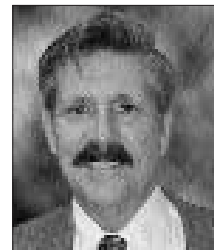


# Global Corruption and the Interventionist State

BY RICHARD M. EBELING



In a recent survey of 50,000 people in 62 countries around the world, at least one out of every ten people admitted that he had bribed some corrupt political official or government administrator during the preceding 12 months. There seem to be very few places anywhere in the world where such political bribery does not occur. The omnipresence of such political corruption should not be surprising; it is inseparable from the modern interventionist state.

According to a report released in December by Transparency International (TI), a nongovernmental organization headquartered in Berlin, one out of every two people in the West African nation of Cameroon had paid a bribe during the previous 12 months. In Albania, Bolivia, Kenya, Lithuania, Moldova, and Nigeria, one out of every three citizens said he had done so. In the Czech Republic, Ecuador, Ghana, Mexico, the Philippines, Pakistan, Romania, Russia, and Ukraine, one out of every four to five people acknowledged bribing someone connected with the government.

In 36 of the 62 countries surveyed, respondents said that political parties were the most corrupt, followed by parliaments and legislatures, the police, the legal system and judiciary, and the tax authorities. Seventy-seven percent of all respondents stated that petty political corruption (involving business licenses, traffic violations, and so on) was a big problem in their countries. Eighty-five percent said that “grand” political corruption at the highest levels of government involving the political elites and special-interest groups was a major problem.

While few Americans or Canadians admitted they paid bribes (“petty” or “grand”) to someone in government, in both countries the respondents said that on a scale of one to four (with one being “not at all” and four being “to a large extent”), the occurrence of political corruption ranked above a three. While

respondents in France, Germany, Italy, Spain, and the United Kingdom assigned about the same degree of significance to political corruption as those in North America, between 1 and 2 percent admitted they or someone in their household had paid a bribe to a government official during the preceding year.

TI’s more comprehensive 2004 *Global Corruption Report*, released last spring, revealed that the primary bases for political corruption around the world were government procurement contracts, electoral contributions by special-interest groups, and bribes for regulatory benefits or limits on both domestic and foreign competitors.

The pervasiveness of political corruption, unfortunately, can be neither reduced nor eliminated through various forms of legislative and legal reform, as organizations such as TI often advocate. Corruption is an inevitable outgrowth of the interventionist state and can only be “cured” through the establishment of an unrestricted free-market economy.

The essence of the market economy is that each of us can acquire what others have only through voluntary acts of exchange. We must each apply ourselves in ways we hope will attract potential customers, persuading them to purchase what we are selling instead of what our rivals are offering. On the free market the only moral and legal “weapon” permitted to “capture” customers is to offer better, more useful, and less-expensive goods to the buying public. Violence and fraud are outside of the market’s “rules of the game.”

Sometimes we will not be able to get what we want. If we are not as good at satisfying consumers as our competitors are, our incomes might be reduced. This in turn would reduce our ability to acquire what others are offering on the market. The only way to prevent or reverse this is to find better ways to supply goods and

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services at attractive prices that will earn us the incomes we would like.

The nature of the interventionist state is to short-circuit the free market and keep it from doing its job, namely, seeing to it that each of us applies himself in ways that serve others while pursuing his own self-interest. The interventionist state goes beyond protecting our lives and property, and assuring that all human association is based on peaceful and mutual agreement. It intervenes by using coercive power and influencing the outcomes of the market through the application of political force.

### Transfers of Wealth

The government taxes the public and has huge sums of money to disburse to various programs and projects. It imposes licensing and regulatory restrictions on free and open competition. It transfers great amounts of income and wealth to different groups through sundry “redistributive” schemes. It controls how and for what purpose people may use and dispose of their own property. It paternalistically imposes legal standards influencing the ways we may live, learn, associate, and interact with others around us.

Those in the government who wield these powers hold the fate of virtually everyone in their decision-making hands. It is inevitable that those drawn to employment in the political arena often will see the potential for personal gain in how and for whose benefit or harm they apply their vast life-determining decrees and decisions. Some will be attracted to such “public service” because they are motivated by ideological visions they dream of imposing for the “good of humanity.”

Some will see that bribing those holding this political power is the only means to attain their ends. This may be to restrict or prohibit competition in their own corner of the market or to acquire other people’s money through coercive redistribution. For others, however, bribing those who hold the regulatory reins may be the only way to get around restrictions that prevent them from competing on the market and earning a living.

The business of the interventionist state, therefore, is the buying and selling of favors and privileges. It must lead to corruption, because by necessity it uses political power to harm some for the benefit of others, and those expecting to be either harmed or benefited will inevitably try to influence what those holding power do with it.

In addition, it should not be forgotten that such corruption slowly eats away at the moral fiber of the society. Austrian economist Ludwig von Mises explained this over 70 years ago in his *Critique of Interventionism*:

Public opinion is not mistaken if it scents corruption everywhere in the interventionist state. . . . By constantly violating criminal laws and moral decrees they [the bribers and the bribed] finally lose the ability to distinguish between right and wrong, good and bad. If finally few economic goods can be produced or sold without violating some regulation, it becomes an unfortunate accompaniment of “life” to sin against law and morality. . . . The merchant who began by violating foreign exchange controls, import and export restrictions, price ceilings, et cetera, easily proceeds to defraud his partner. The decay of business morals . . . is the inevitable concomitant of the regulations that were placed on trade and production. . . .

The interventionist state is a political garden that inevitably sprouts the weeds of bribery and corruption. And over time it tends to envelop and replace all traditional and ethical norms of conduct and morality.

Ending global political corruption in its various “petty” and “grand” forms, therefore, will only come with the removal of government from social and economic life. When government is limited to protecting our lives and property, there will be little left to buy and sell politically. Corruption then will be an infrequent annoyance and occasional scandal, rather than an inescapable aspect of today’s social and economic life around the world.

