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Without identifying the underlying causes, we cannot combat corruption

By Hiram Chodosh

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Neither the correct conception or definition nor a precise measurement of corruption speaks to its causes. Without the underlying factors that lead to corrupt practices, we cannot develop an effective strategy to combat corrupt behavior. Three theories – political, economic, and ethical – compete for explanatory power. Each is helpful in understanding corruption. Each is insufficient.

Many observers see corruption as a problem of governance and overly centralized political distributions of power. Robert Klitgaard's famous formula emphasizes the exclusive power of the decision-maker, his or her discretion, and the lack of accountability for abuses of this power and discretion: C= M + D – A, or corruption equals monopoly plus discretion minus accountability. This theory tends to focus on concentrated, unaccountable power as the primary source of corruption. The more power and unbridled discretion officials have in their formal activities, the easier it is for them to extract bribes from people who need their approval, service, or assistance.

This understanding of corruption is insightful and generates a series of reform strategies to disperse power, reduce discretion, and increase accountability through a series of transparency devices and sanction mechanisms. Yet the theory fails in a few critical respects. First, the political lens does not focus on the other side of the transaction – those who try to influence public decision-making through bribes. Second, it does not fully appreciate the importance of underlying incentives and risks. And third, the theory cannot explain why – in systems where corruption is widespread – some public officials and private citizens refrain from corruption as a matter or ethics or principle.

In partial contrast to the political focus on power, discretion, and accountability, the economic theory of corruption locates the main determinants at the level of available benefits, the risk of corrupt deals, and the relative bargaining power of briber and bribee. Like much of the academic literature, this approach postulates that corruption is a "crime of calculation not passion," and is therefore subject to rational justification. This economic approach focuses heavily on incentives. With poor wages, tough working conditions, and meager resources, officials in many countries have strong incentives to extort money, take bribes, and solicit gifts. The ability to corrupt the very processes responsible for prosecuting corrupt behavior sharply decreases the chances of being caught, disciplined, or prosecuted. The relative bargaining power of the official and the people involved, the degree of financial need, resources, competition, and the limitation of monetary or non-monetary sanctions each affect the level of corrupt practices.

The economic lens, however illuminating, does not account for every contributing factor, including structural issues of access to power, wealth, and influence, nor does it lead necessarily to effective reforms. Countering the strong incentives to engage in corruption is a formidable task. Raises in wages for public officials, for example, have generated disappointing results. Furthermore, the theory under-appreciates the coercive dimension of corruption as well as the threatening nature of ethical refusals to take bribes. Threats of violence often coincide with the individual choice to solicit or refuse an illicit bribe. Furthermore, heightening the risks of corrupt practices can backfire. The more repressive the approach to anti-corruption, the higher the stakes, and the more likely corruption will pervade the very channels of law enforcement. The economic theory does not explain why in the face of greater rewards and lesser risks, some people engage in corrupt practices while others refuse. Like political explanations, the economic approach cannot explain why a public official would refuse to accept a very lucrative bribe at very little personal risk. The economic theory lacks solid answers for these questions.

In contrast to an evaluation of power or incentives, a third approach emphasizes the normative or ethical failure of society or individuals to appreciate the difference between right and wrong. Under this view, corruption is a moral, ethical breach, and the solutions emphasize a reinforcement of the ethical and legal standards of professional behavior through legislation, codes of ethics, and professionalism training. This approach helps to explain why some might resist the temptations of power or money; it does not explain the particular conditions under which the internalization of these norms in behavior is more likely to occur.
Therefore, each of the foregoing approaches is of considerable value in providing a framework through which to understand corruption and chart a course of reform. Disbursements of power, attention to incentives, and ethical approaches to norms that frustrate corruption are all important dimensions of the puzzle. But each alone provides no single explanation or panacea. Observers of corruption as well as reformers, therefore, must appreciate the limits of each approach and seek to integrate the political delegations of power, the incentives of the actors, and the internalization of ethical norms into a more accurate tri-focal, behavioral theory of corrupt practices. Such a synthetic approach might allow us to build on our current understanding of corruption as a foundation for effective reform.

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