

6 The Corruption Industry and Transition: Neoliberalizing Post-Soviet Space?

ADAM SWAIN, VLAD MYKHENKO AND SHAUN FRENCH

The behemoth of neoliberalism has figured prominently in accounts of post-Soviet economic development in Eastern Europe and the former Soviet Union. The 'shock therapy' and the 'big bang' which accompanied the disintegration of the Soviet system in the late 1980s and early 1990s are commonly identified as 'neoliberal' (see Birch and Mykhnenko; Jessop, this volume). It has been argued that neoliberalism was imposed on post-Soviet countries by hegemonic international financial institutions (IFIs) such as the IMF and the World Bank (Gowan 1995). This was refuted by some who maintained that if anything neoliberalism had been voluntarily adopted by indigenous elites (Lloyd 1996). More recently others have argued that the emergence of consolidated neoliberal states is due either to the extension of the transnational capitalist class to include post-Soviet countries (Shields 2003) or to alliances between domestic and transnational class interests (Drahokoupil 2008). However, the relationship between neoliberalism and post-Soviet transition is puzzling. Whilst many have argued transition was a neoliberal Trojan horse, others have challenged the notion that liberal market economies have emerged in the region (Mykhnenko 2007). Some have regarded Russia as an archetypal neoliberal country; at least during the 1990s (Job 2001; Nevetalova 2005), whilst others have suggested it is more akin to political or even state capitalism (Hanson and Teague 2007).

At the heart of this debate lies ambiguity surrounding the very concept of neoliberalism itself and especially its relationship to alternative market-orientated movements. Whilst few scholars have completely jettisoned the neoliberal discourse there have been attempts to destabilize the relationship between neoliberalism and transition. The role of transnational networks of academic (Bockmann and

Eyal 2002) and professional (Swain 2007) economists in producing and promoting neoliberal ideas has been highlighted. It has also been argued that individuals and households inevitably negotiate neoliberal reform, thereby 'domesticating' and articulating it with non-neoliberal and even non-capitalist practices (Smith 2006; Smith and Rochovská 2007). Moreover in the circumstances of a weak state and a regionally or nationally rooted alternative market-orientated movement, it is possible to resist externally inspired, state-imposed neoliberal projects (Swain 2006; Sher 2008).

This chapter draws on recent work which questions the conceptual coherence of neoliberalism in academic debate and its usefulness in promoting political activism and progressive change to consider what it means to say that post-Soviet countries are neoliberal. Our intention is to identify and destabilize the mechanisms which render neoliberalism 'true'. The concept of neoliberalism is underpinned by a universalist notion of the economy which is nowhere realized in a pure form, resulting in studies which focus on whether neoliberalism as a normative project is more or less realized (in a more or less pure form) and on the mechanisms through which this is achieved. Our contention is that the assemblage and calculative devices which produce and promote the notion of 'corruption' are one of the most powerful mechanisms underpinning attempts to realize neoliberalism in post-Soviet Eastern Europe. Corruption has been used to justify market fundamentalism around the world (Brown and Clòke 2004), including in post-Soviet Europe, where anti-corruption was used to justify the implementation of 'shock therapy'; whilst corruption was used to explain away its failures (Krasnev 2004).

In transition the identification of corruption undermines the legitimacy of existing economic practices and justifies their reorganization. Where neoliberal ideas have come up against rival alternative market-orientated movements, which, for example in Russia, have established and maintained themselves politically, one response has been to undermine their legitimacy by identifying them as corrupt. Thus whereas the anti-corruption discourse in many Eastern European countries is used to justify a small state and market fundamentalism, in Russia anti-corruption has been used as an argument for the transfer of assets and revenues from 'oligarchs' to the state (Tsyganov 2007). We argue that a close inspection of the socio-technical networks producing the discourse and devices of corruption/anti-corruption is one way to de-centre and destabilize

the concept of neoliberalism and fruitfully shift the terrain of progressive politics. The argument unfolds in the following way. In the next section we discuss the status of the concept of neoliberalism and argue that it is a theory of resistance which refines the object which is supposed to be critiqued. Thereafter we argue that one way of deconstructing neoliberalism, in the context of post-Soviet 'transition', is by thinking about corruption as an 'industry' which hails market-orientated policies commonly identified as neoliberal (de Maria 2008: 184; Krastev 2004).

Neoliberalism in Crisis: Elephant in the Room or Apparition?

Neoliberalism is in crisis in two senses. First, the onset of the 2007–9 global financial-economic crisis has undermined the recent dominance of market fundamentalism (French *et al.* 2009), and, second, the coherence and relevance of the concept has been questioned. Neoliberalism has been thought about in three main ways. First, it is treated as a normative ideological class project intended to restore the power of the bourgeoisie. It is argued that neoliberal policy is a national project of the state and of capital in the most advanced Western economies, intended to reduce the power of the working class by creating and maintaining an external labour reserve (Harvey 2005). Second, neoliberalism is understood as a neo-imperial project. Chang (2002), a development economist, argues that liberalization of international trade and investment and selective labour flows is a deliberate strategy by advanced Western capitalist countries to lock-in their comparative advantage by preventing poorer countries from using import substitution to develop infant industries and accumulate national capital. Third, neoliberalism is treated as a market-fundamentalist ideology which is manifest in state strategies which generate processes of *neoliberalization*. In this rendition neoliberalism remains a universally recognized phenomenon but is treated as a spatially and temporarily variegated process. This approach seeks ever more conclusive and comprehensive specifications of neoliberalism. Peck and Tickell (2002; see also Tickell and Peck 2003) examine the temporal evolution of national neoliberalisms in the heartlands of the US and the UK, and their extension to virgin territory.

Some critics of market fundamentalism have recently subjected the concept of neoliberalism to critique. Clive Barnett (2005; see also Barnett *et al.* 2008) argues that the conceptualization of neo-

liberalism is based on functionalist readings of both Marxist notions of hegemony and Foucault's theory of governmentality. He maintains that this reading, which tends to ignore not only resistance but also difference, ascribes to neoliberalism a unity and a power it does not possess and concludes '[t]here is no such thing as neoliberalism!' (2005: 9). Castree (2006) maintains there is confusion over what neoliberalism is and what exactly its effects are. Moreover, he doubts whether its conceptualization will ever be refined and clarified. Faced with a burgeoning literature revealing the ever greater variation in the forms of 'actually existing neoliberalism', scholars have sought to identify mesolevel abstract versions of neoliberalism as expressions of an essential universal core. We wish to extend this critique by arguing for a rejection of 'residual structuralism' (cf. Murdoch 2006: 15) and for a deconstruction of the discourse of neoliberalism. To do this we seek to highlight the critical potential of work which understands the economy as an emergent configured performance (Callon 1998) constructed through the interplay of rival projects and their associated socio-technical networks (Mitchell 2008; see also Lohmann's analysis of carbon trading in this volume). Whilst this way of understanding the economy is not without its own problems, in particular the danger that the complex construction of the economy is simply normalized, it can also be used as a targeted critical-political tool intended to selectively intervene in and progressively reconstruct the economy.

We critique three discursive practices which underpin the discourse of neoliberalism. First, neoliberalism is represented as a total, unified and systemic entity – much in the way, indeed, that some Marxists represent capitalism (Gibson-Graham 1996: 4). Such representational forms *recognize* a particular form of economic and political authority in which power is imagined as (more or less) centred and (more or less) unevenly radiating outwards from neoliberal heartlands. Second, neoliberalism is an emblematic theory of *resistance* and as Rose (2002: 384) argues: 'Resistance theory attempts to disrupt structuralist notions of hegemony by demonstrating that systems are always destabilized. Yet, in doing so, it simultaneously constitutes the structured nature of the system as primary.' There is a fine line between on the one hand recognizing the influence of neoliberal ideas and on the other hand justifying and even promoting those very same ideas. Recognition of the role of think tanks in producing and promoting neoliberal ideas risks simply describing and reifying

market fundamentalism (see Birch and Tickell, this volume). One notable critic of market fundamentalism, Jamie Peck, with his collaborator Nik Theodore (2007: 760), examines the threat posed by the rise of neoliberalism to the continental European variety of capitalism. They argue that the varieties of capitalism literature is 'defensive' because it provides intellectual justification for the continental social market model of capitalism, and – paradoxically and prophetically – that scholars working within the varieties of capitalism tradition need to recognize the power of neoliberalism more fully. In so doing they come perilously close to re-presenting the self-understanding of triumphal market fundamentalism.

More recently Peck (2008) has dissected the intellectual history of neoliberalism but in so doing arguably justifies rather than negates the truth of neoliberal theory. Equally, the framing of opposition to market fundamentalism as resistance to neoliberalism locates oppositional politics on a ready-made terrain in which the marginalized and the dispossessed are, well, already marginalized and dispossessed. The identification of, and resistance to, hegemonic neoliberalism may well undermine the generation of alternative political imaginaries. If neoliberalism is about making the economy in a particular image then remaking the economy in a new image may require a new imagination; an imagination in which neoliberalism is at most recognized as an effect of and not a cause of political-economic practices and discourses. Our contention is that to the extent to which neoliberalism may be said to exist it is performative, and that a different way of thinking and acting is the first step to progressive change. To update Harvey (1973: 137; emphasis in the original) from a generation ago: 'Our aim is to eliminate neoliberalism. Therefore the only valid politics . . . is to eliminate the conditions which give rise to the truth of neoliberal theory. In other words, we wish neoliberal theory to become *not* true.' Taking our cue from Harvey, this entails destroying the mechanisms which make neoliberal theory 'true' or performable, thereby rendering it irrelevant to understanding society. To be sure, neoliberalism cannot simply be wished away; it can only be willed away through alternative social construction (Gibson-Graham 2006).

Third, just as neo-classical economists compare 'real' economies to their abstract models represented in economics textbooks and find them wanting (cf. Carrier and Miller 1998) so critics of neoliberalism compare contingent varieties of 'actually existing neoliberalisms'

with an essentialized 'neoliberal model' which nowhere is realized in a pure form. Thus neoliberalism is represented in a way which inadvertently reinforces the notion of a pure essentialized economy separate from an impure economy of practice. This discursive practice enacts a binary form of thinking which privileges expert, Western economic and political knowledge as authentic over indigenous actors and knowledges that are rendered inauthentic (Mitchell 2002). This binary way of thinking not only privileges certain places over and above others, but also privileges the future over the present. It envisions an idealized version of the economy in the future that can never be realized, for the process of realization would entail the loss of its disciplinary power. This historicizing process means certain economies are treated as 'less modern' than advanced capitalist countries. The privileging of particular ideas, places and temporalities over other ideas, places and temporalities is used to justify and legitimate disciplinary action – that is, action designed to 'correct' irrational economic actors and 'improve' backward economies. This mode of representation produces academic authority and scripts for promoting market fundamentalism. In the following section we seek to highlight how the corruption industry produces expert knowledge claims and disciplinary power.

The Post-Soviet 'Corruption Industry'

The collapse of the Soviet bloc, the end of the Cold War and the dissemination of transition policies helped to promote the anti-corruption discourse within post-Soviet Europe and beyond (Abdel and Gupta 2002; Krastev 2004). Figure 6.1 shows that the number of English-language academic publications devoted to the topic of corruption increased dramatically from the late 1980s onwards. In these academic and policy research debates the region functioned as a microcosm or laboratory with which to experiment with corruption to draw conclusions to be applied within and outwith transition countries. Indeed corruption has been a recurring theme in accounts of post-Soviet transition and has produced a body of literature which is as voluminous as it is varied. However, here we wish to deconstruct the anti-corruption discourse to think of it as an industry or assemblage of academic and professional experts engaged in the production, circulation, (re)interpretation and enactment of the idea of corruption/anti-corruption, which thereby

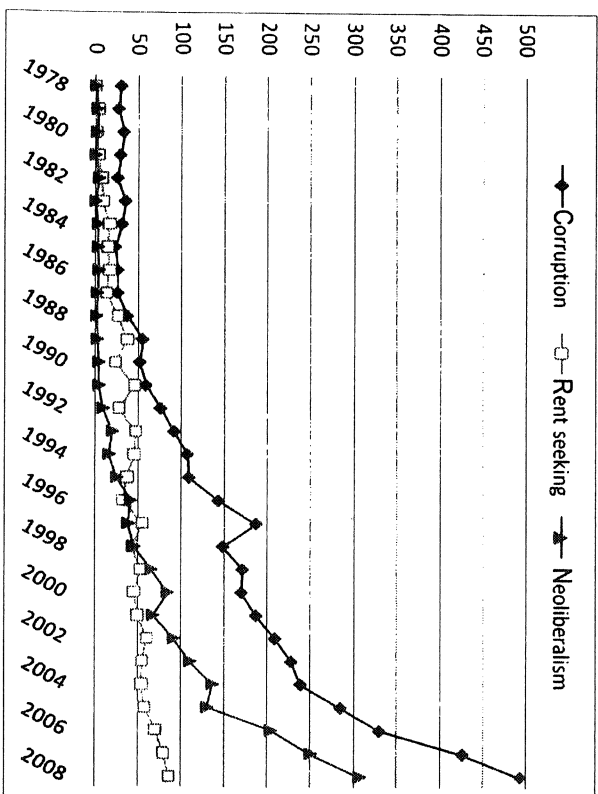


Figure 6.1. Academic journal publications on the topics of corruption, rent seeking and neoliberalism, total number per year, 1978–2008

Source: Authors' own calculations on the basis of ISI Web of Knowledge: Web of Science. <<http://posi.isiknowledge.com/analyze/ra.cgi>> (17 March 2009).

contributes to the formation of particular economic practices and identities. The industry comprises networks, continuously in flux, spanning academics, policy makers and practitioners operating at different sites. The corruption industry defines, measures, and marshals arguments in favour of and against certain forms of political-economic development under the banner of 'anti-corruption'. It seeks (a goal it only partially attains) to eradicate difference by capturing, aligning and controlling practices and actors. By disclosing this disciplinary power we seek to open fertile terrain for a progressive politics that challenges conventional universalist and essentialist definitions of 'the corrupt'. In post-Soviet Eastern Europe this entails recognizing the ways Western geopolitical and geo-economic centres of power use corruption to align post-Soviet political economies with their interests. The industry engages in three main interlocking activities: the identification of corruption as

a discursive category by academics and policy makers; the measurement, calculation and benchmarking of corruption; and, the simulation and experimentation with the idea of corruption through the practices of anti-corruption initiatives such as technical assistance projects funded by international donors and civil society activities.

Theorizing corruption

Socio-technical networks of academic and professional economists in transition countries and beyond produced theories of corruption and economic development. Figure 6.2 shows that the number of English-language academic publications about corruption in post-communist states significantly increased in the early 1990s. One of the earliest contributions was made by Andrei Shleifer and Robert Vishny (1993), academic economists at Harvard and Chicago respectively, who argued that corruption was caused by weak central government and that its effect was to distort the economy significantly. On the basis of research in Russia, they argued that the central authority present during the Soviet era resulted in monopoly or organized corruption – in which one actor had to be bribed who would then confer favour – whereas under post-Soviet conditions weak central authority resulted in competitive corruption, in which many actors had to be bribed without any certainty that the favour would be supplied. Professional economists working for IFIs also studied corruption and used it to justify the Washington Consensus (Kaufmann 1997; Tanzi 1998). These theorizations did not escape critique. Krastev (2004) argued that corruption was an effect of and not a cause of weak states and underdevelopment. He maintained that the mis-identification of unfamiliar socio-economic practices, such as *blat* (Ledeneva 1998), as corrupt exaggerated its occurrence and resulted in 'corruption-centred politics', which distorted democracy and undermined faith in the judicial system (see also Grigorescu 2006). It was also argued that in certain circumstances, such as in divided political systems and in the presence of a weak state, corruption could promote political stability and state building (Hislope 2008; Darden 2008).

However, a notable feature of orthodox work on corruption was the way it underpinned prejudicial theories of economic development in the former Soviet Union which undermined the legitimacy of existing economic practices and justified intervention by external experts. In 1998, Joel Hellman, a political scientist then working for

the European Bank for Reconstruction and Development (EBRD), published a paper entitled 'Winner Takes All: the Politics of Partial Reform in Postcommunist Transitions' in *World Politics*, in which he argued that in countries where politicians were protected from electoral jeopardy, initial winners of reform were able to 'stall the economy in a *partial reform equilibrium* that concentrated rents' (1998: 204, emphasis in original). This was a reformulation of earlier work on 'rent seeking' which argued that artificial monopolies resulted in welfare costs (see Figure 6.1). Hellman joined the World Bank in 2000 and with his colleague Daniel Kaufmann used the 'Business Environment and Enterprise Performance Survey' (BEEPS), a firm-level dataset covering 22 transition countries commissioned by the Bank and the EBRD in 1999, to develop and measure what they termed 'state capture': 'the efforts of firms to shape the laws, policies, and regulations of the state to their own advantage by providing illicit private gains to public officials' (Hellman and Kaufmann 2001). Hellman and his collaborators used the data to produce an index of the 'capture economy': countries with an aggregate capture economy index of less than the country average were classified as having a low capture economy, whereas countries with a higher than average score were classified as high capture economies. The dataset was also used to identify 'captor firms' – firms that 'frequently', 'mostly' or 'always' are required to make extra, unofficial payments to public officials to influence the content of new laws, decrees and regulations.

In transition economies, corruption has taken on a new image – that of so-called oligarchs manipulating policy formation and even shaping the emerging rules of the game to their own, very substantial advantage. We refer to this behavior as *state capture*. Though this form of grand corruption is increasingly being recognized as the most pernicious and intractable problem in the political economy of reform, few systematic efforts have been made to distinguish its causes and consequences from those of other forms of corruption. Moreover, there have not been any attempts to measure this specific type of corruption and to compare it across countries. (Hellman and Kaufmann 2001, emphasis in original)

Hellman and his collaborators argued that captor firms, which emerged during the initial stages of transition, monopolized contact with corrupt members of the state bureaucracy to produce capture economies. To protect their privileged positions captor firms and the corrupted bureaucrats colluded to form a rent-seeking elite which sought to prevent further market reform. The state capture argu-

ment was elaborated in relation to other forms of corruption and broader political and economic reform, in the World Bank's *Anti-corruption in Transition: a Contribution to the Policy Debate* report in 2000 and in two further reports following repeated surveys in 2002 and 2005 (Gray *et al.* 2004; Anderson and Gray 2006). These reports suggested that 'reform' reduced administrative corruption even though economic growth was associated with state capture. In successive reports the World Bank's emphasis shifted from data on firms' experiences of corruption and state capture towards managers' *perception* of corruption.

Another influential theorization of post-Soviet economic development was made by Clifford Gaddy of the Brookings Institution and Barry Ickes, an academic economist (Gaddy and Ickes 2002). They identified a discrepancy between what they termed Russia's 'virtual economy', as represented in tax returns, profit statements, company accounts and so on, and its 'real' economy as practised by economic actors. The visible economy was thus represented as inauthentic

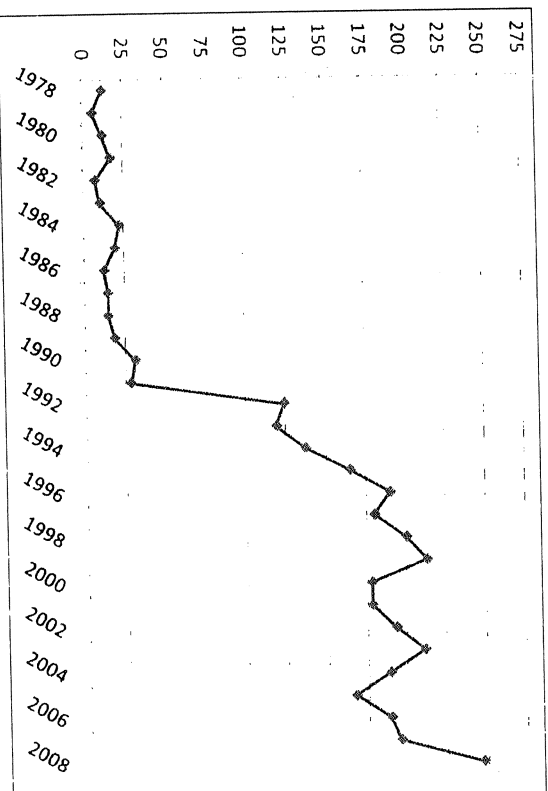


Figure 6.2. Academic journal publications on the topic of corruption in post-communist transition states, total number per year, 1978–2008

Source: Authors' own calculations on the basis of ISI Web of Knowledge. Web of Science. <<http://www.isiknowledge.com/analyze/ra.cgi>> [17 March 2009]

Table 6.1. Corruption and corruption-related indexes and benchmarks of post-Soviet countries

<i>Name of index</i>	<i>Organisation</i>	<i>HQ</i>	<i>Source of funding</i>	<i>Index established</i>	<i>Benchmarks</i>	<i>Inclusion of corruption in index</i>	<i>Methodology</i>	<i>Coverage of countries (No. & territories)*</i>	<i>Availability</i>
Freedom in the World	Freedom House	Washington DC, USA	Bilateral & multilateral donors; individual & corporate donations	1973	Political freedoms & civic liberties	2006 ('Functioning of government')	Annual poll in-house of experts	193 countries and 15 territories	Web-hosted database; online & printed report
Nations in Transit	Freedom House	Washington DC, USA	As above	1995	Democratization of post-communist Central Europe and post-Soviet Eurasia	1999 ('Corruption' ratings)	Annual poll of in-house experts	29 transition countries	Online & printed report
Corruption Perceptions Index	Transparency International	Berlin, Germany	As above	1995	Corruption	1995	Annual composite poll of polls	180	As above
Index of Economic Freedom	The Heritage Foundation & <i>The Wall Street Journal</i>	Washington DC, USA	Individual, foundation & corporate donations	1995	Economic freedom	1995 ('Freedom from corruption')	Annual aggregate of quantitative metrics	183	Web-hosted database, online & printed report
Governance Matters – Worldwide Governance Indicators	World Bank Institute	Washington DC, USA	World Bank	1996	Governance	1996 ('Control of corruption')	Bi-annual composite poll of polls	212	Interactive website & print

<i>Name of index</i>	<i>Organisation</i>	<i>HQ</i>	<i>Source of funding</i>	<i>Index established</i>	<i>Benchmarks</i>	<i>Inclusion of corruption in index</i>	<i>Methodology</i>	<i>Coverage of countries (No. & territories)*</i>	<i>Availability</i>
Business Environment and Enterprise Performance Survey	EBRD and World Bank	London, UK	EBRD	1999	Business environment	1999 ('Corruption')	Occasional company survey	26 transition countries	Interactive website & database
Bribe Payers Index	Transparency International	Berlin, Germany	Bilateral & multi-lateral donors; individual & corporate foundations	1999	Bribes by industrialized countries' MNCs	1999 ('evaluates the supply side of corruption - the likelihood of firms from the world's industrialised countries to bribe abroad.')	Occasional company survey	22 advanced economies	Online & printed report
Global Corruption Barometer	Transparency International	Berlin, Germany	As above	2003	Public experience & attitudes of corruption	2003 ('Corruption')	Annual survey of public opinion	60	As above
Countries at the Crossroads	Freedom House	Washington DC, USA	As above	2004	Government performance	2004 ('Anticorruption and transparency')	Bi-annual poll of in-house experts	60 strategically important countries	As above

Sources: Authors' own compilation based on institutional websites.

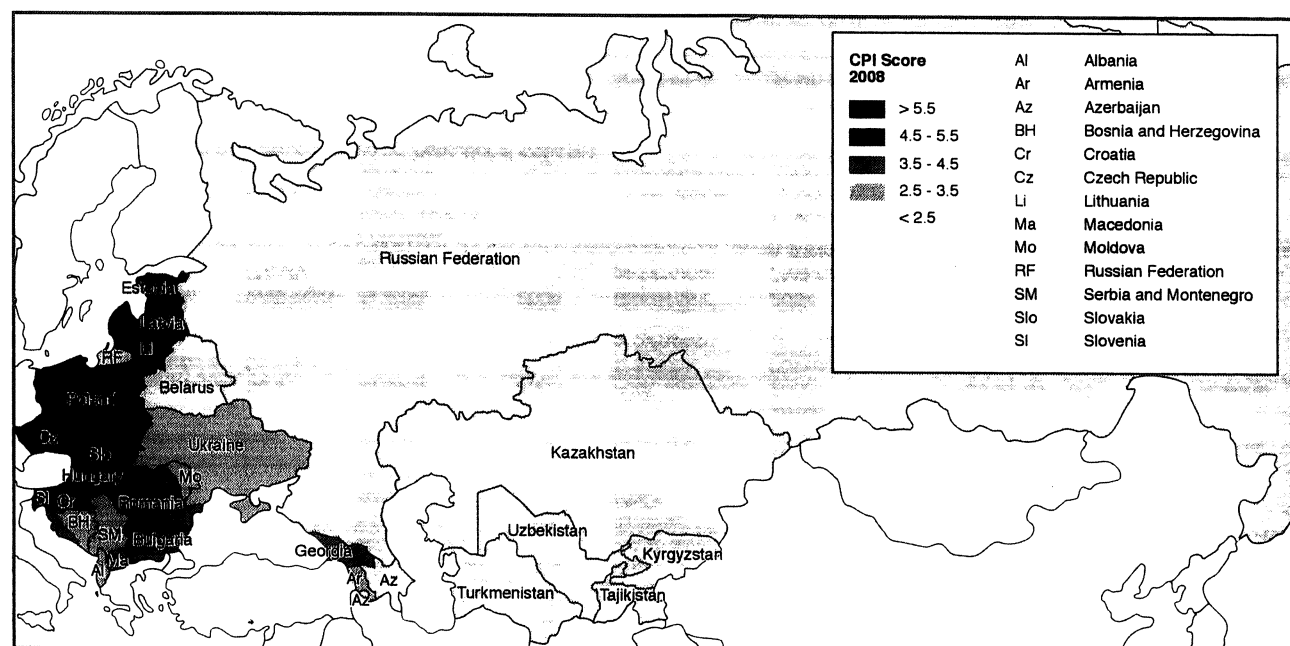


Figure 6.3. Transparency International Corruption Perception Index, 2008

Source: Transparency International.

compared to the economic models to which it was supposed to correspond. They maintained that the economy, 'a mutant system, with laws of behaviour and evolution all of its own' (2002: 10), was sustained by the 'loot chain' – financial dependence on fictitious pricing, virtual accounting and relational capital. As both the state capture and virtual economy theories argued that economic actors were behaving rationally and that the system was in equilibrium (able to re-produce itself), systemic reorganization would only occur through external political intervention.

Calculating corruption

The theorization of corruption was indistinguishable from the experiential development of technologies for calculating or measuring corruption – what Krastev calls 'the new science of corruption' (Krastev 2004: 3; see also de Maria 2008). Table 6.1 shows that at least nine indexes related to corruption in transition countries were regularly calculated. The indexes made it possible for experts to claim corruption could be measured and compared over space and time. Indeed '[t]he invention of corruption as a global policy issue that can be solved with the "one size fits all" policy would be unimaginable without the radical discovery that corruption is measurable' (Krastev 2004: 23). Some indexes were pure polls of expert opinion whereas others were aggregate or composite polls of polls. The similarity in the results of the various indexes may be a measure of their accuracy (Tanzi 1998: 578; Rose-Ackerman 2006) or the way they used and exchanged data (autocorrelation). The most influential indexes were two polls of polls produced by Transparency International (TI) (Wang and Rosenau 2001).

In 1995, TI began to publish the 'Corruption Perceptions Index' combining the opinions of various country experts, consultants, business people and local correspondents operating under the auspices of 11 different organizations (see Figure 6.3). In 1999, TI started to publish the 'Bribe Payers Index'. The World Bank Institute produced the 'Worldwide Governance Research Indicators Dataset' which aggregated 39 different polls of experts and surveys of public and elite opinion by more than thirty NGOs, think tanks, development agencies and private investment risk consultancies. The World Bank also published the 'Doing Business' dataset, which included a series of indicators, such as contract enforcement, related to corruption. Both the TI and the WBI used Freedom House's

'Nations in Transit' ratings in calculating their aggregate governance perceptions scores. Freedom House, a US-based NGO, published a pure poll of expert opinion and developed criteria for monitoring civic liberties and political rights across the world and measuring democratic governance in post-Soviet countries in particular. Other similar indexes included the 'Economic Freedom of the World' Index produced by the Cato Institute (Washington DC) and the Fraser Institute (Canada), and the 'Freedom in the World' Index produced by the Heritage Foundation (Washington DC). These indexes meant '[t]he study of corruption was portrayed as similar to the study of inflation. The causes of corruption were reduced to the effect of the governments' role in politics' (Krajev 2004: 33) and excluded wider moral, political and institutional questions relating to Western supremacy (Bukovansky 2006: 183). Moreover the indexes attracted the attention of policy makers, businesses and, especially, the media.

Stimulating corruption

Multilateral and bilateral overseas development assistance donors were instrumental in the establishment of many corruption indexes. For example the World Bank was instrumental in the founding of TI in Berlin in 1995. In turn donors used the indexes to allocate assistance to countries (Grigorescu 2006: 522) and to determine their policy advice, technical assistance and lending activities. Beginning in the mid-1990s, the World Bank and IMF identified corruption – 'the abuse of public office for private gain' (IMF 1997: 2, fn2) – as a prime justification for the liberalization of international markets and structural reform of developing and transitional economies (Everett *et al.* 2006; Bukovansky 2006; Marquette 2004). In 1997, the IMF adopted 'a more proactive approach in advocating policies and the development of institutions and administrative systems that eliminate the opportunity for bribery, corruption, and fraudulent activity in the management of public resources' (IMF 1997: vi). In this way the IFIs extended the scope of their surveillance of and intervention in recipient countries to include 'good governance' (see van Waeyenberge, this volume).

The professional activities of anti-corruption initiatives involved experimenting with the idea of corruption, although the evidence of their directly reducing recorded levels of corruption is slim (Rouso and Steves 2006). Initially anti-corruption initiatives were overwhelmingly conceived, managed and monitored as part of wide-

ranging lending by IFIs, and technical assistance programmes at projects funded by multi-lateral donors, such as the EU TACIS or PHARE programmes, as well as by bilateral donors, such as the US government's DDD and the US government's USAID. Projects included those which focused on corruption in a narrow sense (judicial reform, public procurement, media development, public information strategies, political processes) as well more general projects including those which were intended to fund research aimed to popularize and promote the work of advocacy groups such as Transparency International (Krajev 2004; Grigorescu 2006). Ironically, some of these projects themselves became embroiled in allegations of corruption, including one USAID-funded project, on which Andrei Shleifer worked, which the Harvard Institute for International Development provided economic policy advice to the Russian government (Wedel 2000).

From the outset of transition, assistance to the FSU was regarded as an instrument for promoting Western interests (Shleifer and Vishny 1991) and the focus on corruption can be understood in the terms despite subsequent efforts by the industry to enrol the anti-corruption agenda to justify its activities. Krajev (2004) argued that the anti-corruption discourse in Eastern Europe was an instrument to promote US anti-protectionist trade policy and transnational capital and to provide a post-Cold War rationale for the existence of the World Bank. More broadly it has been argued that anti-corruption is an international governance regime in which IFIs and TI depict an array of technocratic methods and enrol expert knowledges to measure and realize international norms (Wang and Rosenau 2001).

Conclusion: Neoliberalism and Corruption

In this chapter we have focused on the way the idea of corruption used to justify and promote policies commonly labelled as 'neoliberal'. Indeed the discourses of corruption and neoliberalism may be considered counterparts; residual categories into which orthodox and heterodox commentators respectively place phenomena which are imagined to contradict normative prescriptions. In this sense studies of corruption can simply be understood as accounting for the inevitable failure to disseminate a supposedly universal model of economic development, whilst studies of neoliberalism can be understood as

explaining away the effects of dissemination. There are two similarities between the way corruption and neoliberalism are represented. First, the definition of corruption along with the identification of its causes and consequences is fuzzy – Everett *et al.* (2006: 9) regard corruption as a ‘free-floating signifier’. Corruption can refer to the conduct of a specific economic or political practice at one extreme – low-level corruption – and to the organization of an entire economy and associated politics at the other – grand corruption. The idea of corruption can be understood as simultaneously *both* universal and situated. Moreover, it is precisely this ambiguity and elusiveness which enhance its economic relevance and political potential. Second, the idea of corruption reinforces the notional separation of economies of practice from both idealized orthodox and heterodox accounts of the economy. For example de Sardan (1999: 25–6) argues that corruption should be understood as a ‘moral economy’ undermined by ‘value systems and cultural codes’, which explains why technocratic anti-corruption initiatives fail. There is an imaginary world where corruption does not exist, which is nowhere realized in a pure form, and there are ‘real world’ economies where extant corruption is inevitable. It is the very impossibility of realizing a corruption-free economy which produces its disciplinary power, for its realization would dissolve its traction. Exiting this bind demands greater recognition and tolerance of the rich variety of socio-technical practices which make the economy in different times and places.

Post-Soviet Eastern Europe was used as a laboratory where experiments with corruption could be staged in order to realize envisioned political-economic identities. Equally, corruption was used to justify neo-imperial projects intended to reorganize the state, and especially its relationship to economic organizations, and realign it Westwards. The attribution of practices or actors as corrupt or otherwise was just one mechanism to selectively confer modernity on some and stigmatize others (cf. Mitchell 2007). However, the 2007–9 global financial-economic crisis with its origins in the financial system of the core Western capitalist countries challenged the assumption that corruption is confined to the non-West and undermined the authority and political agility of the corruption industry. Our analysis of corruption suggests neoliberalism can be understood as a configured performance involving a cacophony of discourses and a profusion of socio-technical practices, rather than as a cause of them. To be sure, there is neither a hidden hand of

the market, a politico-capitalist conspiracy, nor a recurring process of subjectification which conjures up a neoliberal world. In so far as neoliberalism may be thought to exist, it is a precarious achievement subject to communicative and practical disruption.

Acknowledgements

An earlier version of this chapter was presented in the ESRC Seminar Series ‘Neoliberalism, anti-neoliberalism and de-ideologization’, at the University of Glasgow on 1 April 2008. We would like to thank the participants for their comments. We thank Alex Vasudevan and Kean Birch for their comments on an earlier draft of this chapter, and Elaine Watts for drawing the map.

References

- Abed, G. T. and Gupta, S. (2002) ‘The Economics of Corruption: an Overview’, in Abed, G. T. and Gupta, S. (eds) *Governance, Corruption, and Economic Performance*, IMF, Washington DC.
- Anderson, J. H. and Gray, C. (2006) *Anticorruption in Transition 3: Who Is Succeeding . . . and Why?*, World Bank, Washington DC.
- Barnett, C. (2005) ‘The Consolations of “Neoliberalism”’, *Geoforum*, Vol. 36, No. 1, pp. 7–12.
- Barnett, C., Clarke, N., Cloke, P. and Malpass, A. (2008) ‘The Elusive Subjects of Neo-liberalism’, *Cultural Studies*, Vol. 22, No. 5, pp. 624–53.
- Bockmann, J. and Eyal, G. (2002) ‘Eastern Europe as a Laboratory for Economic Knowledge: the Transnational Roots of Neoliberalism’, *American Journal of Sociology*, Vol. 108, No. 2, pp. 310–52.
- Brown, E. and Cloke, J. (2004) ‘Neoliberal Reform, Governance and Corruption in the South: Assessing the International Anti-Corruption Crusade’, *Antipode*, Vol. 36, No. 2, pp. 272–94.
- Bukovansky, M. (2006) ‘The Hollowness of Anti-Corruption Discourse’, *Review of International Political Economy*, Vol. 32, No. 2, pp. 181–209.
- Callon, M. (ed.) (1998) *The Laws of the Markets*, Blackwell, Oxford.
- Carrier, J. G. and Miller, D. (eds) (1998) *Virtualism: a New Political Economy*, Berg, Oxford.
- Castree, N. (2006) ‘From Neoliberalism to Neoliberalisation: Consolations, Confusions, and Necessary Illusions’, *Environment and Planning A*, Vol. 38, No. 1, pp. 1–6.
- Chang, H.-j. (2002) *Kicking Away the Ladder: Development Strategy in Historical Perspective*, Anthem Press, London.
- Darden, K. (2008) ‘The Integrity of Corrupt States: Graft as an Informal State Institution’, *Politics and Society*, Vol. 36, No. 1, pp. 35–60.
- de Maria, B. (2008) ‘Neo-Colonialism through Measurement: a Critique of

- the Corruption Perception Index', *Critical Perspectives on International Business*, Vol. 4, No. 2/3, pp. 184–202.
- de Sardan, J. P. O. (1999) 'A Moral Economy of Corruption in Africa', *Journal of Modern African Studies*, Vol. 37, No. 1, pp. 25–52.
- Drahokoupil, J. (2008) *Globalization and the State in Central and Eastern Europe: the Politics of Foreign Direct Investment*, Routledge, London.
- Everett, J., Neu, D. and Rahaman, A. S. (2006) 'The Global Fight against Corruption: a Foucaultian, Virtues-Ethics Framing', *Journal of Business Ethics*, Vol. 65, pp. 1–12.
- French, S., Leyshon, A. and Thrift, N. (2009) 'A Very Geographical Crisis: the Making and Breaking of the 2007–8 Crisis', *Cambridge Journal of Regions, Economy and Society*, Vol. 2, No. 2, pp. 287–302.
- Gaddy, C. and Ickes, B. W. (2002) *Russia's Virtual Economy*, The Brookings Institution, Washington DC.
- Gibson-Graham, J. K. (1996) *The End of Capitalism (as We Knew It): a Feminist Critique of Political Economy*, Blackwell, Cambridge MA.
- (2006) *Postcapitalist Politics*, University of Minnesota Press, Minneapolis MN.
- Gowan, P. (1995) 'Neo-Liberal Theory and Practice in Eastern Europe', *New Left Review*, Vol. 213, pp. 3–60.
- Gray, C. W., Hellman, J. and Ryterman, R. (2004) *Anticorruption in Transition 2: Corruption in Enterprise-State Interactions in Europe and Central Asia 1999–2002*, World Bank Publications, Washington DC.
- Grigorescu, A. (2006) 'The Corruption Eruption in East-Central Europe: the Increased Salience of Corruption and the Role of Intergovernmental Organizations', *East European Politics and Societies*, Vol. 20, pp. 516–49.
- Hanson, P. and Teague, E. (2007) 'Russian Political Capitalism and Its Environment', in Lane, D. and Myant, M. (eds) *Varieties of Capitalism in Post-Communist Countries*, Palgrave Macmillan, Basingstoke, pp. 149–64.
- Harvey, D. (1973) *Social Justice and the City*, Arnold, London.
- (2005) *A Brief History of Neoliberalism*, Oxford University Press, Oxford.
- Hellman, J. (1998) 'Winner Takes All: the Politics of Partial Reform in Postcommunist Transitions', *World Politics*, Vol. 50, No. 2, pp. 203–34.
- Hellman, J. and Kaufmann, D. (2001) 'Confronting the Challenge of State Capture in Transition Economies', *Finance and Development*, Vol. 38, No. 3, pp. 31–5.
- Hilpote, R. (2008) 'Corrupt Exchange in Divided Societies: the Invisible Politics of Stability in Macedonia', in Orenstein, M. A., Bloom, S. and Lindstrom, N. (eds) *Transnational Actors in Central and East European Transitions*, University of Pittsburgh Press, Pittsburgh PA, pp. 142–61.
- IMF (1997) *Good Governance: the IMF's Role*, IMF, Washington DC.
- Job, S. (2001) 'Globalising Russia? The Neoliberal/Nationalist Two-Step and the Russification of the West', *Third World Quarterly*, Vol. 22, No. 6, pp. 931–49.

- Kaufmann, D. (1997) 'Corruption: the Facts', *Foreign Policy*, Vol. 107, pp. 114–31.
- Krajev, I. (2004) *Shifting Obsessions: Three Essays on the Politics of Anticorruption*, CEU Press, Budapest.
- Ledeneva, A. V. (1998) *Russia's Economy of Favours: Blat, Networking, and Informal Exchange*, Cambridge University Press, Cambridge.
- Lloyd, J. (1996) 'Eastern Reformers and Neo-Marxist Reviewers', *New Left Review*, Series I, No. 216, pp. 119–24.
- Marquette, H. (2004) 'The Creeping Politicisation of the World Bank: the Case of Corruption', *Political Studies*, Vol. 52, No. 3, pp. 413–30.
- Mitchell, T. (2002) *Rule of Experts: Egypt, Techno-Politics, Modernity*, University of California Press, Berkeley CA.
- (2007) 'The Properties of Markets', in Mackenzie, D. Muniesa, F. and Siu, L. (eds) *Do Economists Make Markets? On the Performativity of Economics*, Princeton University Press, Princeton NJ, pp. 244–75.
- (2008) 'Rethinking Economy', *Geoforum*, Vol. 39, No. 3, pp. 1116–121.
- Murdoch, J. (2006) *Post-Structuralist Geography: a Guide to Relational Space*, Sage, London.
- Myhlenko, V. (2007) 'Strengths and Weaknesses of "Weak Co-ordination": Economic Institutions, Revealed Comparative Advantages, and Socio-Economic Performance of Mixed Market Economies in Poland and Ukraine', in Hancké, B., Rhodes, M. and Thatcher, M. (eds) *Beyond Varieties of Capitalism: Conflict, Contradictions and Complementarities in the European Economy*, Oxford University Press, Oxford, pp. 351–78.
- Nesvetailova, A. (2005) 'Globalization and Post-Soviet Capitalism: Internalizing Neoliberalism in Russia', in Soederberg, S., Menz, G. and Cerny, P. G. (eds) *Internalizing Globalization: the Rise of Neoliberalism and the Decline of National Varieties of Capitalism*, Palgrave Macmillan, Basingstoke, pp. 238–54.
- Peck, J. (2008) 'Remaking Laissez-Faire', *Progress in Human Geography*, Vol. 32, No. 1, pp. 3–43.
- Peck, J. and Theodore, N. (2007) 'Variegated Capitalism', *Progress in Human Geography*, Vol. 31, No. 6, pp. 731–72.
- Peck, J. and Tickell, A. (2002) 'Neoliberalizing Space', *Antipode*, Vol. 34, No. 3, pp. 380–404.
- Rose, M. (2002) 'The Seductions of Resistance: Power, Politics, and a Performative Style of Systems', *Environment and Planning D: Society and Space*, Vol. 20, No. 4, pp. 383–400.
- Rose-Ackerman, S. (2006) 'Introduction and Overview', in Rose-Ackerman, S. (ed.) *International Handbook on the Economics of Corruption*, Edward Elgar, Cheltenham, pp. xiv–xxxviii.
- Rouso, A. and Steves, F. (2006) 'The Effectiveness of Anti-Corruption Programs: Preliminary Evidence from the Post-Communist Transition Countries', in Rose-Ackerman, S. (ed.) *International Handbook on the*

- Economics of Transition*, Edward Elgar, Cheltenham, pp. 247–69.
- Sher, A. (2008) 'The Making of Capitalism in Post-Soviet Russia: Modern Corporate Reform and State-Led Development in Tatarstan', in Atsoy, Y. (ed.) *World Hegemonic Transformations, the State and Crisis in Neoliberalism*, Routledge, London, pp. 186–206.
- Shields, S. (2003) 'The "Charge of the Right Brigade": Transnational Social Forces and the Neoliberal Configuration of Poland's Transition', *New Political Economy*, Vol. 8, No. 2, pp. 225–44.
- Shleifer, A. and Vishny, R. (1991) 'Reversing the Soviet Economic Collapse', *Brookings Papers on Economic Activity*, Vol. 2, pp. 341–60.
- (1993) 'Corruption', *Quarterly Journal of Economics*, Vol. 108, No. 3, pp. 599–617.
- Smith, A. (2006) 'Articulating Neoliberalism: Diverse Economies and Everyday Life In "Postsocialist" Cities', in Leitner, H., Peck, J. and Sheppard, E. (eds) *Contesting Neoliberalism: Urban Frontiers*, Guilford, New York NY, pp. 204–22.
- Smith, A. and Rochovská, A. (2007) 'Domesticating Neo-Liberalism: Everyday Lives and the Geographies of Post-Socialist Transformations', *Geoforum*, Vol. 38, No. 6, pp. 1163–78.
- Swain, A. (2006) 'Soft Capitalism and a Hard Industry: Virtualism, the "Transition Industry" and the Restructuring of the Ukrainian Coal Industry', *Transactions of the Institute of British Geographers*, Vol. 31, No. 2, pp. 208–33.
- (2007) 'Projecting "Transition" in the Ukrainian Donbas: Policy Transfer and the Restructuring of the Coal Industry', in Swain, A. (ed.) *Re-Constructing the Post-Soviet Industrial Region: the Donbas in Transition*, Routledge, London, pp. 161–87.
- Tanzi, V. (1998) 'Corruption around the World: Causes, Consequences, Scope, and Cures', *IMF Staff Papers*, Vol. 45 No. 4, pp. 559–94.
- Tickell, A. and Peck, J. (2003) 'Making Global Rules: Globalization or Neo-liberalization?', in Peck, J. and Young, H. W.-C. (eds) *Remaking the Global Economy*, Sage, London, pp. 163–81.
- Tsyganov, Y. (2007) 'The State, Business and Corruption in Russia', in Holmes, L. (ed.) *Terrorism, Organized Crime and Corruption*, Edward Elgar, Cheltenham, pp. 130–54.
- Wang, H. and Rosenau, J. N. (2001) 'Transparency International and Corruption as an Issue of Global Governance', *Global Governance*, Vol. 7, No. 1, pp. 25–49.
- Wedel, J. R. (2000) 'Tainted Transactions: Harvard, the Chubais Clan and Russia's Ruin', *The National Interest*, No. 59, pp. 23–34.
- World Bank (2000) *Anticorruption in Transition: a Contribution to the Policy Debate*, World Bank, Washington DC.

7 Remaking the Welfare State: from Safety Net to Trampoline

JULIE MACLEAVY

Since the 1970s and early 1980s, the worldwide ascendancy of market-based modes of governance has seen neoliberal policies adopted by parties at either end of the political spectrum. As a consequence, the manifestations of the express commitment to market exchange are multifarious, disparate and fractured. This chapter explores the influence of neoliberal theory on welfare state restructuring to illustrate the mixing of neoliberal policies and discourses with other social, political and economic interests. Its particular focus is on the narratives of deregulation, privatization and social austerity that have been used to legitimate temporary labour market attachments as a recurrent objective in welfare policies in the Anglophone world. The articulation and reiteration of a neo-liberalized approach to the broader political economy has transformed attitudes towards welfare: from a general consensus that welfare exists as a safety net for people with no or low incomes towards a more punitive approach which emphasizes self-sufficiency and individual requirements to work. Yet keystones of the welfare state continue to underpin the regulation of local labour markets. This suggests unevenness in the neoliberal project, which abnegate any suggestion of neoliberalism as a universal, totalizing and inevitable process (see Birch and Mykhenko, this volume).

To explore the continuum between the post-war Keynesian welfare state and the contemporary era of neoliberal workarism (understood – after Jamie Peck (2001) – to comprise work-based welfare reform), this chapter will first consider the process of policy development that epitomizes the rise of this new policy regime. Following this, it will establish what constitutes neoliberalism and the defining features of a 'workfare state' in general terms. It will then examine the extent to which neoliberal workarism relies on the re-articulated