

Fighting Corruption: New Strategy Needed

Corruption Perceptions Index (CPI) 1995-2016

Probity Goes Down-Hill

Probity, as measured by the TI's (Transparency International) CPI¹ (Corruption² Perception Index), continues to go down, in 2016 as in the years since CPI was first published³. Year-on-year changes average -1.85 % (median CPI values), -0.28 % (maximum CPI, least corrupt nations), and -3.11 % (minimum CPI, most corrupt countries). The downward trends are fully exposed by the regression slope coefficients, all showing negative values. Corruption is spreading and thriving, while probity is in retrenchment even among the sanctimoniously righteous societies (Fig.1 and Table 1).

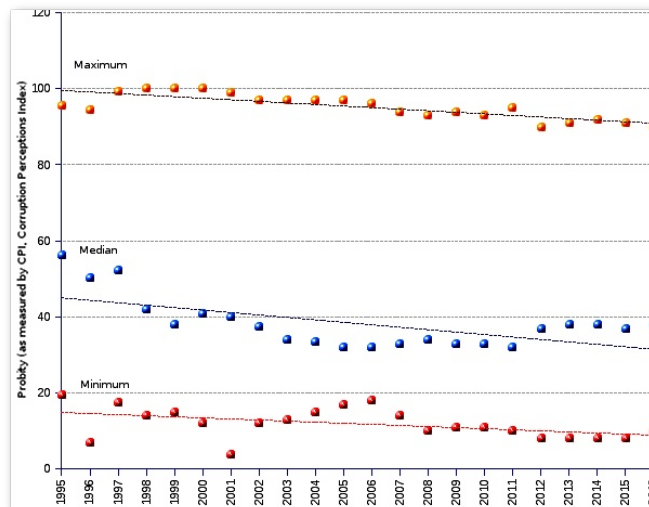


Fig.1: CPI parameters, 1995-2016.

Wrong Diagnosis

After so many years of tracking, exposing, and wrestling with corruption, all those professedly committed to eradicate the malady, including the World Bank, the United Nations, the OECD, the European Union, national governments, NGOs (non governmental organizations), should have achieved better results. The recent TI report shows they have not, and this suggests that they missed the diagnosis altogether. Symptoms can be alleviated without knowing the cause of a disease, that is why one swallows the occasional aspirin tablet, but a

cure requires knowing exactly what led to them.

Different causes can be assigned to corruption. Three main ones stand out. First, inequality of people with respect to status, power or wealth. Second, failed political, administrative and legal institutions. Third, eroded social and personal morality.

Blame Inequality

Tying corruption to inequality is explicitly done by the NGO TI, in the January 2017 report

titled *Corruption And Inequality: How Populists Mislead People*, signed by Finn Heinrich. The report finds that corruption and social inequality are closely interrelated. But correlation does not necessarily mean causation, cautions the author. There could be a third variable, such as GDP (gross domestic product), causing social inequality and corruption to travel in the same direction. GDP is ruled out, because corruption is present in high, medium and low GDP countries. He eventually appoints social inequality as the best predictor of corruption, both factors being entangled in a closed loop by which "corruption leads to an unequal distribution of power in society which, in turn, translates into an unequal distribution of wealth and opportunity."

Intuitively, relating wealth, social status, and

power to both corruption and inequality seems to make sense. The reasoning contains logic flaws though. First, saying that inequality breeds corruption that breeds inequality is circular reasoning: it does not tell us anything new. Second, the report regretfully does not free the concepts it relies upon from ambiguity. The variable "social inequality" remains ill-defined: "social inequality" and "social exclusion" are used indifferently — in fact the "degree of social exclusion" is used as a proxy for social inequality. Perhaps inequality, social inequality, and social exclusion are one and the same thing, we do not know. Be what it may, the report sobers us up by stating that, in any event, "there isn't a single robust measure of social exclusion worldwide".

At areppim we checked whether or not there is a linear relationship between corruption and inequality, the latter taken as the inequality of income distribution — neither power, nor social, but solely income or expenditure —, a better circumscribed entity, measured by the Gini coefficient. The results were not significant⁴. Overall, such a correlation was not verified.

The finding may stem from a lack of both adequate metrics and reliable data, namely long, coherent, statistical series. The issue not being an easy one to overcome, instead of wasting effort and time by putting additional loads of uncertain data through the statistics mill, it sounds more sensible to look elsewhere for the lurking variable that may be at the origin of the double jeopardy of both income inequality and corruption. Even assuming that inequality is a strong predictor of corruption, as the report claims, we would still face the arduous task of designing effective policies to reduce inequality directly, not an easier one than fighting corruption. It seems pointless to substitute a titanic struggle to another

ineffectual chore.

Institutional Breakdown

Ill-functioning institutions — for instance: weak judiciary systems, crony capitalism developing preferential relationships between politicians and business interests, deficient oversight of political executives, immunity of office holders, are often singled out as the source of corruption. The separation of powers promoted by Montesquieu, as well as a corresponding system of "checks and balances" expected to be the panacea against such malfunctions, morphed into the pedestal of modern democracies, and became a core part of the ideological export of the progressive West. It is not, however, a sufficient medicine, otherwise corruption would have already evaporated long ago. However tight, well-designed, and smooth-functioning the institutions may be, there is always a way, either open or covert, to denature them.

Nothing can withstand the exertion of a clever mind intent on tampering with the institutions for one's private benefit. The very rationale of corruption is to subvert the institutional safeguards in order to bring about a personal advantage. The astonishing scope and high profile of such schemes as the Petrobras net in Brazil, the Espírito Santo debacle in Portugal, the 1MDB cesspool in Malaysia, or the Clinton Foundation influence-peddling engine in the U.S.A., all involving state officials at the highest levels and top business executives, are good enough illustrations of the amenability of sophisticated institutions to the lures of corruption. It is a delusion to count on a set of "good governance best practices" to make institutions immune. Paradoxically, stronger regulation and reinforced controls in the business, political and legal spheres make corruption all the more attractive to bypass

supervision when seeking building permits, campaign financing, visas, product licenses, procurement contracts, or operating concessions.

Inept Legislation

Legislation is the lubricant component of institutions. Flawed legislation might be blamed for the burgeoning of corruption. Therefore, improvements in the legislative area — for instance: enforcing greater controls on businesses instrumental in facilitating corruption, tougher sentences for corruption convicts, enlarged powers to invade privacy and detect covert corruption, abrogation of business and professional secrecy, extended scrutiny power for fiscal authorities may be chosen to ward off corruption.

There is a double catch in this approach. In the first place, why should we ever expect legislators to pass effective anti-corruption laws, if they are themselves an integral part of the corrupt political establishment? Furthermore, rendering corruption harder and knottier does not stop it, the same way that harder punishment never stopped crime. It just increases the cost, making corruption affordable for the heavy-weights only. Eventually, the iron law of unequal wealth distribution, whereby a handful of people, in fact 0.02 %, own 8 % of the world's GWP (gross world product)⁵, will percolate through the realm of corruption. Grand corruption by those with long arms and deep pockets will substitute petty and menial corruption. Speak of an achievement!

Shoddy Morality

Lax morality may also be seen as the cause of decomposed probity. Could the corruption rash be the result of a moral crisis, demanding the reawakening of a corny "moral rearmament"

as happened in the mid 20th century? It is true that our world wades through the morass of low moral standards and values. The situation is by no means new. Whoever read the Roman chronicles by Tacitus or Suetonius, the 16th century Chinese anonymous Jin Ping Mei, or closer to us The Human Comedy by the French Balzac, knows that the reckless quest after influence, power, self-enrichment and self-indulgence has been present throughout human history. The bare fact that we still stand today at a low moral level is a tell-tale evidence. Progress is elusive — the Enlightenment's idea that the world will become increasingly better appears less compelling than the assumption that it goes through cycles with peaks and troughs.

Let us probe the moral prescription. At a first glance, corruption could be erased if each and all abode by strict moral codes of which uncompromising probity should be one of the yardsticks. However, moral codes are labyrinthine and hazardous.

Take the ubiquitous Golden Rule: "do not do to another what you would not wish done to yourself", present in most moral codes at all ages of mankind. Since I don't wish anybody to prevail on me by corrupt means, I shall refrain from corrupting others for my own advantage — and corruption disappears as if touched by a magic wand. Unfortunately, this is not realistic. Humans differ — as G. B. Shaw said "do not do unto others as you would they should do unto you. Their tastes may not be the same." More relevant, it requires that absolutely all humans act likewise, or else it puts the abettors at a disadvantage with respect to those "free riders" who throw the rule overboard. One could assume that any infringer can be promptly detected and deterred from further violating the rule, thus preventing its general decay — but this leads

right back to the above discussion about the fruitless judicial fight on corruption. Let us face it, after thousands of years of preaching the Golden Rule, it is high time to admit it clearly falls short of expectations.

Similar paradoxes get in the way of other moral commands. For this reason, we can hear a cacophony of voices, some of them calling for the reinstatement of the good, old, authoritarian standards and values (and we know well what grim prospects hide behind such words), others claiming peremptorily the need to expand and intensify the liberal "laissez faire, laissez passer" rule, while still others prescribe more authoritarian rules for some social strata, and simultaneously more liberal standards for other strata. The scene is rather messy and inconsistent.

Democratic Fervor

Both political and civilian circles invoke a deeper democratic involvement of citizens as a reliable anti-corruption recipe. Indeed, it is easy to detect genuine signs of social anomie, the unraveling of the social fabric, in the current public discontent with the political establishment that translates into high abstention rates at the polls, the unexpected election of weirdo leaders, or the downright rebellion of the masses.

Stronger self-commitment to democracy could certainly help. Provided, of course, that it is the real thing and not some inferior substitute. The EU (European Union) bluntly disregarded and rebuked the peoples who rejected EU referendums on five occasions since 2004. "There can be no democratic choice against European treaties", lectured the president of the European Commission, while a German minister restated: "elections cannot change anything." The appeal to democratic values coming from officials showing such a

patronizing behavior, congruent with the political caste's utter dread of direct democracy, left a sour taste in the mouths of many.

Other instances of self-styled democratic practices like the waging of unauthorized overseas wars by a simple executive decision (United States, United Kingdom, France); the assassination fiats without due process of law falling from top political offices (Obama, Hollande); the generalized surveillance of all citizens and the suspension of the fundamental freedoms allegedly guaranteed by the International Bill of Human Rights; or polls trumped by the money of munificent candidate backers, all make a strong enough proof of the alarming state of the current instance of democracy. It would be imprudent to count on such deflated values to restore probity, or any other high ethical standard for that matter.

Anything Goes

There must be a fundamental explanation why appeals to morality, prescriptions to shore up institutions, and proposals to address inequality appear so dismally ineffective for overcoming the corruption crisis. We contend that it lies in the thoroughly utilitarian world-view reigning in our societies — in brief, the principle that anything goes on the condition that it works.

From this perspective, evil and good are measured by failure and success. The yardstick of success is the conspicuous parade of wealth, power and status — and success is by definition commendable. Failure equates to being unworthy: apathetic, unindustrious, unemployable, stiff — in short undeserving. Hence, there is nothing revolting in the resulting inequality between successful and failed protagonists. As well, the

permissiveness of institutions is viewed with indifference, as an unavoidable trait of a flexible, open system that should not be too particular about how winners achieve their victories. The world does not, could not, and would not know where the displayed wealth, power and status come from, or by which means they have been amassed, as long as they are there for everyone to see. The world will only take notice when the wealthy, the powerful, the high status holders fall from their pedestal. Until then, they can corrupt their way up to the top without worry. Anything goes.

Populism a Cop-Out

Against this background, TI's prescriptions go astray. The report author comes hard on populism, heavily implying that corruption is primarily fed by populists. The snag is that it remains unclear what populism really means. To our knowledge, no political party, anywhere, chose to denominate itself populist. Therefore, an idea, a faction, an organization is populist only because some self-appointed umpire so decides. Is that enough? The last thing we need is another avatar of the somber heretic hunters so fond of imprecating fatwas and anathemas at the faintest scent of heterodoxy.

The author concedes that it is hard to prevent the abhorred populists from entering into office. He is right, but he does not explain why it is that hard. We may suggest him that it is simply the normal functioning of democracy as we know it. Since democracy rests upon pluralism, populism (whatever that means) is entitled to exist side by side with all other political beliefs and programs. If one does not like it, free expression, open debate, and public confrontation are the weapons to use, not legal exclusion. In a democratic system, only the power of the ballot, not the rectitude of the pundits, rules whether a political opinion is

admissible or not: democracy is about choosing, not about being right. Furthermore, if it is palatable to democracy that a candidate for office be lavishly financed by generous — maybe not so innocent? — donors, why then should one be shocked by the electoral successes of Berlusconi, Trump or Shinawatra? The reporter should instead be outraged by the electoral financing system that allows money to play a prominent role in political choices.

Since the TI reporter does not feel an inclination for the likes of populists, his recommendations are aimed at the "mainstream governments". He puts forward a package of well-meaning proposals, like: stopping the revolving door between business and high-ranking government positions; curtailing political immunity; greater controls on corruption facilitators, and outlawing the use of secret companies that hide the identity of the real owners. But that is precisely what the "good guys" have been supposedly doing for many years. Why what did not work yesterday should suddenly start working today? It is more of the same statutory potion, of which we said above that it only serves to make corruption costlier and less affordable for the commoners.

Same Old Tune

The high point of the report is the closing paragraph, stating that "These proposals require the investment of substantial political capital by government leaders to confront entrenched interests. It is in the interests of democratic governments to use that capital so they can again deliver on their central promise to provide equal opportunities for all." Decidedly, the reporter should remember that these mainstream government leaders to whom he appeals are the very ones who

designed, developed, nurtured and ripened the corruption system that, according to TI's statistics, is proving more effective year after year. Such a naive supplication is tantamount to plea the thief to be generous or the liar to be candid. With this kind of medication we can easily predict that corruption will enjoy long years of a hearty and prosperous life.

No equivocation: stricter rituals did not end the worship of the golden calf; overturning the idol did it. To prevail over corruption, inequality, arbitrariness, and other such social malfunctions, radical changes in the ideological, social, and ultimately political arenas must be brought about. That is not an option, it is a must. 🚫

Probity Scoring by Nation 1995 - 2016 (Measured by CPI - Corruption Perceptions Index) ¹ Median, Maximum & Minimum Parameters					
Year ²	Median	Maximum		Minimum	
1995	56.2	95.5	New Zealand	19.4	Indonesia
1996	50.15	94.3	New Zealand	6.9	Nigeria
1997	52.25	99.4	Denmark	17.6	Nigeria
1998	42	100	Denmark	14	Cameroon
1999	38	100	Denmark	15	Cameroon
2000	41	100	Finland	12	Nigeria
2001	40	99	Finland	4	Bangladesh
2002	37.5	97	Finland	12	Bangladesh
2003	34	97	Finland	13	Bangladesh
2004	33.5	97	Finland	15	Bangladesh
2005	32	97	Iceland	17	Bangladesh
2006	32	96	Finland	18	Haiti
2007	33	94	Denmark	14	Myanmar
2008	34	93	Denmark	10	Somalia
2009	33	94	New Zealand	11	Somalia
2010	33	93	Denmark, New Zealand, Singapore	11	Somalia
2011	32	95	New Zealand	10	Korea D.P.R., Somalia
2012	37	90	Denmark, Finland, New Zealand	8	Afghanistan, Korea D.P.R., Somalia
2013	38	91	Denmark, New Zealand	8	Afghanistan, Korea D.P.R., Somalia
2014	38	92	Denmark	8	Korea D.P.R., Somalia
2015	37	91	Denmark	8	Korea D.P.R., Somalia
2016	38	90	Denmark, New Zealand	10	Somalia
Average annual change rate	-1.85%	-0.28%		-3.11%	
Slope of the regression line	-0.65	-0.41		-0.28	

¹ The Corruption Perceptions Index ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The country with the lowest score is the one where corruption is perceived to be greatest (least probity). Browse the complete Corruption Perceptions Index lists from 1995.

² The scale 0 to 10 became 0 to 100 in 2012. For charting and computation purposes, data points until 2012 have been adjusted by multiplying by 10.

Table 1:
CPI parameters, 1995-2016.

References :

- 1 Corruption Perceptions Index, by Transparency International [<http://www.transparency.org/>].
- 2 What does corruption mean: http://stats.areppim.com/glossaire/corruption_def.htm
- 3 CPI complete lists 1995-2016: http://stats.areppim.com/listes/list_corruption.htm
- 4 CPI and GINI correlation: http://stats.areppim.com/stats/stats_corruginix10.htm
- 5 Billionaire net worth as percent of GWP: http://stats.areppim.com/stats/stats_richxgdpxtrend.htm

Source :

http://stats.areppim.com/stats/stats_cpixparam_rev16.htm
