

Cartelized Corruption in Local Government: Focused on Municipal Head*

지방정부의 부패 카르텔 : 기초자치단체장을 중심으로

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ABSTRACT

이 논문은 기초자치단체의 부패 카르텔이 단체장 공천권을 행사하는 지역의 국회의원과 단체장에 출마하려는 고위지방공무원 그리고 지방 기득권 세력 사이에 형성된다는 점을 밝히고 그 폐해를 논의했다.

각기 지배정당이 있는 영남과 호남에서는 지배정당의 공천이 곧 당선이다. 따라서 이 지역의 국회의원들은 공천권을 통해 단체장 선거에서 절대 권력을 행사하며 절대 권력이 절대로 부패하듯 공천권을 둘러싼 부도가 만연해 있다.

고위지방공무원이 단체장에 출마하는 것은 외견상 바람직할 수도 있다. 직무 경험과 경력이 단체장으로서의 업무 수행에 도움이 될 수 있기 때문이다. 그러나 이를 부정과 부패에 악용할 가능성도 배제할 수 없다.

더욱이 고위직 지방공무원 경력이 단체장 후보의 중요한 요건이 될 경우, 진입장벽이 초래된다. 진입장벽은, 다시, 지방정치의 경쟁률을 떨어뜨린다. 정당간의 정책 경쟁은 물론 상호 견제 효과까지 떨어질 수 있다. 단체장을 주민이 직선하는 민주적 의미는 직업공무원을 견제하며 균형을 유지하는 가운데 공약 이행은 물론 효율적으로 지방정부를 운영하라는 것이기 때문이다.

결국 삼권분립의 원칙과 견제와 균형의 원칙이 훼손되는 것이다. 이 점에서 견제 대상인 고위직 지방공무원 출신이 퇴직 후 곧바로 견제자인 단체장에 출마하는 것은 이해의 충돌이다.

부패 카르텔은 연루자들이 모두 범법자들이기 때문에 결속이 공고하여 외부에서 밝히기 어렵고, 내부로부터의 고발도 기대하기 어렵다. 이를 방지하기 위해서는, 그 핵심이 지방공무원 출신 단체장이라는 점에서, 그리고 고위직 지방공무원이 퇴직 직후 단체장에 출마하는 것은 이해의 충돌이라는 점에서 고위지방공직자는 퇴직 후 최소 5년 후에 단체장에 출마할 수 있도록 유예기간을 두어야 한다.

주제어 : 부패 카르텔, 결핍 민주주의, 5년 유예기간, 이해의 충돌

I. Introduction

Since Korean government restored local autonomy in 1990, the system contributed a lot to change the practice of Korean local governments and the attitude of citizen as well. First of all, local government officers accepted the fact that they can no

* This is a revised version of a paper delivered at the 2014 conference of the Korean Association for corruption studies, 16 May, Youngnam University, Kyungsan, Daegu. The author would like to thank discussants and anonymous referees for helpful comments on this article. Any errors are mine alone.

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longer reigning over citizen. In other word, they can not authoritative in doing their business with citizen. Even though it might be superficial, local government officers must be responsive to their citizen and take responsibility for the citizen's well-being. Citizen no longer put officialdom above them, a die hard dogma so many Koreans kept in mind has slowly been changed. In short, decentralized government system did much to transform Korean local governments more democratic than before.

In the dark side of it, on the other hand, many Korean local governments suffer from corruption. Corruption is so prevail in many local governments that it seems like there is no clean local government in Korea.

Various anti-corruption measures were employed with no meaningful results in many countries during the long period of time.¹⁾ One reason of the ineffectiveness of the means lies that they are just symptomatic therapies. A symptomatic therapy for corruption can only catch unlucky or careless corrupt officers. It can not curb corruption, meaningfully. Meaningfully, here, means curb corruption steadily and significantly.

Insufficient understanding of corruption may be a reason of the failure in combating corruption. As usual, lack of knowledge on the enemy leads to defeat in a combat. So, thorough exploration on corruption in terms of the meanings and types is necessary to fight against it. Only a sufficient understanding of it will provide us with effective tools to curb corruption.

An effective tool to curb corruption aims to attack causes of corruption, but not the symptoms of it. There are causes of corruptions as Putnam observed in Italy(Putnam, 1993). If we can identify specific causal factors for corruption, we will be able to develop an effective means to fight against it. We may call it a causal treatment that aims to attack factors of corruption instead of symptoms.

The goal of this paper is to bring cartelized corruption in municipalities to public in detail. Then, discusses some policy implications as causal treatments.

A causal treatment for corruption has a limit: it can not be applied to all corruptions. Every corruption has its own locus and actor(s). The cause of corruption is dependent on the locus and actor(s). This is the very reason that this paper discusses mainly on corruption that perpetrated by heads of Korean municipalities²⁾.

1) Of cause, there is a rare example of a successful anti-corruption campaign by Singaporean government, but, many other governments are not the case.

2) Municipality, in this paper, denotes a city, a gun, and a gu. Cities, guns, and gus in

A municipality is a locus of corruption as an institution where the corruption take place. There are many positions within a municipality and many officers take them. They wield different powers. It means different officers may corrupt with different causes. Therefore, to develop a causal treatment to corruption, corruption should be classified by actor(s). This is the reason this paper focuses corruption of municipalities' heads³⁾.

One merit of limiting corruption by a locus and actor(s) is the fact that it also limit target corruption. It would be very difficult for a researcher to develop a causal treatment which is effective to every kind of corruption in a paper. This difficulty can be overcome by limiting target corruption narrowly.

II. Definition, Effects and Perspectives, and Types of Corruption

1. Definition of Corruption

At first glance, the meaning of corruption is so simple and manifest that there is no need for a lengthy discussion. However, it is not the case since an intense debate over definition on corruption is ongoing (Morris, 2011:-10).

Corruption is an intricate phenomenon that existed from the very early stage of human life without exception in the sense that no society is immune from it. Nye's observation that corruption is endemic in all governments (1967: 417) is succinctly describes the reality. Indeed, corruption has a long history during which the meaning has been developed. The meaning of corruption may vary with time and society. So, it is the historical as well as cultural aspects of corruption that makes difficult to understand it.

In addition, the meaning of corruption may be different among spheres such as public vs. private sectors or bureaucracy vs. politics. It becomes clear when we think about the most simple and widely accepted meaning of the term that reads "the misuse of public power for private gain."

This definition has an important flaw: it works within a limited context. When the concrete meaning of public power is defined the definition works well. The concrete meaning of public power means a well-defined offices, responsibilities,

Korea comprise a lower-tier local government.

3) Municipal head refers to a mayor for a city, a gunsoo for a gun, and 구청장 for a gu.

powers, and norms of conduct. In other words, above mentioned definition works well within a bureaucratic context in which offices, responsibilities, powers, and norms of conduct are all clearly defined. But, the definition can not identifies corruption well in politics that creates such public power in the form of laws through the processes of contestation. It means corruption has different meaning with different forms among different spheres. Since the author's concern is political corruption, the term is defined accordingly. Political corruption can be defined "as departures by public officials from public rules, norms, and laws for the sake of private gain"(Warren, 2004: 328).

2. Effects and Perspectives of Corruption

Corruption has effects on a broad range of areas such as on individual behavior, organizational morale, social trust, democracy, bureaucracy, political development, economic development and etc. In this paper, effects of corruption on political and economic developments and democracy will be discussed.

There are mainly two opposing opinions on effects of corruption; positive and negative. Revisionists, echoing Mandeville, claim positive effects of corruption. In 1714, Bernard Mandeville argued that "Private Vices by the dextrous Management of a skillful Politician may be turned into Publick Benefits"(Nye, 1967: 417).

By contributing to the solution of three major problems that disturb political development, revisionists insist, corruption can be beneficial. Those problems are: economic development; national integration; and governmental capacity. To escape from poverty with severe lack of resources in both private and government sectors, corruption could be a remedy for fast capital formation and economic development(Nye, 1967: 419). Many people were curious about how Korea as a highly corrupt country had achieved fast economic development. A centralized corruption which has a character of a lump-sum tax was believed as a reason(Bardhan, 2006: 344). However, Korea suffers from the legacy of corruption in many aspects of modern life.

For national integration, corruption could also be beneficial since it helps to promote elite as well as non-elite integration. So does political development(Nye, 1967: 420).

Less developed countries usually suffer from lack of governmental capacity. To fill the lack up, corrupt incentive could be a help. These are possible benefits of corruption in less developed countries. Nye believes the revisionists' argument

might be applicable to some less developed countries(1967: 421-427).

A revisionist's argument is criticized based on following counter arguments: Corruption can not get around counterproductive regulations since many politicians and bureaucrats have great amount of discretionary power. Therefore, corruption feeds discretionary power as well as on itself; Even corruption may override some counterproductive regulations, it may override regulations that benefit the whole society; Due to the rent-seeking, talent might be mis-allocated. Indeed, there is no place that corruption is positively associated with development(Kaufmann, 1997: 3-4 & 5).

A moralist including cultural anthropologists, for example, emphasizes social norms and moral values, and increasing corruption is taken as an indication of a sort of moral decay(Bardhan, 2006: 343). A moralist would oppose to revisionists' view on positive effects of corruption. A moralist tend to criticizes corrupt people with no remedy since moral itself can not be enforced. Therefore, a moralist's perspective have limited impacts on anti-corruption strategy.

In the middle, there is an economist who concentrates on incentives, punishments, and organizations. Most economists who study corruption reached a conclusion that costs of corruption exceed benefits of it.

Corruption has important effects on democracy. Warren points that norm of inclusion is an indispensable value in democracy. Since democratic politics create societal goals, norms and rules through the processes of contestation everyone in the society must have equal access to the processes of contestation. Unfortunately, however, corruption erodes the influences people wield in collective decision making and effectively exclude them. This harmful effect of corruption end up with a deficit of democracy(Warren, 2004: 328).

3. Types of Corruption

There may be multiple criteria by which corruption can be classified. One of such would be a sphere. The term sphere is used here to draw distinction between public and private sector. Public sector encompasses central and local governments with other governmental institutions. Private sector is comprised by profit seeking organizations and individuals. Corruption can be divided by those of public sector and private sector. Corruption in public sector may include bribery, kickback, extortion, graft and embezzlement(Morris, 2011: 10; [http://en. Wikipedia.org/wiki/Political_corruption](http://en.Wikipedia.org/wiki/Political_corruption)). In addition, corruption in public sector can take place

between public officials such as trafficking of official posts.

Corruption in private sector include various unfair business transactions. But more importantly, it means abuse of private office for private gains at public expense. Recent corporate scandals in the United States and Europe are the evidences(Bardhan, 2006: 341). In such cases, public sector should also be blamed since it fails to do what it supposed to do.

Within public sector, one may distinguish corruption based on profession such as staffs in the presidential office, bureaucrats in the executive branch, members of Congress in the parliament and judges in the court. Classifying corruption by profession can be interpreted as an institution or actor based classification(Morris, 2011: 10-11).

Bardhan(2006: 341) interestingly classifies corruption by two: bureaucratic corruption and political corruption. Bureaucratic corruption can safely be interpreted as corruption in executive branch and political corruption in legislative branch. His classification used institution as a criterion.

Other criterion such as actors can be employed to draw distinctions(Morris, 2011: 10). An actor cannot corrupt without institution which is the source of his/her public power. In this sense institution as a criteria, here, means hierarchial institutions in a decentralized government system.

In addition, any public officer in the institutions who have vested authority have also a possibility to corrupt. Morris' assertion that presidents, ministers, members of the legislature, governors and other high-ranking officials may commit corruption is right(Morris, 2011: 10). However, the nature and scope of the vested authority is far different in terms of ranks and positions, so does the nature and scope of corruption. It is understandable that Morris, for example, classifies corruption by upper and low levels based on the actors' ranking(Morris, 2011: 10), but, his classification is incomplete to include all the various corruption in terms of the nature and scope.

Based on the discussion so far, there is no complete criteria to classify corruption. Main reason comes from the broad nature and scope of it. The reason also serves to the difficulties in understanding corruption. In addition, asymmetric information that is involved in a specific case aggravate the difficulties in understanding and developing cures of it. The specific case which the author named as cartelized corruption is formed in Korean municipalities.

III. Cartelized Corruption in Korean Municipalities

There is a peculiar phenomenon in Korean local politics. Many municipal heads were and are former senior officers in local governments. They were bureaucrats turned local politicians.

At first glance, it has no problem at all since an eligibility for election is one of the most fundamental political right that coincide with the spirit of constitution. However, the electoral mechanism for Korean municipal head is special in some respects.

1. The importance of party nomination in specific regions

Voters in a specific region have a strong tendency to support a specific party and its candidate. For example, most voters in Youngnam region have such a strong tendency to support the ruling Saenuri party and its candidate for their municipal heads while most voters in Honam region sternly support the main opposition New Politics Alliance for Democracy and its candidates for their municipal leaders. Therefore, one who want to be elected as municipal head in Youngnam region must won the ruling Saenuri party nomination first, and the exact opposite is true in Honam region. In these regions, win the nomination from the dominant party guarantees win the election itself. If the party nomination is decided by its members under democratic rules of decision making, there would be less problem. However, both parties' nominations do not follow such rules.

2. Incumbent lawmakers decide party candidate for municipal head

In most cases, incumbent lawmakers can nominate his/her party's candidate for municipal head. With this influential power, the incumbent lawmaker control his/her constituency. In the specific regions where rank-and-file voters show a strong royalty to a specific party, the lawmaker actually decide an election for municipal head.

Therefore, anyone who want to be a municipal head in those specific regions must satisfy the lawmaker but not necessarily voters. The terms of satisfaction for both lawmakers and voters might be far different from each other.

Rank-and-file voters may want a municipal head who have a thorough

knowledge of municipal affairs in the hope that he/she can manage them well. A thorough knowledge on authorization and license works is especially important since such works are not only complicated in nature but also have greater impacts on the well-being of the residents than other works.

They want a municipal head who are familiar with subordinates so that he/she can appoint the right officers in the right places. It is also a necessary condition for efficient governing.

The incumbent lawmaker will also want a candidate with such qualities. But, he/she, seeking self interests, will add one more condition: true allegiance to him/her. An allegiance the incumbent lawmaker want from the would-be candidate is the one that is cooperative to fill up the lawmaker's self interests regardless of rules, laws, and norms of conduct. This is how the strong power the incumbent lawmakers have in these regions becomes a powerful cause of corruption. In reality, most incumbent lawmakers use this opportunity for private gains.

Private gains the incumbent lawmaker is seeking include: enough money and will to buy the nomination; generous treatment for local officials in personnel management who support him/her; favor his/her supporters in authorization and licensing works, etc.

A safe choose for the lawmakers for the municipal head would be a former local government officers who are verified with governing ability and also loyal to him/her. This choice is safe for several reasons: voters can trust the candidate based on his/her career; the candidate is conversant with the established class in the region that enable him/her to distribute special favors with less noise; he/she also familiar with his/her subordinates so that satisfy the lawmaker in personnel management for the local officials.

The lawmaker who choose his/her party's candidate for municipal head, a former bureaucrat who want to be the municipal head, and members of the established in the region form a political machine as a cartel and perpetrate cartelized corruption. The cartelized corruption is similar to systemic corruption professor Shim presented in his recent paper(2013: 40-45).

3. Some negative effects of the cartel

The components of the cartel is simple: political power to nominate; thorough knowledge on municipal government affairs; resources from the established. But the cartel has significant properties: members of the cartel, as principal offenders

together, are strongly united; so, corruption they perpetrate is highly insidious and persistent; information gap between the cartel and rank-and-file voter getting wider, resulting a bigger asymmetrical information; with power, knowledge, and resources, this cartel wield a formidable power in municipalities.

In the sense that these three parties are collaborate to corrupt, the cartel could be understood as the main subject of institutional engineering of corruption. It is a typical corruption that involves the top politicians, hand-in-glove with the bureaucrats in municipalities.

A more serious problem associated with the cartel is it impairs the principle of separation of powers. An elected municipal head is a politician one of whose important mission is to checks the bureaucrats in the municipal government. That is the underlying logic of appoint municipal head through election process. However, a bureaucrats turned politician as a municipal head would not check his/her former colleges.

One important underlying logic for the separation of powers is if one branch of the government does not have all the power but there is a system of checks and balances, it may reduce corruption(Bardhan, 2006: 346). The cartel breaks this logic.

If there is no active opposition, politicians face less competition at periodic intervals, whereas civil servants in charge of specialized agencies or administrative departments often face much less competition and public scrutiny(Bardhan, 2006: 341). Municipal governments in specific regions where one dominant party and the cartel govern are such cases.

IV. Policy Implications

Current practice of choosing candidates for municipal heads in special regions among former local governments officials revealed some undesirable results. The job experiences as local officials for running for head of municipal government actually work as a strong barrier for young and newcomers in local politics. It also decreases the rate of local political competition and contributes in creating generous environment for cartelized corruption by politicians, hand-in-glove with the bureaucrats. More importantly, The impairment of the principle of separation of powers as well as the attached principle of checks and balances followed. As a result, democratic governing process fails to function, local voters are alienated from final control over the local government. It gives rise a deficit democracy in Korean

municipalities.

The cartelized corruption is pervasive as well as insidious. In the cartel, municipal head is the key person. One way to break the cartel is to put some limits on the qualifications for candidacy for municipal head. For example, put 5 years of probation period after resign to a director level municipal government officer who want to run for municipal head election. The reasoning behind it is, it could be a conflict of interest for the bureaucrat to run for the municipal head since the municipal head is a politician whose important mission is to checks the officials in the municipal government and maintain balance with them. If a former high ranking municipal government officer get elected as the head of the municipal government he/she served before, the head would not be free to check his/her former colleges and maintain balance with them.

Of cause, there is a possibility to enable the head to accomplish the mission successfully based on his/her former job experiences. Moreover, it could be undemocratic to restrict one's political right based on presupposition. However, many corrupt cases prove the high probability of the cartelized corruption and the damage incurred to rank-and-file voters are manifest.

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투고일자 : 2014. 06. 05

수정일자 : 2014. 06. 18

게재일자 : 2014. 06. 26

Abstract

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This paper discusses a peculiar phenomenon in Korean local politics which is corruption cartel in terms of its formation and its negative effects. The members of the cartel are: incumbent lawmaker who wields the political power to nominate candidate to run local elections; former local government officer who want to run an election for municipal head with a thorough knowledge on municipal government affairs; local established with resources.

In Youngnam and Honam regions which have dominant political parties respectively, win the nomination from the dominant party guarantees win the election itself. In most cases, incumbent lawmakers can nominate his/her party's candidate for municipal head. He/she wields an absolute power in election for municipal head. Absolute power corrupts absolutely.

At first glance, there seems no problem for the former high local government officials to run for municipal head. Since job experiences and career could either be help to perform municipal head job or, at the same time, could be abused.

The job experience as local official for candidate for head of municipal government actually works as a strong barrier for young and newcomers in local politics. It also decreases the rate of local political competition. More importantly, it decreases policy competition among political parties as well as mutual restraining influences. The democratic meanings of a direct election of municipal head by municipal voters are check the local government officials, honor election pledges, and efficient management of local government.

If a former high ranking municipal government officer get elected as the head of the municipal government he/she served before, the head would not be free to check his/her former colleges and maintain balance with them. The principle of separation of powers is violated.

The cartelized corruption is pervasive as well as insidious. In the cartel, municipal head is the key person. One way to break the cartel is to put some

limits on the qualifications for candidacy for municipal head. Put a 5 years of probation period after resign to a director level municipal government officer who want to run for municipal head election. The reasoning behind it is, it could be a conflict of interest for the bureaucrat to run for the municipal head since the municipal head is a politician whose important mission is to checks the officials in the municipal government and maintain balance with them.

Key Words: Cartelized corruption, deficit democracy, a 5 years of probation period, conflict of interest.