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## Money can end corruption

When I was a student in Delhi, we had this wonderful form of protest called, without any obvious irony, a 'relay hunger-str-ike'. The idea was, quite literally, that when you got too hungry, someone else would come and replace you; you would, so to speak, relay your hunger to them. I am not sure anyone ended up starving for much more than the length of time between lunch and dinner, but somehow even this rather notional hunger gave us a bit of influence, in a way that I doubt it would have anywhere else in the world.

Therefore, it is no surprise that when a fragile-looking 70-year-old not known for self-aggrandising gestures stopped eating in the public view, India sat up and watched and the government had no choice but to come to the table. A panel will be set up, exactly as Anna Hazare had wanted, and barring some very surprising twist, there will be a new (anti-corruption) Lokpal Bill for public discussion.

This is all great news — better news than anything I would have expected, given the way things were going before the fast began.

But, as I am sure Hazare and his team realise, this was the easy part. It is no accident that Parliament has never passed one of these bills — even the rather toothless versions that the new panel is supposed to beef up.

Why do we expect the Parliament to vote for such a bill if Hazare is right in saying that "many of the members of this Group of Ministers have such a shady past that if effective anti-corruption systems had been in place, some of them would have been behind bars"?

For the Uttar Pradesh state legislators in the mid 1990s, we had collected data on the fraction about whom it could be said that their "own/ family economic situation improved a lot after entering politics". The number was 40%. The corresponding number for the fraction that had "new/expansion of business/contracting activity after entering politics" was 54%. 42% were said to have used political influence for personal benefits. All these numbers suffer from being somewhat subjective, and UP is probably slightly worse than the rest of the country.

On the other hand, things have probably been getting worse since the mid-1990s — certainly the corresponding numbers for each of these questions for 1980 were about 30% lower than they were in 1996. Why would a Parliament, where close to half (or even more) of the members are likely to get into serious trouble if any such Bill gets passed, lie down and take it?

Prime Minister Manmohan Singh and Congress chief Sonia Gandhi may care about not letting Hazare die, but what about the honourable member from somewhere who sees it as a one-way ticket to jail?

To make matters worse, most coalition governments, at least in India, work on the principle that the largest party is expected to go out and secure support for a workable government without substantially compromising its ability to govern. This creates a natural preference for coalition partners who are happy to keep their mouths shut as long as they are getting paid enough.

But that means that even if the ruling party manages to line up behind the Bill, it is going to be a nightmare to get some of the coalition partners to sign on. My guess is that the BJP and some smaller parties like the JD(U) and the communists who make a point of being pro-governance will find it embarrassing to officially block the Bill, but can they get their members to vote for it?

And to be frank, I don't entirely blame those who are going to feel threatened by the Bill. The system has run for many years on the understanding that candidates and their parties find some way to fund their election campaigns, despite the fact that most of them have no obvious source of legitimate funding at the required scale. Elections are expensive.

I have heard the number R5 crore bandied around, and that figure is for a seat in one of the poorest states in the country. In the recent Bihar elections, working with Hindustan, we positioned observers in about 450 villages for the last couple of days before the election.

The observers were posted at the most central spots in the village, where everything they saw could also be observed by the police and election officials. Nevertheless, on any given day, one in nine saw a transaction that looked very much like vote-buying — in a majority of the cases, cash was being handed out.

Where did this cash come from? Legislators are habitually expected by their parties to do their best to raise money through extra-legal means, both for themselves, and for their more squeamish (or honest) colleagues. And given that they are obligated to do that, is it so surprising that some of the money ended up in their pockets? Is it fair that we now tell them that the rules have changed?

I have two suggestions, both probably too radical, but in opposite directions. The first is that whatever law we put in place should only apply to acts of corruption that take place after the Bill goes into force. This will help getting buy-in from the incumbents, which the Bill will need.

The other is to pair the Bill with a radical campaign for finance reform — where the Indian State undertakes to pay the election expenses (up to some generous limit) of the national candidates running in a particular state from the top four (three, five?) parties in the state legislature. This kind of Bill has some obvious problems: what about new parties, for example, or the financing of state elections? But it also has obvious advantages — it will encourage consolidation of small parties, for one.

And in the end, finding a way to do it is the only way to really solve the problem of corruption.

(Abhijit Banerjee is Ford Foundation International Professor of Economics and Director, Abdul Latif Jameel Poverty Action Lab, MIT. The views expressed by the author are personal)

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