

Why Bribe?

Who is bribing whom?

For the majority of the world's people the giving and taking of bribes is pervasive and unremarkable. While people may quarrel about the size of bribes, their existential reality is recognized in the many colloquial expressions that are used to describe them. In Kenya kidogo kidogo means a little thing, in Indonesia uang kopi mean coffee money, in Nigeria, dash. All of these establish bribery as an accepted fact of life, and make people tolerant even when the bribe is by no means "a little thing". At the same time, however it is recognized as something shameful, and you rarely get people boasting of their ability to demand or receive bribes.

The world's citizens (be they primarily businessmen, mothers, parents, or consumers) know all about this from their own strong personal experience, but the reality of bribery does not often get into formal literature, and the accepted canon of peoples experience.

To make clear the field we are describing, it is useful to look at some of the dramatic examples that have been exposed by investigative journalists or active researchers into corruption. In many countries, as well as the accepted norms of giving and taking bribes for businesspeople to get quick and favourable results from gate keepers in the government bureaucracy (customs, safety inspectors, land agents, those responsible for procurement, contractors), we have bribes that strongly influence peoples lives::

- Payments to teachers to get children places in government schools or universities, then to pass exams, then to move up a class
- Payments to nurses, or medical staff to get a place in a hospital, drugs, access to patients or new born children (and in Bangalore, India, according to the Public Affairs Centre, more bribing is required to visit male children over female)
- Payment beyond published tariffs to local government, or public utilities for connections to water, phone, electricity, and repairs
- Payment to tax inspectors to set tax requirements low
- Payments to court officials to get a case heard, to get a favourable verdict, to get the verdict enforced.

Such bribery is a shock to many in the West, but is the daily stuff of life for the majority of the worlds people.

A Simple Catechism

The subject of corruption studies has generated astonishing amounts of literature which have over-complicated the issues. When asking about corruption it is valuable to ask naïve questions and get back to the basic issues – and to supply the obvious answers to these basic issues. Following such clarification we can

move to trying to understand the reasons why such basic questions need to be asked.

Why do people pay substantial amounts of money (particularly those who cannot afford to do so) for goods and services that are illegal, and which can never be enforced in a court of law?

The obvious answer is that the briber will not get the goods or services he or she requires unless he or she pays. The bribee has effective control, up to and including a monopoly, on these goods and services and can prevent, or equally frequently delay, people from getting access to them, and can protect his or her situation. By the same power the bribee can accelerate access to goods and services. In a situation where time is inelastic, as with business, school children, medical care, delay is tantamount to prevention. The gate keeper's position is near absolute unless the briber has the power to neutralize or go around the bribee.

Given the fields in which bribes are required, and the continuous requirements for extra money, this leads to the next logical question, which is why are the systems and structures that allow bribery to flourish allowed to continue? Again there is an obvious answer: because it is in the interests of those who make and control the systems and structures, the rules and regulations to allow this to happen, and because there is unlikely to be any penalty for them in continuing this way. The income that bribees make and the impunity they expect suggests that the system will be self-perpetuating.

These obvious questions and answers have been boiled down to a formula by Robert Klitgaard, late of the Rand Corporation in his book "Corrupt Cities – a Practical Guide to Cure and Prevention":

$$C = M + D - A$$

He explains: *"Corruption (C) equals monopoly power (M) plus discretion by officials (D) minus accountability (A). If someone has monopoly power over a good or service and has the discretion to decide whether someone gets that good or service or how much of it a person receives, and there is no accountability whereby others can see what that person is deciding, then we will tend to find corruption. This is true whether we are in the public sector or the private sector, whether we are in a poor country or a rich one, whether we are in Beira or Berlin or Beirut"*

By the same logic one can see that diminishing monopoly power, decreasing gatekeepers' discretionary power, and increasing oversight and accountability of the gatekeepers' work will tend to decrease corruption. The big problem is not knowing what needs to be done, but getting the political commitment amongst those who control a nations affairs to do this. Huge amounts of hypocrisy are

spooned out daily in pious statements about the need to reduce bribery and corruption by people whose positions, possibly their very lives, depend on corruption and who are not interested in anything but palliative measures which will deflect action while showing interest.

Are individuals within a country, are firms, are businessmen interested in taking unilateral action against bribery in countries where corruption is the norm? It is expecting a lot of them when the popular will in so many cases accepts corruption as a way of life. There are steps, however, by which it is possible to persuade business people that there are alternatives to corruption, that it is worth their while to try them, and that they have a good chance of success.

The first is to about intellectual honesty, clarifying the excuses about corruption and challenging them so that we know where people are starting from; the second is to encourage intellectual honesty about what is actually happening and to support efforts to let what all citizens and business people know actually see the light of day and get objectively discussed; the third is for citizens and business people to work out for themselves what needs systematically to change at a national level in terms of incentives and punishments, and what degree of political will this entails: and the fourth is for citizens and business people to consider what can be done in the meantime by themselves as they wait for and hopefully support moves towards a national reform process and necessary the costs and benefits of the corruption nexus that they are involved in, and what they can do about it themselves, compared to what has to be a national effort.

Cutting through the excuses

Although in theory many people, including business people, are fed up with corruption, and would like to see their country free from it (as is often revealed by public polls on the subject), there is tremendous intellectual dishonesty practised as people make excuses for it – excuses that absolve them from the need to actually do anything. Robert Klitgaard provides us with 7 different excuses of this kind.

1. “Corruption is everywhere. Japan has it, Holland has it, the USA has it. There’s nothing you can do about something endemic”. Such an argument is not advanced for HIV/AIDS or sexual discrimination
2. “Corruption has always existed. Like sin, it is part of human nature. You can’t do anything about it”. But we do not all sin to the same extent, and we have laws to curb sinning.
3. The concept of corruption is vague and culturally determined. In some cultures the behaviour that bothers you is not considered corrupt”. No culture condones bribery. All cultures can distinguish between a gift and a bribe.
4. Cleansing our society of corruption would require a wholesale change of attitudes and values. This can only take place after (choose your miracle). Anything less is futile.” While we wait for the miracle (and

perhaps encourage its coming) there are many things that can be done.

5. In many countries corruption is not harmful at all. It is the grease for the wheels of the economy, and the glue of the political system". Much more like sand, than grease, and many studies have shown that less corrupt countries perform better economically
6. There's nothing than can be done if the man or woman at the top is corrupt, or if corruption is systematic". True it is more difficult, but there are examples, like Hong Kong and Singapore, where systematic corruption has been reduced.
7. Worrying about corruption is superfluous. With free markets and multiparty democracies, corruption will gradually disappear". The history of the last fifteen years of the former Soviet Union gives the lie to this.

Intellectual honesty about what is actually happening

Many people have talked about the "open secret" of corruption – the fact that so many people are well versed in its practical applications because they are party to it, but the fact that the reality of corruption is so rarely written about objectively and plainly. In the wake of international interest in corruption have come surveys of actual behaviour, and attention to the work of investigative journalists. The problem with the former is that they rarely are widely and popularly distributed, and with the latter that they have the real problem of being punished (even to the extent of being killed) for the stories that they research and write up.

Organisations like the Public Affairs Centre in Bangalore, India with its Citizens report Cards and the Center for Public Integrity with its Corruption Notebooks are some of the few places where you can clearly learn about how corruption is actually practised:

In the Ukraine: "Only those businesses that don't use double books can afford not to pay bribes. For now, however, the majority of businesses in the Ukraine still use two sets of books in their accounting"

In the USA: "Private gain from public life at the national level is legal and not uncommon in the united state, and those in and around government officialdom in Washington would be shocked if anyone had the temerity to refer to it as "corruption": its rather just "business" and "how things work".

India: "According to the Moscow based think Tank "Liberal Mission", small businesses alone pay bureaucrats some \$6 billion in bribes and protection fees. Researchers` claim that small business profits are dwarfed by what bureaucrats make from bribes"

Unless people are prepared to come out publicly and talk about the everyday architecture of corruption, there will be no reference point which people can use, and they will easily slip back into excuses for corruption.

Working Out what needs to be done

It is not rocket science to design a strategy to limit corruption and stop people asking for and paying bribes. The nuts and bolts are comparatively well known:

1. separation of powers
2. checks and balances
3. transparent procedures
4. a functioning justice system
5. clearly defined rules and regulations, particularly those which define what is, and what is not bribery
6. a democratic culture
7. competition and a reduction of monopoly and discretionary powers
8. rights to information
9. rights to redress

The problem is that those enclosed in systematic corruption (and we are talking of systems, not isolated examples) have little incentive to change the system, particularly if it is covering their daily requirements (at the bottom of the system for those paid unlivable wages) or covering their greed (at the top of the system).

And if those involved will not willingly shake up the system, what does it take to change their perspective into one of realistic and activist reform? The following are possibilities:

1. Greed overcomes a corrupt equilibrium: the case has been made that Suharto's personal greed (and that of his family) finally became so egregious that, with the extra stimulus of the Asian crash of 1998, he was toppled. In the same way a corrupt customs official who regularly takes bribes to release goods from a bonded warehouse, but who increases his take, may incense business people who see this as cutting into the profits.
2. Going beyond the limits: the limits are perhaps culturally determined, but when a corrupt person shoves his excessive income based on bribes into your face, there are those who will also become incensed and look to end the system
3. Public exposure: although many people are prepared to live with corruption (see the excuses above), a public exposure of the excesses of it, or a public exposure of the harm that it does can generate a public reaction.
4. Outside pressure: there are many different ways that this can work. If the level of inward investment drops off in a country and business people who might otherwise brought investment say publicly enough that the cost of corruption kept them and their money out, this can be a powerful incentive to change. If banks refuse to lend to countries that cannot guarantee certain minimum standards (and this has been

exacerbated by security considerations) it is a powerful incentive to change. And for those countries that receive foreign donor aid, conditions on that aid linked to better governance and less corruption can be forceful

This does not mention ideological pressures for change. Reformist religious movements can often contain admonitions to reduce or eliminate corruption, and there was a point in Indonesia when Mohammediyah, the largest Islamic non-government organisation in Indonesia, was considering declaring corruption to be “haram”. It did not happen, but it illustrates possibilities.

What can business people or citizens do for themselves

Business people who want to reduce or eliminate corruption in general, but who are keener to do something about the corruption practices that affect them personally are very well aware of the “prisoners dilemma” – if they unilaterally decide to stop paying bribes it may well be disadvantageous to them because others will continue to do so and take their business from them.

A first step is to open up the subject amongst your peers to see if your interest is one that is shared by others, or whether they subscribe, honestly or opportunistically, to some of the excuses mentioned above. The businessperson may find the time is ripe for action or may find that competition makes any change seem unlikely.

The next most realistic and possible option is to move from being an individual to becoming a group, particularly a group that has some clout in respect of the person or organisation to which you want to stop paying bribes. Forming a business association which will present a united front to those requesting bribes is difficult but worth trying.

It is also possible to find common cause with reformist elements in the government or legislature or judiciary to suggest identifying a particular part of your work and ring fencing it – saying that for a particular activity (perhaps a specific procurement) all concerned will create new rules by which all will abide which will include no bribes. This is not suggesting that the new rules will be applied everywhere, simply for the limited activity identified. This gives everyone the opportunity to see what it is like to manage without bribes, and hopefully, strengthen the reformist minded people to urge its greater application.

More risky activities are to take a high profile case to court with as much publicity as possible to make it a test case which the usual corrupt tendencies in the judiciary will find it difficult to treat as usual, and finally to get involved in a public shaming campaign, naming names and seeking the moral high ground. As mentioned these are risky, but at certain times, in certain circumstances, they may be the smart thing to do.

But seriously...

All this is premised upon the businessman or citizen, alone or in associations, feeling that corruption is harmful, and should, if possible, be limited – but recognizing that he or she, or his or her association, is not primarily a reformist or activist. If the businessman or woman looks at all the options and sees no advantage for him or her in leading the charge, then we can suggest that he or she keeps aware of the situation and looks for the moment when there is a tipping point of public opinion or political will. If, on the contrary, he or she sees that the time is ripe – good for business and good for their belief in what is right conduct, then there are some good suggestions available from organisations which have been preparing the ground:

World Bank – Combatting Corruption in Indonesia (valuable for more vthan Indonesia)

World Bank: The Anti-Corruption Handbook

World Bank: Anti corruption in Transition

USAID: Handbook for fighting corruption

Robert Klitgaard: Corrupt Cities – a practical guide to cure and prevention (2661)