

Youth for Good Governance
distance learning program

Module IV

Causes of Corruption



THE WORLD BANK

Module IV

Causes of Corruption

Section One: Module Overview

This module introduces you to the causes of corruption, acknowledging the personal motives of those who give or take bribes, but stressing that the root causes of corruption are bad systems of governance.

Learning Objectives

By the end of the module, you will be able to:

- identify a range of motivations that people have for engaging in corruption
- discuss how dysfunctional systems cause corruption

Participant Role

You are encouraged to read all the materials in this handbook and attempt to complete all the exercises before the videoconference session. If you have any questions or need guidance with the exercises, contact your facilitator through the e-mail list that has been developed for the course.



Section Two: Personal Motivations in Corruption

People offer bribes because they want an unfair advantage over others—to pay lower taxes, to get an appointment or promotion, to win a contract, or to get something done quickly. They also may offer bribes to avoid a fine or penalty.

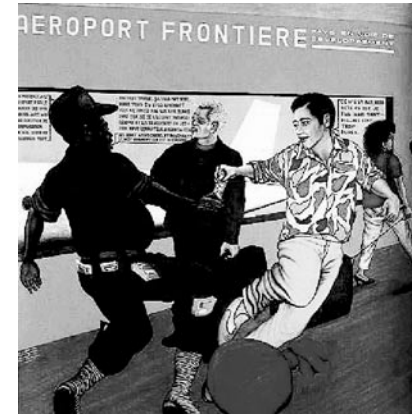
People seek bribes for several reasons that are special for them. For example:

- Politicians seek money to use for *patronage*. They may argue that to stop such payments could bring political instability and unrest.
- Politicians and officials who fear loss of office seek corrupt benefits as "*insurance*", especially if they can expect no pension.
- Officials need extra money to *maintain their standards* of living if salaries have not been raised to match inflation, to meet commitments for housing, car, school fees, etc.
- Employees *feel resentment* over bad management or pay levels they think unfair. This may make them feel justified in making false expense claims or taking bribes.
- Employees who refuse to participate in a corruption "racket" may be *suspected and under threat* from their colleagues or superiors.
- Some seek *status*, not only for having more riches than their colleagues but because corrupt officials may be admired by friends and family for their skills in outwitting authority.



Exercise

Look at the cartoon below and answer the following questions.



This cartoon shows a tourist casually handing a bribe to an African official while each privately criticizes the corruption of the other.

- Would this be a typical scene in your country?
- How could both the official and the tourist engage in corruption but be critical of it at the same time?

Source: Cheri Samba, "Frontier Airport: Country in the Process of Development," 1990.



Section Three: Bad Systems

We have just considered what causes individuals to pay or take bribes. Some of these answers reflect morality, about good and bad people. But more often, the underlying reason that people get involved in corruption is that systems don't work well and create bad incentives.

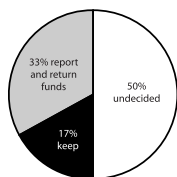


Exercise

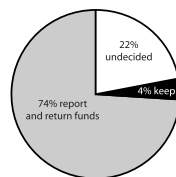
To understand what this means, let us do the following exercise in class. Consider the following. You are approaching your car in an empty and unattended parking garage late at night. You see an envelope on the ground and you pick it up. It contains 20 bills of US \$100 each. If there's no possibility that anyone would know—no cameras, no one around—what would you do with the cash, keep it or turn it in to the authorities? Your facilitator will ask for a show of hands. Now consider the same scenario, but this time there is a 30% chance that you will be observed. For example, there is a 30% chance that a camera will record your actions and someone will review the tape. Your facilitator will again ask for a show of hands.

Now review how this exercise played out with various audiences:

If there is no possibility that anyone will know



If there is a 30% probability that you will be observed



As you can see, more people would engage in corruption under the wrong circumstances, that is, if no one would find out and if they had few alternatives.

What causes corruption is, first, a clear opportunity, such as the envelope of cash sitting in the parking lot. This kind of opportunity in the government could be a government-run mining company with no competitors, or a long list of licenses and fees required for shipping goods into or out of the country.

Second, what causes corruption is little chance of getting caught. This lack of accountability comes primarily from a) a *lack of transparency*, for example, when public officials do not inform about or explain what they are doing, including a declaration of their wealth, houses, and cars and b) *weak enforcement*, when law agencies do not impose sanctions on power holders who have violated their public duties. This is the case, for example, when judges are in the pay of the ruling party or there are too few police officers to enforce the law.

Third, what causes corruption is bad incentives, such as a clerk not earning enough to live on or not being sure that he will have a job tomorrow so that he supplements his income with bribes. In extreme cases, people do not have an incentive to perform their official duties, but actually pay for their jobs with the understanding they will make money through bribes. For example, look at the following table showing public sector jobs that are "sold" in three different countries.

Fourth, what causes corruption is attitudes or circumstances that make average people disregard the law. People may try to get around laws of a government they consider illegitimate (for example, not paying taxes to the apartheid government in South Africa). Poverty or scarcity of goods (such as medicine) may also push people to live outside the law.

So, corruption is not just about ethics. It's also about how the government is set up and managed.

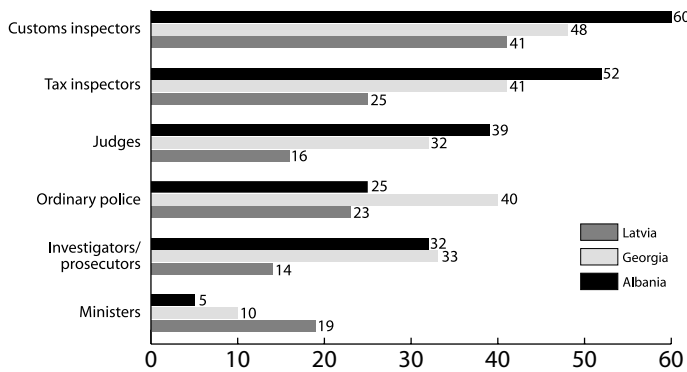


That is why improving the way government works is so important.



Statistics

Which Public Sector Jobs Are "Sold"?



Source: Diagnostics 1998.



Exercise

Which of the following conditions are likely to cause corruption? Explain your answers.

- A large backlog of court cases
- Lack of information about application procedures for business permits
- Regular purchase of medical supplies for health care facilities
- Job promotion in the tax collection agency not based on performance



Exercise

This is a game that will be played in class. The aim is to win as many points as you can. Students will sit in groups of four, and each student will hold two pieces of paper, one marked with an "X" and the other with a "Y." For each of the eight successive rounds, play either the "X" or "Y" at the same time the other members of your group play. Each round's payoff depends on the pattern of choices made in your team. Place your score for each round on the score sheet.

During this exercise, you cannot talk to other players in your group, except before you play rounds 5 and 8, when you may speak with the other players before deciding whether to play an "X" or a "Y."

PAYOFF SCHEDULE

4 X's: Lose 1 each 3 X's: Win 1 each
1 Y: Lose 3 2 X's: Win 2 each
2 Y's: Lose 2 each 1 X: Win 3
3 Y's: Lose 1 each 4 Y's: Win 1 each

The scorecard for this exercise is on the following page. After playing the game, discuss the following in class:

- What did you see as your goal?
- What were the outcomes?
- What was the maximum possible outcome for the whole group? What was the minimal possible outcome?
- Were other ways of communication possible aside from talking?
- What does this have to do with corruption?

Source: <http://www.aces.uiuc.edu/~ALE/2000/pennington.htm>, *Bridging the Gap between Theory and Application: Activities that Tie Leadership Education to the Real World.*





Exercise

SCORECARD

| Round | Your choice | Group's pattern of choices | Payoff (use schedule on preceding page) | Balance |
|----------------------|-------------|----------------------------|---|---------|
| 1 | X Y | ___X ___Y | | |
| 2 | X Y | ___X ___Y | | |
| 3 (bonus payoff x3) | X Y | ___X ___Y | | |
| 4 | X Y | ___X ___Y | | |
| 5 | X Y | ___X ___Y | | |
| 6 (bonus payoff x5) | X Y | ___X ___Y | | |
| 7 | X Y | ___X ___Y | | |
| 8 (bonus payoff x10) | X Y | ___X ___Y | | |

Notes



