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978-1-107-11392-3 - The Quest for Good Governance: How Societies Develop Control of Corruption

Alina Mungiu-Pippidi

Excerpt

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# 1 *Understanding control of corruption*

## Why corruption is worth studying

Tarek al-Tayeb Mohamed Bouazizi was a twenty-seven-year-old Tunisian street vendor who set himself on fire on December 17, 2010, in protest at the confiscation of his wares following an accusation by officials that he was trading illegally and evading taxes. That street vendor's action started the fires of the Tunisian Revolution and then the wider Arab Spring, and he was instantly cast as a hero by the global anticorruption community – after all, then-President Zine El Abidine Ben was a typical corrupt leader with a wife who had built herself an unauthorized villa at the Carthage UNESCO heritage site. While the people who disassembled her villa with their bare hands could not have been asked to look at the situation objectively, perhaps the global anticorruption community should still try to do so.

The hero of the Tunisian Revolution was in fact avoiding taxes, like most small traders in poor countries all around the world. He saw himself as acting legitimately against a state that had done so little for him and his family, while President Ben Ali and his wife prospered. The state could have argued that since people such as Bouazizi had never paid taxes, there were insufficient public resources to offer them much in the way of education or healthcare. It might turn out that the money spent on Ben Ali's villa and other spoils was insufficient to provide healthcare and education for all those in need who were either not earning enough to pay taxes or considered it unnecessary to do so. In other words, beyond the paradigm of predator and victim – two parts with ideally cast actors in this particular circumstance – what seems to be the problem in the Tunisian situation is the absence of an agreed social contract between these actors, avoiding both corruption and tax evasion. Only such a contract would give development a chance.

Does such a social contract exist today, after Ben Ali's demise? Are other democracies in the world, more mature than the Tunisian one,

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doing better? Judging by the grass-roots protests in India, Ukraine, Bulgaria, Turkey, and Brazil, one gets the feeling that people are genuinely fed up with governments controlled by rent seekers trying to enhance crony capitalism and inequitable development. The term “corruption” has grown to include all unaccountable public spending. In summer 2013, a fifty-year-old man in Rio de Janeiro held up the poster, “New Hospitals, Not New Stadiums,” protesting against what he and others saw as “corrupt” public spending in advance of the FIFA Soccer World Cup. He said proudly to the media, “I was here in the 1980s. Then we were demanding democratic elections. Now we want better public healthcare and education. We work hard, we pay our taxes, but we get nothing back in return” (Young 2013). Like many other Brazilians, he wanted Brazil to stage the World Cup, but on this occasion he and others were struck by the hard truth that to host such an event, a parallel country, from stadiums to hospitals, must be created corresponding to the standards demanded by FIFA, while he and everyone else are left in the “old” country, the one without standards and where “anything goes.” For this generation of the third wave of democratization, yet another chapter needs to be opened to complete a democratic revolution, a chapter that will cover the elimination of such double standards, of privilege, of what they call the “corruption” of their political leaders. Now that a relative majority of countries holds elections and more citizens than ever before are involved in choosing their own governments, it is more and more difficult to explain why good governance remains such a scarce benefit while corruption seems to flourish in new democracies.

Many scholars and policymakers dismiss these widespread perceptions of corruption across the world as being based on “misperceptions.” But why then do we find consistently that a high perception of corruption is frequently associated with low public expenditure on health (e.g., hospital queues in Brazil) and education, but high on various infrastructural projects (from Brazil’s expensive World Cup to Ben Ali’s grandiose and empty mega-mosque in Tunis), reduced absorption of assistance funds (see HIV funds for South Africa or EU funds in Greece and Romania), low tax collection (if all EU states would control corruption at the same level as Denmark, they would collect twice the EU budget in one year, ending the eurozone crisis), and low participation of women in both the labor market and politics (Mungiu-Pippidi 2013a). Leaving aside the complex relationship between corruption

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and development and its reverse causality problems (corruption may hinder development, but in poor countries that do not pay their policemen or doctors at all or only insufficiently, direct payments by citizens as bribes fund such services directly), evidence exists of some indisputable negative consequences of corruption; once again pleading for a holistic approach to the control of corruption. For instance, high corruption is associated with massive brain drain, as the best educated flee to more meritocratic countries, ultimately further subverting their own country's investment in education and finally development itself (Ariu and Squicciarini 2013; Mungiu-Pippidi 2013a). Corruption on a national scale thus creates disincentives for hard work and integrity: in a 2013 survey of 88,000 Europeans, only in Northern Europe did a majority agree that, for the most part, advancement in their public or private sector is based on merit (Charron 2013). This suggests the mechanism by which corruption is detrimental – through the subversion of fair competition: from admission exams into schools to public sector employment; from a biased allocation of public funding to an unequal treatment of taxpayer funds – thus generating social loss and high opportunity costs. Perceptions of corruption are grounded in such negative experiences, although few respondents have any direct evidence of corruption. Of course, economic hardship enhances sensitivity to such issues, but the negative consequences of corruption on brain drain, gender equality, competition, equal access to public resources and public spending are sufficient to warrant the new wave of attention and bad press it has recently received.

The definition of corruption is controversial in academic debate and the broader world, simply due to the very different ends of defining corruption by lawyers, voters and economists. Everyone agrees that any corruption involves some undue private profit (for someone) due to abuse of an entrusted public authority. The opposite of a corrupt authority seems to be universally agreed upon, or we would not find that more than 150 countries have already signed the United Nations Convention Against Corruption (UNCAC), which came into force on December 14, 2005, committing signatories to a certain universal set of governance standards. In Articles 7 (public sector) and 9 (procurement), the treaty spells out the modern principles of efficiency, transparency, merit, equity, and objectivity as the only accepted governance norms. It also goes far beyond the criminalization of bribery or influence trading, stating in Article 1c that it will “promote integrity,

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accountability, and proper management of public affairs and public property.” This puts an end to moral relativism in the area of governance. The UNCAC, together with the International Covenant on Civil and Political Rights (adopted in 1966, signed by 167 governments by 2011) and all related treaties and conventions, signal that the world now has universal governance norms that sovereign countries have willingly adopted and that should be implemented. That also means that citizens of those countries now have a legal basis to demand better governance. The angry crowds in the street are therefore well within their rights to demand corruption control, but this particular public good seems very hard to deliver.

### How people understand corruption

In the 2013 Global Corruption Barometer (GCB), commissioned by Transparency International and by all accounts a typical public opinion poll on corruption excepting its size (the largest of its kind, with 114,000 respondents in 107 countries), nearly two-thirds of participants expressed their belief that favoritism (contacts) gets things done in the public sector and more than half think that vested interest groups and not the public interest drive government actions. In contrast, a (relatively) more modest 27 percent reported having paid a bribe in the last twelve months. As with the anticorruption protesters interviewed by media in the streets, these respondents also seem to think that bribery is only the tip of the corruption iceberg. In fact, evidence in recent years from multiple survey sources would be contradictory and incomprehensible unless we were to accept that the general population when asked to assess corruption offers its assessment of its society’s capacity to enforce public integrity and fairness, rather than reporting on individual experiences of corruption as legally defined in criminal codes. The answers that respondents give to surveys on corruption are filtered by the respondents’ assessment of whether corruption control in general succeeds or not in their own country to endorse fair competition and social advancement based on merit, which has come to be their main expectation of governance. There is remarkable consistency across attitudes: low trust in government goes with high perception of corruption among officials, a general perception that the law does not treat everyone equally and that favoritism rather than merit explains social advancement. Over 50 percent of

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GCB respondents believed that corruption had increased in the last year, and for every nine people who consider national anticorruption strategies ineffective, only one thinks that they work. In most countries in the world, the majority of citizens do not believe they enjoy corruption control: hence the growing frustration we see on the streets, from Brazil to Turkey.

People grant a far broader meaning to what pollsters call corruption than lawyers do, which can be described quite systematically. Firstly, as already mentioned, we find that societies that perceive high levels of favoritism and corruption also believe that merit has little to do with social advancement and success in life. The correlation between these two perceptions reflects the overall capacity of a society to enforce merit and honesty versus connections or privilege, thus granting a holistic view of the country's performance. Perceptions are important as they reflect popular experiences in all aspects of school, career, and public life, exposing the mechanism of advancement in society and the way the state operates. The data from the GCB 2013 show remarkable consistency within national perceptions, as perceived corruption and the incidence of bribery are significantly associated with the importance of connections for getting things done in the public sector, and the belief that big interests run the government (see Table 1.1).

Secondly, in nearly every survey we find a large gap between corruption victimization (having been asked for a bribe) and perception of corruption (assessment of how many public officials are corrupt), despite the two being significantly associated (bribe givers perceive even more corruption than the rest). Ninety percent of the GCB 2013 respondents who assessed the bureaucracy of their country as corrupt had not experienced bribery directly. In order to fill this gap, we simply have to "top up" the experience of bribery with other experiences of corruption, notably favoritism on the basis of particular connections, which is highly correlated to the perception of corruption of public officials (see Table 1.1).

Thirdly, national perception of corruption is associated in regression analysis with factors other than bribery, with structural factors such as religion or development being very important in the first case (Treisman 2000) and circumstantial factors very important in the second. In other words, different factors matter at collective rather than individual level, explaining the gap. Richer or less educated individuals

Table 1.1 *The faces of particularism*

VARIABLES	% of respondents who think that personal contacts are important/very important to get things done in the public sector	% of respondents who think that the government is to “a large extent” or “entirely” run by a few big interests	% of respondents who consider public officials/civil servants as “very corrupt” or “extremely corrupt”	Perception of corruption of public officials/civil servants (weighted average)
% of respondents who think that personal contacts are important/very important to get things done in the public sector	1			
	Pearson Corr.			
	Sig. (2-tailed)			
	N			
% of respondents who think that the government is to “a large extent” or “entirely” run by a few big interests	104			
	Pearson Corr.			
	Sig. (2-tailed)			
	N			
	0.647**	1		
	0			
	98	98		

% of respondents that have paid a bribe at least once	Pearson Corr. Sig. (2-tailed)	0.145	0.348**	1
	N	104	98	105
% of respondents who consider public officials/civil servants as “very corrupt” or “extremely corrupt”	Pearson Corr. Sig. (2-tailed)	0.471**	0.547**	1
	N	101	96	101
Perception of corruption of public officials/civil servants (weighted average)	Pearson Corr. Sig. (2-tailed)	0.505**	0.561**	0.970**
	N	103	97	0
				104
				104

\*\* Correlation is significant at the 0.01 level (2-tailed).  
 Source: Transparency International (2013)

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[More information](#)**Table 1.2** *Satisfaction with public service by bribe*

Sector/Service		% of respondents not satisfied with service	% of respondents satisfied with service	% of respondents with contact
Education	Paid bribe	32	49	38
	Did not pay bribe	12	66	
Health	Paid bribe	39	42	82
	Did not pay bribe	18	67	
Police	Paid bribe	52	30	22
	Did not pay bribe	16	64	

*Source:* ANTICORRP European Quality of Government Index 2013 (see Appendix 3)

do not bribe significantly more (or less) in GCB 2013, although education and national income explain why more or less bribery is to be found in a given country, for instance. Employees in the private sector are less associated with bribery, while the self-employed are significantly more associated with it, since they are the ones who must negotiate more bureaucratic hurdles – Tunisia’s Bouazizi a perfect example (for a model explaining bribery, see Appendix 1). This confirms that bribery develops as a way to counterbalance other types of favoritism (for example, where the individual or company who is not part of some network of privilege has to buy their way in), with favoritism far more widespread than bribery and no correlation between them (Mungiu-Pippidi 2014). Any individual might offer a bribe in a context where rules of the game are so shaped. Furthermore, of the majority of GCB 2013 respondents who thought their public service very or entirely corrupt, 71 percent considered personal connections matter a lot to get things done.

Finally, a fourth consistent category of evidence shows that people with some experience of bribery are the least satisfied with the public service they receive. Greasing the wheels of bureaucracy is seen as a supplementary tax that people who do not enjoy connections have to pay to get a similar service to those who do (see Table 1.2).

Data from the European Quality of Government Index (EQI) 2013 conducted in all EU member states and some accession-aspiring



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**Table 1.3 Incidence of bribery and perception of equality in healthcare service provision**

Region	Equal Treatment		Unequal Treatment	
	% of citizens who agree that everyone is treated equally in the public healthcare system	% of bribe payers who perceive equal treatment	% of citizens who think they are treated unequally in the public healthcare system	% of bribe payers who perceive unequal treatment
Northern Europe	64	2	36	98
Mediterranean Europe	58	7	42	93
New EU Members	47	13	53	87
Non EU	53	10	47	90

*Source:* ANTICORRP European Quality of Government Index 2013

countries reveals that only 36 percent in the Northern European core group and 42 percent in Mediterranean countries perceive favoritism in their national health systems, versus 53 percent in the new EU member countries, where a majority of citizens claim they are discriminated against when dealing with various public services. The social, income, ethnic, or educational status does not explain this large perception of unfair treatment, which is grounded in the individual experience of respondents.

Around 90 percent on average of the minority reporting some experience of bribery accuse public services of favoritism (for example in healthcare services, see Table 1.3). It is impossible to understand the perception gap in public sector governance unless bribery, favoritism, and performance are indeed accounted for together.

The discussion of whether people are victims or perpetrators seems thus in many ways to miss the main point, which is that there is a comprehensive logic to governance where causes and effects become hard to distinguish, and a vicious circle of rationalizing need and justification is born, which is hard to break. It is difficult to decide in such

a context whether the Tunisian street vendor was a tax evader and a smuggler and the policewoman accosting him was doing her duty, or if the situation was the other way around, with the street vendor the victim and the policewoman the exploiter.

Surveys and slogans nevertheless convey a clear picture of what people understand by a noncorrupt regime: one respecting a social contract based on reciprocal accountability and integrity, where the government does not collect taxes from the many to redistribute them as privileges to the few, where the state is autonomous from any particular interest group and able to seek the best solutions, maximizing social welfare through a process of consultation and transparency. Any self-interested deviation from the entailed integrity, impartiality, and fairness of the *process* of governing is seen as corrupt, as is any *outcome* resulting in an uneven or partial allocation of public benefits, benefiting the granter of favors or his associates.

### How the anticorruption community understands corruption

Two quite different corruption control paradigms feature most frequently in the international community, both quite different from the popular perceptions described above. At one end of the spectrum we find the “eradication of corruption,” at the other “integrity building” or “good governance.” Eradication is a term borrowed from hygiene. It supposes that some invader (bacteria, insect, animal) creates a disorder in an organic mechanism which would not be there in the absence of the pathogen. Therefore, eradication of the pathogenic agent guarantees the restoration of the “good” equilibrium. For instance, the Oxford English Dictionary defines corruption as the “perversion or destruction of integrity in the discharge of public duties by bribery and favor,” implying that somehow an existing public integrity was perverted or destroyed (“Corruption” 1989).

The second paradigm is somewhat subtler, as it admits that good governance cannot be “restored,” but needs more complex “building.” But it also stops short of understanding the nature of institutional arrangements in place and fails to see that a broad societal equilibrium can very well exist in the absence of good governance. As St. Augustine considered that Evil consisted merely of the absence of Good, the paradigm of integrity building presumes that building good governance is like building a barn: it just needs a plan and some builders. The