

# **Political Integrity and Corruption - An International Perspective -**

**By**

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Those who talk about the peoples of our day being given up to robbery and similar vices will find that they are all due to the fact that those who ruled them behaved in like manner.

- Niccolo Machiavelli, *The Discourses*, III (29)

For as good customs have need of laws for maintaining themselves, so the laws, to be observed, have need of good customs. In addition to this, the institutions and laws made in a Republic at its origin when men were good, are not afterward more suitable, when they [men] have become evil. And if laws vary according to circumstances and events in a City, its institutions rarely or never vary: which results in the fact that new laws are not enough, for the institutions that remain firm will corrupt it.

- Niccolo Machiavelli, *The Discourses*, I (18)

This compilation seeks to draw attention to the issues of political integrity and the fight against corruption as essential components of the process of strengthening democratic institutions in Egypt. It aims at providing a set of initial reflections on crucial topics related to political integrity, such as the specification of conflicts of interest, the role of the press in monitoring the abuse of political office and, most of all, the regulation of the role of money in democratic elections. All these issues are inherent in democratic governance. As such, this compilation is both an attempt to identify some good and bad international practices to deal with these issues; a discussion that is domestic as much as it is international.

By providing an international perspective to political integrity and corruption, this introduction seeks to offer a more coherent understanding of these issues and delineate a comparative framework that contextualizes the papers in this compilation. Before addressing systems of political integrity as the means by which countries can regulate political corruption, it begins by exploring academic definitions of political corruption and addressing why corruption matters. The introduction then examines the manifestations of political corruption in the areas of electoral integrity, political finance, and conflicts of interest, and looks at the role of media and civil society. It concludes with three points for consideration for those interested in strengthening systems of political integrity.

## **Defining Political Corruption**

There is an understandable desire to define political corruption. As Mark Philp convincingly suggests, any definition of political corruption presupposes a notion of

‘uncorrupted’ politics.<sup>1</sup> The discussion is not about what corruption is, so much as about how one can derive a standard formula for identifying the naturally sound condition from which corrupt politicians deviate. Political corruption reflects the political system in which it is based. As such, the different natures of the political system would modify the forms and range that political corruption takes. Thus, political corruption in a democratic polity might take a very different form (or forms) to that in a non-democracy.

The perspective on politics from which the conception of corruption is generated will play a major role in defining the political corruption. Another academic, Michael Pinto-Duschinsky, rightly addresses the issue of standards of conduct in public life. He states that “[c]orruption refers to the abandonment of expected standards of behaviour by those in authority for the sake of unsanctioned personal advantage.”<sup>2</sup>

### ***Public interest approach***

Definitions of political corruption within restrictive boundaries fail to take into account perpetual factors, most importantly those dealing with standards of behaviour. Thus, without knowing what norms or standards of politics one should accept, it is not possible to solve problems in defining and analyzing political corruption. Another approach uses the concept of ‘public interest’ to illustrate the essence of corruption. Arnold A. Rogow and H.D. Lasswell, for instance, contend that

A corruption act violates responsibility toward at least one system of public or civic order and is in fact incompatible with (destructive of) any such system. A system of public or civic order exalts common interest over special interest; violations of the common interest for special advantage are corrupt.<sup>3</sup>

While this definition focuses our attention on any act or set of acts that threaten to destroy a political system, one should determine what the public or common interest is before assessing whether a particular act is corrupt. Furthermore, this definition enables a person to justify almost any act by claiming that it is in the public interest. Then, if we agree that political corruption is what the public in any given society perceives as violations of the common interest, we will face even more difficulties with such an approach for two reasons. First, public opinion can not be freely expressed on any given issue and it is debatable to use a term ‘common interest’.<sup>4</sup> Moreover, studies of public opinion have disclosed that in many cases public opinion about ‘common interest’ is either ambiguous or divided. Second, the reliance on a ‘common interest’ makes any comparative analysis very difficult, since the definition of common interest would be culture-specific. What is corrupt in one country may not be corrupt in another. This leads to situations in which similar acts can be defined as violations or not according to where they take place.

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<sup>1</sup> Philp (1998).

<sup>2</sup> Pinto-Duschinsky (1983).

<sup>3</sup> Rogow & Lasswell (1963).

<sup>4</sup> Schumpeter (1950).

### ***Market-centered approach***

Another group of academics have developed market-centred definitions, primarily related to demand, supply, and exchange concepts derived from economic theory. Political corruption is viewed as a particular model of agency relationship. Jacob Van Klaveren, in his article 'The Concept of Corruption', states that

A corrupt civil servant regards his public office as a business, the income of which he will, in the extreme case, seek to maximise. The office then becomes a "maximising unit." The size of his income then does not depend on an ethical evaluation of his usefulness for the common good but precisely upon the market situation and his talents for finding the point of maximal gain on the public's demand curve.<sup>5</sup>

Each civil servant determines the reward for his services in every case, according to the well-known principle of the railways' rate policy, "charge what the traffic can bear." The civil servant will regard his public office as a business particularly if he does not obtain a salary or obtains symbolic payment.

The market-centered approach, when compared to other approaches, to a greater extent emphasizes the mechanics of political corruption and circumstances under which it becomes possible. Moreover, the market-centered approach might be too simplistic to capture all aspects of the corruption phenomenon. Neither the politicians' decisions nor the corrupt bureaucrats can be treated as private entrepreneurs and thus the simplistic application of market analysis is not sufficient. To make progress, one must combine an economist's concern of modeling self-interested behavior with a political scientist's recognition that political and bureaucratic institutions provide incentive structures far different from those presupposed by the competitive market paradigm.<sup>6</sup>

As illustrated above, multiple definitions of political corruption introduced by a diverse group of academics have been proposed. However, the complexity of the phenomenon and questions about how and why it occurs makes it difficult to find a single general, satisfactory definition. The number of different types of political corruption makes this challenge no easier.

### **Why corruption matters?**

Political corruption, i.e. the abuse of entrusted power by political leaders for private gain, with the objective of increasing power or wealth<sup>7</sup>, is one of the watchwords of our age. Hardly a day goes by without a regime being rattled by the uncovering of corrupt political practices by power-holders. While the intensity of the problem may vary across countries and regions, no political system seems to be immune to corruption. From the toppling of presidents in Venezuela and Brazil to the emergence of the new oligarchs in Russia, from Watergate in the United States to the startling revelations of the *Tangentopoli* affair in Italy, from the cash for peerages scandal in the United Kingdom to the streak of scandals that

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<sup>5</sup> Van Klaveren (1978).

<sup>6</sup> Rose-Ackerman (1978).

<sup>7</sup> Hodess (2004), p.11.

have long plagued Japanese politics, the list of ethical lapses that have put democratic institutions under stress is truly endless. And this is only democracies, where a measure of checks and balances is in place. In all likelihood, however, in other regimes, where transparency may be as scarce as freedom, fare much worse, as Lord Acton's famous aphorism is keen to remind us that "power tends to corrupt, and absolute power corrupts absolutely."

Countries with high levels of poverty are particularly vulnerable to systemic political corruption, which is a relatively common problem for many transitional democracies. Patronage politics target the poor, the unemployed, the dispossessed and the socially dependent. Vote-buying schemes, for example, would presumably be less successful (or more expensive) if aimed at the rich or educated. If politicians can secure votes (and win elections) by giving voters small gifts, they will have absolutely no reason to be accountable—after the elections are over—to those whose votes they bought. Thus, vote-buying and poverty reinforce each other. Given the costs of mounting political campaigns, high levels of poverty also mean that only wealthy citizens—or those able to "work the system"—can afford to run for office.

Recent scandals have shown that political corruption not only separates the political elite from society but undermines the very concept of democratic representation. Although any democracy is susceptible, certain conditions increase the likelihood of systemic corruption in a country's political system. These include the following:

- 1) Excessive competition between political factions and interest groups over state resources;
- 2) Severe poverty, which fuels vote-buying and makes popular participation in politics more difficult;
- 3) Voter apathy, weak civic activism and a lack of independent media; and
- 4) Control of the state by monied interests (state capture)

Yet, saying that corruption is at the center of political debates in the world today is not the same as establishing the reasons why it can threaten long-term economic and political development. Exceptions like China notwithstanding, the deleterious effect of corruption on economic growth and equity are well established by now.<sup>8</sup> More importantly, perhaps, is that the systematic use of public power for private gain can stunt political development in a number of ways. Corruption threatens the rule of law and the ties of trust that enable democracy to emerge and consolidate. As Guillermo O'Donnell has noted, the erosion of rule-based behavior weakens social co-operation and locks society in a kind of gigantic "prisoner's dilemma", where the pursuit of individual gain leads to sub-optimal social results.<sup>9</sup>

Placing the fight against corruption at the center of a democratic development agenda is thus crucial. Times of significant democratic reforms offer a unique opportunity to build the necessary institutions and laws to prevent and punish corruption, ranging from an

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<sup>8</sup> See, for instance, Ades & Di Tella (2000), Gyimah-Brempong & Muñoz (2006) and Mauro (1995).

<sup>9</sup> O'Donnell (1989).

independent judiciary to a truly free press and a vigorous and constructive political opposition. Failure to bring those institutions about may well mean relegating transitional political systems to a kind of “low-intensity” democracy, where regular elections may be present, but the rule of law is not. The frailty of many new or restored democracies in much of developing world –from Latin America to the former Soviet Union—offers a grim reminder of the relevance of this point.

For all its importance, it is vital that the discussion about corruption and the fight against it avoids certain traps. The most important of those is turning political corruption into an essentially moral issue that must be dealt with by straightening out the crooked timber of politicians, to paraphrase Kant’s famous admonition. Without denying the importance of the social and cultural aspects of corruption, particularly the level of social tolerance to it, all the available evidence points to a more sobering reality: corruption is largely a function of incentives, and the structure of incentives can largely be shaped by legal and institutional reform. As Gilles Lipovetsky has observed, “we want painstakingly written laws and regulations, checks and balances, Montesquieu’s *état de droit* – a state based on the rule of law.”<sup>10</sup> An analytical and institutional approach, rather than a moral one, offers the best promise to devise effective remedies against corruption.

As observed by the World Bank there is a range of legal instruments as well as agency-specific rules which can be effective in deterring corrupt behavior. Codes of ethics, regulations on lobbying, disciplinary committees, prohibitions on and disclosure of conflict of interest, including the receipt of gifts and other benefits received from private resources, asset declaration laws, procurement laws and party financing laws are amongst the most prominent ones. Freedom of information laws, whereby citizens can demand the disclosure of information regarding government activities and a whistle-blower protection law in order to encourage the reporting of corruption cases can further reinforce the impact of increased transparency on accountability.<sup>11</sup>

Moreover, it is crucial that these debates are guided by a certain sobriety that rejects the notion that corruption is at the root of all social evils in the developing world, as certain populist discourses often have it. In a series of lucid works, Moisés Naím has suggested that the obsession with corruption can be as politically destructive as corruption itself.<sup>12</sup> Turning corruption into a political lightning rod can become a way of acquitting dysfunctional institutional frameworks and certain conceptions of the State’s role that nurture the problem. In those cases, the discourse of corruption can indeed become a profoundly reactionary tool. When it comes to protecting integrity, moral condemnation of corrupt politicians is often a convenient alibi for inaction and, certainly, no substitute for institutional reform. As Yves Mény has rightly pointed out, “corruption... is not so much a problem in its own right as it is an indicator of the weaknesses and failings of political systems.”<sup>13</sup> Rather than the politicians’ soul, it is the workings of political institutions that

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<sup>10</sup> Quoted by Little & Posada-Carbó (1996), p.14.

<sup>11</sup> See <http://go.worldbank.org/6V1AFTDN50>

<sup>12</sup> Naím (1993) and (2001).

<sup>13</sup> Mény (1996), p.122.

need to be addressed by means of a wide ranging reform agenda that, as we will see below, goes well beyond the mere punishment of abuses.

### **What are systems of political integrity?**

Systems of political integrity thus consist of a set of interrelated measures designed to reduce the detrimental effects of political corruption on transparent and accountable governance. Such systems span from the electoral campaign period through policy implementation. Further, they involve many interrelated factors that include transparency through disclosure and access to information, accountability through enforcement and external oversight, and managing conflicts of interests. These factors seek to address issues such as electoral fraud, political finance-related corruption, lobbying, conflicts of interest, illicit gain, and abuse of state resources. Many countries seek to address each of these issues, often independently of each other, in their legislation, regulations, and practice.

While these measures may, and often do, vary in implementation from country to country, they share three common objectives. These systems seek to do the following:

- 1) Regulate and manage the behavior of political power-holders, i.e. politicians, government ministers, senior civil servants and other elected, nominated, or appointed senior public office holders.
- 2) Prevent, or at least inhibit, the abuse power to extract and accumulate resources and to use extracted resources or other corrupt means to maintain or strengthen their hold on power.
- 3) Enhance credibility of and public confidence in political processes, while increasing public participation in these processes in order to ensure that politics is not perceived as a dirty game.

Countries around the world employ various measures to promote political integrity. These measures are designed to conform to their constitutional and legal frameworks, historical and societal contexts, and take into account local customs. Countries that have demonstrated the most success have employed measures that (1) utilize transparency and access to information effectively while balancing personal privacy concerns, (2) encourage accountability through effective detection and enforcement techniques in coordination with external oversight, and (3) manage conflicts of interests of political power-holders in the government that could reasonably be considered as likely to influence improperly their duties in relevant circumstances.<sup>14</sup>

Finally, there is the universal challenge of weak (or biased) enforcement. Even the most established democracies are struggling with effective enforcement of anti-corruption laws. In many other countries, basic regulations may exist but lack implementation, which may be due to the nature of the regulations or to the resources available to the regulatory body. In the last decade, many countries have introduced over-ambitious regulations, usually in response to scandal or external pressure. On the other hand, feeble enforcement of anti-corruption regulations may be due to inadequate funding that does not enable the

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<sup>14</sup> Bertock, (2007)

responsible regulatory body to administer the country's ambitious regulatory framework. As scandals pass and new priorities emerge, countries can lose their enthusiasm for reforms, and for providing the financial and human resources needed to carry out the fight against political corruption. Regardless of the reason, blatant disregard of laws dealing with political integrity is among the most common problems for transitional democracies.

### **Increasing electoral integrity and preventing political finance-related corruption**

Among those aspects of the functioning of political institutions that deserve particular attention are electoral integrity and the regulation of political finance, i.e. the funding and spending of resources by political parties and candidates in the context of election campaigns as well as in non-electoral times. While the indispensable role of money in democratic elections and the dangers that come with it have long been the subject of considerable controversy, dating more than a century in the United Kingdom and the United States, the intensity of the discussion has increased substantially in the past few decades. This is as much a result of the expansion of democratic rule as of the growing complexity of electoral processes that is highly dependent today on the role of television and marketing techniques in many countries.

Still, old-fashioned electioneering revolves around vote-buying, gift-giving (sometimes called 'humanitarian aid'), and labor-intensive techniques of reaching individual electors, all of which tend to be very expensive, although not transparent, and lead to a growing level of political corruption. A particularly dangerous form of political corruption occurs when politicians bribe the voters in an organized manner. Studies of Uganda and of Antigua and Barbuda conducted by Michael Pinto-Duschinsky indicate that traditional patronage politics imposes far greater financial burdens than television-based campaigning. The "mass distribution of imported hams, turkeys and other giveaways" in the 1999 elections in Antigua and Barbuda meant that the cost-per-vote amounted to at least US\$60 (the estimate offered by the ruling Antigua Labour Party) and may have been as high as US\$300 (the opposition's preferred figure).<sup>15</sup> Taking differences in income levels into account, these elections cost between nine and 44 times more per capita than all the elections - state, local, and federal - that took place in the United States in 1996.

Uncontrolled and systemic vote-buying leads to a point where voters approve even illegal contributions and massive abuse of state resources as long as they can benefit personally from the 'charity' of corrupt politicians. The importance of vote-buying should not be underestimated, as it is clearly a potential source of a grant political corruption. Vote-buying is a major problem in many democracies around the world; new cases are even being observed in the United Kingdom, United States, and Italy. Electioneering in Southern Italy in the late 1970's was described as "a cynical buying and selling of votes in return for a kilo of pasta, bills of 5,000 or 10,000 lire (\$5-10), or coupons for gasoline, for the cinema and, in one classic case, even for prostitutes."<sup>16</sup> Vote buying in East Asia is still a systemic problem rather than an individual corruption, touching even the established democracy of Japan. In the Philippines during the 2002 local elections, for example, about seven per cent

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<sup>15</sup> Pinto-Duschinsky (2002)

<sup>16</sup> Chubb (1982), p. 170

of all voting-aged adults nationwide received some form of payment.<sup>17</sup> In Thailand, 30% of household heads surveyed in a national sample said that they were offered money during the 1996 general election.<sup>18</sup>

The signs of the prominence of the issue of political finance are also unmistakable. In October 2000, a public statement by the anti-corruption organization Transparency International (TI) singled out questionable political finance practices as a growing threat to democracy. TI's then-Chair, Peter Eigen, noted that "the current wave of corruption scandals we are witnessing across Europe is not about personal enrichment – it's about the purchase of access to policy-makers, and political parties are the prime target in this game."<sup>19</sup> In a similar vein, the Inter-American Democratic Charter, adopted by the Organization of American States (OAS) in 2001, pledged that "special attention will be paid to the problems associated with the high cost of election campaigns and the establishment of a balanced and transparent system for their financing."<sup>20</sup> Analogous pronouncements have been forthcoming from organizations as diverse as the African Union (AU), Inter-Parliamentary Union (IPU), the International Organization of the Francophonie (OIF), the Council of Europe (COE), and the European Union (EU).<sup>21</sup> The pace and depth of political finance legislation has markedly increased at the national level as well. In March 2002, lawmakers in the United States approved the most comprehensive package of political finance regulation in a generation, claiming that it would "help untangle the web of money and influence that has made the Congress and the White House so vulnerable to the appearance of corruption."<sup>22</sup> In the course of the past decade or so, far-reaching political finance reforms have also been enacted in Canada, Colombia, Costa Rica, Guatemala, Mexico, Panama, France, Germany, Japan and the United Kingdom, to name but a few cases.

As several of the papers in this compilation will render evident, there are many reasons for the perceived urgency of political finance issues. The unregulated use of money can tarnish and endanger basic democratic tenets, such as the fairness of elections, the possibility of all citizens to make their voice heard and, last but not least, political integrity. It is the latter aspect that has attracted more attention in the discussion, as suggested by the undeniable and growing profusion of political finance scandals all over the world.<sup>23</sup> There is no doubt that the need to fund the activities of political parties and candidates facilitates the articulation of inconvenient exchanges between private interests and policy makers, and the surrendering of the latter's autonomy and ability to pursue the public interest. Not surprisingly, the issue has become a battleground in the fight against corruption.

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<sup>17</sup> Social Weather Stations (2002)

<sup>18</sup> Pasuk, Treerat, Chaiyapong & Baker (2000),

<sup>19</sup> Transparency International (2000).

<sup>20</sup> OAS, Inter-American Democratic Charter (Article 5), 11/9/2001.

<sup>21</sup> IPU, Resolution adopted without a vote by the 94th Inter-Parliamentary Conference (paragraph 5.c), 13/10/1995; OIF, Declaration of Bamako (paragraph 5.b.11), 3/11/2000; COE, Parliamentary Assembly, Recommendation 1516, 22/5/2001; EU, Treaty of Nice (Declaration 11), 26/2/2001; Commission of the European Communities, Proposal for a Council Regulation on the Statute and Financing of European Political Parties, 13/2/2001.

<sup>22</sup> Senator Russell Feingold in *The Washington Post*, 19/3/2002.

<sup>23</sup> See, for instance, Pinto-Duschinsky (2002) and Casas-Zamora (2003).



## **Conflicts of interest and corruption**

Another aspect of the functioning of political institutions that deserves particular attention concerns managing conflicts of interest, i.e. conflicts between private and public interests of political power-holders, in which these power-holders have private-capacity interests which could improperly influence the performance of their official duties and responsibilities.<sup>24</sup> With the emergence of the modern industrial state and the notion of political accountability at the ballot box, political power-holders became expected to serve the governments and the citizens they represent as opposed to their private interests. More recently, the notion of managing conflicts of interest, whether they are real or perceived, has become a priority in many countries.

In response to the growing demand to address this issue, the Organization for Economic Co-operation and Development (OECD) issued *Guidelines for Managing Conflict of Interest in the Public Sector* in 2003. The philosophy behind the Guidelines rests in the recognition that “conflicts of interest cannot be eliminated and therefore public officials’ private interests need to be properly identified and managed in an appropriate manner.”<sup>25</sup>

The opportunities created for corruption by unmanaged conflicts of interest can have serious economic ramifications, especially given the increasing level of transactions between the public and private sectors.<sup>26</sup> And indeed, as noted earlier, the relationships between corruption and poverty are also becoming evident. In 2007, TI’s Chair, Huguette Labelle, noted that “Despite some gains, corruption remains an enormous drain on resources sorely needed for education, health and infrastructure.”<sup>27</sup> At the same time, an increase in awareness about corrupt activities and conflicts of interest are contributing to a decline in confidence in political institutions. Since its inception in 2003, Transparency International’s Global Corruption Barometer has identified political parties and parliaments as the institutions most commonly viewed by the citizens as the most affected by corruption.<sup>28</sup>

The tools for managing conflicts of interests such as the enactment of laws and regulations, establishment and strengthening of institutions, development of clear rules and guidelines, and assets disclosure are all discussed in this compilation. Addressing the issue of conflicts of interest can contribute to the reduction of corrupt practices on one level, while increasing overall confidence in the political power-holders and the institutions that they serve.

## **Media, civil society, and corruption**

Transparency and public scrutiny have proven to be one of the most powerful forms of monitoring public officials and maintaining their high integrity. A free and vibrant media is one of the necessary factors in making transparency work.

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<sup>24</sup> Adapted from OECD (2003), p. 2

<sup>25</sup> Ibid. p. 1.

<sup>26</sup> Ibid.,

<sup>27</sup> Transparency International (2007a)

<sup>28</sup> Transparency International (2007b) p. 8-9

Thus, the role of the media and civil society groups in monitoring the functioning of political institutions and political power-holders deserves particular attention. By acting effectively, responsibly, and constructively, journalists and civil society actors compliment official mechanisms for addressing issues such as controlling electoral fraud, regulating political finance, managing conflicts of interest, and preventing illicit gain. But, in order to be effective, they must not themselves be corrupt. Such corruption undermines the confidence in these institutions as unbiased and neutral providers of information.

Through monitoring and oversight efforts, media and civil society groups can identify and uncover improprieties and transgressions of the law. Such improprieties and transgressions are made public through objective news stories, press releases, and reports that can then be used by official bodies to take appropriate action. Formal channels also exist. In some countries, journalists, civil society actors, and citizens can and are encouraged to make formal complaints of identified wrongdoing. Such complaint mechanisms provide the regulator with an added level of information that makes their job easier, while at the same time discourages non-compliance with a country's laws and regulations. Overall, effective monitoring and oversight by the media and civil society can add another important layer of transparency and accountability in promoting political integrity.

### **Three points for consideration**

Yet, for all the sense of urgency that the topic clearly invites, the regulation of political integrity demands a measure of finesse, patience and caution that are at odds with the posturing and simplification that tend to dominate debates on these issues. While positive and even necessary, the current infatuation with political integrity issues has propagated a powerful mythology of the topic, populated by greedy contributors, corrupt politicians, bought-and-sold policies, and all-knowing reformers, that sheds very little light on the topic. In fact, political integrity realities are far more interesting and complex than their cardboard version suggests. Three words of caution for would-be political integrity reformers are, thus, in order

#### ***The first consideration***

The first one concerns the sheer, and frequently unacknowledged, complexity of the topic of money, politics, and corruption. To begin with, any attempt to discuss issues such as political finance and conflicts of interest in the light of corruption must start by recognizing that ills in these areas can come in many different shapes and colors, and therefore call for widely different solutions. A typology devised by Marcin Walecki identifies at least ten kinds of corruption related to money and politics, ranging from vote buying to the personal enrichment of politicians, which may or may not be illegal, depending on the country (see Table 1):

Table 1. Major types of corruption related to money and politics		
<i>Type</i>	<i>Actor group vulnerable to corruption</i>	<i>Description</i>
Illegal expenditure, including vote buying	Voters and election officials	A political party or candidate may directly or indirectly bribe voters and election officials. They may alternatively offer the electorate different kinds of incentives (gifts, food, alcohol or even short-term employment).
Funding from illegal or illegitimate sources	Candidates and political parties	A political party or candidate may accept money from organized crime, terrorist groups or foreign governments. These groups might even form their own political parties.
Selling appointments, honors or access to information	Public servants and candidates	Contributors may gain rewards in the form of job selections, appointments (ambassadorial, ministerial or judicial), decorations or titles of nobility. Money may also be used to buy a seat or a candidacy.
Abuse of State resources	Public sector, opposition parties and candidates	Certain state resources, such as money and infrastructure, that are available to office holders may be extensively used for electioneering. In addition, the political party or candidate may capture state resources through the unauthorized channeling of public funding into companies, organizations or individuals.
Personal enrichment	Candidates, politicians and political parties	Candidates may be required to contribute significantly to a party's election fund and also to pay for their individual campaign. They may pay for the next campaign by taking commissions on public bids and accepting bribes. Candidates may also pocket money intended for their party's campaign.
Demanding contribution from public servants	Public servants and public sector	A political party or candidate in need of money may impose excises upon office holders, both public and elected. In some regimes a political party may also force public servants to become party members and then extort kickbacks from their salaries for some party expenditures.
Activities that violate political finance regulations	Political parties and candidates	A political party or candidate may accept donations from prohibited sources or spend more than the legal ceiling permits. Violations of disclosure requirements, such as inaccurate accounting or reporting, or lack of transparent funding, are often the cause of political scandals.
Political contributions for favors, contracts, licenses or policy change	Private sector	One of the motives for political contributions to a political party or candidate is the possibility of payoffs in the shape of licenses and government contracts. Donations may also be given for a governmental policy change or legislation favorable to a specific interest group.
Forcing private sector to "pay protection"	Private sector	Extortion, for instance using tax and customs inspections to force entrepreneurs to hand over part of their profits to a political party.
Limiting access to funding for opposition parties	Opposition parties and candidates	Authoritarian regimes with a patrimonial economic system and political repression may seriously constrain financial resources available to opposition parties.
Source: Adapted with minor changes from Walecki (2004), p.20.		

Given this heterogeneity, it is easy to understand why we must beware of rushing to *obvious* solutions to the vexing questions of the role of money in politics. Unfortunately, there is no such a thing as a standard political finance, conflicts of interest, or asset disclosure regulation with the ability to restore the integrity of the political process. Rather, what is available is a long menu of disparaging instruments linked in very complex ways to pre-existing institutional features and societal values that condition the effect of any regulation. For example, contemporary democracies combine in frequently haphazard ways the four basic kinds of instruments that give shape to any political finance system: (1) those that regulate the sources of income of parties and candidates (including public funding), (2) those that control their expenses, (3) those that aim at securing their transparency of their financial activities, and (4) those that punish violations to the existing legal framework. The possible permutations of these instruments are too many while very little is known about the political effects of different policy combinations. As a scientific enterprise, the discipline of comparative political finance or conflicts of interest, which have long remained on the margins of political science, are still in their early stages. Hence, political integrity reformers ought to be clear that their efforts will not take them along easy, obvious or infallible paths.

### *The second consideration*

Another consideration is an alert has to do with understanding that issues of political integrity such as political finance, conflicts of interest, and assets disclosure are merely some of the arenas, in which the struggle against corruption is fought. Increasing the transparency of public budgets, establishing strict rules for public tendering processes, and enacting meaningful whistle-blower protections to name but a few tasks, are at least as important in an integrity-enhancing agenda as political finance reform.

While political integrity dynamics may indeed jeopardize crucial democratic values, it is essential to place them in the right perspective vis-à-vis efforts to address integrity in the overall public sphere. Here a nugget of evidence may clarify the point. A recent review of political finance scandals in Central America in the past two decades has shown that in nearly every case in which political contributions have been followed by a tangible and questionable benefit for the donor, those contributions have co-existed with other pressures, as powerful or even more so, over the decision-maker's autonomy.<sup>29</sup> In the Central American cases those pressures have ranged from the donor's ownership of media outlets with the capacity to mobilize public opinion against the incumbent, to pre-existing familial or affective links with the politician, to the plain and simple use of bribing. In very few cases, political contributions were the sole explanation of the donor's preferential treatment. Generally speaking, the distortion of the public interest and the abuse of public power to secure private benefits are a *syndrome* in which political finance plays a rather limited role. Corrupting practices in areas such as political finance do exist, but hardly ever travel alone. As a result of this, political integrity reform that is not accompanied by other public sector reforms may well have a limited effect on overall corruption levels.

The connection between political contributions and bribing, in particular, deserves close attention. In this regard an intriguing hypothesis is worth exploring: the importance of political contributions as a corrupting device may be inversely proportional to the frequency of bribing as a mechanism to purchase public decisions. Popular and academic perceptions of the consequences of political finance have been strongly shaped by the experience of Western developed democracies where administrative corruption is, on the whole, rare and strongly frowned upon. In such an environment, large political contributions appear as a second-best option for instrumentally motivated interests aiming to secure specific political outcomes. In developed democracies political donations may be the currency that buys political decisions and political finance the venue where most corruption scandals take place. Elsewhere things may be very different. Indeed, the same interests would probably find large political donations an irrational and ineffective investment in a corruption-laden environment where public decisions can be routinely purchased through simple bribing. In that case, donations will at most operate as a mechanism to ease political access rather than as the down payment for a political decision; they will often serve, that is, as a mere prelude to bribes. Simply put, in this analysis political contributions could be a considerably greater threat to the public interest in the United States than in Costa Rica, in Costa Rica than in Nigeria. If this is true, then we face a paradox: the more widespread corrupt practices are the less relevant issues such as political finance become as a corrupting device.

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<sup>29</sup> Casas-Zamora (2003).

### *The third consideration*

A final consideration is a warning that is arguably the most important one. Regulating issues such as electoral fraud, political finance and conflicts of interest calls for and requires a broader set of reforms that provide the backbone to any serious drive to protect political integrity. One of the papers in this compilation suggests that political finance reform, for example, is a “second generation” reform that struggling democracies ought to undertake once the fundamentals of democratic life are solidly established. Indeed, for electoral integrity, political finance and conflicts of interest reforms to achieve their full meaning and power to protect integrity, a taxing set of institutions and actors ought to be in place. These include:

- 1) Free and fair elections –i.e. capable of delivering a new government—, which remain the most powerful check on incumbents ever devised;
- 2) Effective opposition parties, able and willing to hold incumbents accountable on a regular basis;
- 3) Effective separation of powers, where the legislative branch has the capability and resources to effectively oversee the Executive, and the judiciary is effectively autonomous and capable of upholding the law against power-holders;
- 4) A vibrant and autonomous civil society, engaged in demanding transparency and integrity to political power-holders, and able to generate and disseminate useful information for that purpose;
- 5) Last, but not least, freedom of the press, which remains the vital tool to uncover corruption and indeed protect freedom in all its forms. “To the press alone,” – noted James Madison once – “chequered as it is with abuses, the world is indebted for all the triumphs which have been gained by reason and humanity over error and oppression.”<sup>30</sup>

Concern for political integrity issues may sound like a luxury in contexts where those basic conditions for the exercise of democratic freedoms are yet to be attained. Some reflection about the sequencing of political reforms and, particularly about the primary role of the freedom of the press in advancing the democratic agenda, is undoubtedly necessary.

Yet, we should not take this caveat too far. Even in less than ideal circumstances political integrity reform can help to bring about more democratic and more honest governance. It may do so by preventing and punishing abuses and conflicts of interest that weaken the legitimacy of fledgling democratic institutions. More importantly, it may do so by introducing equitable funding rules that allow opposition parties to compete effectively. Perhaps the most lasting contribution of political integrity reform, particularly political finance reform, in the fight against corruption lies simply in creating a level playing field where people can indeed voice their choice in government through democratic elections and have confidence in the accountability of that government.

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<sup>30</sup> Madison (1800).

Besides, we must also remember that democratic reforms can be messy affairs –“moments of high drama”, as Laurence Whitehead would have it<sup>31</sup>— in which the neat sequencing of such reforms is all but impossible. Perhaps, what matters is not the readiness of reforming actors to conform to some script of an ideal transition, but their awareness that certain issues can make or break the process of creating viable democratic institutions and therefore should be dealt with sooner rather than later.

This is the crux of the matter. In spite of caveats and warnings, in spite of the complexity of the topic and the tentative nature of our knowledge about it, one thing remains true: a healthy democratic competition is almost impossible to bring about if issues of money in politics are not addressed from the outset. Indeed, the dangers of deregulation of political finance for democracy are far greater than those derived from the alternatives. Even if the results of political integrity rules in securing a cleaner kind of politics fall short of our best intentions, reform we must; but we must do so knowing fully that, no matter how necessary for democracy, such an endeavor is never easy.

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<sup>31</sup> Whitehead (2002), Chapter 2.

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