bribes	If you think of the Icelandic municipalities, how common or rare do you think it is that politicians or public employees accept payments or special benefits for giving preferential treatment to those offering them?
Embezzlement	How often or rarely do you think politicians or public employees in the Icelandic municipalities embezzle funds or draw income in excess of what they are entitled to?
Fraud	How often or rarely do you think politicians or public employees in Icelandic municipalities conceal important information or intentionally give misleading information to avoid criticism?
Extortion	How often or rarely do you think politicians or public employees in Icelandic municipalities give in to treats of one kind or another?
Favouritism	How often or rarely do you think politicians or public employees in the Icelandic municipalities discriminate among applicants for jobs on the grounds of political connections, cronyism or nepotism?
Private interests	How often or rarely do you think politicians or public employees in Icelandic municipalities cultivate relations to influential interest groups or businesses in the community and serve their interests in local government?

Note: Alternatives for answers on tolerance of these types of corruption were: 1 = intolerable, 2 = rather undesirable, 3 = can be all right, and 4 = all right.

Finally, we turn to the analysis of why and how inter-elite tolerance of corruption may vary between different elite groups in different states. In this case we use data from both Iceland and Sweden obtained among municipal politicians and administrators. The Icelandic data is from the same survey we reported above while the Swedish data comes from a elite survey from 2012, where local top-politicians and high-level civil-servants in all of Sweden’s municipalities were asked questions about their perceptions of corruption in Swedish local government.⁵

According to some of the literature reported above we expect political norms and administrative norms to differ. Administrators are expected to take a more principled stance towards potential corruption in accordance to the public interest while politicians are likely to be sensitive to how attentive participants in political life are to the task of serving voters. Hence, we subjected respondents to two different vignettes and asked for their evaluations. In vignette 1 we sought to capture political norms.

A member of the local council sits on the board of a company owned by the local authority and acts as deputy chair of a committee. He never reads minutes from meetings, almost

⁵ Approximately 2 800 individuals received the survey, and the response rate was 69 per cent. For more about the survey, see Statskontoret (2012).

never speaks and votes according to party lines. He receives payment for being on the board and only has to work half-time as a teacher – but still is comfortably off. How do you feel about this?

To test administrative norms, the following line was fed to respondents:

(Supposing that:) In deciding on the procurement of goods for the elementary school your municipality decides to buy from a more expensive local supplier even if there are companies elsewhere offering goods of equal quality at a better price. How do you feel about this?

As indicated in the theoretical section above, we expect to find differences between the two groups as well as between the two countries. Political norms should be more strongly adhered to in both countries by politicians and administrative norms by administrators. Given the stronger prevalence of administrative norms in Sweden compared to the more politicized Icelandic context, we expect administrative norms to be stronger in Sweden and political ones in Iceland.

IV. Results

Variations in corruption tolerance?

Let us turn to our first question: does tolerance of corruption vary? Are there any meaningful variations to be explained? Table 2 shows the results in the ESS 2004 round, when respondents were asked for their evaluations of ‘how wrong’ they think it is for public officials asking a favour/bribe for service. Bribes are an important, perhaps the best known and archetypical form of corruption, on which more data exists than for many other types.

TABLE 2, (PUBLIC OFFICIAL ASKING FAVOUR/BRIBE IN RETURN FOR SERVICE, HOW WRONG)

	%	N
Not wrong at all	1.3	527
A bit wrong	3.2	1288
Wrong	27.9	11121
Seriously wrong	67.6	26967
TOTAL	100.0	39903

Table 2 shows two interesting patterns. On the one hand, the collective action approach to corruption seems vindicated, in the sense that rejection of corruption is close to universal. Almost 95 per cent of respondents think it is wrong or seriously wrong if public officials ask for favours/bribes in return for services; a mere 1 per cent feel that it is not wrong at all. Thus, there is wide recognition of the harmful nature of corruption and we can safely assume that in an ideal world most people would like to get rid of it.

No less interesting, however, is the fact that there are different shades to the prevailing rejection of corruption. To some, bribes are “a bit wrong”, to others merely “wrong” and to still others “seriously wrong”. Given the option of choosing between “seriously wrong” and less decisive options, almost one out of three respondents choose milder options. Thus, table 2 seems to establish, with regard to a relatively serious form of corruption (e.g. Heidenheimer 1989), that tolerance of corruption varies somewhat. This also warrants posing the question if tolerance of corruption is related in meaningful ways to actual levels of corruption can be of interest.

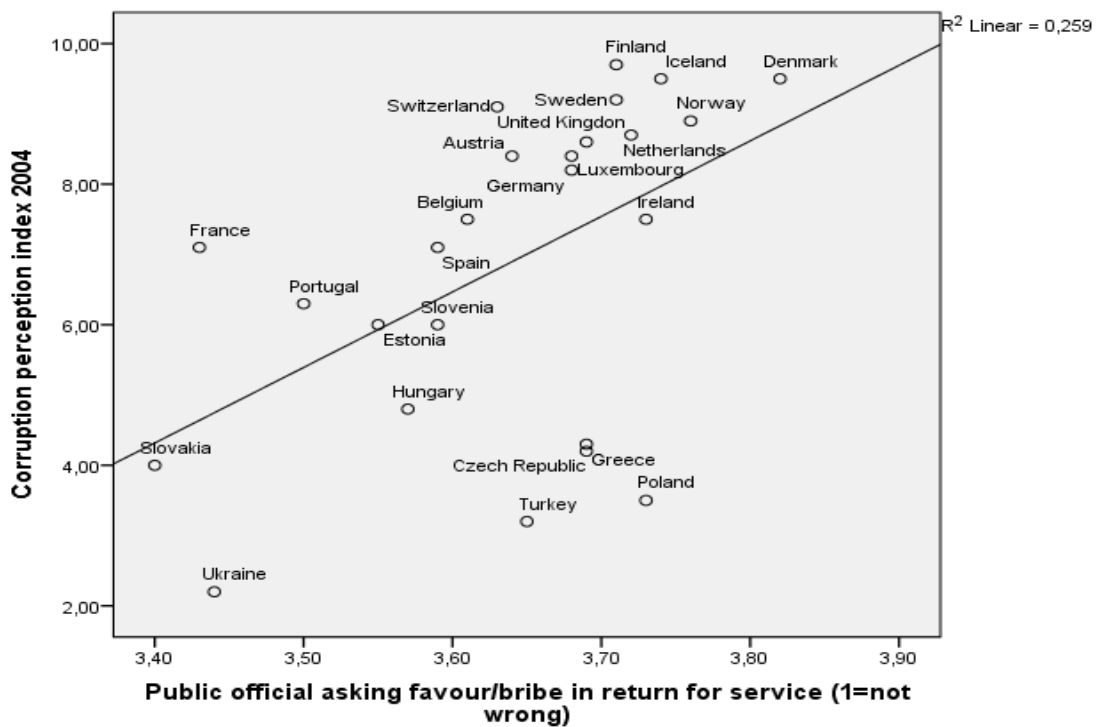
Association between corruption tolerance and corruption?

A few previous studies have found interesting variations in corruption tolerance or tolerance for other types of unethical behaviour (e.g. Chang & Kerr 2017; Magnus et al. 2002). Moreover, there are some indications that corruption actually varies with tolerance levels (e.g. Fishman & Miguel 2007). To illustrate this latter point, we stay with the example of bribes. In Graph 1, we display the relationship between Transparency International’s Corruption Perception Index, and the data on tolerance of bribes from the European Social Survey (ESS) in 2004. We take the CPI to be a reasonable proxy for bribes even if it may be criticized on a number of accounts (e.g. Andersson & Heywood 2009) including neglect of other types of corruption.

In Graph 1, we observe fairly strong correlations between tolerance of bribes and the evaluation of TI where the perceptions of experts of how common bribes are play a strong role. Tolerance of bribes is relatively low in all the Nordic countries, including both Iceland and Sweden, and these countries are perceived among the least corrupt countries at the time of measurement. Having tentatively established a relationship of corruption tolerance to actual corruption, we still empirically need to elaborate on which mechanisms may be at work here. In what follows we start by looking at the ‘closeness to power’-hypothesis (e.g. a version of the ‘power corrupts’-argument), and then

move on to study the relationship between political and administrative norms to corruption tolerance.

GRAPH 1, (TOLERANCE OF CORRUPTION AND PERCEIVED LEVELS OF CORRUPTION)



Corruption perception index: 0 (no corruption) to 10 (high corruption)

Tolerance of corruption: Scale from 1 (not wrong) to 4 (seriously wrong)

Closeness to power: elite versus non-elite?

For the Icelandic case, we have data which allows us to compare the attitudes of politicians, administrators and the public in Icelandic municipalities over a range of corruption issues (see table 3 below). In order to simplify the presentation, we have constructed an index of corruption tolerance where answers on the six corruption items were projected on a scale from 0 (no tolerance of corruption) to 100 (full tolerance).

TABLE 3, (TOLERANCE OF CORRUPTION IN ICELANDIC MUNICIPALITIES (INDEX 0-100))

	Politicians	Administrators	Public
Bribes	0.6	1.8	5.6
Fraud	7.4	6.8	6.6
Embezzlement	0.9	0.4	6.6
Extortion	4.7	6.9	10.5
Favoritism	7.6	6.3	11.5
Private interests	20.7	11.9	18.6
Index (mean)	7.1	5.4	10.9

Note: for questionnaire items, see table 1 above.

Table 3 shows rather low degrees of tolerance of corruption among all three groups in Iceland. However, the pattern that emerges does not fit principal-agent theory, as it was depicted in the theoretical section, well. On the contrary, the ‘purity’ of the public can definitely be questioned. The public is *more* tolerant of corruption than the two elite groups, while the elite group more directly accountable to the public, the politicians, is more tolerant of corruption than the administrators (although, obviously, the difference is neither large nor consistent). Least tolerant of corruption are the administrators, even if they have relatively direct access to power without bearing direct political accountability. This, we believe, is an interesting finding. It echoes what Goss (1996) found in this now more than 20-year-old study in the USA, depicting a ‘distinct public administration ethics’. We will have reasons to return to this topic below.

Administrative and political norms: Iceland and Sweden

If the elite is in fact less tolerant of corruption than the public, as our findings suggest, and the part of the elite which is less directly accountable to voters is also less tolerant of corruption, we are left with the interesting issue of what shapes elite norms regarding corruption. We suggested above that administrative norms might be different from those associated with political life, while historical and institutional factors might influence the relative weight of different norms between countries. Administrators are likely to be more sensitive to administrative norms than politicians while the reverse hold for politicians. Given Iceland's history of democratization before bureaucratization, moreover, we expect political norms to be more strongly adhered to in Iceland than Sweden among both administrators and politicians. In historically strong bureaucratic state of Sweden, by contrast, we expect administrative norms to prevail among both groups. The results are shown in table 4.

TABLE 4, (POLITICAL AND ADMINISTRATIVE NORMS IN ICELAND AND SWEDEN)

A. POLITICAL NORMS: ACCEPTABILITY OF COUNCIL MEMBERS NEGLECTING DUTIES

<i>Evaluation</i>	Iceland		Sweden	
	Administrators	Politicians	Administrators	Politicians
Unacceptable	64.9	72.4	29.9	40.7
Questionable but unacceptable	31.1	24.8	17.6	18.2
Questionable but acceptable	2.7	1.9	36.1	30.7
Acceptable	1.4	1.0	16.4	12.8
Total	100	100	100	100

B. ADMINISTRATIVE NORMS: ACCEPTABILITY OF LOCAL PREFERENCE IN PUBLIC PROCUREMENT

<i>Evaluation</i>	Iceland	Sweden
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	<i>Administrators</i>	<i>Politicians</i>	<i>Administrators</i>	<i>Politicians</i>
Unacceptable	37.8	19.2	56.1	45.4
Questionable but unacceptable	27.0	33.9	24.8	24.6
Questionable but acceptable	29.7	43.1	12.0	22.1
Acceptable	5.4	3.7	7.0	7.9
Total	100	100	100	100

The findings in Table 4 are striking and highly suggestive, considering the theoretical expectations we outlined. We find marked differences in the normative standards of politicians and administrators in all cases, irrespective of country. Both in Sweden and Iceland, politicians are considerably more sensitive to breaches against ‘political norms’ and administrators to violations of ‘administrative norms’. Furthermore, the differences between Iceland and Sweden are very markedly in the expected direction, with the Icelandic respondents among both politicians and administrators being more sensitive to ‘political norms’ while the Swedish respondents in both groups are more sensitive to ‘administrative norms’. The findings are basically in accordance with the theoretical expectations we formulated, based on the two countries’ different pathways to state-capacity and representative democracy respectively: if you construct a functioning bureaucracy and a strong state-capacity before the introduction of representative democracy, administrative norms will be strong. If representative democracy precedes state-capacity, political norms will tend to dominate.

V. Conclusions

The aim here has been to explore tolerance of corruption, and more precisely, delve deeper into the factors which seem to determine how individuals normatively evaluate this problem. To give context to the issue, as well as demonstrate the relevance of the research problem, we initially showed that between countries, non-negligible variations in corruption tolerance among individuals can be found, and that these seem to be associated with actual corruption levels even within a sample of relatively low-corrupt ESS-countries. We therefore went on to tentatively explore what may contribute to the understanding of varying levels of corruption tolerance among individuals, by taking a

closer look at data collected from two in many ways similar countries that historically have been seen as exceptionally spared from the plagues of corruption: Iceland and Sweden. The main takeaways from the paper are the following:

- Corruption tends to be disliked by most people. There are variations, nonetheless, in the intensity of corruption dislikes. In this sense we can speak of slight, but non-negligible variations in corruption tolerance.
- Variations in corruption tolerance are significantly related to actual levels of corruption at the country level (at least in the case of bribes). This gives cause to explore the relationship between the two: what mechanisms are at work, which may account for the relationship?
- Being close to power – and with that, access to the ‘supply-side’ of corruption) – does not imply greater tolerance of corruption. Rather, at least from data gathered in the Icelandic setting, we can comparatively safely reject the hypothesis about the ‘purity of the people’ and the ‘corrupt elite’; and by implication, the ‘power corrupts’-hypothesis. In fact, if anything, the pattern indicates that the group most tolerant to diverse types of corruption, is the general public.
- We observed interesting differences between Iceland and Sweden when it comes to ‘professional ethics’: what we label ‘political norms’ are stronger in Iceland, while ‘administrative norms’ are stronger in Sweden. We make the case that these striking differences between two rather similar settings can be attributed to the both nation’s differing trajectories in the timing of when state-capacity and representative democracy respectively were consolidated. An implication of this finding is, at least as a tentative working hypothesis, that the strength of administrative norms in Sweden have provided an important defense against patronage and clientelism; a defense that historically has not been as strong in Iceland.
- Lastly, in several of our analyses, when it comes to different forms of corruption, civil-servants tend to be slightly less tolerant than e.g. politicians and citizens. Working hypotheses to explain those findings could be that there is a a) self-selection to civil-service, b) their specific education and preparation for civil-service infuses them with greater ethical standards, and c) learning and socialization at the work place may reinforce these values.

The last result, that civil servants tend to have lower tolerance for administrative corruption, than both the public as well as the politicians, has implications and needs to be elaborated on. It is worth remembering that in the 1970s and 1980s, strong claims from e.g. neoclassical economics and public choice-theorists were made about bureaucracy being rigid, hopelessly ineffective and a costly dinosaur involved in a death struggle. As Olsen (2005) demonstrates, several scholars, think-tanks and interest organizations maintained that bureaucracy was ‘obsolescent, undesirable, and non-viable form of administration and that there is an inevitable and irreversible paradigmatic shift towards market- or network organization’.

Proclaiming the death of bureaucracy may have been premature, though. The alternatives to the classical bureaucratic model have proved not been too attractive. A first observation is that a body

of literature has demonstrated that privatization and outsourcing of public services may have been detrimental to core democratic values such as transparency, accountability and public ethics (e.g. Hondeghe 1998; Fredericks 1999; Box et al 2001; Sands 2006). A second observation is that a growing number of empirical studies have demonstrated that the more autonomous bureaucracies are from politics, the better political systems tend to work in a number of dimensions (for example, better growth, lower corruption levels, etc, see e.g. Evans & Rauch 1999; Dahlström et al 2012; cf Fukuyama 2013; Grønnegaard Christensen 1999; Rothstein & Varraich 2017). In other words, there seems to be *something* to, or in, bureaucracies that promotes factors which are attractive and desirable for the society as a whole.

What could this *something* be? Some of the literature on corruption attempts to model it as either a principal-agent problem or a collective action problem. The weakness of the principal-agent model, at least according to our account, is that although people are unlikely to engage in corruption without some kind of benefit from it, closeness to power seems not to be a sufficient condition for increasing tolerance of corruption. Indeed, the public may be more tolerant of corruption than civil servants. Similarly, if the collective action model is taken to mean that values and norms are irrelevant to actual corruption because of a universal rejection of it, this is not supported by our data. Tolerance of corruption varies, and they are related to actual corruption levels. Lacking from both accounts – principal-agent and collective action - is the notion that norms may actually matter.

We do not make a strong claim here, i.e. that norms should be seen as the main determinants of behavior. The pattern is most likely more complicated than that. Norms are shaped by contexts as rules making sense of appropriate behavior for different roles and often maintained in a mixture of formal structure and informal networks. They are likely to adapt to some extent to established practices in different sphere of society. The norms appropriate from one sphere to another, however, are likely to differ. Norms which counterbalance the incentives of politicians to develop particularistic exchange relationships may often be found in well-organized bureaucracies.

Thus, one interpretation, which at least tentatively receives some support in the data we present, is that there are characteristics at the individual *civil servant-level* that could make the connection between ‘autonomous bureaucracies’ and certain desirable societal outcomes intelligible. We saw it in Table 2, where the Icelandic data revealed that civil-servants are considerably less tolerant to different practices related to the concept of corruption than politicians and the public. We saw it Table

6b, where civil-servants in both Sweden and Iceland, are considerably less prone to accept deviations from the norm of impartiality in public procurement processes. In addition, although admittedly not as clear-cut, data on Sweden from WWS (2014), has shown that public sector employees more often than private sector employees, think that it is never justifiable to accept a bribe.⁶

As discussed in the paper's introductory section, in the public administration literature, we find scholars who normatively argue that civil servants *ought* to have higher ethical standards than the general public and politicians, i.e. that there *ought to* be a distinct 'bureaucratic ethos' or a 'public administration ethics' (Buchanan 1996; Lundquist 1988; see e.g. the overview in Goss 1996). Related to this, some scholars seem to – more or less explicitly – argue that there is a gap between the normative prescriptions on which ethics civil servants *ought to have*, and the ethics they *de facto do have*. Hence for instance Levi and Rothstein (2018) have proposed that all institutions of higher education should adapt their training in order to instill ethical thinking and critical thinking as well as skills to deal with ethical dilemmas. This is a widespread opinion also within the top-echelons of government in individual countries, where various kinds of ethical codes or codes of conduct have been introduced in order to strengthen public sector ethics (e.g. Gilman 2005). One must reasonably assume that this is done because there is a widespread perception for the need of this, i.e. that the ethical compasses of civil servants are not well-calibrated enough. Our results indicate that the problem may perhaps be smaller than is thought, at least within the countries surveyed in this paper. In Sweden and Iceland, we do observe slightly higher ethical standards among civil-servants than among politicians and ordinary citizens; indicating precisely what Goss (1996) dubbed a 'distinct public administration ethics'. Following Miller (2000), this is a highly desirable thing. It implies that the citizens indeed seem to have hired managers with preferences distinct from their own, a state of affairs advocated by Miller. Giving bureaucracies autonomy and discretion increases the chances of the system having a credible commitment to neutrality, impersonality, efficiency and anti-corruption.

From an anti-corruption perspective, our results, signal something intrinsically good. The criteria for good performance in a bureaucracy are very different from those prevailing in a politicized environment, where we would expect civil-servants to focus on professional competence and impar-

⁶ Ca 71 percent of public sector employees state it is never acceptable to accept a bribe, while ca 66 percent of the private sector employees state the same thing. As an interesting side-note, in the same data, 66 percent of public sector employees state it is never justifiable to cheat on taxes, corresponding figure is ca 59 percent of private sector employees.

tiality, but where political elites may be tempted to find ways to extract surplus rents and give pay-backs to lobbyists or their supporters (voters, constituency, donors/financiers). For anti-corruption purposes, and as argued in the so called 'Quality of Government'-perspective (e.g. Dahlström et al 2012), it is crucial that politicians should be kept at an arm's length from civil-servants so that bureaucracies are kept fairly autonomous from politicians. In this sense, the bureaucracy can become a necessary counterbalance to the power of politicians and, as suggested above, could be seen as a necessary component of a well-functioning democracy that is comparatively spared from corruption.

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