

"Systemic Corruption"

I was asked to get back to the Committee with additional information on the meaning and application of the term 'systemic corruption'.

This following is the link to the term as used by the U4 Group on International Aid Agencies and the Basle Centre for Governance - the latter headed by Prof Mark Pieth, Chair of the OECD bribery Convention committee:

<http://www.assetrecovery.org/kc/node/37061ff7-bb9d-11dc-86fc-d95afdb81c71.1>

You will note that this usage conflates 'systemic' corruption with 'endemic' corruption, which is the sense which the member of the Committee yesterday appeared to be using. This is OK in the proper context.

I was at pains to be clear that I was using the alternative sense of the term, which *distinguishes* between systemic and endemic - as the term is in fact used by the LEIC Act, here:

Section 6

12 Law Enforcement Integrity Commissioner Act 2006

systemic corruption means instances of corrupt conduct (which may or may not constitute serious corruption) that reveal a pattern of corrupt conduct in a law enforcement agency or in law enforcement agencies

and by the US broadly, following Prof Klitgaard (Colgate University) - who was very influential in this field in the 1990s. (Note that Klitgaard uses the metaphor of the 'sick system' here - he does not refer to corruption itself as a 'disease'.) At many points this paper is consistent with Rothstein's of a decade later.

See here:

http://www.cgu.edu/include/Leadership_Under_System_Corruption_12-04.pdf

Robert Klitgaard¹

December 2004

..." First of all, what does "systemic corruption" mean? We use this term to distinguish two situations. One is where some people are corrupt. Another is where many people are corrupt—where the system itself has grown sick. A distinguishing characteristic of systemic corruption is that the many parts of the government that are supposed to prevent corruption have themselves become corrupted—budgeting, auditing, inspection, monitoring, evaluation, and enforcement. This makes the anti-corruption task much more difficult. We cannot simply call for capacity building in these anti-corruption parts of government, because their capacity has been bought off and directed away from their ostensible mission.

The good news is that around the world courageous leaders have made impressive progress against systemic corruption. Each case is different. But some themes emerge that might be helpful for other leaders who wish to fight systemic corruption. They need to change a corrupt institutional culture. They need to mobilize and coordinate a variety of resources inside and outside the government. **And they have to think in terms of corrupt systems instead of corrupt individuals.** Let us consider each of these points in turn...."

The Corruption Perceptions Index

A passing comment in the *Possibly Gratuitous Advice* category: I have noted that various submissions and witnesses (especially representing the Commonwealth) have made the claim that Australia's relatively high standing in the annual CPI tables is evidence that we either don't have significant corruption at the Commonwealth level, or we have it under control if it exists at all.

As you may be aware from the literature, there has been (and still is) a great deal of dispute about the meaning of CPI ratings and rankings of countries, due to the methodology used to derive the scores. Certainly the year-to-year rankings of countries cannot be validly compared. The following is a good summary of the problem:

http://en.wikipedia.org/wiki/Corruption_Perceptions_Index

This is the official version of the problem from U Passau -

http://www.icgg.org/corruption.cpi_2008.html

In short, countries' claims based on the CPI must be treated with a great deal of caution and care.

In relation to the Securrency International scandal ongoing, the interview with the UK businessman at the end of the 4 Corners program on Securrency International - and especially the specific comments on the likely increasing cost of doing business in Australia in the future due to bribery - is in my view (shared by many) very relevant here. See here:

<http://www.abc.net.au/4corners/content/2010/s2905618.htm>