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The new public corruption: Old questions for new challenges

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ABSTRACT

This paper focuses on corruption in public procurement. It describes the contemporary face of corruption by investigating the role of public accountability in the fight against corruption. The paper describes a specific episode of corruption relative to the awarding of government contracts for big events, such as the celebration of the 150th anniversary of Italian unification. Relying on the philosophical insights of Rousseau, Popper, Kant and others, the study suggests the need for enabling a democratic control and constructing a public ethics for the common good.

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1. Introduction

Corruption is a pervasive worldwide phenomenon. More than one in four people around the world report having paid a bribe ([Transparency International, 2013](#)) and the losses caused by the spread of corruption amount to more than 5% of the world's GDP ([OECD, 2013b](#)). Both developed and democratic as well as developing countries are not free from corruption ([Bayley, 1966](#); [Neu, Everett, Rahaman, & Martinez, 2013](#)). However, in advanced countries, corruption emerges with more significant economic and social costs ([EU Anti-Corruption Report, 2014](#); [Kenny & Musatova, 2010](#); [Rose-Ackerman & Stone, 1996](#)). Therefore, an extensive amount of interdisciplinary literature has explored the negative effects of corruption (e.g., loss of governance capacity, decrease of economy growth, income inequality or erosion of competitiveness) and the conditions under which corruption is likely to take place (e.g., inefficient management, a weak normative environment, lack of transparency and controls or an ineffective penalty system) ([Everett, Neu, & Rahaman, 2006](#); [Fjeldstad & Tungodden, 2003](#); [Graycar & Villa, 2011](#); [Sikka & Lehman, 2015](#)).

The term corruption comes from the Latin 'corrumpere', meaning to destroy or adulterate, and it is somewhat of a vague concept, as it could refer to a broad range of behaviours (e.g., nepotism, bribery, embezzlement, favouritism or conflict of interest) ([Everett et al., 2006](#); [Klitgaard, 2014](#)). Here, we use the word corruption in reference to 'the illegitimate use of public or communal resources for private gain' ([Neu, Everett, & Rahaman, 2015](#), p. 2; see also [World Bank, 1997](#); [International Monetary Fund, 2005](#)). In spite of the ambiguity of the term, there seems to be general agreement in the literature that the state has a pivotal role in fighting corruption, while there are conflicting perspectives on the specific tasks that it should

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undertake and perform to carry out this objective (Hopkin & Rodríguez-Pose, 2007). Therefore, different solutions have been proposed to prevent and combat this phenomenon.

Some authors suggest that internal controls and surveillance systems could be the most powerful ways to prevent corruption (Neu et al., 2015). Hopkin and Rodríguez-Pose (2007) identify government regulation as the point at which corruption can first arise. This “control solution” (Everett et al., 2006, p. 6) points to the need of effective legal and institutional systems of anti-corruption that are capable of detecting and preventing corrupt practices when they first begin to emerge. However, there are countries in which the existence of anti-corruption laws is of a merely symbolic nature, and ‘anti-corruption assemblages can be eternally optimistic yet perpetually failing’ (Sargiacomo, Ianni, D’Andreamatteo, & Servalli, 2015, p. 96). This is the case of countries like Greece, Italy and Brazil, where an institutional and legal anti-corruption framework is in place, yet enforcement is only sporadic (Transparency International, 2014) due to (among other factors) the excessive complexity of the rules, the overlapping of competences and the length of judicial proceedings (European Commission, 2014a, 2014b; Transparency International, 2014). In these settings, auditing and inscription processes may be inadequate to face or prevent corruption (Roberts, 2015; Sargiacomo et al., 2015; Sikka & Lehman, 2015).

On the other hand, other scholars (including Khanal, 2000; Rose-Ackerman, 2000; Shleifer & Vishny, 2002) and international organizations such as the World Bank and the International Monetary Fund (Everett et al., 2006) suggest that a ‘minimal state’ can be a remedy for corruption. The neoliberal belief in the superiority of the market economy that underlies this reasoning leads to the conclusion that one of the most effective ways to reduce corruption is to limit state intervention through decentralization, privatization, outsourcing, deregulation and downsizing. The neoliberal approach to corruption especially encourages the practice of outsourcing, and therefore in the last few decades, the interaction between the government and the market in public procurement (Berrios, 2006; Lessig, 2011) has reached an unprecedented scale (Argyriades, 2010). According to the United Nations Office of Drugs and Crime (2013), procurement is estimated to account for 15–30% of the GDP of many countries.

In line with these ‘exit strategies’ (Everett et al., 2006, p. 5), two public administration paradigms are dominant today: the new public management and the new public governance. New public management symbolizes the second major wave of neoliberalism (Morales, Gendron, & Guénin-Paracini, 2014) and assumes the public goodness of the management of private corporations (Stiglitz, 1989) to improve the efficiency and effectiveness of the public sector. New public governance’s paradigm endorses a hollow state (Foster & Plowden, 1996) that downsizes public sectors by transferring government functions to third-party contractors (Agranoff, 2008; Valkama, Bailey, & Anttiroiko, 2013). This system implies horizontal relationships between governments and other organizations (Almquist, Grossi, van Helden, & Reichard, 2013; Bevir, 2006) and is structured around ‘the empirical phenomenon of policy issues or public services that are solved within networks of actors’ (Klijn, 2012, p. 206; Kooiman, 2003).

However, the modern age dominated by these paradigms still offer fertile ground for corrupt practices (Hansson & Holmgren, 2011; Kelleher & Yackee, 2009; Roberts, 2015; Sikka & Lehman, 2015). Some authors suggest that when economic entities provide public services, then there is often an ‘increased decentralization of responsibilities’ (Grossi & Reichard, 2008, p. 611) and a lack of accountability (Haque, 2001). New public governance transforms the relationship between the citizens and the state into a ‘marketized triangular public-service structure’ (Crouch, Eder, & Tambini, 2000, p. 91), in which the intermediate providers that serve the citizen-customer on behalf of the elected representatives are not forced to be accountable to the citizens.

Furthermore, the relegation of public functions to non-governmental actors, the adoption of business-like practices in the public sector and the consequent change from government to governance (OECD, 2001) may raise certain ethical issues (Argyriades, 2010; Frederickson, 1996, 1999; Gilmour & Jensen, 1998; Kolthoff, Huberts, & Van den Heuvel, 2006; Lane, 1994). According to Argyriades (2010), this paradigmatic shift (Osborne & Gaebler, 1993) has changed the role and the image of the public servant, leading to a loss of professional autonomy. Frederickson (1999) argues that the new public management project multiplies the opportunities for corruption since it encourages public officials’ selfish behaviours. Accordingly, Morales et al. (2014) conclude that ‘private sector mentalities and practices increasingly influence how the state is conceived of and managed to the point that members of central governments and public servants come to think and behave increasingly like business entrepreneurs’ (p. 424). In addition, given that ‘corruption is often private-to-private’ (Everett et al., 2006, p. 9), a drastic curtailing of the role of the state in the economy does not necessarily entail a reduction of corruption. On this issue, Hopkin and Rodríguez-Pose (2007) claim that ‘corruption can be defeated without abandoning the state’s role in protecting society from the rough edges of the market economy’ (p. 202).

Indeed, despite the case of the United States, which ranks 16th in the Corruption Perception Index (CPI), (Transparency International, 2015), seems to suggest a positive correlation between neoliberalism and a low level of corruption (see Johnston, 2015, for an extensive analysis of the peculiarity of the United States’ case), the position at the top of the CPI (Transparency International, 2015) of countries such as Sweden and Denmark, where the role of the state is traditionally very strong, confirm that neoliberalism is not a ‘best fit for all’ solution. To the contrary, in these Northern countries, the introduction of neoliberal mechanisms seems to raise many concerns in terms of controlling corruption because ‘resources that previously were administered and controlled by public law now fall under civil law’ (European Commission, 2014d, p. 6) and mechanisms of transparency and public control appear to be relatively weak in the private sphere.

This paper contributes to this growing debate about the development of effective anti-corruption strategies by focusing on the role that accountability can play in fighting corruption. Accountability is here defined as both a mechanism and

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