

ESSAY

# Is America a Kleptocracy?

Here's how life could change for the rich, poor, and everyone in between.

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**When great changes are afoot, we look for** a user manual. There will be new patterns of living and new expectations for the future. The rapidly developing corruption landscape in the United States will be no exception.

U.S. President Donald Trump's election last November and the accelerated institutional and personnel changes since his inauguration have forced Americans into new political territory. In particular, anti-corruption institutions and norms

are unraveling. Attorney General Pam Bondi has ordered the Justice Department to prioritize cases related to criminal cartels and closed down Task Force KleptoCapture and the Kleptocracy Asset Recovery Initiative; Trump himself ordered a pause in new investigations or enforcement of the Foreign Corrupt Practices Act for six months.

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While those developments focus on U.S. businesses engaging in corruption overseas rather than at home, other anti-corruption norms are also coming under rapid and significant pressure. The Trump administration has fired at least 17 inspectors general—offices installed after the Watergate scandal as an independent check on mismanagement and abuse of power within government agencies—as well as several senior Justice Department employees. The president also issued an executive order that undermined the independence of agencies such as the Federal Trade Commission and Securities and Exchange Commission, both of which have important roles in detecting and punishing corruption.

For some, these changes go beyond the usual shifts in policy that come with a new administration. They seem to require a new vocabulary. For example, few people had heard of the word kakistocracy (a society governed by its least suitable or competent citizens) until it was the *Economist*'s 2024 word of the year. Pundits have labeled the tech executives with the best seats at Trump's inauguration as America's new oligarchs; in his farewell address to the nation, President Joe Biden issued a warning that "an oligarchy is taking shape in America." And in February, Sen. Bernie Sanders deployed a more dire descriptor still when he said the Trump administration was "moving this country very rapidly toward a kleptocracy." What do these terms mean, both definitionally and in practice? And which, if any, can be accurately said to apply to the United States' oncoming political order?



**The first definition required is that of** corruption itself. Corruption is the building block of regimes considered antithetical to Americans and the American tradition yet has been frequently invoked across the political spectrum of late. "I campaigned on the fact that I said government is

corrupt—and it is very corrupt,” Trump said in an appearance with advisor Elon Musk at the White House in February. Indeed, rooting out graft in the so-called “deep state” bureaucracy is one of Musk’s stated goals for the Department of Government Efficiency (DOGE), set up via executive order in January. Among other accusations, Musk has said his team at DOGE discovered “known fraudsters” receiving payments from the federal government and that some people working in the bureaucracy, including at the U.S. Agency for International Development (USAID), had been taking “kickbacks.”

Few would argue that fraud and waste are entirely absent from federal government spending. Last year, the U.S. Government Accountability Office estimated that the federal government loses between \$233 billion and \$521 billion a year to fraud and that agencies had made about \$2.7 trillion in improper payments over the last 20 years. The figures are huge, as with any organization spending more than \$6 trillion annually. But do the documented instances of fraud in the U.S. government rise to the level of corruption?

While there is no universal definition of corruption, one of the most common, as defined by the advocacy group Transparency International, is “the abuse of entrusted power for private gain.” For Musk to use

this term in its proper sense in regards to USAID, for instance, he would have to demonstrate how USAID employees or contractors used the authorities granted to them in order to gain private benefits, such as by taking bribes or gifts in return for granting lucrative contracts. Receiving a duly authorized government paycheck for implementing policies within one's job description does not count as "abuse of entrusted power" or "private gain" and thus would not qualify as corruption.

There are a variety of flavors of corruption. Currently, the most concerning kind is grand corruption. Grand corruption is when public institutions are co-opted by networks of ruling elites to steal public resources for their own private gain. It involves a wide variety of activities including bribery, extortion, nepotism, favoritism, cronyism, judicial fraud, accounting fraud, electoral fraud, public service fraud, embezzlement, influence peddling, and conflicts of interest.

In dismantling systems that protect against it, there are fears that the Trump administration could be opening the door to grand corruption in the future. Rep. Mark Pocan has criticized Musk's situation as a special government employee with federal contracts—at least 52 are ongoing, with seven government agencies—as “ripe for corruption” and plans to introduce a bill aimed at banning special government employees like Musk, who gave at least \$277 million to support Trump and other Republicans in last year's election, from obtaining such contracts. In a *New York Times* op-ed in February, five former Treasury secretaries expressed concern about “political actors” from DOGE gaining access to the U.S. payment system. This access, they wrote, endangered the security of a system previously handled exclusively by nonpartisan civil servants in order to prevent individual or partisan



enrichment. (Musk told podcast host Joe Rogan in February that DOGE employees “go through the same vetting process that those federal employees went through.”)

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In contrast to grand corruption is the petty kind, which citizens encounter when asked for bribes or other favors in places such as hospitals, schools, and police departments. While pop culture is rife with storylines of corrupt cops and civil servants, such as in *The Sopranos*, most Americans have not experienced having to slip a little something extra to get their driver’s license renewed or a child registered in the local public school. But, as the old saying goes, a fish rots from the head down. When grand corruption increases, lower-level officials may feel even more emboldened to demand bribes in ways new to many Americans.

Kleptocracy takes corruption—even grand

corruption—to a whole new level. There is not one specific definition of kleptocracy beyond that of “rule by thieves.” As with grand corruption, a kleptocracy involves tightly integrated networks of elites in political, business, cultural, social, and criminal institutions engaging in bribery, extortion, and other destructive actions. But additional characteristics make kleptocracy stand out even above grand corruption.

First, the grand corruption in a kleptocracy is systemic, deeply networked, and self-reinforcing. Setting up a complex and highly lucrative corruption scheme is one thing, but transforming institutions to keep multiple streams of grand corruption through multiple networks ongoing for years or decades is a whole different level of kleptocratic wherewithal.

Second, the consequences of a kleptocracy will distort long-term political and socioeconomic outcomes. While grand corruption schemes may amass elites billions of dollars, if those occur in a large enough economy, they may not necessarily impact the average citizen much. In a kleptocracy, the distortions are so massive that average citizens cannot miss the impacts on their lives.

Third, in non-kleptocracies, grand corruption scandals may shock the conscience and grab

headlines because they are not the norm. Such grand corruption in a kleptocracy is not an aberration but instead the unifying purpose and core function of the state. The scandals come so fast, so widespread, and so large that many citizens feel powerless to respond.

Key elites—referred to popularly as oligarchs—are instrumental in a kleptocracy. Oligarchy is derived from the ancient Greek words *oligoi* (“few”) and *arkhein* (“to rule”). Aristotle described oligarchy as

“when men of property have the government in their hands.” Per Aristotle’s definition, to count as an oligarchy, the wealthy must be able to influence the government so to protect their wealth and power at the expense of the larger population.

While the term is most associated with the hugely wealthy insiders who are part of Russian President Vladimir Putin’s inner circle, some scholars argue that those described as Russian “oligarchs” do not technically meet the definition because while these individuals clearly have plenty of money, most do not seem to have much actual influence over domestic or foreign affairs. Scholar Ilya Zaslavskiy instead refers to them as “kremlogarchs” to signify their huge wealth but lack of actual political influence.

Democratic kleptocracies offer a different model of political power again. In Hungary, the ruling Fidesz party under Prime Minister Viktor Orbán has been able to consolidate control over the parliament, courts, bureaucracy, and the media. Former U.S. Ambassador to Hungary David Pressman has summed up Hungary’s system as an “embrace of nihilistic corruption.” Companies linked to Orbán’s family and others in his inner circle receive highly preferential lucrative opportunities for government procurement contracts, for example, while those on

the outside find their ability to operate limited. Meanwhile, even though Hungary is in the heart of Europe, the press there is highly curtailed, to the point that one of its last independent radio stations was forced off air in 2021.

All kleptocracies are unique, and an American kleptocracy, were it to eventuate, would function differently from those in places such as Hungary, Iran, Russia, Saudi Arabia, the United Arab Emirates, or Venezuela. Nonetheless, kleptocracies share common characteristics, and there are signs a uniquely American form is already emerging.





Meta CEO Mark Zuckerberg, Amazon founder Jeff Bezos, Alphabet CEO Sundar Pichai, and tech billionaire Elon Musk stand among other guests at U.S. President Donald Trump's inauguration at the Capitol in Washington on Jan. 20. SHAWN THEW/GETTY IMAGES

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**Seeking to categorize how kleptocracy** operates in different countries, scholar Michael Johnston has identified four major syndromes of corruption. The United States falls into the bucket of what he calls Influence Markets—the world's democratic good-governance leaders.

No country considered an Influence Market has ever become a full-fledged kleptocracy. In an Influence Market, petty corruption is rare, and cases of grand corruption can lead to jail time, new legislation, and electoral losses, though there is often significant controversy over what should be considered legitimate lobbying or campaign contributions versus outright corruption. These countries display strong democratic norms, protect personal freedoms, advocate for human rights, and have independent courts and other enforcement agencies. The state is administered through a relatively clean, professional, and apolitical civil service.

The United States is the preeminent Influence

Market country in the international system. It boasts the world's reserve currency and one of its strongest economies and biggest militaries. Anti-corruption institutions and norms—as understood at the time—were written into the Constitution by the Founding Fathers or instituted shortly thereafter, including its system of checks and balances, emoluments clauses, Bill of Rights, and the requirements for representatives to live in the districts and states that they represent. In 1977, the United States even became the first country to make it illegal to bribe another country's politicians, via the Foreign Corrupt Practices Act, which Trump has ordered a pause on enforcing.

There is no historical model for what happens when a great power that is also an Influence Market becomes a kleptocracy. Should the United States fall into kleptocracy, a few winners will benefit greatly. To be sure, inequality is not new, and several studies have shown that social mobility in the United States has been declining for years. Even so, a tilt toward kleptocracy and fewer checks and balances would exacerbate an alarming trend line. In 2023, there were 1,050 billionaires in the United States, with a combined wealth of almost \$5 trillion. In the third quarter of 2024, the top 1 percent of Americans held \$49.23 trillion in household wealth, while the bottom 50 percent held only \$3.89 trillion. Under an

American kleptocracy, the number of billionaires would likely grow along with the already disproportionate wealth of the top 1 percent.

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## **There is no historical model for what happens when a great power that is also an Influence Market becomes a kleptocracy.**

In a kleptocracy, preferential policy access and outright grand corruption for oligarchs mean that procurement prices rise, public services are further privatized, and nitpicky fees abound. Thus, more public roads turn into toll roads, and businesses from airlines to hotels to credit cards can pile on the fees and surcharges. The Trump administration's attempt to shut down the Consumer Financial Protection Bureau, and the cessation of its investigative work, is a possible harbinger.

As oligarchs can further avoid taxation, taxes fall more heavily on the poor and middle classes. Tariffs typify this trend, since they are taxes paid primarily by the consumer, not the supplier. Price increases from tariffs on food will hit the poor especially hard; the lowest income quintile of U.S. households spent



33 percent of their after-tax income on food in 2023, compared with the richest quintile, which spent only 8 percent.

Social programs—especially for a nation’s poorest citizens—are increasingly curtailed, underfunded, or cut entirely in a kleptocracy. The recently passed House budget proposes to extend Trump’s 2017 tax cuts, which primarily benefited the wealthy, aiming to cut \$2 trillion in spending over 10 years, including \$880 billion in cuts to be determined by the House committee that oversees Medicare and Medicaid funding. Recent comments by Commerce Secretary Howard Lutnick, immensely wealthy himself, that Social Security, Medicaid, and Medicare are “wrong” is a further worrying sign. Trump would not be the first Republican president to muse about cutting these programs, but early moves—including the proposal to slash hundreds of Veterans Affairs contracts—suggest that this administration’s cuts may be more deep and widespread than its predecessors’.

Politicized institutions, especially law enforcement, are necessary to keep the kleptocracy going. As former Peruvian dictator Óscar Benavides put it, “For my friends, everything; for my enemies, the law.” Venezuelan and Russian companies, for example, know that being on the wrong side of the

government brings the tax police, devastating tax bills, and bankruptcy, making the weaponization of the IRS a threat to all. This was something that President Richard Nixon understood when he provided his IRS commissioner an “enemies list” of some 200 Democrats for auditing, with the intent that they would be investigated and some even put in jail. The IRS commissioner had the list locked away rather than conducting the audits. The recent departure of the acting IRS commissioner and the firing of 6,700 probationary workers during tax season, as well as DOGE’s efforts to gain access to IRS and other taxpayer information, are also warning signs of such politicization.

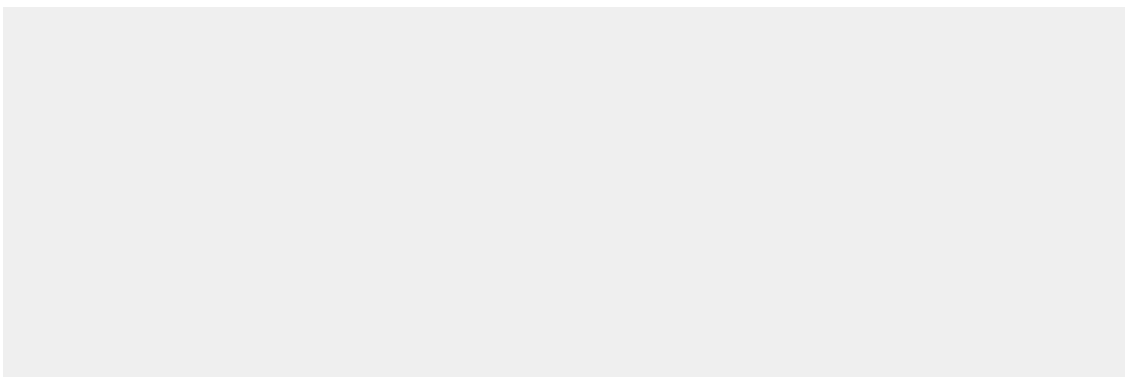
Looking forward, other executive orders and policies, if implemented, could further push the United States toward kleptocracy. Most crucial is Schedule F (now called Schedule Policy/Career), laid out in October 2020 by the first Trump administration. It was rescinded by Biden and then reestablished via an executive order on the first day of Trump’s second term. This executive order allows civil servants to be categorized into an employment grouping with fewer job protections, undermining 150 years of civil service reform. Implementing it would return the United States to the spoils system prevalent in the 19th century.

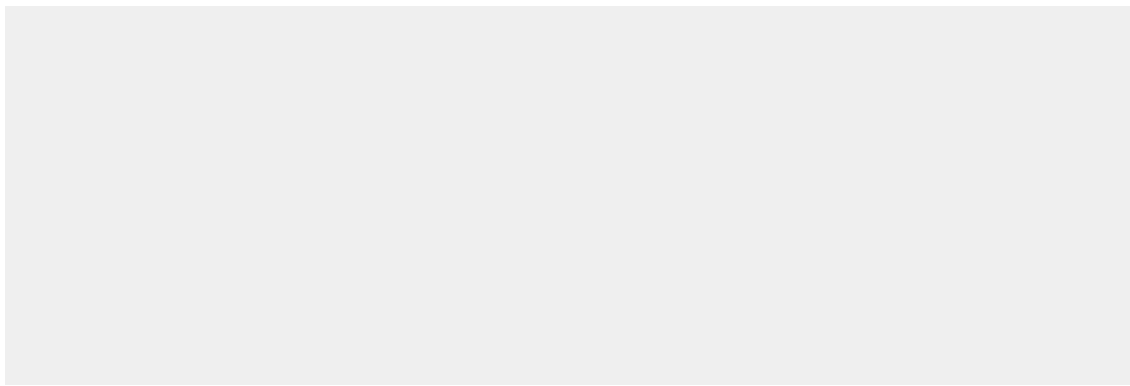
The result of these various executive orders and directives, questionable personnel choices, a hamstrung Justice Department, undermined independent agencies, and the defunding and defanging of the civil service is that those who want to morph U.S. federal institutions for their own personal benefit are in positions of power to do so. Moreover, the rapid-fire initiation of all of these efforts makes it harder for states, courts, civil society, and journalists to respond effectively; this is former Trump advisor Steve Bannon's famous edict to "flood the zone with shit" in action.

Journalists in a kleptocracy are further constricted because libel laws may be skewed to make it easier for those in power to mount strategic lawsuits against media, civil society, or even ordinary citizens who might report on malfeasance to silence them. Musk and the administration's response to reporting that identifies DOGE employees is an early example of this. The narrative can be controlled in other ways, too. While Amazon founder Jeff Bezos's ownership of the *Washington Post* or Musk's ownership of X gets the most attention, conservative ownership of local media stations throughout the United States, such as Sinclair's network of nearly 200, makes them an important means to shape the pro-Trump message. In a globalized world, high quality—and often highbrow—media will remain

available to those with the money, time, and willingness to access it. As Sergei Guriev and Daniel Treisman note in their book *Spin Dictators*, the availability of this media serves to prove that the regime is not actually that authoritarian while also making scapegoats of globalist elites who read the international, often paywalled, press.

Since the 2010 *Citizens United* decision, which allowed unlimited dark money to flow to federal election campaigns, what constitutes “corruption” for legal purposes has been very sharply curtailed. The most disturbing recent decision, however, is *Trump v. United States* (2024), which has given the president a remarkable amount of immunity so long as his actions are in some way linked to official acts. It also limits what presidential actions can even be investigated. Combined with the ability to pardon those involved in federal cases, Trump and any future president have a great deal of legal leeway to bend the U.S. government to their will.






Musk and Trump stand in front of a Tesla Cybertruck during a news conference outside the White House in Washington on March 11. MANDEL NGAN/AFP VIA GETTY IMAGES

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Trump's pardon of cryptocurrency cult hero Ross Ulbricht—who ran a darknet drug market and had been sentenced to life in prison without the possibility of parole—and the administration's possible pressure on Romania to allow the departure of Andrew and Tristan Tate—under criminal investigation there for human trafficking and money laundering, among other charges—are ominous signs. When asked, Trump said he knew nothing about Romania's decision to lift the travel ban. (The fact that Florida's attorney general has opened an investigation into the recently repatriated brothers, who deny the charges, is more promising.) Trump's executive orders targeting two law firms, one of which represents former special counsel Jack Smith, further serve to weaken the rule of law.



# **Despite promises to free up business, kleptocracies must intervene substantially in the economy.**

Despite promises to free up business, kleptocracies must intervene substantially in the economy. After all, one cannot ensure that economic benefits go to favored groups if the market is allowed to do its thing. In a well-governed country, for example, a procurement contract goes to the firm with the best bid and that has a track record of being able to do the work. But in a kleptocracy, most procurement contracts go to those in the right network or who paid the right bribes, not to the most qualified.

The best documented example of kleptocratic state capture of an economy is in South Africa, where a judicial commission found that former President Jacob Zuma and other state officials worked with the Gupta family to ensure that their companies received lucrative contracts with the government and state-owned companies while employing members and friends of Zuma's family. The massively overpriced contracts sucked tens of billions of dollars out of the economy and left a large hole in the federal budget. Among the detritus of the corruption and rot left over since Zuma's resignation in 2018 has been the mangling of the country's

electricity grid, which in turn has undermined broader economic growth.

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**The United States is nowhere near South Africa** in this regard. And it has often fallen short of its ideals in the past without surrendering its status as a liberal democracy. Yet Americans can gauge whether they are descending into kleptocracy simply by observing whether their net worth and social network increasingly determine their rights and access to services.

Because the United States was already the most unequal country in the Organization for Economic Cooperation and Development, life for the wealthy in a kleptocracy would largely carry on as it has before—or may even improve. They can squat behind their private security and their walled communities. Their children can attend high-quality private schools and can play tennis and soccer at private sports clubs. Medical insurance and health care are already available mostly to those who can pay or who have an employer willing to do so. Some wealthy communities will be able to maintain high-quality policing, fire departments, and other social

services. For those who cannot pay or who do not happen to live or work in or near these fortunate suburban ink spots, the crumbs available for public services will continue to diminish, as will public security.

An opposition united against oligarchs is a kleptocracy's greatest threat, so they must maintain a divide-and-conquer strategy. In the 2024 presidential election, Trump increased his share of Black and Latino voters and barely budged with white voters, leaving some experts to describe polarization as decreasing. But many of Trump's early decisions seem designed to rekindle polarization. For example, his sweeping pardon of the 1,500-plus people charged with crimes related to the Jan. 6, 2021, attack on the U.S. Capitol hardly seems geared toward uniting the country. The ongoing purge of military leaders, with some dismissals apparently linked to diversity, equity, and inclusion efforts, is further divisive. Particularly notable was the firing of the chairman of the Joint Chiefs of Staff, Gen. Charles Q. Brown Jr., along with the chief of naval operations, vice chief of staff of the Air Force, and the top lawyers for the Army, Air Force, and Navy. Generals have been fired before, including by Presidents Harry Truman and Barack Obama, but in Brown's case, there was no clear reason or obvious poor performance to point to. In



fact, Defense Secretary Pete Hegseth had previously questioned if Brown, who is Black, had received his position because of his skin color.

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Whether such actions, taken en masse, add up to full-fledged kleptocracy remains to be seen. But what is certain is that kleptocracy is a deliberate strategy rather than a fortuitous opportunity. There is no “accidental kleptocracy.” As a result, dekleptification studies show that the best time to dekleptify a society is whenever that society’s rules and institutions are in flux, which in the United States is now. Normally, a dekleptification window stays open for up to two years, but this American example is moving so fast that there may be only months rather than years to react.

Civil society action through the courts has been the most effective countermove so far. Organizations such as Democracy Forward, a consortium of good-governance civil society groups, have been filing lawsuits on behalf of veterans, teachers, and the

rights of average citizens. Likewise, states—especially blue states—have been filing lawsuits, including one alleging that DOGE’s authority granted by Trump is unconstitutional.

People around the world have fought against kleptocratic networks, often successfully. That means there is a trove of dekleptification lessons learned for concerned Americans to adapt as part of developing their own strategies and tactics. USAID’s Dekleptification Guide is considered the best synthesis of how to dekleptify a country; it examined case studies of both successful and unsuccessful dekleptification from around the world to find the most useful strategies. While the document is no longer online, the anti-corruption community is working to make it available to the public again. It is hardly the only guide. Srdja Popovic helped found the group Otpor! in Serbia, which successfully and nonviolently helped bring down President Slobodan Milosevic’s kleptocracy. Since then, Popovic has worked through the Center for Applied Nonviolent Actions and Strategies to publicize successful nonviolent strategies, too. These are only two of the many global sources available. After decades of Americans trying to tell other countries’ citizens how to fix their governments, it may be time to turn the tables.

As for grand corruption, Americans have their own history of fighting back, including during the Gilded Age. They can look for and then elect committed anti-corruption reformers like Theodore Roosevelt, reinvigorate the muckraking of Ida B. Wells and Ida Tarbell, and reengage in the tactics of sit-ins, protest marches, boycotts, and other acts of resistance. These, after all, have been the hallmark of civil rights movements throughout U.S. history. 

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