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CORRUPTION, DAILY CORRUPTION, JOSEPH POZSGAI ALVAREZ, THE GUARDIAN

Myths about corruption – Interview with Dr. Joseph Pozsgai Alvarez

In Real talk with on 16 juin 2017 at 12 h 06 min



Elie: Dr. Pozsgai Alvarez it's a pleasure having you here with us. For this occasion, we want you to comment several myths that can be considered facts and vice versa about corruption, but first of all, can you please tell us a little bit about yourself?

Joseph Pozsgai Alvarez (JPA): Sure. It's a pleasure to be here talking about the topic that drives me so much. I started working on issues related to corruption, specially preventive policies and monitoring instruments, in 2009 when I joined the Prime Minister's Office in my home country, Peru. A year later I decided to enter academia, where I've been focusing on corruption tolerance and the politics of anti-corruption reform since then. Now I'm trying to develop a new comprehensive model to analyze anti-corruption drive in developing countries, but I split my time between this and the development of a database of corruption news called Daily Corruption : News Feed & Database.

In one sentence, what is corruption?

JPA: It's the misuse of office for private gain. This is the most common, and valid, definition at least.

Do you, as Peruvian, consider that corruption is only a developing countries' problem?

JPA: Not at all. There's a clear bias, coming in part from a euro-centric, liberal discourse that tends to reserve the label for political systems and societies that do not share their political and economic values ; and while it is true that most of the developing world suffers from endemic corruption, the truth is that such treatment of the problem tends to focus on perceptions, which responds heavily to a specific form of malfeasance—the

bureaucratic form—while trying to oversee manifestations of corruption that appear at the policy-making level. Many developed countries are clearly affected by special interests and lobbies, and yet these issues don't seem to make it much into rankings such as those of Transparency International or the World Bank.

Do you believe that only the rich corrupt and the poor are corrupted?

JPA: If we consider corruption as a form of transaction, then it is easy to think of the poor as victims or corruptees. And that may be true, but this image pertains particularly to collusion. Extortion, on the other hand, is based on power relations that do not necessarily involve money, and so we find many times that big business falls pray to bureaucratic or political corruption just to guarantee its survival in unstable markets. So, it really depends on the elements and conditions of each case.

Is corruption mainly a Southerners' thing? Something easier for us to do?

JPA: This is complex point to argue indeed. Corruption, as many other political and social variables, is deeply intertwined with economics, and so it's actually possible to say that the South suffers more from corruption than the North. As I mentioned earlier, corruption can be experienced almost everywhere in poor countries, and it is much more difficult to interact with it in the developed world. But this doesn't mean it's not there; it's just out of reach for most, hidden inside high-level circles. Corruption is more widespread in the South, for sure, but the problems of that part of the world extend to a vast range of phenomena, including weak bureaucracies, unstable political systems, high rates of violence and low levels of interpersonal trust, etc. Systemic corruption is a big issue, but is only one of the symptoms of a much bigger problem. Corruption is not a regional characteristic; it's a human characteristic, driven primarily by greed, and it needs to be externally controlled like any other crime. So, corruption is there wherever enforcement is weak.

I totally agree with you, very important to say that it's a human characteristic driven by the reasons you mentioned and not a simple regional characteristic. Do you believe that corruption is a Western countries' obsession?

JPA: No. It's true that the current international anti-corruption movement has its roots in the U.S.'s FCPA in the 70s, and that it took a lot of effort for them to make things start moving. But remember that the Inter-American Convention Against Corruption came before the conventions of the OECD ; and that, even though much of the aid money to fight corruption comes from the West, so does aid for almost everything else. And in fact, corruption scandals are heavy hitters, and have always been, in the developing world just as much as in industrialized countries, and it's not uncommon to have leaders there thrown out of office as a consequence. It is reasonable to say, however, that corruption is a liberal-democratic countries' obsession. Concerning the West, corruption threatens the stability of the international liberal system itself, so anti-corruption efforts make total sense in that framework. For democratic (or quasi democratic) countries everywhere else, corruption is at least antithetical to rule by consensus.

I tend to believe that the UK Bribery Act is much more strict and extensive than the US FCPA, making the UK Bribery Act – As far as I know – one of the toughest laws against corruption in the world. Do you agreed on that?

JPA: That's correct. The FCPA did (and still does) a really great job, but the UK Bribery Act benefitted from decades of American casuistry, and so it covered many of the loopholes. Another thing is the level of enforcement, however. Since the increase in FCPA enforcement actions a few years ago, for example, civil law consequences against corrupt businesses have been on the rise thanks to a friendly institutional environment and the willingness of victims of corruption to introduce law suits. This mechanism is still rather untapped in other countries, including the UK, as far as I know. Hence, it's important to not only consider the content of the law, but it's effective application.

There might also be other interesting developments coming soon on the enforcement front, as experts argue for the use of regional human rights courts to tackle corruption, and even the setting up of an international anti-corruption court. It still too early to say if these venues would be feasible, or ever adviceable ; what is clear though is that we still have room to explore.

Are there any countries that have accepted corruption as a problem that they cannot fight? And for that reason have developed a manner to live with?

JPA: It's not just a matter of there being any country of that sort, but that in fact most countries (or large parts of their societies) in the developing world have already surrendered to different degrees. This was to be expected, although very few saw it coming in the 90s. The problem is the clash between expectations and reality, obviously, but it originates from the international anti-corruption movement itself. Well-meaning but naive supporters of anti-corruption reform sold the idea that change was not only possible, but probable, and engaged in policy interventions all over the world. This wave, tragically but foreseeably, had a much higher rate of success among opinion leaders of civil society, media actors, NGOs and the general public than with political actors, the group that was actually needed to be convinced or pressured. Don't get me wrong, the idea is not inherently wrong, as civil society is a source of change in regards to public malfeasance. But the failure of such an intervention risked the spread of cynicism, and that's exactly what happened. The public expected change, wanted change, but they couldn't be mobilized, and thus failed to become a catalyst for change. Politicians, on the other hand, instrumentalized the idea of corruption for their own political gain, and anti-corruption promises became a staple of electoral processes around the world. Today, just as before, corruption is part of life for most developing countries ; now, however, people are deeply aware of that, aware of something being astray, aware of the failure of the democratic process. Before they had the potential ; now they have deep-rooted skepticism.

Implementing sanctions is sufficient?

JPA: Definitely not. Anti-corruption work is really a complex and multidimensional effort, starting with the two basic pillars of prevention and control. Prevention can then be further sub-divided in training, awareness raising, monitoring, incentive creation, etc. ; while control includes investigatory and prosecutorial powers, skills, advanced tools, criminalization, and others. But « implementation » is indeed the key. I would even go as far as to say that we currently have most of the technical issues pinned down, as the repertoire of good-practices, instruments and strategies were already quite at the beginning of the century. The UNODC published some comprehensive guides even before the UNCAC came along, and this body of knowledge have only kept growing since then. We are at a different stage now, considered by experts as one centered on implementation issues. At the core of the current fight against corruption stands the question of leadership willingness to support anti-corruption reform. We need to be able to inform policy interventions with data on how to make decision-makers actually adopt, implement and enforce the tools we already have.

Are the poor, always the losers? Because, even if we accept corruption, we still need money to corrupt people right, or at least something they want?

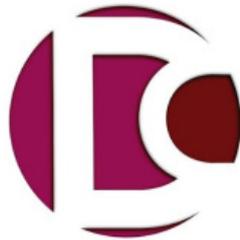
JPA: Definitely. In fact, there is ample data showing that the poor are the ones most affected by corruption, as they not only become deprived of rightful access to public services, political representation, fair legal procedures, etc., but they also end up paying a much larger portion of their income in comparison to the middle class and those more well off. This is the dilemma faced by the poor in corrupt countries : sacrifice precious money to gain access to goods that are much cheaper to others, or sacrifice that access altogether. In this sense, the poor are not participants of corruption, but the victims. This argument pertains specifically to cases of extortion, of course, but we should not underestimate the extent of this type of corruption among the poorest sectors of society. To collude, you first need money (at least more money than time and rights). Extortion is the plight of those left behind.

Another way to look at this in a more systematic way is by considering that society at large represents the victim, or loser, of the illicit relation created by corruptor and corruptee. Society is the group actor that pays the costs of corruption—or externalities—through both its direct and indirect consequences. Such costs may be somehow offset, at least partially, by occasionally partaking in malfeasance and taking the role of either corruptor or corruptee in mutually beneficial collusive transactions. But for many individuals who, due to their extremely low income have very limited or no access to collusive transactions and stand only to be extorted, corruption makes constant losers of them all, forcing them to bill the costs.

Thank you very much Joseph for your time and contribution. Anything else you would like to add?

JPA: I would just like to finish by saying that the anti-corruption movement stands at a crucial point right now in regards to public and political support. There's a big gap between

popular perceptions and the discourse of those working in compliance and other technical areas, and it needs to be addressed by accepting that both groups are largely mistaken in their assessments. Sure, we now have the ISO 37001, but it's not really much of an improvement from previous initiatives such as UK's BS 10500; sure, the operation Car Wash, and the Panama Papers and Odebrecht cases have exposed the level of political corruption in Latin America, but these point more to the increased capacity of journalists and prosecutors than to a rise in corruption levels. In other words, things are not as bad as people think, but are also not as good as some experts tend to believe. The reality is that without a consistent and unified effort from different groups to pressure leaders into implementing reform, not much will change in the short term, except maybe for the extent of bureaucratic corruption. This area might see an improvement thanks to the transformation of the status quo in many developing countries, who are changing their electoral and governing styles and will keep reaping economic benefits as a consequence. But let's not fool ourselves, the higher structures of the status quo will remain stable if we don't take a different approach to curb corruption at the top.



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