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Corruption and Democracy: Comment

Pranab Bardhan, Ph.D.*

I agree with most of what Dr. Panday says. The following are several comments:

1. I entirely agree with Dr. Panday that the setting up of the RCCC is part of an old cynical ploy that authoritarian rulers in many countries have used, harnessing a popular cause like fighting corruption to cover up their own misdeeds. In many countries this has been used to punish political opponents, and also sometimes to catch only some small fry to deflect attention from the much more corrupt big fish.

2. In Nepal, as elsewhere, corrupt politicians have given a bad name to democracy, but we should not let authoritarian rulers mislead us into thinking that only they can cleanse the system. The world is full of highly corrupt dictatorial regimes. In the long run corruption can be tackled in a sustained way only with a deepening of democracy, institutionalizing the mechanisms of accountability in government, particularly at the local level. This often requires some degree of equality in political and economic power among the masses of citizens (through land reforms, expansion of elementary education, etc.), and a vigilant media and a watchdog role of civic organizations.

3. Democracy and decentralization of power sometimes give the impression of an increase in corruption, as there is more public information and public discussion of official corruption, and as there are many hands in the till, stealing small amounts of money, whereas in unaccountable regimes a larger total may be stolen in the form of kickbacks in large contracts and closed-door deals and procurements.

4. This also suggests that we should be more careful in defining corruption. Are we, for example, measuring it as the number of corrupt transactions (all of which could involve tiny amounts of money), or the total monetary amount of bribes? Are we confining our attention to bribes only, or should we generalize the extent of corruption to include the 'capture' of decision-

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making processes to divert resources to socially undesirable purposes? The latter may not be illegal but socially harmful. So we may not want necessarily to identify corrupt transactions with illegal ones. In the US large cases of corruption take place not in the form of illegal bribes in the enforcement of laws, but in the form of legal influence-peddling in the making of laws and 'sale' of laws to the highest contributor to campaign finance of politicians.

5. Unlike Dr. Panday I would keep corruption in the private sector somewhat separate from corruption of officials and politicians. The former can be resolved more by ensuring competition and regulation, the latter requires more public processes of accountability and administrative reforms.

6. I would also slightly differ from Dr. Panday in not considering governance as 'a diversionary tactic'. While the deeper structural-historical problems that he emphasizes are no doubt important, there have been many cases (the most well-known ones are from Singapore and Hong Kong) where within a decade or so large and drastic changes in governance systems resulted in an irreversible decline in corruption, in spite of long periods of history of corruption and nepotism. While 'feudal' networks and habits cannot be changed overnight, there is a lot that can be accomplished by introducing changes in incentives and punishments and providing more public access to information within the governance structure, and remaining credibly committed to those changes for the short to medium run. While human proclivities to greed and nepotism will always be there, the literature on corruption has definitively shown that even within that framework there are mutually sustained expectations: 'I am corrupt because I expect others around me to be corrupt'. In many countries socially ingrained practices have been changed in a remarkably short period of time (for example, littering in the streets or smoking in rich countries), and we should learn from these changes and not be fatalists in the matter of removing corruption in our society.

7. I agree with Dr. Panday that it is ultimately the 'responsive citizenry', not kings or ministers, who can solve the corruption problem. But to enable the masses of citizens to respond, we need to strengthen the channels of public information and accountability, and launch vigilant social movements to keep corrupt officials on their toes.