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A novel way to combat corruption

Who to punish

India's chief economic adviser wants to legalise some kinds of bribe-giving

May 5th 2011 | from the print edition

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CORRUPTION conjures up images of shadowy deals among lobbyists, corporations and crooked government officials. But it is often more mundane, as officials demand bribes even to deliver routine public services. Figures from Gallup, a pollster, reveal just how widespread such corruption is (see chart).

Economists argue that such small-scale graft does great damage. Official extortion erodes trust. As authorities in countries like Greece are discovering, fighting tax evasion is hard if people have little trust in the honesty of tax officials themselves.

An Indian website, ipaidabribe.com, set up last summer by anti-corruption activists, reveals just how grasping officials can be. It has documented over 8,500 instances of bribery adding up to nearly 375m rupees (\$8.4m) in backhanders. These include 100 rupees to get a policeman to register a complaint about a stolen mobile phone and 500 rupees for a clerk to hand over a marriage certificate. The amounts are much larger to facilitate income-tax refunds, where the standard "charge" is 10%; sums between 5,000 and 50,000 rupees change hands.

But such initiatives can do little beyond allowing people to vent their anger about corruption. Kaushik Basu, the chief economic adviser to India's finance ministry, suggests that this may be partly because the law treats both bribe-giving and bribe-taking as crimes. This makes it hard to blow the whistle on corrupt officials, because the bribe-giver has also broken the law. If he complains, he risks prosecution or, more likely, being asked for another bribe by the police. In a provocative paper based on game theory, Mr Basu argues for the legalisation of some kinds of bribe-giving. His proposal has instigated a furious debate in India, with television channels even assembling panels to discuss it.

Some thunder that the economist is condoning corruption. But Mr Basu makes clear that paying an official to bend the rules in one's favour should continue to be illegal. The category of payments he would like to legalise are "harassment bribes", made by a person to get things to which he is legally entitled. In such cases, Mr Basu argues, the giver should be granted immunity from prosecution and a proven complaint should result not only in punishment for the corrupt official

Backhandler count

Respondents who have been asked to pay a bribe in the past 12 months, 2010, %



Source: Gallup World Poll

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...to be asked for bribes and law enforcement agencies which seem to prosecute corrupt officials by giving their victims the confidence to lodge complaints and encouraging them to hang on to evidence of bribery. Fear of being caught should make officials more wary of asking for bribes in the first place.

This sounds promising in theory. But India's courts are notoriously slow. Jean Drèze, an Indian development economist, reckons that the difficulty of pursuing a legal case against a corrupt official may mean that few will complain. If so, Mr Basu's idea may inadvertently result in an increase in the incidence of corruption. At least some people who would earlier have refused when asked for a bribe, Mr Drèze reckons, would now pay up.

Yet when the bribes are for things that are their due, refusal to pay is unrealistic for most people. The tone of those posting on the bribe-reporting website suggest that people are keen to strike back at corrupt officials. Because Mr Basu's idea should make this easier, it is worth considering. So are steps such as moving more transactions online, to reduce contact with officials. Fighting corruption will need more than one clever idea.

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