

TACKLING CORRUPTION IN THAILAND

If you look at Thailand's competitiveness, the key constraint is the quality of government. The latest Global Competitiveness Index (GCI) rates corruption as the most problematic factor for doing business in Thailand. Some of the detailed data in the GCI are depressing. For example, among 148 countries, Thailand ranks 101 in diversion of public funds, 127 in public trust in politicians, and 107 in wastefulness of public spending.

Corruption is difficult to measure, of course. In the perceptions of people in Thailand and around the world, corruption is closely related to administrative efficiency, rule of law, and ethics in the private sector. We can spend days or even academic lifetimes debating definitions and the deeper causes of corruption and weak governance. Let's focus instead on a separable, practical question: what can be done to reduce corruption?

Here there is good news. Even in very corrupt settings, corruption can be reduced, leading to greater investment and public satisfaction.

And the success stories exhibit some common principles, regardless of cultural setting. The successes range from classic cases such as Singapore and Hong Kong to more recent ones such as the Republic of Georgia, Qatar, Colombia, and the Philippines. I would also include Indonesia, which has risen under President Yudhoyono from the very bottom in terms of quality of government, and Malaysia, whose government transformation programme has already yielded promising results. "Success" means significant improvement, followed by increases in investment and improvements in public services.

The success stories recognise the following truths. Corruption is an economic crime, not a crime of passion. Givers and takers of bribes respond to economic incentives and punishments. Corruption follows a formula: $C = M + D - A$. Corruption equals monopoly plus discretion minus accountability. To reduce corruption, try to reduce monopoly and enhance competition. Limit official discretion and clarify the

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rules of the game. Enhance accountability about processes and especially about results, through such things as citizen and business-driven scorecards for government agencies and programmes.

Lessons can be discerned about the politics of anti-corruption: identify and mobilise allies; fry big fish; diagnose and subvert corrupt systems; do a few things that can show results in six months to build momentum; and don't try to do everything at once.

Lessons do not mean one-size-fits-all. They suggest principles, which must be tuned and applied by locals to their inevitably unique situations.

Here are two more lessons for reformers. Don't think of corruption primarily as a legal or moral issue. In very corrupt countries, new laws, codes of conduct, and better training for public officials will, alas, make little difference.

Second, think of collaboration across the public-private-nonprofit divide. Business and civil society can play key roles. They are part of corrupt systems, stuck in a corrupt equilibrium. To get out, they have to be given ways to expose corruption without taking personal risks. Ipaidabribe.com in India is a promising example. Many of the successful cases, such as Ciudadanos al Dia in Peru and the Bangalore Agenda Task Force in India, are partnerships that exploit credible information supplied by NGOs and the pressure, resources, and technical expertise of the business community.

Some Thais, tired of corruption and endless chatter about it, may rightly wonder if change is even possible. Why would politicians ever want to reform corrupt institutions or systems? Around the world, the answer is that politicians are ready to move when several forces converge. There are expanding opportunities for international trade,

investment, and financing. Emerging industries that depend on fast-moving knowledge and innovative styles breed young entrepreneurs with little tolerance for corrupt practices. Finally, there is a growing popular dismay for corruption. Anti-corruption is a major force behind demonstrations in many Arab countries, India, Brazil, Turkey and Bulgaria.

Around the world, elections are being fought with corruption as a key issue. In my experience, many new presidents, governors, ministers, and mayors are eager to reduce corruption. They know that corruption is constraining development. What politicians need is help that recognises corruption is a system that needs a hard-headed, politically tuned strategy — and the knowledge that fighting corruption can help them win elections and advance their countries.

I am optimistic about progress here and elsewhere in making government more effective and efficient, with the help of business and civil society. Someone even more optimistic is John T. Noonan, author of *Bribes*, the best book written on corruption. In 1985, Noonan predicted that systemic corruption would eventually go the way of systemic slavery. Both, he noted, were once widespread, even ways of life, in most parts of the world. Nowadays, slavery seems almost incomprehensible. Mr Noonan says we will soon feel the same way about the corrupt systems that characterise some of the poorest places on the planet.

Moral outrage will be part of the solution, he says. So will be learning from practical ways to reduce corruption, even in very corrupt settings. Progress will be made with an approach that combines economics and shrewd politics. And business and civil society, which are part of the problem, will be indispensable parts of the solution.

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