

## FROM STATE CAPTURE TO STRATEGIC CORRUPTION: EMERGING THREATS TO STATES

**Péter KLOTZ**

ORCID ID: 0000-0002-6793-1294

Email: klotz.peter@uni-nke.hu

Ludovika University of Public Service, Budapest, Hungary

**CZU: 343.32 + 343.352**      **DOI: <https://doi.org/10.59295/ssdoed2025.04>**

***Abstract:** While corruption has been around for millennia and the academic world is trying to use effective tools to fight it, we have seen new and more dangerous corruption phenomena. They go beyond the level of petty or organised corruption and attack the core functioning and institutions of the state. State capture and strategic corruption have become part of the toolbox of modern hybrid conflicts and their presence poses a serious national security risk. Drawing on the relevant literature, the paper provides an overview of the phenomenon of state capture and strategic corruption, and its relationship to hybrid conflicts. It makes recommendations for building resilience to reduce the risks of these threats.*

***Keywords:** anti-corruption, corruption, resilience, state capture, strategic corruption.*

### **Introduction**

Corruption has accompanied human history in many different forms throughout the millennia. From the simplest everyday corruption to the more complex social relations, by the time of the Industrial Revolution corruption had taken root in economic life [1, p. 7]. This grand corruption mobilised more resources for the benefit of corporations and was no longer a source of private wealth but corporate wealth. At the turn of the millennium, with the rise of powerful businesses and the weakening of some states, the phenomenon known as state capture [2] emerged, which aims to influence decision-makers by illegal means, not only on individual decisions but also on the functioning of the state as a whole, by changing rules and operating principles, to the detriment of the public interest. Less

than two decades on, a new form of corruption has emerged as a threat to states: strategic corruption. Its specificity is that its goal is not economic but political, and its aim is to undermine the whole democratic functioning of the state, to influence illegitimate way another state actor. In the following, I will examine the main characteristics of the types of corruption described above, with particular reference to the phenomena of state capture and strategic corruption, their relationship to hybrid conflicts, and the tools available to democratic states to counter these threats.

**Method.** From a methodological point of view, it is necessary to clarify what we mean by corruption. Although there is no universally accepted definition [3, p. 5], it is common to identify corruption with the abuse of power for private gain [4, p.]. Large-scale corruption differs from ordinary petty corruption primarily in terms of its magnitude and the people involved but also indicates that corruption phenomena can have a significant impact on the functioning of large state systems. State capture is a full-fledged form of corruption, which is not primarily aimed at achieving a major corruption transaction, but at changing the framework within which the state operates. By definition, state capture is „shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials and politicians” [5 p. 6]. In comparison, the aim of strategic corruption is not primarily to gain illegal wealth through corruption, but to secure geopolitical advantages in the international space. Strategic corruption is therefore nothing other than a „country’s weaponization of corruption against other states in pursuit of national goals” [6]. Corruption can be a very effective tool to achieve this goal, especially when used in combination with other tools in the context of hybrid conflict [7, p. 268].

The phenomenon of hybrid conflict was brought to public attention following the Russian occupation of Crimea in 2014. During the well-prepared operation, „little green men” occupied the vast peninsula in a few days without any particular resistance, without the Ukrainian authorities having any serious chance to organise resistance. One of the particular events of the conflict was that the commander-in-chief of the Ukrainian navy forbade the naval units to resist, and instead switched to the side of the occupiers overnight. His example was followed by thousands of sailors [8].

Hybrid conflicts are known as „diverse and dynamic combinations of conventional, irregular, terrorist and criminal capabilities” [9] to achieve the desired goal. In addition to the use of conventional and irregular methods, hybrid conflicts are characterised by quick responses and

flexibility, the emergence of three distinct battlefields (conventional battlefield, indigenous population in the conflict zone, international community), a mass communication for propaganda and the use of strategic corruption. To facilitate understanding of the phenomenon of strategic corruption, I have elaborated a comparative table to allow an easier understanding of the phenomenon. The table compares the phenomena of petty, grand corruption, state capture and strategic corruption along the dimensions of targets, offenders, goals, types and threats.

**Results and discussion.** The table below summarises the different types of corruption, from petty corruption to strategic corruption. The table shows that on the passive side of corruption, petty corruption typically involves public officials. In the case of grand corruption, the targets are high level public officials, possibly politicians, while in the case of state capture, we are also talking about high level public officials and politicians as well [10 p. 9].

In the case of petty corruption, the perpetrators, i.e. the active corrupters, are typically citizens, possibly businesses. In the case of grand corruption, the perpetrators are typically businesses, and in the case of state capture, the perpetrators are a narrower group of businesses, the oligarchs who also have some political power.

When looking at the purpose of the corruption committed, we can conclude that it is to gain an advantage, in the case of grand corruption and state capture, a business advantage. In the case of strategic corruption, however, the aim is not to gain a business advantage, but some political or geostrategic benefits.

In terms of the type of perpetration, the threat in the case of petty and grand corruption and state capture comes from within, i.e. the perpetrators are actors familiar with the local economic and political context and usually are from the same country. In the case of strategic corruption, the threat is typically external, linked to another country.

Looking at the nature of the threat, we can conclude that both petty corruption and grand corruption are criminal threats, which are typically dealt with by criminal law. In the case of state capture, the threat is political, threatening the political institutions of the state. Strategic corruption, on the other hand, is more serious, national security [11] and cannot be addressed only by traditional criminal or political means, or is very difficult to address. One reason for this is that, like corruption, strategic corruption is very difficult to prove and both the active and passive parties involved in the commission of the crime have an interest

in concealing the act. This can also be very successful because on the active side, as shown in the table, we do not find ordinary citizens or businesses, but state actors whose conspiratorial capabilities far exceed the means available to the former.

*Table 1: Forms and characteristics of corruption Source: own edition*

		<i>petty corruption</i>	<i>grand corruption</i>	<i>state capture</i>	<i>strategic corruption</i>
1.	<b>Targets</b>	public officials	high level public officials or politicians	high level public officials or politicians	Politicians
2.	<b>Offenders</b>	citizens, businesses	businesses	Oligarchs	foreign politicians
3.	<b>Goal</b>	benefits	business benefits	business benefits	political/geostrategic benefits
4.	<b>Type</b>	internal	Internal	Internal	External
5.	<b>Threat</b>	criminal	Criminal	Political	national security

As can be seen from the table, strategic corruption differs from the other types of corruption listed in that it is not aimed at gaining some kind of business advantage, but at realising less tangible political or geostrategic benefits. Another characteristic is that while the other forms of indicated corruption are relatively well-defined in time and space, strategic corruption is typically not well-defined in time, space or content.

One could say that corruption has been used for a very long time by states to win over the decision-makers of other states and to influence their policies. So why are we talking about a new phenomenon of corruption? While this is indeed a valid point, the greatest danger of strategic corruption for states is that it is not typically used on its own, but as part of a complex hybrid operation. As a result, its effects are much more destructive than state capture, which also poses a significant threat to states. The primary objective of strategic corruption is to weaken the resilience of another state, undermine the public trust of citizens and leave it much less vulnerable to other elements of the hybrid operation [12] [13].

## Conclusions

As I have shown in my study, corruption has been present in many different forms throughout human history. While today, in almost every country in the world, ordinary, petty corruption is a feature, some states also have to contend with grand corruption and state capture, which mobilise significant financial resources. As a new phenomenon linked to hybrid conflicts, the world has been confronted for a decade with the concept of strategic corruption, which aims to use corruption as a weapon against another country to promote illegally state interest. Comparing this new phenomenon with previous corruption phenomena, I concluded that its primary threat to states lies in its deliberate use as a tool in a hybrid conflict.

Consequently, countries will be right if they see strategic corruption not only as a new form of corruption, but as a phenomenon that is part of hybrid warfare, and therefore cannot be tackled by criminal law alone, but by using the tools of resilience building, as NATO promotes [14] [15]. I hope that my study can contribute to reducing strategic corruption by highlighting these aspects.

### References:

1. KLOTZ, P. – Integritási és munkaköri kockázatok elemzése, Dialóg Campus Kiadó, Budapest, 2019
2. HELLMAN, J. S, JONES, G., KAUFMANN, D. Seize the state, seize the day: state capture and influence in transition economies, *Journal of Comparative Economics*, Volume 31, Issue 4, 2003, p.751-773, ISSN 0147-5967
3. BÁGER, G. *Korrupció*, Akadémiai Kiadó, Budapest, 2012
4. TRANSPARENCY INTERNATIONAL: What is corruption? 2024. Available: <https://www.transparency.org/what-is-corruption#define> [Accessed: 12.11.2024].
5. HELLMAN, J. S, JONES, G., KAUFMANN, D. Seize the state, seize the day: state capture and influence in transition economies, *Journal of Comparative Economics*, Volume 31, Issue 4, 2003, p.751-773, ISSN 0147-5967
6. HUSS, O., POZSGAI-ALVAREZ, J., 2022 Strategic Corruption as a Threat to Security and the New Agenda for Anti-Corruption. Available: <https://www.corruptionjusticeandlegitimacy.org/post/strategic-corruption-as-a-threat-to-security-and-the-new-agenda-for-anti-corruption> [Accessed: 11.11.2024].
7. SIMILEANU, V. Hybrid war: conceptual approach. *Political Science, Geography Revistă științifico-practică* Nr.1/2018 p. 263-273.
8. RÁCZ A. Az ukránoknak hadihajóik sincsenek, mégis példátlan sikereket

- érnek el a Fekete-tengeren. Available: <https://444.hu/2024/01/26/racz-and-ras-az-ukranoknak-hadihajoik-sincsenek-megis-peldatlan-sikereket-ernek-el-a-fekete-tengeren> [Accessed: 14.11.2024].
9. CASEY, G. C. America's Army in an Era of Persistent Conflict. *Army Magazine* (October 2008)
  10. REYES J. State Capture through Corruption: Can Human Rights Help? *AJIL Unbound*. 2019; 113. p. 331-335.
  11. Biden, J. R. Memorandum on establishing the fight against corruption as a core United States national security interest. The White House, June 03, 2021. Available: <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/memorandum-on-establishing-the-fight-against-corruption-as-a-core-united-states-national-security-interest/> [Accessed: 14.11.2024].
  12. KÁDÁR, P., KESZELY, L. A nemzeti ellenállóképesség megerősítésének keretszabályai, elvi irányok és várható trendek beazonosítása. *Védelmi-biztonsági Szabályozási és Kormányzástani Műhelytanulmányok 2022/20*. Available: [https://hhk.uni-nke.hu/document/hhk-uni-nke-hu/VBSZK\\_MT\\_2022\\_20\\_K%C3%81D%C3%81R\\_KESZELY\\_A%20nemzeti%20ellen%C3%A1ll%C3%B3k%C3%A9pess%C3%A9g%20meger%C5%91s%C3%ADt%C3%A9s%C3%A9nek%20keretszab%C3%A1lyai%20elvi%20ir%C3%A1nyok%20%C3%A9s%20v%C3%A1rhat%C3%B3%20trendek.pdf](https://hhk.uni-nke.hu/document/hhk-uni-nke-hu/VBSZK_MT_2022_20_K%C3%81D%C3%81R_KESZELY_A%20nemzeti%20ellen%C3%A1ll%C3%B3k%C3%A9pess%C3%A9g%20meger%C5%91s%C3%ADt%C3%A9s%C3%A9nek%20keretszab%C3%A1lyai%20elvi%20ir%C3%A1nyok%20%C3%A9s%20v%C3%A1rhat%C3%B3%20trendek.pdf) [Accessed: 14.11.2024].
  13. MILANOVA, Nadja. Institutional Resilience and Building Integrity in the Defence and Security Sector. *Connections QJ* 19, no. 3 2020. p. 67-75
  14. NATO Commitment to enhance resilience. Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Warsaw, 8-9 July 2016
  15. NATO Resilience, civil preparedness and Article 3 Available: [https://www.nato.int/cps/en/natohq/topics\\_132722.htm](https://www.nato.int/cps/en/natohq/topics_132722.htm) [Accessed: 14.11.2024].