There is an idea from the rational choice school of development thinking which says that if we can only get the incentives right, good government will follow. The Independent Managing Editor Andrew Mwenda touched on this line of argument recently in the Uganda Talks blog and in an article in the journal *Foreign Policy*.

I think he’s right, but only up to a point.

When we encounter government policy which serves the few at the expense of the many and lay the blame for this on maladjusted incentives, we are letting society off the hook. After all, it is the same people who reap benefits of corruption that are in the best position to change laws and manage the institutions that make corruption profitable.

The incentives are under the control, though not exclusively so, of people who benefit from them. So the argument that incentives cause corruption is only partially correct. Individual choices on the part of self-serving leaders or functionaries are what produce incentives to corruption. The general corruption then follows from a very large number of people who are in a position to enrich themselves actually doing so.

The incentives derive from the learned behaviour that stealing from the government till or extorting money from the public can get you rich with little chance of punishment. Where do corrupt officials learn this?

From each other and from history.

The rent-seeking society of Mwenda’s description exists.

But the important questions are:

‘where do the rents and incentives come from?’ And ‘how do we change them to benefit society generally?’

If we take the simplest definition of rent in economics as unearned income, then we can already guess that the most popular incentive to corruption is the availability of easy money. We are taught by much of the political science literature which discusses these topics that the people
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stealing the money often do not regard their behaviour as illegal.

Consider further that the people stealing the most money often can affect the laws delimiting government functions and often remain in positions of power longer than honest officials or politicians.

The people who profit most from corruption are the people who designed the system which makes corruption profitable.

In these cases, large scale corruption in politics is not a disease but the result of a healthy system which serves a few and leaves the rest of us out of it.

The prospect of financial gain is not the only incentive to corrupt behaviour. The notion that one deserves some compensation for sacrifices made before coming into government can induce the habit of taking more than the law will allow.

It is not the availability of the money in this case, rather the sense of entitlement which motivates stealing.

Similarly, the idea that one must revenge a history of exclusion or repression by eating public money can justify corruption in the minds of those who find themselves in government.

There can be as many reasons for the willingness to engage in corruption as there are people doing it.

The availability of easy money is only one of these.

This means that if we want to solve the corruption problem we should address financial accountability, but we mustn’t stop there.

The most pernicious, though perhaps not the most individually lucrative form of corruption, is the opportunistic extortion of small amounts of money in millions of bribery transactions. The poorly paid bureaucrat or policeman, the underappreciated accountant or the desperate trader are not criminals in the way we think.

Their actions, though, can add up to a problem much bigger than the money they take.

When stealing is easy and punishment unlikely, anyone who feels they need a little extra can be induced to demand what comes to be seen as their fair share.

If this feeling is allowed to permeate and there are no counter-examples of upright leaders to stop it, wanting to try one’s luck where the opportunity arises is the biggest incentive of all.
If people are determined to get something extra and only lack the opportunity to take it, corruption will never go away.

The publication of the first East African Bribery Index in July 2009 detailed this point clearly. More than eight of every ten Ugandans said they would pay a bribe on demand.

The other side of this willingness to pay is the willingness to ask.

Together, these are the most powerful incentive to government corruption, because they signal the social acceptability of bribery and related forms of stealing.

Unless we address this latent tolerance of corruption it will be impossible to create durable incentives for government officials at any level to spend the money in their care for the public benefit instead of taking it for private gain.

The difficulty in changing habits, though, is that they must be changed from the inside if the changes are to stick. Solutions which are imposed from outside can be made to work temporarily, but they are only as strong or lasting as their creators.

In Rwanda, corruption is kept in check by an authoritarian government which has so far deftly balanced its grip on the economy with a measure of freedom consistent with growth.

In Kenya, Western and donor watchdogs partnering with courageous domestic activists keep up the fight but cannot keep ahead of corrupt businessmen and politicians.

What will happen to those societies if Paul Kagame or John Githongo can no longer participate in the fight?

Redirecting financial incentives and fiduciary responsibilities can only address a very small part of the corruption problem. If we take seriously the notion that social attitudes are an incentive to harmful economic transactions and that these play a larger role in the corruption problem than financial incentives, then we must change the way in which we analyse and attempt to eradicate corruption.

It would still be important to create incentives for government action which benefits the public and to erect powerful disincentives to stealing and rent-seeking in order to hold government to account.

At the end of the day, people must be willing to say No to requests for bribes in numbers great
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enough to engender a shift in attitudes about what is required for survival.

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