

CORRUPTION, **ANTI-CORRUPTION** **& GOVERNANCE**

DAN HOUGH

POLITICAL
CORRUPTION
& GOVERNANCE

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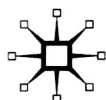
Corruption, Anti-Corruption and Governance

Dan Hough

Professor of Politics, University of Sussex, UK



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Given the way I lead my life – laptop in one hand, passport in the other (with cricket bat and football boots safely tucked in the backpack) – this book has actually been thought about, prepared and written in more places than most. The first chapter plans were penned somewhere over Russia on a flight from Heathrow to Guangzhou in April 2011, whilst the writing was set in train on warm, sun-filled days in my brother-in-law's flat in Liuzhou on that same trip. Various parts of the manuscript were written and tinkered with in a number of different branches of the Maan Coffee shop in China (RUC branch, please take note; they offer free refills at the Beijing Culture and Foreign Language branch, you know ...), as well as on train journeys from Clapham Junction to Brighton and at various other times on trips to Germany, the USA and Belgium. Again, various people helped massively along the way, reading things when nudged (or threatened!), and providing other means of support as and when required. With that in mind I would like to thank all of the following for showing an interest, commenting and criticising and generally just taking what I was trying to do at least a little bit seriously; Tom Guy, Grace and Pete Hough, Jonathan Olsen, and David Padgett. This book also wouldn't be my book if cricket didn't make a contribution somewhere – only this time it doesn't come anywhere in the text, but rather via the cover. With that in mind, many thanks to Twickenham CC stalwart Ben Parer for designing it!

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*University of Sussex,
September 2012*

Note on the Author

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His research centres around political corruption, political parties and also issues of devolution and constitutional change. He has published two monographs (2002 and 2007, the latter co-written with Michael Koß and Jonathan Olsen) on Germany's *Linke* (Left Party) and he has co-written two editions of the leading textbook in the field of German Politics (*The Politics of the New Germany*, 2008 and 2011, with Simon Green and Alister Miskimmon). He has published widely in referred journals such as *Party Politics*, *West European Politics*, *Journal of European Public Policy*, *Government and Opposition*, *Zeitschrift fuer Parlamentsfragen*, *Regional and Federal Studies* and *German Politics*.

When not working, Dan is likely either to be watching Shrewsbury Town Football Club or playing cricket for Twickenham CC. Or tweeting at @thedanhough

List of Abbreviations

ACA	Anti-Corruption Agency
ACECA	Anti-Corruption and Economic Crimes Act
ACPU	Anti-Corruption Police Unit (Kenya)
ACRC	Anti-Corruption and Civil Rights Commission (South Korea)
AGI	African Governance Indicators
AL	Awami League (Bangladesh)
BAI	Board of Audit and Inspection (South Korea)
BEEPS	Business Environment and Enterprise Survey
BNP	Bangladesh Nationalist Party
BPI	Transparency International's Bribe Payers Index
CCC	Committees of Concerned Citizens (Bangladesh)
CBA	Central Anticorruption Bureau (Poland)
CoE	Council of Europe
CPI	Transparency International's Corruption Perceptions Index
CPIA	Country Policy and Institutional Assessment
DEFRA	Department for Environment, Food and Rural Affairs (UK)
DWP	Department of Work and Pensions (UK)
EACC	Ethics and Anti-Corruption Commission (Kenya)
EU	European Union
FIU	Financial Intelligence Unit (Bangladesh)
FOI	Freedom of Information Act (UK)
GCB	Transparency International's Global Corruption Barometer
GCR	Global Competitiveness Report
GRECO	Group of States Against Corruption
IACC	Independent Anti-Corruption Commission (Bangladesh)
ICRG	International Country Risk Guide
IMF	International Monetary Fund
IMK	Standing Conference of Federal State Ministers and Senators of the Interior (Germany)

IPSA	Independent Parliamentary Standards Authority (UK)
K-Pact	Korean Pact on Anti-Corruption and Transparency
KACA	Kenya Anti-Corruption Authority
KACC	Kenyan Anti-Corruption Commission
KICAC	Korea Independent Commission Against Corruption
MoD	Ministry of Defence (UK)
NGOs	Non-Governmental Organisations
NHS	National Health Service (UK)
OACU	Overseas Anti-Corruption Unit (UK)
ODM	Orange Democratic Movement (Kenya)
OECD	Organisation for Economic Co-operation and Development
PCS	Parliamentary Commissioner for Standards (UK)
PiS	Law and Justice Party (Poland)
PNU	Party of National Unity (Kenya)
SFO	Serious Fraud Office (UK)
TI	Transparency International
TIB	Transparency International Bangladesh
UKBA	UK Bribery Act
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USAID	United States Agency for International Development
WEF	World Economic Forum
WGI	World Governance Indicators
YES	Youth Engagement and Support Groups (Bangladesh)

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Introduction

Corruption is, it would appear, one of the great evils of our time. Citizens are appalled by it, international organisations have created reform agendas to tackle it and politicians earnestly claim to want to reduce it. Even the world of business has embraced the notion that it could well be in its interests to work alongside regulators and policy-makers with a view to cleaning up the environment where trade takes place, thereby eradicating bottlenecks in the system and by definition the costs that are incurred. Given the increased salience of corruption in the modern world, it comes as little surprise that in recent times social scientists have also conducted ever more analysis of corruption's underlying causes, its effects, and naturally what policy-makers have tried to do (and indeed should do in the future) to try and counteract it. Working to reduce the underlying negative effects of corruption therefore seems to be very much the order of the day.

And yet, as any student of politics in more or less any part of the world knows, these efforts have been at best only partially successful. Just turning the pages of any decent newspaper reveals as much. Indeed, one might quite plausibly come away with exactly the opposite impression – that things are getting worse, not better. News of corrupt acts comes thick and fast, and no sooner does one 'scandal' arrive than another appears to push it off the top of the agenda. Much of this may well be down to the rise of 24 hour news, the increasing effectiveness of investigative journalism and, indeed, the watering down of many of the bargains that underpinned political life during the Cold War era.¹ However, and in spite of everything,

there is certainly no concrete evidence to prove that politicians today are in fact any more or less corrupt than those of yesteryear. Yet perceptions of endemic corruption remain pervasive. Across the globe there is a systematic lack of faith in elected (or, indeed, unelected) public servants doing exactly what their name suggests; serving the public. These perceptions of widespread corruption hardly sit well with the apparent international consensus that corruption is an evil that must be slain wherever it is found. Where are things going wrong?

This book tries to answer that question. Although social scientists (and, indeed, politicians) have come a long way in terms of working out what, theoretically at least, should and shouldn't work in fighting corruption, we still have work to do in putting these theoretical insights into practice – into testing whether what actually happens matches our expectations. Or, put another way, under what conditions do which type of anti-corruption strategy work?

However, before that question can be answered, there are a number of important hoops to jump through. The first of these involves defining our terms. As has been amply illustrated in the literature, and as is the case with every contested concept, this is anything but easy. Even though definitions can generally be placed into one of three distinct categories – stressing the importance of public office, public interest or what have come to be known as 'market definitions' – international organisations still tend to use similar language;² Transparency International talks of 'the abuse of entrusted power for private gain', whilst the Organisation for Economic Co-operation and Development (OECD) believes corruption to be 'the active or passive misuse of the powers of public officials (appointed or elected) for private financial or other benefits'.³ Christian Schiller, writing on behalf of the International Monetary Fund (IMF), believes corruption to be 'the abuse of public power for private benefit' although he also broadens this slightly by adding that it can be thought of as 'the abuse of authority or trust for private benefit'.⁴ The World Bank, meanwhile, uses very similar language ('the abuse of public office for private gain'), whilst the Council of Europe shirks the challenge altogether by noting 'no precise definition can be found which applies to all forms, types and degrees of corruption or which would be acceptable universally'.⁵ The Council of Europe is no doubt right, but in terms of conducting empirical research this truism isn't particularly helpful.

High-profile international organisations have not conjured their anti-corruption definitions and programmes out of thin air. On the contrary, the World Bank and IMF in particular have traditionally been keen to base their anti-corruption agendas on the evidence produced by (political or developmental) economists. It should not therefore be too much of a surprise that the most prominent analysis in this area largely concurs with the definitions employed by these organisations. Mushtaq Khan, for example, sees corruption as 'behaviour that deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private-regarding motives' whilst Arnold Heidenheimer et al. argue that it is a 'transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs'.⁶ Andrei Shleifer and Robert Vishny, in more combative mode, argue that corruption is 'the sale by government officials of government property for personal gain'.⁷ Susan Rose-Ackermann, in her seminal contribution from 1999, talks of the use of public office for 'private economic gain', whilst Robert Klitgaard sees corruption simply as 'the misuse of office for unofficial ends'.⁸

This is not to deny that definitions centring around the private gains made by public officials don't have their critics; Daniel Kaufmann, former head of the World Bank's Governance team and now of the Brookings Institute, talks for example of 'the privatisation of public policy', stressing how he feels traditional definitions place too much emphasis on public office and not enough on the role of the private sector in attempting to shape laws, regulations and agendas in their own interest.⁹ Political anthropologists can also be fiercely critical of such definitions. They, too, are sceptical of the blind eye that can get turned to the corrupters, and particularly the assumption that the private sector is simply reacting to opportunity structures created by public officials when, of course, it might well be that public servants are being well and truly worked-over by skilful private actors.¹⁰ Anthropologists have also repeatedly criticised what they claim is a very western understanding both of 'public office' as a concept and the notion of rational-legal bureaucracy more generally.¹¹ These ideas don't always travel at all well.¹² This leads on to one of the most enduring problems in defining corruption; ultimately, one's understanding of the corrupt will be indelibly linked with one's understanding of the political. One person's 'deal' is

another person's 'corrupt act'. One person's 'gift' is another person's 'bribe'. Values, norms and ideas that shape your understanding of what politics actually is are therefore fundamental to understanding what is and isn't an acceptable part of the process.¹³ This is all well and good, but it is no basis on which to go out and genuinely conduct comparative research. In order not to get dragged into definitional debates that can often appear to have no end, the following definition will suffice: corruption remains in essence the abuse of a public role for private gain.¹⁴ This is not to say that context counts for nothing. In fact, context doesn't just matter, it is, as the following chapters reveal, absolutely vital in understanding how to move forward.

The second issue that those wishing to tackle corruption have to contend with is the politics of fighting corruption. Successful anti-corruption programmes rely on politicians building broader coalitions of support and also sticking with their policies in to the long-term. Whilst high-profile anti-corruption commissions or national campaigns to clean up public life may sound laudable and indeed be well intentioned, such initiatives all-too-often prove ineffective (and at times they can actually make problems worse) – especially if politicians can't carry respective stakeholders (i.e. civil servants, political opponents, civil society organisations and not to mention the citizenry) with them.¹⁵ This is particularly true where the institutions of governance are not of a high quality and when deeply entrenched vested interests have the opportunity to resist.¹⁶ Indeed, in such environments it may well be better to actually avoid talking directly about fighting corruption and to concentrate on more fundamental issues such as expanding or supporting the development of the rule of law or introducing a bill of rights. In other words, it may well be better to under-promise and over-perform. Getting at the key drivers of corruption needs a firm understanding of the local context; it takes time, and there are rarely quick and easy solutions to what are often deep-seated problems. Furthermore, even when the most blatant and obvious instances of corruption occur, there is rarely a consensus on what must be done to prevent such things happening again. The controversial position of the Independent Parliamentary Standards Authority (IPSA) in the UK following the expenses controversies that engulfed Members of Parliament in 2008 and 2009 is *prima facie* evidence of this.¹⁷

Tackling corruption: Ways forward

Before analysing the relationship between what can be termed ‘governance regimes’ and specific types of anti-corruption strategies and mechanisms, we begin in Chapter 1 by analysing the rise and development of the global anti-corruption industry. Chapter 2 moves on to analyse how the need to understand governance regimes and local opportunity structures became so important before illustrating how this book uses work on hypothesised linkages between governance and corruption to shape the empirical work in Chapters 3, 4 and 5. Whilst measuring governance is a process that is as fraught with difficulty as measuring corruption, there have been real advances in recent years and data such as those produced in the World Governance Indicators (WGI) can be useful starting points for conducting qualitative research on specific types of anti-corruption regime or policy, as well as on individual countries. Indeed, as Kaufmann et al. have commented, WGI composite indicators ‘are useful as a first tool for broad cross-country comparisons and for evaluating broad trends over time’ but they are often ‘too blunt a tool to be useful in formulating specific governance reforms in particular country contexts’.¹⁸ Furthermore, as Kaufmann et al. also note, ‘such reforms and evaluation of their progress need to be informed by much more detailed and country-specific data’ that help the researcher to ‘identify the relevant constraints on governance in particular country circumstances’.¹⁹ It is to precisely this challenge – the need to do theoretically informed analysis of indicative cases – that this book takes up.

Before explaining this book’s approach in more detail, it makes sense to step back and analyse what we know about anti-corruption efforts thus far. There has unsurprisingly been a large rise in the amount of literature in this area in recent times.²⁰ The complexity and diversity of this literature – with contributions from a wide range of academic disciplines – illustrates just some of the problems that the policy community faces. And yet, until relatively recently, international organisations such as the World Bank and the IMF were very clear about what should be done to counteract corruption. This essentially involved embracing what came to be known as the ‘lean government’ agenda. The state – particularly in the developing world – was seen as being more or less inefficient and ineffective,