CHAPTER 1
BACKGROUND

Basic Concepts:

Corruption has attracted a great deal of attention in both academic and non-academic circles as reflected through an increased number of studies devoted to the topic (e.g. Eigen, 2002; Jain, 2001; Stapenhurst and Langseth, 1997; Theobald, 2002; Treisman, 2000). Institutions such as the World Bank, the OECD\(^1\), and various UN\(^2\) agencies have started addressing corruption as an important policy concern. The motivation behind such attention is that good governance is a necessary condition for economic growth and development and minimizing corruption is an important aspect of it. Such interest can be seen globally through the range of commissions of enquiry and associated publications during the last decade round the world (e.g. Gorta, 1994; Grabosky and Larmour, 2000; Independent Commission against Corruption [ICAC], 1998; Lamour, 2001; Zippardo, 1999) and Transparency International\(^3\). By understanding the variety of antecedent conditions leading to corrupt acts our policy makers and public can take necessary remedial actions.

To date, factors contributing to corruption have been viewed largely through the economics literature, and principally from a cost-benefit analysis perspective. Costs to the corrupt individual include lost income due to being detected, prosecuted, and punished, in relation to ‘income’ derived through acting corruptly. An assumption is made herein that an individual is going to engage in corrupt acts if the benefits outweigh the costs. Hence, a common theme has emerged in the literature that models the effect of wage levels upon the propensity for corruption (e.g. Goel and Nelson, 1998; Mookerjee and Ping, 1995; Van Rijckegehm and Weder, 1997).

Such a nexus between wage and corruption was recognized as early as the Ch’ing dynasty in imperial China where district magistrates were paid an extra allowance.

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\(^1\) Organization for Economic Co-operation and Development

\(^2\) United Nations

\(^3\) Transparency International (TI) is an international anti-corruption body operating in 60 countries with headquarters in Berlin. TI extensively researches global corruption and amongst its publications runs a daily email service, which lists out all reported (in media) corruption and allegations of corruption worldwide.
called yang-lien yin (money to nourish honesty) as a tool against corruption. A similar strategy has been adopted more recently by the Singaporean and Hong Kong governments through their incentive wage policy for public officials (Bardhan, 1997). Our general observation here is that these jurisdictions seemingly recognize that the main rationale for acting corruptly is the financial benefits that individuals are able to extract because of their public service roles. While this indicates that higher wages for public employees would induce lower levels of corruption we also need to be mindful of empirical studies from other social science disciplines showing factors other than financial incentives help motivate employee actions. Of particular interest in this research is the potential role of psychological Factors (PF) in explaining the antecedent conditions leading to corruption.

**Defining Corruption and why do we need a new definition:**

Traditional definitions of corruption in literature do not reflect the far reaching consequences of corruption in business and public life. They are narrow and limit themselves to the understanding that a corrupt act amounts to deviating from some norms (Scott, 1972); (Huntington, 1968) or laws (Leff, 1964) or jumping the queue (Rose-Ackerman, 1978) or securing an undue favour or making a private gain (Nye, 1967) at public expense. These definitions fail to explain the possible negative impact corrupt acts of business can have on the stakeholder community (Alatas, 1990) and public at large. An act of corruption on part of a policy maker, implementer and multinational business managers may have the potential of *inter-alia* jeopardizing human rights, the environment and sustainable development. Many a time they fail to identify all the voters/stakeholders who could be affected and fail to take into account that sustainable development is a concept not restricted to the present generation of stakeholders, but includes all the future ones whose interests might be endangered. Therefore, corruption needs to be redefined in terms of the resulting implications of a corrupt act on part of a decision-making manager. Accordingly, the compelling circumstances of business that many a time lead managers to take part in corrupt acts needs to be revisited and examined in the perspective of outcomes relevant to stakeholder issues. The purpose of redefining corruption for business managers will fail if one is not able to drive home that corruption has serious potential to damage, to harm and destroy society many a time beyond repair. With this purpose in mind, I
propose a redefinition of the concept of corruption in this thesis so that it becomes more relevant and salient for business managers, public servants and to the public at large.

Recorded history texts provide instances of corruption and bribery in all ancient civilizations, and through the ages our society has never been without corruption (Noonan, 1984). More than two thousand years ago in India, corruption and its related practices have found mention in Kautilya’s Arthashastra. This work mentions 40 different ways in which a public official can make illegitimate gain from public office (Rangarajan, 1992:295-297). The prevalence of corruption and bribery in every ancient civilization, be it Babylonian, Egyptian, Hebrew, Indian, Chinese, Roman and Greek, is discussed at length in the work of Alatas (1990). It is also a common perception amongst people that corruption is spreading and embedding itself within social sub-systems (Ryan, 2000). The phenomenon of corruption is inseparable from questions of public morality and morality in general (Theobald, 1990:1).

As in daily life, corruption frequently occurs in trade and commerce and often becomes a decision-making issue for public and private executives. They encounter corruption at different times, in different situations at home and overseas. Such corruption is either due to the rent-seeking behavior of public officials (Bhagwati, 1982; Bardhan, 1997) or gain-seeking intentions of managers. These involve decisions—whether to participate in a corrupt act and gain business or lose business by non-participation; whether to risk reputation and company image or not risk it at all; whether to think of economic benefits and personal agendas alone or to take into account stakeholder responsibilities as well.

**What is Corruption?**

What constitutes corruption and acts of corruption is a question of debate among scholars; however, they agree on certain common features evident in an act of corruption. Scott (1972:3) sums this up, “Corruption, we would all agree, involves a deviation from certain standards of behaviour.” This gives rise to a series of pertinent questions as to what those standards of behaviour are from which one deviates? What are the criteria laid down to establish those standards and who lays them down? Whose behaviour is to be checked against those standards? Scott (1972:3) mentions
three broad criteria, each with a distinct analytical focus but overlapping with each other, namely: public interest, public opinion, and legal norms. He debates what constitutes “public interest” and what is “public opinion” and issues of law. He concludes that both public interest and public opinion have different connotations in different situations and may be difficult to use as yardsticks in all cases. If compliance with the law is the expected standard of behaviour, then are we narrowing down the issue of corruption to contractarian requirements and in the process are we relegating a moral problem to a contractarian solution? The requirement of compliance with law would still harbour lingering doubts as to what is acceptable behaviour and what is not, and whether the law in question is unconstitutional or repressive. Scott (1972:5) addresses this dilemma aptly when he writes: Our conception of corruption does not cover political systems that are in Aristotelian terms, “corrupt” in that they systematically serve the interests of special groups or sectors. A given regime may be biased or repressive; it may consistently favour the interests, say, of the aristocracy, big business, a single ethnic group or a single region while it represses other demands.

Scott’s definition mentions “special groups” whose interests are served, albeit within the law by designs of a political structure. Some formal special interest groups who expressly promote the interest of their own groups within the law are professional bodies of accountants, lawyers, doctors, architects, engineers and trade associations, wherein the rules are set for satisfying specific group interests, and in so far as they do that, such systems still remain corrupt. This happens if in the process of serving their own interest, they act to the detriment of society. Likewise, the theory of ‘milgram’s six degrees of freedom’\(^4\) or the concept of Chinese guanxi\(^5\) or the old boys network are indicators of the prevalence of informal groups of people who can end up serving their group interest to the detriment of others. The activities of such groups may meet legal compliance but that compliance may not rule out pursuit of corrupt advantage over others.

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\(^4\)Milgram’s six degrees of freedom is based on an experiment conducted by Prof. Milgram on a hypothesis that everyone in this world is connected through a short chain of acquaintances (approximately 6 persons in a chain).

\(^5\)The underlying theme in a Guanxi relationship is a reciprocal relationship for mutual benefit between people in business or otherwise. Guanxi is a word coined during Confucian times to indicate various relationships between the Emperor and people and between networks of people.
Legal compliance, however, as a criterion is not ruled out and scholars have used words like “norms”, “formal duties”, “extra legal”, “system of public order” to define corruption and the underlying notion of legal compliance. Leff (1964:510) has highlighted the outcome of a corrupt act, namely: private gain at the expense of common good. He defines corruption as:

Corruption is an extra-legal institution used by individuals or groups to gain influence over the actions of the bureaucracy. As such, the existence of corruption per se indicates only that these groups participate in the decision-making process to a greater extent than would otherwise be the case.

Leff’s definition strengthens the use of legal compliance as a criterion, but at the same time discusses influence to a “greater extent than would otherwise be the case” as an outcome of the process. However, Leff’s use of the word “extra-legal” and his definition and related work is critically assessed in the work of Alatas (1990: 177-182). Alatas (1990:3) categorises corruption into seven distinct types: transactive, extortive, investive, defensive, nepotistic, autogenic and supportive and provides a context specific insight into corruption in public office. Huntington (1968:492) defines corruption as, “behaviour of public officials, which deviates from accepted norms in order to serve private ends.” Huntington highlights the private nature of gain made through a corrupt transaction by public officials. Nye’s (1967:567) definition is more comprehensive:

Behaviour, which deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains: or violates rules against the exercise of certain types of private gain regarding influence. Nye (1967) offers a better understanding by mentioning the possible beneficiaries of a public official’s corrupt transaction. Rogow and Lasswell (1963:132) define it from the viewpoint of public good or common good, thus:

A corrupt act violates responsibility toward at least one system of public or civic order and is in fact incompatible with (destructive of) any such system. A system of public or civic order exalts common interest over special interest; violations of the common interest for special advantage are corrupt.
Klitgaard (1988:75) contends that illicit behavior (corruption) flourishes when agents (public officials) have monopoly power over clients by virtue of great discretionary powers that they (public officials) command by way of occupying a public office. On the other hand the agent’s (public official’s) accountability as an agent to the principal (the nation’s electorate) is weak. In his work detailing control mechanisms for corruption, he has defined these ingredients of corruption in a formal equation thus:

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\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability}.
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In other words, corruption is a situation of monopoly arising out of the discretionary powers vested in a position without being accountable for one’s actions.

A general consensus is noticed amongst these scholars: that corruption is for private gain at the expense of common good; it is a deviation from norms and subverts the rule of law. ‘Private gain at the expense of common good’ provides the ground of ethical reasoning against corruption. However, literature also provides exceptions to what is perceived as common good, but in reality may not be for individual good nor satisfy basic principles of equity and justice. For instance, in war time Germany the Nazi perception of common good involved imprisonment and extermination of Jews. Rose-Ackerman (1978:9) explains this situation in her book when she writes, “One does not condemn a Jew for bribing his way out of a concentration camp.” The morality of this act of corruption overrides issues of legal compliance and private gain. Hence, the definition of corruption needs contextual application. Johnston (1989:16) says “there are many forms of corruption, differing in participants, settings, stakes, techniques, and cultural legitimacy.”

Corruption, thus, is private gain at public cost and involves deviation from rules, norms and the law. It is also a trade in discretionary powers of a public official with an underlying element of a quid pro quo relationship between the public official and the beneficiary of the discretionary powers. It usually has the ingredient of illegal and immoral gratification. However, in certain cultural situations, the discretionary powers are exercised by a public official’s corrupt act to provide private gain to a close circle of people at public costs, without the underlying element of reciprocity. These beneficiaries (people) could belong to the public official’s own family, extended family, circle of friends and associates, persons from one’s tribe or ethnic
background or province. Such misuse of powers vested in a public office of national trust is undertaken by the public official to express love, devotion, loyalty towards one’s family, tribe, province or friends and associates, although the public official is not paid for it by the beneficiaries (Abueva, 1966). This exception to the standard *quid pro quo* practice also amounts to corruption because the actions are designed to provide an unfair advantage to certain individuals or a section of society. Tanzi (1998:24) addresses all these situations by comparing corruption to an elephant: Like an elephant, while it may be difficult to describe, corruption is generally not difficult to recognize when observed. In most cases, different observers would agree on whether a particular behaviour connotes corruption.

**Redefining Corruption for the 21st Century Business Manager, Bureaucrats and Politicians:**

Corruption from the perspective of today’s environment can be redefined as: *A phenomenon that involves illegal, immoral gratification in cash or kind in exchange for securing an unethical advantage over others in business and/or in society.* The word ‘unethical advantage’ in the above definition refers to corrupt acts that lack justification from a stakeholder perspective. Corrupt business conduct has the potential to undermine human rights, democracy and sustainable development, amongst other stakeholder obligations. The explicit mention of human rights and sustainable development is essential to the core of all stakeholder commitments that any business operation has to honour in today’s global society. It is the core social clause in the contract between business and society which business has to honour (Donaldson & Dunfee, 1999). The corrupt advantages sought by multinationals over others in business and/or society can manifest itself in various forms, such as bribes paid to win commercial tenders and contracts, obtaining of promotional articles in return for paid advertisements, bribes paid to escape legal obligations to more serious situations. These could include usage of political influence for passage of favorable legislation by governments, installation of favorable governments both civil and dictatorial, and result in willful damage to means of livelihood, willful damage to the environment, compromising on human right issues and issues linked to sustainable development.
Corruption from Business perspective

Corruption in business usually occurs during the interface between business managers and public officials. Business managers seek dispensation of favours (both legitimate and illegitimate) and public officials command the discretion to dispense those favours. Some examples of legitimate (within law) favours sought by business could be grant of trading rights, licenses, permits, award of contracts, tenders and amendment of laws to suit business interests. Illegitimate favours could range from tax avoidance; suppression of wrongdoing including illegal acts to almost anything that may be ultravires to the law, but suits business interests. On the other hand, public officials command discretionary powers to satisfy both the legitimate and illegitimate favours that business may need. Thus, there is a room for trade of these discretionary powers, for a quid pro quo between public officials and business managers (Rose - Ackerman, 1978; Elliot, 1997; Harris, 2003). The desire to trade discretionary powers by a public official has often been referred to as rent-seeking behaviour (Rose - Ackermann, 1978; Bhagwati, 1982; Klitgaard, 1988, Bardhan, 1997). Likewise, the desire to pay for those discretionary powers and make private gain at public cost can be termed as gain-seeking behavior of business managers or public officials.

Multinational Businesses and Corruption

Multinational business decision-making relating to corruption involves the satisfaction or rejection of rent-seeking behavior of public officials or a conscious design on part of decision-making managers to buy the discretionary powers of public officials for a price. Such decisions pose challenges and involve risks for any decision-making manager as they carry with them the potential to harm or help the growth of the multinational company as well as a corporate executive’s career graph. Such decisions can be viewed in terms of narrow corporate strategies to achieve profits, gain market shares discarding stakeholder interests cautiously, or they can be viewed in broader terms of corporate social responsibility. The more serious the impact on stakeholder groups, the more serious the consequences could be for the company and the decision-making executive. One may gain business and secure business interest by participation in a corrupt act or lose business by nonparticipation. Needless to say, participation in corrupt acts raises moral questions.
When a manager actively plans, insinuates, arranges in anticipation to satisfy or encourage the rent-seeking behavior of public officials, the manager’s actions can never be interpreted as anything other than that of an active participant. In order to understand one’s position in a corruption-related situation, the distinction between ‘active’ corruption and ‘passive’ corruption (Roy, 2001) must first be drawn. The decision-making manager may offer his or her perspective and even believe that the arguments offered are correct in so much as they are objective and decisions were objectively made in the greater interest of the company. But again, this cannot be and should not be treated as objective because the decision-making manager cannot separate himself or herself from the usual object of observation (economic goals). The decision-making manager in a corruption-related situation is in a situation of “position-dependent objectivity” or “positional objectivity” as Sen (1993:126; 2002:463-483) writes, “What we can observe depends on our position vis-à-vis the objects of observation.” The observer (decision-making manager) cannot separate oneself from the object of observation (economic goals). According to Sen (2002:465) the notion of positional objectivity, “is important in understanding the objectivity of beliefs, whether or not these beliefs happen to be correct.” The presence of positional objectivity in a corruption-related situation is apparent from the memoirs of Carl Kotchian, director of Lockheed.6

Corruption or acts of corruption that undermine universally accepted norms are clearly a violation of the social contract between business and society. If these critical issues or universal norms are incorporated in a corruption-related decision-making (CRDM) process, not only will the managers of a socially conscious company be able to honour their stakeholder obligations but also pave the way for application of ethical principles in other aspects of business conduct.

**Corruption from Organizational Behavior (OB) perspective**

To start up with corruption in organizational behavior first the researcher needs to take into consideration the concept of Ethics. Ethics as a body of knowledge has found practical application (ethical conduct) in business situations, just as philosophy

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6 Lockheed Corporation confessed under amnesty during the 1975 US congressional hearings; to have paid bribes in 41 countries out of the 70 countries that Lockheed did business in (Noonan, 1984).
in general has influenced understanding of moral issues in society. Business ethics and its relevance in strategic thinking are now being mentioned in management literature more than ever before (Luijk Van Henk, 2000:3). Practical application of business ethics requires a dialectic understanding of issues in hand by a decision-making manager (Singer, 2002). Thinking in terms of profit and utility in the market place is one side of the coin and values based outcomes relating to overall human flourishing are the other side of the coin. Both are complementary; they are not mutually exclusive. If both value outcomes and utilitarian outcomes are evaluated by business managers it will go a long way to ensure that businesses thrive and executives live longer in good health and well being.

This thesis aims to study the dynamics of corruption using three variables of: Power Motivation, Alienation and Well Being. The relevance of these three variables can be seen in Organizational Behavior and the applications of which can be seen in the behavior of public servants, business managers and politicians.

**Corruption Related Decision Making (CRDM) and Strategy**

Strategy is always designed to win, whether in business or in military science from where the concept originates. According to military science, strategy is an unambiguous term about the science and art of winning at war that requires planning (Husted & Allen, 2000) to achieve success at war. What constitutes a win in military science is bound to inflict pain and suffering on the enemy, but the same logic cannot be extended to the concept of a ‘corporate win’ in a civil society. What then constitutes a win for a multinational company (or any business) in society? Should a corporate win be defined as achievement of profitability, increase of shareholder capital, growth of operations and expansion of market share or should it also include respect for human rights, good environmental practices, good manufacturing practices that protect sustainable development? Pursuing economic goals such as seeking profits will mean making money but implementation of the second part of the same question could mean outflow of money or reduction of profitability. Ostensibly, it represents a conflict and reflects the ethical problems in strategic management. According to Hosmer (1987:3) it is “a conflict between an organization’s economic performance (measured by revenues, costs and profits) and its social performance (stated in terms of obligations to persons both within and outside the organization).”
These contradictions can be debated either way and represent binary issues whose solutions lie in dialectic reasoning or analysis (Singer, 2002). A winning strategy for any business is a matter of dialectic understanding of how a win or victory should be defined. A good starting point to seek an answer would be to set out all the narratives and perspectives and then compare the elite-consensus view with the dissenting views including cultural specific understanding and minority voices (Singer, 2002), thereby restating or reframing the problem in its entirety. This would amount to shifting the paradigm of strategic management thought from a narrow perspective of an elite-consensus view of business reality to a state where dialectic reasoning becomes the central principle in strategic business analysis (Singer, 2002), thus leading to solutions that are everlasting with win–win situations for all concerned. This is essential because “the traditional language of competitive strategy is often associated with relentless pursuit of essentially selfish interest, by stronger and more powerful players” (Singer, 1997:72). Mindless pursuit of competitive strategy is akin to a “descending iron cage” that Max Weber associated with calculated forms of rationality as it creates victims of economization (Singer, 1997:73). This situation can be consciously overcome by adapting models of rationality augmenting the language of strategy so that strategic management becomes more akin to ‘business ethics.’

Strategic management thought has come a long way during the past two decades from the point where the business of business was to do business and nothing more. Today, strategic management thought acknowledges the existence of the stakeholder concept and a social contracts theory that binds business with and as a part of society (Donaldson & Dunfee, 1999). Now a days, economic and social objectives as competing with each other are considered an obsolete argument and a false dichotomy (Porter & Kramer, 2002:32). Today, many successful companies who respond to the global stakeholder environment consider ethical decision-making as a part of rational decision-making (Singer, 1994).

The notion that a ‘rational economic man or a rational economic organization’ is devoid of human feelings is discarded by Klein (2002). The author argues that emotions and feelings are essential ingredients to rational decision-making and practical rationality. It “involves the ability to determine and achieve ends associated
with human flourishing or happiness” (Klein, 2002). Practical rationality therefore, “implies both determining the correct means for achieving the desired ends and aiming at those ends which promote what Aristotle calls human flourishing or eudaimonia”(Klein, 2002:349). Human flourishing can be analyzed from the fundamental principle of hedonism as established in the ethical theory of utilitarianism propounded by John Stuart Mill and Jeremy Bentham. The original meaning of the term ‘hedonism’ implies achieving maximum pleasure at the cost of very little pain. When applied to business actions and decisions, the main stream meaning of ‘hedonism’ or utilitarian theory involves achieving greatest amount of happiness for the greatest number of human beings as opposed to pain inflicted on human beings by business actions and decisions. In analyzing business decision making outcomes one could adopt a qualitative approach (as proposed by John Stuart Mill) or a quantitative approach (as proposed by Jeremy Bentham) to determine the outcome. In doing this, one must remain mindful of the danger that the rights of minorities might be compromised and minorities may suffer. Indeed, this is a standard critique of utilitarian theory. With quantitative approaches, the limitations of all methods of quantification and assessment must also be understood, which in turn implies that pluralistic approaches are often appropriate (eg: Resnick, 2003). Overall, the ends and outcomes of any rational decision-making process should necessarily lead to human flourishing and not human suffering, therein lies the challenge in a corruption-related situation before any decision-maker.

Most multinational business managers encounter these questions in a multi-location and multi-cultural context. These add to the complexity of the process as managers are also aware that the world of multinational business implies higher interdependence, more threats and opportunities, and needs greater awareness of the world’s diversity and the ramifications of one’s action in terms of host and home countries (Wartick & Wood, 1998). When companies are convicted of misconduct in business or irresponsible behaviour towards their stakeholders, they experience a significantly lower return on assets and lower return on sales (Ferrell et.al, 2002:250).
 Corruption and Bribery in International Business:

Bribery in international business has increasingly come under scrutiny of international organizations such as the OECD, UN, IMF\(^7\), World Bank and regional organizations in Europe, the Americas and Africa. In February 1999, the OECD criminalized bribery of foreign public officials through the OECD Anti-bribery Convention, 1999. The document is internationally significant as it is signed by 34 nations who control 70% of exports and 90% of direct foreign investment worldwide (Pieth, 1999). Moreover, ten international anti-corruption conferences under the aegis of Transparency International; the role played by (TI) Transparency International’s 60 national chapters, the strengthening of the FCPA\(^8\) in USA; the regional anticorruption conventions in Africa, America and Europe and the United Nations Convention against Corruption, 2003 indicate deep concern about the prevalence of corruption in international business and public life.

The recent United Nations Convention against Corruption, 2003 (UNCAP) and others are by far the most comprehensive international effort covering all aspects of corruption in public life and business. These international efforts imply that business managers and public officials are expected to refrain from corruption and bribery. However, these anti-corruption conventions ignore the myriad situations today’s multinational managers face in day-to-day conduct of business in many countries around the world where the rule of law and civil society is far from desirable. Moreover, international efforts in the form of such signed conventions lack uniform legislative enforceability across all signatory nations as well as non-signatories due to various reasons ranging from varying stages of ratification of these instruments to differences in the judicial and legislative structures of individual signatory nations (Pieth, 1999). Legislation has not been successful in curbing the incidence of corruption in international business as is evident from the last (BPI) Bribe Payer’s Index, published after the OECD Convention came into effect.

What is then required, is a multi-faceted approach to tackle corruption in national and international business. Effective curbing of corruption in international business through legislation is still in its nascent stages, and will take years to catch up with the

\(^7\) International Monetary Fund  
\(^8\) Foreign Corrupt Practices Act
reality of doing business in many parts of the world. One significant way could be to use the enormous influence that multinational companies exercise in global business by encouraging MNC\(^9\) managers review corruption-related situations and decisions within a framework of corporate social responsibility. Multinational companies by virtue of their phenomenal growth in their size, operations and importance are in a position to influence global business ethics (Donaldson, 1989). Buller, Kohls & Anderson (1991) further maintain that multinationals are in the best position to create a global ethic. Prahlad & Hammond (2002) believe that multinational companies who enter and invest in poorer countries to serve the “bottom of the pyramid” market will be able to steadily reduce the effect of corruption. It is, therefore, worthwhile to reexamine the concept of corruption in business from the perspective of a decision making manager.

Corruption and bribery are by nature private arrangements for private gain (Nye, 1967; Huntington, 1968), but any such private arrangement for private gain needs to be revisited to satisfy not only one’s moral conscience but also address stakeholder concerns. In the past, some authors have considered corruption in international business as a matter of ethical relativism and attributed it to differences in culture (Wraith & Simpkins, 1963; Fadiman, 1986:128). This understanding influences business decision-making even today. The oft quoted, “when in Rome, do as the Romans” is considered as the best way to do business in a different culture to ensure success. Francis (1991) has explained the “when in Rome” approach as a matter of ethical relativism. The multinational business manager operating in a global environment faces conflicts between home culture and host culture, between shareholder interests and stakeholder concerns, between one’s moral conscience and profit objectives, and conflict between one’s legal obligations and career advancement. A clearer understanding of corruption and its many hues would help formulate corruption-related decision-making as a part of corporate strategy to eliminate negative stakeholder outcomes.

\(^9\) Multinational Corporations
**Corruption from Legal Perspective**

Corruption like any other human activity in society is subject to evaluation against certain moral standards. These are standards of expected behaviour based on beliefs held by society or a group of persons, of what is right and what is wrong or what is good or what is bad. When society classifies some human activity as wrong or bad, the logical question would be on what basis does society do that?

This question brings us to the well documented debate in Great Britain between Lord Patrick Devlin (Justice of the High Court, Queens Bench, 1948-1960 and Lord of Appeal, 1961-1964) and Prof. H.L.A. Hart (Professor of jurisprudence at Oxford University, 1952-1968) that ensued over the Wolfenden Report. The debate was essentially about legal enforcement of morals in society. Lord Devlin takes a view that morality is a sphere in which there is public interest and there is private interest, often in conflict, and the problem is to reconcile the two with a toleration of maximum individual freedom that is consistent with the integrity of society (Devlin, 1959). Here, in order to retain the integrity of society, Lord Devlin has argued that the law has the right to curtail individual private activity if that activity is considered as detrimental to society by the ‘majority’, which is reflected in the opinion of any ordinary person (who could be picked up at random from the street and placed in the jury box). The source of a majority opinion is immaterial, as long as the reasonable man on the street believes that a practice is immoral (Devlin, 1959:46). Prof. Hart questioned Lord Devlin’s views. Prof. Hart argued that the legislator should investigate whether the majority moral opinion is based on ignorance, superstition, or misunderstanding. He argued that moral issues are both private and public, and certain issues may cause disgust and intolerance but if it is a private activity, it cannot be curtailed by law merely because it is disgusting or intolerant as it will result in curtailing individual liberty (Hart, 1963). To take the step of legal enforcement of a moral issue involving any human activity, Hart (1959:52) recommended two questions: First, we must ask whether a practice which offends moral feeling is harmful, independently of its repercussion on the moral code. Secondly, what about

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10 The Wolfenden Report (1957) refers to a parliamentary committee report in Great Britain dealing with homosexuality and prostitution. It is a landmark report because it also queries the function of law itself while dealing with two very difficult legal and social problems of that period.
repercussion on the moral code? Is it really true that failure to translate this item of general morality into criminal law will jeopardize the whole fabric of morality and so of society?

Thus, legal enforcement of moral standards is logical only when the moral standard itself has been investigated, and whose breach is likely to cause serious harm to society. Although moral standards are based on beliefs of individuals and society, in order to legally justify and enforce them, mere majority opinion can also amount to tyranny of the majority. A moral standard becomes suitable for legal enforcement only when its breach will jeopardize the fabric and existence of society. Whether amoral standard is reasonable or unreasonable is the study of ‘ethics’ as a body of knowledge. Ethics is the normative way of studying moral standards, in which, the normative study attempts to find out what ought to be the moral standard or state of affairs and why so, and if not, then why not? Morality and moral standards offer a choice between right and wrong but the justification for that right or wrong is found through the discipline of ethics.

The arguments in the Hart-Devlin debate and the concepts of moral standards and ethics are inter-related and sometimes used in an interchangeable manner. When applied to the human activity of corruption, one can safely conclude that is immoral and unethical since it fundamentally involves private gain at public cost. If left unchecked, corruption can lead to chaos and anarchy in society. Corruption also breaches the principle of distributive justice and undermines the fiduciary role of business as a custodian of societal wealth and resources. Moreover, corruption violates the utilitarian role of business to achieve the economic welfare of society.

This logic has prompted the formulation of anti-corruption legislation both at national, regional and international levels to protect the economic interests of society and protect society from an immoral situation of private gain at public costs. Except for the situations defined by Abueva (1966), corrupt influence and acts of corruption are largely sustained through an intricate system of bribery (irrespective of the nomenclature), questionable payments and influence peddling against a *quid pro quo*. 
Forms of corruption and its dynamics:

Bribery:

Bribery is the act of providing incentives in exchange for an act of corruption. A bribe includes payments in cash or kind and can include provision of free goods or services and non-repayable loans. A bribe can also be termed as a gift or donation or bear any nomenclature denoting cultural customs and nuances but with a view to extract a corrupt act. Bribes can be paid or provided before the task sought by the bribe-giver is done or it may be paid or given after the task sought by the bribe-giver is done. At times, bribe givers and bribe-receivers claim legitimacy for their acts under labels of customs and cultural requirements. If the objective of any of these acts is to seek reciprocity and create a relationship or understanding of quid pro quo for private gain against public good, it is a bribe irrespective of the nomenclature used.

In the context of business and its interaction with the government (public officials) corruption occurs and bribes are paid or given by a business manager. According to Noonan (1984:23), “in a modern society corporate bribers may be more powerful than the officials they bribe” and the “bribe-takers are among the power holders in society that is why they are bribed.” One (corporate executive) has the power to bribe and the other (public official) has the power to reciprocate with the discretionary powers of one’s office. The bribe given by a corporate manager to a public official is to achieve a favorable disposition and line of communication with the public official who has dispensing powers and whose dispensation is sought by the corporate. As Noonan (1984:697) clarifies, “The bribe is intended to reflect or create an overriding obligation. The briber pays because he (or she) feels he (or she) must reciprocate or must have reciprocation.” Noonan (1984:697) reiterates that, “Bribe is used today not only in its primary sense of an exchange with an officeholder, but in the sense of any inducement given to alter conduct that would naturally be otherwise.” Johnston (1997:62) explains the process that underlies this primary sense of exchange.

The initiative may come from either private clients or public officials: the first may offer bribes; the second may delay decisions or contrive shortages until payments are made, or may simply exhort them. The climate of corruption can be so pervasive that no explicit demands are needed: “everybody knows” that decisions must be paid for.
Once an understanding is reached, the bribe-taker is expected to reciprocate by way of a corrupt act in exchange for the bribe. In case of bribe transactions involving large stakes there are inherent elements of ‘secrecy’ and ‘enforcement.’ Lambsdorff (1998:43) has analysed the element of secrecy involved in such bribe transactions in two ways i.e. (a) it has to be kept as a secret from the world at large to avoid public scandals and extortion (b) as a secret transaction known to only few within the organization under a safeguard that employees privy to the bribe transaction will not be able to skim off some of the bribe for their own.

When it comes to enforceability of a bribe, a bribe-taker is also conscious that the secret arrangement of reciprocity between the bribe-giver and the bribe-taker is enforceable by the bribe giver (though not in all situations). In event of nonperformance by bribe-receiver, the bribe-giver (business) can use the services of others to ensure performance and may have access to other influential persons within the bribe-taker’s organisation, or to organized criminals or command political influence. The bribe-giver can use a combination of all three or two of these to ensure compliance (on behalf of the bribe-giver) by coercing and intimidating the bribe taker. Only in those instances where a bribe-taker is not afraid of such coercion by virtue of being more powerful than the bribe-giver can the bribe-taker risk nonperformance in a corrupt transaction.

Dellaporta & Vannucci (1999:20-24) in their extensive study of corrupt exchanges in Italy between the networks of politicians, business, mafia and middlemen believe that corruption operates successfully because of a complex web of relationships between public officials (bribe-receivers), business cartels (bribe-givers), middlemen and organized crime that ensure “flow of information” (discretionary powers) in exchange for “money” (bribes) with the underlying element of “trust.” Casual observation indicates that what has been observed in Italy holds true in other countries around the world in relation to the nexus of corruption. The main actors are the public officials (rent-seeking behaviour) and business (gain-seeking behaviour) with supporting roles played overtly by ‘middlemen’ who act as consultants or liaison agents brokering deals between the two, with organized crime in the shadows to play a covert enforcement role paid for by the party asking them to intervene if it becomes necessary.
Lobbying:

Lobbying is the promotion of individual or group interests by various means including dissemination of information to create a favourable disposition towards that individual or group. Businesses adopt lobbying, *inter-alia*, for creation of favourable public opinion and legislative opinion to obtain benefits by passage of favourable laws or repeal of unfavourable laws. Lobbying involves creation of favourable public opinion and/or legislative direction to serve group interest or individual interest of the lobbyists. It is achieved unnoticed, usually to the detriment of public interest or common good. A lobbyist need not promise bribes nor pay a bribe; lobbyist influences situations, individuals or systems to make them favourably disposed towards the purpose of the lobbyist. Lobbying can occur through different means. One of the recognized forms of lobbying which is legally prohibited in USA is the “revolving door phenomenon.” Revolving door situations are said to occur when “government officials leave office and join private firms that then bid on contracts from government agencies for which the officials formerly worked” (Rauch, 1997:113). In Japan, revolving door situations known as *amakudari* (literally descent from heaven) are legally accepted (Rauch, 1997:113). Another form of accepted lobbying is use of public relations consultants who plan media publicity to create or sustain a favourable public image of the client company. Such public relations exercises are widely accepted and not prohibited.

Favoritism and Nepotism:

Favoritism can be an after-effect of successful lobbying activity by an interested group or individual. Favoritism can also occur not necessarily as a result of lobbying, but on account of considerations of friendship, kinship, nationality, ethnicity, ideology or plain prejudice. Favoritism is said to occur when the decision maker decides in favour of specific group or individual interests by deviating from the established standards of decision-making. The rules are bent, the procedures are abandoned or the procedures are ostensibly followed with a premeditated decision in favour of a particular group or individual who would not otherwise have been the beneficiary by merit. Nepotism is a form of favoritism. Abueva (1966:534) defines nepotism as arising from “kinship claims” in certain cultures and is expanded to include “non-kin on the basis of other personal or partisan considerations” (Abueva, 1966:534). Nye
(1967:567) defines nepotism as: “bestowal of patronage by reason of ascriptive relationship rather than merit.” Nepotism, therefore, is a form of favouritism influenced by relationships between the concerned parties (example: Contracts given to a minister’s relative without inviting bids).

**Marketing Commissions as bribes:**

Some marketing commissions have been used as a sophisticated version of bribery. Such commissions are paid to either the direct beneficiaries or their middlemen. These payments are not declared in public and statutory documentation, nor are they mentioned in agreements available for public scrutiny. These payments are made either in cash or in the form of providing free goods, services or non-repayable loans or amounts paid into numbered bank accounts (in any of the tax havens). Bribes of this nature are labeled as marketing commissions or bear any nomenclature to hide the nature of payment. Such commission payments frequently occur in transactions involving sale of arms; sale of airplanes both civil and military airplanes; construction tenders; and aid spending by donee country. Secrecy from the public eye and non-disclosure in statutory documentation are the key features of such bribes.

**Facilitating payments:**

Multinational companies while doing business in a foreign country encounter situations when they have to either pay a bribe or suffer business losses, property losses and even loss of human life due to non-payment. In those countries where political corruption is rampant at all levels, it becomes a part of a multinational corporation’s business agenda to take care of public officials. Payments have to be made at every stage of business conduct right from securing permissions to do business in that country to everyday functions dealing with various administrative departments who can interpret laws, rules and regulations in ways that harass the company. Usually petty officials will find fault with day-to-day rules ranging from hygiene, employee welfare, working conditions, export/import documentation and packaging, to bank permits for repatriation of profits to anything that can be done to hinder smooth business operations. These situations are typically called rent-seeking behaviour (Bhagwati, 1982; Bardhan, 1997) and require multinational businesses to pay or else suffer time delays, losses and, at times, threat of closure of operations.
These are situations in which the bribe-taker demands bribes by virtue of one’s position or public office and the bribe-giver has to give in as a matter of commercial prudence and practicality. For instance, in a country where the corrupt sub-systems operate (Ryan, 2000) as a part of one’s daily life an importing company may find it difficult to clear a simple import consignment through the customs department without paying the standard facilitating payment for clearance of documents (experience of the author in India). In a situation where the consignment to be cleared comprises of perishable produce or goods, the rent-seeking behaviour of petty officials in the customs department becomes more pronounced, predatory and extortionate.

**Extortion:**

Payments made under necessity or grave compulsion need to be distinguished from the bribes explored above. If the bribe-taker is in the position to oppress and cause physical harm to the bribe-giver, the act should more appropriately be termed extortion. The bribe-receiver becomes a collector of bribes by virtue of his or her power to oppress, harm or injure. In such situations the moral responsibility is with the bribe collector or the extortionist and not the bribe-giver paying for peace and protection. This applies to companies as much as to individuals. Payment of protection money to organised extortionists (ranging from politicians, administrators to crime syndicates and terrorists) is not uncommon in many countries. It is similar in some ways to buying insurance to protect corporate property and lives of one’s employees as much as to ensure the survival of the business. Occurrence of extortion indicates serious political and administrative failure on part of the national administration.

**Differentiating Corruption: Active vs. Passive:**

In any given corrupt transaction, either the bribe-giver initiates the corrupt act or the bribe-receiver initiates the process of corruption, or both participate as in a courtship process. During the corruption courtship between the bribe-giver and the bribe receiver, neither party spells out in clear terms one’s intentions, but both parties go through the motions of discussing and doing everything else without the bribe receiving party completing the transaction till the bribe exchanges hands. From a multinational manager’s perspective there could be two situations (active or passive):
a) When the manager initiates the process of corruption or the corruption courtship

b) When the manager faces demands from a corrupt system, group or an individual

As an initiator of the corruption process, the manager’s role as a bribe-giver is premeditated and therefore it amounts to “active corruption” (Roy, 2001:23). Every business manager who initiates the process of corruption, be it bribery, lobbying, undisclosed gift-giving or offering facilitating payments without a demand, is involved in active corruption. In those cases where the manager responds to the demands of a bribe-seeking system, or a group or an individual, the manager is a passive participant and is said to have involved in “passive corruption” (Roy 2001). This distinction between active and passive corruption clearly states and reveals the role chosen by the multinational business managers in a corruption-related situation. “Business has the power to uplift, business can also corrupt and damage” (Donaldson & Dunfee, 1999:25), therein lies the difference in the intent and role chosen by the decision-making manager.

**Good governance and Corruption process**

There is no doubt that corruption in general has the potential and ability to impact society in many ways (Mauro, 1997; Mauro, 1998; Gupta, Demello, Sharan 2001; Gupta, Davoodi & Tiongson, 2002; Leite & Weidmann, 2002; Tanzi, 1998). Corruption in business plays a hidden role in many corporate decisions either because of an external situation (bribe demands faced by the company) or an internal motivated organizational culture of success at all cost. Therefore, while dealing with corruption-related situations managers and public servants need to enlarge the frame of reference of their “positional objectivity” (Sen, 2002) to include the serious possibility of stakeholder rejection and closure of business as a consequence of their corrupt acts. When stakeholders reject a company on ethical grounds, the company is likely to ethically fall in the eyes of society, losing “reputational capital” and may suffer serious consequences including closure of business (Sims, 2002). This is the decision-making challenge posed by corruption and corruption-related situations to all decision-making public servants/managers. The answer to such challenges is adoption
of a CRDM process that demonstrates stakeholder commitment and protects one’s strategic interests. It is in this context that good governance is being discussed in this chapter vis-à-vis the international laws dealing with corruption. Good governance in the area of corruption in business and government can be achieved by moving from a narrow legal compliance approach to ethical decision-making approach.

**Corruption and Good Governance:**

There is no doubt that corruption in general has the potential and ability to impact society in many ways (Mauro, 1997; Mauro, 1998; Gupta, Demello, Sharan 2001; Gupta, Davoodi & Tiongson, 2002; Leite & Weidmann, 2002; Tanzi, 1998). Corruption in business be it public or private plays a hidden role in many corporate decisions either because of an external situation (bribe demands faced by the company) or an internal motivated organizational culture of success at all cost.

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Good governance, as part of both public sector (government) and corporate communication, is used to convey best practices adopted by an organization in all its aspects of functioning. Good governance is also being increasingly used to convey the concept of compliance with stakeholder issues by companies, but in practice it remains largely an exercise of compliance with the existing statutory requirements (Kaushik & Dutta, 2005:1). This is evident from the results of a survey carried out by Price Waterhouse Coopers (PwC) and Economic Intelligence Unit (EIU) in April 2004 to study
the effect of compliance on performance of financial institutions. The survey findings reveal that financial institutions “equate effective corporate governance with meeting the demands of regulators and legislators” (Kaushik & Dutta, 2005:10). The adoption of a compliance approach with current law by institutions does not help them strategically pre-empt the negative impacts of their decisions (if any) on stakeholders, in areas that can prove to be critical to the continued success of an institution. One such area in corporate decision-making relates to transactions/decisions where paying a bribe or entering into a corrupt act is an underlying act or an incidental act to secure a commercial transaction. Such decisions to pay a bribe or enter into a corrupt act are justified in the economic interest of the company, but such transactions/decisions may sometime have the potential to harm serious stakeholder interests in the areas of human rights or environment.

Good governance therefore cannot be limited to satisfying statutory minimums and accounting standards, but needs to create an ethical framework of action and a company culture that goes beyond the minimum compliance approach. The idea is to achieve twin goals of stakeholder satisfaction and sustained growth of the company, especially when one is faced with decisions in the conduct of business where corruption and bribery seem necessary to secure economic success. The law is what society thinks are minimal standards of conduct and behavior (Sims, 2002:22) but to achieve good governance one needs to extend one’s vision beyond the current business law dealing with corruption. This is so because new business laws come into existence as a result of financial scandals, ethical misdemeanors and corporate failures and usually as a matter of hindsight but not as a matter of foresight. Wharton legal studies Professor Philip Nichols believes that, “the most useful action a business can take is to really understand corruption, and to create and articulate a general response to corruption before it encounters difficult situations.” Thus, corporate good governance has the scope to look beyond compliance of current law to discharge the responsibility of a corporate citizen towards the society in which it functions. Reed (2002:238) has explored the re-conceptualisation of current corporate governance models. He distinguishes between a shareholder governance model and stakeholder governance model and advocates responsibility towards “development of a nation” as an essential aspect of a new model of corporate governance, especially in developing countries. He argues that reform processes need to be reviewed in terms of the impact that they have on society.
In case of corruption as a governance issue, the OECD in its set of ‘Principles for good Corporate Governance’, 1999 and ‘Revised Principles, 2004’ has included the ‘Protection of Stakeholder rights’ and the ‘Role of stakeholders in Corporate governance’ respectively (Kaushik & Dutta, 2005:20-21). However, the OECD Principles of good Corporate Governance, the OECD anti-bribery Convention, 1999, and other prominent anti-corruption conventions at the international level are not sufficient to ensure protection of stakeholders’ issues such as human rights and the environment in corruption-related situations.

**Good governance, ethical decision-making and corruption**

Empirical research has not been undertaken to estimate the propensity of multinational companies to pay bribes that can lead to a compromise of human rights issues, environmental issues, and endangerment of sustainable development and means of livelihood. The researcher’s task becomes difficult in conducting empirical studies of the decision-making process in corruption-related situations because of inherent difficulties in obtaining accurate data and operationalising it. Klitgaard (1988:ix) admits these difficulties in relation to any empirical corruption research when he writes, “data are scarce, and the literature is tentative and thin, with few theoretical frameworks, international comparisons or careful case studies.” Perry (1997) too mentions about similar difficulties in methodology. The only significant empirical studies that one can refer to are the annual indices of corruption and bribery published by Transparency International such as the Bribe Payers Index (BPI) and Corruption Perception Index (CPI).

As Goodpaster (1991:270) writes, “mere compliance with law can be unduly limited and even unjust.” Civil society and the law are struggling to cope with the role played by the omnipresent nexus of corrupt politicians, business and organized crime (Della Porta & Vannuci, 1999). “Corporations are not solely financial institutions; fiduciary obligations go beyond short-term profit and are in any case subject to moral criteria in their execution,” (Goodpaster, 1991:270). Global pluralism of ethics is not possible on all issues, but there are fundamental issues such as human rights that are critical to the

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11 Non-binding on any country except that all OECD member countries have signed the set of principles
very survival of civil society and in turn the long-term operation of any business enterprise. The law and fear of punishment by itself may not be the only way to ensure a corruption free business world.

**Current International Law and Conventions against Corruption in Business**

Bribery and corruption in national and international politics and business and its magnitude came to public limelight during the Lockheed investigations in 1975. During these investigations, senior Lockheed executives admitted that they had paid bribes in 41 countries out of the 70 countries where Lockheed sold its aircraft (Jacoby et al., 1977). Besides Lockheed, about 500 US companies came forward (under amnesty) admitting that bribes were paid by them to secure business overseas (Noonan, 1984). As a result of these confessions under amnesty, the United States passed the Foreign Corrupt Practices Act (FCPA), 1977 prohibiting US companies from paying bribes overseas. French and German companies could still pay bribes overseas to secure business and claim the bribes paid as legitimate tax-deductible business expenses. Thus, US companies bidding for business overseas business found themselves in a situation of competitive disadvantage (Jacoby et.al, 1977). In 1979, the United States attempted to table a convention at UN to declare bribery in international business as illegal, but the proposal was turned down by other member nations (Pieth, 1999) as “most trading partners did not endorse the US proposal to end tax deductibility and to impose legal sanction” (Lambsdorff, 1998:41). During the 1990’s there was a growing awareness about the negative impact of corruption on developing economies (Mauro, 1995; Mauro, 1997; Mauro, 1998; Klitgaard, 1988; Theobald, 1990). This was coupled with sustained efforts of NGOs such as the Transparency International (formed in 1995 by Peter Eigen, a former World Bank official who was appalled by corrupt use of aid funds by African rulers and business corporations during his posting in Africa). Accordingly, the issue of corruption and bribery in international business kept coming up on the agenda of the United Nations, World Bank, IMF, OECD, and a few other regional and international organisations. These organisations served as platforms for deliberation between nations, which resulted in the creation, and passing of some significant anticorruption conventions at regional and international level.
Anti-corruption legislation: national and international

The efficacy of new legislation in any democratic society is tested in the actual prosecution of cases. New legislation is then subject to review and amendment if it does not meet the aspirations intended in the piece of legislation. National level legislation is based on certain culture-specific and historical antecedents and this gives rise to domestic rules of prosecution. Anti-corruption legislation at the national level is subject to the same process and is enforced through domestic rules of prosecution. One of the major aims of such anti-corruption legislation at the national level is to prevent corruption and punish it where discovered. The jurisdiction of national level anti-corruption legislation extends largely to domestic occurrences of corruption. However, in case of US companies, the US FCPA (Foreign Corrupt Practices Act, 1977) applies to the overseas activities of US companies. Anti-corruption legislation at the supra national level is an expression of commitment between signatory nations to a path of eliminating corruption over a period of time through a variety of co-operative processes. The OECD Convention against Bribery is one such instrument, which to be effective, has sought (through the articles of the Convention) to achieve a “functional equivalency” of anti-corruption legislation between the articles of the OECD Convention and various national level legislation of signatory nations (Pieth, 1999). In practice, it has proved difficult to achieve functional equivalency because (i) domestic rules of prosecution differ between nations (ii) definitions of certain terms, including the term ‘offence’ in the OECD Convention and national level legislation differ (Pieth, 1999).

National and Supra national legislation have to also deal with various groups interest and political lobbying. In particular supra national legislation faces substantial delays due to the entire consultative nature of the process between nations. Pieth (1999:9) observes that international anti-corruption legislation is intended to motivate corporations to change their attitude more than prosecute them criminally. This appears to be a significant deviation at the supra national level as opposed to the usual intent of anti-corruption legislation at a national level.
Regional Anti-corruption Conventions

Anti-corruption efforts in the form of Conventions against corruption started as a regional effort with the OAS\textsuperscript{12} organizing the first International Anti-Corruption Convention in 1996. The Convention\textsuperscript{13} came into force on March 6, 1997 with 31 ratifications out of 32 member states. The Convention covered both sectors i.e. public and private, provided a wide interpretation of corruption offences, money laundering, and recovery of assets. The agreement was of a regional nature, but its 28 articles covered, \textit{inter alia}, transnational bribery (article 8), doing away with property, bank secrecy in course of investigation (article 15, 16), domestic law in member nations to establish criminal offences (article 7), and introduced many preventive measures to ensure good governance on part of the State, as regards its public officials such as whistleblower protection, declaration of assets in public office, public sector standards of conduct, government revenue collection and control systems. The Convention also denied tax deductibility of corruption-related expenditures incurred by business (article 3, clause 7). In its preamble, the Convention recognised the connection between corruption and organised crime (as in Della Porta & Vannucci, 1999) as well as the need to safeguard democracy, moral order and justice. However, it lacked specific standards of sanctions on businesses that were involved in transnational bribery and did not relate the impact of corruption in business to specific stakeholder issues such as human rights or issues of sustainable development. More regional anti-corruption conventions followed in Europe during the 1990s, namely Council of Europe (Criminal Convention), 1998\textsuperscript{14} and Council of Europe (Civil Convention), 1999.\textsuperscript{15} The first convention comprises of 42 articles covering active bribery and passive bribery (articles 2, 3, 5, 6) of both domestic and foreign public officials, bribery of judges and officials of international courts (article 11), bribery of officials of international organisations, trading in influence (article 12), money laundering proceeds of corruption (article 13), protection of whistleblowers and the concept of private to private corruption (i.e. between two or more business entities or within a business entity).

\textsuperscript{12} Organisation of American States comprising of 32 member states
\textsuperscript{13} www.oas.org/juridico/english/treaties/b-58
\textsuperscript{14} http://www.u4.no/themes/conventions/cocrimconvention.cfm
\textsuperscript{15} http://www.u4.no/themes/conventions/cocrimconvention.cfm
The second convention with its 23 articles is the first anti-corruption convention dealing with civil law aspects of corruption on parties affected by it. The Convention provides for compensation for damage caused by corruption and responsibility of state for a public official’s corrupt behaviour (article 3, 4). The Convention also deals with limitation periods (article 7) and provides a broader definition of corruption. However, neither of these anti-corruption conventions specifically deals with situations of business corruption and its impact on human rights and issues of sustainable development except that the Council of Europe (Civil Convention), 1999 provides for compensation to be paid to affected parties).

The regional anti-corruption convention is the African Union Convention on preventing and Combating Corruption, 2003. It is an instrument of regional consensus dealing with prevention of corruption, criminalisation of corrupt acts and asset recovery process. The convention has 28 articles with provisions to deal with the region’s realities namely: fight against corruption and related offences in the public sector (article 7), illicit enrichment (article 8), minimum guarantees of a fair trial (article 14), extradition (article 15) and related issues such as international cooperation for extradition, assets recovery (article 16 and 17) and the most significant being funding of political parties (article 10). This is the only anti-corruption convention dealing with corruption and funding of political parties. The Convention is yet to be ratified by the minimum number of African nations (15 signatories required) to bring the convention in force.

The OECD Convention: Good Governance and Economic Development

The OECD Convention for Combating Bribery of Foreign Public Officials, signed by 34 nations came into effect on February 15, 1999. The 17 article Convention “criminalises active bribery of foreign public officials” and lays down guidelines for signatory nations to adopt and implement within their national legal infrastructure. These signatory nations control 70% of exports and 90% of foreign direct investment worldwide (Pieth, 1999). The objective of the OECD Convention is to reduce or eliminate bribery in international business conduct. The purpose is to achieve good governance, economic development and fair competitive conditions in international

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16 www.africa-union.org
business. The preamble to the convention document states: Bribery is a widespread phenomenon in international business including trade and investment, which raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitive conditions.

The preamble of the OECD convention has identified “good governance and economic development” as issues that are sought to be protected by the convention. Although these objectives provide a good general starting point for fighting corruption and bribery in international business, “good governance and economic development” do not by themselves ensure that human rights will be protected, nor that sustainable development (explicit goal of the United Nations) will be considered vis-à-vis economic development (mentioned in the preamble of the OECD Convention). This further underscores the need to re-emphasize the role of corruption in undermining human rights and sustainable development in certain situations. The seventeen article of OECD Convention criminalizes active bribery of foreign public officials and uses words such as ‘offer’, ‘attempt’ and ‘conspiracy’ in the first article of the convention to define the offence of active bribery but the Convention and its articles fail to cover passive bribery, private to private corruption, compensation for parties affected by corruption, responsibility of state for corrupt behaviour of public officials, whistleblower protection, funding of political parties etc. It appears that the OECD Convention has been reduced to a public relations exercise on part of the major trading nations without any impact on the corruption-related decision process in business. This is evident from the results of the first Bribe Payer’s Index (BPI), 2002 published by Transparency International after the OECD convention came in force. The results indicate that the propensity towards overseas bribery has not gone down after the OECD Convention. The BPI, 2002 is based on a survey (the largest so far) of 835 business experts in 15 emerging market countries. They were asked: “In the business sectors, with which you are most familiar, please indicate how likely companies from the following countries (names of countries were listed) are to pay or offer bribes to win or retain business in this country?” The BPI 2002 indicates that companies from countries that are signatories to the OECD convention are not behind in bribery nor has the criminalization of bribery been a deterrent to these companies

17Private-to-private corruption has been defined in UNCAP, 2003 and refers to corruption within the private sector.
or their executives. Companies from USA, Japan, France, Spain, Germany, Singapore and United Kingdom are involved in paying bribes. Companies from Russia, China, Taiwan and South Korea show the highest propensity of bribe payments in emerging market economies. Peter Eigen, Chairman of Transparency International remarked, “our new survey leaves no doubt that large numbers of multinational corporations from the richest nations are pursuing a criminal course to win contracts in leading emerging market economies of the world.” The survey revealed that only 19% of the 835 respondents were aware of the OECD Convention criminalizing bribery, implying that 81% of these business experts were not aware of its existence. However, even if a company were aware of the OECD Convention and intended to comply with the requirements of the OECD Convention it would be sufficient for a company to follow a decision-process. Hence, if a company were involved in any other form of bribery overseas then they would arguably have complied with the minimum requirements of the OECD Convention. Such a company can also escape prosecution in a maze of laws pertaining to jurisdiction and rules of evidence in most countries who are not signatories of the OECD Convention. As is evident from the above, such compliance if it is used as a measure for good governance by any corporation, would actually amount to weak governance. There will remain a scope for stakeholder dissatisfaction and unethical behaviour in situations of private-to-private corruption (Argandona, 2003) or in situations of passive bribery. Generally, ‘good governance’ in corruption-related situations cannot be mere compliance with the law; it also needs to consider stakeholder issues and the company’s strategic interest within the framework of corporate social responsibility.

**The UN Convention against Corruption, 2003 (UNCAP)**

This is the most significant anti-corruption convention by far, with the largest number of signatory nations and participant nations. The Convention has been signed by 111 nations and is open for signing to all nations and regional economic organizations. In its preamble the Convention acknowledges that corruption is a threat to democracy, stability and security of societies, ethical values and justice. It recognizes the link between corruption and organized crimes and declares corruption as a global issue that requires a multi-disciplinary approach with international co-operation to prevent

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18 www.transparency.org
19 www.un.org
and control it. The 71 article Convention provides an exhaustive coverage by far, of issues relevant to the public sector and public officials ranging from relevant definitions, jurisdictional issues, preventive anti-corruption policies and practices (article 5), preventive anti-corruption bodies (article 6), public sector (article 7), Code of Conduct for Public officials (article 8), public procurement and management of public finances (article 9), public reporting (article 10) to abuse of functions (article 19), illicit enrichment (article 20), laundering of proceeds of crime (article 23), obstruction of justice (article 25), freezing, seizure and confiscation (article 31), protection of witnesses, experts, victims (article 32), whistleblower protection (article 33), co-operation between nations (article 38), between law enforcement agencies (article 37), international co-operation (article 43), extradition (article 44), joint investigations (article 49), assets recovery process (article 51, 52, 53, 54, 55, 56). From the perspective of corruption and bribery in the private sector this Convention provides an exhaustive coverage of provisions covering accounting, financial issues and governance issues (article 12), denying tax deductibility for bribes paid (article 12), bribery of national public officials (article 15), bribery of foreign public officials and officials of public international organizations (article 16), trading in influence (article 18), bribery within the private sector (article 21), embezzlement of property in the private sector (article 22), liability of legal persons and natural persons in charge of the legal persons (article 26). Like all previous anti-corruption conventions, this one too fails to explicitly mention the link between corruption (both in business and in public life) and human rights, although the preamble does make a passing reference to the issue of sustainable development. Articles 34 and 35 deal with the consequences of corruption (without any mention of the issue of human rights or sustainable development) and provide compensation for damage due to corruption. This seems to imply that human rights abuse victims can institute damage recovery proceedings against erring companies and company executives, which can be of the highest strategic significance to accompany.

The Relevance of anti-corruption Conventions to public and business decision-making:

These anti-corruption conventions and the exhaustive coverage of corruption-related issues within them are testimony to the incidence of corruption and bribery and the
far-reaching consequences of corruption. Most of these conventions have provided frameworks to signatory nations to amend and adapt their local laws to the articles in these conventions. The prerogative to amend laws and bring them in tune with the conventions rests with the nation in question and many nations are still bogged down by the failings of their own legal system. Between individual nations, extradition agreements and jurisdictional issues need to be streamlined before the articles in these conventions acquire some teeth.

None of these existing conventions recognize the incidence of facilitating payments of small amounts, a reality of everyday life in many countries around the world. Therefore, from the perspective of a decision-making manager dealing with a corruption-related situation, there is still plenty of scope for a manager or a company to escape accountability in the maze of current anomalies in law and jurisdictional issues. From the perspective of a multinational company or a decision-maker one can adopt an ethical decision-making process or take advantage of the nascent stages of anti-corruption legislation. If one chooses the later, citing economic imperatives and ignoring stakeholder issues, then one obviously risks reputational capital and survival of the company.

Theories of corruption:

Why are bureaucrats in Japan competent whereas those in Bangladesh or India are allegedly corrupt? A corrupt bureaucracy harms a country’s development effort, and many studies therefore purport to explain the determinants of corruption. However, relatively little empirical work has been done comparing the competing explanations of bureaucratic corruption in particular.

Regardless of the few exceptions (Leff, 1964; Huntington, 1968), scholars presume that the economic costs of corruption are enormous, and consistently find that pervasive corruption is detrimental to development. By almost all accounts corruption retards economic growth (Klitgaard, 1988; Knack and Keefer, 1995; Mauro, 1995; Tanzi and Davoodi, 1997), lowers private investment and the quality of public infrastructure and services, decreases tax revenues, and distorts the composition of government expenditure (Mauro, 1998). For example, Bangladesh allegedly secures five percent less investment, and over half a percent less GDP growth, per year due to its corrupt bureaucrats (Mauro, 1995).
Three theories – informal, formal and cultural control - can be brought to bear on the problem of bureaucratic corruption. All three theories presuppose that bureaucratic corruption prevails in the absence of proper control. Nevertheless, these explanations specify the type of control actually affecting bureaucratic corruption differently. The informal control explanation emphasizes the institutions within the bureaucracy as the key to bureaucratic corruption. Recruitment based on merit, in particular, generates corporate coherence and esprit de corps among the bureaucrats, which leads to mutual peer-supervision and deters corruption. The formal control explanation emphasizes the political institutions external to the bureaucracy as vital to disciplining bureaucrats. Institutional democracy and balances of powers control bureaucratic corruption by holding politicians accountable for their own actions and those of bureaucrats. Finally, the cultural control explanation emphasizes civic engagement as central to reducing bureaucratic corruption. Bureaucrats in a civic region are aware of their duties, and the disciplinary role of their engaged constituents.

Bureaucratic corruption endures in the absence of formal institutional constraints in developing countries. Corruption appears to be unaffected by either merit-based recruitment to the bureaucracy (i.e., informal control) or citizen engagement or alienation from community affairs (i.e., cultural control). According to the informal, formal and cultural control perspectives, bureaucratic corruption prevails where merit-based recruitment, electoral and judicial accountability, and cultural constraints are limited. The informal control explanation emphasizes merit-based recruitment in the bureaucracy as the key to mutual peer-supervision and control of corruption. The formal control explanation suggests that institutional democracy and balances of powers hold political agents accountable for their actions while in public office, and thereby reduce corruption. The cultural control explanation suggests that bureaucrats in a civic region are honest since they are aware of their own duties and monitored by their constituents. Informal Control of Bureaucratic Corruption Peter B. Evans, a principal advocate of the informal control explanation, argues that the public sector becomes competent when it realizes Weber’s prescriptions for an ideal bureaucracy. Drawing on Weber’s (1968) original insights, Evans uses the term “Weberian” bureaucracy to refer to a bureaucracy in which the recruitment and promotion processes are based on merit. Evans argues that institutional differences in a “Weberian” bureaucracy create distinct normative expectations among bureaucrats. Since bureaucrats secure jobs based on merit, as opposed to nepotism, achievement, not ascription, is a valued attribute in the bureaucracy (Rauch and Evans, 2000).
Long term careers in the bureaucracy enable bureaucrats to form stronger ties with peers. Bureaucrats value what their peers think of them, leading them to adhere to accepted norms of behavior in the bureaucracy. Evans (1992, 1995) asserts that “Weberian” bureaucrats gain more from conforming to norms than from engaging in corruption. Evans and Rauch (1999) construct an index of meritocratic recruitment to test their “Weberian” bureaucracy hypothesis, and find that merit-based recruitment significantly reduces bureaucratic corruption. Formal Control of Bureaucratic Corruption peer supervision, as implied by merit-based recruitment, might appear futile in controlling bureaucratic corruption in less developed countries where bureaucrats have short tenure in the same office (Schneider, 1991), are unable to form meaningful relations with peers, yet work under the supervision of, and thereby should care about the disciplinary roles of the executives (Geddes, 1994). Institutionalists, therefore, alternatively contend that bureaucratic probity is a function of formal control, exerted by political actors (e.g., judges, legislators, etc.) in policing and punishing bureaucratic misconduct.

Political institutions such as democracy, and parliamentary democracy in particular, in conjunction with an effective judiciary, increase the likelihood of selecting as well as retaining “good politicians” (Caselli and Morelli, 2004) in public office and also ensure that (1) such incumbents are held accountable for their actions during election as well as non-election years and (2) bureaucrats are thoroughly monitored and, thereby, stay honest. In particular, political competition, symbolized by free and fair elections in a democracy, poses a credible threat to incumbents of losing office in the next period, and thereby controls politicians’ behavior (Rose-Ackerman, 1999). Parliamentary constitutional structures perhaps complement the electoral control of corruption in a democracy while keeping executives in check, especially during between-election years (Linz and Stepan, 1996). Parliamentary democracy allows for the stronger and more immediate monitoring of the executive by the legislature, and thereby, increases accountability and reduces corruption (Linz and Stepan, 1996; Lederman et al., 2001).

Finally, effective judges, in addition, hold both elected and appointed officials accountable, while protecting citizens’ voting rights and ensuring that executives and legislatures adhere to constitutional norms, and do not abuse bestowed political
power, among others. Empirical studies, while lacking any serious efforts to tap judicial efficacy’s effects on corruption, are divided regarding the parliamentary democracy-corruption dynamic. In particular, corruption is found to be lower in both parliamentary democracies (Linz and Stepan, 1996; Kunicova and Rose-Ackerman, 2005; Gerring and Thacker, 2004) and their presidential counterparts (Persson and Tabellini, 1997, 2003). Corruption, nonetheless, consistently appears to be depressed in a democratic regime in empirical studies (Montinola and Jackman, 2002; Treisman, 2000). While parliamentary rule often militates against judicial independence it need not eliminate it. See Salzberger and Fenn (1999) for a fascinating analysis of judicial independence in the UK’s parliamentary regime.

Cultural Control of Bureaucratic Corruption believe that democratic procedures are, in and of themselves, insufficient constraints on corruption and that policymakers who wish to ensure probity among their bureaucracies need to not only allow but encourage or facilitate citizen participation and engagement. According to this logic, politicians are driven to restrain bureaucrats not only by the prospect of losing elections but by the broader apparatus of monitoring and constraint imposed by participatory politics. Putnam (1993b), drawing on Alexis de Tocqueville’s emphasis on culture to explain institutional performance, argues that “uncivic” communities provide a context conducive to inefficient, lethargic, and corrupt governments. Citizens in a “civic” community actively debate public issues. They cast votes, read newspapers, become members in social and cultural associations, and trust one another. Conversely, inhabitants of “uncivic” communities do not participate in public decision making, and rarely engage in social and cultural associations. Putnam et al. (1993) argue that citizens in a “civic community” demand better government, and the policymakers in civically minded polities fill the demand. On the demand side, citizens ask for better public services, and are prepared to act collectively to attain them if necessary. On the supply side, bureaucrats render better services as they are aware of their own civic duties, and civic demands. Powerless, isolated inhabitants of “uncivic” communities neither demand nor receive effective public services. They rather “assume the role of alienated and cynical supplicants” (Putnam et al., 1993: 182). In their statistical analysis, Putnam et al. (1993) show that strong civic engagement significantly explains variations in governmental performance across regions.
Corruption in India

As with many developing nations, corruption is widespread in India. India is ranked 93rd out of a 178 countries in Transparency International's Corruption Perceptions Index, although its score has improved consistently from 2.7 in 2002 to 3.5 in 2011 (Although this may be due to the change in polling that the survey has undergone). Corruption has taken the role of a pervasive aspect of Indian politics and bureaucracy.

The economy of India was under socialist-inspired policies for an entire generation from the 1950s until the 1980s. The economy was subject to extensive regulation, protectionism, and public ownership, leading to pervasive corruption and slow growth. License Raj was often at the core of corruption. Considering the state of corruption government of India enacted Prevention of Corruption Act, 1988. Also, a number of committees took stroke of prevailing corruption in the country. One of the prominent committee is Swaminathan Committee.

The Vohra Report was submitted by the former Indian Union Home Secretary, N.N Vohra, in October 1993. It studied the problem of the criminalization of politics and of the nexus among criminals, politicians and bureaucrats in India. The report contained several observations made by official agencies on the criminal network which was virtually running a parallel government. It also discussed criminal gangs who enjoyed the patronage of politicians, of all parties, and the protection of government functionaries. It revealed that political leaders had become the leaders of gangs. They were connected to the military. Over the years criminals had been elected to local bodies, State Assemblies and Parliament. The unpublished annexures to the Vohra Report were believed to contain highly explosive material.

According to Jitendra Singh, “in the bad old days, particularly pre-1991, when the License Raj held sway, and by design, all kinds of free market mechanisms were hobbled or stymied, and corruption emerged almost as an illegitimate price mechanism, a shadowy quasi-market, such that scarce resources could still be allocated within the economy, and decisions could get made. These were largely distortions created by the politico-economic regime. While a sea change has occurred in the years following 1991, some of the distorted cultural norms that took hold during the earlier period are slowly being repaired by the sheer forces of competition.
The process will be long and slow, however. It will not change overnight." One of the major problems and obstacles to development that many developing countries face is corruption by greedy, power-hungry politicians, which is endemic in certain parts of the world.

**Corruption across various States of India**

As per Transparency International India, "*India Corruption Study 2005*", Kerala is the least corrupt State in India. Bihar, on the other hand, is the most corrupt State. Jammu & Kashmir ranks next to Bihar. Himachal Pradesh followed by Gujarat are ranked second and third respectively after Kerala. This study was carried across eleven public services. Kerala was found least corrupt in all these services. Himachal Pradesh was found less corrupt. In Gujarat services such as education, judiciary and land administration was ranked as more corrupt compared to other states. However in other services, Gujarat ranked better.

List of Indian political scandals

**Before 1900s**

- Telecom scam (Sukh Ram)
- HDW Submarine
- Bitumen scam
- Tansi land deal
- JMM Bribery Scandal
- St Kitts case
- Urea scam
- Anantnag transport subsidy scam
- 1971 Nagarwala scandal
- Fodder scam
- 1975: Declaration of Emergency
- Churhat lottery scam
1990s

- Bofors Scandal (1990)
- Animal Husbandry Case (1990)
- Bombay Stock Exchange Manipulation & Fraud by Harshad Mehta (1992)
- Hawala scandal (1993)
- Bangalore - Mysore Infrastructure Corridor (1995)
- Sukh Ram (1996)
- Fodder Scam in Bihar (1996)
- Kerala SNC Lavalin power scandal (1997)
- [Countless Corruption and Illegal Money Sources], [J. Jayalalitha, AIADMK chief]

2000s

- Ketan Parekh Scandal, Barak Missile Deal Scandal, Tehelka Scandal (2001)
- Army-Coffins Scandal, MIG-Fighter Jets
- Telgi scandal (2003)
- Oil-for-food programme scam (Natwar Singh) (2005)
- Jessica Lal case (2006)
- Human Trafficking Scam involving Babubhai Katara.
- Gujarat Fake Encounter Controversy (2007)
- Cash-for-votes scandal in the federal parliament (2008)
- Satyam scandal.
- Spectrum Scandal, M.P.Raja, DMK FAMILY, 2009
- Jharkhand robbery, Hawala transactions and secret bullion trade, Madhu Koda, 2009
- Madhu Koda: laundering money worth over Rs. 4000 crores.
Criminal-politicians nexus

In Uttar Pradesh Assembly elections 2002, candidates with criminal records won 206 out of 403 seats in the assembly, i.e. more criminals were elected than regular politicians. In Uttar Pradesh state assembly elections, 2007, 74% more criminal politicians were given tickets by the mainstream parties. Manmohan Singh has said the country needed a law to define the meaning of "criminal" - and who should or should not be a minister. In July 2008 Washington Times reported that nearly a fourth of the 540 Indian Parliament members faced criminal charges, "including human trafficking, immigration rackets, embezzlement, rape and even murder".

Notable convicted or charged criminals:

- Shibu Soren allegedly started his political career by using mob attacks to eliminate political opponents. He became a minister in 2004. He continues as the Chief Minister of Jharkhand as of 2008 even though he has been sentenced to life for murder.

- In 2005, a charged serial killer and terrorist Raghuraj Pratap Singh became the Minister for Food and Civil Supplies.

- Pappu Kalani is currently on bail in 19 cases including eight murders and was most recently elected Member of the Legislative Assembly for Ulhasnagar.

- Mohammad Shahabuddin is the Member of Parliament from Siwan, Bihar. He is currently serving a life sentence for kidnapping with intent to murder, and is facing trial in more than thirty criminal cases including eight of murder, twenty of attempted murder, as well as kidnapping, extortion, etc.

- Chandravijay Singh and his wife Sushma kumari of Moradabad in U.P. , in various land scams and forgery of legal documents.

- Uttar Pradesh 2007 election, Pawan Pandey (Apna Dal, supported by Bharatiya Janata Party) had 63 criminal cases pending against him, the highest number of cases pending against any candidate in the election.

- Mayawati is the richest politician in India. Several cases are pending against her. Among others, her administration planned to build a shopping center next to the Taj Mahal.
Bureaucracy and corruption
A 2005 study done by Transparency International (TI) in India found that more than 50% of the people had firsthand experience of paying bribe or peddling influence to get a job done in a public office. Taxes and bribes are common between state borders. Transparency International estimates that truckers pay annually $5 billion in bribes. A 2009 survey of the leading economies of Asia, revealed Indian bureaucracy to be not just least efficient out of Singapore, Hong Kong, Thailand, South Korea, Japan, Malaysia, Taiwan, Vietnam, China, Philippines and Indonesia; further it was also found that working with the India's civil servants was a "slow and painful" process.

Officials often steal state property. In Bihar, more than 80% of the subsidized food aid to poor is stolen. In cities and villages throughout India, Mafia Raj consisting of municipal and other government officials, elected politicians, judicial officers, real estate developers and law enforcement officials, acquire, develop and sell land in illegal ways. Many state-funded construction activities in India, such as road building, are dominated by construction mafias, which are groupings of corrupt public works officials, materials suppliers, politicians and construction contractors. Shoddy construction and material substitution (e.g. mixing sand in cement while submitting expenses for cement) result in roads and highways being dangerous, and sometimes simply washed away when India's heavy monsoon season arrives. In Government Hospitals, corruption is associated with non availability of medicines (or duplicate medicines), getting admission, consultations with doctors and availing diagnostic services.

Rampant corruption is prevalent at levels in judiciary and police administration. Corruption is rampant in the judicial system of India. According to Transparency International, judicial corruption in India is attributable to factors such as "delays in the disposal of cases, shortage of judges and complex procedures, all of which are exacerbated by a preponderance of new laws".

Despite state prohibitions against torture and custodial misconduct by the police, torture is widespread in police custody, which is a major reason behind deaths in custody. The police often torture innocent people until a 'confession' is obtained to save influential and wealthy offenders. G.P. Joshi, the programme coordinator of the Indian branch of the Commonwealth Human Rights Initiative in New Delhi comments that the main issue at hand concerning police violence is a lack of accountability of the police.
Religious institutions

In India, the corruption has also crept into religious institutions. Some members of the Church are making money by selling Baptism certificates. A group of church leaders and activists has launched a campaign to combat the corruption within churches. Among Indian Muslims, the recent "cash for fatwas scandal" was a major affair that exposed the Imams of the Islamic ulama accepting bribes for issuing random, often nonsensical fatwas.

The chief economic consequences of corruption are the loss to the society, an unhealthy climate for investment and an increase in the cost of government-subsidised services. The TI India study estimates the monetary value of petty corruption in 11 basic services provided by the government, like education, healthcare, judiciary, police, etc., to be around Rs.21,068 crores and more. India still ranks in the bottom quartile of developing nations in terms of the ease of doing business, and compared to China and other lower developed asian nations, the average time taken to secure the clearances for a startup or to invoke bankruptcy is much greater.

Anti-corruption efforts:

The government of India has been struggling hard in order to curb prevailing corruption. It is doing so through legislation, setting up of committees and institutions. Right to Information Act, 2005 was a result of sustained struggle by civil society. The pioneering steps were taken by the Mazdoor Kisan Shakati Sangatha (Organization of Agricultural Labourers), which has fought diligently to demonstrate the critical link between lack of transparency and corruption. The organization has succeeded in ensuring minimum wages for daily wage workers by getting muster rolls, bills and vouchers pertaining to construction activity opened to public scrutiny. The campaign culminated in the formation of The National Campaign for People’s Right to Information (NCPRI) composed of a large cross-section of people, including activists, civil servants and lawyers. As the campaign gathered momentum, it became clear that the right to information had to be legally enforceable.

The Press Council of India drew up the first major draft legislation on the right to information in 1996. The draft affirmed the right of every citizen to information from
any public body. The draft also provided for penalty clauses for defaulting authorities. It was followed by the draft of the Consumer Educational Research Council (CERC), the most detailed freedom of information legislation proposed to that date in India. It required public agencies at the federal and state levels to maintain their records in good order, to provide a directory of all records under their control, to promote the computerization of records in interconnected networks, and to publish all laws, regulations, guidelines, and circulars related to or issued by government departments. Finally in 1997, a conference of Chief Ministers resolved that the central and state governments would work together on transparency and the right to information. This decision was followed by the Centre agreeing to take immediate steps, in consultation with states, to introduce freedom of information legislation and amendments to the Official Secret Act and the Indian Evidence Act before the end of 1997. The Central and State government also agreed to a number of other measures to promote openness. These included establishing accessible computerized information centres to provide information to the public on essential services, and speeding up ongoing efforts to computerize government operations such as land records, passport applications, investigations of offences, administration of justice, tax collection, and permit and license issues. In 1997, Tamil Nadu and Goa passed the right to information legislation (The Freedom of Information Act, 2002, 2003) and the Government of India appointed a working group headed by consumer right activist HD Shourie to draft what was reworked into the Freedom of Information Bill, 2000 which eventually became law under the Freedom of Information Act, 2002 (Jain, 2007). This Act was severely criticized for permitting too many exemptions, not only under the standard grounds of national security and sovereignty, but also for requests that would involve ‘disproportionate’ diversion of the resources of a public.

The Right to Information Act (2005) and equivalent acts in the states, that require government officials to furnish information requested by citizens or face punitive action, computerisation of services and various central and state government acts that established vigilance commissions have considerably reduced corruption or at least have opened up avenues to redress grievances. The 2006 report by Transparency International puts India at the 70th place and states that significant improvements were made by India in reducing corruption.
Whistleblowers

Whistleblowers play a major role in the fight against corruption. The latest Administrative Reforms Commission also has suggested to encourage whistleblowing and to protect whistleblowers. But this benefit is not available to whistleblowers working to any officer working under state governments. An ongoing effort can be seen here http://fightcorruption.wikidot.com. http://www.corruptioninindia.org is another "not for profit" website dedicated to increase awareness against corruption in India and contains comprehensive info about corruption in India. Though India has now enacted a law in the direction of protection of whistleblowers, but its implementation needs to be checked.

State of Public Information in India and corruption

The right to information is included in the constitutional guarantee of freedom of speech and expression and has been recognized by India’s highest court decisions. A 1975 case challenging governmental control over newsprint and bans on distribution of newspapers resulted in the Supreme Court of India’s landmark judgment which contended “the people have a right to know every public act, everything that is done in a public way, by their public functionaries” (Factories Act 1948, 1960). It has been reaffirmed in the context of environmental issues. The Environmental Protection Act of 1986 and the Environmental Impact Assessment Regulation provide for public consultation and disclosure in various circumstances. The Factories Act of 1948 provides for compulsory disclosure of information to factory workers regarding dangers, including health hazards, arising from their exposure to dangerous materials (Official Secret Act 1923, 2001).

Regardless of these provisions, the system of governance in India has traditionally been opaque, with the state retaining the Colonial Official Secret Act (OSA) and continuing to operate in secrecy on the administrative level. Disclosure of Government information in India is governed by a law enacted during the British rule, the Official Secret Act of 1889, which was last amended in 1923 (The Indian Evidence Act 1872, 1950). Though the intent of this law was to secure information related only to the security of the State, sovereignty and relations with foreign states,

it contained provisions which could make it a crime to disclose even non-classified information. 1964’s Central Civil Services Conduct Rules further bolstered the provisions of the OSA by prohibiting government servants from communicating any official document to anyone without authorization. Section 123 of the Indian Evidence Act, 1872 also prohibited giving evidence from unpublished official records without permission (The Goa Right to Information Act, 1997). This poor flow of information is compounded by two factors: low literacy levels and the absence of effective communication tools and processes. Record keeping standards are extremely poor within the government and lack of organization provides a specious excuse to refuse access to records.

**Corruption and decentralization:**

The literature on decentralization has spent little effort determining the appropriate level of government to provide the public type services. In fact most of the recent focus has been on the advantages of local provision. As Silverman (1990) argues, local governments are more responsive to their citizens than is the central government. The notion is that when government decisions are made at levels of government closer to the actual individuals receiving the government services, the decisions will better reflect the demands of those people. Alternatively, it is suggested that the central government is less informed (or concerned) about local needs and special circumstances. As a result local provision will be more efficient. Such reasoning helps to explain the large number of countries which have devolved budget decisions to local governments in recent years. A recent survey of developing and transitional nations indicates that out of the 75 such economies with populations greater than five million, all but 12 claim to have embarked on some type of transfer of power to local governments (Dillinger, 1994).

**Power Motivation**

The nature of selfish vs. pro-social behaviour in the context of limited resources challenges many disciplines like philosophy, biology, sociology, economics, and psychology. Despite high interest in this issue, the factors that influence socio-economic decisions into the direction of selfishness or generosity have not been fully identified yet. And indeed, the situation, the actor’s personality and affective states, and not least, interactions among these factors may influence socio-economic decisions.
Important aspects of such independent decisions have been investigated in experimental economics via the so-called dictator game. In this game, one player makes a proposal of how to share sums of money to an anonymous other, whereas the other player does not have any influence on the decision. What factors may influence decisions in such a situation? Rational choice theory (RCT; cf. Heath, 1976) assumes that people base decisions exclusively on economic and instrumental considerations. Thus, RCT would predict that individuals always take decisions that maximize their profit. Within this classical conception of man as *homo oeconomicus*, selfishness and rationality go hand in hand and are synonymous. However, numerous experiments have demonstrated that it is not the case that persons in a situation of independent decisions and anonymity are purely selfish and decide not to share (cf. Camerer, 2003). Likewise, it could be demonstrated in numerous other experimental situations involving socio-economic decisions that people deviate systematically from the basic assumptions of classic RCT, suggesting that either influential constraints are not considered, or the models are basically imperfect (e.g., Kahneman & Tversky, 1996; Budescu, Erev and Zwick, 1999). Reviewing the extant literature on trust games, McCabe, Rigdon, & Smith (2003, p. 268) concluded that “there is ample evidence suggesting that a considerable proportion of play in two-person trust games deviates from that predicted by standard non cooperative game theory. A significant percentage of anonymously paired subjects arrive at cooperative outcomes.” Consequently, people often are much less selfish than RCT would expect. Such results stimulated theoretical work on reciprocity and inequity aversion (cf. List, 2007; Henrich, Boyd, Bowles, Camerer, Fehr, Gintis, et al. 2005). But what kind of factors may moderate the balance between selfish and pro-social behaviour in rational decisions? As argued here, it is plausible to assume that individuals differ in the degree to which they behave individualistically or cooperatively.

**The Role of the Power Motivation**

In experimental economics, a variety of factors have been postulated and investigated that may provide explanations for non-selfish behaviour. For example, a number of studies found that behaviour is influenced by fairness norms (Fehr & Schmidt, 1999). In a similar vein, there is evidence supporting inequity aversion. Corresponding models that postulate that people dislike differences between one’s own payoff and
that of others, and that emotional arousals cause them to deviate from personal profit maximization (e.g., Bolton & Ockenfels, 2000; Fehr & Schmidt, 1999; an extensive discussion of these approaches can be found in Nicklisch, 2006). Moreover, it has been revealed that emotions and punishment sentiments foster the enforcement of such fairness norms (Fehr & Gächter, 2002; Gürerk, Irlenbusch & Rockenbach, 2006). This motive refers to individual differences in the human tendency to be dominant and to achieve control over means that can be used to influence other individuals (Veroff, 1957). Striving for status, dominance, superiority, or controlling positions are thus typical examples of manifestations of the power motive (Winter, 1973). In this vein, an impressive finding is that differences in the strength of the power motive among the first twelve US presidents, as assessed through an analysis of their maiden speech, were associated with the number of cabinet changes and the number of war entries (Donley & Winter, 1970; see also Winter, 1987). There is no doubt that money is one, if not the strongest, means to influence others because money has been providing the basis for human’s subsistence in most cultures for thousands of years. Possessing lots of money is a symbol of high status and control over others and should therefore be particularly rewarding to individuals who have a strong power motive compared to those who have a low power motive.

The power motive is inherently associated with the establishment of hierarchical relationships in which the person dominates over others. By contrast, fairness norms and inequity aversion refer to symmetrical relationships incompatible with the power motive to some degree. However, this does not imply that individuals with a high power motive never behave in a fair way. Rather, and in line with dynamic motivation theories (e.g., Kuhl, 2001; Powers, 1973), there are a variety of dynamic motivational sources integrated in an individual that compete to influence behaviour. For example, individuals high in power motivation may be fair in the presence of others because they may at the same time be sensitive to social reward or reputation, fostering socially desirable behaviour. By contrast, their tendency to behave in an individualistic way, or even to strive for means that putatively increase control over others (e.g., money), is likely to outweigh potential fairness norms or inequity aversions in situations that do not permit feedback from others, as realized in the dictator game.
Two pioneer studies provided direct evidence of effects of the power motive on socioeconomic behaviour (Schnackers & Kleinbeck, 1975; Terhune, 1968). In both studies, the authors indirectly assessed dispositional power using the Thematic Apperception Test (Murray, 1935). In this test written stories about ambiguous pictures are analyzed and scored by experts for contexts related to the power motive according to standardized coding systems to provide an index of the “implicit” power motive (e.g., Uleman, 1966; Veroff, 1957; Winter, 1973). First, Terhune (1968) had his participants play three different games using different variants of the broad applied prisoner’s dilemma game: a one-shot-game, and a repeated 30-period prisoner’s dilemma, one run without communication and another run with communication.

Individuals with a strong power motive turned out to be most competitive and exploitive players. Likewise, Schnackers and Kleinbeck (1975) had groups of three individuals play a bargaining game called “con game”. Participants played dice and had power cards at their disposal with which they could multiply their points in order to approach the goal. Two players could form a coalition against the third player to achieve the goal jointly and to make agreements about how to share the payoff. Participants were allowed to violate and form coalitions as often as they waited. The authors found that individuals with a strong power motive manipulated others in order to win the game. Specifically, high power motivation was associated with the number of propositions, formations, and violations of coalitions. Moreover, power motivation was associated with playing the other players off against each other, changing the payoff agreements for their own benefit, and winning the game. The results of both studies are in line with findings from research on socio-economic decisions which show that individuals who are concerned about their own payoffs (classified as selfish) strongly evaluate the behaviour of the other player in terms of potency, suggesting that selfish individuals understand social dilemmas as a situation of might rather than morality (cf. Liebrand, Jansen, Rijken, & Suhre, 1986; Van Lange & Kuhlman, 1994).

The notion that the power motive should play a role in socio-economic decisions is also compatible with more recent research on personality influences on socio-economic decisionmaking. Scheres and Sanfey (2006) predicted socio-economic decisions by differences in the dispositional sensitivity towards rewarding stimuli, a
trait that seems to be associated with high power motivation (Keltner, Gruenfeld, & Andersen 2003). Specifically, participants played both the dictator game, as described above, and the ultimatum game. The ultimatum game is similar to the dictator game but differs in that the respondent can reject the offer of the proposing person and “burn” the whole money by this rejection. Consistent with the authors’ expectations, participants with a high sensitivity towards reward withheld more money in the dictator game. However, in contrast to their expectations, high sensitivity was associated with higher offers in the interactive ultimatum game, a finding that the authors attribute to a tendency of the initial attempts of reward-sensitive individuals to maximize the likelihood of reward (which is higher in case of good offers in the ultimatum game, but is not able to be influenced in the dictator game). The amount of reward is considered as secondary criterion only, according to this view. In a study by Brandstätter and Königstein (2001), participants played the “ultimatum game with advance production”, that is, an ultimatum game where the stock of the ultimatum game is determined by a preceding common production that depends both on the investment of the proposing person and the respondent. Proposers ranked high in the 16 PF personality dimensions of independence and tough-mindedness, both being aspects that should be inherently associated with the power motive, demanded higher return shares of the common investment than proposers ranked low in these dimensions.

Theoretical considerations and empirical evidence reported above suggests that the power motive is a determinant of socio-economic behaviour. Specifically, it may be assumed that a strong power motive implies an “egoistic” bias towards satisfying needs and goals of one’s own rather than those of other individuals. Therefore, particularly in situations that do not permit social feedback on the decisions with the consequence that the influence of normative behaviour and social desirability tendencies is weakened, such as in the dictator game, the postulated tendency to maximize personal outcomes of individuals with high levels of power motivation should be uncovered.

Assumptions about Power

Power relations are dependent on culture, place and time, and hence Foucault deals with power discourse in contemporary Western society only, which he characterizes as follows:
A. Power is not a commodity, a position, a prize or a conspiracy. It is the activation of political technologies and is concomitant with the social body. Power not only operates in specific spheres of social life, but occurs in everyday life. Power occurs at sites of all kinds and sizes, including the most minute and most intimate, such as the human body. B. Power relations are mobile, non-egalitarian and asymmetrical. We must not expect to find a stable logic in power, or a possibility of balance in its domain.

C. Since power is not a thing, is not control of a set of institutions, nor a concealed historical pattern, the aim of the researcher of power is to discover how it operates. To do this, one must isolate, identify and analyze the network of relations which creates political technologies. It is important to research the level of the micro-practices, from which one may learn how power operates in a social institution on the most routine everyday level.

D. From all the previous assumptions it follows that power is not limited to political institutions as it has been commonly thought. Power has a direct and creative role in social life. It is multi-directional, and operates from the top down and from the bottom up. Although power is at its peak when it is situated inside specific institutions such as schools, prisons or hospitals, we should be wary about identifying technologies of power with particular institutions, because power is neither a superstructure nor a quality of an institution.

E. When disciplinary technologies create a permanent connection with a particular institutional framework, they become productive. This is the positive aspect of power—productive power. This point emphasizes the advantages of efficient technologies of power in many productive domains—economic, industrial, and scientific.

F. Power is a general matrix of power relations in a given society at a given time. No-one is outside this matrix, and no-one is above it. The prisoners and the jailers are subject to the same procedures of discipline and surveillance practiced in the prison, and act within the actual limitations of the prison architecture. Even though all are trapped in the grid of the power relations, there also exist rule and domination: the jailers nevertheless have certain advantages according to the prison rules, as do those who are in charge of them and those who designed the prison.
G. Domination, then, is not the essence of power. Domination does exist, but power is exercised upon the rulers too and not only upon the ruled. For the bourgeoisie in 19th-century France to turn into a class it had to activate technologies of power upon its members. Technologies of confession, as well as surveillance over life, sexuality, and health, were implemented first of all upon the bourgeoisie itself. Bio-power served as a central strategy in the bourgeoisie’s self-creation. Only a century later would the same technologies be activated upon the French working class.

H. In power relations there is intention, but there is no subject. Only on the micro level, the tactical level, does power have intentions. On the strategic level, which includes the complex of power relations, no subject exists. Hence we may not attribute the totality of what happens in the power field to any personal plan whatsoever (Walzer, 1986). Nonetheless, power relations are suffused with calculations. On the local level we can generally discover a high level of decision-making, planning, manipulations, intrigues, and co-ordination of political activity. Foucault calls this the local cynicism of power, and does not attribute secret motivations to intentions and interests on the local level. Actors more or less know what they are doing when they do it, and express this clearly. This, however, does not imply that the broader consequences of local actions are coordinated, and that there exists someone (a subject) to whom the total meaning of this activity may be attributed. “People know what they do; they frequently also know why they do what they do; but what they don’t know is what they do does” (Dreyfus & Rainbow, 1982, p. 187). In other words, people are not conscious of the by-products and the implications of their deeds.

Theories of Power:

I began here with a historical survey of thought about power in the social sciences, relating only to the most prominent theories. Further on, a number of theories that contain elements suitable to the development of a theory of empowerment are presented in more detail. Modern thinking about power begins in the writings of Niccolò Machiavelli (The Prince, early 16th century) and Thomas Hobbes (Leviathan, mid-17th century). Their books are considered classics of political writing, and the contrast between them represents the two main routes along which thought about power has continued to this day (Clegg, 1989). Machiavelli represents the strategic
and decentralized thinking about power and organization. He sees power as a means, not a resource, and seeks strategic advantages, such as military ones, between his prince and others.

Hobbes represents the causal thinking about power as hegemony. Power, in Hobbes, is centralized and focused on sovereignty. According to Hobbes’ basic premise, there exists a total political community, the embodiment of which is the state, or the community, or the society. This is a single unit, ordered according to a uniform principle, possessing a continuity of time and place, from which the power stems. According to Machiavelli, total power is a desirable final end, which is achieved only rarely. In the mid-twentieth century it appeared that Hobbes’ view was triumphant.21 His language and his images, written more than a century after the publication of The Prince, were more appropriate to the modern scientific approach than Machiavelli’s military images. The central tradition of research in the social sciences sought precision and logic (and is still seeking them today), and it asks how one can observe, measure, and quantify power.

Power was presented as a position of will, as a supreme factor to which the wills of others are subject. In the seventies, Machiavelli’s strategic and contingent approach attained to a renewed appreciation in France, with the crystallization of approaches that rediscovered the unpredictable character of the power game, and its profound dependence on context (Clegg, 1989).22 After the Second World War, the social sciences began taking an understandable interest in power. At that time, the work of Max Weber (1947) served as a point of departure for thought about power because it continued the rational Hobbesian line and developed organizational thinking. Weber’s approach to power connected with his interest in bureaucracy, and linked power with concepts of authority and rule. He defined power as the probability that an actor within a social relationship would be in a position to carry out his will despite resistance to it. The activation of power is dependent on a person’s will, even in opposition to someone else’s. Weber was interested in power as a factor of

21 Interest in power exists in a variety of fields of thought: Karl Marx influenced the conceptualization of power in all the social sciences; Alfred Adler, following Marx, opened a discussion on power in psychology; Friedrich Nietzsche influenced thought about power in philosophy.

22 Stuart Clegg’s book Frameworks of Power (1989) has been of great assistance in helping me to understand the history of sociological writing about power, and he is one of the sources for my writing of the present chapter of more democratic forms of organization (Morgan, 1986, 1997).
domination, based on economic or authoritarian interests. He historically researched the sources of the formal authority that activates legitimate power, and identified three sources of legitimation, or accordance of social permission, for the activation of power: the charismatic, the traditional, and the rational-legal. Theories of power after Weber developed in the direction of investigation of illegitimate power, as this grows within the formal and legitimate frameworks of hierarchic and bureaucratic power, and in the direction of the critique of Weber’s bureaucratic model (Merton, 1957). The critique of Weber stemmed, unjustly, from an understanding of his theory as an idealization of the bureaucratic organization. The truth is that Weber saw the organizational power of the bureaucracy as the source of the mechanization and routinization of human life, and as a threat to the freedom of the human spirit.

Robert Dahl (1961) continues Weber’s approach, both in the definition of power and in the attribution of it to a concrete human factor. Whereas Weber discussed power in the context of the organization and its structures, Dahl located the discussion of power within the boundaries of an actual community. However, the major importance of Dahl is in the development of the interest in understanding ruling elites, which came to the fore after the Second World War (Mills, 1956; Hunter, 1953). According to his theory of community power, power is exercised in a community by a particular concrete individual, while other individuals, also actual, are prevented from doing what they prefer to do. Power is exercised in order to cause those who are subject to it to follow the private preferences of those who possess the power. Power is the production of obedience to the preferences of others, including an expansion of the preferences of those subject to it so as to include those preferences. To this day, most writers dealing with organizational behavior make do with Dahl’s definition of power—power as the ability to make somebody do something that otherwise he or she would not have done. Peter Bachrach and Morton Baratz (1962) developed a model as a response to Dahl—the two faces of power. This model is also a critique of Dahl’s basic premises. Dahl assumed a pluralistic society, in which all the community interests are represented by means of open processes. Bachrach and Baratz also have a doubt as to whether the decision-making process is really democratic and open as Dahl assumed. They dealt mainly with the connection between the overt face of power—the way decisions are made—and the other, covert face of power, which is the ability to prevent decision making. They pointed to the strategy of mobilizing bias
to prevent discussion on certain issues and thus to determine what is important and unimportant. They referred to this organizing of what stays in and what is out as the non-decision-making process where power conflicts do not rise above the public face of power which is confined to certain values, rituals or beliefs that tend to favor the vested interests of one (or more) group/s relative to others (Clegg, 1989).

In the seventies, Steven Lukes (1974) developed Bachrach and Baratz’s approach further. It was he who shifted the discussion from community power to a focus on power as such, by introducing a three-dimensional model into the discussion of the subject. The third dimension that Lukes added to the discussion of power, which theoretically already recognized two dimensions – the overt and the covert dimensions – was the latent dimension of power. While the overt dimension of power deals with declared political preferences, as they reveal themselves in open political play, and the covert dimension deals with political preferences that reveal themselves through complaints about political non-issues, the third dimension deals with the relations between political preferences and real interests. Power, according to Lukes, is measured also by the ability to implant in people’s minds interests that are contrary to their own good. The third, latent dimension is the hardest of all to identify, because it is hard for people who are themselves influenced by this dimension to discover its existence. The analysis of power, according to Lukes, must henceforth relate – in addition to the open decisions (of Dahl’s overt face) and the non-decisions (of Bachrach and Baratz’s covert face) – also to the entire political agenda, in order to examine its adequacy to the true interests of various groups. (A more detailed explanation of the three dimensions of power, and their development, appears in the section on Gaventa’s theory of power).

**Gaventa’s Theory of Power**

John Gaventa (Gaventa, 1980) researched the phenomenon of quiescence – the silent agreement in conditions of glaring inequality (p. 3) – and tried to understand why, in difficult conditions of oppression and discrimination, no resistance arises against the rule of a social elite. He found that the social elite makes use of its power principally to prevent the rise of conflicts in its domain, and to attain social quiescence. In other words, a situation of apparent lack of conflicts is identified as both a sign and a consequence of deliberate use of power mechanisms. The purpose of power is to
prevent groups from participating in the decision-making processes and also to obtain the passive agreement of these groups to this situation. A silent agreement, then, is not an expression of a desire not to participate, but evidence of a mute compliance with the situation. Hence, a violation of this quiescence is a rebellion, whether it be an explicit demand to participate in decision making, or a more minor response, such as non-acceptance. Gaventa bases his model for the understanding of quiescence and rebellion in conditions of glaring inequality on Lukes’ three dimensions of power (Lukes, 1974). This will be an opportunity to gain a deeper acquaintance of these dimensions, and to understand how each of them relates to power and to powerlessness.

1st. The One-Dimensional Approach to Power

In the overt arena of power relations, A’s power over B is manifested to the extent that A can make B do something which B would not have done had it not been for A. The overt dimension of power may be investigated by means of observation of behavior: who participates, who profits, who loses, and who expresses himself in the decision-making process. The one-dimensional approach is based on assumptions that were sharply criticized by those who continued it. For example, that people always recognize grievances and act to right them; that participation in power relations occurs overtly in decision-making arenas; that these political arenas are open to any organized group; that the leaders are not an elite with interests of its own, but represent or speak for the entire public. All these assumptions lead to a conclusion which is characteristic of the one-dimensional approach: because people who have identified a problem act within an open system in order to solve it, and they do this by themselves or through their leaders, then non-participation, or inaction, is not a social problem, but a decision made by those who have decided not to participate.

On the basis of this conclusion, the one-dimensional approach provides explanations for the inactivity of deprived groups: indifference is a general quality of the human species, and people are divided into various kinds—the active political person, and the passive civic person. The constant connection between a low socio-economic status and minimal participation is explained as indifference, political incapacity, cynicism or alienation. At any rate, the causes of the non-participants’ quiescence are sought in the circumstances of their life or in their culture, and not in the context of power
relations. As a consequence of this approach of blaming the victim for his non-involvement, the recommendations too are generally for a change of the victim’s non-participatory norms of behavior—principally through education and social integration (Pateman 1970). Even within its own basic premises, the one-dimensional approach will have difficulties explaining what there is in low income, low status, and low education, or in traditional or rural culture, that can explain people’s quiescence. And how are we to understand vast differences between one place and another in the political behavior of people with these same characteristics?

2nd. The Two-Dimensional Approach to Power

Power is activated on the second, covert dimension, not only in order to triumph over the other participants in the decision-making process, but also to prevent decision-making, to exclude certain subjects or participants from the process (Bachrach & Baratz 1962). A study of power in the covert dimension needs to observe who decides what, when and how, who remains outside, how this happens, and how these two processes interconnect. One of the important aspects of power, beside victory in a struggle, is to determine the agenda of the struggle in advance. That is, to determine whether certain questions will even be negotiated. The understanding of the second facet of power changed the explanation of the quiescence of deprived groups. From now on, nonparticipation in decision-making would be explained as a manifestation of fear and weakness, and not necessarily as a manifestation of indifference.

Since the two-dimensional approach, like the one-dimensional, assumed that the powerless are fully conscious of their condition, it cannot easily explain the whole diversity of means that power exercises in order to obtain advantages in the arena. For example, how is the raising of issues for discussion prevented? This approach also did not recognize the possibility that powerless people are likely to have a distorted consciousness that originates in the existing power relations, and thus live within a false and manipulated consensus that they have internalized. The two-dimensional approach related to open conflicts and to the ability to maneuver their extent and their contents, while one of the most effective mechanisms of power is the ability to ensure quiescence in the decision-making arena—to prevent the outbreak of conflict.
3rd. The Three-dimensional Approach to Power

The third, latent dimension, that of the true interests (Lukes 1974), explains that B does things that he would not have done had it not been for A because A influences, determines and shapes B’s will. Yet another innovation in this dimension is that this phenomenon can occur without overt conflict. A conflict of interests between the activators of power and the true interests of those who are excluded from the arena creates a potential for conflict—a latent conflict. An approach which assumes latent processes requires a special research methodology. It is no longer possible to make do with behavioral analysis and with observations of individuals as the only means of understanding power relations. Since systems prevent the appearance of claims and frustrate their transformation into political issues, what is required is a study of social and historical factors that will explain how human expectations are shaped and how people’s consciousness of problems is formed.

Mechanism of Power

After defining the three relevant dimensions, it is important to identify various mechanisms by means of which power operates in each dimension in order to attain its goals.

1st. Mechanisms of the First, Overt Dimension: Open Conflict in the Decision-Making Arena

In the first dimension, relatively straightforward mechanisms are activated. The actors invest resources and talents in order to obtain an advantage in bargaining on key issues. Resources may be votes in the ballot box, or influence that the actors can bring to the bargaining game. Possible talents are personal efficacy, political experience and organizational strength, which the participants use in order to win an advantage.

2nd. Mechanisms of the Second, Covert Dimension: Mobilization of Bias; Non-Decision-Making

In addition to the resources of the first dimension, the people with power mobilize game rules which work in their favor, at others’ expense. Decision-making may be prevented by the exertion of force, the threat of sanctions, or the mobilization of bias which creates a negative approach to the subject. Mobilization of bias means the reinforcing and emphasizing of values, beliefs, ceremonies and institutional
procedures which present a very particular and limited definition of problems. By mobilizing bias it is possible to establish new barriers and new symbols which are aimed to thwart efforts to widen the scope of conflict. Several mechanisms of non-decision-making are harder to discover than others: like institutional inactivity resulting in decisionless decisions. The sum total of accumulating outcomes of a series of decisions or non-decisions, and non-events which, because they are such, cannot be observed and thus one may mistakenly think that they have not occurred.


These mechanisms are less developed theoretically, so they are less clear. This dimension involves identification of the way in which meanings and patterns of action which cause B to believe and act in a way that is useful to A and harmful to himself are formed. Since in situations of latent conflict it is especially difficult to learn how the perception of needs, expectations and strategies is shaped, a number of domains must be investigated. For example, what use is made of social myths, language and symbols, in order to obtain an advantage in power relations. We need to investigate processes of communication and information transfer in order to understand what is communicated and what is not, and how this is done; how social legitimation develop around the dominant groups, and how they are imbued into people’s consciousness in the form of beliefs or roles. The indirect mechanisms of this dimension, it would seem, have a significant influence on the shaping of people’s political perceptions, especially of those belonging to powerless and highly dependent groups.

Mann’s Organizational Outflanking

Mann’s concept of organizational outflanking (Mann 1986) makes clear the extent to which organizational resources and tools to activate these resources are necessary for efficient resistance against power. The advantage in power relations is on the side of those who possess an organizational advantage. Hence, those who possess the organizational advantage will always succeed in overcoming those who lack organizational resources; by means of a principal strategy which Mann calls organizational outflanking. Organizational outflanking finds expression in the ability to eliminate resistances with relative ease, to prevent them in advance by means of organizational priority, as well as to impose the order desirable to those doing the
outflanking. All these goals can be achieved by those who possess the preferred organizational means. A historical social analysis proves that the advantage of the networks and alliances of power leans on the preferred organization that was available to them. The act of collective organization alone is inadequate to overcome an organization of power. In order to produce an effective resistance, people have to acquire the ability to activate a collective organization. Organizational outflanking creates an advantage in the power relations for the outflankers as opposed to the outflanked. Powerlessness in a situation of organizational outflanking may be attributed to a lack of knowledge among the outflanked; however, there exist situations in which the knowledge exists and is available to the outflanked. In other words, not in every situation is knowledge useful to extricate oneself from a situation of organizational outflanking. It is important to understand that there are situations in which the outflanked know and are conscious of their situation, but nevertheless cannot, or are not ready to, extricate them from it.

_Surrendering to Organizational Outflanking as a Result of a Lack of Knowledge._ In situations where the surrender to organizational outflanking stems from a lack in knowledge resources, we must distinguish among various kinds of lack of knowledge:

**A. The most common explanation is ignorance.** There is ignorance which expresses itself in the fact that people do not know the rules of the game: they lack knowledge about developing a strategy and assessing the opponent’s resources. They do not know the rules of behavior, the agenda, and the meaning of informal behavior. However, there can also be a more profound ignorance, when people do not identify the game itself. Especially extreme instances of the second kind occur when a group which possesses a great technological advantage encounters its absolute contrary (colonialism of the traditional kind, which obtained advantages of power by means of colored beads and mirrors; experts in community development and international merchants who exploit local poverty and innocence in order to amass profits in undeveloped countries).

**B. Isolation** is a more complex kind of lack of knowledge. It expresses itself in lack of information about others who share the same fate, with whom it is possible to create an alliance in order to resist power. Organizational outflanking succeeds because isolated resistance is an event which is easy to overcome. This is true even in
cases where protest breaks out in different places at the same time, as long as the protesters themselves do not know about one another and do not form a coalition.

C. Division. Separation is an active step, a part of the strategy of organizational outflanking, and its goal is to create conditions of isolation even when people know about one another and could perhaps form an organized alliance. It is common for organizational outflanking to make use of time and space in order to divide groups from one another. An example of this is the division, on the face of it functional, carried out among workers in a single organization by means of organizational culture, complex divisions of labor, and extreme competition (for example, in the name of maintaining secrecy, workers are prohibited from telling one another how much they earn; in the name of efficiency, workers are forbidden to organize and cooperate with one another.

Surrendering to Organizational Outflanking on the Basis of Knowledge

It is less customary to think that surrender to organizational outflanking can be based on the outflanked people’s knowledge about their situation, but there are situations in which surrender to organizational outflanking is based on knowledge. In these cases the outflanked are conscious not only of their situation, but also of the price of resistance to the outflanking. Sometimes people estimate that the price they will have to pay for their resistance may be higher than their chance of obtaining a positive outcome, or than the benefit they may gain. When this is the evaluation of the situation, the knowledge ceases to have practical value in the existing conditions. Another kind of knowledge that is available to the outflanked is the knowledge about the oppression which the organizational outflanking creates in their lives, and about the fact that time that passes in the situation of organizational outflanking operates against them and strengthens the organizational ability of the outflankers, which continually becomes more sophisticated (Clegg 1989). Organizational outflanking does not describe a particular tactic or mechanism of power, but is a given of the social situation. It makes clear that a lack in organizational resources characterizes everyone who is outside the networks and alliances of power; it makes clear why disempowerment is a common social phenomenon; it enriches the explanation of the quiescence of the powerless (Gaventa 1980); the culture of silence expresses a surrender of the organizationally outflanked, stemming from a knowledge that they
are incapable of preventing the outflanking. As opposed to a tendency to explain powerlessness in a one-dimensional manner as people’s lack of consciousness and knowledge about their situation, organizational outflanking explains why knowledge by itself is not always enough to change the situation. True, the theory of organizational outflanking is not an inclusive or a central theory of power and powerlessness, but it does emphasize important aspects which have accompanied the discussion of power all along the way. Organizational outflanking emphasizes the importance of efficient resistance to power—the price paid for the resistance is dear, and therefore it is necessary to obtain results, and in the most efficient way possible. Organizational outflanking makes clear the necessity of active organizational development in order to gain significant achievements while resisting power.

**Clegg’s Circuits of Power**

A tradition which began with Weber and continues to Foucault seeks to understand how social institutions create obedience. Stewart Clegg (1989) sees power as a circular process that flows in three channels which he calls circuits of power. Each of these three circuits of power has a dynamic form of its own:

1. The overt circuit of power—this circuit may be observed concretely. For example, one may analyze what happens in the decision-making arena. This is a relatively simple circuit, in which a human agent exercises power according to the traditional explanation: A activates resources and means, and influences B in a way in which B would not have acted were it not for his relations with A.

2. The social circuit of power—this is an abstract circuit, which is called the circuit of social integration, in which the rules that order relations of meaning, membership and belonging are created.

3. The systemic-economic circuit of power—this too is an abstract circuit, in which both material and non-material resources are created. It is called the circuit of systemintegration.\(^{23}\)

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\(^{23}\) Clegg (Clegg 1989, p. 236) makes use of the term *empowerment* to describe processes that occur in the economic circuit of power. However, although the idea that empowerment and disempowerment occur in the process of the dynamic production of power is correct, Clegg uses the concept of empowerment in the sense of creating or diminishing power. In my estimation, he found in the word *empowerment* a semantic solution for a description of a process in which a gain or loss of power occurs.
The circuits of power illuminate the importance of context in the theory of power; real acts of power appear in the first, simple circuit. However, the description of the field of power, with all the advantages and limitations that it creates, appears in the second and third circuits, which are complex and contextual. In these circuits, power relations are conducted in complex and diverse ways. On the face of it, power which does not need to struggle against rules and does not require special resources for any goal whatsoever is the most efficient power. However, power relations are actually characterized by a complexity which undermines their effectiveness and thus makes them unpredictable. Hence, a one-dimensional, episodic perception of power relations can teach us something about the character of the relations between A and B, but teaches us nothing about the context, the field of relations in which A and B operate, and about how this field influences their access to resources of power and their ability to use these. This field of relations is described in the social and the systemic-economic circuits of power. In the social circuit of power, the central rules of social life are created.

Clegg (Clegg 1989, p. 236) makes use of the term *empowerment* to describe processes that occur in the economic circuit of power. However, although the idea that empowerment and disempowerment occur in the process of the dynamic production of power is correct, Clegg uses the concept of empowerment in the sense of creating or diminishing power. In my estimation, he found in the word *empowerment* a semantic solution for a description of a process in which a gain or loss of power occurs.

This triumphs over the knight in the course of a certain event. This power is based on and stems from the rules of the game. It is social power that, by means of fixed laws, determines the ability of the queen and the knight to take the different steps they can take. However, dispositional power allows certain people not only a greater space of maneuvering for various moves, but also authority to reinterpret the meaning of the rules. Because of the power that the rules give them, they possess greater freedom to activate them according to their own interpretation than do those people who, like the queen and the knight, are permitted only a series of pre-defined moves. Implicit in this state of affairs are several possible strategies of resistance to power: for example, not to recognize the other’s game rules; or to object to the meaning that the other
attributes to them and to the steps that these entail. The overt circuit of power is self-evident, but it is not independent, since it moves through the two circuits of power in which a social and systemic integration occurs. These determine rules and permit creation, and create the fields in which episodic power events take place. The outcomes of the resistance to power are not based on what happens in the overt circuit alone, but, among other things, on the creation of a “correct and logical context”. What will be described as a correct and logical context” is a good example of a norm that the social circuit of power supplies. Techniques of production are an example of power that is created in the systemic economic circuit. They are enabling and innovative, and at the same time limiting and dominating. Hence domination is never fixed and eternal. It is subject to processes of creation and innovation which can weaken it to the same extent that they can strengthen it.

Facilitative power originates in the systemic-economic circuit, and it creates change and tension, making possible new organizational forms. In contrast, dispositional power originates in the social circuit, and supplies social integration and stability to the power relations. According to this explanation it is easier to change structures of domination because they get built and they flow in a changing and dynamic circuit of systemic-economic power, and in principle they are more open to change and innovation than structures of social belonging and meaning, which get built in the social circuit of power. It is important to remember that what happens in actuality is not dependent only on what happens in one of the circuits. The ability to exploit new opportunities that open up in the economic circuit to human agents who want to resist depends, among other things, on efficient organization on their part, which is made possible with resources from both the social and the economic circuits. We will recall that organizational outflanking (Mann, 1986) supplies a key to the question as to why people obey so frequently and agree to be subservient: because they are surrounded by organizations of power that are controlled by others. They are organizationally outflanked and lack a strategy of a collective organization. Power and resistance are two separate, although interdependent, aspects of social life. The circuits of power model distinguishes between two main kinds of resistance:

1. **Effective Resistance.** This is organized resistance and is very rare: it becomes possible in conditions of victory over organizational outflanking. Such resistance
becomes institutionalized as a new power and creates an entirely new field of relations. Michel Foucault argued that the events of May 1968 in France, in which students organized and demonstrated together against the regime, were an example of effective resistance of this kind.

2. Episodic Resistance. This is the most common form of resistance. It generally manifests itself only against the exercise of power: it is a resistance which operates in the overt circuit and is conscious only of this circuit of power. Episodic resistance itself actually strengthens the stability of power and confirms its representational character. This is resistance on a manifest level, which is based on obedience in the covert (social and economic) circuits which determine the division of resources and the rules of power relations. A hunger strike by prisoners, or a demonstration by wives of policemen against deterioration in their husbands’ conditions of service are episodic resistances. Clegg’s circuits of power provide the theory of power with a strategic approach to power relations. The circuits describe a field in which all the possibilities are open, and none of the sides have the possibility of maintaining advantages or a fixed state over a period of time. Another important idea stems from the fact that a stormy and dynamic environment which requires complex resources creates a permanent opportunity for change and for the incorporation of new groups in the power relations. The rarity of effective resistance is proof of the importance of organization when people are interested in resisting power successfully. It also explains the success of military coups—these lean upon the military organization, more than on the military weapons, although efficient organization is generally also accompanied by efficient resources. The three circuits of power also propose an interesting tool for evaluating the degree of power achieved in a process of resistance. The evaluation is divided into three groups of questions: questions about the outcome of the process—which are revealed in the overt circuit; questions about the inner ability created in the course of the process—which develops in the social circuit; and questions about the actual resources available to the process—which are made possible in the systemic-economic circuit.

Michel Foucault on Power

It is almost impossible today to deal with the subject of power without relating to Michel Foucault. Thanks to him, thinking about power, which for many years was
ponderous and predictable, has become fascinating and full of surprises. Foucault does not present an ordered doctrine of power. He himself lives in peace with the contradictions and the dialectics that his approach creates; however, anyone who, like myself, is interested in applying his approach, runs into more than a few difficulties. The solution I have found is drawn from Foucault himself, who claimed that anyone who wants to make use of the knowledge may and should quote aggressively, and make use of what she requires without committing herself to the entire theory. As already stated, Foucault’s writing is full of contradictions. He does not have a sense of some profound and final truth. Instead of this, he finds layers that have to be peeled away. He is influenced by the phenomenological theory, but does not agree with its main idea that the center of meaning is an autonomous subject. His writing evinces a strong structural element, but he rejected the model that develops in his writings, and refused to create a uniform model with rules of its own. Foucault was influenced by Weber and Marx, but unlike them did not feel committed to a comprehensive analysis of organizations or of economic aspects: he chose each time to analyze a different social institution. Despite his claim that he prefers to focus on the micro-politics of power, his theory is suffused with structural macro principles (Walzer, 1986; Ritzer, 1988). Foucault, as noted, was influenced by structuralist ideas, but because he did not adhere to them and preferred a combination of personal and structural considerations within a single explanation, he is considered a post-structuralist, although there are some who dispute this (Walzer, 1986), himself included. Foucault is also considered a post-modernist. If modernity is connected with terms such as rationality, purpose, totality, synthesis and determinism, and postmodernism is an approach characterized by the opposed concepts—irrationality, play, deconstruction, antithesis and non-determinism, then Foucault is indeed a post-modernist.

Foucault adopted Nietzsche’s ideas about the connection between knowledge and power. He assumes a power/knowledge connection which cannot be separated, even semantically. A review of Foucault’s writings, rather than a reading of a particular book or essay, reveals his theory of power, and especially the way the power/knowledge connection is created. In his book *Discipline and Punish: The Birth of the Prison* (1979) he discusses the period between 1757 and 1830, when the practice of torturing prisoners was replaced by close surveillance of them by means of the prison rules. Foucault interprets this change not as a humanizing of punishment, as
is commonly thought, but as a more correct economy of power. The meaning of the change is the development and implementation of a new technology, which he named disciplinary power. The principal mechanisms that disciplinary power develops and by means of which it operates are:

1. The hierarchical observation. The ability of those in charge to observe their entire range of surveillance in a single gaze. Apart from his own writings, two books are to a large extent authoritative sources on Foucault’s approach to power, because they were edited during his lifetime and with his collaboration. These are: Power/Knowledge, edited by Colin Gordon (Gordon, 1980), which is a collection of Foucault’s lectures and interviews on the subject; and the book by Dreyfus and Rabinow (Dreyfus & Rabinow, 1982), which contains mainly their interpretation and concludes with two chapters written by Foucault.

2. The judgment of normality. The ability to determine who is normal and who is not, and to punish those who violate the norms, in three dimensions: time—if one is late; activity—if one is not attentive; behavior—if one does not behave properly.

3. The examination. The examining observation of people and the judgment of them according to the norms. This mechanism makes scientific research possible. It makes use of the hierarchical observation and uses science to determine the standards of normality in all spheres of life. By means of this mechanism the power/knowledge circle is completed; the knowledge that is derived by means of the scientific examination and judgment is fed back in order to impose standards of normality in all spheres of life, and grants the society (by means of its various institutions and its regime) the permission to legislate laws to reinforce the standards and to supervise all the citizens of the disciplinary society in order to prevent a deviation from these laws. Disciplinary power is not only negative; proper functioning of the military or of industry, for example, is an expression of its positive outcomes. Nonetheless, Foucault is concerned about the expansion of discipline in the governing system and the police, bodies for which the entire society is a field of action and an object of disciplinary action. Although Foucault did not
believe that disciplinary power spreads throughout society systematically, he estimated that most of the major social institutions are already infected by it, and hence the great similarity in the structure of prisons, factories, schools, detainment camps and hospitals. The transition from torture to rules, Foucault explains, is also a transition from physical punishment to psychic punishment of the soul and the will, and this is also the beginnings of the scientific discussion of normality and morality (Ritzer, 1988). The combination of power and knowledge with the rule of the state and its supervision of normality has created something beyond a sophisticated technology; Foucault calls this combination, which is typical of contemporary Western society, the disciplinary society. In The History of Sexuality (1980), Foucault describes sexuality in particular, and concern with the human body in general, as an especially dense transfer point for relations of power (Gordon, 1980). Medicine, in his view, deals more with the morality of sexuality than with the science of sexuality. Foucault sees medicine, together with psychology and psychiatry, as substitutes in scientific disguise for the religious confessional that preceded them. Medicine is a source of surveillance more than it is an instrument for researching the truth about sexuality. If before the 18th century the society sought ways to control death, since then it has been interested in controlling life, and especially sex. Bio-power took on two forms: 1. Anatomo-politics, which aims to discipline the human body (and its sexuality). 2. Bio-politics, which aims at controlling and regulating population growth, health, life expectancy and so on. In both cases sex was central, and society came to see life as a political object. Sex has become more important than the soul, and almost as important as life itself.

Resistance to Power

In his writings and in the interviews he gave, Foucault related to resistance in different and contradictory ways. In his view, power exists only when it is exercised, and it does not depend on agreement or resistance. Power operates only upon free subjects, and hence it presupposes the concept of freedom. Freedom means the ability to choose from a range of possibilities, in different ways of behavior. The relations between power and the freedom of the person who refuses to surrender to it are part of a single whole picture, and
are inseparable. Hence, slavery, for example, is not part of the power relations, but merely
the exertion of coercion (Dreyfus & Rabinow, 1982). Resistance to power is part of the
power relations, and hence it is at the same time rich in chances and without a chance. On
the one hand, any resistance to existing power relations confirms this power network, and
reaffirms its boundaries. On the other hand, the very appearance of a new factor in the
power relations – resistance – brings about a redefinition of and a change in the power
relations (Wickham, 1986). It is important to understand the somewhat cunning way in
which power shapes the resistance itself. Power is the force that produces the resistance,
determines its place, and administers it. In other words, resistance to power draws its
means of struggle, and even its actual social position, from the existing form of power. It
follows that a successful exercise of power means promotion of certain forms of
resistance no less than effective mobilization of means against this resistance (Minson,
1986). This has another important meaning: those resistances and individual forms that
are promoted by the existing power relations also create conditions for preventing the
appearance of other maybe more dangerous and subversive forms of resistance. Hence, a
local failure in the exercise of power cannot always be analyzed simplistically: a tactical
failure may be related to in more than one sense as a strategic victory.

Foucault and the Development of a Theory of Power

Although Foucault, as noted, asserts that he did not develop a theory of power, in fact, he
did actually develop such a theory (Walzer, 1986). Foucault’s method, teaches a
subversive reading of texts and procedures in order to discover the covert ways in which
technologies of power create obedience and powerlessness. Like existentialist writers
before him (Camus, 1942; May, 1972), Foucault too sees powerlessness as structured into
human existence. This understanding serves a theory of empowerment because it is based
on a universal human insight about the damage caused by powerlessness. The difficulty is
that Foucault does not believe in resistance, because he denies the centrality of an
autonomous subject who has the ability to influence and change social relations. On his
view, power, not human agency, is the central factor that motivates all the other relations.
He did not believe that there is a chance of bringing about social change through local
efforts, and since the belief in the human ability to effect social change is a central belief
of the theory of empowerment, there is no room at its core for the skeptical and
pessimistic
Giddens on Power

Anthony Giddens (Giddens 1982, 1984) discusses power as part of a social theory that he developed, which he called *Structuration*. Giddens and Foucault are similar in that power is an essential component in their social thought, and is incorporated into their principal writings. However, they represent almost absolutely opposite approaches to the place of the individual in society. Giddens, too, allots power an important place in social life. He agrees that power does not have a locus, is not connected to norms and values, or to class interests. However, he objects to the representation of power as all-inclusive and as possessing awesome dimensions. Giddens is very much influenced by Foucault, but he sees every individual as possessing knowledge and even consciousness, and in this he is the most optimistic among the theorists of power. Power is integrated within a complex social practice, in which human agency has structural qualities, and the social structure is part of the human activity that creates it and ensures its continuity. This *duality of structure* model sees the social structure and the human agency as two factors which build and activate the social relations, and power as a central and important component of both. The social structure makes possible the human activity, and also limits it—by means of laws, rules and resources, and also by means of human practices that are part of it. It is human agency that creates the social structure—it establishes it, consolidates it, and also changes it while it acts. To the same extent, the social structure is a component of all activity. People speak a language that has a structure of rules and syntax, even if they don’t know a thing about syntax and rules of grammar. While speaking, the speaker decides to speak differently, and then he activates two processes: he changes the language, and reaffirms and reconstructs the structure and rules of the language. In other words, human activity does not *just happen*—it is structured. People make use of what already exists in order to know what to say, what to do, and even how to begin acting in situations in their lives. Duality of structure integrates two separate approaches: the idea of power as a voluntary human activity, and the idea that power is structural, and hence is more a quality of the society than of particular people (Hajer, 1989). Hence one can explain power simultaneously in terms of human action and in terms of structure: it is the ability of individuals to act in a directed and voluntary manner and to bring about change; it is also systems of domination and rule, and of the rules and resources connected with these. Power is indeed human activity: a person who
exercises power could have behaved differently, and a person on whom power is exercised would have acted differently had it not been exercised. However, this occurrence cannot be fully understood without relating to the social structure in the context of which it occurs. A number of principles derive from this:

Power is a basic component of human agency. Absolute lack of power means ceasing to be a human agent. Power is the human ability to intervene in events and to make a difference.

Power is an inseparable part of the social interaction. Power is an integral feature of social life. It is always part of the relations, and its signs may be discerned even at micro levels of interaction.

An inequality exists in different people’s ability and access to resources, which also creates an inequality among them in the sphere of power. Hence, the development of ability and access to resources are key concepts for an understanding of the power that people can exercise.

Power can also be described on a continuum of autonomy and dependence. Unequal access to resources for realizing goals and unequal opportunities to influence the course of the interaction ensure mutual relations, because each side is to a certain extent dependent on the other, and also autonomous to a certain extent in its action. The investigation of power involves exposing this dialectics of dependence and autonomy in specific situations (Davis, 1988).

Power is a process. Power is a factor that intervenes between human agency (in the form of every person’s inherent ability to influence the world around him) and social structure (in the form of the structures of domination that determine the degree of a person’s ability to influence the world). These relations, between human agency and social structure, are dynamic and processual.

**Well Being**

The term quality of life is used to evaluate the general well-being of individuals and societies. The term is used in a wide range of contexts, including the fields of international development, healthcare, and political science. Quality of life should not
be confused with the concept of standard of living, which is based primarily on income. Instead, standard indicators of the quality of life include not only wealth and employment, but also the built environment, physical and mental health, education, recreation and leisure time, and social belonging.

According to ecological economist Robert Costanza, while Quality of Life (QOL) has long been an explicit or implicit policy goal, adequate definition and measurement have been elusive. Diverse "objective" and "subjective" indicators across a range of disciplines and scales, and recent work on subjective well-being (SWB) surveys and the psychology of happiness have spurred renewed interest.

Quality of life is an important concept in the field of international development, since it allows development to be analyzed on a measure broader than standard of living. Within development theory, however, there are varying ideas concerning what constitutes desirable change for a particular society, and the different ways that quality of life is defined by institutions therefore shapes how these organizations work for its improvement.

Organizations such as the World Bank, for example, declare a goal of “working for a world free of poverty”, with poverty defined as a lack of basic human needs, such as food, water, shelter, and freedom, access to education, healthcare, or employment. In other words, poverty is defined as a low quality of life. Using this definition, the World Bank works towards improving quality of life through neoliberal means, with the stated goal of lowering poverty and helping people afford a better quality of life.

Other organizations, however, may also work towards improved global quality of life using a slightly different definition and substantially different methods. Many NGOs do not focus at all on reducing poverty on a national or international scale, but rather attempt to improve quality of life for individuals or communities. One example would be sponsorship programs that provide material aid for specific individuals. Although many organizations of this type may still talk about fighting poverty, the methods are obviously significantly different. Because of these differences in the theory and practice of development, there are also a wide range of quantitative measures that are used to describe quality of life.
Human Development Index

Perhaps the most commonly used international measure of development is the Human Development Index (HDI), which combines measures of life expectancy, education, and standard of living, in an attempt to quantify the options available to individuals within a given society. The HDI is used by the United Nations Development Programme in their Human Development Reports.

The Physical Quality of Life Index (PQLI) is a measure developed by sociologist Morris David Morris in the 1970s, based on basic literacy, infant mortality, and life expectancy. Although not as complex as other measures, and now essentially replaced by the Human Development Index, the PQLI is notable for Morris's attempt to show a “less fatalistic pessimistic picture” by focusing on three areas where global quality of life was generally improving at the time, and ignoring Gross National Product and other possible indicators that were not improving.

The Popsicle Index is a quality of life measurement coined by Catherine Austin Fitts as the percentage of people in a community who believe that a child in their community can safely leave their home, walk to the nearest possible location to buy a Popsicle, and walk home.

Within the field of healthcare, quality of life is often regarded in terms of how it is negatively affected, on an individual level, by disease. Researchers at the University of Toronto's Quality of Life Research Unit define quality of life as “The degree to which a person enjoys the important possibilities of his or her life”. Their Quality of Life Model is based around the categories “being”, “belonging”, and “becoming” - respectively, who one is, how one is connected to one's environment, and whether one achieves one's personal goals, hopes, and aspirations.

The term quality of life is also being used by politicians and economists to measure the liveability of a given city or nation. Two widely known measures of liveability are the Economist Intelligence Unit's quality-of-life index and Mercer's Quality of Living Reports. These two measures calculate the liveability of countries and cities around the world, respectively, through a combination of subjective life-satisfaction surveys and objective determinants of quality of life such as divorce rates, safety, and infrastructure. Such measures relate more broadly to the population of a city, state, or country, not to the individual level.
Quality-of-life has been related with crimes. Some crimes against property (e.g., graffiti and vandalism) and some "victimless crimes" have been referred to as "quality-of-life crimes." American sociologist James Q. Wilson encapsulated this argument as the Broken Window Theory, which asserts that relatively minor problems left unattended (such as public urination by homeless individuals, open alcohol containers and public alcohol consumption) send a subliminal message that disorder in general is being tolerated, and as a result, more serious crimes will end up being committed (the analogy being that a broken window left un repaired shows an image of general dilapidation). Wilson's theories have been expounded by many prominent American mayors, most notably Oscar Goodman in Las Vegas, Richard Riordan in Los Angeles, Rudolph Giuliani in New York City and Gavin Newsom in San Francisco. Their cities have instituted so-called zero tolerance policies, i.e., that do not tolerate even minor crimes, in order to improve the quality of life of local residents.

**Wellbeing as a socio-cultural construction of western individualism**

The ways in which wellbeing has been conceived by the different disciplines, and the nature of the ‘treatments’ proposed (such as pharmacological or psychological therapies), have been subject to critique by a number of commentators. Some critical responses to the conclusions of wellbeing science coalesce around the perceived cultural dominance of North America, from whence most wellbeing research hails. Wierzbicka (1997) amongst others has argued that North American culture, which places a high value on happiness, has implicitly shaped how its researchers understand human emotions. Such understandings have then been exported worldwide as human universals. Others agree that the values cultivated by a culture strongly characterized by its individualism become dubious when applied to other cultures, which may place a higher value on social relationships Kitayama et al., 1997 and Schwartz, 2000. In North America, the experience of positive emotions is viewed as evidence of personal and social success, whilst negative emotions can be seen as evidence of failure, requiring treatment (Schwartz, 2000). For critics, this ‘cultural script’ nurtures an unrealistic and potentially damaging psychological view of the world (Galtung, 2005).
More pointedly, Christopher argues that hedonic and eudemonic understandings of psychological wellbeing are more informed by Western culture than researchers realize, and are shaped by the individualized moral visions of the good or ideal person, which obtain in most Western societies (Christopher, 1999). For example, he argues that the hedonic approach appears to preserve the neutrality of mainstream social science by seeming to avoid imposing particular cultural values and norms. Nevertheless, this approach is still directly linked to certain Western individualistic assumptions and values. SWB places the onus of wellbeing on the individual, who determine the standards and criteria by which to evaluate his or her life, and refrains from making claims about the good life or the good person. The ‘good life’ consists mainly in the Utilitarian value of freedom to choose, to pursue happiness as defined by the individual. Thus, the SWB researcher has adopted the prevailing attitude of the liberal, individualistic society.

Christopher also points out that in ‘modern’ societies most of emotional life focuses on the individual whereas in more traditional societies cultures much of emotional life focuses on other people (Christopher, 1999). Western researchers' general neglect of interpersonal emotions is consistent with an individualistic moral vision in which the interpersonal dimensions of reality and the self are downplayed in favor of a view of the self as independent and autonomous. The emergence of contemporary forms of individualism during the European Enlightenment resulted in the loss or abandonment of traditional sources of meaning and value. It thus becomes the responsibility of the modern individual to define meaning in life: a sense of self and purpose in life are no longer ascribed, so their development becomes a key task (e.g. [Featherstone, 1991] and [Giddens, 1991b]). Eudaimonic researchers' concerns for purpose in life thus seem tightly linked to modern individualism, with its stress on human freedom. By focusing on the inner psychological world and on the means of satisfying subjectively defined goals and purposes, eudaimonic research also fits with the liberal, individualist tradition of the West.

**Promoting wellbeing to service consumer capitalism**

Commentators from the political sciences and sociology argue that the individualized, materialist and consumerist way of life in Western-type cultures serves the modern capitalist economy and meets historically unprecedented psychological needs that flow
from that way of life, such as the construction of identity (Giddens, 1991b) and (Hartmut, 1998). However, whilst people in modern capitalist societies may strive for an inner sense of authenticity, the identity they construct is a saleable commodity (Slater, 1997). People are obliged to ‘sell’ themselves in various social markets in order to have intimate relationships, social standing, jobs and careers (Bauman, 2007). The material and symbolic resources through which people in affluent societies produce and sustain their identities increasingly take the form of consumer goods and activities (Lury, 2003), a trend now showing global dimensions.

Sointu argues that feelings of wellbeing are actively sought after in affluent societies because these have become synonymous with a state of virtue: a way of constructing ‘authentic selves’ whilst affirming the consumerist values of mainstream culture (Sointu, 2005). In similar vein, Slater (1997) tells us that consumer capitalism is able to exploit the modern identity crisis identified by Giddens and others, by proffering its various goods as solutions, whilst simultaneously intensifying the problem by providing ever-expanding, plural values and ways of being. Furedi has argued that people in contemporary societies seem less ready to accept responsibility for their feelings and instead increasingly load the burden on to professionals such as doctors or therapists (Furedi, 2004). Williams (2000), however, suggests that those professionals are not only eager to take on this burden, but are implicated in its creation in the first place.

The normality of negative feelings

Williams argues that emotional health should not be confused with happiness and wellbeing because it is normal, not pathological, to feel dissatisfied, disillusioned or depressed at times (Williams, 2000). This is partly because prevailing ideologies of happiness and personal fulfilment can be hard to live up to and all humans must face problems and dilemmas at some time in their lives. Williams (2000) suggests that we are witnessing ‘creeping forms of mental disorder’ which including a range of emotional states which may not elicit a diagnosis of mental illness yet are viewed as needing remediation. This therapeutic culture of the self offers ‘technologies for the government of the soul’ which are consonant with contemporary political/economic principles and moral ideas. He suggests that prevailing discourses of happiness and the good life may contribute to breeding unhappiness because of unrealistic expectations.
Such thinking is echoed by some mental health professionals and social scientists working in the field. Emotional health inevitably encompasses human emotions such as depression, grief and sadness: however, these and others (such as shyness) are increasingly judged as ‘treatable’ disorders, in the context of an increasingly medicalised society (Conrad, 2007) and (Lane, 2007). Horvitz and Wakefield believe that the increased prevalence of major depressive disorders is due not to a genuine rise in mental disease but to the way in which normal sadness has been pathologised over recent decades (Horvitz & Wakefield, 2007). The social, political, and scientific implications of this are far-reaching, they suggest, ranging from the overselling of antidepressants as treatments for ordinary sadness by exploitative pharmaceutical industries, to intrusive and expensive screening programs, where well-meaning but misguided initiatives over-simplify psychiatric research in order to detect depressive pathologies at work in society.

The science of wellbeing and the various critical strands that we have identified provide different insights into human social, cultural and psychological life which are hard to reconcile. It is at this point that we believe that the terms of the debate require further broadening.

**Alienation**

The concept of alienation belongs to a vast and complex problematics, with a long history of its own. Preoccupations with this problematics – in forms ranging from the Bible to literary works as well as treatises on Law, Economy and Philosophy – reflect objective trends of European development, from slavery to the age of transition from capitalism to socialism. Intellectual influences, revealing important continuities across the transformations of social structures, acquire their real significance only if they are considered in this objective framework of development. If so assessed, their importance – far from being exhausted in mere historical curiosity – cannot be stressed enough: precisely because they indicate the deep-rootedness of certain problematics as well as the *relative* autonomy of the forms of thought in which they are reflected.

It must be made equally clear, however, that such influences are exercised in the dialectical sense of “continuity in discontinuity”. Whether the element of continuity
predominates over discontinuity or the other way round, and in what precise form and correlation, is a matter for concrete historical analysis.

Some of the principal themes of modern theories of alienation appeared in European thoughts, in one form or another, many centuries ago. To follow their development in detail would require copious volumes. In the few pages at our disposal we cannot attempt more than an outline of the general trends of this development, describing their main characteristics insofar as they link up with Marx's theory of alienation and help to throw light on it.

We live in a world where technological achievements unimaginable in previous societies are within our grasp: this is the age of space travel, of the internet, of genetic engineering. Yet never before have we felt so helpless in the face of the forces we ourselves have created. Never before have the fruits of our labour threatened our very existence: this is also the age of nuclear disasters, global warming, and the arms race.

For the first time in history we can produce enough to satisfy the needs of everyone on the planet. Yet millions of lives are stunted by poverty and destroyed by disease. Despite our power to control the natural world, our society is dominated by insecurity, as economic recession and military conflict devastate lives with the apparently irresistible power of natural disasters. The more densely populated our cities become, the more our lives are characterised by feelings of isolation and loneliness. To Karl Marx these contradictions were apparent when the system was still young. He noted that:

On the one hand, there have started into life industrial and scientific forces, which no epoch of the former human history had ever suspected. On the other hand, there exist symptoms of decay, far surpassing the horrors of the Roman Empire. In our days everything seems pregnant with its contrary. Machinery, gifted with the wonderful power of shortening and fructifying human labour, we behold starving and overworking it. The new-fangled sources of wealth, by some strange weird spell, are turned into sources of want. The victories of art seem bought by loss of character.

Marx developed his theory of alienation to reveal the human activity that lies behind the seemingly impersonal forces dominating society. He showed how, although
aspects of the society we live in appear natural and independent of us, they are the result of past human actions. For Hungarian Marxist Georg Lukács Marx's theory 'dissolves the rigid, unhistorical, natural appearance of social institutions; it reveals their historical origins and shows therefore that they are subject to history in every respect including historical decline'. Marx showed not only that human action in the past created the modern world, but also that human action could shape a future world free from the contradictions of capitalism. Marx developed a materialist theory of how human beings were shaped by the society they lived in, but also how they could act to change that society, how people are both 'world determined' and 'world producing'. For Marx, alienation was not rooted in the mind or in religion, as it was for his predecessors Hegel and Feuerbach. Instead Marx understood alienation as something rooted in the material world. Alienation meant loss of control, specifically the loss of control over labour. To understand why labour played such a central role in Marx's theory of alienation, we have to look first at Marx's ideas about human nature.

Marx opposed the common sense idea that humans have a fixed nature which exists independently of the society they live in. He demonstrated that many of the features attributed to unchanging human nature in fact vary enormously in different societies. However, Marx did not reject the idea of human nature itself. He argued that the need to labour on nature to satisfy human needs was the only consistent feature of all human societies, the 'everlasting nature-imposed condition of human existence'. Human beings, like all other animals, must work on nature to survive. The labor of humans, however, was distinguished from that of animals because human beings have developed consciousness. Marx gave a famous description of this at the beginning of Capital:

A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement.

In a useful introduction to Marx's ideas, how to Read Karl Marx, Ernst Fischer also described what is unique about human labour. He explained how, because we act on
nature consciously, we build on our successes and develop new ways of producing the things we need. This means that we have a history, whereas animals do not: 'The species-nature of animal is an eternal repetition, that of man is transformation, development and change'.

Working on nature alters not only the natural world, but also the labourer himself. Marx frequently reinforced this idea, as in the following quote from Capital: 'By thus acting on the external world and changing it, he at the same time changes his own nature. He develops his slumbering powers and compels them to act in obedience to his way.' Thus labour is a dynamic process through which the labourer shapes and moulds the world s/he lives in and stimulates himself to create and innovate. Marx called our capacity for conscious labour our 'species being'.

Our species being is also a social being, as Marx explained in the Economic and Philosophical Manuscripts (1844): 'The individual is the social being.' People have to enter into relationships with each other regardless of their personal preferences because they need to work together to get what they need to live. In the Grundrisse, Marx emphasised the point: 'Society does not consist of individuals; it expresses the sum of connections and relationships in which individuals find themselves. Humanity relates to the physical world through labour; through labour humanity itself develops and labour is the source of human beings' relationships with each other. What happens to the process of work, therefore, has a decisive influence on the whole of society.

Our ability to work, to improve how we work and build on our successes, has tended to result in the cumulative development of the productive forces. One such development gave rise to class society. When society became capable of producing a surplus, it also became possible for a class to emerge, which was liberated from the need to directly produce and could live from its control over the labour of others. This process was necessary in order to develop and direct the productive forces, but it also meant that the majority of society, the producers, lost control of their labour. Thus, the alienation of labour arose with class society, and Ernst Fischer has given a brilliant description of how it reversed the limitless potential of labour:

The first tool contains within it all the potential future ones. The first recognition of the fact that the world can be changed by conscious activity contains all future, as yet
unknown, but inevitable change. A living being which has once begun to make nature his own through the work of his hands, his intellect, and his imagination, will never stop. Every achievement opens the door to unconquered territory. But when labour is destructive, not creative, when it is undertaken under coercion and not as the free play of forces, when it means the withering, not the flowering, of man's physical and intellectual potential, then labour is a denial of its own principle and therefore of the principle of man.

The emergence of class divisions in which one class had control over the means of producing what society needed, led to a further division between individuals and the society to which they belonged. Certain forms of social life 'drive a wedge between the two dimensions of the self, the individual and the communal, producing a separation between individuals' interests and those of society as a whole'. However, alienation is not an unalterable human condition, which exists unchanged in every class society.

**Alienation and capitalism: all in a day's work**

In feudal society humans had not yet developed the means to control the natural world, or to produce enough to be free from famine, or to cure diseases. All social relationships were 'conditioned by a low stage of development of the productive powers of labour and correspondingly limited relations between men within the process of creating and reproducing their material life, hence also limited relations between man and nature'. Land was the source of production, and it so dominated the feudal-manorial system that men saw themselves not as individuals but in relation to the land. Marx described this in the Economic and Philosophical Manuscripts:

In feudal landownership we already find the domination of the earth as of an alien power over men. The serf is an appurtenance of the land. Similarly the heir through primogeniture, the first-born son, belongs to the land. It inherits him. The rule of private property begins with property in land, which is its basis.

Ownership of land was dependent on inheritance and blood lines: your 'birth' determined your destiny. In an early work Marx described how 'the aristocracy's pride in their blood, their descent, in short the genealogy of the body...has its appropriate science in hereditary. The secret of the aristocracy is zoology. It was this zoology
which determined your life and your relationships with others. On the one hand, the low level of the productive forces meant constant labour for the peasants, while on the other, the feudal lords and the church officials took what they wanted from the peasants by force.

Thus alienation arose from the low level of the productive forces, from human subordination to the land and from the domination of the feudal ruling class. However, there were limits to these forms of alienation. The peasants worked their own land and produced most of the things they needed in their own independent family units. 'If a person was tied to the land, then the land was also tied to the people. The peasant, and even the serf of the middle ages, remained in possession of at least 50 percent, sometimes 60 and 70 percent, of the output of their labour'. The social relationships in feudal society were relationships of domination and subordination, but they were obviously social relationships between individuals. In Capital Marx described how 'the social relations between individuals in the performance of their labour appear at all events as their own mutual personal relations, and are not disguised under the shape of social relations between the products of labour'.

However, the constraints of feudalism were very different from the dynamic of capitalism. The bourgeoisie wanted a society in which everything could be bought and sold for money: 'Selling is the practice of alienation'. The creation of such a society depended on the brutal enclosures of the common land. This meant that, for the first time, the majority in society were denied direct access to the means of production and subsistence, thus creating a class of landless labourers who had to submit to a new form of exploitation, wage labour, in order to survive. Capitalism involved 'a fundamental change in the relations between men, instruments of production and the materials of production'. These fundamental changes meant that every aspect of life was transformed. Even the concept of time was radically altered so that watches, which were toys in the 17th century, became a measure of labour time or a means of quantifying idleness, because of the 'importance of an abstract measure of minutes and hours to the work ethic and to the habit of punctuality required by industrial discipline'.

Men no longer enjoyed the right to dispose of what they produced how they chose: they became separated from the product of their labour. Peter Linebaugh in his history of 18th century London, The London Hanged, explained that workers considered
themselves masters of what they produced. It took great repression, a 'judicial onslaught', in the late 18th century to convince them that what they produced belonged exclusively to the capitalists who owned the factories. During the 18th century most workers were not paid exclusively in money. 'This was true of Russian serf labour, American slave labour, Irish agricultural labour and the metropolitan labour in London trades'. By the 19th century, however, wage labour had replaced all other forms of payment. This meant labour was now a commodity, sold on the market. Capitalists and workers were formally independent of each other, but in reality inextricably connected. Production no longer took place in the home, but in factories where new systems of discipline operated. The mechanisation of labour in the factories transformed people's relationship with machines, 'those remarkable products of human ingenuity became a source of tyranny against the worker'. In Capital Marx compared the work of craftsmen and artisans to that of the factory worker: In handicrafts and manufacture, the workman makes use of a tool, in the factory; the machine makes use of him. There the movements of the instrument of labour proceed from him, here it is the movements of the machines that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes a mere living appendage.

One of the most important, and devastating, features of factory production was the division of labour. Prior to capitalism there had been a social division of labour, with different people involved in different branches of production or crafts. With capitalism there arose the detailed division of labour within each branch of production. This division of labour meant that workers had to specialise in particular tasks, a series of atomised activities, which realised only one or two aspects of their human powers at the expense of all the others. Harry Braverman pointed out the consequences of this division: 'While the social division of labour subdivides society, the detailed division of labour subdivides humans, and while the subdivision of society may enhance the individual and the species, the subdivision of the individual, when carried on without regard to human capabilities and needs, is a crime against the person and humanity'. John Ruskin, the 19th century critic of industrialisation, made a similar point when he wrote that the division of labour is a false term because it is the men who are divided.
In this system workers become increasingly dependent on the capitalists who own the means of production. Just as the worker 'is depressed, therefore, both intellectually and physically, to the level of a machine, and from being a man becomes an abstract activity and a stomach, so he also becomes more and dependent on every fluctuation in the market price, in the investment of capital and on the whims of the wealthy'. It became impossible for workers to live independently of capitalism: to work meant to be reduced to a human machine; to be deprived of work meant living death. Without work, if capital ceases to exist for him, Marx argued the worker might as well bury himself alive: 'The existence of capital is his existence, his life, for it determines the content of his life in a manner indifferent to him'. There is no choice involved - work is a matter of survival. Therefore labour became forced labour; you could not choose not to work, you could not choose what you made, and you could not choose how you made it. Marx noted:

The fact that labour is external to the worker, does not belong to his essential being; that he therefore does not confirm himself in his work, but denies himself, feels miserable and not happy, does not develop free mental and physical energy, but mortifies his flesh and ruins his mind. Hence the worker feels himself only when he is not working; when he is working he does not feel himself. He is at home when he is not working, and not at home when he is working. His labour is therefore not voluntary but forced, it is forced labour. It is therefore not the satisfaction of a need, but a mere means to satisfy need outside itself. Its alien character is clearly demonstrated by the fact that as soon as no physical or other compulsion exists it is shunned like the plague.

There was another side to the fragmentation of labour in the factory system. The creation of the 'detail labourer who performed fractional work in the workshop meant that the value-producing class became collective, since no worker produced a whole commodity'. This collectivity expressed itself in constant struggle against capitalist forms of production and frequent attempts by workers to assert their right to control machines rather than be controlled by them, most famously in the Luddite Rebellion of the early 19th century, a revolt so widespread that more troops were deployed to crush it than were sent to fight with Wellington at Waterloo.
Four aspects of alienation

The development of capitalism proved irresistible and it brought alienation on a scale previously unimaginable. In his Economic and Philosophical Manuscripts (also known as the 1844, or Paris Manuscripts) Marx identified four specific ways in which alienation pervades capitalist society.

The product of labour: The worker is alienated from the object he produces because it is owned and disposed of by another, the capitalist. In all societies people use their creative abilities to produce objects, which they use, exchange or sell. Under capitalism, however, this becomes an alienated activity because 'the worker cannot use the things he produces to keep alive or to engage in further productive activity. The worker's needs, no matter how desperate, do not give him a license to lay hands on what these same hands have produced, for all his products are the property of another'. Thus workers produce cash crops for the market when they are malnourished, build houses in which they will never live, make cars they can never buy, produce shoes they cannot afford to wear, and so on.

Marx argued that the alienation of the worker from what he produces is intensified because the products of labour actually begin to dominate the labourer. In his brilliant Essays on Marx's Theory of Value, II Rubin outlines a quantitative and a qualitative aspect to the production of commodities. Firstly, the worker is paid less than the value he creates. A proportion of what he produces is appropriated by his boss; the worker is, therefore, exploited. Qualitatively, he also puts creative labour into the object he produces, but he cannot be given creative labour to replace it. As Rubin explains, 'In exchange for his creative power the worker receives a wage or a salary, namely a sum of money, and in exchange for this money he can purchase products of labour, but he cannot purchase creative power. In exchange for his creative power, the worker gets things'. This creativity is lost to the worker forever, which is why under capitalism work does not stimulate or invigorate us and 'open the door to unconquered territory', but rather burns up our energies and leaves us feeling exhausted.

This domination of dead labour over living labour lies behind Marx's assertion in the Manuscripts that 'the alienation of the worker means not only that his labour becomes an object, an external existence, but that it exists outside him, independently of him
and alien to him, and begins to confront him as an autonomous power; that the life which he has bestowed on the object confronts him as hostile and alien'. For Marx this state of affairs was unique to capitalism. In previous societies those who work harder could usually be expected to have more to consume. Under capitalism, those who work harder increase the power of a hostile system over them. They themselves, and their inner worlds, become poorer. The worker becomes an ever cheaper commodity the more goods he creates. The devaluation of the human world increases in direct relation with the increase in value of the world of things'.

The labour process: The second element of alienation Marx identified is a lack of control over the process of production. We have no say over the conditions in which we work and how our work is organised, and how it affects us physically and mentally. This lack of control over the work process transforms our capacity to work creatively into its opposite, so the worker experiences 'activity as passivity, power as impotence, procreation as emasculation, the worker's own physical and mental energy, his personal life - for what is life but activity? - as an activity directed against himself, which is independent of him and does not belong to him'. The process of work is not only beyond the control of the workers, it is in the control of forces hostile to them because capitalists and their managers are driven to make us work harder, faster and for longer stints. In addition, as Harry Braverman points out, 'in a society based upon the purchase and sale of labour power, dividing the craft cheapens its individual parts', so the bosses also have an interest in breaking down the labour process into smaller and smaller parts. The resulting rigidly repetitive process buries the individual talents or skills of the worker, as Marx described:

Factory work exhausts the nervous system to the uttermost, it does away with the many-sided play of the muscles, and confiscates every atom of freedom, both in bodily and intellectual activity. The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces, and mass of labour that are embodied in the factory mechanism and, together, with that mechanism, constitute the power of the master.

Modern methods of production have increased the fragmentation of the labour process since Marx's days. The organisation of modern production is still based on the methods of the assembly line. Scientific research is used to break the production process down
into its component parts. This has led, firstly, to the deskilling of white collar jobs and to a situation where managers have a monopoly of control over the production process: 'The unity of thought and action, conception and execution, hand and mind, which capitalism threatened from its beginnings, is now attacked by a systematic dissolution employing all the resources of science and the various engineering disciplines based upon it'. Conditions of work, from the length of the working day to the space we occupy, are predetermined: 'The entire work operation, down to its smallest motion, is conceptualised by the management and engineering staff, laid out, measured, fitted with training and performance standards - all entirely in advance'. Workers are treated as machines, with the aim of transforming the subjective element of labour into objective, measurable, controlled processes. In some brilliant passages in History and Class Consciousness, Lukács describes how the increasingly rationalised and mechanised process of work affects our consciousness. As the following extract shows, his analysis was prophetic and gives a strikingly accurate picture of today's white collar work:

In consequence of the rationalisation of the work-process the human qualities and idiosyncrasies of the worker appear increasingly as mere sources of error when contrasted with these abstract special laws functioning according to rational predictions. Neither objectively nor in his relation to his work does man appear as the authentic master of this process; on the contrary, he is a mechanical part incorporated into a mechanical system. He finds it already pre-existing and self-sufficient, it functions independently of him and he has to conform to its laws whether he likes it or not.

Our fellow human beings: Thirdly, we are alienated from our fellow human beings. This alienation arises in part because of the antagonisms which inevitably arise from the class structure of society. We are alienated from those who exploit our labour and control the things we produce. As Marx put it:

If his activity is a torment for him, it must provide pleasure and enjoyment for someone else. If therefore he regards the product of his labour, his objectified labour, as an alien, hostile and powerful object which is independent of him, then his relationship to that object is such that another man - alien, hostile, powerful and independent of him - is its master. If he relates to his own activity an unfree activity, then he relates to it as activity in the service, under the rule, coercion and yoke of another man.
In addition, we are connected to others through the buying and selling of the commodities we produce. Our lives are touched by thousands of people every day, people whose labour has made our clothes, food, home, etc. But we only know them through the objects we buy and consume. Ernst Fischer pointed out that because of this we do not see each other 'as fellow-men having equal rights, but as superiors or subordinates, as holders of a rank, as a small or large unit of power'. We are related to each other not as individuals but as representatives of different relations of production, the personification of capital, or land or labour. As Bertell Ollman wrote, 'We do not know each other as individuals, but as extensions of capitalism: "In bourgeois society capital is independent and has individuality, while the living person is dependent and has no individuality". The commodities of each individual producer appear in depersonalised form, regardless of who produced them, where, or in what specific conditions. Commodity production means that everyone' appropriates the produce of others, by alienating that of their own labour'.

Marx described how mass commodity production continually seeks to create new needs, not to develop our human powers but to exploit them for profit: Each attempts to establish over the other an alien power, in the hope of thereby achieving satisfaction of his own selfish needs....becomes the inventive and ever calculating slave of inhuman, refined, unnatural and imaginary appetites. He places himself at the disposal of his neighbour's most depraved fancies, panders to his needs, excites unhealthy appetites in him, and pounces on every weakness, so that he can then demand the money for his labour of love. We see other people through the lens of profit and loss. Our abilities and needs are converted into means of making money and so we consider other human beings as competitors, as inferiors or superiors.

Our human nature: The fourth element is our alienation from what Marx called our species being. What makes us human is our ability to consciously shape the world around us. However, under capitalism our labour is coerced, forced labour. Work bears no relationship to our personal inclinations or our collective interests. The capitalist division of labour massively increased our ability to produce, but those who create the wealth are deprived of its benefits. Marx's descriptions of this process in the Manuscripts are extremely powerful indictments of the system:
It is true that labour produces marvels for the rich, but it produces privation for the worker. It produces palaces, but hovels for the worker. It procures beauty, but deformity for the worker. It replaces labour by machines, but it casts some of the workers back into barbarous forms of labour and turns others into machines. It produces intelligence, but it produces idiocy and cretinism for the worker.

Human beings are social beings. We have the ability to act collectively to further our interests. However, under capitalism that ability is submerged under private ownership and the class divisions it produces. We have the ability to consciously plan our production, to match what we produce with the developing needs of society. But under capitalism that ability is reversed by the anarchic drive for profits. Thus, rather than consciously shaping nature, we cannot control, or even foresee, the consequences of our actions. For example, new, cheaper techniques of production may, when repeated across industry, produce acid rain or gases which destroy the ozone layer.

Similarly, when one capitalist improves production in his factory, he is unwittingly contributing to the slowing up of the rate of profits for his class as a whole by lowering the rate of profit. One firm can produce to fulfill a particularly sharp demand, only to find when the goods hit the market that other firms got there first. Instead of simply meeting demand, there is a glut in the market. This means that we produce more but what we produce is unwanted. All previous societies suffered from shortages, famines and the failure of crops. Under capitalism recessions mean that workers 'consume less because they produce too much. And they consume less, not because their labour is inadequately productive, but because their labour is too productive'. There is nothing natural about the economic crises we face: it is our social organisation which prevents us enjoying the potential of our ability to produce.

**Commodity Fetishism:**
The domination of commodities in our society is so pervasive that it seems to be an inevitable, natural state of affairs. All our achievements, everything we produce, appear as commodities, as Marx noted: 'The wealth of societies in which the capitalist mode of production prevails appears as an immense collection of commodities'. Capitalism is the first system of generalised commodity production, in which the commodity has become 'a universal category of society as a whole'. The dominance of commodity production has implications for how we experience the world we have created.
The mysterious commodity: In every society human beings have laboured to created objects which help them fulfill their needs. So Marx began his analysis of commodities under capitalism by asserting that 'a commodity is an external object, a thing which through its qualities satisfies human needs of whatever kind', regardless of whether that need comes from stomach or the imagination. Commodities must have a use value, but they also have an exchange value. In capitalist society our many different human needs can only be met through the purchase of commodities: to eat we have to buy food in a shop, to travel we have to buy a car or a bus ticket, to have access to knowledge we have to buy books, TVs or computers. Yet the usefulness of all these commodities is overwhelmed by their exchange value and the satisfaction of human needs becomes inseparable from the workings of the market.

The circulation of commodities on the market is even more cloaked in mystery than the process of their production, where workers have some direct relationship with the commodity they produce. This relationship is lost when commodities are sent to market and exchanged for money, which, in turn, is exchanged for other commodities. As Marx wrote, 'The actual process of production, as a unity of the direct production process and the circulation process, gives rise to new formations, in which the vein of internal connections is increasingly lost, the production relations are rendered independent of one another, and the component values become ossified into forms independent of one another'. Marx explained how the circulation of commodities transforms relationships between individual producers into relationships between the commodities they produce. They are divided from each other, yet utterly dependent on each other's commodities:

The owners of commodities find out that the division of labour which turns them into independent private producers also makes the social process of production and the relations of the individual producers to each other within that process independent of the producers themselves; they also find out that the independence of the individuals from each other has its counterpart and supplement a system of all-round material dependence.

In the capitalist system individuals have to possess certain things - labour power, or materials of production, for example - in order to enter into productive relationships with each other. As a consequence, 'it seems as if the thing itself possesses the ability,
the virtue, to establish production relations', rather than the individuals themselves. Commodities acquire social characteristics because individuals enter the productive process only as the owners of commodities. Marx described this process: 'To the producers, therefore, the social relations between their private labours...do not appear as direct social relations between persons in their work, but rather as material relations between persons and social relations between things'. Thus it appears as if the market itself causes the rise and fall of prices, and pushes workers into one branch of production or out of another, independent of human agency. 'The impact of society on the individual is carried out through the social form of things'. This adds another dimension to alienated relationships because, as Marx argued, 'the characters who appear on the economic stage are merely personifications of economic relations; it is as the bearers of these economic relations that they come into contact with each other'.

Marx described the whole process of the reification of human relationships, the attribution of human powers to inanimate objects, and the way in which social organisation appears as independent of human will as commodity fetishism. Commodity fetishism has increased with the growth of capitalism, in which 'the capitalist mode of production takes over the totality of individual, family, and social needs and, in subordinating them to the market, also reshapes them to serve the needs of capital'. Today there is a market for everything, for sex and art, for labour itself, as well as for TVs and cars. As Ernst Fischer wrote, 'We have become so accustomed to living in a world of commodities, where nature is perhaps only a poster for a holiday resort and man only an advertisement for a new product, we exist in such a turmoil of alienated objects offered cheaply for sale, that we hardly ask ourselves any longer what it is that magically transforms objects of necessity (or fashion) into commodities, and what is the true nature of the witches' Sabbath, ablaze with neon moons and synthetic constellations, that has become our day to day reality'.

Money: the 'universal pimp': The creation of exchange values and the circulation of commodities requires a commodity which can represent all other commodities, through which all other commodities can be compared. Marx described how the development of capitalism brought with it the problem of how to evaluate different commodities and simultaneously created the solution in the form of money, the universal commodity. Physical objects, gold or silver become the 'direct incarnation
of all human labour'. With the development of money people's relationship to their production assumes a material shape which is independent of their control and their conscious action: 'This situation is manifested first by the fact that the products of men's labour universally take on the form of commodities. The riddle of the money fetish is therefore the riddle of the commodity fetish, now become visible and dazzling to our eyes'.

Marx called money the 'universal pimp', mediating between men and their desires. The value of money, the metals in which it was originally embodied, have long since been discarded in favour of intrinsically worthless alloy metal coins or paper money. And yet money can buy everything - it is the most powerful commodity in existence: 'Money is all other commodities divested of their shape, the product of their universal alienation'. The role of money in the circulation of commodities shapes the consciousness of human beings involved in that process. Money takes on the value of the objects it represents, it appears to be the force which can create value itself. As Mezaros explains:

Money is taken to possess these colossal powers as natural attributes. People's attitude toward money is, undoubtedly, the outstanding instance of capitalist fetishism, reaching its height in interest bearing capital. Here, people think they see money creating more money, self-expanding value... workers, machines, raw materials - all the factors of production - are downgraded to mere aids, and money itself is made the producer of wealth.

Thus money acquires great abilities, but on the other side of the coin, all our human desires and abilities contract into what Marx called a sense of having: 'Private property has made us so stupid and one-sided that an object is only ours when we have it, when it exists for us as capital or when we directly possess, eat, drink, wear, inhabit it, etc, in short, when we use it'. Marx also described how this desire for possession is both stimulated and denied: 'the worker is only permitted to have enough for him to live, and he is only permitted to live in order to have'. In a particularly perceptive passage from the Manuscripts, Marx explains how money submerges our personalities. It is a brilliant rejoinder to those who argue that capitalism allows our individuality to flourish:
That which exists for me through the medium of money, that which I can pay for, ie which money can buy, that am I, the possessor of the money. The stronger the power of my money, the stronger I am. The properties of money are my, the possessors', properties and essential powers. Therefore what I am and what I can do is by no means determined by my individuality. I am ugly, but I can buy the most beautiful women. Which means to say that I am not ugly, for the effect of ugliness, its repelling power, is destroyed by money. As an individual I am lame, but money procures me 24 legs. Consequently, I am not lame. I am a wicked, dishonest, unscrupulous individual, but money is respected, and so also is its owner...through money I can have anything the human heart desires. Do I not therefore possess all human abilities? Does not money therefore transform all my incapacities into their opposite?

Commodity fetishism and class: Alienation and commodity fetishism shape all relationships in society. Those who possess wealth also inhabit a world beyond their control, in which relationships are reified. Their individuality is submerged by the dictates of capitalism - as Marx wrote, the instinct to enrich himself, which 'in a miser is a mere idiosyncrasy, is, in the capitalist, the effect of the social mechanism, of which he is but one of the wheels'. The huge productive forces owned by the ruling class may bring them riches beyond our imaginings, but they cannot control the vast economic forces of the system or even plan any section of it accurately. The capitalists are caught in a contradiction, that 'capital is a social force, but it is privately, rather than collectively, owned so its movements are determined by individual owners necessarily indifferent to all the social implications of their activities' The capitalist has constantly to compete in order to keep up with his competitors and while his actions may be perfectly sensible for the individual firm, when generalised across society they cause the economic recessions which can destroy many firms. Economic crises are irrefutable proof that the system is more powerful than any individual capitalist. This explains why crises are such a massive blow to the confidence and ideology of the ruling class. The capitalist may like to believe that his daring, entrepreneurial spirit creates his wealth, but in reality he 'rides a wave another has created'. The class struggle, which he cannot prevent, brings home forcibly how dependent he is on the labour of his employees, and, like economic crises, is a wounding blow to the outlook of the ruling class.
In The Holy Family Marx gives a brilliant description of the situation of the ruling class:

The possessing class and the class of the proletariat present the same human self-alienation. But the former class feels at home in this self-alienation, it finds confirmation of itself and recognises in alienation its own power; it has in it a semblance of human existence, while the class of the proletariat feels annihilated in its self-alienation; it sees therein its own powerlessness and the reality of an inhuman existence.

Thus, no matter how deeply alienation affects them, the ruling class will always be driven to defend the system that creates their alienation with all the power and brutality at their disposal because of their material position within it. In addition to this, Lukács argued that the ruling class can never rise above the commodity fetishism of capitalism. The bourgeoisie can never recognise the real nature of capitalism without confronting their own role as exploiters and upholders of the system. Therefore the capitalists do not want to recognise the real social relationships which underlie the institutions of capitalist society. They prefer to continue believing that the relations of production are natural and inevitable. In contrast, Lukács argued that workers, though also shaped by commodity fetishism, were not permanently blinded to the reality of capitalism. Rather he argued that the working class is in a unique position to be able to tear the veil of reification from capitalism because its struggle against capitalism reveals its real own role in producing the wealth of society. Class struggle means that workers no longer see themselves as isolated individuals. It means that they can become conscious of the social character of labour. Lukács suggests that when workers glimpse the reality behind commodity fetishism it can help them to realise the need for a revolutionary transformation of society: 'This enables us to understand why it is only in the proletariat that the process by which a man's achievement is split off from his total personality and becomes a commodity leads to a revolutionary consciousness'.

The uses and abuses of Marx's theory

The concept of alienation is a central but controversial. When Marx's key work on alienation, The Economic and Philosophical Manuscripts, was eventually published in
1932, it had a dramatic impact on the tradition known as 'Western Marxism', which included writers like Herbert Marcuse and John Paul Sartre. However, in the hands of the Western Marxists, the theory of alienation became intermingled with idealist theories, which explained alienation in terms of psychology rather than the organisation of society. The New Left which emerged in the late 1950s reacted against the theory and practice of Stalinism, but some of the writers associated with the New Left threw the Marxist baby out with the Stalinist bathwater. They abandoned some central aspects of Marxism, such as the central role of the economic structure in shaping the rest of society and the objective class antagonisms at the heart of capitalism. As Perry Anderson wrote, 'The most striking single trait of Western Marxism as a common tradition is thus perhaps the constant presence and influence on it of successive types of European idealism'. Alienation was seized upon to explain the miseries of modern life, and the 'lonely crowd', 'those aggregations of atomised city dwellers who feel crushed and benumbed by the weight of a social system in which they have neither significant purpose nor decision-making power'. Alienation came to refer predominantly to a state of mind, rather than an understanding of how social organisation affected human beings.

Typical of the confused ideas about alienation fashionable in some quarters at this time is a book edited by Eric and Mary Josephson, Man Alone: Alienation in Modern Society, first published in 1962 and reprinted eight times before 1968. For the Josephsons, alienation describes 'the untold lives of quiet desperation that mark our age', and the long list of those suffering from alienation includes such diverse group as women, immigrants, sexual deviants, drug addicts, young people and artists. But the editors understand alienation exclusively as a psychological state, 'referring to an extraordinary variety of psycho-social disorders, including loss of field, anxiety states, anomie, despair, depersonalisation, rootlessness, apathy, social disorganisation, loneliness, atomisation, powerlessness, meaninglessness, isolation, pessimism, and the loss of beliefs and values'. If alienation is only a specific psychological problem, then it follows that the solution to alienation must be sought exclusively in the individual consciousness. If alienation is predominantly a state of mind, there is an implication that it can be cured without fundamentally changing the organisation of society. As Eric Fromm suggested, forms of alienation were 'chains of illusion' which can be broken within the context of capitalist society, because they arise from 'stereotyped alternatives of thinking'.
However, Marx's writings on alienation, from the Manuscripts to the Grundrisse and Capital, demonstrate that for him alienation was not merely a state of mind. The roots of the individual psyche were to be located in how society as a whole is organised. As one Marxist described it, 'The life activity of the alienated individual is qualitatively of a kind. His actions in religion, family affairs, politics and so on, are as distorted and brutalised as his productive activity... There is no sphere of human activity that lies outside these prison walls'. Marx's theory offers us an indispensable method of understanding how the production process shapes the whole of society.

The division of labour leads to a sharp division between work and creativity. Work is regimented, broken down into separate tasks. The creative elements in each process are dispersed into a million fragments. Labour itself is a commodity and its value is determined by the labour time which went into its creation, for example, the amount spent on training or educating a worker. A highly skilled technician or engineer will therefore be paid more than an unskilled labourer. As Braverman wrote, 'In this way, a structure is given to all labour process that at its extremes polarises those whose time is infinitely valuable and those whose time is worth almost nothing'. However, this does not mean that the intellectual whose time is valuable escapes from the general pattern of alienation. On the contrary, one of the features of modern capitalism is the commercialization of knowledge. The design of a microchip or computer software is just as much the property of the capitalist as a tin of beans or a car. Capitalists enrich themselves through the appropriation of mental labour in the same way as they do through material labour.

The social division of labour undermines the potential of intellectuals to discover new truths about society. As Franz Jakubowski wrote, The social division of labour creates a series of sub-spheres, not only in the economy but in the whole of social life and thought. These develop their own autonomous sets of laws. As a result of specialisation, each individual sphere develops according to the logic of its own specific object. Intellectual activity takes place within these limitations, in isolation from society as a whole. In the end, the individual sciences 'cannot understand either the method of the principle of even their own concrete substratum of reality'. All the potential we have to develop new techniques and methods is subordinated to competition. The very structure of capitalist society condemns our intellectual
developments to the chase of facts in blind isolation from the real movements of society. This does not mean that nothing useful can be developed, rather that research takes place within a framework which constrains and limits its development.

The same processes are at work in the production and consumption of art in capitalist society. As Eugene Lunn explained in his excellent book Marxism and Modernism, bourgeois society offers artistic freedom on one hand and snatches it back with the other: 'Bourgeois society - with all its progressive advance over "feudal" constrictions - is also inimical to many forms of art, for example because of division of labour, the mechanisation of many forms of human activity, and the predominance of quantitative over qualitative concerns'. Marx argued that artists, like scientists and intellectuals, could not escape from the general conversion of all human creativity into commodities. Firstly this is because artists, like all other workers, are dependent on their ability to make money: 'The bourgeoisie has stripped of its halo every occupation hitherto honoured and looked up to with reverent awe. It has converted the physician, the lawyers, the priest, the poet, the man of science, into its paid wage labourers'. Secondly, Lunn points out how commodity production shapes art. The fact that works of art are sold on the market shapes every level of their conception and production. Marx gave one example of this in his critique of the novels of Eugene Sue, in which he 'stresses the influence upon the author of the ethical and political assumptions of its intended bourgeois public'. Neither can art escape commodity fetishism: 'If one form of spiritualising mystification has been eroded by expansion of commerce - the romantic apotheosis of the arts as soaring above material reality - a new fetishism has replaced it'. This also points to how new, challenging cultural developments are rapidly incorporated into the system as mere commodities.

This does not mean that works of art can be reduced to exactly the same status as a tin of beans. Art stimulates our imagination and emotions. It enriches our understanding of society and can reveal something of the contradictions behind reified appearances: 'It can pierce through the ideological clouds which enshroud social realities.' Some artists devote their energies to attempting to reach beyond capitalism, while others choose to celebrate the system as it exists, but even then the art they produce can penetrate the reified appearance of capitalism. As Lunn wrote:
We cannot reduce art to exchange rates reflecting the pervasive alienation. Even with its halo removed, art was capable of diagnosing, and pointing beyond alienating social and economic conditions. All art has the capacity to create a need for aesthetic enjoyment and education which capitalism cannot satisfy. Although coming increasingly under the influence of the marketplace, art is produced and consumed in relative autonomy and is not identical to factory work or to a pure commodity.

The second controversial application of Marx's theory of alienation is in the formulation of an analysis of other activities outside the sphere of work, which we undertake through choice rather than necessity. The more the world of work confronts us as hostile, exhausting and miserable, the more people pour their energies into their lives outside work. As the system develops new markets are constantly being carved out of our needs and wishes. For example, consider the multimillion-pound industries, which have developed around commodities, which are said to make us look thin or young, our desire to play games, to experience nature or enjoy art. The very fact that we have the 'leisure industry' and the 'entertainment industry' points to the fact that the separation of work from leisure has left a void in our free hours: 'Thus filling time away from the job also becomes dependent upon the market, which develops to an enormous degree those passive amusements, entertainments, and spectacles that suit the restricted circumstances of the city and are offered as substitutes for life itself'.

The retreat into the privatized world of the individual and the family is a pronounced feature of life in the 1990s. Adopting particular lifestyles seems to offer the only real chance of personal fulfillment. Hence, the increasing fascination for TV programmers and magazines about fashion, cooking, holidays and gardening and the boom in the Do-It-Yourself market. The family and the home have become leisure activities in and of themselves; they have also become subject to the priorities of the market. All the commodities which could increase our free time simply reinforce the family as a unit of consumption not an emotional haven: 'As the advances of modern household and service industries lighten the family labour, they increase the futility of family life; as they remove the burden of personal relations, they strip away its affections; as they create an intricate social life, they rob it of every vestige of community and leave in its place the cash nexus'.
In addition, Meszaros describes how the retreat into private life simply increases the power of capitalism over us: 'The cult of privacy and of individual autonomy thus fulfils the dual function of objectively protecting the established order against challenge by the rabble, and subjectively providing a spurious fulfilment in an escapist withdrawal to the isolated and powerless individual who is mystified by the mechanisms of capitalist society which manipulate him'. Meszaros also makes the point that alienation has deprived us of our ability to have genuinely human relationships. We are forced to seek compensation for the loss of our humanity in the limited area of our privatised personal lives, yet this merely reinforces our alienation from each other: 'To seek the remedy in autonomy is to be on the wrong track. Our troubles are not due to a lack of autonomy but, on the contrary, to a social structure - a mode of production - that forces on men a cult of it, isolating them from each other'.

Our attempts to express the creativity of which capitalism has deprived us cannot negate the totality of alienation. The eradication of alienation depends on the transformation of society as a whole. However we organise our personal lives and leisure time, we cannot individually fulfil our collective ability to shape the natural world we live in. Lifestyles and leisure activities cannot liberate us from alienation, or even create little islands of freedom in an ocean of alienation. As alienation is rooted in capitalist society, only the collective struggle against that society carries the potential to eradicate alienation, to bring our vast, developing powers under our conscious control and reinstitute work as the central aspect of life. As Marx wrote in Capital, 'The veil is not removed from the countenance of the social life process, i.e. the process of material production, until it becomes production by freely associated men and stands under their conscious and planned control.'