

Some common myths about corruption



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1. If only we could agree
on a universal definition
then we could do
something about it.



- ◉ Narrowness of WB definition: “*abuse of public office for private gain*”.
- ◉ Total focus on public sector.
- ◉ Pol sci: legal, norms-based public interest approaches
- ◉ Promotes values of the global North as universal.
- ◉ Is policy transfer possible?
- ◉ Yes, but a need to explore approaches that reflect local cultural values and explicitly recognize the
- ◉ breadth of divergent cultural and political understandings of corruption and the fact that they **change over time.** (BROWN, E., CLOKE, J. and SOHAIL, M, 2004. Key myths about corruption (Briefing Paper). [Presented at:] Bridging Research and Policy, The 2004 Annual Conference of the Development Studies Association of the UK and Ireland, London, UK, November)

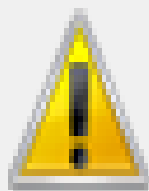
Why no simple definition?

- Corruption is always multi-faceted and fluid in meaning.
- Importantly, how corruption is defined depends on the **context** in which it is located, as well as the **perspectives of the definers** and their purpose in defining it. (Williams & Beare, *The business of bribery: Globalization, economic liberalization, and the “problem” of corruption*, *Crime, Law & Social Change* 32: 115–146, 1999.)

2. We are in the grip of a corruption epidemic.



Microsoft Excel



The file is corrupt and cannot be opened.

OK

- In the past 20 years corruption has emerged within the context of international policy debates as a serious social problem.
- The need has been recognized for integrated anti-corruption efforts on a global scale.
- What has historically been defined as a domestic issue, and subsequently, a cost of doing business with a select group of developing nations, has re-emerged as a global political concern.

“Campaigns against corruption are hardly new. But this decade is the first to witness the emergence of corruption as a truly global political issue eliciting a global political response... The 1990s, we would predict, are unlikely to pass without the achievement of significant legal and institutional anti-corruption reforms”

(Glynn, Patrick, Stephen J. Kobrin and Moises Naim, “The Globalization of Corruption,” in Kimberly Ann Elliott (ed.), *Corruption and the Global Economy*, pp. 7–27, (Washington, DC: Institute for International Economics, 1997).

Crisis, what crisis? Who says so?

- Most of the research on corruption was being sponsored and conducted by members of the major economic and development agencies – i.e. the IMF, the World Bank, and the OECD.
- A strong convergence between academic, public policy, and corporate perspectives.
- Contributed to a singular and highly politicized account of corruption, its underlying causes, and the necessary policy responses.

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- These positions and interests have been articulated according to a primarily economic discourse which attributes the effects of corruption on domestic economic growth and development to its status as a source of uncertainty in economic exchanges, and thus, a barrier and disincentive to foreign investment (Glynn, Kobrin and Naim, 1997)
- Of particular interest here are the implicit links between this status of corruption as a form of economic risk and uncertainty, and the more general international policy debates surrounding globalization.

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- The key change that has occurred over the past two decades is not growth of overall levels of corruption, but rather, the reframing of corruption as a source of economic risk and uncertainty that must necessarily be problematized according to the objectives and interests of the global economy.
- The crisis is more perceived than real.

3. Corruption is primarily an economic problem



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- The dominance of perspectives that treat corruption as entirely about individual rent-seeking and personal enrichment ignore corrupt activities that reflect much more complex motivations and wider political/societal issues and goals.
- All too often, this approach blames the victim.

- According to the World Bank, corruption in the form of bribery and theft by government officials, the main target of the UN Convention, costs developing countries \$20bn - \$40bn each year.
- A lot of money...but an extremely small proportion - only about **3%** - of the total illicit flows that leak out of public coffers.
- On the other hand, multinational companies steal more than \$900bn from developing countries each year through tax evasion and other illicit practices.

(See Global Financial Integrity Report, "Illicit Financial Flows from Africa: Hidden Resource for Development, 26 March 2010, <http://www.gfintegrity.org/report/briefing-paper-illicit-flows-from-africa/>)



4. International institutions are best equipped to fight global corruption.



- The IMF, WB and WTO masquerade as mechanisms for public governance, but they are deeply anti-democratic; this is why they can get away with imposing policies that so directly violate public interest.
- Voting power in the IMF and World Bank is apportioned so that developing countries - the vast majority of the world's population - together hold less than 50 percent of the vote, while the US Treasury wields de facto veto power.
- The leaders of these institutions are not elected, but appointed by the US and Europe, with not a few military bosses and Wall Street executives among them. (Dr Jason Hickel, London School of Economics, "Flipping the Corruption Myth", Al Jazeera, 1 February 2014)

- **Joseph Stiglitz, former chief economist of the World Bank, has publicly denounced these institutions as among the least transparent he has ever encountered.**
- **They also suffer from a shocking lack of accountability, as they enjoy special "sovereign immunity" status that protects them against public lawsuit when their policies fail, regardless of how much harm they cause.** *(Globalization and its Discontents, 2003)*
- **If these patterns of governance were true of any given nation in the global South, the West would cry corruption. Yet such corruption is normalised in the command centres of the global economy, perpetuating poverty in the developing world while Transparency International directs our attention elsewhere.**

**GIVE A MAN
A GUN AND HE
CAN ROB A BANK,**



**GIVE A MAN A
BANK AND
HE CAN ROB
THE WORLD**

5. A strong anti-corruption agency is the answer.



- A crucial issue is the *accountability* of these agencies.
- In principle, they are accountable to the national parliaments and in many countries parliaments are so poorly organized that effectively these organizations are accountable to no one.
- They can then act like a loose cannon, creating more damage than benefits to the anticorruption cause.

- 6. The public sector is incorrigibly corrupt by its very nature. Privatization of government services or adoption of private sector practices is the answer.

Klitgaard's formula

$$\odot C = M + \textcircled{D} - A$$

- ⦿ “Corruption equals monopoly plus discretion minus accountability.”

