
Pumping Gas

Random Thoughts on Trust, Mistrust, and Corruption

Pump First

The subject of this essay first occurred to me when my wife and I were traveling in Germany and Austria last fall. There was a small fact I couldn't help noticing whenever we drove into a gas station. It was quite trivial in a way, yet I came to suspect that there was something interesting and possibly even significant about it.

In those two countries, at least, you pump the gas first; only then do you have to go inside and pay for it. The opposite, as we all know, is now true almost everywhere in this country. The inference we can draw is pretty obvious: In Germany and Austria, a driver is less likely to drive away without paying.

I recall another incident of a parallel nature. A few years ago, we drove through a tunnel in Switzerland, though by Swiss standards, a not particularly long one. Shortly after emerging from the tunnel we were stopped by a Swiss highway patrolman on a motorcycle. He told us that we had violated Swiss law by failing to turn on our headlights in the tunnel.

The fine was a certain amount, he said (I no longer remember the exact amount but it was not large) and could be paid directly to him. I paid the fine without hesitation or without the slightest doubt that the policeman would transmit the money to the proper source. But I ask you: if this incident had occurred in virtually any other country, including our own, would I have felt equally sure that the officer in question would not pocket the money? Almost everywhere else, in fact, I would have felt certain that I was the victim of a shakedown.

Trust Eroded

Trust may not be a subject we focus on very much as we ramble through our day. Yet I venture to say it can become a matter of irritation when absent, especially where its presence was once taken for granted. As, for example, when a hotel clerk demands to see not just a credit card but also a picture ID as you check in. Or when the store where you are shopping no longer accepts checks, even though credit cards cost it an extra 3% in fees. Or when a doctor's office wants your insurance information even before they ask your name. A few restaurants already ask for a credit card number when you make a reservation. Pretty soon they may all start demanding a credit card as you walk in the door.

Of course, if you complain, you will immediately be told that all this is for your own protection. You are being sheltered from identity theft or fraud. And naturally when you are made to remove your shoes and belt as you pass through an airport security line, you are reminded that terrorism is a threat and security a necessity.

All the same, the message is clear: we don't trust you. You might leave the hotel (or sneak out of the restaurant) without paying your bill. You might be handing over a rubber check. You might not have adequate medical coverage. Or you might be hiding a bomb in your underwear. So we have no choice but to accept, however grudgingly, the reasons for these actions. None, however, alter the reality: in many ordinary aspects of our everyday life trust has eroded and is in decline. So, in a sense, the identity thieves, the cheats and frauds and terrorists have already won a genuine victory.

An obvious part of the problem, it seems to me, is that in an earlier day trust relied in good part on plain old face to face contact and familiarity, whether at the local bank or the pharmacy. Now we are increasingly confronted by impersonal, Kafkaesque, almost impenetrable institutions, reachable, if at all, only by tortuous manipulation of the internet. Or think of all the numbers that you have to punch in,

and all the buttons you have to press, just to get a real human being on the telephone. If you are lucky - but only if you are lucky - you may actually get one who is knowledgeable and willing to help.

Levels of Trust

Levels of trust are dependent on the cultural systems that societies develop over centuries. Switzerland certainly, as well as Austria, Germany, the Scandinavian countries, Japan, and a number of others are what sociologists call high-trust societies. Historically, trust evolved slowly as it moved beyond the narrow bonds of family and kinship. Primitive man tended to view no one beyond his immediate family, clan or tribe as worthy of trust, or in some cases, even as human. That is why it was perfectly acceptable to fight, kill, rape and pillage outside of the bounds of one's own group. And, as we know, atavistic outbreaks of this sort continue to take place on an appallingly regular basis in many sections of the globe.

Gradually, and over a period of many years, trust extended outward as societies developed and wove together familial, community and governmental structures. And, as these matured, trust came to be determined by the degree to which individuals and communities shared norms, values and common purposes. Ultimately, trust rested on people's willingness to subordinate individual interests to the interests of the larger group.

A Zero Sum Game

One of the first scholars to do field work in this area was the late Harvard social scientist Edward Banfield. Banfield lived for an extended period in a small town in southern Italy called Chiaromonte (he gave it the pseudonym of Montegrano) in the 1950's and recorded his observations in *The Moral Basis of a Backward Society*, published in 1958.

Banfield noted the central role of the family in the ethos of the town. Unlike the typical American small town which is crisscrossed with all sorts of associations,

in Chiaromonte no communal groups existed outside of the family. The only loyalty or moral obligation the town's residents felt were to members of their own family. "An adult", Banfield wrote, "hardly may be said to have an individuality apart from the family."

Any benefit extended to someone outside of the family was viewed as being done at the expense of one's own family. In the jargon of contemporary game-theory we would describe their attitude as a "zero-sum game". The idea that cooperating with another family or clan could be mutually useful or a "win-win" situation, did not enter their thinking.

All those outside the family circle, Banfield observed, "are at least potential competitors and therefore also potential enemies." The normal and reasonable attitude toward outsiders was thus one of suspicion. And, Banfield said, the head of a family must be ready to do other families injury "in order that they may have less power to injure him and his". [1]

Banfield called this form of family-centered cultural isolation "amoral familism". It involved a self-interested culture, one hostile to the interests of outsiders, that was analogous to individual self interest. He thought it conducive to nepotism and corruption. And corruption, more than any other single behavior, is what undermines trust.

Social Capital

A more recent scholar who has written extensively on the subject is Francis Fukuyama. Fukuyama is best known for his book called *The End of History and the Last Man*, published in 1992. By "the end of history" Fukuyama didn't mean the end of war, famine, business cycles and other such recurring events. Rather, with the decline of communism, he foresaw the end of existential threats to Western-style democracy. What he didn't foresee, obviously, was, 9/11 and the emerging dangers posed by Muslim fanaticism.

In 1995, Fukuyama published an influential work entitled *Trust* which carries forward some of the ideas pioneered by Edward Banfield. Fukuyama's underlying premise is that contemporary capital is increasingly based on intangible factors such as knowledge and skill rather than material items like land and machinery. Since these are also the qualities which embody trust, trust takes on palpable economic value. It constitutes what Fukuyama calls measurable "social" or "human capital".

Although the United States is ranked as a high-trust, group-oriented society, Fukuyama is pessimistic. He believes that trust and sociability are on the decline here. Just as the American rate of savings has been too low to replace physical plant and infrastructure, so has our ability to replenish "social capital". The decline of trust and sociability, he says, is visible in the high rate of crime, in excessive civil litigation, and in the weakening or decline of social institutions such as the family, neighborhood clubs, unions, and the like.

The U.S., Fukuyama notes, pays significantly more than other industrialized countries for police protection and keeps over 1% of its total population in prison. That is a rate five times larger than that found in Western Europe. Americans also pay substantially more than Europeans or Japanese to lawyers so that citizens can sue each other. Fukuyama views these practices as a form of taxation imposed by a breakdown in trust. [2]. On the other hand, it is worth noting that the great majority of Americans faithfully pay their income taxes, whereas evading taxes is a pastime as popular as soccer in many other countries including developed ones.

Causes of Corruption

A great variety of social conditions has been posited as facilitators of corruption. They tend, however, to reflect the ideological predisposition of the author more than hard evidence. Those on the left like to stress the chasm between those having wealth or status and those who have none. Those on the right emphasize the breakdown of discipline in schools and the family or the coddling of the undeserving. Ethnic or racial balkanization is also cited. On the latter, Fukuyama notes that "past a certain point [diversity] erects new barriers to communication

and cooperation with potentially devastating economic and political consequences.” [3]

Rapid cultural change such as occurred in this country in the 1960’s and 70’s is sometimes proffered, as it leads to ambiguity or uncertainty as to what constitutes right or wrong. In any event, all these propositions remain largely conjectural. One fact does appear incontrovertible, however: lawlessness and corruption triumph in times of high social stress or turmoil.

Leningrad, when it was under siege by the German army in the winter of 1941-42, provides an extreme example. Under the terrible pressure of starvation and constant shelling, norms of civilized behavior broke down almost entirely. Roaming gangs attacked anyone carrying food; shops and bakeries were robbed and ransacked. Even more grizzly was the fact that cannibalism was rampant. Children disappeared from the streets and were eaten. Seventeen hundred people were imprisoned or executed for cannibalism, but that figure is thought to be only the tip of the iceberg.[4]

The turbulence of wartime also affected Germany, usually associated with the orderly and law abiding qualities of its citizens. These qualities were not evident to Allied soldiers moving into the defeated country in 1945. Richard Bessel, an historian of the period, notes that “Once their towns had fallen to Allied armies, many Germans stocked up by looting.” Germans raided “stores, warehouses and shops, taking as much as they could carry.” An American officer reported that “in every town one could see German men and women carrying shopping bags full of spoils taken from homes or shops.” [5]

Abuse of Authority

“Corruption” is a broad term. Although traditionally associated with the abuse of public office, thanks to Enron and the recent Wall Street scandals, it now usually extends, in the words of one author, to “the abuse of any sort of ‘entrusted authority’”. [6] Individuals using their office for personal gain normally come to

mind, but the gain need not be monetary. A scientist who falsifies data so that it will confirm the theory he is propounding, a writer who plagiarizes, an academic who pads his resumé with phony credentials, are all likely to be pursuing status, prestige, or advancement rather than money.

The pursuit of sexual favors is another common lead into corruption. Though beloved by the media, it represents a marginal aspect of the subject I have decided to forgo here. Even personal gain is not required to define a corrupt act. Take, for example, the policeman or prosecutor who fabricates or eradicates evidence in order to gain a conviction. He may be doing it to advance his career. But he might be motivated by the conviction that someone guilty might otherwise go free. A Federal employee who leaks classified information for ideological reasons probably falls into the same category.

Bribery

Be that as it may, money remains the principal target of public corruption and the most common form of obtaining it is the bribe. Undoubtedly, the foremost American expert on bribery is, I am proud to say, a member of this club. John Noonan published the 706 page volume entitled *Bribes, The intellectual history of a moral idea* in 1984 and it remains the authoritative work on the subject. John described the core concept of a bribe as “an inducement improperly influencing the performance of a public function meant to be gratuitously exercised.”

He makes clear that bribery, though appearing in various forms and alterations, has been an historical fact in cultures of every variety and all over the globe. [7] There are, he writes, four reasons why it is condemned and why it should continue to be so:

1. Because it is universally regarded as shameful even though it is often euphemistically disguised as “gifts” or the like. Every country treats it as criminal, at least legally so.

2. Because it is a sellout to the rich. If bribes were not morally reprehensible, and judicial judgments could be bought and paid for, wealth would constitute the

only valid measure of behavior.

3. Because it is a betrayal of trust.

4. Because it violates a divine paradigm. God judges impartially and does not accept bribes. Thus, religious example and instruction prohibit it.

A Moral Dimension

John Noonan makes clear that bribery cannot be judged if separated from its moral dimension. The point is equally valid, I believe, in a broader setting. Just because an action may be commonplace in a particular cultural context does not make it acceptable. Revenge killings are a social norm in parts of the Middle East as well as among the Sicilian Mafia, but that does not mean that they are morally justifiable.

Precisely where the line can be drawn, however, is not always easy to tell. What is classified as nepotism or cronyism in North America or Western Europe may be regarded as a moral duty to help family or friends in parts of Asia and Africa. [8] The Muslim Brotherhood, founded in Egypt in 1928, preached that Western culture, customs, and social practices were intrinsically corrupt, an attitude that has descended and taken hold among many Middle Eastern Muslims. In this connection, I was fascinated to read the account David Rohde, the *New York Times* correspondent who was kidnapped by the Taliban in Afghanistan, related of his conversations with his captors. He wrote that they viewed Westerners as fixated on pursuing worldly pleasures. Americans, they said, forced women to wear revealing clothes and define themselves solely as sex objects, while the Taliban protected women's honor by not allowing them to appear in public with their faces unveiled. [9]

Whether corruption is actually more widespread and embedded in this country now than it was in earlier times is also subject to debate. No hard evidence exists directly linking the rate of crime or corruption to the state of the economy. Counter-intuitively, crime rates were actually down during the recent severe recession, a period of high unemployment, foreclosures and layoffs. FBI crime figures for the first half of 2009 indicate that murder and manslaughter fell by 10%.

[10] Corporate and Wall Street corruption, on the other hand, appear to be peak during periods of economic boom. The Kenneth Lays, Marc Riches, Michael Milkens, Bernie Madoffs and the like thrive best when credit is easy and money is flowing.

State and Local Corruption

Happily, corruption within the career Federal bureaucracy and Federal courts is exceedingly rare. Only eight Federal judges have been impeached on corruption charges since 1804, when John Pickering of New Hampshire was the first to be ousted. Unfortunately, as we are almost daily made aware, corruption is rife in the Congress and even more so in state and local governments. Corruption is so commonplace at the state and local level, and the same offenses turn up with such appalling frequency, that citing them seems almost hackneyed. Nevertheless, I invite you to try something I tried myself recently. I typed the name of an American state followed by the word scandal on Google. Virtually every state I tried listed one or more corruption scandal involving a state or city official that had taken place in recent years.

It would take hours to detail even the most prominent, but I cannot resist referring to a couple, just to give you a sense of their flavor. When Connecticut Governor John Rowland resigned in 2004 after a prolonged corruption scandal and investigation, a state newspaper summed up his activities this way: “There wasn't a free service he would pass up, a concert ticket he wouldn't pocket, a home improvement he wouldn't finagle, a trip he wouldn't accept, with the bills footed by his staff, state contractors, or taxpayers”. And of course we all recall the antics of former Illinois governor Governor Rod Blagojevich, who tried to put the Senate seat vacated by Barack Obama up for sale. Less known is the fact that he was the *fifth* Illinois governor to be indicted for corruption.

“Turned Off”

With corruption so rampant among state and local officials, is it any wonder

that the public has grown disinterested, cynical, or contemptuous? This complex of attitudes is traditionally associated with a decline in political participation and low voting rates. Sociologists are fond of terms like “anomie” and “alienation”; in the vernacular we can, more simply, refer to a public that is “tuned out” or “turned off”. A slew of recent polls have displayed a remarkable degree of disillusionment. The most recent, published last month by the Pew Research Center found that only 22% of respondents felt that they could trust the government in Washington, the lowest number measured in half a century. Only 25% expressed a favorable view of Congress.[11]

“Turned On”

In the past year anger at government has taken a different twist. People are increasingly “turned on” rather than “turned off”, though the circumstances represent, I feel certain, only a different form - a sort of mirror image - of the same phenomenon. They are shouting at town meetings, waving placards at street demonstrations, etc. The strident outbursts usually express a relatively inchoate outrage about politicians and government. But they also reflect a whole array of more explicit fears and grievances about budget deficits, jobs and the state of the future.

Although according to a *New York Times* poll also taken last month the most visible activists, the Tea Party, represent only 18% of the population, they seem to get a disproportionate amount of attention. The most interesting and portentous aspect of their attitude, I believe, is not so much their anger, but their gloom. They are a deeply pessimistic group, with over 90% believing the country is headed in the wrong direction. A majority think America’s best days are behind it. [12] Pessimism of this variety undoubtedly extends well beyond the Tea Party. Fear of national decline is a worrisome departure from traditional American optimism. It not only undermines trust in government, it could eventually threaten the soundness of democratic institutions.

The late David Easton, an influential member of the Government faculty at

Harvard, put it this way: “If a majority distrusts the government over an extended period, [its] legitimacy becomes problematic and questionable. Prolonged alienation and discontent”, he indicated, “may ultimately challenge the legitimacy entirely”. [13] Some scholars view public cynicism as leading into a dangerous vicious circle. As one observer put it: “Politicians deceive, their constituents become cynical, expectations for political conduct decline, which in turn makes it easier for politicians to keep deceiving”. [14]

Another corrosive aspect of public cynicism is its contagiousness. When the perception that “everyone does it” spreads, ethical standards erode. You have a form of Gresham’s Law, the bad driving out the good. The author David Callahan puts it this way: “What law-firm associate hoping to make partner wants to honestly bill the hours she worked if she knows all the other associates are padding their hours and appearing more productive? ... What car salesman wants to admit to customers that the next shipment of the hot new model won’t be in for eight weeks when all the other salesmen are saying three weeks and making more sales?” [15]

Corruption in Developed Nations

The U.S. is hardly alone in being plagued by corrupt officials. In fact, we are far from the worst, even among developed nations. In making comparisons, I lean heavily on the work of an organization called *Transparency International* (TI for short) a non-governmental organization based in Berlin. It has one hundred national chapters and a mission of fighting corruption by raising international awareness.

Every year TI publishes what it calls a Corruption Perceptions Index, a comparative listing; the 2009 index ranks 180 countries. The top three, that is to say, the least corrupt are New Zealand, Denmark, and Singapore. The bottom three, or worst, are Somalia, Afghanistan and Burma. It is noteworthy, I think, that all but two of the thirty least corrupt countries are democracies. The two exceptions, Singapore and Hong Kong, are semi-democratic.

The U.S. ranks #19, just behind the United Kingdom, which is #18, but ahead

of France, which is #24; Israel, which is #32; and Italy, which is #63. I single out these countries because, as it happens, each has been victimized in recent years by corruption at its summit. Last October in France former President Jacques Chirac was ordered to stand trial on corruption charges dating to his time as mayor of Paris. Other senior cabinet members were charged as well. [16]

Great Britain was shaken a couple of years ago when it was revealed that members of Parliament were cheating on their expense accounts. Taxpayers were charged with pornographic movies, mortgage payments on loans already paid off, even the cleaning of a moat. [17] Michael Martin, the Speaker of the House of Commons was forced to resign. This February, four members were indicted and others are expected to follow. [18] In Israel last summer, former Prime Minister Ehud Olmert, was indicted on charges of fraud, breach of trust, falsifying corporate records, and tax evasion while mayor of Jerusalem. [19]

In Italy, Prime Minister Silvio Berlusconi has at various times been charged with perjury, bribing policemen and judges, false accounting, tax fraud, illicit political financing, the illegal purchase of property, and violation of antitrust laws, among other crimes. Berlusconi is far from the only postwar Italian prime minister accused of corruption. The most notorious was Bettino Craxi, who fled to Tunisia after being sentenced to eleven years in prison for various offenses. Despite, or possibly *because* of these misdeeds, it is not clear which, the city of Milan recently moved to name a street after him. [20]

Third World Corruption

Hardly admirable all of this, but relatively minor league stuff compared to some of the malign goings on in the third world, particularly in Africa. When President Obama visited Ghana last July he lectured his hosts on the subject:

"No country is going to create wealth if its leaders exploit the economy to enrich themselves, or if police can be bought off by drug traffickers," he said. "No business wants to invest in a place where the government skims twenty percent off

the top, or the head of the Port Authority is corrupt. No person wants to live in a society where the rule of law gives way to the rule of brutality and bribery.”

Unfortunately, a society where the rule of law gives way to the rule of brutality and bribery is precisely the standard for people living in much of Africa. In Nigeria (#130) one of the continent’s worst, government is described as “a system of organized theft”. Police routinely stop vehicles on country roads to collect a “tax”. In civil cases, judges negotiate a percentage of the value of the settlement for themselves. “I’ve never, ever, seen a judge who wasn’t corrupt”, a lawyer told a visiting journalist. [21]

It may be useful to illustrate with a couple of profiles, one from the east and one from the west of the continent which, though egregious, are far from unrepresentative:

According to U.N. statistics the average citizen in Kenya (#146 on the PI Index) earns less than \$800 a year. Members of Kenya’s parliament, on the other hand, are paid over \$146,000, or 187 times the country’s average income. This would be the equivalent of an American congressman earning \$8.5 million a year. But that is only the beginning, as politicians quite openly add to their income through bribery and extortion. A survey executed several years ago indicated that the average urban Kenyan is forced to pay sixteen bribes a month. Meanwhile, no senior politician has ever been punished for graft. [22]

It barely seems possible, but corruption in the tiny country of Equatorial Guinea (#168 on the PI Index) on Africa’s west coast is even more brazen. Since extensive oil and gas reserves were discovered off its shore in 1996, it has become the third largest oil producer in sub-Saharan Africa. As a result, its per capita income is on a par with Spain or Italy, yet as recently as 2006 over three quarters of its population was living below the poverty line.

Meanwhile, one Teodoro Obiang, the nation’s agriculture minister, who also happens to be the son of its president, travels regularly to California, where he owns

a \$35 million estate in Malibu, plus luxury cars, speedboats and a private jet. When Obiang's dad was asked about some of these discrepancies at a news conference last year, he replied that oil money wasn't used for his people because it might make them lazy. [23]

There has been pressure for many years to deny entry visas to the U.S. to transparently corrupt foreign officials. In 2004, President Bush reacted by signing a proclamation barring entry to foreign officials "whose misappropriation of public funds" had adversely affected American businesses or national security interests. Congress followed up the following year by passing legislation barring entry to anyone "involved in corruption relating to the extraction of natural resources in their countries".

But the law has been enforced in only desultory fashion. A few corrupt officials have been denied visas. But the U.S. needs oil, and so for very practical reasons we cannot afford to alienate the rulers of nations that provide it.

Financial Loss to Developing Nations

The cost of corruption to developing countries is enormous. Some of the cost is intangible; it lies in the economic loss caused by mistrust and fear. Businesses face coercion, meaningless bureaucratic procedures, delays and biased decision making. There are also vast losses capable of measurement. Global Financial Integrity, a Washington, D.C. based organization, estimates that illegal flows of money from developing countries to Western countries may reach a trillion dollars annually.

I have already mentioned a few, but there are countless other corrupt leaders, along with their families and associates, who routinely transfer shadily acquired funds to Western banks. Regrettably, there is no shortage of banks willing to take the money, laundering it through secret accounts, false invoices and similar devices. The funds then wind up in tax havens such as the Bahamas, Liechtenstein, or Monaco.

A common tactic is deceptive underpricing of exported commodities. Russia (#147 on the PI Index) is said to have experienced the largest theft of resources ever to occur in a short period of time (estimated at \$200 to \$500 billion since the early 1990's) using this technique. Oil was sold abroad for a fraction of its actual value with the balance going into Russian oligarchs' secret bank accounts.

China (#78), Venezuela (#162), and Nigeria (#130) are among the other countries from which particularly large amounts are known to have been illegally transferred abroad. Nigeria is likely the worst. Two thirds of its population of 150 million lives on less than two dollars a day. Yet since the 1960's, \$400 billion is believed to have been lost due to corruption, with a quarter of that amount moved covertly out of the country. [24]

Trust and Foreign Policy

I suggested earlier that corruption cannot be properly judged without a consideration of its moral dimension. While true domestically, the matter assumes added complexity internationally, both in commercial transactions and in the formulation of foreign policy. Moral and ethical considerations cannot be laid aside in foreign policy, but the dominant consideration must always be assigned to the national interest. In fact, as each nation looks to its own interests, it seems fair to posit a certain analogy to Edward Banfield's Sicilian town of Chiaromonte, i.e., one never trusts the other side entirely.

Even friendly and allied countries have different interests and their intelligence agencies both cooperate and spy on each other. When consequential pacts or treaties on matters such as disarmament are involved, the familiar phrase "trust but verify" comes into play. Evidence exists that the "trust but verify" formula has worked in negotiations with the Russians. When agreements included provisions for inspection there was no cheating. When such provisions were absent, there was.

Corruption and Foreign Policy

With corruption endemic among governments in so many parts of the world, and with leaders who so often gain their positions through dubious or illegitimate means, we often have no choice but to work with rogues and blackguards. Not infrequently, as we know, the scoundrels are pro-American - less for reasons of ideology than pragmatic self interest - while their opponents are anti-American. The options available to American policy makers in such situations are limited and difficult. Working too handily with sleazy foreign leaders leaves them open to criticism. But so does being overly fastidious, which may mean slighting areas critical to American interests.

Nowhere is this conundrum more starkly apparent than in Afghanistan. (#179) and Pakistan (#139). We confront it every day as we read the news. The American presence in Afghanistan is no idle adventure. We remain there not because it was the incubator for the attacks of 9/11 but because it continues to be a principal harbor for incendiaries who represent a real and present threat. At the same time, as we are only too aware, both Afghanistan and Pakistan are laced with corruption, tribalism and factionalism, amounting to virtual anarchy in some regions. UN and NATO officials have been lecturing Afghan President Hamid Karzai about corruption for years to no avail. In late March, President Obama went to Kabul himself to admonish Karzai on the subject.

The effort, though necessitated by domestic political exigencies, was nonetheless naive, and, as it turned out, counterproductive. All it accomplished was to give the cynical and unscrupulous Karzai an opportunity to cozy up to Iran and other anti-Western interests. Corruption is as much part of life in Afghanistan as dusty roads or squatting at meals. A BBC survey taken in January found that 95% of Afghans regard corruption as a problem where they live. In some regions Afghans are required to pay an average of \$100 in bribes to local officials. [25] The fact that Karzai was fraudulently elected and is surrounded on all sides by corrupt and incompetent family members and officials is thus neither surprising nor capable of easy solution.

The situation is, if anything, even more confounding in Pakistan. There U.S. officials confront the combination of a weak and corrupt president, Asif Ali Zardari, and a powerful Army and Byzantine intelligence service. The motives and loyalties of both these institutions are suspect. Zardari now faces legal as well as political challenges to his presidency. Thus despite the fact that we are pouring huge financial and military resources into both these nations, our leverage is limited and the future remains entirely uncertain.

Corruption and International Trade

The difficulties American corporations and businessmen face as they attempt to trade with - or set up offices in - countries in which bribery is the norm are no less daunting. Americans as well as foreigners working in the U.S., are prohibited by law from bribing foreign officials to get or keep business. The law in question, the Foreign Corrupt Practices Act, was passed in 1977 after government investigators found that American companies were paying huge bribes as the cost of doing business in foreign countries. Some 400 companies, including Gulf Oil, Boeing and Lockheed, admitted to paying more than \$2 billion (in current dollars) to secure overseas contracts. [26]

Enforcement by the S.E.C. and Justice Department was fairly desultory and the provisions of the act were widely disregarded until 2002. The change came with the passage of the Sarbanes-Oxley Act, which tightened corporate reporting and accounting requirements. [27]. Federal authorities have also recently become more aggressive in their enforcement tactics. In January the FBI launched a sting operation in which agents posing as African officials offered bribe money to arms dealers seeking contracts. Twenty-two arms company executives, including a senior executive at Smith & Wesson were arrested. [28]

American companies complained bitterly that the Foreign Corrupt Practices Act puts them at an unfair disadvantage. They argue that the act is unclear on what is or what is not permitted. They say, as well, that it has a chilling effect on U.S. exports. Critics claim that many companies have stopped foreign operations rather

than risk a violation. Some contend that the act costs American companies up to a billion dollars annually in lost trade. It is true that, with the exception of Great Britain few other countries, have or enforce similar statutes. And, as angry critics point out, as a result of the restrictions, less fastidious countries, including particularly China, have made great inroads in selling their wares abroad.

No Happy Conclusions

So, then, where does this loosely bound package of facts and reflections leave us? Not, I fear, with cheery or gratifying conclusions. I have no bright prospects to offer, no panaceas or sanguine insights to toss your way. On the home front, trust is on the decline. That fact is clear, only the causes are subject to debate. Common sensibilities and shared values appear to be diminishing at every bewildering corner of the disjointed cultural and political landscape.

The outlook beyond our frontiers is little better. No reliable way has yet been found to reduce, much less eliminate, corruption. A recently published work by a group of distinguished economists indicates that “no macro data on fighting corruption” even exists because “different countries have chosen their own distinctive ways to deal” with it. One of the authors, A.V. Banerjee of MIT writes that “the evidence... suggests that the effectiveness of anti corruption strategies turns ... on the details”. But, he goes on to say, these details are usually unknown or tend to be ambivalent and subject to interpretation. [29] Suspicion, distrust, corruption, and their consequences are thus likely to remain and even to spread. Instant communication, the internet, and the massive migration of populations all work to scatter the contagion.

It is “happier to be sometimes cheated than not to trust” Samuel Johnson wrote in gentler and more obliging times. [30] His words represent an attitude that is generous, but which, sadly, is no longer much with us.

Notes

1. Edward Banfield, *The Moral Basis of a Backward Society*, pp,107, 115-117.
2. Francis Fukuyama, *Trust*, pp. 10-11.
3. *ibid.* p.270.
4. Michael Jones, *Leningrad, State of Siege*, pp. 5, 216-218
- 5, Richard Bessel, *Germany 1945*, p.349.
6. Steven Sampson, in *Corruption*, Dieter Haller and Chris Shore, editors, p. 106.
7. John Noonan, *Bribes, The intellectual history of a moral idea*, p.xi
8. Chris Shore and Dieter Haller, *Corruption*, p. 9.
9. *New York Times*, Oct. 20, 2009.
10. *Despite recession, crime keeps falling*, Associated Press, Dec. 21, 2009.
11. *Pew Research Center for the People and the Press*, April 18, 2010
12. *New York Times*, April 16, p.1
13. *American Journal of Political Science*, February 1990, pp. 236-53.
14. Ralph Keyes, *The Post Truth Era*, p. 229.
15. David Callahan, *The Cheating Culture*, p.26.
16. *New York Times*, Oct. 31, 2009
17. *Washington Post*, May 26, 2009.
18. *New York Times*, February 5, 2010.
19. *Washington Post*, August 31, 2009.
20. *The Economist*, Jan. 9, 2010 p.53.
21. Adam Hochschild, *Rape of the Congo*, *N.Y. Review*, August 13, 2009, p.19.
22. Jeffrey Gettleman, *East Africa: The Most Corrupt Country*, *NY Review*, January

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Frank Seidner Chit Chat Club San Francisco May 10, 2010
