

**PANEL 2**

**ACADEMIC PAPERS DISCUSSION (TRANSCRIPT)**

**By: Linda Baker – Paul Simon Public Policy Institute**

**Dick Simpson – University of Illinois Chicago**

**Richard Winters – Dartmouth College**

**Jim Nowlan – University of Illinois Urbana- Champaign**

**David Hamilton, Dwight Gard – Texas Tech University**

**Raymond Scheele, Joe Losco – Ball State University**

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## Academic Papers Discussion (Transcript)

By Linda Baker, Dick Simpson, Richard Winters, Jim Nowlan, David Hamilton,

Raymond Scheele, and Joe Losco

**Mr. David Yepsen:** We have a lot of ground to cover here this morning, so I want to get started. We're really into the heart of what we're trying to do here with this conference, and that is to hear from academicians who have done—excuse me. Could we take our seats, please? Thank you. We're really getting into the heart of what we're trying to do with this conference, which is to hear from academicians about their insights into these ethical and corruption issues into Illinois.

As you can see, we have sort of the mother of all panels up here, and so that's why I'm trying to nudge things along here a little bit. And our traffic cop for this panel is Dr. Linda Baker, a visiting professor with the Institute. Many of you know Linda. And I'll let her give quick introductions of the panelists and allow them to make a few comments about their scholarly work. We thank all of them for being here today. Linda?

**Ms. Linda Baker:** Good morning. Thank you very much, David. We have quite a distinguished panel. I'm not going to go through all of their resumes, but I will introduce them. We started last evening talking about the issue of ethics, and I think the tone has certainly been set. And these are individuals that have actually done a great deal of research on the issue. They're going to do some comparisons and you'll hear some common themes going throughout the presentations. We're going to actually start, and I'm going to name all of them and then have them to do their presentations.

We're going to start with Dick Simpson, UIC Chicago, and he's written a paper on "Chicago and Illinois, Leading the Pack in Corruption." Following his presentation of his paper, Jim Nowlan, the University of Illinois Urbana-Champaign, "The History of Corruption in Illinois." Following that panel we're going to go to Raymond Scheele and Joe Losco from Ball State University, "Illinois, a Culture of Corruption," and they're going to compare that with Indiana. He's going to share his presentation with Steve Hall. At the end we'll have David Hamilton from Texas Tech University, "The in Illinois of Corruption." And he will compare Illinois with Texas, and he will share his presentation with Dwight Gard. We're going to start with you, Dick, and I think you're going to come to the podium.

**Mr. Dick Simpson:** I have a lot of material to cover quickly, so I want to be able to use some notes. I have a very easy task. I have the task of proving whether or not there is corruption in Chicago and Illinois. Everybody thought they knew the answer to that question, but it was often difficult to actually state how much corruption we had in any meaningful way.

And the second reason why that's important is that it gives momentum, when we're talking about specific changes to laws or to patterns, it also awakens a sense of how corruption actually exists. So far we've done six anti-corruption studies. You can get them all on my website if you Google Chicago Politics@UIC.

So the first piece of information is you are lucky. You are sitting in the most corrupt city in the United States. As we've studied the data of actual convicted felons for public corruption in every federal district—there are 94 of them in the United States. Mostly they cover metropolitan regions, but some are down—there are three in Illinois, for instance. We find that we have more convicted felons than anyone else, and that's why the title of our paper, "Leading the Pack."

In Illinois there have been 1,828 people convicted of corruption from 1976 to 2010. Fifteen hundred and thirty-one of those convictions have been here in the metropolitan region of Chicago. Now, if you think for a moment that for every person convicted there are at least ten or 12 or 15 or more who would have been convicted if there had simply been the time, the evidence and the ability to find them, you begin to get a sense of the magnitude of the problem.

Since the Al Capone era, we've been known as a corrupt place. As most of you know, Al Capone bought the mayor, Big Bill Thompson, with money, and bought off the police, and was able to operate with impunity until the federal government came in. How much more corrupt are we? Even on a per capita basis, if we look at the big states, there are more federal public corruption convictions in Illinois than in New York, or California, or Florida, or Pennsylvania, or Texas, or Ohio, or New Jersey. You get the idea.

We're about the third most corrupt state in the United States. It gets to be a controversy, and you can look at our various statistics as to which way you want to measure us. Do we really care if we're third if the ones who come in first are places like Louisiana, and per capita, because they have fewer people down there, and have a similar level of public corruption? It's enough to say that we are, indeed, the most corrupt city and that we're one of the most corrupt states.

Now, it's easy to make a joke about it. When I talk to my class, I say the two dangerous crime zones in the state of Illinois to avoid are the governor's mansion in Springfield and the city council in Chicago. Four of the last seven governors have gone to jail, 31 of my colleagues in the city council have gone to jail. Two more died before they could get to jail or be tried, and two are currently pending trial in the federal courts. It's a dangerous place to go to, city hall, worse than any ghetto in the city of Chicago, for instance, if you look at serious crime rates.

Now, there are a variety of things which we can do to correct corruption. Hopefully, as we go on in the conference, we'll get to discuss it more. But a lot of the image in Illinois—I want to go on to two of our other studies—is that, oh, it's just that big, bad city. Oh, they're awful in Chicago. We heard those stories.

What it turns out to be is that's not the true case. Our sixth study of corruption is on suburban corruption in the metropolitan region, all those nice suburbs that are all so honest, have upstanding people, never think about corruption. Well, it's true of some of them. But when we looked at the suburbs, we were easily able to find 100 public officials who have gone to jail in the suburbs of Chicago, in more than 60 different suburbs.

They include 17 mayors of Chicagoland suburbs and they also include a lot of police chiefs, many police officers, particularly when they're protecting adult establishments or gambling or drug sales in their particular suburb. They aid criminals. They've been connected to the Mob. You can think of the case of Cicero, but Cicero is not the only place that has a deep connection between criminal figures and the public officials.

So I want to particularly make the point that corruption is not a Chicago problem. You're going to hear a paper in a moment about attitudes about the rural counties and how they self-report. If 1,828 people have been convicted of corruption, and only 1,500 of them are here in the metropolitan region, there must be some of those 300 people down there in the rest of the state who are corrupt.

Some are just in Springfield in terms of being public employees, but others aren't. There are the famous cases of Paul Powell, the current case of the comptroller of Dixon who somehow managed to steal \$53 million. I didn't even know they had \$53 in Dixon. Pretty bad corruption even in the rural areas, but certainly in the suburban areas.

Now, there are 1,200 separate taxing bodies in the metropolitan region, 540 in Cook County alone, 7,000 in the state. That's a lot of places to steal money. And even when you're not stealing money, I've only been talking about actual convictions. We also have patronage, we have nepotism, we have inefficiencies. One of my favorite examples, Andy Shaw, who was on the panel last night, recently did an op-ed in the *Sun-Times* about a topic I've covered.

Four mosquito abatement districts in Cook County. Who knew it took four governments to catch a mosquito? The cost is \$14 million for mosquito abatement districts, all of which could be done by the Cook County Health Department.

When you have mosquito abatement districts that no one finds accountable, you find, for instance, the Northern Cook County Mosquito Abatement District, they seem to like to have their conferences in Hawaii in winter. Interesting that a mosquito abatement district would have to go to Hawaii a lot to study mosquitos, particularly during the winter. You find nepotism, you find patronage, you find people who are doing jobs that could easily be done by other people that already exist in other governments.

What should we do about some of these areas? One of the new ideas we've circulated, no one is in charge of corruption in the suburbs. It just is unregulated.

Yes, each city could do something about it, each town, the 1,200 of these governments. We need a new suburban inspector general, at a minimum, just to ferret out the full level of corruption in the suburbs. That's one of the kind of new suggestions that we need to start thinking about.

Yes, there are ethical problems, yes, it's more broad spread than just convictions. But I want to start with the premise we do have a problem. We have a documented problem. Any state that has had 1,828 people already convicted, not counting the last two years of corrupt officials, and any area, such as ours, which has 1,521 people convicted of corruption is in need of a remedy. And it's our job at this meeting to come up with those remedies.

**Mr. Jim Nowlan:** I will move very quickly so that we can hear fully from our guests from Indiana and Texas. I'm going to pass by the history of corruption in Illinois because Jim Merriner, who's with us, has written the best history of corruption in Illinois, a book called *Grafters and Goo Goos*, which is available from Southern Illinois University Press. And it's a romp through corruption in the state from the early 1800s to near the present.

I'll talk about perception, now that Dick has talked about fact. And perception may be as big a problem as the fact. I did a survey last year, a national survey, of 1,000 respondents, and asked them to name one or two states that they consider among the most corrupt in the nation. One-third of all the respondents named Illinois as one of the most corrupt.

Among persons over 35, nearly half of all those respondents named Illinois, unsolicited, as one of the most corrupt states in the nation. Overall, the survey found us ranking third after New York and California. And 60% of the respondents said that if they knew a state was corrupt, it would have a negative or strongly negative effect on their decision to locate in such a state.

A statewide poll that I took this past year asked Illinoisans if they thought their state was corrupt, and 90% said the state was either somewhat or significantly corrupt, so the perception within the state is that we indeed have a corrupt state. Probably more important is the work I did with economic development officials in Illinois, a survey of 70 of them. These are the men and women who recruit business to come to their communities and regions of the state.

And as part of the survey, I asked them about the role of corruption, if any, in their efforts to recruit businesses to the state, and three out of four of them said that corruption was either a somewhat or significantly negative impact on their business recruiting. For example, quote, "To put this in context, most of our visiting CEOs start the conversation jokingly about the corruption, and ask, 'Do I need to make a contribution to move here?'" It's light and not serious, but it doesn't start the dialogue with the right tone.

Why don't I just stop there, since we have so many on the panel. You get the point, that there are consequences of corruption in our state that will be addressed later in the day by those who talk about solutions to our problem. So I'll turn to you, sir.

**Mr. Ray Scheele:** Yes, I'm Ray Scheele from Ball State University, and our paper takes a look at the comparison between Indiana and Illinois on public corruption. We didn't get into the paper very far where immediately something came out of the history. It was 102 years ago at the Union League Club in Chicago that a very prominent lumberman by the name of Edward Hines went around to some of his friends at the club and asked them for \$10,000.

When one of the acquaintances said, "What is that for?" He said, "Well, we had to buy that U.S. Senate seat for Bill Lorimer, and so I've got to get the money to put together that was promised the state legislators." Eventually that story got to the newspapers, and immediately the U.S. Senate, that didn't know quite what to do, but it was a big controversy, they appointed a special investigating committee on the Lorimer election through the state legislature of Illinois.

None of the U.S. senators really wanted to touch it, but they had a new member of the United States Senate, a man from Indiana by the name of John Kern, who was well-known nationally, because he had been on the ballot as vice president with William Jennings Bryan. He was a Democrat, and he was a skilled attorney. So they brought this freshman senator and they said, "You take care of this Lorimer situation out there in Illinois."

So Kern—and you can go into the Senate hearings, and some of you probably know this story well—it ended up with Kern's recommendation out of the special committee to expel Lorimer from the United States Senate, and he was expelled. Kern went on then to become the first recognized majority leader of the United States Senate under Woodrow Wilson.

So immediately, when we got into this paper, we saw a connection between Indiana and Illinois on the basis of corruption. The amazing thing is that that brought about the 17<sup>th</sup> Amendment to the United States Constitution, which is the direct election of U.S. senators, rather than corrupt legislators at the state level electing them.

Our paper takes a look, first off, at the literature with respect to state comparisons, starting with something that the panel talked about yesterday, which was the Elazar political culture literature. And there's some very good literature that compares Indiana and Illinois with respect to culture, and we match up pretty closely on the various indicators of political culture.

The fact is that all of our measures are somewhat deficient when it comes to political culture. The best is obviously the Department of Justice indictments and convictions on the Public Integrity unit of the U.S. Department of Justice. We took a look at that. We took a look at the various studies by the Better Government Association, public integrity people that rank the states in terms of public corruption. And actually, we

came up with taking a look at state laws through the National Conference of State Legislatures. They do a very good job of mapping out the different laws.

We finally decided that we would run a correlation amongst all of these state rankings and all of these studies to find out if they were measuring the same thing, which is public corruption, and we found out none of them were correlating. So obviously we have different views as to what exactly it is we're measuring.

We finally took a look and focused on the two that are most widely cited in the literature, the Department of Justice convictions for public corruption and then an article by two academics that surveyed reporters in the states that covered the state houses, as to whether or not they thought their state was pretty corrupt. So this is a perception, as I think Dick mentioned a perception of corruption in the 50 states. And I'll turn it over to my colleague Joe Losco, then, to say where we went from there in terms of our paper comparing the two states.

**Mr. Joe Losco:** Once we had an idea of what some indicators of corruption were, some better, some not so good, we asked what is it we're comparing corruption to. And the question that we raised was if political corruption is a kind of dysfunction or civic malaise, then is civic health its opposite? And if corruption signifies a civic breakdown, are the elements that contribute to civic health the cure?

And there's a lot of literature that many of you, especially academics in here, know from Robert Putnam and his followers on something called social capital. Social capital is, very simply, the reciprocity and trust that binds social relations. And it's been identified as an important component of well-functioning societies and a key component of civic health.

There have been a number of cross-national studies that have tied social capital to lower levels of corruption. As a result, trusting societies, it's found in several of these studies, are more likely to have efficient government, higher levels of economic development, and less corruption.

What brings social capital about? Social capital is thought to be generated through activities like exchanging favors with neighbors, eating dinner with family, holding political discussions with family and friends, joining community organizations, and starting this at a very early age. And last evening we also heard about the importance of building a counterculture to corruption and starting that at a very early age.

Putnam has posited that the greater incidence of these activities, the higher the level of social trust and the more likely one is to engage in activities like voting and volunteering, which also are signs of civic health. Social capital has a lot of critics, and in our paper we list those, if you're interested in going through those. Nevertheless, social capital and related notions of social trust have proven useful in discussion of political corruption before.

To determine if social capital was related to levels of political corruption, we examined the impact of several measures of civic health, most of which come from the National Conference on Citizenship, comes from a variety of surveys. The measures include voter turnout, volunteering, belonging to at least one group, exchanging favors with neighbors and discussing politics with friends.

We then put this into a model that incorporates some institutional factors along with the social capital factors in trying to correlate that with measures of political corruption. And I'll let my colleague Steve tell you how that turned out.

**Mr. Steven Hall:** So what we have is a statistical analysis of the level of corruption across 50 states, and we're going to try to use it to get some leverage on why Illinois, indeed, seems to be so much more corrupt than Indiana. And I know many of you, if not most of you, are practitioners and aren't nearly so fascinated by the statistical details as I am, so I'll summarize what we did and say that the approach that we use allows us to treat corruption and social capital, two variables that are very hard to get a hold of, as unobserved variables for which there are indicators rather than variables that can be measured directly.

And what we found was that, indeed, social capital has a very strong negative effect on corruption, that states that had higher levels of social capital had lower levels of corruption. And what was particularly interesting was we controlled for the legal environment as well, the extent to which states had, I guess, more permissive laws or strict laws controlling public corruption, and it had no effect. So it was not the formal legal structure, but these informal norms that really, the kinds that were mentioned in the discussion this morning, that seem to be important.

So taking the results of the statistical analysis and applying them to the difference between levels of corruption in Illinois and Indiana, we observed that among the control variables that we used, Indiana and Illinois were actually quite similar, but when looking at social capital, Indiana had a great deal more volunteerism and group membership, which are sort of, in Putnam's view, very important trust associated factors of social capital.

Now, it was the case that Illinois had more voter participation and discussion of politics, but we think that perhaps that might give us some insight as to what's going on, this idea that these trust associated factors of social capital seem to create an environment where public corruption is less rife.

**Mr. David Hamilton:** I guess it's our turn. So folks, we had to change our topic. We looked at Texas and we couldn't find any corruption. [*Laughter.*] But we could find a lot of craziness. If you recall, our dear Governor Perry threatens to secede from the union, gets reelected.

The latest is that the head of the county, our administrative judge they call him, Judge Head—I'm not sure you remember this, or this just happened—he was trying to justify increasing the county budget to hire more police officers or sheriffs' deputies and he



said, "If Obama gets reelected, he's going to give away the sovereignty to the United Nations, and we've got to protect our sovereignty in Lubbock" from all these UN troops that might be coming in, so those are the kind of people that we have in Texas.

Water might corrupt, but in Texas, it's the dirt. We don't have any water in Texas, so the dirt makes people crazy, I think. So anyway. So be that as it may, we decided that the corruption is all in Illinois, so we came back to Illinois and we started looking at corruption in Illinois.

I've been studying patronage for many years. In fact, I'm a refugee from Chicago. And one of the things that I argue is that patronage is probably the antecedent of corruption, that where there's a lot of patronage, it leads to corruption. And I use the term patronage very broadly to mean anything that affects the hiring process, pay to play contracts, etc.

So we think, and we've been talking about this, that there is a culture of corruption in Illinois. And Raymond mentioned it, it's been mentioned before, that Elazar, back in the 1970s, came up with his typology of political culture and names Illinois as a traditionalist type of culture, even though there's some—I'm sorry, individualist, not traditional, individualist.

Even though there are some traditionalist elements down in the southern part of the state, that the individualist overwhelms the—and there's a little bit of moralistic type of culture in the northern part of the state, probably not Chicago, but outside Chicago. So the individualist culture tends to overwhelm the rest of the culture, so he named Illinois as an individualist culture.

Individualist culture is politics is dirty, and people accept that, that there's just a lot of corruption in politics, and that it fits very nicely into patronage. And the traditionalist type of culture is a nice blend as well, because the traditionalist type of culture is an elitism type of culture where there's a lot of paternalism and quid pro quo, I give you something, I'll give you a job, you help me out. So it all fits in nicely. I think that the individualist culture tends to be a little bit more blatant, dirtier in terms of corruption.

So we decided...we also questioned whether Elazar's typology, his designation of us being, Illinois being individualist, only applied to large governments. You look at Chicago, you look at the state of Illinois, you look at some of the bigger governments in Cook County, they tend to be very...a lot of corruption. And so we decided maybe small towns are a little bit different than Chicago and the state. And even though Dick says—what did you say, a hundred and, two hundred—

**Mr. Simpson:** There are about 300 who have been convicted outside of the metropolitan region.

**Mr. Hamilton:** We decided what we would do is see how the managers, the administrators in the small towns think about corruption in their town, think about politics in their town, and think about how Chicago and the state of Illinois has

affected politics in their town. So we did a survey of small town Illinois outside of the large city. And we had a little difficult time getting the proper survey instruments. We had a rough time finding all of the municipalities and people that we could contact within the municipalities.

We went to the Illinois City Management Association. They had some 260 members, so we used them. We went to the controller's office. It has all of the municipalities in the state, some 1,200, but not...and most of these, obviously, are too small to have a real paid executive, so we ended up culling it down to about 550 names that we could actively solicit.

And we developed an instrument of some 30 questions and we emailed these out. And you know how people answer surveys. We did get some response. And what I'd like to do now is turn it over to my colleague Dwight to tell you what we found out.

**Mr. Dwight Gard:** One of the things we noticed when you study patronage is in the past it's all been based on anecdotal, basically storytelling, and you never had any statistical rigor to it, so we tried to bring some inferential statistics into the analysis. And typically, when you set up a statistical test, you try to find evidence to reject some hypothesis. And when you study this kind of thing, it's hard to find a test to reject the notion that the small towns are similar to the big towns. That's the hypothesis that we want to reject because we think they're different.

And so what we did is we set it up kind of like a trial, where we looked for the preponderance of evidence, to say we did statistical analysis on individual things and used those to determine whether there was enough evidence to say that small towns were sufficiently different that we think the political culture is different.

Just to give you just a brief sketch on what the respondents look like, two-thirds of them were males. Seventy-two percent had college degrees, 52% had advanced degrees. Ninety percent of those with advanced degrees were males. So what we found is that females dominated, females without college degrees dominated the small communities, the rural type communities, and males with advanced degrees dominated the suburban/urban area.

Eighty-eight percent of all respondents claimed there was no partisan-type politics in their towns and there was no difference between small versus large. The rural-suburban split was about 40% rural and maybe 50, 60% were suburban-urban. And of the type of government they had, 38% were council manager and 47% were mayor, council type governments. And the council manager type were concentrated primarily in the suburban areas, and mayor type, council were in the rural type areas.

Now, what I'd like to do is just go...there were so many statistics that it would bore you to death if we were to try to say them up here without a PowerPoint to look at them, so let me just give you five of our findings. We wanted to concentrate on the political aspects of small towns. The first thing we asked them was if they perceived that they were similar to the politics in Chicago. And 83% of them said no, we are not

like Chicago. Seven percent said yes and 10% were sitting on the fence. And there was no difference between whether small towns or large towns held that position. So by and large, 83%, we are not like Chicago.

The next question we were curious about was the political involvement by leaders. Ninety percent of the respondents said we think that the politicians, that there's a nice balance, they don't tend to become too involved in our jobs as administrators. Ten percent claimed that the politicians were too involved, and virtually all of those were in the suburban type towns. But that was just a small effect.

The third issue was political interference, and whether these politicians actually try to get in your face and make you do things you don't want to do. Fifty-six percent of them said it never happened, that that didn't go on out there. Forty-four percent, at the worst they said it happened occasionally. And suburban type towns were four times more likely to say that than were the rural type towns. So if it went on, it happened in the suburban towns.

The fourth one was we were curious about whether employees had any connection to the political leaders. And approximately 50% of the administrators said yes, our employees have some connection to the leaders, and 50% of them said those employees tried to use that influence to cause them to do something that they wouldn't ordinarily do. Fifteen percent said that they—only 15% said they succumb to that kind of pressure. So even though employees tried to bring it to them, they rejected it, and all but 15% were able to not change their ethical kind of behaviors.

The fifth one was we asked does Chicago affect you in how you carry out your duties, does that taint of Chicago kind of blow downwind toward you? And 57% said no, it never does affect us out here. Forty-three percent at most said occasionally it will affect us. And of those that were affected, suburban were four times more likely to say that than were the rural. The last one was have you exposed illegal activity, and 81% said no. And there was no difference in that response between small towns and large towns.

Now, when we looked at it, we said, well, that seems clearly different than what you might expect if they were similar to Chicago. And so we said, well, that must be a different kind of culture, and it doesn't seem like it's traditionalist, because you would expect more corruption in a traditionalist kind of thing, so it tends to sound more like a moralistic kind of approach in the smaller cities. And if that's the case, I mean, that's the case we're building is this circumstantial case against our hypothesis that small towns are different from the evidence. And we think there's convincing evidence for us to say they're different.

Now, if they're different, then you say, well, is Elazar's typology correct? Now, we do know, of course, that the majority of population is in the larger cities. But if the immigration pattern into Illinois was somewhat homogeneous when it settled the state, you would expect that the same kind of people would be in small towns as well

as large towns. And so we were curious as to why they would be different in small towns.

And we can only speculate on this. We weren't able to tease that out yet. Perhaps that's good future research. But either small towns suppress this highly individualistic behavior—it's a little harder to want to, I think, screw people in a small town because it's so much easier to see what's going on, it's hard to hide. In a big city you can get away with it because you're a small minority, and maybe you are complicit with whoever it is that's benefiting from that relationship and you can hide amongst millions of people in the big city.

Or from the small cities, perhaps people that were inclined to behave like that, in a Darwinian adaptation, they moved to the big city because they could hide out better and the stakes were higher, the money was bigger, and so if you're good at the game, you might as well go where the stakes are higher where you can win more. So we think perhaps that may have been it.

Or the other thing we speculated is that maybe Elazar's typology was temporal, and that in the time when he postulated that, that might have been true, but maybe it has an expiration date, so to speak, on the theory, and that as times change, maybe those things don't hold quite as tightly. And so basically our conclusion was we thought small towns were different, and you kind of wonder why are they different. Why doesn't it act the same out there in the small towns?

**Ms. Baker:** Okay, we have about 15 minutes left for questions and answers. I want to start, Jim, by asking you a quick question and then we'll take questions from the audience. One of the things, as we talk about small towns and large cities, we know that in Illinois we have a huge budget crisis to go along with our ethics crisis, and so I'd like to ask you what are the economic impacts that you—because the economic impacts not only affect small towns, but also the state at large, and did you look at any of the economic impacts in your study?

**Mr. Nowlan:** The economic impacts of corruption?

**Ms. Baker:** Of corruption, yes.

**Mr. Nowlan:** Well, Dick has, so if you don't mind, I'll turn it to Dick. He's looked at that.

**Mr. Simpson:** The best estimate we can make is the corruption tax in Illinois is at least \$500 million a year, meaning that if you didn't have the patronage and nepotism, the outright stealing, the crimes and so forth, that we would have \$500 million more for government to do other things—the education system, pensions, whatever. That may be low. You heard Andy say last night he thinks it's a couple of billion dollars. It's very difficult to measure. I won't go into all the reasons. But we've not been able to do a more accurate measure. We can measure some very specific costs.

I'll just give you three quick examples. The moment that the impeachment proceedings started on Blagojevich in Springfield, the state went out on a bond issue.

It cost the state \$20 million more simply because Blagojevich was perceived to be a crook and Illinois was perceived to have a bad government that wouldn't pay its debt, and we had to pay \$20 million on that one bond issue.

Under Hired Truck—I may not remember exactly, Tom might correct me—my memory is that in Hired Truck there was about \$24 million of out-of-pocket costs lost. That is, we hired trucks we didn't use, so that the trucking owners could make a benefit on the contract. We obviously give out lots of contracts.

Before the commission that was discussed last night, the state ethics commission, one of the purchasing officers from the prison system testified before the Collins Commission that the contracts in the prisons were 5% corrupt, that is 5% of it was total waste in phony contracts that overpriced what they were providing the prisons. Well, when you look at a state budget of whatever it is now, \$24, \$25 billion here or there—

**Male:** About 60 all total.

**Mr. Simpson:** Sixty all total out of all their units, and you figure that the contracts are running ten or 20 billion of that, you begin to run into some pretty big numbers. And that's one reason it's hard to get an exact number.

Again, just to go back, Jim said he wouldn't do the whole history. We've had talk of corruption by the governors since 1818, but we actually had the first corruption case in 1869 here in Chicago in Cook County over a contract deal. What the paper said in the 19<sup>th</sup> century about contracts from Chicago government is "thievery was written between the lines."

If thievery is written between the lines in contracts, you're talking, as the famous Everett Dirksen used to say, a million here, a million there, and pretty soon you're into big money, you're into big money in Illinois, that at least \$500 million a year is wasted, and that affects our budget, to answer your question.

**Ms. Baker:** Okay.

**Male:** Linda, could I make a quick comment that relates to Indiana and Illinois?

**Ms. Baker:** Absolutely.

**Mr. Scheele:** In the survey that looked at the perceptions of corruption across the states, Illinois, as I said, was named as one of the most corrupt by 33% of the respondents. In all of the neighboring states, the percent was 2% or less. In other words, Indiana, only 2% of the respondents identified Indiana as one of the most corrupt states, so the perceptions are significantly different.

**Ms. Baker:** Okay, thank you. Questions from the audience. And if you have a question, please stand and state your name and where you're from.

**Mr. Dave Kohn:** Dave Kohn, Director of Public Affairs, Union League Club. This conversation and the presentation that preceded it touched on reasons why we may or may not see corruption at different levels of government and different states, but one thing that kept coming to my mind, especially given some of the papers we've heard described in synopsis this morning, is what ever happened to the concept of shame?

You ask the question the difference between big cities and smaller communities, one of the things that occurred to me is the possibility that in smaller, more tightly-knit communities, individuals may be more reluctant to engage in activity that might bring shame on themselves or their families because everyone knows one another, and there's a certain degree of civic anonymity, so to speak, in a large metropolis like Chicago. I wonder if the panelists could speak to that, and if you think that might play a role.

**Mr. Hamilton:** I'll start that. I'm sure that plays a role. I can't conceptualize that it doesn't, that people in small communities know everybody else, and so they're a little bit less willing to engage in these kinds of things. But I also think that they possibly answered the questions the way they thought we would like them to answer the questions.

And I also think—and this is just my supposition—that the administrators in small communities tend to be, as we found out, tend to be more women, maybe less educated. They might be the wives of the political leaders and that politics goes on, and it's just a fact of life. And they don't see that as being...they're not professionals, as such, and so they don't see that as being a problem.

And so it's all kind of, like we say in Texas, good old boys network. You know, we just kind of all get together and do what we need to do, and we hire our wives or we hire our spouses, our partners, and there's just kind of one big political family. And the corruption doesn't probably exist. And one reason it doesn't exist is because, I think as Dwight said, the stakes are smaller, and we're just all participating together.

**Mr. Scheele:** In our paper, we interviewed, or I interviewed a former U.S. Attorney from the Northern District of Indiana who had a priority in his office. He's now on the federal bench. But he had a priority to go after public corruption. And I asked him the question, well, when the FBI comes up to one of these public officials and puts the handcuffs on him and says you're under arrest for public corruption charges, what's the first thing that person says? Getting to the idea, well, is he ashamed or not.

And the former U.S. Attorney said, "Oh, it's one of two things. Almost every time it's going to be one of two answers. One answer is going to be, 'I didn't do anything wrong,' and the other answer is going to be, 'You finally caught me.' It's one of those two answers." Now, where does shame fit in on those two answers? Well, I guess we could speculate.

**Ms. Baker:** Okay, we have a question on this side of the room.

**Mr. Tom Tresser:** I'm Tom Tresser from CivicLab here in Chicago. To you guys who are professional question askers and seekers of facts, can you talk a little bit about the difficulty of just getting the facts, as you need to do your studies, from civic lives, the records, and how can citizens using technology help you or us to keep them honest and report what's going on?

**Mr. Nowlan:** I'll answer part of it. Some facts are available, but not easily available. If I ask a show of hands how many of you have looked at the public integrity data from the Department of Justice from 1976, there wouldn't be any hands up in the room, even though the data set exists. We have trouble with that data set. For a long time we couldn't tell whether it was one person who had been convicted ten times in the data set or it was ten different people when you saw the number ten. We had to decode it. Likewise, even the city council voting records which are available on the clerk's website, it's hard to tell is your alderman being accountable or not.

So there are a number of things that could be helpful. One is groups like ICPR that take information and produce it in a form that's of any use to a citizen. You don't usually have the idea, well, what does a citizen need to hold the government accountable.

The other is, as you suggest, in social network. The League of Women Voters used to do much more actively, would actually put people in the suburban—and Terry's group, who was on the panel last night—put people to actually go to those little village town meetings in the suburbs. There are a huge number of groups. Most of them have no one there keeping account of what's going.

The court watch program has mostly fallen apart, so we don't know when there are mistrials in the Circuit Court of Cook County or anywhere else. So we need more information, but most of the time we need the information recalibrated so that it's of use to citizens in a practical, effective fashion, rather than just stray information sorting.

Your other question has to do—and some of the others will answer this, and David hinted to this—if you ask...one of the reasons we have a hard time is, of course, first of all, on the factual side, everybody who's corrupt is trying very hard to keep that fact a secret, right? They don't want people to know that they're doing corruption or the U.S. Attorney might find out, so they're very consciously hiding what is the actual problem. And so even just knowing that is hard.

But if you ask people a question, it's sort of like have you stopped beating your wife yet. If you ask them are you corrupt, do you know anybody corrupt, is your family member corrupt, the answer is obviously no. If they think David wants the answer back is your town a corrupt town, is it a terrible place to live, your answer is going to be no. So there are difficulties.

But what I've found is when you actually get through all of that, it's not like this is a marginal activity. It's not like there's just a little, little bit of corruption and it's very hard to find. There's a whole lot of corruption and it's very easy to find. And what we need to do is sort of highlight that and work from that.

**Ms. Baker:** Okay, another question?

**Male:** Yes. So you painted a picture of systemic corruption in our state. I'm really interested in the gentleman who did research comparing Illinois and Indiana. As you look at state capitals, Illinois, of course, has a state capital geographically very distant from our major population center, whereas in Indiana, Indianapolis a major population center, and the hub of the state capital.

And my hypothesis would be that the distance in Illinois between our major population center and the state capital leaves our political leaders, in a lot of ways, unattended and perhaps creates an environment where there might be corruption. I know there's some scholarship that speaks to that. I wonder if anyone wants to comment on that.

**[Mr. Losco]:** Well, you're right, there is quite a bit of scholarship on that showing that capitals that are more remote, it's more difficult to trace and identify corruption there. Of course that also mixes with the question of media availability, and that's something that was brought up last night. The media tend to be in the larger markets. In Indiana, of course, Indianapolis is our big market, and we do have major newspapers there. Obviously different states have different situations there. But when we used some of these other comparisons to the states, other systemic legal environmental comparisons, we still found that things like social capital were vitally important.

**Mr. Nowlan:** Just a quick comment. I wouldn't let small towns off the hook too easily, coming from one. I think corruption is found where the U.S. Attorney looks, and the U.S. Attorney is located in the major cities, and so there's going to be more looking in the metropolitan areas than there is in our small, rural communities where, over the years, I have noticed nepotism and patronage and significant small time corruption that would be under the radar screen of the U.S. Attorney.

**Male:** We were surprised that we didn't get a better response in terms of politics in small town communities.

**Male:** I wanted to say something to the gentleman who asked about shame. David and I were talking just before we came up here. In one of the courses I teach, we were talking about counterfeit goods, and asked the question whether people thought that that was a bad thing for people to do, these people to knock off these luxury brands and things like that. And almost everybody said, yeah, that's not a good thing to do.

And then my next question was, how many of you would buy counterfeit goods? If you want to buy a Coach purse and you don't have \$600, you might spend \$50 for the knockoff. And almost all of them said they would do it. And I think there's a...when I watched the proceedings with Charles Rangel from New York, brought up



on all those ethics charges in Congress, and then he gets reelected, I wonder whether there's a separation between what can you do for me without me feeling the sting of having been complicit in the wrong action. Like buying counterfeit goods, I don't feel like I did wrong, you did wrong, but not me, therefore I'm okay to buy it.

And I think maybe the same thing goes on with politics, that as long as I can separate myself from the wrongdoing, I'm happy to have you do something good for me, and I will keep electing you to do that.

**Ms. Baker:** We have one last question from someone from the League of Women Voters.

**Ms. Missey Wilhelm:** My name is Missey Wilhelm with the League of Women Voters of Illinois. With respect to the comparison between the small cities and the large cities, how big an anomaly is what happened in Dixon?

**Ms. Baker:** The question is how big of an anomaly is it, small town, large city, the issues that happened in Dixon? Is that an anomaly?

**Mr. Nowlan:** I think \$53 million is an anomaly.

**Male:** I would say that's an outlier. And there's anecdotal stories all over the place about corruption in small towns. Like Dick's talking about what, 200 suburban—

**Male:** Three hundred.

**Mr. Simpson:** Three hundred non-Chicago, non-metropolitan region people have gone to jail for public corruption. Some of them might be state employees. That's what we haven't been able to sort out.

**Male:** Right. And then Jim talks about corruption is where you see it, so if you get some kind of a federal attorney out there in the suburbs or out in the rural areas, you're going to find corruption. But I really think Dixon is an anomaly. I like to think...well, I'm not sure. I won't say.

**Mr. Nowlan:** Well, but we have a lot of other anomalies. Remember Paul Powell and his shoe boxes. Now, he was a state official, but he came from small towns. It's not that small towns are perfect in Illinois history.

**Male:** So that might mean, as Dwight said, that the people who are traditionalists, or individualists, who have that orientation, migrate to the larger governments, where the stakes are higher, where they can get more. So that leaves the smaller communities more ethical, less political. I don't know.

**Mr. Nowlan:** I'd like to make just one comment. Somehow we've not managed to talk about the real cause of corruption, besides the culture of corruption, which is the ongoing factor and history of Illinois. The real problem is the political parties of Illinois. I'm talking about the machine political parties. Chicago has been controlled

by the Democratic machine. DuPage County has been controlled by the Republican machine. David was talking about patronage. Patronage comes mostly through political party hiring. Nepotism always is part of machine politics, and corruption is always a side effect.

Now, the problem about fighting machine politics is it's not an easy task, as I've found out over 45 years. When I was in the city council, Eddie Vrdolyak, who you may well know, used to say to us, "If you're gonna fight the machine, you better bring lunch." It's a long task. It's not something you finish in a day. But any proposal that we're going to have to cure corruption is going to have to face the reality that it's ingrained in the political system. And until we change the political power of machine politics for something new in the 21<sup>st</sup> century, we're not going to curb corruption.

**Ms. Baker:** Okay, on that note, we have a second panel, and we will move on and get ready for the second panel. Thank you very much. [*Applause.*]

[*End of recording.*]