Most anticorruption drives and investigations fail. To improve the chances of their success, we need to ask: What is the nature of corruption? How does corruption seep into a non-corrupt society? Why is it so resistant to reform? Given the record of failures, what could be an effective strategy to limit corruption?

Corruption is not simply a problem of greedy men and women using public office for private gain. It is a degenerated state of expectations the citizens hold about the behavior of one another. Expectations, or culture, of proper behavior are a type of wealth of a society, at least as important as human and natural resources. When people expect corrupt behavior from one another, the expectations capital is depleted, and the society becomes and stays corrupt. The depletion usually occurs under extraordinary social stress such as wars, natural disasters or political upheavals. Rebuilding this capital to a high level is possible through sustained and dedicated effort over a generation or two. There are no legal or administrative quick fixes.

Corruption is a disease of societal norms or expectations. Society sustains these expectations by sanctioning deviations from its norms. If people expect others to behave ethically, they tend to do so themselves. If they expect others to behave unethically, they too, are tempted to follow suit. Change a person's expectations of others' behavior, and he/she also acts different. Transformation of a society from a non-corrupt to a corrupt state is simply the depletion of its expectational capital.

Like other forms of capital, non-corrupt expectations take effort and time to build. Once accumulated, this capital sustains itself, lowers

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transaction costs and raises productivity and innovation. It cannot be transferred across societies. How is it depleted and how can it be rebuilt?

During major earthquakes, droughts, wars, revolutions and socio-political upheavals, some people, desperate for survival, begin to take short cuts around the social norms. Increasingly, people pay lip service to the prior norms but the actual behavior, and gradually the actual norms, begin to change. Rapid economic development, inflation, and other causes of social dislocation also bring about stress and threaten this capital. Unless carefully monitored, which a society under stress often fails to do, people cascade down to corrupt expectations and behavioral norm.

Decolonization of the countries of Asia and Africa in the twentieth century is an example of such social stress. Long struggles with colonial powers followed by administrative inexperience, weak or nonexistent socio-political and economic institutions, rapid development, inflation, and lack of resources to deliver on elevated expectations of material prosperity created social stress. Nationalist leaders, especially at lower echelons, used their newfound political power to expropriate the wealth heretofore reserved for the colonialists. Governments expanded to become the employer of last resort, even when there was little work to do. To pay for this, they printed money, pushed up inflation, reduced real wages of civil servants, destroyed efficiency and work ethic. As civil servants found it difficult to support their families on nominally fixed salaries with declining purchasing power, they started using their office to extort money, and devised newer ways of forcing people to come to them for permissions. In this “license-permit-quota raj” the policy makers appeared to get a free ride by paying employees less than their opportunity wage. In fact, they were depleting the precious expectations capital of their societies as corruption expanded to become the new norm.

Politicians and people cooperate with civil servants to generate this downward vortex of social norms. Politicians start using the power of their offices to gather money to finance their political campaigns, or become dictators. Attempts to put limits on contributions push campaign financing under the table. Even the developed industrial societies have not solved this problem satisfactorily yet. The newly independent states are least prepared to do so. Many citizens are willing to pay a bribe to get ahead, while others remain silent.
Corrupt societies face periodic scandals that destroy their self-esteem by highlighting the gap between the ideal (the non-corrupt) and actual norms of behavior. These traumas elicit responses ranging from cynical (everyone is corrupt) to cover ups (conduct an inquiry), to naive (set up a vigilance or accountability bureau). These solutions fail because they assume that greedy individuals, instead of wrong societal norms, cause corruption. Besides, attempts to remove corruption through the existing administrative and political structure amounts to cleaning a glass window with a dirty cloth. To succeed in this endeavor, society must rebuild its depleted expectations capital through a multi-pronged program.

**Shrink the Government to Essential Functions.** Governments of most developing states perform many functions they need not do, and cannot do well, inviting corruption. They should transfer nonessential functions to the private sector by reducing the number of civil servants at least by half, and concentrate their limited abilities on competently policing, building infrastructure, running foreign affairs, and defending the country, etc.

**Cut Employment and Increase Productivity in the Essential Functions.** Stop operating government as an employment agency; reduce the workforce by at least fifty percent, and demand productivity from civil servants in performance of essential functions.

**Pay Opportunity Wages to Government Employees.** Compensate civil servants at the level of their opportunity wages. This removes the main rationalization for civil servants to supplement their salary by bribes. Strict enforcement can deal with the corrupt who “double dip” by continuing to take bribes.

**Election Financing Reform.** Devise open and realistic methods of financing democratic elections. It is not possible to rebuild the expectations capital without a fair and open system of election financing.

**Transparent and Accessible Government.** Easy citizen access to government rules and policies, combined with transparency of government decisions and actions makes any deviant behavior known to and questioned by the public. An open system lets citizens see that many people in government do their job honestly and diligently, and help rebuild the expectational capital. Andhra Pradesh in India, for example, has a grass roots movement (Lok Satta).
Modernize the Payment System. In modernized economies, currency is replaced by documented electronic or check payments. An auditable money trail discourages corruption. Information technology makes it easier.

Education. Anticorruption transition requires an effective education campaign to inform and convince civil servants that they receive a fair compensation for their skills, and that they can serve proudly without taking bribes. Most people prefer a simple life of honor to a lavish but corrupt existence. All faiths preach this message.

Enforcement. Finally, enforcement will inform and convince those who continue corruption that they must pay a heavy price. As expectational capital of society is built up, dependence on enforcement will decline, though it must always remain effective and available.

Reform drives fail because they rely largely on enforcement, are corrupt themselves, and rarely send politicians to jail. It is tempting to implement the popular measures and reject the bitter pills. Raising salaries without cutting the number of employees is an example. To succeed, the program to build expectational capital must be fair, balanced, integrated, and long term.