

# How widely should we define 'corruption'?

David Beetham suggests that we need to rethink the concept and offers a new definition



This article has been prompted by David Whyte's introductory paper at the 10 May University of Liverpool conference *How Corrupt is Britain?* Whyte argued there that we should not confine our conception of corruption to the narrow World Bank and Transparency International definition – 'the abuse of office for private gain' – since this does not capture a whole series of abuses that have grabbed public attention over recent years in the UK. I entirely agree with his broad argument, but have some hesitation in expanding the term 'corruption' beyond the precise definition given above.

There is the danger typical of any conceptual inflation that it comes to cover any and every abuse or misdemeanour, and so loses its specificity. Instead I have tried to capture the concerns that united the different themes of the conference in a wider but hopefully succinct formulation. This is 'the distortion and subversion of the public realm in the service of private interests'. Such a conception would include:

- The capture of regulators and public officials by the corporate sector and its consultants
- The ever-revolving door between government and business
- The preferential access to ministers and officials enjoyed by the wealthy and powerful
- Corporate funding of political parties and politicians' private offices in return for favours
- The use of tax havens and other

mechanisms to deprive the public purse of revenue

- Cover-ups of wrongdoing by officials to protect their personal reputation and position
- Police collusion in illegal information gathering by journalists

Of these, perhaps the last two could fit into a narrow definition of corruption as 'the abuse of office for personal gain'. The rest, however are

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better understood as examples of a more systemic process whereby the public sphere has come to be distorted and subverted in the service of private interests.

This process has its main source in the privatisation of public services begun under Margaret Thatcher and continued by governments of all complexions ever since. Some services have been wholly privatised (public utilities), others contracted out by central or local government or public bodies like the NHS, while the construction and management of public infrastructure and buildings have been funded through the private finance initiative (PFI) programme. Whatever the method, the process of privatisation leads directly to deformations of the public interest. The utility providers constitute a *de facto* monopoly, inadequately regulated, which squeezes consumers in the interest of shareholders and directors' fat remuneration packages. Public service contractors are free to walk away from their contracts if they prove unprofitable. Or if they

provide an inadequate service, which can never be challenged because their terms of service are subject to commercial confidentiality clauses and immune from Freedom of Information scrutiny. PFI contracts are sold on to third parties, which use high interest charges and off-shore jurisdictions to avoid paying corporation tax – a procedure that undermines the already questionable arithmetic on which the supposed advantage of the PFI system was originally based.

## Privatisation

Such defects give the lie to the neo-liberal dogma that the market is always superior to the public sector. In his 2004 book *The Great Divestiture* Massimo Florio showed how the supposed gains in productivity and efficiency consequent on privatisation had proved illusory, and that it brought all kinds of negative consequences for social welfare and the UK's industrial development. Yet privatisation has also served to undermine the capacity and integrity of government itself. The hollowing out of government at central and local levels that results from so much outsourcing deprives government of the skills, experience and personnel that flow from providing services directly, and gives the private sector a key advantage when negotiating service contracts. It also leads to the burgeoning government use of private consultancies and business personnel in key positions, who will invariably recommend further privatisation and outsourcing as the solution to any public sector problem.

More serious even than the loss of capacity is the loss of government

integrity. With private firms hovering like vultures over the easy prey afforded by the guaranteed income of taxpayer-funded contracts, there is a ready market for the employment of newly retired ministers, civil servant and military commanders who can bring their inside knowledge and contacts to bear on the commissioning process. And the latter in turn while still in office have a considerable incentive to conduct themselves with an eye to their future well-remunerated employment as consultants or directors in the private sector. Hence the rapidly revolving door between government and business, which is documented in detail but inadequately policed by the so-called Advisory Committee on Business Appointments (ACoBA). A glance at its website is enough to reveal the large numbers regularly marching through this revolving door.

Then there is the huge corporate lobbying industry, enjoying in the words of a 2009 Commons Public Administration Select Committee Report 'privileged access and disproportionate influence...which is related to the amount of money they are able to bring to bear on the political process.' Their money funds political parties, think tanks enjoying charitable status and politicians' private offices, and can effectively purchase seats in the second chamber of parliament.

Should we call all this 'corruption'? Some of it certainly comes close to the narrow definition of 'abuse of office for private gain'. Yet I think the broader conception I outlined earlier – 'the distortion and subversion of the public realm in the service of private interests' – comes closer to capturing the essence of what has occurred following the unbroken process of privatisation of public services over the past 30 years.

To be sure, the public is slowly waking up to the perverse effects of market penetration into the heart of the public sector. People are aware that they are being ripped off by the utility providers and the rail companies. They don't want further privatisation or marketisation in the NHS. Through the activities of the

Occupy Movement and UK Uncut the public know about the scandals of corporate tax avoidance and the widespread use of tax havens. They are unhappy about the power of corporate lobbying and the revolving door, with former ministers selling themselves, in the words of Stephen Byers, 'like a cab for hire'. Yet they lack a coherent narrative which links these different phenomena together and explains their common causes and systematic effects.

### The public realm

Many people have also lost, or never had, a conception of the public realm, with its distinctive values, relationships and ways of working. Its core is a common citizenship and a sense of mutual responsibility

when we fall on hard times. Its distinctive ethos is one of public service – that furthering the common good is a worthy calling, deserving of the best talents.

And its goal is a quality of service provision available equally to all whatever their background or level of resources. Against this the market promotes individual self-interest, aggressive competition and unchecked inequality, while also offering the illusion of unlimited choice to the consumer. Such features may indeed have their place in the provision of consumer goods and some kinds of services. Yet they need complementing by a strong and distinctive public realm if market values are not to end up destroying the fabric of civilised society.

What we have been witnessing over the past 30 years has been the systematic erosion of this public realm as more and more of the public sector has been privatised, outsourced, or made subject to market principles. It is this that has led to the long list of abuses catalogued at the outset of this article. Is it any wonder that ministers, civil servants and military leaders should expect to use their

office as a means of leveraging fat jobs in the private sector, when those they rub shoulders with on a daily basis are doing the same in their own business sphere? Is it any wonder that those in the corporate sector should employ any means and connections they can to win lucrative contracts funded by our taxes, or work to promote further business opportunities when they are seconded to government service? Is it any wonder that politicians who look to the corporate sector to fund their electoral campaigns should be ready to return the favour with sympathetic policies and the offer of lordships?

Instead of the public sphere constituting a separate life domain, with its own values, relationships and ways of working, it has become an

extension of the private market, permeated by the market's logic and interests. Instead of a common citizenship, we have subordination to an oligarchy of the wealthy and powerful. Instead of a public service ethos we have the

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well-oiled revolving door between government and business. And instead of governments controlling the excesses of the corporate sector in the public interest, they have increasingly become its chief promotional agent. Without a radical programme to restore the distinctiveness and integrity of the public sphere we shall have to learn to live with the recurrent abuses attendant upon its progressive dismemberment by market forces. ■

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### References

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