

Thinking about Corruption

by

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At times it seems that there is little to learn from reading the general literature on corruption. Occasionally, there is an interesting report or case study, but in recent years has knowledge in this area really been advanced to the point that it can be successfully operationalized? I am skeptical. Yet, considerable work has been undertaken by governments, international institutions, and non-governmental organizations studying this subject since the World Bank began to use the “C” word.

Many people who work on corruption issues are so-called “area specialists,” who unfortunately examine the problem as if it were a phenomenon unique to a limited number of countries. This can lead to misleading conclusions since such persons lack extensive knowledge about other parts of the world.

Alternatively, many “anti-corruption” specialists do not possess the language skills and sufficient country-specific knowledge to fully appreciate the phenomenon they are observing. I believe that corruption exists in every country – the principal variables being the form it takes, its scope and its impact on the relevant country’s population. Essentially, the question is does it operate as a “tax” or result in government’s ability to provide essential services to the population it rules – assuming that persons in the government indeed have a desire to provide the relevant services?

Many analysts use developed OECD countries as their starting point for conducting comparisons of levels of corruption throughout the world. While moral relativism should not be used as an excuse for unacceptable behavior, an understanding of history, political and economic differences are essential for properly analyzing corruption’s scope and

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effect.

There is a question that has become a cliché in the social sciences: when do anecdotes become data? Unfortunately, with respect to opinion surveys, there is seldom completely reliable data. Sometimes, over the course of many years, if one can achieve a high level of confidence and trust in the conveyer of an anecdote describing a real situation (albeit from that person's perspective), than the anecdote's accuracy (though not its "representativeness") can usually be trusted. Still, one must be wary that the individual describing the situation does not have ulterior hidden motives, or if such motives exist, they are known to the person receiving the information and assessed appropriately.

Pollsters have established generally-accepted standards for developing a relevant "sampling" of opinion, but one cannot and should not have complete confidence in the their results. Pollsters frequently work for individuals or organizations with an agenda that can deliberately or unintentionally skew their findings. Polling is not a science; it is a discipline that requires great skill in execution. This is especially true when examining the problem of corruption. The use of "megadata" (i.e. a collection of flawed studies applying different methodologies) does not really improve the situation.

Political scientists and lawyers need to be cautious when using statistical tools, appropriate for studying the natural sciences or economics, when they utilize them to exam human behavior. We should all be cautious when making generalizations. Situations tend to be fact specific. For example, levels of corruption may vary within a country by region, sector, class and other categories.

It is not due to a lack of imagination that so many people make use of [then] British Prime Minister Benjamin Disraeli's quote that "[t]here are three types of lies: lies, damn lies and statistics." Over the years, I have learned never to put much faith in surveys (especially those based primarily on opinion as opposed to verifiable information), though sometimes I have found such research interesting and even useful. Studies on corruption have been important in making policymakers, businessmen and the public more aware of the extent of the problem and its consequences (I highly recommend Raymond Baker's book "Capitalism's Achilles Heel" for an excellent analysis of the problem).

It is worth identifying **SOME** of the flaws present in many studies of corruption:

1. Corruption exists in the shadows, most participants in corrupt interactions are not eager to publicize them.
2. People vary in how they respond to pollsters. Some individuals tell pollsters what the respondents thinks the pollsters wants to hear; other respondents want to mislead the pollsters for fun -- each situation is *sui generis*.
3. There are difficulties in defining "corruption." In fact, the U.N. Convention on Corruption does not define what is "corruption"? For example, lobbying as it is practiced

in Washington, D.C. might be illegal in many other countries.

4. Since decisionmakers always have limited time to devote to work, those who have access to decisionmakers are likely to have greater influence than those without similar access. If decisionmakers decide to meet only with their political supporters or the largest employers within their district prior to determining a policy, is that not a form of corruption? What is the likely impact of this situation?

5. Michael Kinsley of Slate Magazine (then with the New Republic) once wrote that "the crime is not what is illegal, but what is legal." In some countries, it is not illegal to hire the relatives of government officials, while it is in others. There are many ways to influence outcomes, for example, for a company president to make a charitable contribution to foundations on which "independent" members of the president's board of directors serve.

6. Large entities may have less of a need to act in a "corrupt" manner because if they make a large direct investment in a given locale, they will be generating jobs and tax revenue (benefiting local politicians). Thus, small and medium investors are at a competitive disadvantage whose activities will have a smaller positive impact.

7. As noted above, comparative studies of corruption frequently contain certain shortcomings. Attempts to compare the nature of corruption in particular countries may be hampered since the individuals responding to the surveys may interpret questions differently (particularly given the difficulty in translating questionnaires in a uniform fashion). The manner in which a person poses a question can influence the response (despite efforts to train pollsters to take identical approaches). In addition, words (terms) in one language may have a more nuanced meaning in another.

8. Societal attitudes towards gift-giving vary by country.

9. What is at stake in connection with a corrupt act (e.g. the benefits and the risks involved) will have an impact on the behavior of both the bribe-giver and bribe recipient. This means that a corrupt act such as "fixing" a speeding ticket may occur frequently, but the amount of the bribe required is not great. In contrast, obtaining a license to explore for oil from a government official may be less likely to give rise to a demand for a bribe, but when it does, the amount of the bribe demanded will be high.

10. In many cases, it is the state's leadership that is the most corrupt actor in the country. Frequently, it tolerates corruption by lower level officials so that it has "kompromat" [compromising information suitable for blackmail or future prosecution] with which to control the behavior of potential whistleblowers.

11. Corruption will always vary within a country by region, level of government (national, regional and local), and sector.

12. Corruption may occur in the private sector, but it is not always viewed as wrongful

(or reprehensible) and this is not treated in the same manner as corruption involving public officials.

13. Lenders and lendees, grantors and grantees often have a common interest in demonstrating that a project is being carried out in an appropriate fashion when it is not. Such "collaboration" or misreporting is a form of corruption, but not always viewed as such by the parties involved, since they can justify to themselves why things are not being conducted as originally planned.

Generally, most specialists are in agreement about what can facilitate a reduction in corruption: well-paid government officials, an independent and aggressive press, an independent judiciary, a legislature with investigatory powers and governmental officials whose job it is to identify, investigate and prosecute corrupt individuals.

To be effective, officials tasked with combating corruption cannot work for the same governmental body as the corrupt individual (few organizations are effective in policing themselves). Of course, prosecutions of political officials are often carried out for political reasons. In addition, a country will lack the resources to prosecute everyone – thus it is important to consider why and how a decision to prosecute a particular individual or group of individuals was made?

The most successful anti-corruption policies have been implemented in Hong Kong and Singapore -- both British colonies at one time. This is probably not accidental -- both locales have small populations that were not particularly tolerant of corruption. By contrast, attitudes toward corruption are probably less severe in both India and Pakistan.

In any event, it remains to be seen if the two successful anti-corruption programs continue to be successes with the passage of time. Is it not possible that corruption can be eradicated at the lower levels of government, but exist at the top of the pyramid?

This is not to say that corruption should not be analyzed nor anti-corruption programs attempted. Corruption should be studied, but those individuals producing reports on corruption should not have unrealistic expectations of the impact of their work. Those attempting to implement anti-corruption programs should not expect positive immediate positive results or over-rely on studies that may be of limited value.

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