

"Managing the Control and Subversion of Corruption: A Theoretical Exposition for Empirical Research."

Prof. Dr. Vinitaa Agrawal¹ and Prof. Dr. Vinitaa Agrawal²

¹ Amity University Rajasthan

Received: 7 February 2015 Accepted: 3 March 2015 Published: 15 March 2015

Abstract

Every economy, the world over, has been suffering from certain everlasting problems like corruption, poverty, unemployment and rising prices. For the last so many years, the corruption has emerged as a focal point of talks among academicians, politicians and people at large. Indian economy is also not an exception in this respect. Corruptive practices have been witnessed in our country also in different types of forms. For example, the alleged frauds and scams like Enron Scandal, Tehelka Episode, Harshad Mehta's Security Scam, C. R. Bhansali's Scam, Jayalalita's Tansi Scandal, Ghaas Chara Scandal, Scandals regarding 3-G Spectrum, the alleged Om prakash Chotala's, Nitin Ghadkari's and Yeddi-ruupa's scandals

Index terms— corruption, corruption propensity, corruption potential, subversion of corruption.

1 I. Introduction

very economy, the world over, has been suffering from certain everlasting problems like corruption, poverty, unemployment and rising prices. For the last so many years, the corruption has emerged as a focal point of talks among academicians, politicians and people at large. Indian economy is also not an exception in this respect. Corruptive practices have been witnessed in our country also in different types of forms. For example, the alleged frauds and scams like Enron Scandal, Tehelka Episode, Harshad Mehta's Security Scam, C. R. Bhansali's Scam, Jayalalita's Tansi Scandal, Ghaas Chara Scandal, Scandals regarding 3-G Spectrum, the alleged Om prakash Chotala's, Nitin Ghadkari's and Yeddi-ruupa's scandals, etc. Such types of corruptive practices have done far more harm to the society than the individual benefits of the parties involved in such practices.

Consequently, different types of movements have been undertaken and many study groups and institutions have tried to analyze the various dimensions of corruptive practices. To name a few are to include Studies by Jagdish Bhatwari, Anne Krueger, Susan Rose-Ackerman, (1970), Mauro (1996), German NGO Transparency International's Corruption, Perception and Bribe Payers Index, every year, 3 H Countries OECD's Anti Corruption Convention in 1999, Anti-Bribery Convention in 1997, movements by Anna Hazare and Baba Ram Dev and the manifestos of national and regional level political parties covering the seriousness of corruptive practices and efforts to control and subvert them. Despite all these efforts, like other economies of the world, the Indian economy is also very seriously suffering from corruptive practices. Months after Transparency International ranked India as among the more corrupt societies in the world, the NGO's Bribe Payer's Index 2006 showed that India was world's No. One bribe payer to pay overseas bribes to secure business, clinch contracts, do deals and generally get on in the world. No symptoms are visible to see controlling and subverting corruptive practices.

In this backdrop, the author has tried to analyze all the pertinent dimensions of corruptive practices with a view to ensuring as to how the ill effects of corruption can be eliminated and to address the major issues to explore the possibility of whether complete subversion of corruption is possible or corruptive practices can be limited to certain practically tolerable limits through proper control and regulatory mechanism. Keywords : corruption, corruption propensity, corruption potential, subversion of corruption.

2 II. The Methodology

The entire exposition has been prepared on the basis of deductive reasoning. The exposition mainly addresses the issues like conceptual framework of corruption, causes of the persistence of corruptive practices, ill consequences of corruption, puzzling questions in this connection, and the reasons of ineffectiveness of the efforts of controlling and subverting corruption. Through this exposition, the author expects the future researchers to undertake researches in the empirical setting of the society for their practical feasibility and fair success. In a way, the exposition is based on exploratory work but it is theoretical in a sense that its issues have not been studied in the empirical setting.

3 III. Conceptual Framework of Corruption

Corruption is a term with many meanings in relation to corrupt acts, causes, nature, forms, coverage, etc.

"Viewed most broadly, corruption is the misuse of office for unofficial ends; or abuse of public office for private gain. This includes bribery and extortion, which necessarily involve at least two parties, and other types of malfeasance, that a public official can carry out alone, like fraud, embezzlement, nepotism and misappropriation" (Kleptocracies).

Functionally speaking, corruption is the function of Monopoly (M), Discretion (D) and No Accountability (-A).

Corruption is a crime of calculation, not passion. It is attributed to bad attitudes regarding authority and probity. Corruption is a pernicious sort of 'privatization of the state' with profuse use of informal and illicit private use of government by the political class and its allies. It is not only a sin of government; rather private sector is also involved in most government corruption. Corruption coverage includes all corrupt politicians, bureaucrats, NGO's, businessmen and criminals. It is pandemic, a universal phenomenon everywhere and every time. The suggestive analogy for corruption is like a diseases and pollution which is persisting but differing in its seriousness. Hence, corruption may take different forms, such as ordinary corruption and systematic corruption, organized corruption and chaotic corruption.

Ordinary corruption is the initial stage of the use of corrupt practices, though the system is, by and large, healthy. In this stage, some sub-systems become weak and vulnerable to corrupt activities.

When corruption has already been embedded, and the institutions, rules and norms of ordinary behavior have already been adopted to corrupt modus operandi with profuse use of predatory actions; and gross neglect of the general practice of following the established and universally accepted rules of the game, then it takes the form of systematic corruption also known as organized and chaotic.

High level corruption (kickbacks paid to ministers) and low level corruption (petty bribes paid to employees and their acts of malfeasance), both tend to coexist and reinforce each other.

4 IV. Basic Acts of Corruption

Illustrative list of basic acts of corruption is not far to seek. It may include the following:

1. Undercutting the rules of the game. (Justice, system, property rights, banking and credit, etc.). 2. Acting as an additional cost.

5 Creating uncertainty and adopting dilatory

practices/bureaucratic red tapism. 4. Following secretive practices. 5. Distorting incentives and weakening governmental effectiveness. 6. Depriving of the legitimate claimants of their dues. 7. Encouraging rent seeking behavior.

6 V. Causes of Corruption

The illustrative list of basic acts of corruption is directly related to the causes of corruption. These causes of corruption can be witnessed as absence of effective governance for it gives rise to corruptive practices. These causes can be broadly divided into two categories on the basis of their convergence as follows: a) Corruption Potential, and b) Corruption Propensity.

7 VI. ILL-Founded Claims and Myths

There are certain ill-founded claims and myths regarding corruption as flows:

1. "Bribery and corruption can have positive effects."

Through giving a means of avoiding burdensome regulations and ineffective legal systems, individuals are benefited". For it ignores enormous discretionary powers of bureaucrats and politicians; fuels the growth of excessive and discretionary regulations by serving as the 'grease' that lubricates 'squeaky wheels' of rigid administration over rigid regulations and cause serious social harm. 2. "Corruption exists in every-country; nothing can be done about it where ever they live." It is based on the analogy to pollution or disease which exist everywhere but its extent and patterns differs; the above claims and myths signal that corruption can be tolerated up-to certain limits on the basis of practical considerations and be controlled beyond that. For

example, Hongkong SAR and Singapore shifted reasonably quickly from being very corrupt to being relatively clean. Botswana, Chile, Poland, Uganda showed good progress in controlling corruption.

8 VII. Why Corruption Unwanted? ILL Consequences

Corruption is unwanted when perceived from macro-viewpoint, which cannot at any cost be ignored. Man lives in a social framework. He is a micro-element of the cohesive whole in his behavior. It is also unwanted by those individuals who become the victims of corrupt practices. An illustrative list of illconsequences is as follows:

1. Devastates economic and political development.
9. Decreasing tax revenues and wrong signals to the policy-makers.
10. Causing talented people to engage in rent-seeking behavior rather than productive activities.
11. Institutional inefficiency in their working.
12. Political instability and increasing violence.
13. Overall environment, full of chaos, uncertainty, distrust and unsafe.
14. Erosion of political legitimacy to the point where even honest officials and members of the public see little point in playing by the rules.

9 VIII. Controlling and Subverting Corruption

"I know what is right but I am not able to act accordingly and I know what is wrong but I am unable to restrain myself from doing it." This adage speaks a lot about controlling and subverting corruption.

Fighting against corruption requires one to consider the stage or form of corruption for it determines whether the fight would be in the form of "controlling" or "subverting". The suggestive analogy may run on the following lines based on the particular disease and its treatment: Ordinary Corruption 1. Controlling 2. Preventive (strengthening vulnerable body parts by way of exercises, nutrition and life styles, keeps healthy bodies free of contagion). 3. Analysis of rules, procedures, laws and institutions of incentives and accountability and their circumvention. 4. Best management practices (public health program) 5. Audit, system's design, incentives and personnel systems, citizen oversight. 6. People who run the system (those who are in charge and are in practice)

10 Systematic Corruption

1. Subverting 2. Curative (weakening the vulnerability of corruptive system by way of antibiotics, surgery and chemotherapy).
3. Analysis of corrupt deals, their persistence, risks, impunity and vulnerability.
4. Best practices to fight against organized crimes (pathology and medicines)
5. Additional: Dirty tricks-undercover agents, infiltrators, turncoats, key witnesses.
6. People who can influence and subvert, press, citizens, professional associations, business groups, Government agencies/political leaders.

The aforementioned anatomy of the corruption, the control and subversion of corruption efforts may be directly related to the broader categories of corruption potential and corruption propensity. Efforts should be directed to reduce the corruption potential and to strengthen the corruption propensity.

Steps for Reducing Corruption Potential: these steps may include the following: 1. Designing better systems to take care of a monopoly and discretionary powers. New laws-sufficient with necessary framework. Regulatory framework with adequate infrastructure for implementation and administrative reforms based on feasibility. 2. Focus on the vulnerability of systems to corruption rather than particular individuals. (Revenue, justice, procurement, regulatory framework, contract, etc.). and be seen to act in conformity with international human rights norms. It must operate under the law and be accountable to the courts". 5. Safeguards to ensure that the agency does not itself become a source for extortion and corruption.

All these steps and efforts must be directed towards conducive environment and administrative effectiveness.

11 IX. Some Puzzling Questions

With the aforementioned exposition, the author would like to pose some puzzling questions to be studied by the researchers in the future in the empirical setting.

1. If the costs of corruption are so high, why do not governments get rid of it? When the corrupt system is in place and a majority of people operate within that system, individuals have no incentives to try to change it or to refrain from taking part in it, even if everybody would be better off if corruption were to be eliminated. Double minded politicians appreciate and decry the costs of systematic corruption and also like personal and party benefits of the existing corrupt systems. Hence, the system tends to persist. Sudden reforms in a forceful manner duly supported by the highest levels of government are a must for its subversion.
2. Corruption breeds poverty, but does poverty breed corruption?

- Poorer countries are usually considered to be more corrupt. Corruption lowers economic growth and thereby breeds poverty over time.
3. Can corruption be altogether eliminated? Probably not possible. However, it may be confined within tolerable limits.

12 X. Conclusion

Insistence for Governance is a pivot around which all the measures to control and subvert corruption rotate. Combating corruption should focus on the reform of systems and requires an economic approach coupled with great political sensitivity and support.

Corruption cannot be effectively attacked in isolation. It requires a multi-pronged strategy directed towards reducing opportunities for corruption and discretionary powers, increasing accountability and monitoring and rewarding favorable performance.^{1 2 3}



Figure 1: 2 .

¹© 2015 Global Journals Inc. (US)

²"Managing the Control and Subversion of Corruption: A Theoretical Exposition for Empirical Research."

³© 2015 Global Journals Inc. (US) 1

power

governmental intervention, trade restrictions (tariffs and import quota), favourist industrial policies (subsidies, grants, etc.), price controls, licenses, permits, extraction rights, etc., monopoly and discretionary powers in the administrative structure are all a potential cause to corruption because they create and strengthen corruption potential.

Corruption

opportunity to use corruption potential. It depends upon:

1. Willingness to use and exercise the power. The willingness is determined by the surrounding environment by its image, including established norms and practices and individual's perception and outlook, character, values, self-esteem, greed, motivations, vision, probity (moral integrity or uprightness), passion etc., and both of them interact with each other.

2. Availability of the opportunities. The opportunities depend upon highly regulated economic and imperfect markets, systematic weaknesses due to poorly disseminated

accountability, possibility of detection, very less and very low penalties if caught, ineffective enforcement and monitoring, weak watchdog institutions, defacto immunity from prosecution of senior public officials and politicians, win-win game and difficulty to detect and the existence of easy rents.

corrupts absolutely. Restriction

Propensity: it denotes

defined, ever-changing
rules and regulation

Figure 2:

156 [Convention on Combating Bribery of Foreign Public Officials in International Business Transactions ()]
157 *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, 2011.
158 OECD.

159 [Ray and Kaufman (1998)] *Corruption and Development, Finance & Development*, Cheryl W Ray , Daniel
160 Kaufman . March 1998.

161 [Gray (1998)] *Corruption and Development, Finance & Development*, Cheryl W Gray . March 1998.

162 [Kaufmann ()] ‘Corruption: The Facts’. Daniel Kaufmann . *Foreign Policy* 1997.

163 [Stapenhurst et al.] *Curbing Corruption: Toward a Model for Building National Integrity*, Rick Stapenhurst ,
164 John Sahr , Kpundeh . the World Bank Washington, D. C.

165 [Klitgaard (1997)] *International Cooperation Against Corruption*, Robert Klitgaard . November 1997.

166 [Mauro ()] *The effects of corruption on investment, growth, and government expenditure*, P Mauro . 1996.
167 (International Monetary Fund Working paper 96/ 98)