

Understanding the Relationship between Integrity, Corruption, Transparency and Accountability

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Integrity and Corruption

Start with TI's definition of corruption

- 'Abuse' of entrusted power for private gain
- What is an 'abuse'

Integrity and Corruption

TI's definition of corruption

- 'Abuse' of entrusted power for private gain
- What is an 'abuse'
 - need to know what the 'correct' use is
 - Officially authorized and publicly justified purposes
 - In a democracy, authorization and justification by elected representatives

Integrity and Corruption

> **'Integrity'**

The opposite of corruption

Integrity = using power for officially
authorized and publicly justified purposes

Accentuating the Positive

- Integrity and corruption are opposite sides of the coin
- But integrity is primary and corruption is secondary
- Why fighting corruption is not enough
 - The problems of just stopping corruption

Accentuating the Positive

The 100% solution

- how to eliminate government corruption completely, permanently and instantly

Accentuating the Positive

- The 100% solution – how to eliminate government corruption completely , permanently and instantly
- Eliminate government
- Same point about corporate misbehaviour

Accentuating the Positive

Why do we have government?

- Most believe that government can further certain values of importance to its citizens.
- Police > personal security
- Schools > education for all

Accentuating the Positive

Why do we have corporations?

- Joint stock companies mobilize capital
- Increase national prosperity at acceptable levels of social difference
- Provide more freedom of choice for individual workers than in other societies

Accentuating the Positive

For governments and corporations

- By concentrating the powers and resources of people in government institutions, more can be achieved collectively than by individuals
- Such concentrated power
- Achievement of values on behalf of citizens

But

Danger of abuse

Given the danger of abuse, it is only by furthering values of importance to the citizenry that such power can be justified and the risk of abuse can be accepted

Integrity and Corruption

'Integrity' applies to individual officials and institutions

A value about means cf ends

Democratic – allows for different ends chosen

Culturally sensitive

Other values

This approach to integrity leads to other values

- Good governance
- Accountability
- Transparency

Good Governance

= structures to promote the effective, timely and efficient use of public power for officially authorized and publicly justified purposes

Accountability

= demonstrating that you are using your power for officially authorized and publicly justified purposes

Accountability

- answering for your actions
- taking responsibility for them
- demonstrating that you have used your powers for the organization publicly declared values;
- being prepared to answer questions, being prepared to admit error and, where possible, rectify it

Accountability – 3 questions

- To whom?
 - For what?
 - By what standard
- Accountability – to whom
- To your boss – President/agency head
 - CEO/middle manager
 - To those you claim to (ultimately) serve
 - The people
 - Shareholders
 - Mentors in patronage network
 - To integrity institutions

Accountability – easy answer

People elect

- Parliamentary numbers
- Majority Party chooses
- Premier appoints
- Ministers instruct
- Civil Servants deliver services to people who elect
- Parliament

Some in Queensland argued no room for other agencies

Accountability – for what

- Discharge of functions of your office/job
- Personal life

Accountability – what standards?

- Law
- Community ethical standards
- Official agency/corporate standards
- Professional standards
- Personal ethical standards

Transparency:

A key process value

If an organisation is living up to its values it should be happy for others to know:

- What they did
- Why they did it
- How they came to decide
- Explain decisions in public
- Justify privileges they enjoy

Who owns the information anyway?

Transparency

Exceptions are based on values

- Privacy
- Confidentiality
- Efficiency

Integrity Systems

How do you increase the probability that public power will be used for officially authorized and publicly justified purposes?

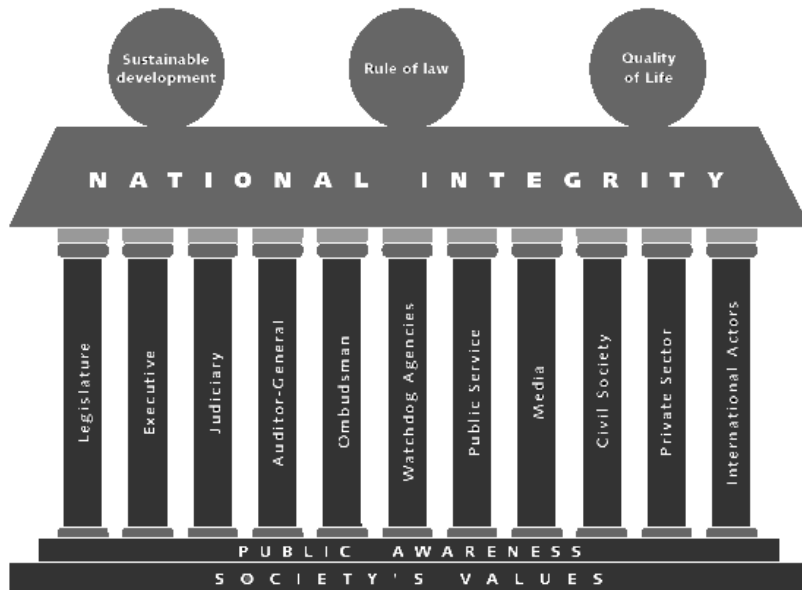
Integrity Systems

- Hong Kong model
- National Integrity System model

National Integrity Systems

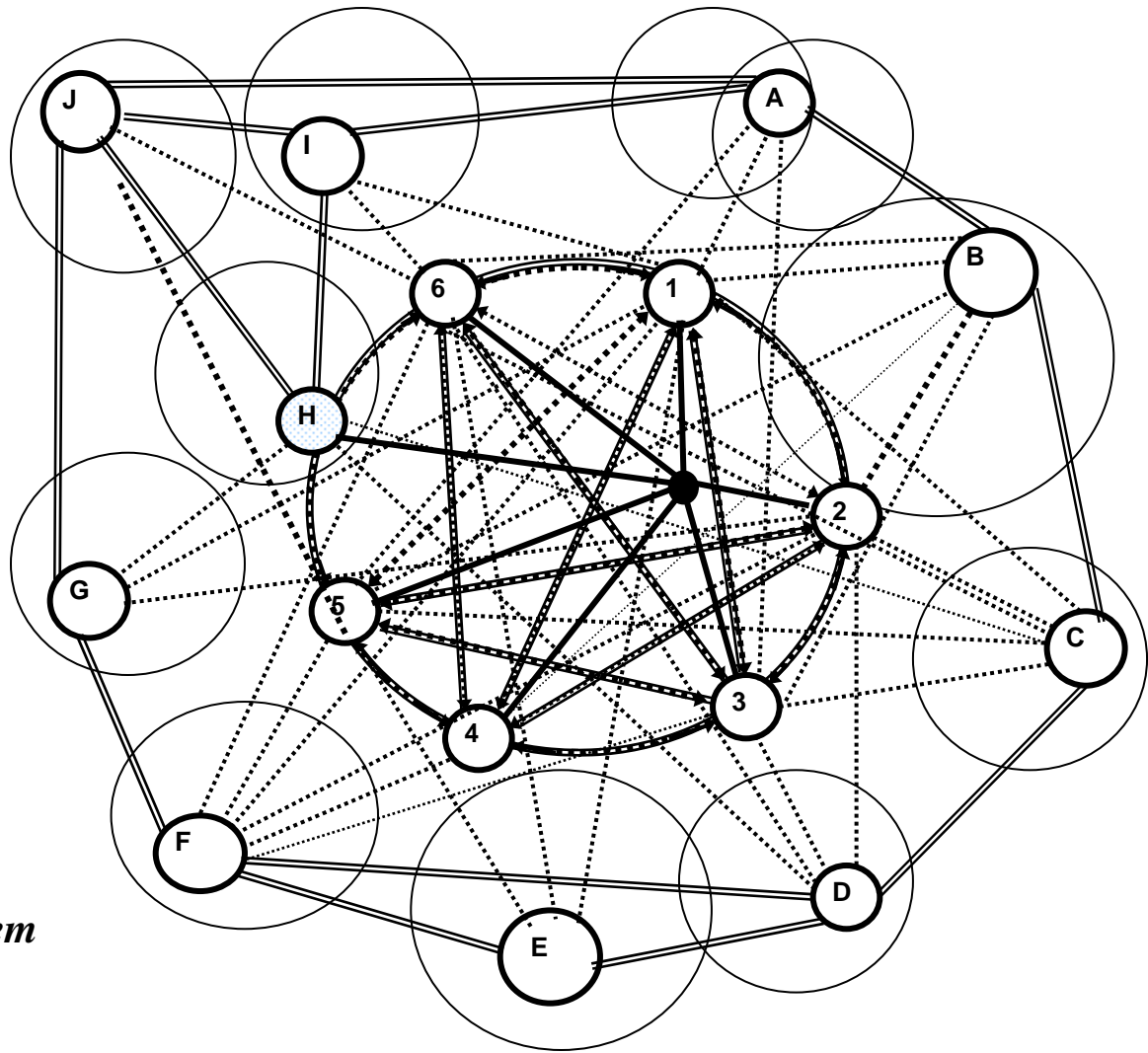
A National Integrity System (NIS) is the set of institutions, processes, people and attitudes working to increase the likelihood that public power is used for officially authorized and publicly justified purposes and not abused for personal or political gain

Problems with the “Greek Temple”








- Culturally appropriate?
- Not built at one time
- Relationships
- Façade?

A new metaphor?



*Figure 6. Integrity System
'Bird's Nest'*

-  Core integrity institutions
-  Distributed institutions

-  Constitutional relationships
-  Policy relationships
-  Operational relationships

National Integrity Systems

History

- Building integrity systems take time
- But it is possible
- Waiting for scandals
- Tendency for NIS to degrade
- The temptation to accrue power

A puzzle

- What if you are trying to do all these things and it still does not seem to be working?
- Some countries miss what might be seen as key elements of a national integrity system but seem clean AND others with everything are highly corrupt?

Answers?

Inefficient

Compromised

Captured

Used against political enemies but not
against ruling clique

...

National Corruption Systems

- As important a variable as the qualities and strength of the National Integrity System

National Corruption Systems

All the things that we want a National Integrity system to be

- Strong institutions
 - Long traditions
 - Clearly understood rules
 - Strong rewards and strong sanctions
 - Co-ordinated, collaborative
 - Highly adaptive
- > Rational choice for civil servants to join corruption system

National Corruption Systems

Seek to disrupt integrity system

- The corrupt have a relatively static target

➤ Integrity system must

Not only investigate and prosecute individuals

Must see as a primary goal, disrupt the national corruption system

Ultimate goal

- Ensure that most in civil service, business, professions have more reasons to join the integrity system than the corruption system
- Mixture of
 - Ethical reasons
 - Formal rules
 - Easy to act with integrity
 - Safe to act with integrity
 - Difficult to be corrupt
 - Risk of detection and conviction is unacceptable to a rational person
- Until then, we cannot win

Governance in the “Public” and “Private” organisations

- Similar issues arise in governance of public agencies and public companies
- (Note: Never happy with the idea that ‘public’ companies are part of the ‘private sector’)
- They perform important functions for the economy and public support for corporations and their privileges is on the basis that they fulfill those functions
 - Governance in each is about seeking to ensure that organisations live up to the values that justify their existence

Relationship of “Public” and “Private”

- Government should do it all (statists of the left)
 - Largely discredited
- Markets should do it all (anarchists of the right)
 - Milton Friedman and the ‘democracy’ of the market
 - If you are part of a 49% vote you get nothing
 - If you have 49c you get something

Answer: yest but different counting principles:
one dollar/one vote cf one person/one vote
- A role for both (vast majority in most countries)

Governing the relationship

If most want both markets and democracies

➤ Dangers

1. Governments may use of political power to expropriate
2. Corporations may use dollars to control governments

The dangers will always be present and
maintaining the boundaries will always be difficult

Areas requiring vigilance + good governance models

1. Election funding
2. Media
3. Corruption
4. PPPs – a particular focus of this workshop