



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Political And Bureaucratic Corruption: A Theoretical Perspective

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Abstract:

Corruption has been a significant impediment to the process of development of many developing economies across the world. Corruption is a major issue affecting social, economic, and political spheres in developing countries. There are numerous causes of corruption, such as a lack of strong institutions, ambiguity in laws, degradation of moral values, etc. There are numerous studies on corruption and its consequences in different countries. This paper tries to analyze different causes and theories of corruption and discusses different aspects of corruption. It also explains how the voters can incentivize the political leaders not to indulge in corrupt practices and provides some possible solutions to corruption.

KEY WORDS: Public Choice, Utility, Election, Decentralization

Introduction:

Corruption is an age-old phenomenon and can be seen everywhere nowadays. It has become rampant in many developing countries. According to Oxford Dictionary, “perversion or destruction of integrity in discharge of public duties by bribery or favor is called corruption.” The World Bank defines it as the “abuse of public power for private benefit”. Anything of the nature as defined when occurs in the private sector also, it can be called corruption. It is the misuse of authority for private interest. It is hard to detect corruption because it takes place in secrecy.

Corruption is a major issue affecting social, economic, and political spheres in developing countries. Corruption originates from multiple factors such as numerous government departments, discretionary powers of public officials, monopoly of institutions over commodities and services, and the deficiency of transparent laws. There are different levels of corruption in different countries, as well as in efforts of establishment to reduce corruption.

Increasing recognition of corruption as a driver of underdevelopment has been a cause for concern, leading to many studies on corruption. Gray and Kaufmann (1998) stated that 150 high-level officials from 60 third-world nations ranked public sector corruption as the most vicious impediment to course of action for

growth. Countries in the Asia and Pacific region are on familiar terms with this crisis and they are in considerable agreement that corruption is a key constraint that obstructs their economic, political and social development (Myint, 2000).

Some theories:

There are some theories that exactly show the process of corruption. These models actually explain the causes of corruption to some extent. The following are the theories reflecting the causes of corruption.

Public Choice Theory: Corruption is a rational decision that maximizes the gain of the person or economic actor in power. The person or economic actor, being a rational one, decides to become corrupt when the expected gain outweighs the expected cost of the act. Here, the gain is whatever he receives from taking an action, and the cost is the likelihood of being trapped and the likely consequences and penalty.

Public choice theory considers corruption as a problem of incentives. It states that policy should raise the expected costs of corruption while lowering expected benefits. Because the benefits of corruption are largely unobservable, the cost part should be focused. This is achieved by raising the probability of detection and applying stricter penalties. The theory calls for a comprehensive control regime built on surveillance, large-scale data collection, regular audits, and stringent enforcement through criminal and administrative sanctions.

Efficient corruption: In some circumstances, corruption can be socially advantageous. For example, government employees are paid wages insufficient for a decent standard of living and become unmotivated to perform their duties properly. If a citizen approaches a government official, he might take a longer period of time to provide service. A bribe may expedite the process, so it is beneficial for both parties to give and take that amount of money.

The concept of efficient corruption rests on the principle of the second-best outcome. In contexts where government policies introduce inescapable distortions, corruption may enhance allocative efficiency by enabling agents to avoid those distortionary procedures. Corruption can enhance efficiency by expediting formal procedures and introducing competition for government resources, resulting in more efficient use of resources. Yet the first-best strategy would be to eliminate the distortions themselves.

If a government servant is provided with the assignment of allocating driving licenses to drivers, and there are many people who want to get their work done as early as possible. Those who do not like waiting in the queue have to bribe the official. The license is allocated first to the person who pays a higher bribe than others. This minimizes the opportunity cost of time. Bribes reveal how much an individual values waiting, and the servant allocates licenses accordingly.

Principal-Agent theory: Corruption can occur in two ways in this framework. First, when a well-intentioned government, the principal, delegates authority to self-interested agents like politicians and bureaucrats who can misuse it for their own benefit. Second, when those officials deliberately create inefficient policies to extract rents from the citizens or the public. Ultimately, the magnitude of corruption depends on the substitution between the expenses and profit of building better rules and regulations.

Some possible solutions

With the analysis of the causes of corruption through theories, the following are some of the possible solutions for corruption.

Election and decentralization:

Corruption is promoted mainly by politicians and bureaucrats, but politicians play a more important role in this. So, as a democratic country, the voters can play an important role in eradicating corruption as they decide who will be in power.

Democracy subjects politicians and bureaucrats to electoral accountability, giving voters a mechanism to prevent corruption. If politicians have an incentive to make artificial barriers to private activity in order to get personal gain, retrospective voting can discipline them. Voters enforce a compromise between politicians' self-interest and the median voter's preferences by leveraging politicians' desire for re-election, since holding office is essential for maximizing their future utility and wealth. Elections have been neglected as a tool to control corruption due to the existing election-finance laws in many developing countries. It provides tax deductibles on donations to political parties, and so the corporations donate to the parties to claim benefits in the future. Further, there is no state funding for the candidates in the election, so the poor candidates have to go for a compromise with the people having money. They have to provide some services to the donor at the cost of other people.

Separation of powers can reduce corruption by enhancing accountability. Decentralization of civic service provision can also, in some state of affairs, increase voter liability and trim down corruption among bureaucrats and politicians. When local governments, not just Delhi or Bhubaneswar, provide services, corruption can be avoided. Because power is spread out, one big office can't demand all the bribes. Local representatives live near the voters, so it's easier for people to complain and vote them out if services are bad

Efficiency wage: An efficiency wage deters corruption because it makes being apprehended more costly, and that makes public servants more averse to accept bribes. It is also an incentive for the servants to perform their duty properly, and the time of waiting is reduced, so that there is no need to give a bribe on the part of the citizens to get their work done. It has been shown by an empirical study that there exists an opposite association between the level of public sector wages and the prevalence of corruption.

Legal remedies:

The most efficient way of eliminating corruption is to enlarge the legal punishments. The underlying principle for this is that an increase in the price of penalty reduces the anticipated gain from corruption. If the penalty imposed on the public servant is the same to the bribe, then he must not take a bribe from others rationally.

Some recommendations

- In a low-income country, Candidates standing in elections do not possess enough funds and so take the help of businessmen. The beginning of state financial support, whole or partial, must be well thought as a course of action alternatively. It is important to design the state financial support scheme in such a way that it ensures democracy, transparency, and accountability.
- The laws that guard politicians and bureaucrats from examination for exploitation of power should be abolished. An individual should be able to commence legal action against the public officials for mistreatment of power. So that chance of being caught and hence the cost of corruption will increase.

- The voters should be made aware of the candidates contesting the election so that they can control corruption indirectly by electing the honest candidate. With this, the person coming to power will not have any incentive to be corrupt.
- Some institutions should be given more power so that they can expose more cases related to corruption.
- The judiciary must be active in providing justice to the victims and in punishing those who misuse their power.

Conclusion: Politicians and bureaucrats have been the main actors in cases of corruption in developing countries. It has also been supported by the ineffectiveness of laws and existing institutions to some extent. As the government officials have no incentive to do their work properly, the citizens give them bribes to get their work done. Further, the political parties get donations from corporations during elections and favor them after coming to power. The bureaucrats are also used by corrupt politicians in exchange for a part of their total gain. Hence, half of the corruption will be prevented if the electoral process is transparent.

Corruption can be eradicated by the awareness of the voters, as they can change the behavior of politicians through their right to vote. Education plays an important role in creating awareness. It should be supplemented by strong laws against corrupt officials and politicians. Countries can be corruption-free only when the citizens appreciate the moral values.

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