

Developing a Masters Unit in Corruption and Anti Corruption:

Peter Larmour PhD
National Centre for Development Studies
Australian National University

Peter.Larmour@anu.edu.au

Since 1998, the Australian National University (ANU) has been running a course on Corruption and Anti Corruption, taught as part of a Masters degree in Development Administration, but also available as a stand-alone short course. The course was designed in response to a request from an Indonesian NGO, through TI. It is taught in partnership with the New South Wales Independent Commission Against Corruption (ICAC). The course has now been taught twice in Canberra to about thirty students a year, with the next run planned for May 29 - June 23 2000.

Participants are mainly from developing countries, in South East Asia, the South Pacific and Africa (including two from South Africa in 1999). Professionally, they have come from Audit offices, Public Service Commissions, the Police, Ombudsman offices, NGOs with an anti corruption mandate, and the media. Funding for their participation has come from a range of donors, including AusAid (through the ANU's Centre for Democratic Institutions), the Commonwealth Secretariat, USAID, and UNDP. Parts of the curriculum have also been used in workshops to develop national corruption prevention strategies in Jakarta, Phnom Penh and Manila during 1999.

The course aims to introduce participants to different approaches to corruption prevention in the public sector. It was taught by means of workshops, lectures, and small group discussions. It includes a field trip to the ICAC headquarters in Sydney, to attend an ICAC hearing. It culminates in participants' developing and presenting agency or national corruption prevention strategies to a panel of ICAC officers, who give comments and suggestions.

This paper considers some issues in the design and delivery of the course, particularly

- the transferability of institutions such as an ICAC
- issues of relativism and culture
- economic and other approaches to corruption
- the point of application, and timing, of training
- sustainability
- corruption prevention within training institutions

Transferability

The Canberra course included a discussion of the transferability of institutions (Rose 1993). We were concerned about uncritical borrowing of perceived 'best practice', and that focus on a single institution might divert attention from the 'national integrity system' of police, public service commissions, and the media, in which anti-corruption activity took place.

Participants came from countries with different types, and pervasiveness of corruption.

Evaluations showed that participants wanted more detail on ICAC itself, but were also mindful of the difference in resources available, and in the pervasiveness of corruption between countries. ICAC has 137 staff, and a budget of \$A13 million. ICAC argues that its research helps it decide where to focus its limited resources, and that prevention is a more efficient use of resources than prosecution which is intrinsically difficult for a secretive, 'victimless' crime.

In any case, an ICAC may be a transferable model. It has successfully survived transfer to Australia from Hong Kong. Doig considers the question of transferability to developing countries, and concludes that some kind of new, relatively independent central agency

may offer the opportunity, with donor support, to provide an immediate building block for good government where other administrative reforms may be more problematical (1995: 161)

Evaluations showed participants were interested but sceptical of the priority ICAC gave to prevention, and its more recent adoption of an ethics based approach. They wanted more on investigation and prosecution (and, in the Indonesian case, on the recovery of corruptly acquired assets)

Relativism and 'Culture'

Participants in the Canberra course were occasionally impatient with discussions of what counted as corruption, and with 'cultural' defences offered by public officials accused of receiving bribes or favouring relatives. A similar impatience is shown in the Transparency International literature, quoting one its founders, now the new President of Nigeria:

...the gift is usually a token. It is not demanded. The value is usually in the spirit rather than the material worth. It is usually done in the open, and never in secret. Where it is excessive, it becomes an embarrassment and it is returned. If anything corruption has perverted and destroyed this aspect of our culture (Obasanjo quoted in Pope 1996: 5)

Courts in the South Pacific, for example, are making similar distinctions to those proposed by Obasanjo. The High court in Kiribati, for example, has found that gift giving in a men's house during election time is corrupt if done by a local candidate, but acceptable for a visiting candidate, as visitors are expected to provide gifts - indeed public service regulations permit officials to do so (Larmour 1997).

Professor Syed Alatas, the distinguished Malaysian author of *The Sociology of Corruption*, and participant in 1998 workshop that led to the creation of the Indonesian Transparency Forum recognises that there may be hangovers from traditional social structures that may contribute to a blurring between gifts and bribes (1986:13). But he is scathingly critical of Western social scientists of the 1960s and

1970s who tried to argue that some kinds of corruption might have a positive effect on development. He goes on to identify traditions of opposition to the corruption of leaders in Chinese and Arabic political theory.

The ICAC presenters were particularly conscious of questions of relativism. This was only partly because of modesty about unfamiliarity with the national situations of the participants. They were also working in an Australian state with relatively large migrant and indigenous populations, and an official policy of multiculturalism. In addition, ICAC's own research was showing a great variation in what NSW public servants regarded as 'corrupt' behaviour (ICAC 1994). There might be differences between what was regarded as 'corrupt' in Indonesia and NSW, but ICAC already knew there were big differences within NSW.

ICAC's experience with prosecution, and corruption prevention planning without top level support, had led it to an approach that based on ethics and leadership. Their review of the research suggested that the tendency to behave ethically in the workplace may be related more to aspects of the organisation than to attributes of the individual. In turn, managers were particularly important in establishing, by example, an ethical culture in the organisation (ICAC 1998).

The ICAC's institutional learning seemed to lead it in more relativistic directions. Leadership styles were different in different countries. Its techniques of investigation, and management, seemed more readily transferable, and accounts of investigations into the SRA, and the Police Air Wing were easily understood. Course participants were keen to take home copies of the ICAC's mid 1990s 'Manual on Corruption Prevention', even though the ICAC itself had stopped using it (ICAC nd).

One issue is the scope of the 'culture' at stake, and its malleability. Both Indonesia and Australia are, in their official self-descriptions, multicultural states. The 'culture' that ICAC finds determinative of corruption prevention is organisational, and amenable to change by example from the top. The 'universal spiritual and moral values' that the Malaysia Anti Corruption referred to in the Indonesia workshop apply to the public service as a whole and perhaps beyond. But they sound less malleable.

Economics and Liberalisation

Much of the new writing on corruption and development comes from economists, notably Robert Klitgaard who pioneered research and engagement with corruption prevention in his 1988 classic *Controlling Corruption*.

It is worth here distinguishing the formal economic method from the substantive concerns of economics with production and consumption of material goods. Corruption may have an effect on the substantive economy, by deterring or distorting investment, getting prices wrong and so on. It may also be well understood in terms of the formal economic sense of choices among scarcity, in which officials decide whether or not to act corruptly. Low pay, for example, may increase incentives to act corruptly. So may the low probability of detection. This economic method not only helps understand official motivation, but also is productive of remedial ideas (change incentives, reduce discretion etc). This is well expressed in Klitgaard's famous formula:

Monopoly + Discretion - Accountability = Corruption

ICAC has made economic arguments that its activities make NSW a relatively attractive target for foreign investment. However the traditions of research carried out by ICAC are more criminological, and managerial, than economic in method and substance (Gorta 1998). There is some overlap, however between the criminological principle that crime needs to be understood from the offender's point of view, and the economic focus on actor's choices.

The economic understandings of corruption (formal and substantive) typically lead to arguments for liberalisation. Reduction in government activity will reduce opportunities for corruption almost by definition. Allowing prices to reflect scarcity will reduce the rents that officials may skim off (and also provide better signals about the demand for public services). And so on. To that extent, arguments for political and economic liberalisation, and arguments against corruption, seem happily consistent. In Indonesia, for example, a smaller public sector, and more use of market mechanisms should reduce opportunities for both grand and petty corruption.

The ICAC's work with the SRA in Australia shows one way in which competition policy provides an opportunity to secure high level commitment to corruption prevention. The monolithic SRA was resistant to reform. The ICAC used its existing powers to hold the managers of the successor corporations to account.

Yet there are difficulties.

Management reform based on economic principles (the 'New Public Management' or NPM) may draw on the prior existence of a bank of integrity, which it does not replace.

NPM assumes a culture of public service honesty is given. Its recipes to some degree remove devices instituted to ensure honesty and neutrality in the public service in the past (fixed salaries, rules of procedure, permanence of tenure, restraints on the power of line managers, clear lines of division between public and private sectors (Hood 1991: 16).

In the absence of these pre-existing values, deregulation may simply provide more and different opportunities for corruption in, for example, deciding who gets contracts, and who gets made redundant. As Harris White (1996) has pointed out, liberalisation in some countries, particularly Russia, India and China, has led to a 'New Corruption' in which rapacious new élites, relieved of the restraints of the past, link up with criminals.

State directed development projects often had an ethical basis (nationalist, socialist, religious, or - in Indonesia - the state doctrine tolerant of religious difference) which provided some restraint of official behaviour. Malaysia's Anti Corruption Agency, as described above, makes similar national claims. Liberalism does not make such strong ethical claims, yet ICAC and others increasingly talk 'ethics'.

The Transparency International approach turns to a mobilised civil society, but democratisation is also a double edged sword. Partisan electioneering is very prone to

corruption. In the South Pacific, for example, the costs of running election campaigns are recovered by grand corruption on ministers in office. In Indonesia, the election is looked forward to as replacing a regime of Suharto cronies with a more legitimate government. Yet it will in itself involve expenditure that will incur debts that successful politicians, or the parties the electoral law requires them to be members of, may be driven to repay corruptly. Members of the public are often in a morally ambiguous position: demanding favours from politicians, while roundly condemning them for their misdeeds in office.

Writing for the Asian Development Bank before the crisis about governance in East Asia, Hilton Root identified the paradoxical link between high levels of corruption and (then) high levels of growth in the region. He argued that in countries like Korea, Taiwan and Malaysia, corruption was controlled and centralised in a ruling party, which also ensured that foreign investment was dealt with in an efficient and predictable way

Self enforcing limits on corruption exist because parties have incentives to keep firms that make capital investments healthy. To secure political survival the party leadership in turn promote technocratic guidance of the economy, and provides a clean bureaucracy to prevent the dissipation of private sector profits by dozens of side payments (1996: 168)

That kind of 'political settlement' is now over. Root worried that liberalisation might reduce incentives for leaders to oversee bureaucratic corruption, and lead to more personalised and arbitrary bribe taking and agency and local level in the region.

Point of Application and Timing of Training

The OECD Development Assistance Committee warns against treating training as a panacea. 'Lessons from experience' include:

- consider distance learning, coaching and action learning as well as off the job training
- analyse trainees work environment, and prospects for reintegration
- train in groups to counteract staff turnover, and allow for mutual reinforcement
- more effort should go into in country and third country training OECD 1996: 13).

The ANU/ICAC approach addressed the second two lessons. In 1998, there were strong group effects amongst the Cameroon, Ugandan, Philippine and Indonesian participants in the Canberra course, who worked together on national strategies.

There was some articulation between the Canberra course, the in-country training in Jakarta, and workshops to develop National Anti Corruption Strategies organised by

the International Law and Development Institute (IDLI) in Cambodia and Philippines. One of the government participants in the Canberra course was on the organising committee for the Indonesian one. Two others attended. ICAC and ANU provided similar material in Phnom Penh and Manila.

The typical participant in an ANU Masters course is a mid level public servant who, on their return typically move up or sideways. If corruption spreads down from the top, what point is there in training those at the middle in its prevention? The result may simply be demoralisation and stalled careers. If, as ICAC now argues, top managers establish the organisational culture, and lead by example, then ñ as ICAC found ñ technical training needs to be reinforced by public hearings at which leaders are required to commit themselves to reform. If, as TI argues, it is a mobilised civil society that forces governments to become less corrupt, should anti corruption training be directed at NGOs rather than public servants?

The TI approach, and 'governance' agendas generally, advocate partnerships between governments, NGOs and the private sector. All the participants in the 1998 Canberra course were public servants, except a journalist from Indonesia Corruption watch. There was stronger NGO participation in the 1999 course, and in the workshops held Jakarta, Cambodia and Philippines.

The majority of participants in Canberra are men. There are good reasons to think that there are gender issues in corruption, and corruption prevention. For example, young male police are often quickly compromised by senior officers who induct them into corrupt networks. Women may not be invited, or may reject the overtly masculinist style of these networks. The provision of sexual services is one way that officials may be compromised. More theoretically, the definition of corruption turns on a distinction between 'public' and 'private' that has, in some times and places, consigned women to the latter.

There are also issues of timing. In 1998, the Indonesian participants felt very keenly that, between the fall of Suharto and the planned general election, there was a window of opportunity to design and promote corruption prevention strategies. The timing was also right for the participants from Cameroon: their President had just endorsed a corruption prevention strategy, and they were looking for ideas about implementing it. The Ugandan participants also felt a similar sense of high level commitment. For the other delegates, anti corruption was more business as usual, and training needed to reflect the long haul.

Sustainability

Sustainability refers to the prospects that an activity will continue and expand, after donor support has been withdrawn.

For ICAC, international training has to be justified in terms of its New South Wales mandate. There are close limits to the amount of time its staff can spend out of state, and offshore. But links established during the course have already led to continuing professional interaction. ICAC have been asked to comment on legislation, and host study tours.

For ANU, the course is part of a regular Masters program, and ANU provides short course participants with a grade they may credit to future degrees. However, the program receives no core university funding, so is not sustainable without donors.

Corruption prevention in training organisations

Working with ICAC has had the effect of making us think about the vulnerability of our own teaching and administrative activities to corruption. The way university students are selected, nominated for scholarships, and assessed are vulnerable. Deregulation may create new opportunities. The National Centre for Development Studies is fully self funding and there are issues of conflicts of interest, and accountability, in working with NGOs. So far, we have made the following minor changes:

- advertising for formal expressions of interest in contributing to teaching of the unit, rather than relying on existing networks;
- articulating clearer and better recorded procedures for making scholarship nominations; and
- being more open and accountable for consultancy earnings ('secondary employment' in ICAC jargon) of academic staff

In future the course itself, and the agencies involved, will be used as case studies (the experience of training being one thing we know participants have in common).

More generally, providers of anti corruption training (like anti corruption NGOs) need to be alert to providing cover, or an appearance of activity, for corrupt, or partly corrupt, government agencies and officials. Overseas trips and training courses are, after all, a benefit of office, often allocated mysteriously. Ironically, one ANU Masters students told a TI meeting that she was on the Masters course precisely because she had blown the whistle on corruption in her agency. Allowing her away on a scholarship had been a way of avoiding pressure for reform.

References

Alatas, S., 1986 The Problem of Corruption Singapore. Times Books

Brown, M., ed 1998 Rorting: the Great Australian Crime Sydney: Lansdowne

Development Assistance Committee Expert Group on Aid Evaluation 1997 Evaluation of Programs Promoting Participatory Development and Good Governance: Synthesis Report. Paris: OECD

Doig, A., 1995 'Good government and sustainable anti-corruption strategies: a role for independent anti-corruption agencies?' Public Administration and Development 15: 151-165

Gorta, A. 1998. Minimising Corruption: Some Lessons from the Literature. Sydney, NSW, Independent Commission Against Corruption.

Harris-White, B 1996. 'Editorial Introduction: Corruption, Liberalization and Democracy.' Institute of Development Studies Bulletin 27(2): 1-5.

Hood, C. 1991 'A Public Management for all Seasons?' Public Administration 69: 3-19

ICAC 1994 Unravelling Corruption: A Public Sector Perspective: Survey of NSW Public Servants' Understanding of Corruption and Their Willingness to Take Action. Sydney: ICAC

ICAC, 1998 Ethics: the Key to Good Management. Summary. Sydney NSW ICAC

ICAC, 1998 A Major Investigation into the State Rail Authority. Sydney: ICAC

ICAC nd Practical Guide to Corruption Prevention. Sydney NSW. ICAC

Klitgaard, R. 1988. Controlling Corruption. California, University of California Press.

Larmour, P. 1997. 'Corruption and Governance in the South Pacific.' Pacific Studies 20(3): 1-17.

OECD, Development Cooperation Directorate, Development Assistance Committee 1996 'Draft Final Report of the Working Group on Participatory Development and Good Governance to the DAC' DCD/DAC/PDGG (96) 4. Paris

Pope, J., 1996 The TI Source Book. Berlin: Transparency International

Root, H., 1996 Small Countries, Big Lessons: Governance and the rise of East Asia. Hong Kong: Oxford University Press for the Asian Development Bank.

Rose, R., 1993 Lesson Drawing in Public Policy: a Guide to Learning Across Time and Space New Jersey: Chatham House

Transparency International and the Economic Development Institute of the World Bank, 1998 New Perspectives on Combating Corruption Prepared on the occasion of Transparency International's Annual General Meeting, Kuala Lumpur, Malaysia 11-16 September 1998

United Nations Development Program and OECD Development Centre 1998 Corruption and Integrity Improvement Initiatives in Developing Countries Paris: UNDP and OECD

World Bank, 1997 The State in a Changing World World Development Report

Internet

<http://www.icac.nsw.gov.au> (ICAC)

<http://www.transparency.de> (Transparency International)

<http://ncdsnet.anu.edu.au> (ANU)

Peter. Larmour@anu.edu.au

