



# Corruption and Political Parties

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Political parties are often seen as actors who abuse their powerful position to extort bribes, to supply members and followers with lucrative positions in the public sector, or to channel public resources into the hands of party leaders or supporters. Party corruption is especially problematic in developing and transitional countries where political and economic institutions are not yet fixed. In the long run, party corruption can undermine public trust and threaten the viability of democracy. Democratic parties in a competitive political framework, however, can perform valuable political and social functions as links between citizens and government, in voter representation and information, policy-making, and human development. What is the link between party activities and corruption? Under what conditions and in which forms can we find corruption in the area of political parties? What measures should be taken to eliminate party corruption?

This paper addresses corruption in the context of political party activities. It focuses party corruption in the contexts of election campaigns, party activities in parliament, and party control over public assets and institutions. Opportunities for corruption are identified and illustrated by short cases from industrialized, developing and transitional countries. Anti-corruption measures and strategies that affect the work and role of political parties are introduced and evaluated. While campaign finance regulations and anti-corruption laws are important in the fight against corruption, they need to be embedded in a broader strategy that promotes intra-party democracy, party competition, transparency, and monitoring by a free press, an informed public and an active civil society.

## **I. Introduction**

Both in industrialized democracies and in the developing world, political parties are often seen as part of the corruption problem. Discourses on corruption and anti-corruption strategies have identified parties as key actors who abuse their powerful position in the political system, among else, to extort bribes, to supply their members and followers with lucrative positions in the public sector and related corporations, to shape political and economic institutions to the benefit of affiliated interest groups, or to channel public resources into the hands of party leaders, members, or supporters. Party corruption can especially be seen as a problem in newly democratizing and developing countries where political and economic institutions are not yet fixed. The redistribution of public assets, which is a necessary part of democratic transition, is often disturbed by corruption. In the long run, party corruption and related scandals can undermine public trust and lead to voter cynicism and disillusionment with the political system, thus threatening the viability of democracy. Long-term high-level corruption may also provide a powerful incentive for political parties to secure political power, thus producing authoritarian regimes, one-party monopoly states, and non-democratic governments. The prospect of gains from corrupt practices might also tempt opposition parties to try to overthrow democratically elected governments, or might make existing governments more resistant to further democratization.

While current international anti-corruption regimes such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions have not yet included party corruption into their framework, U.S. and international policy-makers and anti-corruption NGOs such as Transparency International point out the importance of party corruption, especially with regards to political contributions, for future anti-corruption work (see for example, Transparency International 2000).

While corrupt parties can thus stall or even destroy processes of democratization, political parties that are not distorted by corruption, but which are part of a well-institutionalized and competitive political framework can play a vital role in democracies and perform valuable political and social functions. Parties provide a link between citizens and government. Parties mobilize voters on behalf of certain goals and interests, select and train candidates for public office, organize election campaigns, send representatives to parliament, organize legislatures, formulate political agendas and policies, manage policy processes and steer or, as opposition parties, monitor government activities. By publicizing and promoting their programs, parties also provide voters with substantial information about current political issues, the general workings of government, and citizens' democratic rights. They thus actively contribute to voter education and human development, and can function as builders of social capital. This role of political parties can become even more important in developing and transitional states which are in the process of defining and stabilizing the rules and institutions of democratic government and market economies.

What are the temptations for political parties and their representatives to engage in corrupt behavior? What areas of party activity are especially vulnerable to corruption? What measures should be taken prevent corruption in the area of political party activities, or to make parties more resistant to corrupt offers? How can parties be reformed to stay within the bounds of law and the rules of good politics, while at the same time still efficiently representing the interests of their supporters? What lessons can we learn from previous experiences with party corruption? These are the questions we will address in this paper.

First, we will analyze various areas of party activities and identify incentives for corruption. These incentives will be illustrated by brief case studies from various developing, transitional and industrialized countries. In a second step, we will introduce and evaluate strategies and initiatives to eliminate those incentives for corruption and will point out possible avenues for further reform.

## **II. Manifestations of corruption in the area of political parties**

### **Elections and election campaigns**

The key functions of political parties in modern democracies include the mobilization of voters in support of political agendas, the selection of candidates for public office, and the organization of election campaigns. To win a majority of seats and to thus control government, parties compete with each other for votes. Election campaigns are costly. Parties and candidates need money to print posters, brochures and leaflets, or to pay TV and radio ads to make their message known to voters. They have to pay staffers and equipment to organize and run campaigns and to finance campaign-related travel of candidates and party leaders. Therefore, campaign finance is an important issue in political competition. In their struggle to win, parties and individual candidates often try to outspend each other, and under financial pressure, both candidates and party leaders might be willing to accept payoffs or illegal donations offered by wealthy donors in exchange for promises of future favors.

In developed and developing countries alike, politicians are therefore tempted to spend as much money as possible on their campaigns, often in excess of official campaign spending limits. In Japan, for example, election laws prescribe a limit for the amount of money candidates can spend during the campaign period. The spending limit depends on the number of registered votes per seat and the total voter population of the electoral district. In the 1980s and early 1990s, candidates of the long-term ruling Liberal Democratic Party (LDP) exceeded the legal limit by at least six times and as much as thirteen times (Fukui and Fukai 2000, 23-24). Most of these funds come from corporate donations. The workings of the system were illustrated, for example, in the course of investigations of the 1992/3 Sagawa Transport scandal. In order to secure a good position in the deregulating transport sector in Japan, the company Sagawa paid about 2.5 billion Yen (approximately 25

million US\$) in illegal campaign donations to 200 Diet members and leading local politicians of the LDP and opposition parties (Kikuchi 1992). Similarly, in India, legal limits of campaign expenditures are regularly exceeded by ten to fifteen times (*Loksatta Times* 2, 3, Mai-June 2001, 3).<sup>1</sup> In South Korea, most candidates exceed the legal limit on campaign expenses of approximately 90 million Won (around 112.000 US\$) per candidate. During the April 2000 National Assembly elections, Korean media reported that candidates had to spend about 3 billion Won (about 3.75 million US\$) to win their local constituencies (*Korea Herald*, 20 March 2000). Routine violation of legal spending limits suggests that more than laws are required to control politician and party behavior and to minimize excessive campaign spending.

In political systems with weak party competition, or in states with long-term one-party rule and party control over the public sector and society, parties also might be tempted to extort contributions from businesses. Under authoritarian rule until 1993, political fund raising in South Korea crossed the borderline to extortion. All South Korean presidents during this period, from Park Chung-Hee to Roh Tae-Woo, set up private foundations and forced big business to pay regular contributions as membership fees in proportion to their revenues. Those who refused encountered problems when applying for government credit, licenses or business loans, and they also could expect regular tax audits by financial authorities whose personnel was often appointed on the basis of their party connections. Similarly, regular campaign contributors could expect lenient treatment of their tax declarations (Koh 1996; Kim 1997; Moran 1999).

To fill their campaign chests, parties not only accept donations from wealthy donors or extort them from the business community, but often also demand contributions from individual candidates and parliamentarians. While the payment of contributions to one's own party can be seen as a politician's legitimate support for building a strong party organization and thus invest in the party's future, they

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<sup>1</sup> For more information on campaign finance and corruption in India, see [www.loksatta.org](http://www.loksatta.org). Loksatta ("People Power") is a Nongovernmental Organization devoted to clean elections.

come close to corruption and extortion when they are demanded in the context of candidate selection and nomination for national or regional elections or as the 'price' for a promising ranking on a party's list of candidates. Similarly, it is a corrupt practice when party leaders extort contributions from candidates by threatening to remove their names from the party proportional list, to assign them to a less secure constituency, or if they offer to switch names on the party list in return for donations. We can also consider it corruption when party leaders demand donations from party members as a prerequisite for promotion within the party hierarchy or for eligibility for party leadership. In South Korea, for example, from 1961-1993, candidates on the proportional lists of both the ruling and opposition parties were ranked according to their contributions to the party (Chon 2000, 71-77). Another form of party corruption in this context is the regular collection of parts of a parliamentarian's salary by party leaders as 'contribution' in return for party support at election times.

Another manifestation of corruption in the area of political parties is vote-buying. In transitional and developing countries, and especially in countries where patronage is an important social factor, voters may expect presents and gifts from parties and candidates prior to elections and then make their decision on the basis of the amount and quality of such gifts. Once such a tradition has been established, voters are also likely to demand gifts in exchange for votes. In Thailand, for example, vote buying has been a major problem for years, and it is still a wide-spread practice despite repeated reform efforts. Especially in poor rural areas, voters actively sell their vote to the highest bidder. In the 1996 election, parties and candidates would try to buy individual votes or sometimes even buy 'wholesale' votes of families or whole villages. In return, party representatives would offer cash, sometimes clipped to campaign literature, food, clothing, and other gifts. Officials estimate that prior to the 1996 elections, Thai politicians spent about one billion US\$ for vote buying (*New York Times*, 26 April 1998; *New York Times*, 19 November 1996). Thai parties also actively pay bribes to candidates of rival parties at election time. In order to win a

majority in national or local elections, or to increase their number of seats in parliament, Thai parties make it a practice to offer bribes of up to 720.000 US\$ to candidates who are willing to switch parties (*Bangkok Post*, 3 February 2000; *New York Times* 19 November 1996).

In this context it needs to be noted that the foundational elections in a country have incredibly high stakes, and accordingly, the temptation for corrupt activities is likely to be higher. In the initial stages of democratic transition, party systems are still rather weak, and the relationship between civil society and political parties is not yet fully established. For parties, the potential rewards for victory in the first election are very high. They include the opportunity to shape the country's political and economic institutions, thus ensuring future benefits for the party's supporters and the chance to enter the next elections as incumbents. Given these high stakes, parties face increased enticements to engage in corrupt transactions. Similarly, party supporters hope to invest as much money as possible to make sure that the winner of the first election will advance their interests. Foundational elections also attract increased attention from foreign interests such as neighboring governments or transnational corporations that are interested in favorable political conditions and a friendly business climate. In South Africa, for example, prior to the 1999 elections, Nelson Mandela revealed that his party had received donations in the tens of millions US\$ from foreign governments such as Saudi Arabia, Indonesia, the United Arab Emirates, and Malaysia (*Business Day* 21 April 1999).

For all these reasons, even if elections and party systems are new in developing and transitional countries, the opportunities for party corruption we see in developed countries can equally apply in the developing world, and even more so in the first election.

### **Party Activities in Parliament**

Politicians who have won a seat in parliament are eager to produce and work in support of policies which benefit their voters and shape political and social development according to their and their parties' preferences. Their performance in



parliament is monitored and evaluated by voters. If voters are content with their representative's performance in parliament, he or she has usually a good chance to be returned to office. On the other hand, if voters do not actively monitor a politician's conduct, or if there is a lack of competition so that voters do not have many alternatives to choose from, and if reelection thus is very secure no matter how a politician performs, there is a high chance that he or she engages in corrupt activities. The same is true for political parties. Parties whose behavior in parliament is not monitored by an active opposition or by informed voters, and parties that are very secure in their hold on power, are more likely to indulge in extralegal means of enrichment and exercise of power. The longer such a state of non-competition lasts or the greater the degree of non-competition, the more corruption can be expected. In extreme cases, we might see parties that either act on behalf of any group ready to pay the appropriate sum or demand fees and kickbacks for public contracts, government loans, or licenses. To various degrees, such corruption can be found, for example, in the Institutional Revolutionary Party (PRI) in Mexico, the United Malay National Organization (UMNO) in Malaysia, or the Kuomintang (KMT) in Taiwan. It is also significant that recently, some of these parties have either been forced out of power or have voluntarily changed political conditions that allowed increased party competition.

While we thus can expect corruption from parties that are facing little competition, on the other hand, we may also see corruption on the side of those that are likely to lose their hold on power or whose leaders are not allowed to run for reelection by their country's electoral system. In countries with a weak party system, a high level of party fluctuation, and a high turnover in government, politicians and parties might face the prospect of losing power after just one term in office, independently of how they perform. Consequently, they might be more likely to use their offices to maximize personal profit for party leaders and to channel as many benefits as possible to supporters, family, and friends. Party members in parliament also might be tempted to serve the interest of their parties' leaders in the hopes of

securing a future appointment elsewhere. One example for a country with high incidence of corruption and an electoral system based on the principle of “non-reelection” is Mexico. Members of the two chambers of the Mexican parliament are not allowed to seek reelection immediately after their first term in office, and for the president, reelection is prohibited by law. Bribery has long been widespread throughout Mexican politics, and the 1997 scandals surrounding former president Carlos Salinas and members of his family indicated a tendency among many Mexican politicians to maximize profit during their term in office (see Morris 1999).

A third factor that might lead to corruption in the context of party activity in parliament is party discipline (see also Rose-Ackerman 1999, 129). A strong party leadership that controls the activities of all party members in parliament can use its authority to further democracy and political and economic development, and to benefit the public good. However, party leaders might also decide to support the agendas of wealthy organized interest or certain social groups in exchange for pay-offs, and pressure party members in parliament to support this agenda. In Japan, the long-term ruling Liberal Democratic Party used to relocate political decision-making from parliament into party committees. Diet members would decide in their party committees what position to take about certain issues. In parliament, party members mostly voted unanimously along party lines. Often, business and interest group representatives were present at such committee meetings, and party leaders made it a habit to introduce young Diet members to interest group representatives to initiate mutually advantageous relationships (Blechinger 1998, 249-251).

Party discipline may also be used to suppress criticism from party members of corrupt activities by party leaders. In Zimbabwe, for example, leaders of the ruling party Zimbabwe African National Union-Popular Front (ZANU-PF) have led denunciation campaigns against party members who publicly spoke out against corruption of the party leadership, thus preventing critical party members from being selected to stand for re-election on the party list (*Indian Ocean Newsletter* 10 April 1999).

## **Party Control over State Resources and Redistribution**

Ruling parties are not only shaping political agendas and institutional and economic development, but also monitor the bureaucracy, control the distribution and management of public resources, and supervise the activities of public corporations. Parties in government play an important role in shaping the relationship between state and society, and between wealthy interests and power.

For the development of corrupt structures, the levels party competition and party control over state institutions and society are important. The more control a party has over state institutions and society, and the lower the level of party competition, the higher is the risk for corrupt behavior. In countries with strong party control over state institutions and society, parties might be tempted to abuse their influence to secure private gain for party members and supporters. Similarly, in non-competitive systems, i.e. in one-party dominant systems or communist states where a single political party monopolizes control over government, the economy, and public life, the ruling party may face low risk of losing power even if it engages in corrupt transactions. On the other hand, in liberal democracies with high party competition, a clear separation of power, leadership accountability and functioning checks and balances as well as a vibrant civil society, corrupt actors face a higher risk of exposure and consequently, of being driven out of power, thus keeping corruption at bay.

One extreme case of a monopoly party in a non-competitive system, for example, was the Soviet Union. The authority of national and local party officials was not limited to the allocation of government resources or to personnel decisions in government and state-owned enterprises. The party's power reached into all levels of economic activity. Informal networks which traded contacts to influential party officials or strategic knowledge became a valuable 'good' in corrupt transactions. "Information about who, how, and where was the lifeblood of economic and political survival" (Wedel 2001, 3).

Similarly, autocratic parties whose leaders do not allow opposition parties, often use their power monopoly to exploit public resources and to manipulate state institutions for the accumulation of personal profit for themselves and their supporters. Zimbabwe under the rule of President Robert Mugabe and his party Zimbabwe African National Union-Popular Front (ZANU-PF), for example, has been suffering from wide-spread corruption, illegal confiscation of land, and party-induced violence (Taylor 2002, *Financial Times* 2 July 2001).

Multiparty systems with active party competition can generally be considered less vulnerable to corruption. Party competition provides voters with an alternative when they do not approve of the ruling party's politics, and it thus prevents parties from extortion. However, even multiparty systems run risk to suffer from corruption when major parties politicize society and thus take control over important sectors of business and public life. Under such conditions, a change in government might indicate who is 'in' and who is 'out', but might no longer provide voters with an alternative. The case of Italy illustrates this corruption regime. The 'clean hands' investigation in the early 1990s proved that Italian political parties had managed to politicize and control all aspects of public life, from the bureaucracy to public enterprises to civil society. Corrupt exchanges took place no matter which party was in government (see DellaPorta and Vannucci 1999). Another example for a multiparty system with a high amount of party control over state institutions and society and related frequent incidents of corruption is India.

Corruption is also likely in states where formerly strong monopoly parties get weakened in the process of political and economic transition. In the post-communist countries in Eastern Europe, the weakening of the communist party's power monopoly and the erosion of the centralized party-dominated state provided new incentives for corruption. All over Eastern Europe, albeit in varying degrees, former high-ranking party officials (*nomenklatura*) used their connections and insider knowledge to rig privatization bids, to secure cheap government loans, and to acquire resources for themselves and their associates. Corruption is further

stimulated by the continuing loyalties of state bureaucrats with their long-established personal ties to current or former party and government officials, thus impeding the formation of new state institutions and free market economies. Reformed communist and newly established democratic parties are often part of such corrupt networks, especially in cases where party leaders owe their party's survival to the support and funding of powerful oligarchic groups (Wedel 2001, O'Rourke 2000, Karatnycky 2001).<sup>2</sup> Similarly, in Mozambique, after independence, the ruling party Frelimo controlled society and all economic activities for about one decade. In the context of privatization in the early 1990s, numerous corruption cases came light where Frelimo party officials and cabinet members used their inside knowledge in government to secure interests in profitable state enterprises for themselves, party supporters, or their family members (Harrison 1999, 543-44). Corruption in these formerly communist countries therefore limits the resources available to newly founded democratic parties, making it difficult to establish a stable and competitive party system.

China and Vietnam are cases where there still is no party competition, but party control over society is weakening due to economic liberalization and the gradual entry of private business activities. In these countries, the decrease of the party's monopoly on power provides an opportunity for local actors, usually lower ranking party officials who are often underpaid and autocratic, to get involved and to spread corruption even further (*Associated Press Worldstream*, 26 September 2002; *Associated Press*, 14 February 2001; Ma 2001, 145-147). Similarly, corruption spread in the Philippines when national government was decentralized in 1992 and opportunities for patronage evolved for local officials (*Business World*, 23 March 2001).

The vacuum left by weakening party institutions in former monopoly-party states also offers opportunities for organized crime. As recent cases, for example, from Russia, Ukraine, Vietnam and other countries show, organized crime in post-

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<sup>2</sup> For local variations of corruption between the post-communist states in Eastern Europe, see Karatnycky (2001).

communist societies acts both as a 'business partner' of political corruption networks, paying bribes to high-ranking politicians and bureaucrats to facilitate illegal activities, and as a 'substitute' for state and party institutions, taking over formerly party-controlled functions such as conflict mediation or private security (O'Rourke 2000, Shelley 1995, *Associated Press Worldstream*, 26 September 2002).

As illustrated above, in order to fully understand corruption in the area of political parties, we have to address both party competition and the level of party control over state institutions and society. Parties have to be understood as links between state and society, and between wealth and power. Their activities relate both to the political world and to society, and similarly, party corruption affects both spheres.

Parties in postcolonial states face one more temptation for corrupt behavior. Before independence, the awarding of contracts and the distribution of public funds was a monopoly of colonial officials. Once in power, newly established parties were confronted with strong business counterparts who were often willing to offer bribes to keep their position as government contractors. Many parties in post-colonial states were founded with the intention to enhance representation of previously disadvantaged or narrow interests. Becoming aware of the opportunities related with their newly won power, political parties often "perpetuated the colonial system rather than modifying it" (Ruzindana 1997, 134). Widespread party organizations used the money gained in corrupt transactions for the building of political organizations that offered housing, food, and jobs to refugees from rural poverty or conflict in exchange for votes, thus ensuring their future position in power and laying the roots for future corruption (see, for example *Africa News Service*, 12 September 2001). Especially in transitioning countries with insecure political and economic institutions, such forms of patronage and clientelism are frequent. Patronage structures can be seen as a means for parties to build and maintain an organizational basis that can be activated at election campaigns. For local supporters who are often poor and do not have other options to get access to political decision

making processes and to public goods and services, patronage networks are sometimes the only way to receive basic services. Examples of clientelist and patronage networks can be found throughout Africa and Latin America. In the literature on corruption and development, the case of Nigeria is especially well covered (see, for example, Brownsberger 1983; Balogun 1997). Although elements of patronage can be seen even in advanced industrial democracies whenever there are political appointments, greater transparency and free media organizations provide opportunities to check excesses of patronage.

### **III. Strategies and Measures to Eliminate Corruption**

Following the conceptual framework developed in USAID's *Handbook for Fighting Corruption*, policy recommendations are organized in the following four categories: (1) Restructuring party authority; (2) improving accountability; (3) realigning incentives; and (4) changing attitudes and mobilize political will.

To eliminate corruption in the area of political parties, the design of institutions is important. Generally, the risk of corruption is higher in political systems where representative processes to enforce government accountability are weak, and where there are no or only limited political mechanisms to dismiss governments that engage in corrupt activities. In order to eliminate corruption in the area of political parties, reforms thus have to address both the governing regime in which parties interact and internal party governance. Political parties whose internal structures are governed by transparency and accountability and who compete with other parties and interact with state institutions and civil society can significantly influence and drive the democratic transition of a country. Parties can even lead the transition to greater democracy, and democratic parties can be role-models for former monopoly parties, as can be seen from recent developments in Taiwan. On the other hand, democratic reforms and economic development are likely to fail if captured by corrupt parties. Therefore, the structure of parties is critical for improving democracy in developing and transitional countries.

## **Restructuring Party Authority**

Strategies in this area should address two aims. First, measures are needed to facilitate the development of a competitive liberal democratic regime. Such measures may include limitations of monopoly party authority and incentives to increase civil liberties and to tolerate opposition formation. On the other hand, in countries with weak party systems, measures might be necessary to strengthen the authority and organization of political parties to enable a competitive party regime. Such strategies include the creation of legislation to define the scope of activities and authority of political parties, the introduction of public funding for party activities, and campaign finance legislation to control campaign spending and to ensure equal standards for party competition. Second, party restructuring also has to address internal party democracy. Measures in this context include the creation of rules for transparent and competitive party leadership elections and candidate nomination procedures, the provision of incentives for party leaders to pursue non-factional politics, the introduction of codes of conduct for party members and related internal party financial checks and balances.

In combination, the measures listed above stimulate party competition and provide a political environment where an active opposition can contribute anti-corruption oversight and thus reduce the opportunities for party corruption.

## **Changing the external framework of party activity**

Party laws are critical in framing the context in which political parties operate. Party laws regularly cover party registration, finance, and party operation. They provide legitimacy to party activities while, at the same time, defining party responsibilities and introducing government bodies empowered with oversight and enforcement. Many developing countries do not have specific party legislation and only refer to party activities in election laws, such as the Philippines, or have introduced party laws only recently, such as South Korea (1987, amended in 2000), Cambodia (1997), Indonesia (1999), or Nepal (2001) (for details, see Thornton 2001, 6-8). To create a solid institutional basis for party competition and to underline the



important role parties play in democratic politics, and to thus reduce opportunities for corruption, it is important that party laws do not only focus on parties as organizers of election campaigns, but as important pillars of democratic politics whose activities go beyond election campaigning. Otherwise, risks are high that parties act within the bounds of law during the campaign period, but engage in corrupt transactions all other times.

Public funding for political parties can be a valuable means to support the development of competitive political parties and to ensure transparency and fairness in election campaigns. By making parties less dependent on large campaign contributors, public funding can also stimulate more policy-oriented activities by party leaders. Public funding is common in advanced industrialized democracies in Western Europe and in Eastern European post-communist states, and has recently also been introduced in developing countries in Africa and Asia.<sup>3</sup> Public subsidies succeed in stabilizing party systems and in supporting the development of party organizations. On the other hand, experiences from industrialized countries with a long tradition of public subsidies have shown that public funding does not always produce a reduction in campaign spending. In the case of Japan, for example, the Law on Public Funding for Political Parties originally stated that public subsidies should not exceed two thirds of the amount a party received in contributions in the previous year. To ensure that they would receive the whole amount to which they were entitled due to their share of vote in the last elections and their number of seats in parliament, Japanese parties thus started increasing fund-raising campaigns, an effect contrary to the intentions of the law (Blechinger 2000, 540-41).

Another step towards a more competitive environment for political parties is the creation of campaign finance legislation. The introduction of contribution limits for campaign donors or of expenditure limits for general party activities and campaign spending can reduce the maldistribution of political funds and increase

equality in political competition. Moreover, public disclosure of sources of funds provides voters with additional information about the linkages between parties and interest groups, and thus increases transparency in the political system. Both spending limits and disclosure rules are rather frequent in both industrialized democracies and developing countries, however, in many countries, these regulatory restraints have little effect because they are either not enforced or contain loopholes (see, for example, Pinto-Duschinsky 2002, Nassmacher 2001, or Alexander and Shiratori 1994). Almost every democracy in the world faces problems of excessive campaign spending, independent of the shape of campaign finance legislation. While the types of spending might differ, with a focus on expensive TV and radio advertising in industrialized nations, and higher cost for campaign vehicles and gifts for voters in patrimonial systems, the general trend to spend as much money as possible on election campaigns seems to be true for both industrialized countries and the developing world. Spending limits for campaigns are often not enforced or, in countries with very rigid election campaign laws such as Japan, parties tend to evade spending limits by spending most of their campaign funds before the start of the official campaign period.

Three lessons can be learned: first, it is important to introduce campaign finance regulations at an early stage in political development. Second, campaign finance regulations seem to be more efficient if they do not only cover the campaign period, but the general activities of political parties also outside the campaign period, thus contributing to equal opportunities among parties and reducing incentives for corruption. Third, spending limits can be more efficient in combination with disclosure. A high amount of transparency in political finance reduces the opportunity for parties to build secret campaign chests and slush funds. The details of such regulations need to be shaped according to the context of individual countries. While for example the United States fully discloses the names and

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<sup>3</sup> For an overview, see for example Pinto-Duschinsky's study of the 143 countries ranked as 'Free' or 'Partly Free' by the latest Freedom House rankings. He found that 59% of these countries have a system of public

addresses of all donors to political campaigns, such a practice might have negative consequences for donors in states where monopoly parties control public institutions and society, especially when donations are made to opposition parties. In such contexts, it might be more useful to strengthen intermediate control bodies such as electoral commissions.

### **Strengthening internal party democracy**

To participate efficiently in competitive democracy and to be credible for voters, parties need internal democratic structures. Measures in this context include the introduction of party statutes that regulate membership, leadership and candidate selection, codes of conduct for party officials and candidates, disclosure of party finances and assets, and a system of internal party checks and balances. To improve inner-party democracy, rank and file members should be involved in the elections of party leaders. Similarly, transparent procedures for candidate selection and nomination can reduce opportunities for corruption.

Disclosure of income, assets, and other information useful for the prevention of corruption, for example, ties to certain firms or interests, both of the party as a political body and of party leaders, are an important means to rise the risks for politicians in case they engage in corrupt activities. It also enables voters to understand who their representatives are, what social forces are supporting a party, and what policies and interests the party stands for. However, as with campaign finance and anti-corruption legislation, disclosure laws can only be effective when monitored independently.

Especially for newly established parties in developing states, it might also be important to raise awareness for corruption and related issues. In traditional societies, for example, party members might see it as their duty towards their supporters to provide benefits from patronage and clientelism. As part of anti-corruption work, training seminars and discussions for party members and candidates can play an important role. Such initiatives have recently been started by

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subsidies for political parties (Pinto-Duschinsky 2002, 76-80).

the Democratic Party of Thailand and the Philippine LDP (Thornton 2002, 11). In recent years, and under the influence of anti-corruption organizations such as Transparency International, parties in several countries, such as, most recently, Pakistan, pledged not to engage in and to confront corruption (*Agence France Press*, 19 September 2002). Such pledges can be helpful to raise public awareness of corruption and to educate politicians and voters about good governance. However, such pledges are often related to election campaigns and, if their implementation is not monitored by party members and misbehavior does not produce sanctions, their efficiency might not go beyond campaign rhetoric.

Finally, it has to be noted that in competitive political systems, parties might be willing to voluntarily introduce internal reforms if confronted with a successful competitor. A good example for such voluntary reforms as a reaction to electoral defeat is the KMT in Taiwan. After the Democratic Progressive Party (DPP) defeated the long-term ruling KMT in the last presidential election, and after opinion polls showed that Taiwanese voters preferred 'clean' political parties, the KMT leadership initiated a program of internal party reform and restructuring (Thornton 2002, 14).

### **Improve Accountability**

To further increase transparency and accountability, party restructuring should be combined with anti-corruption legislation and the creation of independent anti-corruption watchdogs, such as independent electoral commissions or parliamentary ethics committees that regulate and police party corruption.

Anti-corruption laws have been introduced by many countries in recent years (for Asia, see for example Thornton 2002). Such legislation usually prescribes high punishment for corrupt activities of politicians, bureaucrats, and business representatives. Punitive measures, however, are only effective when they are implemented and enforced. When violations of anti-corruption laws are not actively prosecuted by the judiciary and trials can be dragged out for years, anti-corruption legislation remains toothless. A strengthening of the judiciary, both through legal reform that prioritizes corruption cases and intense training to improve

investigators' and prosecutors' skills and awareness of corruption, must accompany anti-corruption laws. Moreover, anti-corruption laws are useless when parliamentarians are protected from prosecution by immunity, as it is the case, for example, in Mexico (Economist Intelligence Unit 2002). To make anti-corruption laws more powerful, it might be useful to partially revoke politicians' immunity in corruption cases.

A second strategy to improve accountability is the strengthening of checks and balances within government, for example through the creation of "watchdog" institutions that monitor government and party activities. The creation of monitoring and auditing institutions in government, and of anti-corruption committees in parliament, however, can only be effective if they have jurisdiction to prosecute and sanction misbehavior, and if they are independent. Independence can be achieved by ensuring, for example in the statutes of such institutions, that committee must represent all parties in parliament, thus preventing such committees to be used as tools in political infighting.

### **Realign Incentives**

Politicians are most likely to engage in corruption when there is a low risk to be prosecuted, punished, or to lose their seat in parliament as a consequence of voter dissent with a politician's conduct. Similarly, parties are less likely to engage in or to support corrupt activities or their leaders when such behavior is punished at the ballot box. To prevent corruption, it is therefore necessary to increase the risks. One strategy is to revoke an election and to disqualify candidates if they themselves or their campaign staff engage in corruption or vote-buying, as it is practiced, for example, in Thailand (*Bangkok Post*, 8 November 2000). Since the dismissal of politicians from parliament reduces the party's number of seats, such regulations increase the incentives for party leaders to control candidate behavior and to promote 'clean' election campaigns. This is especially true in competitive systems, since it can be expected that a party tainted by corruption has lower chances to get its candidate elected in an ensuing by-election. Similarly, in the context of party

activities in parliament, it might provide anti-corruption incentives for party discipline when rules are in place to revoke a politician's seat in parliament when he or she has been sentenced for corruption, and to disqualify him or her from further candidacies for public office, both standard practices in many industrialized countries. An active prosecution and a fast-working court system are important.

In addition to such punitive measures, activities by donor organizations to raise awareness for corruption as a problem in political party systems, for example through regional seminars about 'best practices' or training for party officials, can provide valuable incentives for party leaders to keep corruption at bay. In developing countries, political and economic development and the survival of parties in government often depend on foreign aid and investment. If good governance, transparency, and accountability are considered favorable elements in the evaluation of a country's application for grants, trade credits, loan guarantees, and investment, party leaders might be more likely to change their behavior accordingly. This might be even more the case in an international environment where "clean politics" contribute to the prestige of government.

### **Change Attitudes and Mobilize Political Will**

Civil society and a free press play a crucial role in anti-corruption activities in the area of political parties. In the industrialized and the developing world, voter awareness of corruption and their discontent with corrupt politicians are increasing. Cases of political corruption and bribery bring voters to the streets in protest, and non-governmental organizations which fight corruption are gaining influence. Along with information disclosure and transparency, an informed public is the best means to prevent corruption. Only if politicians and party leaders know that their activities are closely watched and chances of exposure are high, they might refrain from corrupt activities. Moreover, as in the case of Taiwan and also in the recent elections in South Korea, if parties can win elections on the basis of their anti-corruption program and transparent and democratic party organization, other parties might follow their example, thus instigating change in the party system. In

the South Korean national elections in April 2000, civil society groups which published 'blacklists' of candidates and parties tainted with corruption, had a strong influence on the election outcome (Chon 2000, Park 2000). The press multiplied this effect by reporting about the blacklists and by providing further background information.

Voter education and financial and organizational support for civil society groups are thus crucial elements of anti-corruption policies. Regional and local seminars about good governance and best practices for civil society organizations that educate voters might be a suitable strategy to increase awareness of corruption.

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