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Corruption and Anti-Corruption Strategies: An Assessment Framework

Octavian ARON¹

Abstract

Causal explanations of corruption and governance abound in the literature, as well as studies about the effects upon outcomes such as economic growth, political equilibrium and social equality. When countries are confronted with failed reforms and corruption scandals, this can aggravate the economic crisis.

European countries vary enormously in the extent to which politicians or public officials abuse their powers for private gain. In this context, of greater intellectual interest are those methods or strategies by which one could tackle the challenge of reform in order to reduce the severity of corruption. In this regard, this article aims to shape and improve the literature that deals with corruption and provides ways to reduce this widespread phenomenon.

Key Words: corruption, strategies, political parties

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Introductory Remarks

Corruption is generally regarded as one of the most significant drawbacks to development. The theoretical literature shows that corruption is negatively correlated with economic outcomes and reduces growth by keeping private investment at low levels (Lederman, et al., 2005). Moreover, far from being eradicated, corruption has insinuated itself into the complex relations between state and market, endangering the mechanisms of political consensus formation and enhancing the crisis of political activism (Porta and Vannucci, 1999).

Furthermore, the literature on corruption has expanded rapidly due to the fact that this phenomenon has become a central problem of European economic environment and politics. The theoretical literature in political science, sociology and economics has made numerous attempts not only to define corruption but also to shape and explain the patterns of this phenomenon. In this regard, it is important to understand both the determinants of corruption and the effects that they impose upon politics and more generally upon society (Lederman, Loayza and Soares, 2005).

The present article sets out an assessment framework by reviewing the theoretical work that has been undertaken in this field. The objective is to provide a structure for two distinct areas of analysis: the first one focuses upon the classical and modern notions of corruption, whereas the second gives particular attention to the literature which has as focal point the setup of different remedies against corruption (e.g. anti-corruption agencies). Finally, the third part analyses the relationship between politicians, political parties and their role in corrupt exchanges. This article, therefore, seeks to identify a design that is appropriate for the corruption empirical investigation, eliminating in this way any distortions and uncertainties for future researches.

A Search for Definitions

The question what constitutes ‘corruption’ has long been a feature of conceptual and political debates. Classical conceptions of corruption with broader meaning have given way to modern definitions in which specific actions are measured with a diversity of standards. Nevertheless, the modern meaning of the term has not yet managed to settle the matter: the question what constitutes ‘corruption’ still promises scholarly debates and political disputes (Johnston, 1996).

At this point it is important to mention that the classical notion of corruption is centered upon the moral vitality of society at large, and for

scholars such as Thucydides or Machiavelli (cited by Johnston, 1996:322) the term ‘corruption’ refer less to individual action and more to the distribution of power in society, to the relationship between leaders and followers and to the rulers’ sources of power. In contrast, modern interpretations of corruption have become narrower while the scope of politics in contemporary society has broadened. As a result, for most participants in political life, corruption now refers to the actions of those holding public positions and (according to some definitions) of those who seek to influence them (Johnston, 1996).

Much of the contemporary literature on corruption has followed Heidenheimer’s distinction between public-office centered, public-interest centered and market-centered definitions of corruption (Heywood, 1997). The public office view of corruption is best exemplified by J.S. Nye (cited by Philip, 1997: 440):

“Corruption is behavior which deviates from the formal duties of a public role because of private regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private regarding influence. This includes such behavior as bribery (use of reward to pervert the judgments of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)”.

Nye explicitly excludes public interest from his definition in order to avoid confusing the phenomenon with its results. Others, however, have defined corruption precisely in terms of public interest. Carl Friedrich (cited by Philip, 1997: 440) argues that corruption emerges when a power-holder, e.g. an office holder or public manager, is by monetary or other illegal reward motivated to undertake actions which favors whoever provides the illegal payment and therefore does damage to public interest.

Finally, market-centered definitions can offer an alternative explanation for the incidence of corruption. In the view of Jacob van Klaveren, (cited by Philip, 1997:444) market-centered corruption means that an office-holder will use his or her authority to obtain illegal income from the public. In this regard, corruption refers to those civil servants who treat their offices as a business, seeking to maximize their income. The office then becomes a “maximizing unit”. Nevertheless, as Mark Philip points out (Philip, 1997: 445), not all cases of income or interest maximizing need to be corrupt. Hence, one must address the construction of public-interest and public-office which are based on principles external to the market-model in order to be able to point out those cases of interest/income maximizing which are also politically corrupt. Moreover, the public-office and public-interest definitions are closely related.

Public offices are generally perceived as structured through principles and values that demand all civil servants to be guided by considerations of the public interest (Philip, 1997: 445).

Revisiting Anti-Corruption Strategies

When defining corruption as the abuse of public power for private gains, it should be noted that whatever the academic debates concerning this definition are, its manifestations range from the acceptance of money or other illegal payments for awarding contracts to pay-offs for legislative support or intervention in the justice process. Forms of corruption also include overpricing, establishing non-existing projects or tax assessment frauds (United Nation, 1989:4 cited by Doing, 1995:152).

The extraction of illegal benefits by politicians and public officials through the abuse of their powers, and the exacerbation of such conducts have been documented in the literature on politics, modernization and economic development (see Huntington, 1968; Scott, 1972; Clapham, 1982; Clarke, 1983; Williams, 1987; Theobald, 1990). In line with this, combating corruption is perceived throughout the literature as crucially important: corrupt activities can potentially destroy all types of governmental policies and programs, hinder development and negatively impact individuals and social groups (United Nations, 1990, p.4 cited by Doing, 1995, 152).

Regarding the types of corruption control, Kate Gillespie and Gwenn Okruklik, in their paper, *The Political Dimension of Corrupt Cleanups* (1991:6) have classified the measures of controlling corruption into the following. **Societal strategies** emphasize ethical norms, education and public vigilance. There is a general agreement among scholars that no clean up measure can be effective if society as whole does not accept and promote certain standards of behavior regarding public property and fairness

Legal strategies and legal codes that prohibit corrupt activities are to be found in almost all countries. Generally speaking, public official's activities' are shaped through rules which encompass the collection of political funds, the acceptance of gifts, the disclosure of assets and liabilities and conflict of interest. However, legal sanctions are effective only in the presence of complementary strategies: increased penalties for corruption, the existence of independent auditing and investigative institutions, the existence of an independent justice system, and the determination of the government to curb corruption (Shackleton and McMullen cited by Gillespie and Okruklik, 1991:6).

Many scholars have assessed **market strategies**, and their argument is that corruption is enhanced by government intervention in economy and bureaucratic inertia. In these conditions, the outcome will be disequilibrium between supply and demand for goods and services, and the cases where

demand surmounts supply are conducive to corrupt activity. The prescribed strategy in order to clean up corruption is to simply allow market forces to operate without governmental intervention.

Political strategies promote the elimination of corrupt activities by directing attention upon three concerns: authority, access to political process and administrative reforms. Regarding the authority, one tactic is to place key decision in the hands of committees instead of an individual. Moreover, opportunities to engage in corrupt activities would be diminished if all laws were made more precisely, allowing nothing to the discretion of authorities. According to Kate Gillespie and Gwenn Okruklik, another strategy to clean up corruption concentrates upon maximizing public access to the decision-making process. Additionally, some scholars suggest that a substantial participation of citizens in the political processes prevents official agencies from becoming isolated and hence, reduces politicians' opportunities to raise or obtain illegal benefits. Finally, those who argue in favor of administrative reform emphasize the discouragement of corrupt behavior by increasing the benefits of non-corrupt conduct (e.g. increased salaries, pensions, training) and a mutual antagonistic surveillance between government agencies (Gillespie and Okruklik, 1991:8).

As a part of political and legal strategies, the establishment of anti-corruption agencies has become one of the best-known government responses in recent decades. The history of anti-corruption agencies starts in the early 1950s when Singapore created an anti-corruption commission and continued with the Hong Kong Bureau and the New South Wales Independent Commission. The fact that this type of institution is relatively new can be explained through the fact that corruption became broadly recognized as an important dysfunction of public administration only in the 20th century (Meagher, 2004:70). Furthermore, the literature regards the Hong Kong and the New South Wales anti-corruption agencies as successful examples for the establishment of strong, centralized agencies in the field.

The first model, the Hong Kong ICAC, has enjoyed since its creation in 1974, a continuous success. This agency controls corruption through the means of investigation, prevention and community relations. However, when first established, the ICAC had a limited effectiveness; nevertheless, the repatriation and the successful prosecution of Peter Godber (high police officer) increased the agency's credibility. From that moment, the ICAC has built an impressive record of investigations and convictions (Heilbrunn, 2004). The second example, the New South Wales ICAC, was established in 1987, when the political leaders decided to create an agency similar to the Hong Kong model but with a crucial difference: the new agency emphasized prevention. After beginning its activity, the NWS ICAC managed to build the public trust through a mixed record of successful prosecutions; its major contribution is

that, through prevention, it managed to change the norms of how business is conducted in the New South Wales (Heilbrunn, 2004)

Concerning what constitutes the activity of an anti-corruption agency, this article assumes the definition provided by Patrick Meagher (2004:70): the primary function of an independent and separate agency is to provide centralized leadership in core areas of anti-corruption activity. This includes policy analysis and technical assistance, monitoring, investigation and prosecution. Nevertheless, it should be noted that not all anti-corruption agencies have these functions: they might differ upon national characteristics (e.g. political system).

Furthermore, according to some scholars (e.g. S.N. Sangita), in developing countries the establishment of institutions designed to control corruption is often quite inadequate: sometimes these agencies are created in the absence of a clear understanding of the nature and causes of corruption. Likewise, where there is a lack of strong political and administrative will to effectively undertake corruption, the anti-corruption institutions are rather ineffective (Sangita, 1995:46).

The Political Dimension of Corruption: Parties and Their Role

In general, in any society, the individual political behavior and political outcomes are constrained by political institutions (Persson and Tabellini 2003 cited by Pande, 2007: 5). The structure for collective decision-making is provided through political institutions, which defines the context for public goods provision and resource distribution by the governments. In this framework, the democratic political process (i.e. elections) that gives citizens the ability to dismiss corrupt politicians represents an important potential constraint to corruption (Pande, 2007: 5). However, aside this mechanism, the democratization must be supported through the existence of powerful institutions capable to fight corruption (Amundsen, 1999:21).

Political corruption (i.e. the misuse of public office for private gain) encountered at high institutional level is perceived in the literature as being far more damaging in democracies than in any other forms of political systems. The argument is that corruption is more detrimental to democracies than to non-democracies: by attacking some of the essential principles on which democracy rests, e.g. the equality of citizens before institutions or the openness of decision making, corruption contributes to the delegitimation of the political system in which it takes root (Heywood, 1997). What is worse, the elite and the political parties often choose to transform corruption into an established practice, guaranteeing at the same time the continuity of the system no matter the administrative changes. Therefore, any future research should pay particular

attention to the specific mechanisms through which political elites and parties shape the rules of anti-corruption fight.

This article adopts Donatella de la Porta and Alberto Vannucci's approach (2000:26), which sustains that politicians involved in corrupt activities rarely hide their enterprises from their own party. As a consequence, parties play an important "hidden" role in organizing corrupt activities, i.e. the collection of bribes, by ensuring compliance through a widespread control of public administration. Besides framing corruption as "normal business", parties have the power to shape the fight against corruption (e.g. voting behavior). This raises a more specific question about the political will to engage in the institutional building of anti-corruption agencies. While the existence of free elections and a pluralistic system of representation are critical for the effective functioning of democracy, the key agents – political parties- have been increasingly implicated in corruption scandals in many Eastern countries (Pujas, Rhodes, 1998:18).

The establishment of good governance, the control of rent-seeking and corruption are widely accepted throughout the literature as critical elements in securing a stable economical development (Goudie, Stasavage, 1998:423). By reviewing the literature that has been undertaken in this field, this article sets out a framework within which the problem of corruption can be analyzed. To sum up, the beginning of the article has critically assessed a number of different attempts to define corruption. Furthermore, the second part explored different anti-corruption strategies, and in particular, the role of anti-corruption agencies. Finally, the article raised the readers' attention to political parties as potentially the most important political structures in determining the incidence of corruption within any democratic government.

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