



# The Politics of Corruption and the Corruption of Politics

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Inaugural Lecture delivered at the University of Durham, 22<sup>nd</sup> February 2001

**M**Y subject this afternoon is corruption by which I mean a form of illicit influence involving conduct which violates rules or standards. More specifically, corruption involves the abuse of a public role or trust for some private or particular benefit. In this lecture I intend outlining the ways in which corruption has been understood, the ways in which it is shaped by politics and the ways in which it in turn influences political activity.

Most of my academic research has been on subjects other than corruption but it seems I am now typecast. When I meet people at conferences, their first words are usually 'Oh, you're the Corruption Man!' Not necessarily the description I would choose.

Worse still, having held a number of offices in this university including Dean of the Faculty of Social Sciences, Principal of St Aidan's College and Chair of the Politics Department, I was disconcerted to hear a previous Vice Chancellor say 'Bob Williams knows more about the abuse of office than anyone in this country'

I first became interested in corruption in the 1970s when I met Eddie Milne who was then the Member of Parliament for Blythe. Milne was concerned about corruption and incompetence in the Labour dominated councils in the north-east but was being attacked within the Labour Party for disloyalty. I wrote to the Guardian in support of Milne and called for an inquiry into his allegations.

Milne was deselected as Labour candidate and I was advised that my support for him was giving ammunition to the enemies of the Labour Party. More importantly, it was suggested that if I had evidence of corruption, I should give it to the police. Given that corruption is by its nature secretive and clandestine and, given that

the then chair of the police authority was subsequently sentenced to 6 years imprisonment for corruption, the advice was not very helpful.

Eddie Milne's parliamentary career was destroyed because his crusade against corruption was an offence against the core political values of party solidarity and loyalty. This was my first introduction to the politics of corruption and, in this case, it was the local, partisan and petty politics of corruption.

History is replete with accounts of bribery and nepotism and accounts of individual scoundrels and individual scandals. Students of British and American history noted that both countries had passed through periods of intense corruption and concluded that corruption, like adolescence, is a phase which countries pass through on the road to modernity. Thus the upsurge of corruption observed in Africa in the 1960s was first associated with forms of economic and political immaturity which, it was assumed, would be overcome by economic and political development. Over time, it was realized that economic take-off had not taken place and that corruption was widespread and deep-seated rather than superficial and transitory.

But, just as the perception that corruption was a major problem in less developed countries emerged, confidence in the decline of corruption in developed countries began to evaporate. This did not however prevent western governments and international financial institutions from seeking to direct less developed countries on how to combat corruption.

In the 1980s, Reagan and Thatcher sought to redefine the role of the state and Reagan's conviction that 'government is not the answer to our problem, government is the problem' was eventually applied to the problem of corruption.

The World Bank, reflecting the prevailing ideological climate



of neo-liberalism, sought to reshape the structure of politics and government in less developed countries. The main pressure for reform was to roll back the state and reduce the size and reach of government. The preferred World Bank methods were privatization, deregulation and cutting the size of the civil service. If these methods had stimulated a spurt of economic growth in the West, it was assumed the same beneficial results would be achieved in the South.

The Bank used its financial power to impose its anti-state policies through SALs (Structural Adjustment Lending) programmes which imposed strict conditionalities on the Bank's continued financial support. Any country wanting loans or debt rescheduling would be required to reduce its public sector radically and promote market reforms. These interventions in the internal workings of sovereign states were justified by the ideological assumption that political corruption was simply a product of a bloated and swollen state.

Despite the many hardships caused by the SAL policies in terms of increased unemployment and diminished public services, they failed to produce the benefits claimed by the World Bank. The hoped for economic growth failed to materialise and the problem of corruption seemed to intensify.

This example of the international politics of corruption involved rich western nations and the international financial institutions under their control imposing their analysis of the problem of corruption. This view assumed that corruption was the cause of political and economic problems in less developed countries rather than a symptom or consequence of them.

There is a strong case to be made for the proposition that these Western interventions not only failed to resolve the problems of corruption but actually made things worse. Large weak government was replaced by smaller and even weaker government. Controlling corruption requires effective government but deregulation policies

reduced the capacity of the government to impose rules as well as depriving the state of resources and creating new opportunities for corruption.

Many less developed countries have acquired what can only be termed 'political banks' because the deregulation of financial sectors created new opportunities to establish private banks. These private banks are often operated by relatives of political leaders and they use their political and other connections to obtain public sector accounts, such as payrolls, which were previously lodged in state banks. These funds can then be available for investment, speculation, or simple theft. These examples of corruption arising from deregulation have many counterparts in the privatization policies required by donors and international financial institutions. This high level corruption has generated a great deal of popular resentment and has served to erode further the legitimacy of the reform process.

Students of world politics can hardly have failed to notice that corruption scandals are destabilising governments around the globe. The political effects of corruption in recent months can be seen in most countries and in every continent with the possible exception of Antarctica. In the Philippines, President Estrada was forced out of office and faces corruption charges. In Indonesia, President Wahid faces impeachment over financial scandals. The Japanese Minister for Economic and Fiscal policy resigned in January.

In a cash for favours scandal, the third minister to resign in the last 9 months. While in South America President Fujimori, the President of Peru recently fled the country to avoid prosecution. In South Africa, the ANC government led by Mandela's successor, Tabo Mbeki, has been accused of blocking the investigation of corruption in a £4 billion pounds arms deal. The government has tried to paint a leading investigative judge, Willem Heath, as a racist and insisted on the ANC Chief Whip sitting in on the investigation even though he is one of the suspects (My stock with

the South African government is at an all time low after I described their new anti-corruption policy as political rhetoric.)

In the USA, we have witnessed an extraordinary presidential election in which the candidate with the fewer votes was declared the winner with a little help from his brother, the Governor of Florida and his father's appointees to the Supreme Court.

Even more recently we have seen Bill Clinton make innovative use of the pardon power to assist fugitives from justice apparently in return for campaign contributions and a donation to the Clinton presidential library.

In Germany, we learned that the architect of modern Europe, the long serving Chancellor, Helmut Kohl, has been concealing illegal campaign contributions and refusing to divulge their source. At the same time he appears to be implicated in a very dubious business transaction with his good friend, the former French president, Francois Mitterand involving the sale of an oil refinery in East Germany in 1992. Mitterand's son is currently involved in 'Angolagate', a scandal involving the illegal export of arms. The current French president, Jacques Chirac, is under continuing investigation for kickbacks derived from building projects during his time as Mayor of Paris.

The most lurid contemporary corruption scandal involves the former French Foreign Minister and President of the Constitutional Council, Roland Dumas. Dumas' former mistress was allegedly paid £7 million by the Elf oil company to persuade her lover to change government policy regarding the proposed sale of frigates to Taiwan. Dumas had said it would be an unnecessary provocation to China but changed his mind and allowed the £1.6 billion sale. His lover, Christine Deviers-Joncour, has published her autobiography entitled, the Whore of the Republic. She has denied the bribery charge but, at her trial, the judge dryly observed that she had obviously put her 'body and soul into her work'. In any event, we do now know that the Elf oil company spent £250 million on bribes in the early 1990s.

In the UK, we have recently learned of the world's most expensive passports obtained by the Hinduja brothers. My passport only cost £28 and they paid a million which if nothing else is serious overcharging. If only Mohammed Al Fayed had been properly informed about the going rate for passports and the importance of the Dome, he might have saved himself a lot of trouble.

The Hinduja passport affair may well prove to be a storm in a teacup but its source is a major international corruption scandal. What connects a lotus to a tulip and why would they be found near Mont Blanc?

Answer: they are the code names of bank accounts set up by the Hinduja brothers in Switzerland in order, according to the Indian prosecutors, to hide their £21 million share of the bribes arising from the Bofors arms deal worth £715 million in 1986. The preferred suppliers, on technical and cost grounds, were the French but on the intervention of the Indian president, Rajiv Ghandi and his good friend, the Swedish Prime Minister, Olof Palme, the contract was awarded to the Swedish Bofors company who were desperate for orders.

Two weeks after the Indian government made its first request for the disclosure of the relevant banking documents, the Hindujas made their first passport applications. For the next seven years the Hindujas lawyers fought to protect the confidentiality of these

accounts. In 1999, they lost their final appeal but by then the passports had been obtained by, I am sure, entirely proper means and in October last year the Hindujas were charged with criminal conspiracy.

This brief tour around the world's most recent corruption hotspots is intended simply to convey the message that corruption is not marginal, trivial or transitory. It is not a problem or political issue confined to less developed countries, nor a problem which afflicts only certain kinds of political regime. It is a major problem in democracies and dictatorships, in centralised and decentralised states, in market and command economies, in industrial and in peasant societies and in rich and poor countries.

### [Apologies to Jane Austen]

'It is a truth universally acknowledged, that a single politician in possession of a good fortune, must be in want of a Swiss bank account and a good lawyer.'

Politicians rarely leave office poorer than when they entered it. The means by which they achieve this varies. At one extreme, we have the obscene cases of Suharto in Indonesia; Marcos in the Philippines; Abacha in Nigeria and Mobutu in the Congo who systematically plundered tens of billion of pounds from their impoverished countries and lodged their ill gotten gains in overseas bank accounts, some of them in British Crown dependencies like the Cayman Islands.

More modest gains are readily available to all politicians and the question remains as to whether the wealth has been obtained legitimately and lawfully? Or are the cynics right when they insist that all politicians are motivated by self-interest and the only difference between them is that some are more corrupt than others. One American saying defines an honest politician as one who once bought, stays bought.

Are there any truly honest politicians left? Perhaps- but they are bound to be very expensive! I have long ceased to be surprised at the number of politicians and officials who succumb to the temptation of corruption but I am frequently surprised by how cheap many people are. Buying a politician outright may be difficult but renting is often a convenient alternative.

The number and scale of corruption scandals and the overthrow of and resistance to corrupt leaders are important symbols of the new status of corruption as a political issue of national and international importance. Less than 15 years ago, corruption was almost a taboo subject. In this country it was a non-issue and the political response to any scandal was to suggest that the scandal should be seen as reflecting the moral defects of particular individuals rather than as a symptom of more structural governance problems.

This raises the question as to whether the surge in corruption scandals means there is now a great deal more corruption in the world than there used to be? Or whether there is heightened sensitivity and awareness of corruption? Or more effective ways of uncovering and publicising it?

Perhaps the simplest explanation is the most convincing; if you go around looking for corruption there is a good chance you will find it. Similarly, those who are firmly convinced of the high level of integrity in, for example, British public life are fated to be regularly shocked as each new scandal breaks. From this viewpoint, ignorance is bliss and all the concern about corruption is equivalent

to Willie Whitelaw's rebuke to those who 'went around stirring up apathy'.

But this is not simply a matter of British complacency. The World Bank has been a major source of research on the problems of development for more than half a century but it seems to have taken it 40 years to discover that corruption existed in Africa and that it might be an obstacle to development. It is possible that Bank staff actually detected it sooner but could not bring themselves to utter the word corruption until the end of the 1980s.

The attitudes of western governments and international agencies like the World Bank and the IMF were conditioned by the values and priorities of the Cold War. General Mobutu of the former Zaire may have been the most corrupt tyrant in African history but he was our corrupt tyrant and a bulwark against the expansion of communist influence in central Africa. As such, he was seen as a worthy recipient of western financial aid even though those who gave it knew that much of it was moved swiftly to Mobutu's accounts overseas. The collapse of the Evil Empire and the end of the Cold War made it possible for Western governments and agencies to recognize for the first time the scale and importance of the corruption problem in less developed countries.

With hindsight, it is easy to see why corruption became an attractive issue at the beginning of the 1990s.

Some influential, if profoundly misconceived, analyses such as those of Francis Fukuyama argued that we were witnessing the end of ideology, the end of history. As an issue which appeared to lack political and ideological resonance, corruption was an issue whose time had come. As we are all supposedly liberal democrats now, we are all on the same side and corruption became as Americans have it, a Motherhood and apple pie issue. We are all opposed to corruption and so once the ideological impediment of communism was removed, there was a governmental and institutional rush to join the crusade against corruption- tough on corruption, tough on the causes of corruption as Tony Blair nearly said.

In the vanguard of the charge is an organisation called Transparency International which is one of those NGOs which exists largely on government money- mostly American, British and German. It was founded by a former executive in the World Bank. Its initial efforts were directed at persuading western governments to pass laws prohibiting bribery in foreign trade along the lines of the American Foreign Corrupt Practices Act passed in the 1970s after the Lockheed Scandal. Sceptics have suggested that the initiative had rather more to do with the concern of American business about the loss of contracts to European and Japanese competitors than with any sense of moral outrage about the evils of corruption.

One of Transparency International's more amusing ventures is the publication of its annual Corruption Perception Index which provides a league table of corrupt countries. The methodology is bizarre and might generously be called flawed but, with the addition of some fancy statistical footwork, it is apparently possible to produce numerical scores down to several decimal points which calibrate the extent of corruption in a wide range of countries. The fact the Index is based on unreliable, inadequate, culturally biased and inconsistent data does not seem to bother the authors of the Index and I can only conclude they must have been trained by the Quality Assurance Agency.

What is important in terms of media coverage is who is on top

and who is on the bottom? Who is getting more corrupt and who is getting less corrupt? In the 8 years of the rankings, the usual suspects continue to dominate; notwithstanding the Bofors scandal alluded to earlier, the squeaky clean Scandinavians are judged the least corrupt( I had a conversation with the Latvian Foreign minister at a corruption conference in South Africa in 1999 and he said his political ambition was for Latvia to become another boring but clean Scandinavian country)

At the bottom, competing for the title; ' the world's most corrupt country' are Russia, Indonesia, Pakistan and Nigeria. This a David Blunkett approach - the world's most corrupt country- it takes 'naming and shaming' to new heights. Nobody likes to be bottom and rumour has it that in previous years Pakistan actually came bottom of the Index but they bribed the Nigerians to take their place. In the most recent Index, Nigeria is still bottom and Pakistan does not appear in the Index at all. This may be because corruption has now been completely eradicated from public life in Pakistan or perhaps because the Pakistanis have bribed the compiler of the Index to leave them out altogether. The final irony of the Transparency International Index is that the Chairman of TI is the current president of Nigeria, the world's most corrupt country.

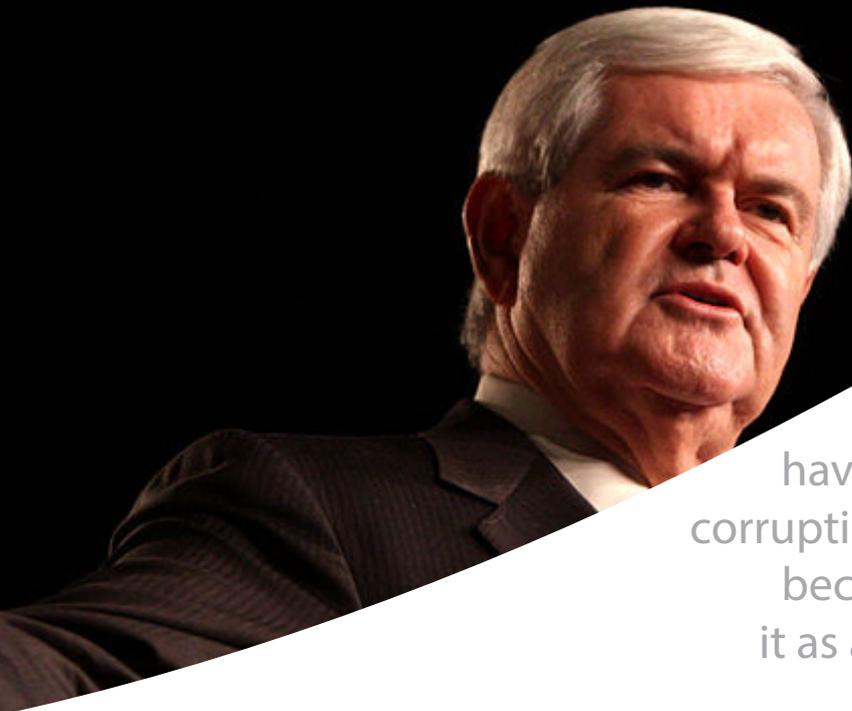
From being minimised and marginalized, corruption has assumed a new importance as a political issue. It has provoked major political upheavals in countries around the world and we are now familiar with a range of international, national and local initiatives and policies to tackle it. Corruption is condemned for its regressive impact and the damage it does to fragile and vulnerable states.

I want to conclude this lecture by talking about the effects corruption has on the conduct of politics. As politicians and the media have come to appreciate the power of corruption as a political issue, so they have become more and more willing to use it as a political weapon in their partisan struggles for power. Corruption allegations are almost cost-free and easy to make. Even if untrue, they are difficult to disprove and some mud always sticks. Campaigns against corruption force office holders to disclose more and more about their private affairs in order to demonstrate their fitness for office. But the more that is disclosed, the more is demanded.

The mass media which once deferred to the men of power and relied on them for copy have now revised their stance. Deference is no more and from being lapdogs of politicians, journalists now see themselves as watchdogs of the public interest. In extreme cases they become attack dogs and operate on the assumption that all politicians are liars and have something to hide.

The result is that a disproportionate amount of political time and energy is taken up with making or answering charges of personal misconduct. In 1999, the ethics committee of the US House of Representatives announced a moratorium on complaints made by members against each other. It was simply overwhelmed with complaints. This was partly a result of the 'corruption' wars fought between Democrats and Republicans over the previous 20 years. Republicans were incensed about presidential scandals such as Watergate and Iran-Contra which had been exploited by Democrats to the disadvantage of the Republicans in Congress.

And in the 1980s, a new Republican Representative, Newt Gingrich, decided to take partisan revenge and give his own career a major boost. He targeted the then Speaker of the House, Democrat Jim Wright, on the assumption that no politician is an



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angel and that Wright would have some skeletons which could be dragged out of his closet.

Gingrich succeeded in forcing Wright to resign in disgrace and used his coup d'état as a springboard to secure the Speakership for himself in 1994. In Wright's resignation speech he warned of the 'mindless cannibalism' of this sort of politics. Gingrich's victory was shortlived because his Democratic opponents were incandescent and began digging for dirt on Gingrich. The outcome was that Gingrich was censured by the House and forced to resign.

Thus, in seeking partisan advantage, corruption often proves a double edged sword which can be turned against those who choose to use it. But its potential damage is so great that it encourages parties to close ranks against critics. Referring back to the case of Eddie Milne I began this lecture with, those prominent labour figures who had attacked Milne for disloyalty had nothing to say when the leaders of Durham County Council and of Newcastle Council were sentenced to long terms of imprisonment in the 1970s. Whistleblowers are too often condemned to the political wilderness by politicians who, for reasons of party advantage, choose to turn a blind eye to the corruption that goes on around them.

The influence of corruption on the relationship between politicians and citizens is even more pernicious. The contemporary emphasis on sleaze and corruption has damaged and weakened trust and confidence in governments and in politicians. It now seems a positive advantage to run for office on a platform devoid of policy but strong on pledges of honesty and integrity. When this comes out of the mouth of a man of the calibre of George W. Bush, it is hard to take but it seems to work. Recent poll evidence suggests that the credibility of politicians has never been lower and, in terms of integrity, politicians are currently ranked between used car dealers and estate agents..

The danger here is a rejection of politics in the sense of withdrawal

from the political system - the decline in voter turnout is one symptom, ignorance about and a lack of interest in politics is another and difficulty in persuading individuals of stature to go into the dirty business of politics is yet another symptom of this crisis of confidence. Some seek salvation in the cleansing power of corruption agencies and independent investigators to clean up politics. I have had the good fortune to work with such people in Africa and many are dedicated, brave public servants tackling difficult problems and doing important and valuable work. But politics pervades all attempts to tackle corruption and, in democracies at least, effective anti-corruption strategies need strong public support. In this respect, the voters of the Tatton constituency made a useful start in 1997.

Politics shapes our understanding of corruption and our responses to it. This lecture has tried to show how political ideology, partisan loyalty and institutional imperatives condition the ways in which corruption emerged as a political issue and the ways in which it affects contemporary political behaviour. It is important I believe to resist both cynicism and despair. As someone with a reputation for having a somewhat sceptical cast of mind, I have to confess that I have been shocked by the degree of cynicism present in those involved with corruption. One American business consultant tried to persuade me to join his corruption consultancy firm. When I declined, he pressed me with the chilling words, 'Come on, Bob, there's big money in integrity these days'. I am obviously too innocent for this business.

It has to be conceded that there is evidence of an increase in corruption in the last decade but there is also evidence of a greater public intolerance of corrupt political leaders. This is one occasion when intolerance can be considered a virtue rather than a vice. The challenge for the future is to harness this intolerance, to educate the public about corruption so they can discriminate between the serious and the trivial and to create systems of governance which offer authentic accountability and transparency.