

Democracy and Corruption

Devendra Raj Panday, Ph.D.*

In order to have clean, impartial, and effective governance, one needs to go beyond the domain of the state for initiating reform. Much work needs to be done at the societal level on the issues of values and norms. Such work should be the responsibility of social leaders trusted by the people. Only social leaders can talk about higher motives and goals beyond what a personal utility maximizing political and economic man or woman (including the king) does, and inspire the society. Unfortunately, in the age of politics and power and consultants and experts, social leadership is a vanishing vocation.

Corruption in Nepal: Assessing the Problem

One cannot be sure of the real extent of corruption in any country. In Nepal, this is even more true due to a lack of appropriate surveys and data. Even Transparency International's Corruption Perception Index (CPI) was able, for only the first time last year, to include Nepal.

When the incidence or degree of corruption cannot be measured and debated with some certainty, opinion about it becomes subjective, even when the problem is real. Informed (as well as uninformed) judgments and discrete personal encounters and experiences with government performance can influence impressions in this respect, and they may or may not be directly related to the issue of probity of public officials.

Generally, the majority of the people, lacking access to power and resources have a hard life in Nepal. This has been so for decades, even after successive regimes and governments promised them development and justice. This is partly because of corruption, but only partly. As "excluded" people, however, this group tends to attribute all human suffering to corruption. Opinions abound that even the Maoist insurgency is largely a result of corruption.

* Dr. Devendra Raj Panday is the former finance minister of Nepal, and the past president of the Nepal chapter of Transparency International (TI). He is currently a member of the Advisory Council of TI, Berlin. The manuscript was submitted on June 6, 2005.

Impressions also vary depending upon the social, economic, and political status and orientation of the people or groups of people expressing opinions regarding corruption. If one defines corruption comprehensively to include all forms of social and economic exploitation by the ruling classes, corruption can of course be considered a rampant and longstanding problem, given the country's history and socio-economic structures. If one defines corruption in more narrow and legal terms as the criminal abuse of authority by public officials, one may conclude that the extent of corruption is less than the popular perception.

The perception of corruption is also affected by the extent to which one believes that the use of public resources for private purposes is an entitlement allowed to the privileged class, as seems traditionally to be the case in Nepal. For example, most Nepalis seem to tolerate the transgressions of monarchs and members of the royal family more easily than they do the elected and appointed public officials. On the flip side, many political leaders seem at times to be competing with royalty for similar privileges and entitlements.

Be this as it may, there is no doubt that corruption is a real problem in Nepal. There is little disagreement that it is widespread across various sectors of the state and sections of society. People believe—many of them actually victims of the practice—that corruption is quite high. It ranges from petty corruption in service-providing public offices (land revenue, customs, police, judiciary, and so on) to major corruption that siphons off resources meant for investment. As evidence of the existence of this latter type, people often point to several prevailing conditions: the relatively high cost of infrastructure projects (compared to India, for example), the seemingly low rate of return on public investment, especially those financed by foreign aid, the low quality of completed projects (that go into disrepair prematurely), the growing income and wealth disparity between the rich (who have power) and the poor (who do not), and so on. Another type of corruption, which seems to have grown in recent years, affects youth seeking public employment. Many jobs, including those of a primary school teacher, seem to be up for sale. Corruption among the judiciary is yet another area where the vice seems to be increasing, according to the allegations and declarations at meetings and conventions of lawyers and their associations.

It should be noted that it is not only public offices that are affected by corruption, but also the private sector. Here, of course, the actors are both the perpetrators and victims of public sector corruption. They offer bribes to politicians and bureaucrats to enhance their businesses and profits, and they also cough up a substantial part of that profit, again, as “donations” or “contributions” to powerful political leaders when they are asked as, for example, during elections campaigns.

But the private sector can also be involved in corruption on its own, without any link to corruption in the public sector. For example, the decision-maker(s) in a private firm is just as likely to demand and accept commissions from procurement contracts as a similarly placed public officer. It is widely believed that the physical assets of many private companies (e.g., hotels) are

over-capitalized because of over-billing during procurement, with a substantial portion of the excess payment actually being siphoned off by the executive(s) who may also be majority owner(s) of the company. The rapid growth of non-performing loans made by commercial banks, which is one obvious result of such practices, has been a problem for some time. When one finds that the loan officers of the banks are also accused of approving such loans by being a party to overvaluation of the collateral against such loans, one gains an impression of just how pervasive corruption is.

The civil society, with its growing number of donor-financed NGOs has not escaped allegations of corruption either. The NGO sector is much maligned in Nepal for various reasons. However, as is the case with government offices and officials, not every one of them is corrupt. The NGO work has led to information sharing about the state of the nation and its affairs and to increased awareness of the need for reforms in social spheres otherwise ignored by the political class. Similarly, there are NGOs campaigning against human rights violations, as well as doing important service delivery work in rural areas, in such sectors as micro-credit. Allegations abound, however, of NGOs run like private businesses plush with public money, which taint the image of the sector as a whole. Some NGO actors also allegedly regularly indulge in “creative accounting” (read embezzlement). A few may even be successful in bribing concerned donor officials in return for grants for their projects.

What this means is that corruption in Nepal, whatever its extent, is a *social problem*. It is not merely a problem in the government, nor just within the political and bureaucratic classes, as it is so often portrayed by an innocent public, some not-so-innocent experts, and by the periodic usurpers of state power.

The Trajectory of Corruption: The Panchayat regime and the post-1990 period compared

Corruption may change its form when it transitions from one type of regime to another, but it is a constant part of Nepal’s history. A popular refrain today is that, in Panchayat days, corruption was centralized (because power was centralized), while in post-1990 period, it became decentralized (appearing to be more widespread) and more transparent, as power became diffused. The free press and fierce political competition have contributed in bringing suspected cases of corruption to public notice. Debates in the parliament and the work of its Public Accounts Committee, in particular, have also had an effect.

While a direct comparison of corruption in the two periods is difficult, people have felt a sense of betrayal that multiparty rule did not function in the interest of ordinary people and disadvantaged groups because of the obsession of the political leadership with power, perks, and privileges. There is little room for disputing the concern that corruption became a principal roadblock to democratic development in the post-1990 era. It is furthermore difficult to interpret otherwise

the clear cases of corruption as observed in the transformation of lifestyle of many “upwardly mobile” politicians, bureaucrats, and civil servants who could not have “achieved” what they did without the facilities of corruption. It is not that such people were not there in the Panchayat days. But the sins committed under the parliamentary system appeared less pardonable because this time, the corrupt politicians were representatives accountable to the people.

The adverse consequences of continued or increased corruption in the “democratic era” can be seen in the under-performance (or non-performance) of the government, not only in development, but also in other areas of society critical to its transformation. The concern for broadening peoples’ participation in governance by including the excluded communities was largely ignored because the ruling political class became disinclined to share their power, privilege, and perks. For the same reason, feudal cultural practices continued and were extended to the organization and work of major political parties. All this added up to a high level of deprivation and resentment that was used by the Maoist leadership to its advantage.

Nevertheless, *as a social problem, there may be very little difference in corruption between the two regimes.* If the practice is perceived to have “exploded” in recent years, one may attribute this to multiple factors:

- The tremendous increase in the size of the “pond” (that is, the size of the public sector expenditure and investment projects) in which one, so inclined, can catch more fish than before;
- With political parties competing among themselves for power (not the case in the pre-1990 period), they have tried to outdo each other in raising donations from business people who may want something for these contributions in return, through corrupt methods if necessary;
- Parties have also competed with each other in resorting to favoritism and nepotism in recruitment, placement, and promotion of civil servants, thus politicizing the civil service;
- With democracy, corruption is now a regular subject of public discourse, and with active media and civil society, the exposure also may be higher now than before
- And most importantly, because of the shift by the international powers—that be in their position and policies on corruption, the government of the post-1990 era has had to face greater international scrutiny and criticism than any before it

To illustrate, in 1989-90—the year that may be seen as the last year of the 30-year old Panchayat regime—total public expenditure was a little less than Rs. 20 billion (\$770 million at 1990 exchange rates) of which Rs. 13 billion (\$500 million) was reportedly spent for development. Since then, the size of public expenditure in nominal rupees has increased by four times (though by far smaller a percentage in US dollar terms because of the depreciation of the Nepali

rupee). If corruption seems to have increased in recent years in real terms, this may not necessarily indicate a departure from the trend.

There has been some increase in “political corruption” due to the vicissitudes of “electoral democracy” and the need to finance parties and political campaigns. In this process, many political leaders have also enriched themselves personally. In the Panchayat days, though there was plenty of personal corruption, there was no “need” for this type of political corruption because the state did not recognize political parties and there were no politically competitive elections. However, when the Panchayat rulers did have to compete with the democratic camp in the Referendum in the period 1979-80, they too indulged in political corruption in amassing resources for the partyless camp, most vividly, by destroying the country’s forest resources for political purposes.

The more restrictive economic policies of the time also created room for a greater degree of corruption or rent-seeking through “sponsored” smuggling of goods to and from India (with its controlled trade regime of the time) with its larger market that sought to link itself with the global market through Nepal. There are well known scandals concerning gift parcels and voucher schemes (ostensibly to reward exports and exporters through convertible currency entitlements) and of snakeskin products, leather goods, or carpets for which a section of the Nepali political and bureaucratic class performed the role of middlemen between Indian traders and their overseas clients or partners. The history of all of the idols and artifacts that were stolen and smuggled out of the country in the Panchayat days tells its own tale of a “unique” corruption of the time. Another corrupt practice of Panchayat days not observed since 1990 is the way public property (i.e. forests and land for agriculture or homesteads), including precious parcels of land (that, if available, could now be converted into much needed public parks, small and big) in cities like Kathmandu and Biratnagar, were gifted away to private individuals favored by the king. Most importantly, with members of the Royal family and their relatives also engaged in business, many potentially corrupt activities went unreported, “uninvestigated,” and unchallenged in Panchayat times. This is in direct contrast to how the members of the ruling parties and circles of power could at least be challenged and exposed in post-1990 Nepal.

The emergence of Nepal's liberal democratic era (under considerable threat since February 1, 2005 if not earlier) coincided with the advent of anti-corruption policies and posturing by the international community. In the mid-1990s, for example, the World Bank suddenly discovered corruption as a significant problem—a problem that was apparently in the way of everything it wanted to do for poor countries, from so-called “structural adjustment” programs to poverty reduction. Other donors, too, took interest in this campaign against corruption. Not only did they undertake initiatives in order to factor this into their policies, but they also started funding NGOs and other civil society institutions that could then draw the highest level of attention to the problem of public corruption. In 1993, Transparency International (TI) was inaugurated to launch a worldwide campaign against corruption that made anti-corruption a prominent

agenda to be pursued in national and international forums as never before. By simply advocating their reform-oriented programs, the national chapters of TI could fuel the impression that corruption was a new issue that required immediate attention and solutions.

A current cross-country comparison suggests that corruption under the post-1990 Nepal political regime is, at the least, no worse than in other South Asian countries. The TI Corruption Perception Index for 2004 gives Nepal a score of 2.8 on a 10-point scale (where 10 represents a complete lack of corruption), and this is indeed a low score. Nevertheless, Nepal is in the same league as India (as well as Russia) in this respect. The Philippines, Viet Nam, Venezuela, and Pakistan (with its military ruler), not to mention Bangladesh, have still lower scores.

The governance indicators estimated by Daniel Kaufman and his colleagues also show that Nepal's performance in corruption control (at the 42.3 percentile for 2002), while poor, compares well with the South Asian regional average of 40.1. More importantly, the curve for control of corruption has moved downwards since 2002 to the 33.5 percentile in 2004. The first phase of the dismantling of the 1990 democratic constitution commenced in the summer of 2002 with the dissolution of the parliament and successive appointments of prime minister and the cabinet at the discretion of the king. In these two years all other governance indicators that the World Bank likes to measure (voice and accountability, political stability, government effectiveness, regulatory quality, and rule of law), have also plummeted.

I nevertheless insist that there is no point in trying to make a direct comparison of the levels of corruption in the two periods in question. In 1990, the constitution of the country did change and, thankfully, the people have been able to enjoy more civil liberties and political rights than ever before. But there are so many other social and cultural factors that are common to both systems and that have contributed to the malfunctioning of both.

There is a considerable literature (and not only from a Marxist perspective) that highlights the contribution to corruption of Nepal's social structure, its pervading patrimonialism, its extensive hierarchical and patron-client networks, etc. However, because the extensive political changes have always left these relations intact, the pathology behind them has permeated the new democratic institutions (e.g. political parties, various constitutional organs of the state, etc.). It is not democracy but Nepal's feudal legacies that must change in order to achieve a society relatively free of corruption and exploitation.

Corruption in Nepal: The Individual vs. Structural Conditions

Individual avarice is always a factor in corruption. If it were not so, the whole question of ethics and code of conduct being brought to bear on the problem would be of secondary value. Similarly, all the examples that are cited of the "paupers who came to parliament and became princes" suggest more a

case of avarice than of a structural problem as such. But if avarice is merely a case of individual pathology, its influence on corruption should be limited. Furthermore, the practice should not have been there at those times when people, as individuals, were probably less greedy and acquisitive than they are now. As we can see from experiences of even western countries, this has not been the case.

Often, avarice too needs fertile structures for it to grow. In this respect, countries as different as the United States and Nepal can be found in the same category. According to both academic and popular accounts of rackets in the halls (not to mention the history) of the US Congress, congressmen in the US are not qualitatively different from the members of Parliament in Nepal, nor are the basic behaviors of the political parties in the two countries very far apart. They share the structural deficiencies of liberal democracy (though these structures have acquired culturally a more developed form in the US). Political scientists and moral philosophers have yet to determine how a politician can remain fully ethical and also be successful in competitive electoral politics.

At an individual level, it is not so much avarice as human nature that may be a factor in corruption. Unfortunately, not enough attention is paid to the role of human nature in anti-corruption strategies and related discourses. If we assume that human nature changes over time, it can be said that we became more prone to corruption as our nature became more individualistic. This is as true in Nepal as in the rest of the world in these “modern” times. Human nature is not about individual problems and shortcomings; it is about human beings in their surroundings and, thus, also a structural issue. As Dewey would say, we are what we are because of the organization of our society, our culture, and so on. To derive appropriate lessons for reform we have to assume, as Dewey does in one interpretation, that “human nature changes in accordance with the culture in which it is organized”.¹ Human nature and the governing culture have not changed in Nepal despite the advent of a liberal democratic regime in 1990. And it is not going to change just by reverting back to an authoritarian regime that shows contempt for the rule of law.

Of course, there are historical and structural factors that play a critical role. They affect corruption directly and indirectly through their influence in governance and the exercise of political power. Nepal’s problem of corruption, in my view, is predominantly structural in this sense. One may note any of the following structural factors, among others, as problems in the country (depending of course upon the political and social inclinations of the individual or his and her ability to see the objective realities as they are):

- The use of the institution of the monarchy to protect feudal privileges and interests
- The patrimonial and hierarchical social order (including the *thulo manche—sano mache* syndrome)
- The domination of one particular ethnic group in the exercise of political and bureaucratic power

- The Hindu caste system that legitimizes the exploitation of *dalits*
- The unequal sharing of power between geographic regions
- The barriers to entry of women (who are reportedly less corrupt) in the ruling class
- An exploitative land system
- The inability of the political parties to assimilate democratic political culture into their organization and their work

With its poverty, the low salaries of public officials, and a total lack of government social safety nets (and ever fewer from traditional community or family-based sources), even the issue of fulfilling human needs for survival and security, as opposed to greed, becomes a structural factor. And not everyone who thinks so is an apologist for corruption. Often the apparent individual weakness can be traced to structural deficiencies. How, for example, is one to interpret the syndrome of “keeping up with the Joneses” or the way one succumbs to rising levels of consumerism in Nepal? Is it an individual problem or is it structural? I would say that it is mostly structural, in the sense that human nature too is influenced by the social and cultural structures surrounding it.

Finally, we have to be careful about what we mean by a “structural” problem, even if we cannot deal with the subject at length here. There is a tendency among experts within and outside the World Bank, as well as the donor community at large, to look at structural deficiencies only within the framework of what they call “governance.” The problems in regulatory mechanism (needed as an incentive for domestic and foreign investors), civil service, accounting systems, accountability structures, and the lack of self-correcting mechanisms in the state apparatus, etc., are issues that are generally taken up in such reform agendas. But structural problems go deeper than that—to the country’s history, economy, and society, and indeed to the global arena. In fact, the whole governance paradigm as observed now seems like a diversionary tactic to take one’s attention away from deeper historical and structural problems in dealing with corruption and the campaign for real “global development”.

Development, Development Aid, and Corruption in Nepal

At first glance, the connection between these three things is simple enough. If Nepal had political leadership, a vision of development, and institutional structures to realize that vision by making efficient use of available resources, foreign aid would be effectively utilized to that end, leaving little room for corruption. But the relationships are not so simple. First, foreign aid comes with the deficiencies of its own. And development, too, exposes contradictions in structures and policies that limit its ability to proceed in the desired or expected course, with or without foreign aid. The negative synergy between the two can be costly, as Nepal’s experience has demonstrated.

There is a good deal of literature on how corruption could be a natural product of the campaign for “modernization” in the developing world in the post-World War II era. In fact long ago Huntington argued that corruption was at its peak in Britain and the US when these countries began to modernize rapidly in the nineteenth century. The most corrupt period in both countries, according to this view, coincided with the impact of the industrial revolution and the development of new sources of wealth and power and the formation of new classes expecting partisan outcomes from government policies and practices.

A section of the literature even contends that corruption can at times be functional to development, including political development. Economically, in this view, corruption corrects the distortions created by inefficient structures and policies and allows the market to set things in efficient order. Similarly, political corruption, or corruption by political parties and leaders, is seen by some as a “resource” that the political parties mobilize in order to organize or strengthen their organizations in order systematically to discharge their responsibilities under existing conditions.

Such “revisionist” arguments, as they are called in corruption literature, are based on what Jurgen Habermas would call an “instrumental” or “purposive” view of rationality. At least in corruption discourse, such arguments are now practically defunct, and not only because there are thinkers and policymakers who cannot see the possibility of solving important human and social issues by restricting the discourse to amoral, value-free domains. Even the World Bank, the epitome of technical rationality, has recognized the harmful effects of corruption for some time.

Nepal’s experience does not validate such propositions either. The argument *a la* Huntington, that developing countries might need the same access to public funds and patronage that the political parties did in nineteenth century England and the US for “political development,” can be largely dismissed out of hand in Nepal because similar opportunities for one and a half decades have done little to facilitate the sustainable building of parties. Even access to foreign aid resources that came into the country under governance or the so-called democracy assistance programs did not lead to expected outcomes. Resources that could go for party building or political development or for building strong civil society institutions have been diverted to nurture the traditional patron-client relationship (or to develop new ones) at the cost of development.

As for economic development, one can, perhaps, make the case that the rise of corruption and the increase in the apparent tempo and rhetoric of development are closely associated. But it will be difficult to find a causal relationship between the two, such as corruption producing development or vice versa. The reason is simple. With the country’s 10th Five Year Plan currently under implementation, Nepal has seen plenty of development rhetoric and activities. With per capita GDP of about \$275, however, one sees very little actual development (though some significant advancements have been made in such areas as education, health and community building). At the same time,

corruption seems to be increasing over time or in tandem with the periodic Five Year Plans and increasing public sector expenditures, as already mentioned.

I believe what has happened in Nepal is that with the rapid growth of *development enterprise*, values have shifted towards self-regarding behavior including consumerism and individualism, with the direct (though not necessarily the intended) beneficiaries superficially aping the west. That the enterprise cannot advance under any economic system, without hard work, entrepreneurship, and cooperative relationships that together can yield higher productivity, has yet to reach the consciousness of the country's elite. Important *foundational values* of professionalism, dignity of labor, mutual fairness, law abidance, self-esteem, national honor, and so on, have been lacking or ignored in steering the enterprise. The organizations and policies created to achieve development, a complex process, release impulses that are not always productive. When new areas for generating wealth are explored without the help of the "enabling" social and moral environment, the process may only provide opportunities for corruption for people with access to resources and power, projects, and policymaking.

Corruption in Nepal, as elsewhere, is an ancient problem. It has existed independently of development enterprise and associated development aid. However, the campaign for development has increased its "density" and intensity. In the Rana days (that is before 1951, where there was little rhetoric or practice of development), land was the principle asset of the people and also the source of corruption for corruption-minded public officials. Customs as a domain of corruption came a little later during this period with some increase in international trade. After 1951, when the country commenced its development campaign and related Five Year Plans, forests became an important ground in which rent-seekers could graze. In the fifties and sixties, with little scrutiny and opposition from environmentalists or the country's international benefactors, contractual logging of valuable trees for export to India was an important source of public revenue. Naturally, perhaps, it also became a source of additional income for public officials, so inclined. With the tempo of development activities increasing, corruption then spread to engineering and public works, and virtually every sector that had a kickback to offer officials or groups of officials offering project contracts, usually financed by foreign aid. The "commission agents" who work as brokers of foreign suppliers emerged to become a conduit for dirty transactions surrounding the development enterprise. With the advent of the era of economic liberalization and the "it is OK to be self-seeking" type of value system it promoted, opportunities for direct and indirect corruption were sought even more aggressively. Even professional classes and such otherwise benign sectors as education and health were affected. Finally, with the advent of liberal politics, the same pathology affected the political class.

There are systemic deficiencies of foreign aid that are well known and they can be seen in Nepal. To my mind, the most important deficiency of the system is the way it contributes to the dilution of responsibility and accountability, especially in the present age of pro-active donors (who are now

called “partners” or “stakeholders”) and conditionalities. Additionally, governments are no longer the sole recipients of foreign assistance. The donors deal directly with other recipients in civil society, community organizations, and even the private sector. If corruption spreads under such conditions, foreign aid has to be held at least partly accountable.

When considering the possible relation between aid and corruption, one cannot help wondering why donors paid no attention to the issue of corruption in their aid strategies until late in the mid-1990s. Now that they have, one has to pray that they will remain faithful to the cause to which they have now committed without being distracted by other elements in their respective aid strategies. At the same time, at least the more important of the donors would benefit if they were also to examine their own practices.

The Royal Commission for Corruption Control

The Royal Commission for Corruption Control (RCCC) was established on February 1 this year as a part of the Royal takeover of the government and the accompanying emergency measures. These did not take into account the fact that a constitutional body with the responsibility of controlling corruption was already in place. The Commission for Investigation and Abuse of Authority (CIAA) had been recently strengthened by parliament. A Special Court had been similarly set up exclusively to try corruption cases. Thanks to the work of the Property Investigation Commission, thousands of files with records of assets of political and bureaucratic officials occupying positions of authority since April 1990 were available for further investigation and action. Ironically, the now maligned political parties and the dissolved parliament were responsible for these initiatives. The members of parliament were so generous (or perhaps masochistic) that they wanted to investigate themselves and their government while giving a pass to everyone else, including the rulers and officials in the past, and including those under the Panchayat regime against whom most of them had fought.

The CIAA was already taking action to the satisfaction of the donor community that has been instrumental in voicing persistent concerns about the conduct of the political parties. If the commission and courts so established, and the underlying process did not meet the requirements deemed necessary for effective measures to control corruption, the King could have modified and revamped them and changed their personnel to his liking. Nevertheless, without giving any thought to these possibilities, the RCCC was established. The objective cannot possibly be just to fight corruption—a fact that can perhaps be empirically established by examining what has happened since February 1. The ministers and high-level public officials convicted of corruption have been challenging the constitutionality of RCCC. This accusation is supported by a significant section of the civil society. Whatever the truth, the fight against

corruption has become politicized, making even more difficult the task of a professional and impartial campaign against the scourge.

Setting up of the RCCC is a part of an old and tired method adopted by usurpers and dictators in countries of Africa, Asia, and Latin America since at least the 1960s. Such practices do not work because usually they target individuals leaders want to destroy, not the processes that generate corruption. Controlling corruption requires building appropriate institutions, not dismantling what exists. It requires transparency and accountability, which we cannot expect in a system where the king, whose actions cannot be questioned, is also the head of the executive.

The RCCC has already become counterproductive by mixing politics and the fight against corruption, just as the political parties are alleged to have mixed democratic politics with corruption. The anti-corruption campaign is no longer an exciting vocation that one can embrace with a sense of pride. Many donors are now reluctant to support such activities because, understandably, they want to help build institutions and their capacities for combating corruption. There is little opportunity for them to do so now because the RCCC is an *ad hoc* body seemingly set up for *ad hoc* purposes with virtually no mandate for institution building and preventive initiatives.

It is clear that the king wanted to try to legitimize his illegitimate step of February 1 by showing a firm commitment against corruption. This was understandable given the grievances people held towards political parties and their government for not only failing to control corruption, but also for being a party to it. But the bottom line is that one cannot fight corruption effectively by politicizing it in order to meet some short-term political ends.

If I may plagiarize British political scientist, Fred Harris: corruption cannot be cured with corrupt strategies. This is the tragedy of the RCCC.

Democracy and Corruption: The Task Ahead

Our experience shows that it is easy to have the body of democracy, but to put the “soul” of democracy into that body is much more challenging. It is not impossible, however. It can be done if one additional problem is addressed: the political actors and watchdogs of civil society should be given adequate time to work on “the problem” without the monarch regularly intervening to halt the process. Liberal democracy in the US and the UK has also arrived at its present stage by passing through various bouts of bad and unclean governance, including periods of systemic corruption.

The first task, therefore, is to ensure that liberal democracy is not dismantled in the name of providing effective government. Every time there is a problem (many would say, a problem “natural” for a society such as ours) with the working of democracy, we destroy the body of democracy, and nothing is left in which to put the soul. In 1954, King Tribhuvan, through a royal decree, took back his own promise of a constituent assembly. At the end of 1960, King

Mahendra did away with the constitutional rule initiated under a constitution that he “granted” to the people. And now we face the dismal situation created by King Gyanendra. His interventions of October 2002 and February 2005 do not correct, but aggravate the bad governance observed under the struggling parliamentary democracy since 1991. Clean, effective government is certainly central to liberal democracy, but no single individual, be it the King or anybody else, should think that he or she can provide it, when even institutions find it difficult. We have seen some dictators who can make the “trains run on time,” but not for very long. Clean and effective governance should also be sustainable. Such sustainability can come only with institutions that are accountable to the people.

Second, if we can believe that liberal democracy is our destiny, not an imposition of foreign values, we can concentrate on developing the culture that is necessary to the proper functioning of political structures. The role of education is paramount, and we cannot address it if our priority is to safeguard traditions, traditional institutions, and now, “nationalistic education,” as is the case with illiberal thinking. At the end of the day, nothing matters more than integrity and hard work. We need formal and informal education systems to teach just that.

Returning again to the issue of corruption, one has to face the unpleasant fact that the electorate, too, is a party to corruption by looking for favors and jobs and contracts, out of turn, instead of pressing for due process and for the rule of law to take its course. This patrimonial environment has created a large domain infested with reciprocal obligations and relations of mutual help that seek fulfillment at the cost of public resources and due process. Under the nominal umbrella of liberal democracy, we nurture institutions, traditions, and social relations derived from the country's feudal past that continue to function together with the formal constitutional structures. This is a cultural problem that needs to be tackled appropriately, without dismantling the structures of liberal democracy. The contradictions in society should be addressed through open discourse and the full engagement of the political class and civil society.

Third, with or without the help of donors, many of whom wrongly believe that liberal democracy and unbridled capitalism are synonymous, we need to establish economic and social programs that allow all citizens and groups of citizens to feel that they are “included” in the democratic process of policymaking and resource management. The post-1990 governments, in addition to their internal weaknesses, also suffered because they could not reconcile Nepal's social reality with the demands for downsizing the public welfare sector, promoting a market economy, and privatization—all in the name of economic liberalism. Such liberalization reinforced existing unequal relations, without liberating anyone.

Clean governance requires responsive citizenry. And the latter can exist only with governments that do not abdicate their responsibility to the people in the name of liberalization, globalization, or whatever. If nothing else, the last fifteen years have made a tremendous impact on the minds and the work of the people concerning their rights and needs (including cultural rights whose salience

in a nation with such a diverse people cannot be emphasized enough). This awareness should be harnessed as a resource, and not seen as an obstacle to development and democracy.

Fourth, democracy is meaningless unless citizens feel value in autonomy and in their roles in local governance, right down to the grassroots. Authoritarian rulers stress this point regularly in the name of decentralization, but only because they do not want to democratize the society. With Nepal's diversity and the explosion of sub-national aspirations of different ethnic, linguistic, and religious groups, we have to find a way of developing and fashioning organic relationships between grassroots democracy and the structures of liberal democracy at the national level. This step should facilitate public accountability as well as just and equitable development, which, to me, is the epitome effective government.

Fifth, political parties need guidance from social and civic leaders to create an ethos that emphasizes that liberal democracy means more than elections and parliaments, or accessing and managing public resources as the parliament deems appropriate. To do this many social leaders need to free themselves from the obfuscation to which they seem to be wedded. A nation-wide campaign is necessary to propagate liberal democratic values and their adoption by political parties. I would argue for a peaceful "cultural revolution" in support of liberal democracy.

Sixth, we need to keep the donors out of our "democratic enterprise". The "democracy assistance" projects have done more harm than good because of the wrong incentives they provide to the wrong people or groups. To some extent, the political leaders (and civil society leaders) in the country were corrupted by some donors who thought they could spoon-feed democracy. Building democracy is not a "project" that can be designed and executed by technical experts or facilitated by development tourism and observation tours to fancy western capitals and other cities (or to Nepal by experts and INGO officials). Though one might need some technical help in such areas as developing an appropriate legal framework, sound procurement practices, and accounting and auditing systems, they by themselves can do little in creating political commitment and in exercising political will for clean governance. This has to be generated from within, through struggles within the political parties, and through interaction between the political class and liberal civil society.

In short, in order to have clean, impartial, and effective governance, one needs to go beyond the domain of the state for initiating reform. Much work needs to be done at the societal level on the issues of values and norms. Such work should be the responsibility of social leaders trusted by the people. Only social leaders can talk about higher motives and goals beyond what a personal utility maximizing political and economic man or woman (including the king) does, and inspire the society. Unfortunately, in the age of politics and power and consultants and experts, social leadership is a vanishing vocation. I would like to see it recreated.

I shudder to think that if Mahatma Gandhi were to come back to the world now, he might be recruited as a consultant on “people’s empowerment” and be rendered useless as a social leader.

¹ Jerome Nathanson, *John: Dewey: The Reconstruction of the Democratic Life*. New York: Frederick Ungor Publishing Co., 1951, p. 59.