



## **Report on Wilton Park Conference 748**

### **FINANCING POLITICS, CURBING CORRUPTION AND PARLIAMENTARY ETHICS**

**in association with the Commonwealth Parliamentary Association and the  
World Bank Institute**

**Monday 7 – Friday 11 June 2004**

#### **Summary**

1. Corruption (which can be defined as the abuse of public office for private gain) exists and has always existed. It is pervasive and it has far reaching consequences for the functioning of political regimes as well as for the lives of a large segment of the world's population. While it may be impossible to eliminate corruption, it is possible to take some steps to curb it and control it.

2. The conference was organized around three interwoven themes: the nature of corruption, the costs of corruption and the tools to curb corruption. In discussing the nature as well as the causes of corruption, particular attention was paid to the relationship between corruption, party finance, and violations of party finance regulations. In discussing the political as well as the socio-economic costs of corruption, attention was paid to how corruption distorts development and perverts the functioning of democratic institutions. In discussing the tools that be employed to curb corruption and eliminate other types of misconduct, attention was paid to what Public Accounts Committees (PACs), Codes of Conduct, and Registers of Members' Interests can do to create more ethical and accountable political systems.

## **CORRUPTION**

3. Corruption represents one of the most significant obstacles to development. It raises production costs, reduces the companies' expected profits and, in so doing, often obliges companies to invest elsewhere. As noted in a report of a previous Wilton Park Conference "investment in corrupt countries is 5% lower than in relatively less corrupt countries".

4. Some participants pointed out that corruption does not simply distort development, it also distorts the proper functioning of democratic institutions. If democracy is defined as the political system in which each citizen has the right to exercise as much influence on the political decision making process as any other citizen, then corruption poses two basic problems for democracy. One problem is that those citizens who use their financial means to corrupt candidates and elected officials, literally acquire the possibility to exercise more influence over the political decision making process than those citizens who do not corrupt politicians. Secondly, corrupt politicians can use their illicitly obtained resources for their electoral campaigns, thus acquiring an advantage over the other candidates and improving their chances of being elected. In so doing corrupt candidates distort electoral competition, prevent the people's will from being properly expressed and pervert the nature and the functioning of democratic governance.

5. Corruption is a symptom of deeper institutional weakness. Hence, the best way to fight corruption is not to fight corruption in itself but to address these institutional weaknesses. In other words, the best way to fight corruption is to improve governance that is the process, the institutions and the customs through which the function of governing is carried out.

6. Data analysis reveals that there is a clear, positive relationship between governance and development. As governance improves, socio-economic

conditions improve: infant mortality declines, literacy increases and the per capita income also increases. These findings are consistent with the idea that good governance and curbing corruption are crucial in promoting development.

## **FINANCING POLITICS**

7. Considerable attention was paid to the relationship between corruption and the financing of political activities. The argument was fairly straightforward in this respect. When the cost of politics increases, parties' and politicians' need for financial resources also increases. And whenever legally collected financial contributions are insufficient to satisfy these financial needs, parties and politicians have an incentive to look for other sources of financial resources. Some argue corruption does not simply happen, it sometimes has to happen.

8. There was consensus on the nature of the problem and several possible solutions were identified. Firstly, Parliamentarians' salaries should be raised. It was argued that if Parliamentarians are properly compensated for their parliamentary activity, they have no incentive to look for additional sources of income and to become involved in corrupt practices. Raising Parliamentarians' salaries could be an appropriate way to eliminate corruption for personal gain.

9. It was however acknowledged that personal gain is not the only reason why parties and politicians may engage in illegal practices. For example, if parties are unable to finance their activities with legally collected funds, they may be tempted to accept illegal contributions. Public contributions to party finance were viewed as a solution to this problem though it was acknowledged that the introduction of public contributions to party finance did not prevent German and Italian parties from accepting illegal contributions.

10. Some attention was paid to whether disclosure represents a tool for curbing corruption or not. Participants agreed that disclosure may be extremely valuable in curbing political corruption and they agreed that parties should disclose both their income (and the sources thereof) unless such a disclosure puts the opposition and pro-democratic forces in danger.

11. Most agree that the adoption of party finance legislation is *per se* insufficient to curb corruption. The implementation of party finance legislation must be taken far more seriously than it has hitherto. Beside adopting party finance legislation, it is also necessary to enforce it and to make sure that violations of party finance legislation are properly sanctioned.

## **PARLIAMENTS**

12. There are several steps that Parliaments can take to curb corruption. One of the ways in which Parliaments can keep governments accountable is by establishing PACs. By examining public accounts PACs contribute to keeping governments accountable for their use of funds and resources. PACs generally concentrate on financial probity and regularity but they may, at times, be in charge of examining the effectiveness of government programmes. They also provide political impetus for reports made by independent auditors. As one recent study observed “Auditors-General may receive suggestions from PACs, other Members of Parliament, or the public on profitable areas of study. The Auditor-General may or may not agree with these suggestions. In some circumstances the Auditor-General may, by law, be required to comply with the suggestions”.

13. Parliaments can also take concrete steps to ensure that Parliamentarians respect the highest standards of behaviour. Parliaments can adopt Codes of Conduct and Registers of Interests to prevent Parliamentarians from misbehaving and to preserve public trust. For example, arrangements for regulating the conduct

of Parliamentarians in the United Kingdom were established in the mid-1990s in the wake of a series of allegations that Parliamentarians were failing to register benefits (in cash or in kind) and of tabling questions to Cabinet Ministers in return for payment. The then Prime Minister created a Committee on Standards in Public Life which recommended the adoption of a Code of Conduct, of a more detailed Register of Member Interests, as well as the appointment of an Independent Parliamentary Commissioner for Standards. These recommendations were integrated by the recommendations formulated by a specially constituted Select Committee of the House of Commons. This Select Committee recommended the establishment of a Select Committee on Standards and Privileges to consider complaints against Parliamentarians and to advise the House on conduct issues.

14. The purpose of the Code of Conduct “was to assist Members in the discharge of their obligations to the House, their constituents and the public at large”. The Code applies to all aspects of Members’ public life but it does not seek to regulate Members’ private life. The Code of Conduct requires Members to uphold the law and the constitution, act always in the public interest, strengthen the confidence in the Parliament, and to respect the seven principles of public life enunciated in the First Report of the Committee on Standards in Public Life. The seven principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The provisions of the Code are fairly general.

15. The purpose of the Register of Members’ Interests is “ to provide information of any pecuniary interest or other material benefit which a member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament”. There are ten types of interests to be registered, namely directorships, other forms of remunerated employment, sponsorships, gifts benefits and hospitality, overseas visits, overseas benefits and gifts, land and property and shareholdings.

16. The Parliamentary Commissioner for Standards is appointed for a five-year, non-renewable term by a resolution of the House. He advises Parliamentarians on issues of propriety; oversees the maintenance of the register of interests; assesses, and if necessary, investigates complaints; reports regularly to the Committee and, once a year, to the House as a whole.

17. The 10 senior Members of the Committee on Standards and Privileges are equally divided between Government and Opposition parties. The Committee, chaired by a Senior Opposition Member, oversees the work of the Commissioner and considers alleged violations of the Code referred to it by him.

## **CONCLUSIONS**

18. In order to curb corruption, it is necessary to adopt a multi-dimensional approach. Anti-corruption measures should be taken both by national and international institutions. If there is no genuine commitment to fighting corruption at the national level, the anti-corruption effort is not going to be self-sustaining and will, ultimately fail to produce any meaningful result. This is the reason why creating coalitions at the national level is so important.

19. Second, the adoption of anti-corruption measures at the national level is necessary but not sufficient to curb corruption. This means that in addition to adopting anti-corruption measures such as anti-corruption legislation, it is crucial to enforce anti-corruption measures.

20. The third lesson is that there are several tools other than legislation that can be employed to fight corruption and to prevent various types of misconduct. These tools should be used simultaneously to attack corruption and misconduct.

21. Lastly, the success of anti-corruption and ethics reform campaigns is often facilitated by actors such as the free media, NGOs, and a strong civil society. Anti-corruption efforts can be served if the capacity of these institutions is strengthened.

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