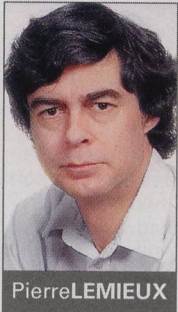


A licence to steal

Politicians everywhere engage in some form of corruption. The Liberals just prefer to take their kickbacks in cash



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The basic economics of corruption is simple: corruption will occur when both corruptor and corrupted foresee higher expected benefits than costs. Take a few hundred politicians and an army of bureaucrats, give them \$200 billion a year to spend, plus the power to control and harass, and the temptation of corruption becomes irresistible.

Corruption is not essentially about money. When a buyer offers money to a seller on the market, he is using money—a form of voluntary persuasion—to obtain benefits; but this is obviously not what we mean by corruption. And the definition of the Liberal party's lawyer—"using inappropriate means to gain undeserved benefit"—only begs the question. The essence of corruption is a breach of trust of an agent toward his principal: instead of doing what he was hired for, the agent works against his principal's interests and wishes.

Even if recent laws have tried to turn "corruption" (like "fraud") into a synonym for what the state dislikes, corruption traditionally involves politicians and public bureaucrats. It is easy to understand why: in the statist world, it is not clear who are the principals and how they can control their agents. And the bigger the state, other things being equal, the more corruption there will be.

Now, it is rather hard to differentiate cash corruption from the ordinary working of politics. Consider: what is the difference between bartering one's political support against the promise of state benefits (subsidies, protection against competitors, et cetera), and simply buying policies for cash? What is the difference between the Liberal government promising, for example, to give health fascists the hygienic society they want in exchange for their missionary support and promising benefits to Groupaction in exchange for straight cash? Why are politicians and organized interests allowed to barter favours but not to trade for cash? Why can politicians and bureaucrats take their loot in jobs and perks but not in straight cash?

There isn't much difference between political corruption and cash corruption. Politics is legal

corruption.

Some economists argue that cash corruption is less inefficient than legal political corruption or "rent-seeking" as it is called. To see this, imagine the waste if there had been a hundred companies using resources (professional time, airplanes, meals, secretaries, paper, et cetera) to legally lobby for the feds' gun control advertising contract, instead of a couple of neat cash transfers from some Groupaction executives to some politicians.

The argument in favour of cash corruption is not without problems (on these issues, see Graf Lambsdorff, "Corruption and Rent-Seeking," *Public Choice*, 2002). Legal political corruption may be more accessible than cash corruption. In other words, politics provides a more level corruption playing field. Cash corruption may be even more contagious and addictive than politics, may spread into voluntary relations, and may lead to an Eastern-Europeanization of our society.

Finally, in certain circumstances, cash corruption may feed the growth of the state more than ordinary politics.

In other cases, though, cash corruption may check state power and become a second best. If, for example, an individual could just buy off Canada Firearms Centre bureaucrats and their supporting praetorians instead of being humiliated by hav-

ing to beg for permission to keep his guns, everybody would be better off, compared to a pure, self-righteous, well-enforced tyranny. If Groupaction had not paid a \$100,000 bribe for the firearm-control advertising contract, perhaps the company that would have won the competition would have run a more efficient campaign against our traditional liberties. Government inefficiency slows down Leviathan.

This being said, I have little tolerance for those who have participated in Adscam. They used the state against others. They passed election-financing laws that protected them against political competition, and they violated their own laws. They increased the power of the Surveillance State with so-called "anti-money-laundering" laws, and they violated their own laws again. Now, let them get a taste of what it is to be on the side of the oppressed. Let them go to jail. **WS**

Why are politicians and organized interests allowed to barter favours but not to trade for cash?