



The scourge of anti-corruption

By Daniel Ben-Ami

“An honest politician is one who, when he is bought, will stay bought.”
(bumper sticker).

One way for comedians or media commentators to almost guarantee a laugh nowadays is to make a joke at the expense of corrupt politicians. Political leaders are commonly seen as at least unethical if not unscrupulous or downright dishonest. Often they are portrayed as guilty by association with corporations which, it is widely assumed, willingly pervert the political process in their lust for money.

Unfortunately if such views are not challenged the last laugh will be on ordinary citizens and the democratic process. They reinforce a mood of cynicism about politics and business that is anything but healthy.

Most commentators on corruption have an upside-down understanding of its significance. They argue that politicians and businesspeople cannot project a positive image of themselves because of the pervasiveness of corrupt practices. In reality the opposite is true. It is the inability of politics and business to project positive images of themselves that explains the obsession with corruption.

To understand this point it is first necessary to identify what is new about the contemporary preoccupation with corruption. Clearly there are many examples of allegations of systematic corrupt practices from history – the criticism of robber baron industrialists in America’s gilded age of the late nineteenth century is a well-known case. A key difference today is that the obsession with corruption coincides with a pervasive sense of social malaise. So in the past corrupt politicians or businesspeople were generally seen as bad apples to be distinguished from their honest counterparts. In contrast, today politicians and businesspeople are all seen as rotten.

This outlook permeates all shades of political opinion and countries around the world. Despite the differences between liberals and conservatives, Islamic fundamentalists and Christian evangelists, they all see corruption as endemic. The same is true outside America. In Britain, for example, corrupt links between business and politicians are often referred to as sleaze but the essential outlook is the same. Other common synonyms include crony capitalism and graft.

Obviously this inability of politicians to project a positive image, as well as the negative perceptions of business, have themselves to be explained. There seems to be an inverse relationship between the vitality of politics when it was a genuine battle of ideas and the contemporary obsession with corruption. It is also important to note that the common attack on greed is often an assault, in caricatured form, on the pursuit of affluence or self-interest.

An even more striking difference from the past is the reaction to corruption. The scale of anti-corruption initiatives is unprecedented. Anti-corruption has become a key organising principle in relation to both business and politics. Perhaps the clearest example in America is the Sarbanes-Oxley act of 2002 which institutionalises a climate of mistrust between business and society. But in other countries similar rules have come into effect. Britain, for example, has had a succession of increasingly detailed corporate governance requirements since the early 1990s. There is also increasing oversight of elected politicians by unelected officials or judges.

Anti-corruption has also become a key organising principle in the developing world. Back in 1995 when James Wolfensohn – widely seen as a liberal – became president of World Bank he made eliminating the “cancer of corruption” a top priority. A decade later with the accession of Paul Wolfowitz - generally seen as a neconservative - to the top position he too has made fighting corruption his main focus.

Of course many people would welcome such measures but it should be noted that they have several negative effects:

- *Cost* – Perhaps the most obvious downside is cost in both time and money. For example, Sarbanes-Oxley is often attacked for the costs it imposes on business. Deloitte, an accountancy firm, has estimated the average large company has lost 70,000 man-hours to compliance with

the law.ⁱ From such a perspective the costs of such legislation can easily outweigh any benefits.

- *Harmful consequences* - Formalising what were previously informal processes can damage the quality of business and politics. Companies have to submit themselves to detailed regulations rather than focus on running their businesses. Politicians become more subject to bureaucratic regulation and less accountable to their electorates.
- *Undermining democracy* – Many anti-corruption measures are essentially undemocratic. They allow unelected bureaucrats or officials to undermine the power of elected politicians. In relation to developing countries such measures reinforce the power of international institutions and developed countries against the developing world. Although old imperial language is not used in this context such measures can accurately be described as empire in denial.ⁱⁱ
- *Reinforcing cynicism* – Anti-corruption measures reinforce cynicism about politics and the democratic process. As a result cynicism – and the perception of corruption – gets even worse rather than better. This trend is clear in Britain where New Labour was first elected in 1997 following a concerted campaign against Conservative sleaze. Since then the Conservatives have increasingly attacked Labour’s alleged moral failings rather than its policies.

So if anti-corruption is so problematic what is the alternative?

First, there is a need for a new battle of ideas to replace the current “more moral than thou” obsession. Politics should be about competing visions of how to organise society. The current obsession with seeking scandals to discredit politicians is cowardly and damaging to democracy. For example, the common portrayal of George W Bush as stupid, dishonest and lazy is an opportunist evasion of proper criticism of his policies.

Second, there is nothing wrong with politicians representing particular interests as long as they are open about it. Business, labour, churches and other groups are entitled to have politicians articulating their interests. The key point is that they should not hide the communities they represent.

Finally, politicians should be held accountable by their peers and ultimately the electorate. However saintly unelected officials may be they have no democratic mandate from the population. It is a mistake to demand that bureaucrats keep elected politicians in check.

ⁱ Quoted in "Enron's Legacy" *Wall Street Journal* May 23, 2006.

ⁱⁱ David Chandler *Empire in Denial* Pluto 2006.