CHAPTER II

APPROACHES TO TACKLE POLITICAL CORRUPTION:
A COMPARATIVE PERSPECTIVE

Different perspectives on political corruption depicting wide range of its causes and consequences have made it a complex phenomenon. Scholars have proposed different kinds of solutions to the problem and many of these recommendations have been implemented in different countries with varying degrees but the stories of successes are few. This chapter presents various approaches that have been employed in different parts of the world to tackle corruption and to what extent they have been successful. The attempt is to see whether such tools can be useful and can be employed in the Indian context.

In recent years the economic explanations of corruption have dominated the way corruption is being understood which has focussed primarily on principal-agent theory. According to this theory, corruption is understood in terms of an economic agent who is a profit maximizer and his decision on whether to indulge in a corrupt act or not depends upon the cost and benefit of that act. If the benefit of corruption outweighs the cost, the rational agent will more likely behave corruptly. The behaviour of this agent is influenced by either endogenous or exogenous conditions or both. Agent’s personal attributes like economic conditions and his moral standard constitute endogenous conditions. Klitgaard, while explaining the relationship between endogenous conditions and corruption argues that when the moral cost and the probability of being caught and punished outweighs the compensation from the salary and the moral satisfaction of being not corrupt, the agent will be more willing to behave corruptly. The exogenous conditions, on the other hand, are those conditions that put various constraints on power. It has been widely accepted by theorists that existence of three conditions help corruption to exist — discretionary powers over resource allocation, the

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economic rents associated with these powers and low probability of being caught for the wrong doing.\textsuperscript{2} According to Klitgaard, corruption exists where there is monopoly of power of officials with certain degree of discretion and a lack of accountability and transparency in an institution. Therefore, on this basis, it may be argued that those institutions that provide more political freedom, sets limits to the exercise of powers. This is because of the fact that people with more political freedom can participate more openly and actively in the political process. Higher degree of political freedom brings greater transparency and empowers political associations to displace a corrupt government. It is generally argued that democracy is less prone to corruption.\textsuperscript{3}

Reasons for the existence of corruption are many and so are the ways suggested for tackling it. Ades and Di Tella propose three possible approaches to reduce corruption. First, is a “layer’s” approach which talks about strengthening laws and their proper enforcement. Layer’s approach increases the cost and risks associated with corruption, as it focuses on punishment of the corrupt. Second, is a “businessman’s” approach which is in favour of giving proper incentives to public officials which would reduce their temptation to engage in corrupt activities. One way of providing such incentive is to provide higher wages. A businessman’s approach would reduce the incentives of corruption as the motivation for engaging in corrupt act is reduced by providing different kinds of incentives to the public officials. Third, is an “economist’s” approach that advocates increasing competition so that opportunities for exploitation in different transactions can be minimised. Economist’s approach would reduce opportunities for corruption, as competition reduces the chances of abuse of power.\textsuperscript{4}


theorists and scholars have suggested that the first step that needs to be taken is to reduce opportunities for corruption by making the administrative and bureaucratic process more visible.

It is important to understand that corruption is not a new problem. It has been a matter of concern since ancient times. Different political theorists and philosophers highlighted the problem in their own ways and also suggested different ways to set things right. Before delving into recent approaches to tackle corruption it is worth to look at the conventional approaches and see what are the ways suggested by different political thinkers to ensure a clean and accountable government. It is important to state at the outset that the classical thinkers have not taken up the problem of political corruption in a holistic manner, but they have suggested different ways through which representatives can be held accountable towards people and different institutional settings to prevent the abuse of power.

The Conventional Approaches

Corruption has been a matter of concern since ancient times. One way to understand corruption is to see it as an institutional process of constitutional decay and transformation which brings it under the classical vocabulary of virtue for understanding the historical development of regimes. The classical way of classifying the city-state in constitutional terms was on the basis of rule by many, few or one and each one had its corresponding corrupt counterpart. Some believed that political corruption was inevitable and all constitutions sooner or later would ultimately move towards its perverted form. However, most of them believed that its destructive force could be minimised. Classical theory, no doubt, has left a powerful impact on the studies of democracy and therefore it becomes important to discuss it in some detail.
Classical philosophers conceived corruption in political terms and not in economic terms. Their effort was to create an ideal state where there would be minimum chances of abuse of power and in this endeavour they came up with different forms of government where people’s interests could be well served. The focus, therefore, was on structural aspect with special emphasis on the study of different forms of government, power, and power relations and the role of people within this system. In any political system it is important that there is a balance between rights of those holding power and rights of the people to control the use of that power and when this is not ensured corruption follows. Most of the classical thinkers have tried to address this issue and have suggested their own specific ways to strike this balance.

Machiavelli was perhaps the first theorist who explored how to create a balance between the powers of the state and the power of the citizen. On the basis of the study of classical history, he argued that monarchy, aristocracy and democracy are inherently unstable forms of government and lead to corruption. According to Machiavelli these systems would initially move towards positive development but gradually monarchy would degenerate into tyranny, aristocracy into diarchy and democracy into anarchy and to support this argument he pointed out to the degeneration of Athenian democracy, which he thought resulted because of its inability to protect itself from influence of the upper class and the ‘licentiousness of the general public. According to Machiavelli, because of lack of any fixed principle of organization, the political world was always in the state of flux and chaos and it was the task of politics to create an order in the world. For Machiavelli, politics was the struggle to win, utilize and contain power and hence politics enjoyed the supreme position in social life as the chief constituent element

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5 Such an understanding is focused on the way classical thinkers have understood the nature of corruption and while explaining the causes of corruption the Western tradition to some extent has identified wealth as the principle cause of corruption. Machiavelli, for example, blamed Florence’s merchant middle class for Florentine corruption. In the similar vein Montesquieu believed that excessive wealth is socially blinding and hence inherently corrupts both character and wisdom.
of society. But the question was how to make people support for this political order. In other words, how to develop virtue in the people? Machiavelli talks of two institutional devices which are critical in achieving this virtue — upholding religious worship and the enforcement of law. However, Machiavelli argued that it might not be always possible to resort to law to uphold liberty and maintain political stability. He believed that sometimes tyranny may be required to preserve liberty, though he preferred the latter.⁶

In contrast to the thinking of Machiavelli, Locke believed that the formation of the state does not result in the transfer of all the rights of the subjects to the state. According to Locke only legislative (law making) and executive (enforcement) rights are transferred. He believed that the consent of the individual is crucial for the legitimacy of the government. If the government abides the contract and proves to be effective in protecting life, liberty and estate, then there is a duty to obey the law. But, if the government does not abide by the contract, rebellion is justified. Therefore, it may be argued that politics, for Locke, is instrumental, as it develops the framework or conditions for freedom.

Locke, however, did not concern himself much about the characteristics of state power or about the ways in which public power should be organised. Montesquieu was bothered a lot about these questions, and therefore he identified constitutional government as the central mechanism for ensuring rights to the individuals. Montesquieu was more concerned about how power should be organised and insisted on identifying constitutional government as the central mechanism for ensuring rights to the individuals and consequently came up with necessary institutional innovations for achieving a reformed representative government. He wanted to develop a representative government which remains committed to liberty and is capable of minimising corruption and monopolies of the privileged class. Montesquieu believed that there are some persons who are

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distinguished by their birth and they have a right to administer people, and there are also some people (mostly those who do not have substantial wealth) who do not have their own will. But beside this viewpoint he still brought forward the idea of a constitutional state and in this sense it can be argued that he wanted to depersonalise state’s power structure so that it might be less vulnerable to abuse by individuals and groups. This is quite evident when he advocates mixed state or ‘division of powers’ for the maintenance of liberty. In order to ensure that the law is not skewed to particular interests and the government does not stagnate and is not vulnerable, it is important, according to Montesquieu, that the state must represent the interests of various groups. In this sense he advocates for a mixed regime that must balance the position of monarchy, aristocracy and the people. Montesquieu remarked:

> Constant experience shows us that every man invested with power is apt to abuse it and to carry his authority as far as it will go . . . To prevent this abuse, it is necessary from the very nature of things that power should be a check to power. A government must be so constituted, as no man shall be compelled to do things to which the law does not oblige him, nor forced to abstain from things which the law permits.⁷

To prevent abuse of power, Montesquieu clearly distinguished between the executive, the legislature and the judiciary, and was of the opinion that these powers should not be in one hand and argued that in the modern times liberty can be successfully achieved with an institutionalised separation and balance of power within the state. Executive power, Montesquieu argued, must be in the hands of one individual i.e. in the hands of the monarch. However, the monarch’s power must be restricted by law and therefore the legislative power is not just about deliberating on policies and creation of laws, it is also inclusive of the right to hold the executive accountable. Independent from both these bodies is the

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judiciary. Montesquieu stresses that independence of judiciary is crucial to the protection of the rights of the individuals. However, according to Montesquieu the governed were accountable to the governors and not vice versa and consequently argued that the legislature or the executive were not accountable to the electorate. Thus, despite arguing for proper checks and balances to prevent abuse of power, Montesquieu did not device any mechanism to ensure accountability of those in power, which is important to prevent any abuse of power.

This aspect was well taken up in the writings of James Madison, Jeremy Bentham, and James Mill who believed that the governors must be accountable to the governed through various political mechanisms like secret ballot, regular voting, competition between political representatives, and so on, which would help the citizens to enjoy enough means for choosing, authorising and controlling political decisions. For Madison, the state of perfect equality is neither desirable nor possible because he believes that dissent, argument, conflicts of interests and the constant formation of rival and competing factions are inevitable and the problem of politics is all about the problem of containing factions. He proposes a popular government with a federal structure and a division of powers to ameliorate worst consequence of factions and involvement of citizens in the political process to protect their own interests. The major difficulty posed by factions occurs when one faction forms a majority, which may lead to the tyranny of majority and can be resolved only by a constitutional government characterised by a system of political representation and a large electoral body. Political representation, according to Madison, means the delegation of government to a small group of citizens who are elected by the rest of the citizens, which is important to enlarge and refine the public views and also to overcome the excesses of ‘pure democracy’. Though Madison emphasises on having a system of political representation, he is aware of the problem of representative government and points out that representation alone is not sufficient to protect citizens because it cannot prevent the representatives

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themselves from degenerating into a powerful exploitative faction. In order to remove this limitation, Madison proposes to increase the number of representatives so that they can keep an eye on each other. Social diversity, according to Madison, helps to create political fragmentation which prevents an excessive accumulation of power. “Extend the sphere, and you take in a greater variety of parties and interests; you will make it less probable that a majority of the whole will have a common motive to invade the rights of other citizens; or if such common motive exists, it will be more difficult… to act in unison.”\(^9\) In this sense he insists on separation of the powers of the executive, legislature and the judiciary to protect the freedom of people and also to prevent the representatives from getting corrupted.

Jeremy Bentham and James Mill believed that people have a natural tendency to subordinate other persons in order to maximise their pleasures and therefore those who govern will also tend to show the same tendency. In order to avoid the systematic abuse, Bentham and Mill insisted that the government must be directly accountable to an electorate, for which they tried to bring forward a liberal democracy with a political apparatus that would ensure the accountability of the governors to the governed. They believed that only democracy has the potential to save the people from the despotism of the ruler and abuse of political power. They were of the opinion that the only way to serve the best interest of the community was by bringing into practice the process of voting, secret ballot, competition between political representatives, separation of power and freedom of the press, speech and public association.\(^10\) A democratic state allowed people to pursue their interests without political interferences and allowed people to freely participate in economic transaction. In this way Bentham and Mill proposed to establish a popular mechanism in which the state plays the role of an umpire or a referee with individuals pursuing their own self interest in the realm of civil

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society with periodic elections, the abolition of the powers of monarchy, division of powers and free market maximising the benefits of all citizens. With this approach the belief was developing that democracy plays a vital role in the development of a *people* and consequently the emphasis began to shift on the democratic institutions as agent for the formation of an active, involved citizenry, which is crucial for ensuring accountability of the representatives and minimising corruption.

J.S. Mill also tried to develop such a concept of political life where individual liberty is safeguarded, government is more accountable and a system which is free of corrupt practices for which he insists on having a liberal democratic or representative government. Democratic politics, according to Mill, is the prime agent of moral self-development. Participation in political life is important to create an interest in government and can become a basis for an informed citizen. Mill was critical of the absolutist state and the despotic use of political power and considered it as inefficient and impractical, as he believed that in an absolutist state human dignity is threatened as people do not have the opportunity to participate. Such a system of government would also violate social justice, as the interest of the people cannot be fully defended by the representatives. Therefore, Mill believes that a ‘free community’ is possible with a representative government whose scope and power is restricted by the principle of liberty and laissez-faire and by the establishment of constitutional checks.\(^{11}\)

Max Weber and Joseph Schumpeter developed the notion of political life where there was little scope for democratic participation and individual or collective development. Their conception of democracy restricted to the choosing of the decision makers and this was the only way through which the representatives could be held accountable.

\(^{11}\) Cf. Held, op. cit.
For Weber direct democracy is difficult to sustain as it requires relative equality of all participants which might not be possible in a diverse society. Though direct democracy has the aim of reducing domination, Weber believed that in a heterogeneous society it would lead to inefficiency, political instability and increase in oppressive rule of the minority as it has no suitable mechanism for mediating the struggle of factions.\textsuperscript{12} For Weber, the general obedience of the people is not because of their respect for their leaders but because of enforced legality and in this sense the legitimacy of the modern state was based on ‘legal authority’, which is vested in the different institutions. Weber was aware of the fact that the officials, who will hold the public office of authority, if left unchecked, may try to get hold of the state power which can be effectively checked by a capitalist economy, coupled with parliamentary government and party system. Weber advocated for parliamentary government because he believed that parliament maintains a degree of openness in government by providing a platform where different competing views are expressed and heard and it also becomes a testing ground for the leaders as they need to be expressive and must have good oratory skills in order to take part in parliamentary discussions. Leaders have an opportunity to present different policy alternatives to different individuals or groups having different interests, so that there is a possibility of compromise. Thus, parliament becomes a mechanism for the preservation of the competing values.\textsuperscript{13} However, Weber points out that such a conception of parliament no longer exists as the extension of franchise and the development of party politics undermined the classic liberal conception of parliament where national policy is settled by rational reflection which is guided by common interest. Instead of making people sovereign, franchise has led to the creation of a new type of career politician. This has happened because the extension of suffrage required political associations to organise electorate with varied interests which

\textsuperscript{12} Ibid., 143-164.
\textsuperscript{13} Ibid., p. 155.
requires influence over public affairs for which it was important to win people’s heart. In order to create such an influence the political associations required funds as well as followers making parties highly dependent on their followers and hence the nature of the party becomes bureaucratic. In order to maintain its significance, parties must win elections because unless their activities are based on strategies for achieving electoral success, they will become insignificant. Weber believes that development of competing parties changes the nature of parliamentary politics to a great extent. The representatives, in such a situation, become a pawn in the hands of their parties and they simply become the ‘yes men’ of their party. This leads to erosion of the idea of parliament as a platform of deliberation and debate and its result is that parties dominate parliament and leaders dominate the elected representatives.\(^{14}\) Therefore, Weber is of the opinion that leadership has become important in modern political parties which is particularly because of the passivity of the mass electorate which is the result of excessive bureaucratization. According to Weber people are passive because they have very limited opportunities to participate in institutional life. In other words, people do not have enough power to make such participation worth and electorate is not capable of discriminating among policies. They are only capable of choosing among different leaders and hence democracy becomes a testing ground for potential leaders. Though Weber was committed to ‘rule of law’, the kind of democratic process that he was advocating was a form of ‘elected dictatorship’.\(^{15}\) Weber was greatly concerned to understand and to find ways of ensuring an effective balance between political authority, skilled leadership, efficient administration and a degree of political accountability and firmly believed that the electorates have the power to remove the incompetent leaders, but this was the only role that he assigned to the electorates. The basic point for Weber was to strike a balance between political authority and accountability without transferring too much

\(^{14}\) Ibid., p. 156.

\(^{15}\) Ibid., p. 158.
power to the demos. Weber’s analysis is crucial in the sense that he highlights the problem of limited participation of people and the general passivity of the electorate. Though he has not attempted to address this problem, his analysis can be taken forward to address the issue of participation in the institutional life and highlighting its importance in regaining the core features of Parliament and making the representatives accountable and responsive, even through means other than elections.

Similar to Weber, Schumpeter too believed that the essence of democracy lies in the ability of the citizens to replace one government by the other which can effectively check the threat of tyranny of the decision makers. For Schumpeter, only few have the capacity to rule and the role of the electorate is limited to choose or reject a government. He pointed out, “democracy does not mean and cannot mean that the people actually rule in any obvious sense of the terms ‘people’ and ‘rule’. Democracy means only that the people have the opportunity of accepting or refusing the men who are to rule them.”16 So, in other words Schumpeter was trying to suggest that democracy is the rule of the politicians and for him democracy is a political method for arriving at decisions by giving the power of decision making to certain individuals who are elected by peoples’ vote. Democratic life, therefore, is the struggle between rival political leaders and hence it is an institutional arrangement to generate and legitimate leadership.17 Thus, Schumpeter’s account of democracy requires minimum political involvement where people are involved only to the extent that they make the right of competing political elites legitimate.

Democracy, Schumpeter believed, carries with it a number of risks and problems which can be minimised if certain conditions are met and given due importance. The conditions proposed by Schumpeter are: the calibre of the

17 Ibid., pp. 269-283.
politicians must be high, there should be conditions where competition between rival leaders can take place, a well-trained independent bureaucracy should be established, and people and leaders should have a sense of ‘democratic self control’, which means that Schumpeter tried to establish a political system in which voters and politicians understand properly their respective roles with no excessive and unreasonable criticism of government and there is no violent behaviour. Finally, Schumpeter was of the opinion that the culture of toleration must develop and people must learn to tolerate differences of opinion. If these conditions are present then democracy will work smoothly.\textsuperscript{18}

The whole discussion so far was to bring in different set of arrangements proposed by the classical thinkers in order to strike a balance between the powers of the state and that of the people. Both Machiavelli and Locke did not propose any suitable mechanism to ensure accountability as for Machiavelli the ruler must do anything and everything to remain in power and is not accountable for whatever he does and for Locke rebellion is justified only when the government is not able to protect the life, liberty and estate. But such kind of justification cannot be a suitable way of ensuring accountability and common people would not generally resort to such techniques. Montesquieu’s ‘division of power’ and ‘mixed state’ was to some extent a proper way to ensure accountability but he too kept people outside this arrangement, as this division of power was only for the elite and talked about balance of power within the state. In contrast to these philosophers, Madison, Bentham, James Mill and J.S. Mill gave importance to accountability through people’s participation. Weber pointed out that there is lack of participation of people in institutional life which reduced politics to mere choosing between different leaders, but again he did not really propose how to inculcate enough power in the people so that they can participate. Schumpeter too gave too much emphasis on leadership and did not propose any suitable mechanism to ensure accountability of the leaders. The political arrangement

\textsuperscript{18} Ibid.
proposed by Schumpeter is not able to create a balance between the rights of the leaders and rights of the people to control the use of power by the political leaders. Because of this imbalance, such an arrangement cannot be instrumental in checking abuse of power and ensuring accountability of the political leaders. These conventional methods cannot provide a suitable mechanism to ensure political accountability of political leaders but they have greatly influenced the modern approaches to tackle abuse of power. It is important to understand that though any one of the methods cannot prove to be effective, working out a combination of different methods may help in coming up with suitable institutional mechanism and design to address political corruption. The approaches that have been employed in different countries to fight corruption are in some way or other reflection of these conventional approaches. It is important to note that classical thinkers have proposed various structural changes to check abuse of power but despite adopting most of the democratic changes in the working of Indian democracy, corruption still remains a major problem to be tackled. It is important to analyse why corruption could not be tackled in India though it has constitutional government, division of powers, free and fair election and other structural requirements to check abuse of power and ensure accountability of political leaders proposed by classical thinkers. It becomes important to study some cases of successes and failures in the anti-corruption reform process. The following sections provide an account of different approaches employed in different parts of the world to address corruption. It presents a comparative study of why certain reforms were successful in a specific country and why some countries could not successfully fight corruption which will help in providing a wider perspective to examine why the present institutional set up has failed to tackle political corruption in India.

The Power-Sharing Approach

Some theorists consider the idea of power-sharing as one of the effective ways to check abuse of power, as they see mutual surveillance as a counterbalance to
political decay, such as bribery and corruption. Robert Dahl preferred to call the power-sharing democracy as “Madisonian democracy” as it was Madison who warned that if power is concentrated there is always a risk of its abuse and hence concentration of power must be avoided. He did not accept regular election and internal checks like conscience, attitudes and personality of individuals, as sufficient to provide necessary checks on the abuse of power, rather he insisted on external checks, through dispersion of power into different hands.

Arendt Lijphart advocated power-sharing model by bringing in the idea of “consensus democracy” to avoid abuse of power. Different mechanisms that he thought would be instrumental in arriving at “consensus democracy” are “grand coalition”, “decentralisation”, “minority veto”, and “proportional representation.” It means that if everyone has a share in governmental power, there is delegation of power, minorities have a veto regarding issues concerning them and losers too have representation, the risk of abuse of power would be greatly minimised. He believed that if all are able to take part in government through their chosen representatives, then they would be able to ensure that no injustices are done to them. When different parties will be represented in the parliament and no party has a majority, they will form coalition to make the government and in this situation minorities will also have a say in the government. Lijphart firmly claims that the proportional method would counteract political corruption and hence considers proportional representation as the most fundamental institutional value. Though there is also a view that in a majoritarian democracy, the opposition in minority provides necessary check on the abuse of power and with regular elections people have the opportunity to throw out the corrupt and it is the best way to ensure accountability, Lijphart is critical to this view, as for him, regular election is not an effective way to fight corruption, at least not as effective as would be in a case of “consensus democracy” having mutual oversight. According to him, abuse of power and corruption are less prevalent in consensus democracy than in majoritarian democracy. However, Lijphart’s consensus democracy model
does not seem to provide any mechanism for ensuring accountability because if everyone will have a say in decision making process then it is not clear who should be held responsible for the decisions. It seems that for Lijphart what is more important is that the government should reflect popular opinion and whether people hold their leaders accountable or not is not important for him.

Though theorists have considered power-sharing as an effective method to check abuse of power, empirical evidence suggest just the opposite. One such case where the power-sharing model failed is the case of Italy where both proportional and majoritarian systems were tested and proved to be ineffective in tackling political corruption. Italy practiced proportionalism with a firm belief that dispersing power into many hands reduces the risk of abuse of power which proved to be wrong, as in early 1990s far-reaching corruption came to light in the Italian politics. As a response to this crisis the Italians made transition to majoritarian democracy hoping that this would clean up the politics but that too proved to be ineffective. In such a situation it becomes interesting to explain political corruption in Italy because it was precisely to check such abuse of power that the principles of proportionalism and power sharing were incorporated into the constitution.

The framers of the Italian Constitution had thought that by incorporating power-sharing they could guarantee a just and fair reflection of the popular will which was soon proved wrong by the developments that followed. Even if the largest party could not achieve majority, it could secure power through negotiations with other parties. In this situation there was hardly any option for alternative government, as there was no fear of losing office. The leaders of the parties became the masters of the country and the negotiations took place within this “elite cartel” that decided the course of action and in this way the decisions taken were not the expression of popular will. Governments were short lived but the same politicians returned to power on different posts. Gradually the negotiation process started involving bribes and benefits and corruption became widespread. Both voters and
organisations could be bought with money or political benefits, the courts, police, and social insurance system were politicised, cooperation with organised crime deepened and the mafia became a political power factor.\(^{19}\)

In February 1992, Mario Chiesa, a Socialist politician, was arrested for taking bribes for offering contracts to several companies in exchange of political support and money. This scandal gradually grew big and became the biggest scandal in the political history of modern Italy which resulted in the fall of the First Republic and the end of consensus democracy.\(^ {20}\) In a referendum in 1993 more than 80 per cent of voters wanted a change to majority elections. Thus, the Second Republic with a majoritarian system came into being. However, democracy under the Second Republic too was fragile and it was too marked by the tradition of corruption and authoritarian tendencies.

Italy’s case suggests that proportional representation is no guarantee for a clean government. The belief that if all had a share in power and kept watch over each other, politics could become cleaner, was proved wrong. The change into a majoritarian democracy too did not bring about any significant improvement. The abuse of power was part of both majoritarian and proportional system.\(^ {21}\)


\(^ {20}\) The investigation was carried out under Antonio Di Pietro, a Milan Magistrate, and was called “Operation Clean Hands”. Operation clean hands succeeded because of Di Pietro’s minute preparations. Di Pietro used computer technology to trace bank transactions, which helped him to identify the link between politicians, Mafia and common crime. Those arrested were kept in San Vittore prison in Milan which had brutal, unhealthy and unsanitary conditions. Those who were under suspicion were told that they would remain in prison unless they confess. Those who were released due to lack of evidence, would immediately be arrested again until confession came. The politicians regularly tried to convince that political cooperation requires giving and taking. They argued that negotiations and coalition building cannot be done for free and “clean hands” was unrealistic. However, a reform movement had started with the aim of cleaning the politics from roots, that is, to change the electoral system.

\(^ {21}\) Italy’s case is important to consider because it is an example to prove that such changes in Indian democracy cannot be effective in tackling political corruption. It suggests that unless accountability of the leaders is ensured, political corruption is likely to re-emerge, as representatives themselves may not turn out to be an effective check on corrupt use of power, as they themselves tend to benefit from it.
The Single-Agency Approach

Corruption occurs when there are sufficient incentives and opportunities to engage in corrupt acts and there is also very less probability of being caught and punished. So for some theorists effort should be to reduce or eliminate the incentives and opportunities and increase the risk of being caught and punished so that corruption could be controlled. In this regard government should try to make corruption a “high risk and low reward” activity\(^\text{22}\), which can be possible, as some theorists argue, if a single-agency is created to look into the matters of corruption, which is operationally independent and able to function without fear or favour. It is often argued that in certain cases there can be political interference as it could be dictated from above regarding the cases it is going to investigate and also establishing an anti-corruption agency with extensive legal powers in the absence of effective oversight procedures is questioned on the ground that such an agency can add another layer of (ineffective) bureaucracy to the law enforcement sector, divert resources from existing organisations, function as a ‘shield’ to satisfy donors and public opinion, and even operate as a political police force. Countering such criticisms, supporters of single-agency approach argue that in order to overcome such difficulties and maintain public trust, the independence of such an agency needs to be enshrined in national legislation or the constitution, and it should be a criminal offence to interfere with its operational independence. In reality, such anti corruption agencies require the support of other structures to do their job properly. According to M. Manion, properly-designed and timely interventions by government could successfully reduce corruption and improve credibility of the government and in order to shift the equilibrium from “widespread corruption” to “clean government” there is need to have proper

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design of government intervention. She studies this transformation in the case of Singapore and Hong Kong, on the one hand, and mainland China on the other, where the former is an example of successful transformation and the latter gives an account of the difficulty in bringing out anti-corruption reforms. Manion draws upon three fundamental differences in the approach of anti-corruption reforms in Singapore and Hong Kong and that of mainland China. Firstly, Singapore and Hong Kong granted independent and absolute authority to an independent anti-corruption agency, while in mainland China multiple agencies were granted partial and often overlapping authority. Secondly, in Singapore and Hong Kong corruption is addressed at multiple levels attacking corruption in all forms and in all places, while in mainland China corruption was addressed in a piecemeal manner. Thirdly, the difference lies in different constitutional design that has an important influence on constraints on power. Thus, according to Manion anti-corruption efforts can be studied by focussing on three things — anti-corruption agency, anti-corruption strategy, and the context that puts constraints on power.

**Anti-Corruption Agency**

Anti-corruption agencies are responsible to enforce anti-corruption legislations. In a situation where there is widespread corruption with corrupt enforcers and there is scarcity of enforcement resources, there emerges various obstacles in the path of anti-corruption reform and an independent agency can play a vital role in these circumstances. According to Manion, the ICAC (Independent Commission Against Corruption) in Hong Kong succeeded in overcoming these obstacles which enabled Hong Kong to make the “equilibrium shift” from widespread corruption to clean government. She further mentions that the key components of agency design that enabled ICAC in controlling corruption was its independence, its draconian power and adequate financial resources. All these three components were instrumental in efficient enforcement. The ICAC is independent in terms of

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structure, staffing, finances and power.\textsuperscript{24} Similarly in Singapore the POCA (Prevention of Corruption Act) was strengthened and more powers were given to the officers of CPIB (Corruption Practices Investigation Bureau) which greatly helped in the anti-corruption reform process. Manion compares this with Mainland China and points out that Mainland China does not have any independent anti-corruption agency. The agencies that are functioning have overlapping jurisdictions and unclear division of labour which often leads to routine delay in transforming cases for criminal investigation and consequently people develop the believe that their government does not have the ability and credibility to control corruption. Thus, the basic difference in the anti-corruption agencies in Hong Kong and Singapore taken together and Mainland China lies in their level of independence and effectiveness.

The democracy assessment of Philippines has a similar story to tell about corruption in Philippines. Philippines had a long history of widespread corruption, and after the restoration of democracy in 1986, a number of laws and policies were enacted to prevent and curtail corruption. The 1987 Constitution came up with a number of bodies to ensure integrity and accountability such as the Office of the Ombudsman was created to protect graft and corruption; Sandiganbayan, a special court was created for senior officials for cases involving graft and corrupt practices; the Civil Service Commission, and the Commission on Audit were also institutionalised. Despite these laws and policies the problem persists, as the democracy assessment of Philippines demonstrates, because of weak enforcement. The report of the democracy assessment of Philippines came up with many findings to show various causes of persistence of corruption. These findings revealed that the range of responsibilities and functions are so wide that they often overlap and the environment of Philippines too does not encourage integrity. The

\textsuperscript{24} ICAC is directly responsible to the Governor (the Chief Executive after 1997 take over) and can practically design anti-corruption policies. The Commissioner is appointed by the Chief Executive and has a fixed term in the office. His staffs are recruited separately from the Civil Service and the Police. Officials are not transferred to other departments.
report further revealed that annual declarations of assets by public servants are just formalities and in actual practice the properties, income and assets are never disclosed. It went on to state that the nature of anti-corruption laws is dual, whereby high ranking officials are seldom investigated or convicted, which makes the enforcement of anti-corruption laws almost impossible. The report also highlighted the fact that election in Philippines is the main economic activity for political players and it is used as a means to create and consolidate core constituencies. It was further pointed out that political parties do not provide strong internal checks and there is absence of external control on spending, which make elections quite expensive activities and hence the high cost of election together with other contributing factors build up a perfect context for corruption to flourish, as because of expensive campaign process the elected officers are forced to focus primarily on the recovery of this expense. The study revealed that the Commission on Election is ill prepared to police campaign overspending and other corrupt and illegal actions and there was an impressive gap between electoral laws and reality. Thus, the experience of Mainland China and Philippines exemplify the failure of anti-corruption agencies in dealing with corruption, which exposes the fact that merely creating anti-corruption institutions cannot be an answer for corruption and hence brings out the need for an in-depth analysis of the problem.

**Anti-Corruption Strategy**

A public servant while acting as an economic agent calculates the costs and benefits of engaging in corrupt activities. Therefore, for a successful government intervention it is important that these interventions are aimed at reducing the corruption payoffs as well as the incentives to engage in corrupt activities. Hong Kong came up with a three-pronged strategy to tackle corruption which involved enforcement, prevention and education. Enforcement is to increase the probability of being caught and being punished; prevention reduces the opportunities for

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corruption; and education is to increase the moral cost of corruption. The purpose, in this sense, is to strike at the root causes of corruption. Singapore’s anti-corruption strategy focuses on both the incentives and opportunities for corruption, which has been possible by strengthening enforcement through POCA and CPIB. The prevention work taken up by various departments also forms part of the strategy. The incentives of corruption are taken care by increasing the salaries and working conditions. Thus, both Singapore and Hong Kong emphasised on enforcement, to increase the cost of corruption and on prevention, to reduce the opportunities for corruption and at the same time they also emphasised on reducing the incentives of corruption.

Constraints on Power

It is important to realise that small-scale government interventions won’t be of much help unless there are some proper and systemic constraints on power. For anti-corruption reforms to succeed it is important that government’s commitment is respected by people and this is possible only within a specific context with shared understanding of government’s responsibility, which is possible through a constitutional design that provides constrains to all kinds of power operating within a political system. According to Manion, one of the basic differences between Hong Kong and Mainland China lies in their different constitutional designs. Countries that uphold rule of law would be able to put constraints on corrupt actions more effectively, which was evident in the case of Hong Kong and Singapore, than in countries having ambiguous laws and where legal authority is politicised, as was seen in the case of Philippines. In such cases rule of law cannot become a meaningful constraint on the abuse of power.

Thus, both Singapore and Hong Kong initiated a comprehensive anti-corruption strategy which aimed at reducing both the opportunities and incentives
for corruption. The anti-corruption efforts comprised of specific and non-specific measures. The specific measures involved activities carried out under the anti-corruption agencies and the non-specific measures involved administrative measures taken by various government agencies which included, in the case of Singapore, disciplinary proceedings by Public Service Commission, scrutiny of government expenditure by the Auditor General and so on.

It is important here to consider that apart from rule of law that was successful in Singapore and Hong Kong to curb corruption, political freedom too provides limits on the abuse of power which is measured on the basis of political rights and civil liberties. The former enable people to freely participate in the political process and the latter provides people a set of freedoms that they may exercise without the interference of the State. In a country where people have high degree of political freedom can actively participate in the political process and can empower them to monitor the exercise of power which in turn would help in alleviating corruption.

The “Big-Bang” Approach

Often remedies suggested to tackle corruption is thought to be a well set mechanism and it is believed that once it is operationalized an incremental process of change is put into a path, where with every step the society is taken away from corruption and with some ‘initial steps’ or minor institutional changes the society

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26 The case of Singapore and Hong Kong show how corruption can be tackled from above. But these countries cannot be taken as examples because neither of these countries was a democracy and it functioned in the hands of autocratic leaders and it would throw an impression that democracy cannot become a tool to fight corruption. The reason for their inclusion in this research is that the intention is to study the anti-corruption approach rather than the context in which it was operationalised. Therefore, the focus is primarily on studying the technicalities of the approaches applied in both these countries and see if they can be effective in a democracy like India.


28 Ibid., p. 151.
is put into this “path” and it is taken out of the grip of corruption. According to World Bank, for example, the implementation of anti-corruption policies requires an important entry point for anti corruption efforts. In one of the reports it is stated that “it is critical to begin at a point where the goals are feasible and tangible results can be realized within a time frame that builds support for further reforms. Small gains can provide essential levers to sway public and official opinion.”

Within this approach small and minor changes are expected to bring big changes in the political system. The proponents of the “big-bang” approach are critical of this point of view and are of the opinion that corruption cannot be tackled through minor or small changes. Bo Rothstein, for example, is critical of the approaches that insisted for minor institutional changes and believes that there is no magical key or institutional device for fighting systemic corruption. He is of the opinion that small changes are likely to aggravate the problem and what is required is a “big bang” change. The problem with corruption, Rothstein argues, is that it seems to be very “sticky”, which means that once a system gets corrupted it becomes very difficult to take it out from the grip of corruption and “once corruption becomes systemic and the existence of widespread corrupt practices becomes “common knowledge”, we seem to have a case of an extremely robust inefficient equilibrium.”

Corruption is a “sticky” problem, Rothstein points out, because there is no good reason for corrupt to move out of the “game” because those who are at the bottom of the corrupt system believe that even if they, as individuals, start behaving honestly, nothing will change as long as most of their colleagues do not change their behaviour and in such situations collective action for the common good is impossible to establish as long as people try to maximize

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31 Gunnar Myrdal has made a similar point. (Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, New York, Pantheon, 1968, p. 409)
their expected utility. The implication of such an approach is that it develops an understanding that a corrupt system cannot be changed from below.\textsuperscript{32}

Despite regular efforts to fight corruption, the success rate is very low and one of the reasons is that while leaders do have the necessary means for launching successful policies against corruption, they usually have no incentives to do so as they are often the ones who stand to gain most from rents in a corrupt system.\textsuperscript{33} Another reason for the difficulty in bringing about the change is that corruption has become a “standard way of life” and therefore “for the average citizen, it seems that corruption has broken down all barriers and dictates of the rules of life. That is not very different from saying that they interpret life in terms of corruption”\textsuperscript{34} and when life is viewed in terms of corruption, it takes the form of deeply entrenched belief system. According to Rothstein, it is not easy to change such belief systems and hence in order to change such deeply held systems of beliefs, something “big” and “non-incremental” is necessary.

Rothstein is critical of those approaches that focus merely on the structural changes and on reducing the incentives of corruption. A society that is committed to tackle corruption must have to take up at least two important questions at the outset. First, what types of structural reforms are necessary in order to reduce corruption? Second, which types of processes will be successful to operationalize such reforms? Most research on corruption has mainly focused on the first, structural question suggesting to create new or to change existing institutions, while ignoring the second one about the change of processes. William Easterly, for example, has suggested two measures to tackle corruption. “First, set up quality institutions…Second, establish policies that eliminate incentives for


Examining the effect of different types of political institutions on the degree of corruption in 38 African countries, Alence in his *Political Institutions and Developmental Governance in Sub-Saharan Africa* concluded that a combination of electoral competition and institutional checks and balances on executive power has a negative effect on the frequency of corruption. In other words, the study suggests that the ideas and the practices of liberal democracy work counter to corruption. Sandholtz and Koetzle have shown in their study that the presence of liberal democratic institutions minimizes the chances of corruption. They are of the opinion that formal democratic structures facilitate citizen oversight and control, and in a culture characterized by democratic values, it is against normal behaviour to act corrupt. According to Rothstein, such examples of anti-corruption strategies suggest that the problem of corruption can be solved by merely “fixing the incentives” and when the institutions are created such that fear is greater than greed, corruption can be controlled. However, Rothstein is of the opinion that creating such institution is itself a collective action problem and it won’t be solved unless a society ceases to be dominated by corrupt agents. He argues that explaining corruption and providing solutions to it on the basis of some universal values and institutions such as transparency, democracy, independent judicial anti-corruption agencies or “good governance” is not enough because in societies where these institutions function effectively accountability will automatically be facilitated and problem arises only when there are systematically corrupt institutions. “In the search for universal theories on causes and solutions concerning corruption, many researchers do not recognize the inbuilt inertia (or path-dependency) of corrupt institutional systems”. Rothstein further argues that if new institutions have to be created then the question of

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36 Ibid.
37 Ibid.
38 Ibid., p.11.
39 Ibid., p. 12.
agency becomes central and the approach that advocates for structural changes often ignores the kind of agents that are present and what strategies they use. He insists that for a successful reform process research must start from identifying the roles and interests of agents and broadened his idea by arguing that the research must begin by identifying the groups that are expected to oppose the reform and how such opposition can be dealt with and identifying those who can support the change and finding out the way they can be involved in the struggle against corruption.  

In the context of Romania, Alina Mungiu-Pippidi argues that the problem in campaigns against corruption is that they do not take into account the fact that corruption is rooted in “a particularistic political culture” in which almost all public goods are distributed on a “non-universalist basis that mirrors the vicious distribution of power within this type of society” and therefore systemic corruption must be understood in terms of “particularistic political culture”, which is at its root. “Particularistic political culture” is defined as a system in which the government treats its citizen according to their status in the society which means that in such particularistic political culture whatever one gets depend upon our connections or our ability to bribe and hence within such political culture, creating some new institutions will not be helpful in tackling corruption. The point that is being emphasized here is that “corruption and similar practices are rooted in deeply held beliefs about the proper order of exchange in a society — personal-particularistic versus impersonal-universalistic”. It implies that in order to curb corruption political culture must move from personal particularistic to impersonal universalistic forms of exchanges. Rothstein points out that “if an agent tries to

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40 It seems that Rothstein is concerned about creating a support base for the struggle against corruption by identifying the interests of the agents i.e. whether they support the change or not. However, he does not make it clear what kinds of changes he is talking about? The question of supporting or not supporting the change comes up only when there is some consensus on what the change is and hence this too can become a collective action problem.


reform a single or a small set of the institutions in a corrupt-particularistic-limited access political culture, it will, in all likelihood, backfire since the new institutions will be overtaken by the corrupt networks and practices which, in its turn, will increase cynicism among the population and serve to de-legitimize all future anti-corruption efforts.\textsuperscript{43} If an effort is made to reform one set of institutions, corruption would creep in another. It is important to realize that if anti-corruption measures are limited then the agents will not be convinced for leaving their corrupt practices and this makes Rothstein believe that doing small things for reducing corruption will not work; gradual reform process cannot become a panacea for corruption and what is required is a “Big Bang” change.\textsuperscript{44}

**Conclusion**

The different approaches to tackle corruption demonstrate that any one measure to tackle corruption cannot prove to be effective and merely setting up of anti-corruption institutions is not the panacea. Even Rothstein argues that merely setting up of institutions won’t be of much help and there is need to have a series of changes. International literature produced by NGOs such as Transparency International (TI) and the United Nations Global Program Against Corruption (GOPAC) indicate that effective anti-corruption reforms should be a ‘home-grown’ multi-dimensional national strategy that includes a long term, sequenced approach to entrench reforms that promote public integrity, i.e. reforms that promote accountability in citizens’ interaction with the state. They have also identified the importance of providing sufficient resources, skills, independence and powers to anti-corruption agencies and institutions. They propose a partnership approach to tackle corruption that includes all stakeholders.

\textsuperscript{43} Ibid., p. 16.

\textsuperscript{44} The “Big Bang” change that he is talking about is similar to the kind of changes that were introduced in Sweden in a very short period of time between 1840s to late 1860s. (see Rothstein, op. cit., 2007)
Thus, a number of conditions are required to ensure that anti-corruption reforms in any context are effective, sustainable and not easily subverted. These conditions need to be backed by having the necessary data to inform policy and strategy; comprehensive legal and institutional safeguards to prevent corruption and protect public interest; and, the most difficult to secure, the necessary political leadership and will to tackle corruption credibly and put in place long-term reforms. It is clear that to be effective, national anti-corruption/integrity systems require more than a single agency approach and they need to be supported by an institutional matrix of legal and oversight systems to ensure effective prosecution of offenders. A partnership approach, including active engagement by civil society and the media, is also important. Above all, the reforms need to be implemented by ethical leaders who scrupulously observe rule of law.

Looking at corruption in India from Rothstein’s viewpoint, it may be argued that corruption in India remains a big problem partly because of the fact that there has been no “big bang” change so far. Such change is required but that will not help unless it is analysed where the change is required and what changes would be most effective, which requires identifying the root causes of corruption, instead of just suggesting institutional changes because institutional changes that function within a “particularistic culture” will have no effective results. These institutions may function as a good surveillance mechanism but it cannot be a solution. It is important here to point out that to know the root causes that nurture political corruption in India there is a need to audit Indian democracy. Measuring the nature and extent of corruption depends largely on how it is defined. A credible assessment of its prevalence, where it is found and which areas are most vulnerable, helps those leading anti-corruption reforms to know where to target often limited resources for the most immediate impact. Expert assessments such as the Global Integrity approach generally provide indicators of the ‘inputs’ to a governance/anti-corruption system: what mechanisms and safeguards exist, how they are enforced, what access citizens and businesses have to them. Surveys and
polls of corruption suggest the ‘outputs’: are citizens and businesses experiencing the benefits, who is paying bribes, when, and for what? The point of these measurement exercises is to stimulate evidence-based reform. Reformers can use the data to prioritise challenges. In summary, to fight corruption effectively, information is necessary to underpin ‘data-driven’ policy initiatives, providing both a base-line measurement for reform efforts, and an invaluable resource for evaluating the success or failure of interventions. It is because of this basic requirement that the need for a democratic audit can be felt for an effective anti-corruption reform process which is strongly advocated in the next chapter.