

CORRUPTION AND PUBLIC PROCUREMENT

FINDINGS AND RECOMMENDATIONS

Virtuous Circles: Lessons Learned

- All success cases have some story of massive institutional correction which set a virtuous circle in motion, for instance the land reform in post-war Taiwan and Korea which created a large number of landowners able to educate their children, and so a sudden rise in the middle class, or the revolutions in Estonia and Georgia which identified old rules of the game and their defenders with an 'old regime' on which popular consensus existed that it must at all cost be removed;

- While democratization helped all these success stories, the virtuous circle unfolds over a larger interval of time, with authoritarianism playing a part (for instance in pulling out clientelism, or developing an effective bureaucracy), but more often than not a full virtuous sequence playing out (democrats who return after an authoritarian regime as in Uruguay have learned their lessons and change their old ways);

- None of the successful examples is a federal state, meaning that strong unitary central government and a certain unity of purpose matters;

- Non-discretionary government, which seems the key to success, can be achieved by both left and right, by Uruguay, on the one hand, Estonia and Chile on the other, what matters is that social allocation is based on ethical universalism (everyone treated equally and impartially) and not the ideology of that government;

- Human agency matters greatly, even if the motivation of these central individuals is very different. Taiwan is improved by a succession of justice ministers who each deliver a piece of the final construction until they lose political support, in a counter-factual Taiwan with no virtuous circle we would find ministers with long tenure and no reforms, so the will of these individuals to achieve something made a difference;

- Everywhere we find a mix of groups who seek their own interest and some altruist who push for a governance change, in these cases an alliance of them is empowered over those who defend the status-quo;

- The success in all these cases has come out of a large mix of reforms which built open competition and a fair state, only occasionally combined with some crackdown on dissenters, it is far more difficult to curb corruption after it happens, so these are state-building successes.

A lot, however, is contingency. As Philip Keefer from Inter-American Development Bank put it: "There's often a lot of accident involved. It could be that you just need to be lucky." And the institutional revolutions are not normative revolutions necessarily, as Larry Diamond from Stanford University put it: "Changes won't be led by normative propositions. Ethical changes happen when you change behaviour and institutions. The ethical transformation will come later."

Finally, in the words of Michael Johnston from Colgate University: "There's been a healthy discussion of distinction between what sustains versus what gets you there and how you sustain it over time. But it's really incredible about how much we still don't know. But what is clear is that we can't force a model or checklist. There are virtuous circles, but there's no one way right for different countries."

The final roundtable of the conference "Understanding Governance Virtuous Circles: Who Succeeds and Why" (July 8-12, 2015) organized by the Hertie School's European Research Centre for Anti-Corruption and State-Building, ERCAS in the framework of EU FP7 ANTICORRP project, extracted the lessons learned