

Luxury and Corruption

Tereza Østbø Kuldova

Abstract

Luxury, luxury business, and corruption are intertwined in multiple ways. Luxury goods, art, and real estate are used to launder proceeds from corruption and organized crime; luxury goods are used as bribes; the desire for luxury motivates corruption; images of illicit luxuries are used in corruption exposés and fuel populist politics; anti-corruption measures impact luxury markets. Despite this, the relationship between luxury and corruption has not been an object of systematic research. This chapter is therefore exploratory in its nature, an invitation to think luxury and corruption together, and beyond the business of luxury. It argues that much can be gained from thinking luxury and corruption together and in new and critical ways. An analysis of the logic of luxury and of luxury business is not only key to understanding the driving forces behind corruption, but it also offers a powerful entry point to making sense of moral cultures, reigning political and economic views, and the making of global ethics.

Keywords: Luxury, corruption, moral cultures, crime, anti-corruption

“Fraud, Luxury, and Pride must live / Whilst we the Benefits receive.”

—Bernard Mandeville, *Fable of the Bees* (1714)

Introduction

Luxury (business) and corruption are *intertwined* in multiple ways. And yet, these have often been ignored by researchers exclusively focused on either one or the other. Luxury has only recently become a serious research subject with the establishment of the *critical luxury studies* (Armitage & Roberts 2015, 2016) while the academic discourse on corruption and global governance has been dominated by political science and economics which have fixed the set of unquestionable assumptions about what corruption is, as we shall see and question in this essay. As such, there is no sustained account of the multiple relations between luxury (business) and corruption. In this sense, this overview essay is *exploratory*. It aims to show how we could think these two together in today's world, and how much luxury and corruption, when brought together, reflect not only different moral cultures, but also political and economic views. We find luxury and corruption coming into close contact at multiple levels. Proceeds from corruption are increasingly laundered through luxury goods, real estate and art and are prominent in the 'integration' part of money-laundering (Chaikin & Sharman 2009; Markus 2017). Corruption itself has been shown time and again to be driven by desire for luxury goods and luxury consumption (Hall, Winlow, & Ancrum 2012; Hall, Kuldova, & Horsley 2020). Images of obscene luxuries are used in corruption exposés to mobilize popular moral passions and have been fuelling populist valency campaigning and anti-corruption movements across the globe (Curini 2018; Kuldova 2019b; Mazzoleni 2008, 2003; Gupta 1995; Katarova 2019; Mancini 2018; Heywood & Krastev 2006). Anti-corruption measures have been shown to directly impact luxury markets, resulting in temporary declines of luxury goods sales (Tajaddini & Gholipour 2018; Osburg 2018; Yuen 2014).

The luxury industry is also a realm of opacity – the high price tag is paid for the goods as much as for confidentiality, discretion and protection of the privacy and identity of wealthy clients. Privacy itself has become a luxury commodity (McNeil & Riello 2016). This resistance

towards transparency within the high-end luxury sector, beyond the goods in themselves, makes the luxury industry a perfect tool for money laundering of proceeds from corruption and organized crime. Despite the growth of the global luxury market, worth nearly \$1trillion – *also* due to proceeds from corruption which fuel the consumption of luxury (Gokceus & Suzuki 2014), and the rather obvious links between money laundering, tax evasion and the luxury market, the luxury sector has largely evaded demands for transparency and eschewed self-regulation and ethical compliance; this has been changing only recently. Simultaneously, governments across the globe as well as the EU are slowly beginning to recognize the luxury sector’s role – voluntary and intentional or not – in the integration of proceeds from corruption, fraud and organized crime. A case in point is the maximum security *Le Freeport* in Luxembourg, a free port where the super-rich store anything from luxury vintage cars, art, fine wine to other high value assets and luxury items without paying import tax, capital gains tax, user tax or VAT, while being offered a high level of secrecy – a new breed of tax haven. The European Parliament has expressed concerns about such free zones, recognizing the inherent money-laundering risks, including the laundering of proceeds from corruption and organized crime. *Le Freeport* has been built on the promise of opacity, confidentiality, and privacy for ultra-rich clients. However, in January 2020, the fifth Anti-Money Laundering (AML) Directive came into force, subjecting free port operators and art market actors to customer due diligence requirements, while also making them into AML gatekeepers obliged to report suspicious transactions to the financial intelligence units. We are yet to see how this will impact the traditional forms of discretion and secrecy involved in the art and luxury sectors (Korver 2018). And how it will influence the future contours of global ethics and the meanings of compliance, transparency and audit – areas of secrecy and opacity may be eliminated (or new opaque venues will emerge). At the same time, luxury businesses are beginning to invest in CSR and compliance, often in face of different corporate scandals. The global luxury market

has been the fastest growing of the economic sectors for the last two decades despite the financial crisis (Donzé 2014); according to the latest report by Deloitte, the top 100 luxury companies amounted to 247 billion USD in aggregate luxury goods sales for the financial year 2017 (Deloitte 2019). However, despite this rise of the luxury business, the global nature of the luxury business poses an increasing amount of challenges and risks to companies within the luxury sector. As the world's largest publicly traded property and casualty insurer Chubb argues in its report on the European luxury sector, a 'heightened regulatory and compliance environment has emerged in the wake of the recent financial crisis and is now an important driver of increased D&O risk [Director's and Officer's liability risk]...the top two D&O concerns for luxury goods companies are bribery and corruption, and reporting errors' (Chubb 2014: 15). The increased pressures on compliance, ethical conduct and implementation of anti-corruption and anti-money laundering measures and other forms of transparent corporate governance come not only in the wake of the financial crisis, but also as a result of numerous charges of corporate corruption, of ethical misconduct, non-compliance and exploitation of labor force, as well as environment – or else, what the industry labels 'hostile public environment' (Chubb 2014). Businesses within the luxury sector have to increasingly invest in strategies that on one hand mitigate the risks posed by the global markets, while at the same time increasingly embrace ethical codes of conduct, corporate social responsibility and different forms of self-regulation, including transparency (Jackson 2010) – despite their inherently secretive, confidential and opaque nature. Recent corruption scandals, such as the one involving the former Prime Minister of Malaysia, Najib Razak, have made luxury businesses increasingly aware of the need to address the ways in which they may be implicated in corruption and fraud. Razak diverted more than 4,5 billion USD away from the public and used the luxury sector as a point of integration for these illicit funds – in June 2018, his properties in London, Manhattan, California and Malaysia were raided and luxury goods worth

millions of dollars were found, including for instance over 400 watches worth almost 20 million USD, in addition to jewelry (220 million USD), designer handbags, and other vast amounts of luxury goods. Luxury brands are now slowly recognizing the way in which they are implicated in corruption scandals and the consequences this may have and even though they have been notorious latecomers in embracing ethical standards, it is precisely at this juncture in time that we are witnessing a change as even the luxury sector is embracing voluntary regulatory arrangements and enhancing its ethical codes of conduct and CSR programs, all forms of the aforementioned ‘soft law’, self-governance and post-political corporate governance (Garsten & Jacobsson 2012). In this sense, the luxury sector offers a unique view into the making of *global ethics* (Garsten & Jacobsson 2011) in response to corruption scandals, public outrage and increased regulatory pressures.

However, luxury and corruption are also directly linked to populism. Valence campaigning that exploits moral sentiments and images of luxurious excess, has contributed to the rise of populism, as well as to the rise of post-political solutions framed in terms of global ethics. Let me offer a recent example. On April 21, 2019, Volodymyr Zelensky, a comedian and star of the political satire show *Servant of the People* (Слуга народу), was elected by a landslide President of Ukraine. The core of the show’s fictional plot, the brainchild of Zelensky’s production company Kvartal 95, became a surreal reality. Not unlike the show’s main character, a schoolteacher turned surprise winner of presidential elections following a viral video of his rant about governmental corruption in Ukraine, Zelensky became a comedian-cum-lawyer turned president. Zelensky’s real political party bears the same name and logo as the fictional one, and much like the satirical character, his campaign was fueled by populist anti-corruption and anti-elite messages appealing to citizens disillusioned with the ruling political establishment. Zelensky’s anti-corruption campaign is in no sense unique – moral and

valence (non-policy) campaigning (Curini 2018)¹ are symptomatic of the current depoliticized environment where issues of morality, trust, decency and honesty take precedence over issues of policy as ideological differences between political parties become increasingly negligible (Brown 2006; Hay 2007; Kagarlitsky 1999, 2000; Bourdieu 2002). The rise of prime-time corruption scandals and of corruption as a pseudo-political, moral, and heavily mediated issue fueling (*faux*) anti-establishment populism since the mid-1990s is not accidental (Mazzoleni 2008, 2003; Kuldova 2019b; Barr 2009). As we shall see, it is fundamentally connected to the global instituting of neoliberalism (Kajsiu 2014; Grossman 2003). Zelensky's recent election merely revealed the power of the anti-corruption discourse to mobilize the *affects* of the electorate, and to direct its passions against corrupt governmental officials – the kleptocracy stuffing its pockets and living the lives of luxury at the expense of ordinary people. But also, and possibly more destructively, it revealed its power to direct rage against the state itself as a political entity (Citton 2010b; Lordon 2014; Kajsiu 2014; Katzarova 2019), and push through further neoliberal reforms under the guise of oppositional politics.

Like many 'ordinary people' across the globe, the majority of Ukrainians have been frustrated with the persistent governmental corruption, cronyism, kleptocracy, and with the oligarchic cliques ruling the country, accumulating wealth and channeling illicit proceeds of their corrupt dealings into luxury real estate and goods (Sullivan 2015; International 2017; De Sanctis 2013). According to Transparency International's influential *Corruption Perception Index 2018*, Ukraine still ranks 120/180.² Here we must remark that Transparency International, based in Berlin with hundred offices across the globe, has through its annual indexes and reports produced an illusion of objectivity and cold hard facts about corruption in today's world and has thus since its inception in 1993 profoundly influenced the way we perceive corruption today (Katzarova 2019). We shall unpack here not only the relationship between luxury and

luxury business and corruption, but also this rhetoric of corruption, which is by no means neutral.

Moral outrage when corruption, politics and luxury intermingle is nothing new. Already the Romans believed that ‘luxury perverts the good and political order’ (Berry 1994: 85), and passed sumptuary and anti-corruption laws directed primarily at luxurious bribes and haute dining and public banquets prior to elections (Dalby 2000). Today, many anti-corruption campaigners view political corruption in a similar vein as an obstacle to development and growth. Their proposed solution is: ‘good governance,’ accountability and transparency (Shore 2003; Marquette 2003; Sampson 2005) – the same solution that corporations are embracing in what has become known as voluntary self-compliance (Parker & Lehmann Nielsen 2011). All of us can agree that corruption is undesirable, even morally reprehensible, harmful and in its worst manifestations outright criminal. After all, who could be (openly) *for* corruption? And yet, we must pause and ask – if corruption is an obstacle to progress and if ‘good governance’ is *the* answer, what do we really mean by ‘good governance’? What if corruption is not the *cause* of our trouble, the way it is often made out to be, and instead it is a *symptom* of a failing economic system and a distraction from the real issues that enable corruption to flourish in the first place? Hence, what if fighting corruption based on the wrong premises only leads to more corruption – as empirical studies suggest (Kajsiu 2014)? What if the way we define corruption today blurs our vision and prevents us from seeing the bigger picture? And what if the spectacular images of luxury accompanying corruption scandals exploit our affects, emotions, and legitimate feelings of injustice only to direct them at the wrong enemy? Luxury, in this case, visually embodies both inequality and injustice, thus serving as a potent moral trigger.

This contribution is more of *an invitation to think luxury and corruption together*, opening new field of inquiry and offering multiple points of entry into possible debates. It looks at some of the most salient ways in which luxury and corruption have been thought together across history, but in particular during the last three decades when neoliberalism became hegemonic across the globe. It shows how images of luxury, hand in hand with accusations of political, state and governmental corruption, helped legitimize the implementation of neoliberal policies – but also impacted the global luxury business.

Luxury, Populism, and the Ambivalence of Weakness and Strength

Images of corrupt leaders living in obscene luxury are particularly effective in mobilizing popular passions when skillfully edited: be it as satirical TV shows (turned into political campaigns), such as in the case of Zelensky, or viral anti-corruption infotainment videos such as those produced by Alexei Navalny, the Russian oppositional anti-corruption blogger (Cottiero et al. 2015; Østbø 2020). Populism mobilizes passions of the masses, and anti-corruption messaging has become one of its most effective tools – it casts itself as ‘grassroot’, ‘oppositional’ and not surprisingly, inherently moral and virtuous. As Steven Sampson rightly observes, anti-corruption is

a moral force, reflecting the indignation among ordinary people and among articulate elites that things are not right. Anti-corruption entails not only making governments or aid programmes more effective, but also making people more honest, raising people’s consciousness to a new level. Anti-corruption is thus a moral, even religious force. This is why some activists within Transparency International, the leading anti-corruption organization, see themselves as ‘integrity warriors’ ... It is now so extensive that it includes groups normally at odds with

each other: grassroots activists pursuing social justice, enlightened corporations who believe that ethics is good business, neoliberal governments who see corruption as a brake on trade, and international aid organizations who want their donor funds to be more effective. The fight against corruption is thus more than just the ‘tactics’ of governments or corporations who want to look good: it is a moral crusade (Sampson 2005: 105).

If we return to our initial example of Zelensky’s election, this must be read against the backdrop of the Euromaidan protests and that which followed. And most importantly, against the character of the former Ukrainian president Viktor Yanukovich (2010-2014), the paradigmatic embodiment of the corrupt villain. Ousted following the Ukrainian revolution of 2014, Yanukovich has since been exiled in Russia, only to be remembered as the iconic figure of political corruption – *as someone abusing the public office solely for self-enrichment* (this being the currently hegemonic definition of corruption in international policy discourse). Along with his allies, he was accused of ‘siphoning at least \$37 billions of government money into offshore bank accounts’ (Schuster 2019). A rumor had it that even his toilet was made of gold, and so during the Euromaidan, ‘the protesters mounted a chained, life-size manikin of Yanukovich dressed in a prisoner robe and sitting on a golden toilet’ (Kozak 2017: 15). After they chased Yanukovich away from the country, and looted his Mezhyhirya estate near Kiev for a while, they decided to open the property to the public,³ turn it into a ‘museum of corruption,’ now run by the state, and let the tourists ‘marvel at his greed, taking selfies next to the faux Greek ruins Yanukovich had built to serve as lawn furniture’ (Schuster 2019). His faux Greek ruins may even appear symbolic in this context, after all, as Christopher Berry notes,

from its inception in Greek thought, 'luxury' was a political concept. In classical, as well as in Christian and early modern thought, 'luxuries' were subject to moral criticism... they were condemned because they fostered effeminacy and thus undermined virtues and corrupted both the individual and his patria (Berry 1994: 20).

During his time in the office and after, Yanukovich acquired a reputation of a weak man and a coward – of someone not only corrupt in the sense of embezzling public funds and enjoying all sorts of bribes and proceeds from his schemes, but of someone equally corrupted *by* luxury. When he recorded one of his videos from his exile in Russia directed at the Ukrainian audience, the Ukrainian media commented: 'Yanukovich the coward suddenly decided that he is a man... Besides, Yanukovich recorded another video, where he declared his intention to talk to Poroshenko "as a man".'⁴ Yanukovich here brings back to life the age-old critique of luxury – stretching from the Greeks to the famous debates in the 18th century – which associated luxury with effeminacy in men, moral and general weakness, and a range of sins and vices, from avarice, gluttony, greed, debauchery, lust to vanity (Berg & Eger 2003; Adams 2012). Utilizing figures such as Yanukovich and other similar villains, the anti-corruption campaigns revive the moral discourse surrounding *luxury* as not only a likely result of corruption, but *as a morally corrupting force* undermining both the individual body and the body politic, resulting in both individual and collective weakness, decay, and failure (Berry 1994).

While this view of luxury has been popular with luxury's critics across the ages, this is not the only way to perceive luxury. Luxury is equally disdained and desired. Luxury can either appear as vulgar or as sublime, as low or as high, as profane or as sacred, as pure or as dirty: a matter of *perspectival illusion*. This perspectival illusion is then often culturally, historically, and

socially contingent, and even within the same society several ‘conflicting moral cultures’ may easily co-exist, one viewing luxury as reprehensible, while another as sublime (Østbø 2020). Moreover, upon a closer look, we realize that most often it is not luxury *per se* that arouses our passions but rather *luxury in the wrong hands*. The same luxurious object we desire when we see it in the hands of those we consider the legitimate elite suddenly appears as dirty and vulgar in the hands of a criminal, a corrupt politician, or even the working class (Kuldova 2020). This was also true of the Italian sumptuary laws of the late Middle Ages (1200-1500). As Catherine Killerby argued, ‘no government in this period regarded luxury as evil in itself. It was the context of its use, by whom and to what purpose, that determined the approval or censure of luxury’ (Killerby 1994: 119). Similarly, John Shovlin nicely showed that

the term luxury was widely used in the seventeenth and early eighteenth centuries to denounce the usurpation by the lowborn of clothing or other commodities appropriate only to their betters—the king, his officers, and the nobility. Clothing and other consumer goods, it was held, ought to map the social hierarchy. Pomp, magnificence, and spectacular appearances were legitimate for the wellborn but illicit for those of low origins (Shovlin 2000: 577).

As much as luxury can be associated with weakness and vice, it is, however, also an authoritative sign of status and power, historically associated with the *sovereign*: the one capable of both making the law and breaking the law (Shovlin 2000). Or else, as Georges Bataille would argue, the one capable of transgression, squandering of that which would otherwise be useful and of life beyond utility and servitude; this sovereign attitude, that manifests itself in luxury and in what appears as senseless wasting, holds today a particular appeal to many (Bataille 1993; Kuldova 2019a). Luxury in ‘proper hands,’ thus, to the contrary,

arouses admiration, desire, and a quest to *vicariously* participate in and identify with the power of the individual(s) who displays or possesses this luxury (Anker 2012). In other words, it appears as a *sublimated* luxury. Sublimation here should not be imagined as a process by which, for instance, sex drives are converted into poetry, but rather as a process by which the *same* object or practice becomes transformed, or else

something which cannot always be unproblematically perceived as pleasurable – something obscene, awful, tasteless – is transformed into an agent of heightened pleasure precisely because of its problematic qualities (Pfaller 2009).

The line is fine, and the latter can always flip into the former, and reverse. There are criminals who are shunned, and then there are those who are admired and emulated, as people wish to participate in their ‘power mystique’ and appropriate some of it in order to feel stronger themselves (Kuldova 2017). There are politicians, such as many in India, who are voted in not despite being criminal, but precisely *because* they are criminal (Vaishnav 2017). Their corruption and their lavish lifestyles are read as a sign that they can deliver, act, and do not shy away from breaking the rules to achieve their objectives (Michelutti 2010). Gangsters living luxurious lifestyles have at the same time as corruption is shunned become the neoliberal heroes (Kuldova 2014). This also reveals the degree to which the social order as well as the moral order are in utter flux – a chaos of signs and symbols, hopes and illusions, all mediated by the market capitalizing on our insecurities and desires for power, status and recognition. Whose luxury consumption is sublime and whose profane depends increasingly on the judgement of the individual, intensified in the age of ‘moral outrage’ (McGranahan 2017).

Spectacular images of luxury real estate and luxury goods of the ruling political elites feature most prominently in popular scoops by the opposition and anti-corruption campaigners. And they may be effective – such as in the case of Yanukovich, when a vast majority agreed that there was nothing sublime about his luxury. But we may want to indulge another example, that of the Russian ‘opposition leader’ Alexei Navalny, who was in 2012 listed by the Time magazine as one of the world’s 100 most influential people, and his Anti-Corruption Foundation. Navalny is known for his viral YouTube videos, a sort of infotainment that features his organization’s investigations into corruption among the Russian political elite. Most famously, Navalny accused Dimitry Medvedev in 2017 of embezzlement, investigating all properties and residences linked to his family, in one of these viral YouTube videos,⁵ which has been viewed almost 30 million times. In the same year, he also published a drone footage of Vladimir Putin’s lavish ‘secret dacha,’ Villa Sellgren, at the Russian-Finnish border.⁶ In the same year, a report written jointly by Boris Nemtsov, who was assassinated in 2015, and Leonid Martynyuk, ironically titled *The Life of a Galley Slave*, was released, listing all the excessive luxuries enjoyed by Putin from taxpayers money, showing that ‘at his disposal are 20 palaces and villas, a fleet of 58 aircraft, a flotilla of yachts worth some 3bn roubles (£59.2m), a watch collection worth 22m roubles and several top class Mercedes’ (Elder 2012). The report even included a note on a toilet covered in gold worth \$75, 000 on one of his aircrafts that he enjoys. And yet, Putin enjoying luxury on taxpayers account has barely scratched his image. To the contrary, most recently, his 2019 calendar, *Around the World with Vladimir Putin*, featuring him during his adventurous travels in the usual virile light (Sperling 2015) is reported by *Forbes* to have increased the demand for luxury travels to Siberia on the ultra-luxurious private Golden Eagle Trans-Siberian Express train, with starting prices at around \$12, 000 for a 10 day trip (Dobson 2018), as the wealthy are set to emulate his lifestyle.

Returning to the previous point about the inherent ambiguity of luxury (and corruption), we may – in simplified terms – argue the following: Where Yanukovich appears as an ordinary *profane* corrupt crook, Putin – to many of his followers – appears as a *sublime* crook. In Putin’s case, his indulgences in luxury, corruption, dealings with oligarchs, and even running the state as a mafia business, are not perceived by many of his admirers unfavorably. Instead, they perceive them as expressions of sovereignty, strength, and control – the image Putin has been effectively cultivating since he came to power (Sperling 2015). All of these qualities are then skillfully linked to the idea of the *strength* of the nation (Riabov & Riabova 2014), and to Putin’s notion of ‘democratic sovereignty’ in international relations and his nationalization of the economy (even if it takes place through intense ties with select oligarchs and businesses) that manifests itself for instance in restrictions on foreign investment in industries designated as ‘critical for national security’ (Lamberova & Sonin 2018). Putin appears to many as a sovereign hero, a subjugator, and enforcer – the very same appeal he shares with iconic gangsters and criminals that both break the law and make their own laws they enforce (Kuldova 2019a). Sovereignty became Putin’s ideological cornerstone,

sovereignty is seen as an opportunity for Russia to decide its own fate, to render it less dependent on international financial organizations, to make it a subject rather than an object in world politics, to lay claim to a measure of self-sufficiency these are precisely the things credited to Putin’s rule (Riabov & Riabova 2014: 27-8).

This ability of luxury to display sovereignty is precisely what makes it so desirable, especially to those at the bottom of society meant to serve and obey in the current world of ‘total work’ (Pieper 1998). Hence, in Putin’s case, any scoop revealing his hidden luxury is likely to further feed into his power mystique of a sovereign rather than undermining it. In this respect, he is

not unlike Donald Trump, famed for his luxurious excesses, numerous charges of corruption,⁷ and an endless stream of moral and legal and other transgressions – despite of which, or rather precisely of which, he still maintains high levels of support (Littler 2019). Or, as Trump himself put it in his astonishment: ‘I could stand in the middle of Fifth Avenue and shoot somebody, and I wouldn’t lose any voters, OK? It’s, like, incredible.’⁸ These examples reveal the Janus face of luxury, corruption, and populism: while populist leaders of anti-corruption oppositional movements typically use luxury as an instrument to mobilize the moral outrage and the popular sense of injustice in face of corrupt leaders, the indulgence and corrupt practices of leaders such as Putin or Trump in luxury paradoxically strengthens their power mystique in the eyes of their supporters. While some of this can be explained by the ambivalent nature of luxury as such discussed earlier, and the process of sublimation in relation to cultural pleasure, luxury and corruption – as not only a question of morality, but also a crime – need to be simultaneously placed within the context of capitalism, consumer culture and their inherently criminogenic effects.

Luxury, Corruption and Crime

Contemporary consumer capitalism, the progressive ‘democratization’ of luxury (Lipovetsky 2002) and the relentless sociosymbolic competition built into the system push us to desire and struggle to acquire luxury goods as the ultimate markers of ‘commodified sovereignty’ (Kuldova 2020). Capitalism, after all, as Werner Sombart argued, is the ‘illicit child of luxury’ (Sombart 1967: 27). Our ability earn respect and recognition is increasingly dependent on our ability to consume and display status goods (Hall, Winlow, & Ancrum 2012; Hall 2012). These forces of capitalism that push individuals towards sociosymbolic competition and towards relentless consumption of status symbols have been shown by criminologists to be profoundly *criminogenic* in themselves (Hall, Winlow, & Ancrum 2012). The desire for commodities and

luxury fuels much of today's crime – both petty and grand – and luxury consumption is often the ultimate goal of grand corruption. But it is also worth reminding ourselves that 'at the core of luxury lie painful expropriations' (Kuldova 2016: 4) – from the colonial conquests, exploitation of human and natural resources to modern day slavery. Many, if not all, of our luxuries are born out of pain, destruction, and oppression in the name of greed and power. It is often paradoxically this harm inherent to luxury and resulting from the inherent criminogenic forces of capitalism endows it with its almost miraculous power and splendor. Any 'ethical' luxury in this sense is an oxymoron (Kuldova 2018). Luxury is not possible or thinkable without it being the very embodiment of harm and exploitation, without embodying the 'power over labour power' (Kuldova 2016), and being an index of one's power to impact the world around and leave a permanent mark on others, and the environment. Luxury is precisely in this sense an *index* of sovereignty. It is also based on a perverse disavowal of harm – from environmental to human exploitation – that goes into its making; we know well of the damage being done, and yet we keep on consuming, exploiting and even committing crimes to satisfy the desire (Layton 2010).

Flashing luxury goods and lifestyles is not only a means to display one's status through conspicuous consumption (Veblen 1970) fueled by consumer capitalism's relentless sociosymbolic competition, cultivation of envy, and the culture of narcissism and possessive individualism (Hall, Winlow, & Ancrum 2012; Hall 2012; Sombart 1967; Bauman 2008; Lasch 1991; Smith & Raymen 2016), but also an *index of corruptibility*, a form of signaling (Gambetta 2009). Luxury real estate, art, luxury goods and substances are used to launder and stash away money from tax authorities (Sullivan 2015; De Sanctis 2013; Markus 2017; Sharman & Chaikin 2009; Chaikin & Sharman 2009). In the meantime, a whole global industry has emerged catering to these needs, or as Markus puts it,

The deluge of corrupt proceeds from Russia, China, and many other developing countries has created an entire money laundering industry in the West, involving bankers, lawyers, accountants, and other professionals who instruct their Russian clients on the specifics of shell companies, artificial bankruptcies, reputation enhancing investments, and financial secrecy (Markus 2017: 30).

A case in point: Vancouver in Canada which has attracted through its Immigrant Investor Program and other similar cash-for-citizenship policies since the early 80s an unprecedented level of ultra-rich from Hong Kong and China, parking their wealth acquired elsewhere – through both legitimate and illegitimate means and corruption – into the local luxury real estate market and other luxury goods. This has effectively made the cost of living and property prices skyrocket, turning Vancouver into one of the world’s least affordable cities (Ley 2017; Stiem 2016). In 2014, it was reported that nearly ‘18,000 corrupt politicians have thought to have removed close to an estimated \$123bn in the form of IFFs’ (illicit financial flows) from China to other foreign countries’ and that ‘during the period 2000-2011, an estimated \$3.79tn were removed from China in the form of illicit financial flows, most of these funds were the result of tax evasion schemes by wealthy members of society’ (Naheem 2017: 16). In a globalized world, the effects of Chinese corruption are easily felt at another side of the globe. The global luxury business – in face of far stricter, even if insufficient, controls on the finance industry – has become the go-to place for the super-rich to stash their wealth away from tax authorities (Naylor 2011). The same goes for the wealth of organized crime groups, terrorist organizations, and white-collar corporate criminals that thrive in environments with high levels of corruption (Sullivan 2015; Chaikin & Sharman 2009; Tombs & Whyte 2007; Friedrichs 2010; Moghaddam 2010; Levitt & Ross 2007). Or as the report by The Global Initiative Against

Transnational Organized Crime, titled *Sandcastles* puts it, focusing on the luxury real estate in Dubai,

Illicit actors, whether narcotics traffickers, nuclear proliferators, conflict financiers, kleptocrats, large-scale money launderers, or terrorists, all share a common need: they must move the proceeds of their criminal endeavors from the illicit marketplace into the licit financial system in order to use them effectively. Luxury real estate has become a significant pathway for this conversion, facilitated by imperfect information regarding ownership and the details behind these substantial financial transactions. This vulnerability affects major real estate markets around the world, including, but not limited to, London, Toronto, Hong Kong, New York, Singapore, Doha, Sydney, and Paris.⁹

This fundamentally global nature of the financial flows of proceeds from corruption, among others into luxury markets, provides legitimacy to transnational organizations dedicated to combatting corruption. With the global luxury market being one of the few seeing actual significant growth, and with worth nearly \$1trillion, and given the rather obvious links between money laundering, tax evasion and the luxury market, it is fairly startling that the industry is not only one of the least regulated but also became a target of Transparency International for the first time in 2017. The report titled *Tainted Treasures: Money Laundering Risks in Luxury Markets*, for the first time acknowledged that luxury goods are ‘being used to launder the proceeds of corruption, including in the art world and the marketplaces for super-yachts, precious stones and jewels, high-end apparel and accessories, and real estate’ (International 2017: 3). Further noting that

Across the world, from Ukraine to Tunisia, to Brazil large-scale cases of corruption persistently involve the acquisition of luxury property, vehicles and goods. Luxury goods can serve as badges of wealth, becoming a highly desirable consumption target, and they can also be used as bribes. For individuals engaged in corruption schemes, the luxury sector is significantly attractive as a vehicle to launder illicit funds. Luxury goods, super yachts and stately homes located at upmarket addresses can also bestow credibility on the corrupt, providing a sheen of legitimacy to people who benefit from stolen wealth (International 2017: 5).

The omission of the luxury business from any earlier reports by Transparency International is particularly startling given precisely the aforementioned fact that most anti-corruption campaigns rely on images of luxurious excess to convey their message. No less, very famously, in November 2012, the Chinese president Xi Jinping launched the biggest anti-corruption campaign since Mao, targeting ‘tigers and flies’ – high-level top bureaucrats as well as lower-ranking officials (Quah 2015; Yuen 2014). Luxury, extravagance, excess, and over-indulgence of the officials have been the most prominent targets of the campaign, with direct impact on the luxury business – sales of luxury real estate, cars, watches, alcohol and other luxury goods dropped (Quah 2015; Atwal & Brynson 2017; Sinha 2014). As Quah writes,

China’s annual growth rate for luxury spending decreased from 7 percent in 2012 to 2 percent in 2013. The sales of jewelry, watches and other luxury items in Hong Kong have declined by 40 percent in April 2014, and by 28 percent in June 2014. The crackdown on official extravagance has also resulted in the decline in the hosting of official dinners at five-star hotels in China... The liquor company Remy Cointreau blames the anti-graft campaign for the 32 percent drop in the sales of its

high-end brand, Remy Martin in China, during January to March 2014 (Quah 2015: 59).

Luxury real estate and goods also make for convenient bribes since they are less likely to result in legal action than direct monetary payments (Bac 2019; Tajaddini & Gholipour 2018). But consumption and display of luxury is also strategically used by ‘corrupt individuals’ to ‘signal their “services” to other corrupt agents by exhibiting a lavish lifestyle that is beyond their official source of income and spreading rumours about their corruptibility’ (Tajaddini & Gholipour 2018: 635). Corruption further fuels the consumption of luxury and is thus beneficial – in terms of growth – for the luxury market actors (Gokceus & Suzuki 2014). It is thus not in the interest of the luxury business – no less well-known for its emphasis on secrecy and confidentiality in service to wealthy individuals – to impose any limitations on itself. The rhetoric of ethical luxury in this respect again falls short. Governments must act and regulate the luxury industry more effectively; in many countries it is not even required to record the beneficial ownership details of customers in the high-value sector. As the Transparency International report also argues, it is important to push for

customer due diligence and record-keeping by businesses; enhanced due diligence for politically exposed persons (PEPs); reporting of suspicious transactions to relevant authorities; and effective oversight by competent regulatory authorities’ (International 2017: 8).

But the luxury industry, and the crimes it often effectively covers up, also serves as a powerful *visual reminder* of the increasing inequality (Piketty 2014), and of a world where a handful of the richest people control the same amount of wealth as the poorest 50% (Oxfam 2017) – which

does not mean that we are necessarily speaking of direct correlation. When we step back, and focus on the larger picture, the question becomes: can measures such as ‘better reporting’ actually combat that which appears more as a systemic problem? Can governments under the current system really effectively regulate the luxury industry?

Anti-Corruption Crusaders, Luxury and Neoliberalism

As we have seen, both luxury and corruption have throughout history aroused moral passions and philosophical debates, and they have been effectively linked through crime. But again, the key question we must ask is: in which direction do these populist myths push us? (Citton 2010a, 2010b). Unsurprisingly, images of obscene and absurd luxury devoured by the corrupt elites trigger disgust, rage, and anger, as well as a sense of powerlessness vis-à-vis ‘the system’ among those who suffer the destructive consequences of neoliberalism (Kuldova 2019a). But it is precisely neoliberal policies that are often touted by anti-corruption campaigners as the very *solution* to corruption (Katzarova 2019; Kajsiu 2014; Brown & Cloke 2004). The additional paradox is that many of these self-styled anti-corruption populists – such as Volodymyr Zelensky, his Russian counterpart Alexei Navalny, or his Indian counterparts Anna Hazare and Arvind Kejriwal with his *Aam Aadmi Party* (Common Man’s Party) funded by among others the Ford Foundation (Roy 2011), all pushing for further neoliberalization as a means to increase the penetrations of foreign capital – are publicly celebrated as the heroes of the opposition. The hegemonic anti-corruption discourse embraced by the World Bank (Marquette 2003), IMF and organizations such as Transparency International frames corruption solely in terms of *abuse of public office for private gain*, a ‘straightforwardly defined phenomenon, consisting in payments illegally made to a public agent with the goal of obtaining a benefit or avoiding a cost’ (Buchan & Hill 2014: 2). This fundamentally neoliberal view of corruption sees ‘opportunities to engage in corrupt activities’ as arising solely ‘from

market distortions introduced by state intervention’ (Brown & Cloke 2004: 286). In other words, in this view, the state is *the* problem – or more specifically, it becomes a problem if it attempts to control the economy (or else, to act as a sovereign vis-à-vis the market forces). This view, stemming from the American neo-liberal tradition, views corruption solely as *political* corruption, and more importantly ‘as the more limited offense of bribery, and as an individual failing, rather than a systemic problem’ (Katzarova 2019: 231). The current concern with corruption must be seen as closely linked to the reversal of the state-market balance of power in favor of the latter (Mitchell & Fazi 2017; Strange 1996; Zagrebelsky 2017). Gary Becker, Nobel Laureate (1992) in economics, put it most bluntly when he stated in the *Business Week* that ‘if we abolish the state, we abolish corruption’ (Tanzi 2000: 112).

Corruption as such is indeed not a new phenomenon; there has possibly never been a complex society in the world’s history that has not known the phenomenon and where moral passions have not been aroused by it, to which its long intellectual history testifies (Buchan & Hill 2014). Niccolò Machiavelli insisted that corruption is inevitable, and is ‘the one great observable fact in human affairs’ (Buchan & Hill 2014: 10). Corruption has always been condemned or at least looked down upon, and variously linked to moral failure, gluttony, and vanity, and the morally and spiritually corrupting effects of luxury and excess. The current populist movements that serve the public images of spectacular wealth and luxury enjoyed by corrupt politicians feed off this long intellectual history of corruption as a moral failure, bordering on the criminal. As Buchan and Hill nicely show in their book *An Intellectual History of Political Corruption*,

Corruption is a concept with an ambiguous quality, whose wide contours of meaning could readily be expanded or contracted: it did not always apply to the particularity of the abuse of public office, but often connoted more nebulous fears

of moral decay, spiritual degeneration or physical death. Throughout Western history, corruption appeared in political tracts and treatises as a label or epithet used to denounce, to criticise, to demonise or to castigate. The term ‘corruption’ has been used in a bewildering variety of contexts, from narrowly defined condemnations of specific misdemeanours, such as bribery or simony (the buying of church offices and spiritual services), through to epic charges of collective moral decay or apocalyptic fears of political degeneration and collapse (Buchan & Hill 2014: 5)

What matters is how a society defines what falls within the realm of corruption, and towards what aims it directs the affects that are inevitably aroused by what is largely perceived as immoral or directly criminal conduct. Today’s hegemonic view limits corruption to the realm of politics and of the state. But this has not always been this way. In the 1970s, corruption was widely seen as a corporate abuse of power and undue influence on politics, such as for instance under Salvador Allende in Chile, who argued for the necessity of international rules to regulate corporate conduct (Katzarova 2019). This anti-corruption discourse focused on the negative impacts of multinational corporations on politics, democracy and development; it was the multinational corporations that were seen as bringing corruption into these countries and that needed to be controlled by the government. This discourse was particularly influential in what were deemed the Third World countries, attempting to counteract the influx and impact of global capital and of international unions challenging the power of global corporations. The neoliberal counterrevolution fundamentally turned this view of corruption on its head, as Elitza Katzarova convincingly shows in her recent book *The Social Construction of Global Corruption: From Utopia to Neoliberalism* (Katzarova 2019). As she writes,

Corruption was transformed from corporate abuse of power in the 1970s to government abuse of power in the 1990s. The trope of the corrupt corporation came to be supplanted by the tropes of the corrupt politician, corrupt public official and corrupt country. In the process, the blame for corruption was shifted from developed countries (and their corporations) to the developing countries (and their governments). Today, we automatically assume that the locus of corruption is government... With the transformation of corruption from a corporate into a government problem, the content of anti-corruption shifted from more state in the economy to less state in the economy. With the locus of corruption in government, it made sense that government abuse of power should be checked with limiting the opportunities for corrupt behavior by politicians and public officials. Government was not the solution, government was the problem, as Reagan eloquently put it in his inaugural address in January 1981 (Katzarova 2019: 215).

The result of this attack on the state, the government and political elites have been a great crisis of legitimacy of politics as such that has created a fertile ground for the rise of populism that we are witnessing today – leading both to depoliticization and de-democratization (Giroux 2004). Such was the case for instance in Albania, a process well-documented by Blendi Kajsii, where anti-corruption campaigns pushed by international actors that portrayed ‘corruption as the main cause of almost every Albanian failure from 1998 onwards’ (Kajsii 2014: 5) served to institute and legitimize a neoliberal order, while paradoxically leading both to more corruption and to delegitimization of political actors and widespread disillusionment with politics. As Kajsii shows, the discourse of corruption

constantly shifted criticism away from the failures of neoliberal policies that had been implemented in Albania by blaming such failures on corruption ... by defining corruption primarily as abuse of public office for private gain, the corruption discourse articulated corruption as an inherent feature of the public sector, while the private sector was implicitly articulated as inherently free of corruption... anti-corruption meant reducing state involvement in the economy, expanding the market, and privatizing the public sector... the corruption discourse reproduced a deep asymmetry between a corrupt Albania on the one hand and a clean international community on the other... In order to fight corruption Albania had to further liberalize, to further open up its markets and attract foreign investment, to continue privatization, removing the state from economic activity... against the threat of corruption both local and international actors could articulate a neoliberal order that was free from internal contradictions and fully compatible with more democratization (Kajsiu 2014: 6).

Following the end of the Cold War, communism as *the* enemy which so far provided the legitimacy to democratic states has been replaced by corruption. Corruption has initially been seen primarily as located in The Third World and the states that were imagined as having not reached proper modernity (and that were often resisting foreign capital), only to become an issue also in the so called developed states (Heywood 2009; Heywood & Krastev 2006). This produced a moralistic genre of its own kind that, as Martin and Shohat observed,

pits the corrupt leaders and nations – axes of evil – against those who fight them, be they presidents of the free world or the democratic nations. Within this

discourse, corruption is always imagined as ‘outside,’ simultaneously eliding any links between so-called good and evil (Martin & Shohat 2003: 2).

In tandem with other similar non-governmental institutions determined to fight corruption across the globe, as well as international organizations such as the World Bank, the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD), and no less the European Union (EU) and national governments, it has facilitated since the mid-1990s the spread of the rhetoric of transparency, compliance, integrity and accountability, and so-called ‘good governance’, which more often than not translates into a minimal state that stays out of the way of international capital. Or as Cris Shore puts it,

For years, the attitude of Western governments to the problem of corruption and shoddy business ethics has been framed within Eurocentric assumptions that corruption is essentially a Third World disorder; a pathology endemic to ‘backward’ developing countries with weak civil societies and bloated public sectors. According to this view, the only effective solution was to introduce painful, deflationary, neoliberal reforms, and the fiscal and moral disciplines of the market. Under the twin banners of ‘anti-corruption’ and ‘good governance’, the U.S. government, the IMF, and the World Bank have systematically bullied their weaker trading partners into accepting the rules and norms of modern corporate capitalism (Shore 2003: 151).

Following Wolfgang Streeck, we could instead argue that corruption is one of the most prominent *systemic disorders* of contemporary capitalism (Streeck 2016), rather than a mere problem of the state and individual corrupt officials as it is made out to be – in other words,

turning the definition back on its feet. And thus, the solution cannot lie in *more* neoliberalism. The anti-corruption discourse has effectively distracted us from perceiving the real systemic problems by mobilizing our passions against corrupt politicians living in luxury, while at the same time pushing a neoliberal agenda that is bound to only intensify worldwide inequality, social conflict, crime, and the exploitation of both humans across the globe and natural resources. If one looks closely at the proposed politics of the so called ‘oppositional leaders’, this becomes clear. Or as Perry Anderson summed it up, ‘Navalny’s recipe for liberation – ten brave businessmen and the government will fall – speaks for itself’ (Anderson 2015: 16). The focus on state corruption has made us ignorant and accepting of corporate corruption, corporate crimes and associated harms. This has been so also because these have been kept conceptually separate. As McLennan pointed out,

until recently ‘corruption’ has not been a widely used term to describe shady corporate behaviour – rather, the reference has been to concepts such as ‘white collar crime’ or ‘influence’. This is not an insignificant oversight (MacLennan 2005: 163)

Even though corporate scandals, such as possibly the most famous of Enron, have been popping up again and again in the media (Shore 2003; MacLennan 2005), they do not arouse the same passions. Here we may remind ourselves of our initial point about the ambivalence of corruption and luxury. It appears that many gain perverse pleasure from seeing corporates breaking the rules and enjoying the fruits of corrupt deals and exploitation. In other words, the corporate criminal is sublime, the politician on the other hand a profane crook. These attitudes differ in time, place, culture and social and economic position; to some the rogue Wall Street banker is sublime, to others it is Putin. The principle remains the same.

Coda: Luxury and Corporate Corruption

Corporate abuse of power and corporate corruption are not an aberration, they are the norm (Glasbeek 2018). We are not only dealing with ‘corporate crime’ (Buell 2016) and ‘white-collar crime’ (Tombs & Whyte 2007; Sutherland 1983; Levi 2009; Friedrichs 2010) but with the fact that contemporary neoliberal capitalism, or as Woodiwiss puts it, ‘gangster capitalism’, is fundamentally criminogenic (Woodiwiss 2005; Hall & Winlow 2013; Hall 2012) and further fuels corrupt behavior (Kagarlitsky 2000). As a result, we could turn the currently hegemonic view back on its feet and say that ‘neoliberalism—understood as the disproportionate influence of corporations and business thinking on politics—can be seen as a form of political corruption’ (Katarova 2019: 223). The modern day robber barons, the ‘multi-national concerns are equally adept at showing “no scruple about resorting to intimidation or violence” in their pursuit of business, profit and power’ (Rawlinson 2002: 295). Their practices are no different, they are not pure, free, and if unregulated – just, to the contrary. The ideology of neoliberal ‘good governance’ has created only more fertile ground for corporate corruption to thrive (Aiyer 2003). America’s opioid crisis fueled by the greed of pharmaceutical companies and the recent 2019 revelations of corporate corruption of Insys Therapeutics are merely one example among many of the ‘business as usual’ (McGreal 2019). Only this time, political leaders, such as the mayor in West Virginia, who labelled them ‘drug dealers in Armani suits’ (McGreal 2018) and called for criminal prosecution of corporations that ‘have spent years paying civil settlements as “the cost of doing business” while continuing to rake in huge profits by illegally pushing the mass prescribing of the drugs or failing to obey laws intended to prevent their misuse’ (McGreal 2019). John Kapoor, the 75-year-old billionaire founder of Insys was found guilty of bribing doctors with hundreds of thousands of dollars, as well as luxury experiences, visits to strip clubs and bars to make them prescribe Subsys, a synthetic opioid, to those who did not

need it. ‘In one instance, the company paid nearly \$260,000 to two New York doctors who wrote more than \$6m worth of Subsys prescriptions in 2014’ (McGreal 2019). The motivation of all parts involved being greed and the pursuit of luxury – literally, over dead and suffering bodies. These are some of the ways we can think luxury and corruption, there may be others. But as these examples show, it is high time we think them – critically – together.

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Notes

¹ Zelensky not only focused in his campaign on anti-corruption, but also explicitly framed it within the discourse of values and morality: 'What I present is not just my program. These are my values. This is what I believe in and why I am ready to serve' (Те, що я презентую, — це не просто моя програма. Це мої цінності. Це те, у що я вірю і чому готовий служити), <https://program.ze2019.com/> (accessed April 27, 2019).

² <https://www.transparency.org/cpi2018> (accessed April 27, 2019).

³ <https://youtu.be/TfbH2JK7WvM> (accessed April 27, 2019).

⁴ 'Трус Янукович внезапно решил, что он - мужчина [...]. Кроме того, Янукович записал еще одно видео, где сообщил о своих намерениях "по-мужски" поговорить с Порошенко.'

https://znaj.ua/ru/politics/trus-yanukovych-vnezapno-reshyl-chto-on---muzhchyna-nydeo?fbclid=IwAR2dvv_YFoPaiPZUBRANX6roYQ1cDVjufmXjPPkytZFrn0v5DqgmfMOUsgY (accessed May 2, 2019).

⁵ https://www.youtube.com/watch?v=qrwk7_GF9g (accessed April 27, 2019).

⁶ https://www.youtube.com/watch?time_continue=32&v=MrIsXKdjZdo (accessed April 27, 2019).

⁷ <https://www.globalwitness.org/en/campaigns/corruption-and-money-laundering/trump-deals/> (accessed May 16, 2019).

⁸ <https://www.theguardian.com/us-news/2016/jan/24/donald-trump-says-he-could-shoot-somebody-and-still-not-lose-voters> (accessed May 16, 2019).

⁹ <https://static1.squarespace.com/static/58831f2459cc684854aa3718/t/5b1fd4bf575d1ff600587770/1528812745821/Sandcastles.pdf>
(accessed May 10, 2019).