INTERNATIONAL ANTICORRUPTION CONFERENCE, COPENHAGEN, OCTOBER 2018

PANEL ON TRUST: A NORDIC CURRENCY

TRUST IS GOOD, CONTROL IS BETTER, TRUST AND CONTROL IS BEST

(READ COPY, DRAFT ONLY)………

Steven Sampson

Dept of Social Anthropology

Lund University

[steven.sampson@soc.Lu.se](mailto:steven.sampson@soc.Lu.se)

This panel has two purposes: to describe the ostensibly unique Nordic model of trust and lower corruption. And to assess whether any elements of this ‘model’ can be exported. As you will see, I am unclear about the place of trust, and pessimistic about the possibility of export.

That being said, I will describe some aspects of Danish society which I think are relevant to the trust, anticorruption and control discussion. And I will argue that the presumed opposition between trust and control should perhaps be reconsidered. In this sense I will propose a compromise term: controlled trust, or trust-oriented control.

Many scholars and experts are trying to figure out why people are corrupt. Denmark and the Nordic countries are supposed to be trust based. Officials are supposed to be honest, at least for the most part. So the research question is why are people honest? Why do people NOT steal when they apparently could. Why do people trust officials and trust each other when they would not necessarily have to? Perhaps if we answer these questions, we can locate some of the secrets of why the Nordic model has been sustained despite the many changes and temptations since it was established a couple centuries ago…. Let’s therefore take honesty as a problem…..

I think we can describe three general reasons for why people act honestly, and they are the same ones for why they act dishonestly. Frist, they act honestly because they have honest values….there are presumably rules inside their head that tell them what to do. Second, people act honestly because they have no choice. There are structures which impinge and push them toward honest or uncorrupt behavior. The research task is to find which kinds of structures do that…it could be force, it could be other incentives and rewards. Third, people act honestly because others act honestly, it is a matter of community of being part of the group. In organization theory it is often called ‘culture’, culture defined as ‘the way we do things around here. Note that it is about doing, not about values; and it is about we not you.

Is trust and corruption a zero sum game? If there is more trust, should this mean that there is less corruption? If this is true, then all we have to do to reduce corruption is to pump in a lot of trust in the system. Add the trust between people, and between them and their institutions, and the abuse of power that is corruption will recede. All we have to do is to create institutions where those who work in them feel some kind of moral obligation to serve their clients. And if not, institutions where the bureaucrats are scared enough of the surveillance system not to cheat for fear of being caught.? What we need is some kind of controlled trust, or trust-based control.

On this first day of the IACC, I wish to welcome you to Denmark. I am an American anthropologist, I originally did my research in Romania, where there was bureaucracy and corruption. Now I study the anticorruption industry, which includes government programs, civil society organizations, international organizations, and business ethics units. Basically I am interested in how the ac industry became an industry, with its particular language, its technologies, its organization, its experts, its metrics, its campaigns, its projects, budget lines and rituals. It is a concept I call ‘anticorruptionism’. This conference is part of the anticorruption industry, and I am here to watch the anticorruptionists and anticorruptionism at work. We are all ‘integrity warriors’.

My own interest in corruption begins with my earlier research in Romania. I spent several years there as a researcher, long before 1989, and as a researcher and consultant afterwards. Romania was a society with a high level of trust in family and network, and then outside this small circle, zero trust between people and strangers, between people and their institutions, and between the political regime and their own citizens. This Romania fell apart in 1989. But today the distrust continues; Romania remains one of the most corrupt countries in the EU, and there is an active anticorruption movement..

Personally, I am American, but I have lived in Denmark for 35 years, have worked in Sweden at university for 22 years, and have been married to a Norwegian for 27 years. I have Scandinavia under my skin, but I am still an American, I am like Molder and Scully in X files: Trust no one. If I have a contract, I get it in writing. If I am in doubt about some transaction, I go to a lawyer. If I am selling something, I want a deposit. As a resident of Denmark, well, trust everyone: leave your bike unlocked, no, leave your back door open, no, you can pay me later, we’ll work it all out. Leave your kid in the baby carriage outside while you go shopping. When something goes wrong in Denmark, you don\t sue, or get a lawyer or go after the guy with a gun. You just say, ‘that’s regrettable’. In fact the most frequent word I have heard in Denmark, after the word ‘case worker’, even when it comes to the most outrageous scandals is, ‘that’s regrettable’. Denmark is a country of consensus, libertarian toleration, and a golden middle way.

Denmark, as you must have heard, is known for being uncorrupt. By uncorrupt here I mean that public officials are assumed to be honest, that you don\t have to bribe to get services, and that public resources are used for public instead of private ends. This uncorruption, as Mette will tell you, took a long time coming and is the result of specific policies, persons and conjunctures, as well as brutal types of control against deviant officials. And as Gert will tell you, this uncorruption is closely related to the relations of trust in Denmark. Danes, it is said, trust EACH OTHER more than other societies each other; they even trust STRANGERS, which is why they leave their back doors open all too often, or are swindled more often (and why Denmark leads Europe in home burglaries!). And Danes trust their formal institutions to act properly more than people in other countries. So permit me to list a few recent events in Denmark which may come as a surprise to you and which have already been mentioned earlier.:

Danske Bank, one of Denmark’s largest, has for several years been involved in the laundering of several hundred millions of euros through its Estonian branch. This went on for years. And worse, it took place while the Danish government financial authority assessed that there was nothing out of the ordinary going on.

Nordea, again one of Denmark’s largest banks, figures prominently as a tax shelter bank in the Panama papers, and Paradise papers, drawing major criticism of shareholder and Danish politicians, 13 other firms..

A Danish software company, Atea, has been found guilty on several occasions of bribing Danish local politicians with trips and other free goods in order to get contracts.

A Copenhagen vice mayor was forced to resign when it was found that she was remodeling her apartment with a company that had been awarded a lucrative construction contract for the city, and that she had also used the company’s vacation apartment, and had managed to get free use of the city hall to hold her wedding. Another Copenhagen mayor has recently resigned for lying on his CV and for spending large amounts of money on his office and then calling it the people’s office…..

In 2007, 22 Danish firms were among the 2200 violators of the oil for food program, with prominent names such as Novo Nordisk, Grundfos, and Leo Pharma on the list.

In 2012, Maersk Line Limited agreed to pay the government $31.9 million to resolve allegations that it submitted false claims to the United States in connection with contracts to transport cargo in shipping containers to support U.S. troops in Afghanistan and Iraq.

In 2014, 5 esteemed heart surgeons at Denmark’s national hospital were accused of swindling with research funds. One of them received 1.5 years jail sentence for misusing 300.000 dollars in research funds.

This follows an earlier say of a well-known neurosurgeon who received millions in research funds and many awards, and was caught swindling with funds and research funds. Her foremost patron was the head of her institute and rector of the university. She, too had received many awards before being found out.

In 2016, A Danish tax official, called Sven, has participated in the illegal an unauthorized disbursement of two billion dollars in Danish tax refunds to shell pension funds abroad. He is now in prison on a smaller case.

And just last week, a long-term worker in the Danish social ministry was found to have embezzled 20 million dollars over a period of 15 years, making no less than 274 transfers into her Danish bank account without anyone taking notice. The 64 year old woman has disappeared and an Interpol warrant is out for her arrest. One of Denmark’s leading newspapers, in an editorial about the case, insisted that this 20 million dollar breach of trust should not lead to stricter controls, that we just have to find a way without becoming a control society. And our minister here today, in the newspaper, insisted that these scandals should not hide the fact that Denmark is still a model for other countries.

I could go on with this list, detailing cases of corruption in banking, in public procurement, in foreign aid, patronage, nepotism, back scratching, and bribery. It is definitely true that outright bribery is rare in the Nordic countries. There are no suitcases with cash floating around. Instead, we have cases of embezzlement of public funds, often carried out because of trust by colleagues or superiors, or in cooperation with them. One explanation for Nordic corruption is that the public sector is so big and that there is so much trust, that gaps are bound to appear. This is a kind of ‘rotten apples’ explanation. However, if we include other kinds of abuse of power for private interests, we find a particular Nordic corruption patterns in which jobs, key board positions, large public contracts, grants, cheap apartments, and business information is kept within tight social circles, so tight that if we were in Zimbabwe or Sudan, we would call it corruption. In Denmark it’s called networking. Now it is not my purpose here to denigrate the country of Hans Christian Andersen, Soren Kierkegaard, Danish design and hygge. It is just a way of saying, ‘Welcome to Denmark’, which, despite its trust cult and bragging about being uncorrupt on the TI index, is still a very normal country like everywhere else. Normal in the sense that the trust and control equation is still there. Denmark has no clans, it has networks bound together by association, political, and business ties.

Let me go on to ‘uncorruption’.

If you look at the vision of transparency international, what they want is a ‘society without corruption’. So let me start there, at this utopian point, of a society without corruption. What would such a society without corruption look like? How do we envision uncorruption? Let me give you a hint of an answer: an uncorrupt society can be either a society of complete and total trust, or complete and total distrust. In other words, an uncorrupt society is either like a very close family, or it is a totalitarian nightmare. Totalitarian because these kinds of societies have no private sphere, and without a private sphere there can be no private interests, no conflict between private and public concerns. Real police states, totally controlled societies, thus have no corruption because power is concentrated in the public sphere. .The question I pose here is whether this project of the uncorrupt society should be our goal.

I come from this question as an anthropologist. I study how people deal with the world, not the world as we see it, but their world as THEY see it. And I study how they act on their world in their own way. As we all know, these practices can be carried out within the formal activities of organizations, or they can be the informal practices, some of which we call networking, patronage or gift giving, others which we call corruption, nepotism and bribery. We anthropologists call all this ‘culture’. There are many definitions of culture in the social sciences and among organizations. Everyone talks about culture in different way, so different that a phrase like the culture of corruption, or a corrupt culture means little. But when I studied ethics and compliance regimes in businesses, they offered me a very useful definition of culture. Culture was ‘the way we do things around here’. I like this definition for two reasons. First, it focus on the DOING and not the thinking. Culture is OBSERVED behavior because we cannot really get into people’s heads. With all due respect to those who do interviews and ask people about their preferences and values, we need to focus on what people do, not they say they would like to do or what they would like others to do. If doctors in Romania take bribes and doctors in Denmark don’t, we need to ask why, without assuming that Danish doctors have some elevated set of values.

Second, this definition of culture as ‘the way we do things around here’, has a WE in it, it is how WE do things around here, and the we can of course be expanded or contracted. How does each of us become part of that WE, and what happens when I do not like what WE are doing? (i.e. whistleblowing).

Now let’s apply this definition of culture to the study of corruption, and to uncorruption. The key, I think, is to figure out what we are actually doing, and who the WE is who are doing it. Almost all anticorruption programs are intended to change practices, and to stimulate a feeling of collective responsibility, a WE. Many of these program do not succeed because they operate with certain understandings of human behavior. One of the most misguided is the idea that we act a certain way because there are certain rules in our heads that tell us to act this way. We call them values. We assume that if we change those rules or norms, that people will act differently. This sounds good, but when you actually observe everyday behavior that’s not what happens. Ask me what I buy in the supermarket, and I will tell you that I buy health foods and vegetables. Watch me and I am buying junk food.

Now I have studied culture in Romania, where I have spent several years both before 1989 under the communist system of corruption, and after 1989 as a researcher and consultant trying to create an administrative equitable society. I speak fluent Romanian, have spent time with citizens, leaders, bureaucrats and activists. Our project was to create a kind of ‘WE’ feeling among Romanian civil servants that would make them do their jobs better and be immune to particularism, that is favoritism to friends, family or others. One part of the project was to create a more open administration in Romania. We reorganized the government reception office, and the citizen information office and complaint office. At the time people had little trust in public authorities, so we worked on improving communication and creating trust, making more links with NGOs and other types of transparency. At the same time however, another one of our experts had another task: installing a computer system so that the boss could see what his employees were doing on their computers, a kind of hard disk surveillance. It was a typical Nordic project of declared openness combined with subtle, soft control. Nordic prison systems, health management systems, etc. are specialized in this kind of control, and we could call it a kind of governmentality (after Foucault)

Now as some of you may know, Romania is one of the most corrupt countries in the EU. Lately, it has also developed one of the most active anticorruption agencies, arresting hundreds of corrupt bureaucrats and politicians, even at the highest levels, at times using questionable methods. The agency is so active that the director has been fired by the government, but defended by the EU and by Romania’s President. Romania also has an active anticorruption movement, which consists not just of NGOs like Transparency International, carrying out grants and projects, but masses of people and activists fighting to expose corruption, introduce transparency, keep the pressure on corrupt politicians, and fight the politics of impunity. Thousands of people have been on the street demonstrating against corruption, to enforce the anticorruption laws. Romania is therefore both a depressing and an optimistic place. But it is far from a society without corruption. They are trying to encourage trust, but fighting to exert more control as well.

Let me get back to my American existence here in Scandinavia. If you are an American living in Scandinavia, one of the things you notice is that people have an abiding faith in the state’s ability to solve just about every problem. The state, or the local municipality, is an organ to which people turn when in other countries if we were in crisis or had a problem we might turn to our family, to a lobby organization, to the press, to a priest, to a lawyer, to a private firm, or we might just pick up a weapon and go after the guy. This faith in the state, as some commentators remark, means that people in Scandinavia may not need our families or organizations as much as other places. Old parents do not call on their children, and adult children do not need to care for their parents. In Denmark, it is common for children over 18 living at home to pay rent if they are living with their parents. Even in some of the most existential crises – contemplating suicide, for example, or my wife is beating me up – there is a hot line number I can call and a crisis center I can go to, i.e. crisis center for men. We have a faith that any sort of problem can and should be attacked by the state, from climate change to friendship (one municipality, for example, has a campaign for people to greet each other on the street; while another, to prevent corruption, has enacted an anti-hugging regulation between politicians and administrators). The Danish state has laws about what kind of clothes people can wear (covering their face), and Danish politicians have spoken out about intimate issues of sex segregated swimming halls or serving pork in kindergartens (pork being the Danish national dish). I think it is this faith in the state that makes Danes and other Nordics susceptible to governmentality in a way that other societies are not.

Let me come back to the two kinds of trust. For anthropologists, trust is essentially a moral relationship. Trust in others – family, friends, colleagues – is based on a principle of moral reciprocity, that others will do unto you what you do unto them, whether it is caring for children, repaying a loan, or doing one’s job at home instead of in the office. Danes do a lot of home-based work partly because employers trust them to do their jobs. As many trust researchers have pointed out, and as most anthropologists can document, a high level of trust and loyalty WITHIN a group often entails a lack of trust towards others outside the group. A family, a clan, a village, an ethnic group can have intense moral bonds, but this means that outsiders can be considered potential victims, or even enemies.

Trust in institutions is also inherently morally based. By this I mean that there is an assumption that the institution and individual share some basic expectations above and beyond the contractual. This trust means that we will be treated fairly and equitably by the bureaucracy, and that the bureaucrat will act in our best interests and not his own. It means that state institutions or welfare organs will carry out the mission that they have been mandated. In Denmark, 90% of parents send their children to day care. Virtually all Danish children from above the age of 2 are cared for by total strangers. For up to 8 hours each day, most Danish parents deliver their children to what are called day-*institutions*. In other countries, these duties are carried out by mothers, by parent collectives, by villagers, by grandparents or by nannies. We trust our children to strangers at a very early age, and for several hours each day.

Is there a way to create trust without some kind of moral unity? Yes, it is called ‘contract’. Contract is essentially a set of rights and obligations, along with a set of controls and sanctions if things do not go according to plan. Denmark is a high trust society, but it is also a high contract society. Purchasing a house, for example, or buying insurance is full of contractual obligations. Lately, there is an industry that checks the energy, electricity and building status of a house, so that the house has a certificate for the buyer. Denmark has a certification regime which is truly amazing. Housing advertisements in Denmark must now specify the real monthly costs and keep it separate from the financing costs. This trend toward ever more contract is articulated as transparency, and it is understood that more light will eliminate ambiguity. That it is ambiguity that is the source of abuse and corruption. Let me not give you the impression that contracts are holy in Denmark. They are not. In fact, there are laws in Denmark that specify that certain contracts are simply ‘unfair’. The law on property rentals, for example, states that owner and renter can agree on a rent, but if the state thinks that the rent is higher than the average rent for the area, the contract can be made null and void and the renter an get their extra rent returned, even a year after moving in. Apparently, Denmark is a land of MORAL contracts. Two people shake hands, and six months later the state says it is unfair. I would call this a unique mixture of trust and contract. And for want of a better word, I will call it trust-based contract, or contract-based trust. It is neither a legally sanctioned relationship as the American, where anyone can sue; nor a simple handshake as in so many societies where handshake is your word of honor. It is something else. Perhaps it is this idea of moral contracts that could be exported.. You sign an agreement, but you also make a pledge…..

My point is that we tend to see trust and control as opposites. It is curious, however, that the societies with the greatest amount of trust also seem to have the most control. The control is not the kind of control we find in authoritarian states with police and monitoring. We know that in places like this, and Romania before 1989 was one of these, what looks like control is in fact despotism. The regime is physically present with police or military, and took what it could by arbitrary actions and brutality. We know that as soon as the policeman leaves the street, everything is chaotic. And we know that within these authoritarian bureaucracies there is a lot of nepotism and clientilism at the top, and the only people you could trust were your family at the bottom. Among the leaders of these authoritarian states, the leaders could trust only their immediate family. Kim Il Sung in North Korea, Mao and his wife in China, the Castro brothers in Cuba, Ceausescu’s wife and son in Romania, Sadam Hussein and his sons, Syria’s Assad and his son, These regimes trusted only their immediate family. And their control was largely a façade, which we could see as soon as these regime fell apart.

No, the kind of control we have in our part of the world is more subtle. It is the monitoring and surveillance carried out by monitoring systems that keep track of us and our every move. Yes, we can get a loan at the bank, But No, we cannot pay for anything in cash any more. Yes, job announcements must be openly advertised so that all candidates can hear about it, but no, you have to be on the list to make sure it is advertised, and you have to understand the code words to fulfill all the open requirements.

All the major corruption scandals in our part of the world have been related to these monitoring and disbursement systems. There are no suitcases of cash anymore, but instead, sophisticated insiders who know the passwords and can manipulate bank accounts, what in Danish were called ‘super-users’, who were so trusted in the system that they apparently had no one looking over their shoulder when they embezzled millions. They were often people working in control functions, but who were apparently trusted by superiors and colleagues. Or in any case, superiors and colleagues simply looked the other way.

Let me conclude here with my basic point: Danish and Nordic corruption has particular features which we may overlook: open bribes are less important than access to the system, clientelism, nepotism, and networking. By any standard measure, this kind of subtle, Scandinavian corruption resembles the corruption of other places around the world, in that it is an unauthorized appropriation of public resources for private ends. It is misuse of power.

Second, this does not mean that Denmark is like Romania or Nigeria or South Sudan. As an advanced welfare state with sophisticated financial and bureaucratic control systems, it has less of some kinds of outright bribery. Corruption in Denmark is simply different, perhaps more subtle. If Denmark is uncorrupt, the uncorruption is not simply because we have so much trust in each other, or in our institutions. It is uncorrupt because we have systems of sophisticated control. Call it trusted control, or controlled trust. We have moralized contacts. But perhaps we should begin to look at the Nordic counties as a unique combination of control, a kind of moral governmentality. Can this kind of governmentality be exported to other countries. Is there a Nordic model of trusted control? A kind of package that we could buy off the shelf, like a new software that we could install. Perhaps. But in order to create this package, I think we need to get rid of the notion that Nordic societies are uncorrupt simply because everyone trusts each other. They are uncorrupt because there are a lot of people looking over our shoulder. Think about those groups with the highest amount of trust, the clans, the families, the small villages, the intimate collectivities. It is precisely these groups with a high amount of trust and loyalty which also exert the most social control. Trust, loyalty and control, common values and surveillance may sometimes go together. Lenin once said trust is good, control is better.///trust but verify//// Perhaps we need a new way of looking at uncorrupted societies, and to see them as ones where there are trusted control or controlled trust, of contracts that are valid, but also morally based. Now we may be able to export some of these practices to other countries; in some ways you may think it is impossible; but think of how certain innovations can cross borders quickly because people can see benefits from them or because they improve their lives: think of cell phones or hip hop or Japanese self defense or Danish design. Perhaps we need to design a system of trusted control, and with it, we will get the society without corruption. We get a strong state, which is not a brutal violent state, but a state of governmentality: a place where people feel guilty about crossing a red light late at night. It is perhaps this kind of governmentality that can be the Nordic export product.

Third, what can Denmark and the Nordic welfare systems teach us in the so-called fight against corruption. Like other undesirable social behavior, corruption can be controlled by a combination of carrot and stick. Corruption is supposed to be low in the Nordic countries because people do not WANT to be corrupt, because they feel shame and guilt about appropriating public resources for private ends. Presumably people in other societies do not feel this kind of shame, because they view the public sphere as a forest to which they can take. Now it is difficult to measure this kind of shame and guilt. One has to go into people’s heads and measure things called values, and then you have to assume that it is because of the values we have that we act the way we do. Do Danes really have a moral relationship to their bureaucracy? When we walk into the tax office or the welfare office, do we see ‘ourselves’? Perhaps our uncorrupt behavior could be the result of other factors than a value inside our heads directing us to do good. Our behavior could be the result of external factors that compel us to act a certain way. In some societies these external factors compel us to steal from the public coffers, and in other cases to refrain from stealing. Finally, our behavior could reflect our social milieu, in that we do things because our friends and mates are doing them. We smoke and drink because they smoke and drink. We take bribes because they take bribes.

Now what does this mean for an anticorruption strategy. Simply, it means that we have to really analyze why people do things without assuming that they have a set of values. Because we know that people violate values and break rules all the time according to the situation. Second, we have to admit that incentives to be honest may evolve into sanctions for dishonesty. In other words trust is good. Control is good, too. Society does not simply operate on the moral relationship of trust. All societies, all families, all organizations, have combinations of moral reciprocity and social control. In fact, the groups with the highest amount of moral reciprocity, the highest amount of trust, are those capable of exerting the most social control. Such groups we call families or clans.

One of the most famous articles in social science is called ‘the strength of weak ties’. It argues that weak social relations have certain advantages in that they are flexible and can be extended and mobilized. It is perhaps these weak ties that make the Scandinavian societies seem less corrupt: we don’t need close families, we don’t need charities or associations, we can live among strangers and still get by. We can use the state as our substitute safety net, but otherwise, we can literally live alone, as so many Scandinavians do (single person households). What binds us together is not so much friendship and family obligations but the role of the state in replacing these. If this is true, the lack of corruption in Scandinavia is due not so much to broad based trust, but to the lack of social networks that can be mobilized. We are less corrupt because … because we are all alone. We are a society without corruption not because we are a family but precisely because we are alienated. Capitalism began in England a few hundred years ago by alienating people from their traditional lands. Villages and families were broken up and people migrated to the cities. Perhaps the fight against corruption requires us to begin by alienating people. Make them feel alone. When there is no one to trust, you can’t be corrupt. Welcome to Denmark

Is trust and corruption a zero sum game? If there is more trust, is there less corruption? If this is true, then all we have to do to reduce corruption is to pump in a lot of trust in the system. Add the trust between people, and between them and their institutions, and the abuse of power that is corruption will recede. All we have to do is to create institutions where those who work in them feel some kind of moral obligation to serve their clients. And if not, institutions where the bureaucrats are scared enough of the surveillance system not to cheat for fear of being caught.? What we need is some kind of controlled trust, or trust-based control.

What kind of systems are these? The closest I can think of is a kind of cult, where everyone is devoted to the cause, but where everyone is also paranoid. There is no corruption in a cult. There is only corruption when the leader is cynical and begins to think of his or her private interests.