CONTROLLING POLITICAL CORRUPTION IN THE UNITED KINGDOM

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ABSTRACT

Existing case studies of control of political corruption often lack a theoretical framework that can provide for systematic empirical research and comparisons between cases and countries. To remedy this, we apply principal-agent theory qualitatively to study the United Kingdom, with a particular emphasis given to an in-depth study of control measures employed to Parliament, the Executive and political parties. We give a detailed account of the approach undertaken to control political corruption in these risk areas for corruption, and discuss its implications and why some types of measures prevail over others.

KEYWORDS: principal-agent theory; corruption control; danger zone; institutions; United kingdom;
INTRODUCTION

Although often assumed to be lower in democratic political systems, corruption is not an isolated phenomenon confined to non-democratic countries, or those in which democracy has been recently established. On the contrary, corruption is to be found also in the most stable democracies in the world.

The UK is regarded as a country that successfully has kept corruption at low levels and avoided the worst forms of corruption. According to the Transparency International Corruption Perceptions Index 2005, the UK is perceived to be one of the least corrupt among 159 countries included in the survey. Also more qualitative studies support the notion of the UK as having a good corruption record (e.g. GRECO, 2001: 3). Evaluating the National Integrity System (NIS)\(^1\) of the United Kingdom, Transparency International (2004: 6-16) concluded that the pillars of integrity are in place and that there is little corruption in the UK. Public sector corruption inquiries are relatively rare and between 1995 and 2002 the annual number of cases varied between 20 (2002) and 99 (1997). However, the many sleaze\(^2\) scandals reported in mass media the last ten years, and most recently the scandals concerning political financing, i.e. secret loans to political parties and donors being granted peerages, together with new institutional arrangements designed to control such problems, confirm that corruption is an important matter also in the UK (e.g. Doig, 2006; Macaulay and Lawton, 2006). Moreover, citizens seem to be concerned with corruption in politics. The Transparency International Global Corruption Barometer 2005 shows that more than 31 percent of respondents in the UK believe that corruption affects political life to a large

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\(^{1}\) The concept (NIS) refers to the sum of laws, institutions and practices in a country that maintain accountability and integrity of public, private and civil society organizations. The NIS associated with the institutional “pillars” that contribute to integrity and an anti-corruption system in a country in general: Legislature, Executive, Judiciary, Supreme Audit Institutions, Ombudsman, Independent anti-corruption agencies, civil service, local government, media, civil society and private sector and international institutions.

\(^{2}\) Sleaze refers to a wide set of disparate areas of misconduct and wrongdoing related to public life.
extent, and asked about to what extent various sectors were affected by corruption most respondents singled out political parties in both 2004 and 2005 (Transparency International, 2004, 2005).³

According to accountability theory and neo-institutionalism (e.g. Ferejohn, 1986, 1999; Klitgaard et al., 1998; Martínez-Cousinou, 2005; Shepsle, 1989, 1995), the development and implementation of institutional measures to increase transparency and accountability of the political system and curb the likelihood of corruption are of paramount importance both for politicians to restore citizenship confidence and, in general terms, for democracy to keep or improve its health.

At the background of this, a key interest is therefore to investigate the response to political corruption in the UK⁴ in terms of institutional control. Our aim is to increase the knowledge about the approach undertaken to control risk areas of political corruption in the UK, where we will give particular attention to Parliament (House of Commons), the executive and political parties. Thus, this article addresses two questions: 1) What approach is taken to control political corruption in the UK? 2) What are the implications of taking this approach?

The study will (a) provide a detailed account and classification of measures to control political corruption in the UK, and (b) show that the various control mechanisms introduced in the UK have often been done so in response to scandals and that this reactive system has an impact on the choice of type of control measures and the composition of the control approach. As McCubbins and Schwartz (1984: 172) illustrated in their seminal study of

³ Moreover, it is shown that a majority of the respondents thought that corruption had increased over the last three years. The balance score was +47 (those who think it has increased “a lot” or “a little” minus those who thought corruption had decreased “a little” or “a lot”). This figure was close to the average balance score for all 69 countries included (+46).

⁴ Although this work in principle relates to the UK, it mainly concerns England.
oversight in the United States Congress, motivations behind employing different types of safeguards and the effectiveness of these safeguards vary.

The UK is particularly interesting being an example of an established democracy with a record of low corruption, which have increasingly, during the last 10-15 years, responded to instances of sleaze and corruption by introducing institutional control measures. Therefore the development in the UK is not only interesting to study as such but also important for our understanding of the approaches to control political corruption in general.

And indeed, there are many studies of scandals and political corruption in the UK, measures to control political corruption, and responses to scandals (e.g. Denton, 2006; Doig, 1996, 2003; Oliver, 1995, 1997; Williams 2002). But what we think is somewhat lacking in previous studies is the application of a well founded theoretical and methodological approach that enables the results to be followed up in further case studies or comparisons with other cases. This is something that this article particularly is trying to address. Thus, our theoretical ambitions are close to what, in terms of Eckstein’s (1975: 104–8) seminal classification of the use of case studies, could be described as a heuristic case study.

We start the article by developing our approach to systematically study institutional control of political corruption in the UK before turning to the control of political corruption in the UK. Here we outline the measures undertaken in the UK in general and in particular for Parliament, the executive and political parties. The final section concludes by discussing the approach to control political corruption in the UK and its implications.

**STUDYING CONTROL MEASURES OF CORRUPTION**

Our approach to study institutional control of political corruption (Table 1) is developed in three steps. First we discuss definitions of corruption and risk areas of corruption – danger
zones – and thereafter we explain why and how we use the principal-agent framework to study and classify control mechanisms. The next section empirically establishes Parliament, the executive and political parties as risk areas for corruption.

Table 1. The study framework

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Defining corruption and danger zones

There are many ways of defining corruption depending on discipline and mechanisms used to explain corruption, and consequently the understanding of the term also varies (e.g. Alatas, 1990; Johnston, 1996, 2005; Philp 1997; Warren 2004). The discussion below is focused on developing a useful tool for studying risks and control measures.

We adopt as a starting point a broad definition that regards corruption as abuse of power for illicit gain (Alatas 1990; Heywood and Krastev, 2006: 2; Johnston, 2005: 12). Being a parsimonious definition, it allows for inclusion of contested practices that might not always be regarded as illegal, and gives enough room not to restrict corruption to private (individual) benefits and bribery, but also to take into account detrimental effects on the public interest. The problems with a strict legal definition have been pointed to by Heywood (1997: 423), who has argued that this could exclude one of the most threatening forms of corruption, the betrayal of the democratic transcript, i.e. “when members of the political class act in such a way as to prevent or circumvent the exercise of accountability, by actively seeking to ensure that the electorate is not properly informed about a given issue” (cf. Johnston, 2005: 5; Kjellberg, 1995: 342-3). This also points to public opinion as an
important element to consider (cf. Heidenheimer, 1989). Increasingly in modern democracies, the funding of political parties and the selling and buying of political influence and decisions is an important area for corruption (Heywood and Krastev, 2006: 3). We should not use a definition that excludes this. Furthermore, this study is restricted to political corruption, i.e. corruption which takes place either fully within the public sphere or at the interface between the public and private spheres (Heywood, 1997: 421).

We will study the approach to control political corruption in the UK with an emphasis on Parliament, the executive and political parties, and to what extent these pillars of democracy are among danger zones for corruption in the UK. Thus, it is important to first show what areas in general are regarded as open to potential corruption in the UK. We do this by identifying danger zones of corruption. The concept of danger zones of corruption should be understood as the areas and functions of the system that are vulnerable to corruption: one part concerns where occurrence of corruption is likely, another part concerns conditions that are likely to promote corruption. In more detail, danger zones are characterized by such factors as many opportunities for corruption, corrupt offers being common, or that the important facts identified are present in such a way that corruption could be promoted (Andersson, 2003: 135). This implies that danger zones are not necessarily characterized by high levels of corruption, i.e. the concept should not be used to say how corrupt various areas are, rather it is more suited to identify risks.

In this article such danger zones, or risk areas, are identified mainly by: 1) Reports from Transparency International and the Committee on Standards in Public Life, which both play important roles concerning monitoring and awareness creation about corruption; 2) The

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5 Here including both grand (political corruption) and bureaucratic corruption, frequently referring to everyday interactions between citizens and public officials.
views of the public (a survey by Transparency International, 2005); 3) The perception of politicians. Nine MPs from the three major parties were interviewed 2004-2005. MPs with experience from Select Committees on Standards and Privileges, Constitutional Affairs, Public Accounts, Public Administration, Home Affairs, and Liaison were selected.6

This will provide a picture of risk areas in general in the UK and serve as a background to the particular areas we will focus our study of control measures on.

The accountability framework

Principal-agent theory is about understanding what happens when authority is delegated from a principal to an agent who acts for the principal under a particular set of rules, by which the agent can be held accountable. Several problems might occur. Principals and agents might have different interests or preferences; an agent might be able to behave in ways difficult for the principal to monitor; and/or an agent might have access to more and better information. Similarly, collective agents or principals, and multiple principals and agents, may cause difficulties (Bergman, 2000: 3; Kiewiet & McCubbins, 1991: 25-97). This framework deals specifically with analysing agency problems, how to overcome them and explaining why and when an actor chooses to resort to corrupt behavior and when she does not. It also provides for systematic empirical research and a base for further case studies.

Our starting point is that modern political systems are characterized by delegation of authority at all levels of government (Bergman, 2000: 3; Strøm, 2000: 267). Applied to parliamentary democracy in the UK, in simplified terms, authority is delegated from voters

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6 The interviewees are listed in Alphabetic order in the reference list but are coded in the text. All had the opportunity to revise the interview transcripts, and the revised version is the one used.
Traditionally, political science assumed this kind of delegation almost inevitably meant a total loss of control for the delegating party, but contemporary research contests delegation as tantamount to abdication, as well as the contradictory thesis that delegation can be done without potential problems (e.g. Lupia, 2000; Lupia & McCubbins, 1999, 2000; see also Bergman and Strom, 2004). Safeguards, i.e. control systems and information from external sources, can provide information independently from the agent that increase the costs for an agent to deliver incorrect information or act contrary to instructions, especially when there are efficient systems for punishment (e.g. McCubbins et al., 1987; McCubbins & Schwartz, 1984). Moreover, we can assume that it is in the interest of the principal to have good information and control systems, while it is quite likely that it is in the interest of the agent to try to retain as much freedom as possible and superior information about the state of affairs. If we, for example, think about this in terms of the relationship between voters (principal) and MPs (agent), it might be in the interest of the MPs to keep their freedom, be the provider of information about their performance, etc., and therefore try to resist infringements in this, for example, by more monitoring of their performance or control mechanism of their behavior, even though this might be in the interest of voters. But studies have shown that upcoming elections and scandals are factors that might contribute to pressures on the agent to appease with “demands” from the agent and introduce new accountability measures (e.g. Martinez-Cousinou, 2005).

These safeguards or accountability measures to overcome agency problems can be grouped into four main types (Kiewiet and McCubbins, 1991: 25-7): a) contract design, i.e. the instructions given, the training provided and the mechanisms by which new staff are
made aware of the principal's wishes and control mechanisms; b) screening and selection mechanisms, i.e. the task to recruit the “right” person; c) monitoring and reporting requirements, i.e. the kind of signal and control systems used, such as if there is a special follow-up of what the agent is doing. McCubbins and Schwartz (1984: 166) distinguish between two different ways for the principal to overcome problems with hidden or incorrect information from the agent. One is to conduct “police patrol” oversight, in the forms of audit and investigations and other direct monitoring, which might be costly both in economic terms but also in terms of actors who might feel mistrusted or constantly watched over. Another possibility is “fire alarm” oversight, which compared to “police patrol” oversight is less centralized with less active intervention, where affected third parties’, with an incentive to observe and influence activities of the agent, can provide information to the principal independently of the agent. According to McCubbins and Schwartz (1984: 171) this is both more effective and less costly than the direct monitoring. The principal can establish rules and procedures that enable citizens affected by bad actions of the agent to sound the alarm; d) institutional checks, i.e. the mechanisms by which counterbalancing institutions might veto the actions of the agent, such as requiring large expenditures to be approved by both the management of an activity and the comptroller. The first two types of measures, a and b, are ex ante mechanisms that come into play before a task has been delegated to the agent. The last two types, c and d, are ex post and involve measures to control after the principal and agent have entered into a relationship, in which the agent has received delegated authority (Kiewit and McCubbins, 1991: 25-33).

We apply this ex ante, ex post terminology in classifying and analysing the control approach in the UK. But first we will give a broad overview of potential risk areas for corruption in the UK.
Danger Zones in the UK

*Transparency International and the Committee on Standards in Public Life*

Transparency International (2004) expressed concerns regarding the balance between self-regulation and compliance models of regulation; the patchwork of regulatory bodies, the continuing impact of New Public Management; competition and collaboration between different government bodies; and the relationship between government and business. Moreover, funding of political parties, the appointment system, and public procurement were areas pointed to as having problems or being more open to potential corruption.

Many of these findings were based on, or in line with, reports from the Committee on Standards in Public Life\(^7\) (1995, 1998, 2000, 2001, 2002, 2003). Standards issues concerning MP’s, Ministers, and civil servants, and the boundaries towards the private sector, were central subject of the first, sixth, eight and ninth reports of the Committee. Corruption at local government and how to improve accountability and standards (third report), the funding of political parties (fifth report), and regulation and accountability of non-departmental public bodies were other areas of concern. Next we turn to the picture provided by the views of the public.

*The Public*

A survey by Transparency International (2005) asked respondents in various countries to what extent they perceived different sectors in their country to be affected by corruption. In the UK, as in other European countries, most respondents pointed to political parties

\(^7\) Its role and impact is elaborated further below.
followed by, in descending order, the Parliament, the media and the business sector, while the education system was regarded as the least affected sector. For our final account of danger zones, we now turn to the views of MPs.

*MPs*

The three risk areas that most of the interviewed MPs referred to as vulnerable or more exposed to corruption than others were contracts and procurement; planning; political financing/party funding; followed by local government in particular in relation to planning, development control (zoning of land), contracts and placing orders and partnerships with the private or voluntary sector. Among other examples pointed to were MPs (and MEPs) scope for small scale corruption (Interview 6, Interview 1) and the systems of appointments and the use of political patronage. Several interviewees emphasized the demand side of corruption and many of them also referred to the private sphere and the industrial corporate sector as more vulnerable.\(^8\) Here, public-private partnerships and privatization was also suggested as adding to opportunities and conflict of interest situations when civil servants move to the private sector (Interview 3).

At the same time as interviewees pointed to planning, contracts and procurement decisions as in extra need of vigilance, they stressed overall confidence in processes and measures undertaken to strengthen these in recent years. One interviewee said,

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\(^8\) As either a result of companies working in a multinational environment, where different norms apply in different parts of the world (Interview 5), or that as a result of previous corruption countervailing measures have been undertaken in the public sector, while the private sector is not as transparent and accountable (Interview 4).
I suppose in theory the ones who are closest to placing contracts or making decisions about planning matters, are the ones who are in a sense most exposed. And the further away you get from the decision making process the less influence you have and therefore potentially you are of less interest to those who want to swing things their way. In practice we have a very open system in this country of very transparent decision making process and the ability of any individual or elected politician to favor a particular party is actually quite constrained because we have a system of open tendering of best value, of audit of the national audit office, the public accounts committee. In the planning system again we have further transparent process of structure plans and district plans, appeals run by independent inspectors, so the potential for abuse and corruption is actually quite constrained (Interview 4).

Examples were given of departments at the central level that were dealing with placing contracts, for example, the Ministry of Defense (Interview 1; Interview 4; Interview 5; Interview 8), which procures expensive pieces of equipment. Moreover, the Department of the Prime Minister and the Office of the Deputy Prime Minister, were pointed to as they take a lot of planning decisions (Interview 4). Several interviewees also referred to risks associated with officers working in the civil service with letting contracts and then expecting to find lucrative posts in the industry after leaving the civil services, and how this can influence decisions (Interview 5; Interview 1). But having said that, it was stressed that these risks were acknowledged and precautionary measures are in place, ensuring that one cannot immediately after leaving, for example, the Ministry of Defense go straight into an armaments company.

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9 Later this changed. The duties of the office were transferred to The Department for Communities and Local Government in 2006 in the aftermath of the scandals surrounding the Deputy Prime Minister.
The funding of political parties and election campaigns and the risks of donors influencing parties/candidates or trying to get themselves honors were also something that many referred to (e.g. Interview 7). One interviewee expressed that,

[T]here is also the slight concern about the influence of just not a politician but a party, which I think is still a concern. Because our parties do not have state funding it is open to large donors to have an influence on the party generally which they perhaps should not have… There is a concern that people are giving relatively large amounts of money to a party and they are expecting at least considerations of their views in return. And that is quite apart from the ridiculous honor system…I believe that they [members of the House of Lords] should be elected anyway. But undoubtedly nobody could sensibly deny that there is a casual relationship between people giving big donations to one or the other party and then ending up with an honor, I mean it is obvious (Interview 5).

Risks with patronage were suggested in relations to non-departmental public bodies and that “there are literally hundreds of these and the appointments are invariably made by government officials or politicians and there has been a growth of this” (Interview 9).

When compared local government was perceived as more vulnerable to corruption than central government mainly due to the type of work that local governments do concerning procurement, contracts and planning, due to the great rewards at stake. Moreover, scrutiny was regarded as stronger at the national level, not least from the press and the opposition. But many also acknowledged that the ethical framework at the local level, consisting for example of a new model code of conduct, The Standards Board for England,\textsuperscript{10} and local standards committees, had been much strengthened over time (e.g. Interview 3, Interview 4, Interview 5, Interview 7, Interview 9). Some interviewees even maintained that concerning small scale

\textsuperscript{10} The task is to help to build confidence in local democracy by promoting the ethical behavior of members and co-opted members in local authorities through receiving complaints and investigating allegations that members may have breached the Code of Conduct (The Standards Board for England, 2006).
corruption, such as using civil servants or House of Commons’ facilities for private purposes, was easier for MPs (and MEPs) than local councilors, who nowadays are strictly regulated concerning conflict of interest matters and allowances etc. Risks regarding undue effects of party funding and influence from donors, and the use of patronage in appointments to enforce loyalty and reward those supporting the government and also donors, mainly concerned the central level.

MEASURES TO CONTROL POLITICAL CORRUPTION IN THE UK

Having mapped out danger zones for corruption, it is clear that it is important to study Parliament, the executive and political parties. But before we embark on a detailed study of the control approach employed in these danger zones, we first give a background to the development of the approach to control political corruption in the UK.

Background

In the British context, the term 'corruption' has traditionally been understood under the legal meaning of bribery\(^{11}\), but it is also used in a wider sense concerning the undermining of standards of conduct in public life, including the misuse of office for private benefits and conflicts between public and private interests.

Attempts to avoid the use of office for private benefits through specific acts date back to the 13\(^{th}\) century. Since then various institutional mechanisms (legislation, common law and internal regulation) have been designed to counteract corruption (Doig, 1984). However, as most of them have been prompted by scandals, the final outcome of the system has not

\(^{11}\) Bribery refers to a “criminal offence involving the transaction of soliciting or receiving inducements or rewards to local government politicians (not to MPs) and all public officials for decisions or actions that favor the donor or their organization” (Doig, 1996: 36).
been as consistent as expected. As different institutions have stated (Law Commission, 1997: par. 1.1), the multiplicity of sources constituting the base for the British current legislation is a problem. The principal corruption offences, among at least 12 statutes\textsuperscript{12}, are the Public Bodies Corrupt Practices Act (1889), the Prevention of Corruption Act (1909) and the Prevention of Corruption Act (1916) – known as Prevention of Corruption Acts 1889-1916.

In addition, there are many overlapping common law offences, such as misconduct in public office and attempts to bribe a councilor or a police constable (Law Commission, 1997: par. 1.3).

Bar these legal means to control political corruption, other kinds of mechanisms concern codes of conducts, internal systems for the declaration and registration of specific interests in public bodies, and systems supported by independent scrutiny. Most of them were driven by recommendations from parliamentary and official inquiries of allegations of fraud or political misconduct. The most important reports are: the 1974 Redcliffe-Maud inquiry concerning local government rules of conduct, the 1974 Commons inquiry into MPs’ financial interests, and the 1976 Salmon inquiry related to the standards of conduct in public life – as a consequence of the Poulson scandal\textsuperscript{13} in the 1970s – and, more recently, the ten reports by the Committee on Standards in Public Life since 1995.\textsuperscript{14}

However, before the 1990s these recommendations were mainly ignored due to a lack of interest in standards of conduct issues among MPs. Since deeper and more general reforms on this matter could reduce politicians’ freedom of action – which may not be in


\textsuperscript{13} It concerned a wide network of corruption and influence-peddling at the local level, especially regarding planning and development, and also affected other public organizations, like Parliament.

\textsuperscript{14} The Eleventh Report is in a preliminary phase, see http://www.public-standards.gov.uk/11thinquiry/index.asp
their interest – traditionally the most common strategy followed by the British Government against corruption – especially in relation to MPs and ministers – was to try to determine individual responsibility through specific inquiries, rather than implementing recommendation from inquiries with general implications for politicians. But as a result of major public concern caused by scandals in the 1990s, this prevalent strategy was changed by politicians in order to restore the confidence of citizens in public officers and in the political system. With that aim, reforms recommended by institutions – like the Committee on Standards in Public Life, created in October 1994 – were then more adhered to by the Government than before, and many of them implemented (e.g. Doig, 2006).

The Parliamentary Commissioner for Standards and the Standards Board for England also publish annual reports available to the public. The Committee on Standards and Privileges, the Audit Commission, the National Audit Office, the Ombudsmen for Parliamentary and Health Service and Local Government, and the Law Commission, also from time to time publish reports concerning issues like fraud, bribery, conflict of interest, or corruption and make recommendations on the matter.

Some of the recommendations made by the Law Commission played an important role in the creation of the recent Corruption Bill (2003). The Bill, drafted by the Home Office (2000), seeks to replace the common law offence of bribery and most of the statutory offences contained in the Prevention of Corruption Acts 1889-1916. However, the clarity and approach adopted in the Bill was comprehensively criticized by a Joint Committee of

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15 In 1993 79 percent and 81 percent respectively of citizens did not trust MPs and government ministers (Mortimore, 1995:586).
16 This white paper also took into account Law Commission reports (1997, 1998), as well as the recommendation from the Joint Committee on Parliamentary Privilege, concerning elimination of parliamentary privilege in case of evidence of corruption (House of Commons, 1999; House of Lords, 1999).
17 This change emanates from the signing of the OECD Convention on Bribery (1997), which requires a more comprehensive and integrated legislation.
both Houses appointed in 2003 (House of Commons, 2003; House of Lords, 2003). Although the Government (2003) accepted many of these remarks, disagreements remained mainly concerning the definition of corruption. Thus, so far this attempt to create a more consistent corruption legislation has not fully succeeded.\footnote{18}

The UK has also been active in international efforts to tackle corruption through participation in different institutions (the OECD’s Working Group on Bribery, the GRECO and the Council of Europe Criminal Law Convention on Corruption) which also give recommendations to member states. All in all this has resulted in a complicated system. Next we turn to an in-depth study of the control approach in our focused danger zones.

**Controlling danger zones**

Below we analyze the various measures undertaken to control corruption concerning Parliament – specifically MPs – political parties – especially party finance –, and the executive – ministers, special advisers and also civil servants.

*Parliament*

Some of the measures addressed had all been undertaken already in the early 19th Century; that is the case of the ban of payments for honors, through the 1925 Honors Act (Prevention of Abuses), the requirement of verbal disclosure of MPs’ financial interests or the approval of the Prevention of Corruption Acts 1889 to 1916.\footnote{19} Bar the disclosure requirement of

\footnote{18 The Home Office recently attempted to reform the Prevention of Corruption Acts and the Serious Fraud Office in order to tackle bribery of foreign public officials. At the moment, it is in its consultation phase, see http://www.homeoffice.gov.uk/documents/2005-cons-bribery?version=1}

\footnote{19 Although bribery of or acceptance of a bribe by MPs is not allowed, it is generally believed that such conduct is not a statutory offence under the Prevention of Corruption Acts 1889-1916, and there is some uncertainty on whether the common law offence of bribery of a person holding public office extends to MPs. That is a consequence of the self-regulating model in use in the House of Commons (Gay, 2002: 16).}
financial interests which is an ex post measure of monitoring and reporting requirement type, all are ex ante measures contract design kind as they represent mechanisms by which new MPs are made aware of what they can do or not do.

Nevertheless, the most important measures concerning corruption of MPs were passed during the 1990s as a result of the “cash-for-questions” affair. This scandal, regarding Conservative MPs accused of accepting money in return for asking questions in the House of Commons, acquired major public interest and prompted the revision of standards of conduct in public life. Below we look at the main institutional measures introduced that, together with the above mentioned mechanisms, constitute the current system to control corruption in the House of Commons.

a) The Code of Conduct. This institutional mechanism constitute an ex-ante safeguard, more specifically, a contract design measure as it stipulates the rules expected to be uphold by the MPs. It was created after recommendations made by the Committee on Standards in Public Life in its first report. Since June 2003, the Code of Conduct is reviewed in each parliament by the Parliamentary Commissioner for Standards. Its purpose is to assist Members in the discharge of their obligations to the House, their constituents and the public at large. Thus, the Code of Conduct applies to Members’ public roles, but not to their private and personal lives. In summary, it requires MPs to act in the interest of the public; to strengthen confidence in Parliament, not to bring the House or its Members into disrepute; to observe the seven principles of public life as set out in the first report of the Committee on Standards in Public Life; not to accept bribes or act as paid advocates.
b) The Register of Members’ Interests is mainly an ex post safeguard and more specifically concerns monitoring and reporting requirements. In 1974 the House of Commons voted to establish a compulsory register of members’ interests and a select committee was appointed to administer it. In the 1990s, after the “Cash for Questions” affair, the Committee on Standards in Public Life (1995) recommended tightening the regulations on what information MPs are required to submit to the register. Since then, the Register contains greater detail about the type of outside service that the MPs provide and the amount of money they receive for this work. Specifically, MPs are required to declare in the register the sources of any extra income or gifts which they receive, and they must before taking part in a debate declare any relevant interests that might be connected to the issue debated. The purpose of registration is openness, that is, to give other Members and the public the opportunity to know about the interests which might influence a Member’s action in its parliamentary duties. For that reason it can be the base for improving fire alarm possibilities for third parties, and police patrol control by the Parliamentary Commissioner for Standards.

The Register of Members' Interests is published soon after the beginning of a new Parliament under the authority of the Committee on Standards and Privileges, and annually thereafter. In addition, it is updated every 6-8 weeks. Together with the MPs’ Register of Interests, it is possible to find other registers regarding Members’ Secretaries and Research Assistants, All-Party Groups, Journalists’ interests and Lords’ interests.

c) The Parliamentary Commissioner for Standards was set up by the House of Commons in 1995 after recommendations by the Committee on Standards in Public Life. The Commissioner, who is financed by the House of Commons, is expected to act

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20 Naturally it also enables a strengthening of ex ante mechanisms in terms of affecting the selection process by providing information about the candidates.
independently. It carries out two kinds of duties. On one hand, the Commissioner plays an
important role monitoring the performance of the system, and investigating any specific
complaint concerning aspects of the propriety of an MPs’ conduct. In this sense, the main
duties of the Commissioner are overseeing the fulfillment of the Register of Members’
Interests and other registers of interests for Members’ staff, journalists and All Party groups;
monitoring the operation of the Code of Conduct; and investigating specific complaints from
MPs and from members of the public in respect of the registration or declaration of interests,
or other aspects concerning misconduct by MPs. In this respect it is mainly an ex post
safeguard of police patrol type. But it also provides a channel for fire alarm control as it
provides a guide for how to complain against an MP and can act on such complaints from
the public (The Office of the Parliamentary Commissioner for Standards, 2006). On the
other hand, the Commissioner act as an adviser of MPs regarding standards of conduct and
ethics matters. The commissioner provides training and advice, and induction courses to new
MPs, concerning conduct rules, propriety and ethics. In this respect it is an ex ante
mechanism.

d) Committee on Standards and Privileges: This parliamentary select committee
was created in 1995, replacing the Committee on Member’s Interests and the Committee on
Privileges, after recommendations by the Committee on Standards in Public Life. It has a
monitoring role of police patrol type but with ingredients also of fire alarm, as complaints
from the public can be acted upon. It is also central in establishing the culture of ethical
behavior in the House, being the embodiment of self regulation, that is, “members judging
the propriety of other members conduct” (Committee on Standards in Public Life, 2002: 5).
The Committee supervises the work of the Parliamentary Commissioner for Standards
regarding the maintenance of the registers of interests and the conduct of members,
including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee’s attention by the Commissioner. In addition, it recommends necessary modifications to the Code of Conduct and considers parliamentary privileges matters referred to it by the House.

Political parties

Political parties play an important role as intermediaries between the state, citizens and organizations in society. And in the competition between political parties financial resources are important. For that reason, the way through which they obtain funding seems to be a considerable cause of concern as it can represent a favorable space for corruption (Williams, 2000). The United Kingdom is not an exception to this, as scandals over the last years have shown, although maybe not as big as in some other countries.

Traditionally, British political parties have been quite autonomous without direct statutory regulation of their affairs until the Political Parties, Elections and Referendums Act 2000 (PPERA)\textsuperscript{21} came into force. It was from the 1990s onwards – especially with the Fifth Report on party finance of the Committee on Standards in Public Life (1998) – when the urgent need for a radical reform was stressed. Until then, the party finance system has largely been unregulated and applied at local level.\textsuperscript{22} But concerns regarding the secrecy and lack of control under which political funds were accumulated and administered were not new. These early attempts such as recommendations made by institutions like the Committee

\textsuperscript{21} It is possible to find other rules related to some aspects of the political parties before 2000, like the Registration of Political Parties Act 1998, amended by the PPERA in order to change the registration authority to the Electoral Commission.

\textsuperscript{22} Until 2000, the main acts which traditionally shaped the British party finance system were the Corrupt and Illegal Practices (Prevention) Act 1883 (which places limits upon local campaign spending, but not at national level) and the Representation of the People Act 1983, which modified the latter (Fisher, 2000:25). The PPERA for the first time established a regulatory framework for party finance at national level.
on Financial Aid to Political Parties (1976) and the Hansard Society for Parliamentary Government (1981, 1992), were almost all rejected.

Thus, the current British party finance system is essentially constituted by measures passed in the PPERA and by previous acts partially related to party finance, like the *Corrupt and Illegal Practices (Prevention) Act 1883* and the *Representation of the People Act 1983*. Within this system, the main institutional measures\(^{23}\) that contribute to control corruption in this danger zone are:

a) **Registers related to the control of donations and campaign expenditure.** Under the PPERA, registered political parties, third parties and permitted participants in elections and referendum are obliged to report their income and expenditure to the Electoral Commission. Thus, these registers put reporting requirements on the agent concerning how money is attracted and used, they are mainly an ex post safeguard that can be the base for either improved fire alarm or a police patrol control. The main registers are the following: the register of donations to political parties; the register of campaign expenditure by political parties, the register of donations to third parties; the register of controlled expenditure by third parties; the register of donations to permitted participants; the register of referendum expenses by permitted participants; and the register of donations to regulated donors.

b) **The Electoral Commission** is an independent body responsible directly to Parliament. It oversees the PPERA and collect financial information. Its main duties regarding party finance includes maintaining and monitoring a series of registers (the register of political parties, the register of donations of political parties, the register of

\(^{23}\) In May 2006, the Electoral Commission published a Code of conduct on reporting loans for political parties and accounting units. Although the reporting of loans is not required under the PPERA 2000, the Commission is urging parties to report details of all loans, on the same basis of donations. As it is a voluntary code intended to ensure greater transparency in party funding pending a change in the law on the reporting of loans, we are not considering it in this article.
campaign expenditure, and the register of donations by donors, amongst others); monitoring the people who are regulated by PPERA to make sure they work properly; and publishing reports on election-campaign spending, donations to political parties, and political parties’ annual accounts. In this respect it represents an ex post measure of mainly a police patrol type. Other functions include reviewing electoral law and practice, managing referendums, and advising on political broadcasting.

*The Executive*

*Ministers*

Standards of conduct of Ministers have been addressed by the Committee on Standards in Public Life on three separate occasions: first in 1995, when it made recommendations on the approval of the Ministerial Code and the extension of the Business Appointment Rules to ministers and special advisers; second in 2000, when the Committee reviewed those arrangements; and finally in 2003, considering again issues concerning the role and functions of the Executive’s members in the light of a series of highly publicized cases involving ministers, special advisers and civil servants. The main safeguards concerning ministers are:

a) **The Ministerial Code.** This institutional mechanism mainly constitutes an ex-ante measure of contract design type. It was predeceased by Questions of Procedures for Ministers in 1992, and revised and reissued as the Ministerial Code in 1997 after recommendations by the Committee on Standards in Public Life in its first and sixth reports.

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24 The Electoral Commission is currently reviewing the Political Parties, Elections and Referendums Act 2000 and is expected published the report in December 2006. This review considers whether the Electoral Commission has the right powers to regulate political parties and candidate finances, and whether the penalties and criminal sanctions available are appropriate.
Since then it has been reviewed twice. The latest version of the Code was issued in July 2005 and for the first time it is split into two parts: a ministerial code of ethics – which sets out the standards of ministerial behavior concerning appointments; private interests, introducing an element of ex post control of police patrol type as ministers are advised to report all their interest, though not in public registers, and the relationship between ministers and civil servants – and a procedural guidance for ministers – which covers topics such as Cabinet and ministerial business, and legal proceedings involving ministers. Furthermore, there are similar separate codes for the devolved administrations in Scotland and Wales.

b) **The Adviser on Ministerial Interests** was appointed for the first time in March 2006 by the prime Minister, after the controversy surrounding the Culture Secretary, and the business dealings of her husband. Although the Prime Minister is the ultimate judge of the standards of behavior expected of a Minister and the appropriate consequences of a breach of those standards, the Adviser on Ministerial Interests plays an important role by giving advice to Ministers on potential conflict of interest arising under the Ministerial Code, and by investigating the facts in any allegations concerning a breach of it. Thus, it represents an ex post safeguard, specifically, a police patrol one. Before it was created, and following the Ministerial Code, the advising role concerning conflict of interests of Ministers was carried

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25 The Ministerial Code states that: “On appointment to each new office, Ministers are advised to provide their Permanent Secretary with a full list in writing of all interests which might be thought to give rise to a conflict. (…). The list should cover all kinds of interest including financial instruments and partnerships, financial interest such as unincorporated businesses and real state, as well as relevant non-financial private interest such as links with outside organizations, and previous relevant employment” (par. 5.3). Moreover, Ministers “(…) should declare (…) [their] interest to Ministerial colleagues if they have to discuss public business which in any way affects it (…)” (par. 5.5).

26 The Committee on Standards in Public Life have for a long time argued for the need of an independent institution dealing with these issues. In its Ninth Report the Committee suggested that Permanent Secretaries and the Cabinet Secretary should have no responsibility for giving such advice to Ministers, and recommended the appointment of an independent Adviser on Ministerial Interests to advise incoming ministers and record ministerial interests. Although the Government (2003) accepted the principle of an independent adviser in, no appointment was made until the scandal happened.
out by the Permanent Secretaries and the Cabinet Secretary. The introduction of an adviser expected to carry out these functions independently require changes of the Code regarding those issues.

c) **The Commissioner for Public Appointments** was established in 1995 on the recommendation of the Committee on Standards in Public Life. It is an independent institution that constitutes an ex post safeguard of police patrol type, whose main role is to regulate, monitor and report on ministerial appointments to a closed list of public bodies: health bodies, non-departmental public bodies, public corporations, nationalized industries and the appointments of the Utility Regulators. Both Scotland and Northern Ireland each have their separate commissioners.

d) **The Code of practice for ministerial appointments to public bodies.** The Commissioner for Public Appointments set up this ex ante safeguard of contract design type. The aim is to provide departments with a clear and concise guide to the steps they must follow in order to ensure a fair, open and transparent appointments process that produces a quality outcome and can command public confidence.

*Civil servants and special advisers*

Several safeguards apply to civil servants and there are also some that apply to special political advisers, which is a group that have not been covered by rules to the same extent as civil servants, something which has been the issue of much debate since they have increased both in importance and in numbers in government over time.

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27 The Ministerial Code states, “the role of the Permanent Secretary is to ensure that advice is available when it is sought by the Minister, either by providing it personally (...), or to arrange for expert or professional advice from inside or outside Government” (Cabinet Office, 2005: par. 5.2).

28 Together with that Code of Practice, the Public Appointments Unit in the Cabinet Office produced a document entitled “Making Public Appointments – A Best Practice Guide for Departments” in association with the Commissioner for Public Appointments. Departments are encouraged to refer to it in conjunction with the Code of Practice.
a) **Code of conduct for special advisers.** It was first published in 2001 by the Cabinet Office upon recommendations of the Committee on Standards in Public life. After its latest revision, issued in July 2005, the Code includes different issues concerning the conduct of special advisers, as well as what kind of work they can do. It represents an ex ante safeguard of contract design type.

b) **Model of contract for Special advisers.** This institutional mechanism represents an ex ante safeguard of contract design, as it stipulates terms and conditions of employment for special advisers. It was set up in 1997 by the Government with the aim of setting out the duties and responsibilities of special advisers, including the application of the business appointment rules. A revised model was issued in 2001.

c) **The Civil service code.** It represents an ex ante measure, specifically contract design, as it sets out the framework within which all civil servants work, and the core values and standards they are expected to uphold. It forms part of the Civil Service Management Code, which sets out the central framework for management of the Civil Service. It was first introduced in 1996 and a new revised version was issued on 6 June 2006.

d) **The Civil Service Commissioners.** They have a duty to audit recruitment by departments and agencies to ensure compliance with the principle of selection on merit, fair and open competition, and to advice departments on their promotion of the Civil service code. This is an ex post mechanisms of mainly police patrol type, but as investigations of complaints and appeals received from civil servants under the Civil Service Code and the Code of Conduct for Special Advisers can be acted upon, this improves also fire alarm possibilities.
CONCLUSIONS

In this article, we set out to study the approach taken to control political corruption in the UK. We applied a principal-agent framework qualitatively to analyze the institutional mechanisms employed to counteract corruption in terms of ex ante mechanisms, mainly contract design measures, and ex post mechanisms, mainly reporting and monitoring requirements, and also whether monitoring was of “police patrol” type, i.e. direct by appointed bodies, or of “fire alarm” type, i.e. providing channels for reports and independent information from third parties. Our study was particularly focused on Parliament, the executive and political parties, which were selected not only because them being important pillars of democracy but also after having established them as among danger zones for corruption in the UK.

The analysis suggests that the control system has developed a lot in the UK over the last 10-15 years. A plethora of institutional mechanisms have been introduced with wide coverage both in terms of areas covered and their aspects of control. In table 2 we summarize what type of ex ante or ex post measure they mainly are. In general, the system combines ex ante and ex post mechanism, implying a focus not just on ex post mechanisms in terms of reporting and monitoring mechanism but also on ex ante measures of contract design type, by focusing on preventive measures such as codes of conduct, information, induction courses and advice. Ex ante measures of contract design type are well developed, indicating a strive to create a culture not admissible to corruption, instead of only being preoccupied with a focus on punitive measures.
Table 2. Controlling political corruption – The UK approach

<table>
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<tr>
<th>Danger zones</th>
<th>Ex Ante measures</th>
<th>Ex Post Measures</th>
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<tr>
<td></td>
<td></td>
<td>Police Patrol</td>
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<tr>
<td></td>
<td></td>
<td>Both Police Patrol and Fire Alarm</td>
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<tr>
<td>Parliament (Commons)</td>
<td>MPs</td>
<td>• Code of conduct</td>
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<tr>
<td></td>
<td>• Parliament</td>
<td>• Register of Members’ interests</td>
</tr>
<tr>
<td></td>
<td>• (Commons)</td>
<td>• Parliamentary Commissioner</td>
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<tr>
<td></td>
<td>• MPs</td>
<td>• Committee on Standards and Privileges</td>
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<td></td>
<td>• Code of conduct</td>
<td>• Registers of donations and expenditure</td>
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<td>Political Parties</td>
<td>Political</td>
<td>• Electoral Commission</td>
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<td></td>
<td>Parties</td>
<td>• Registers of donations and expenditure</td>
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<tr>
<td>The Executive</td>
<td>Ministers</td>
<td>• Ministerial Code*</td>
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<td></td>
<td>• Ministers</td>
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<td>• Code of Conduct</td>
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<td>Special Advisers</td>
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<td></td>
<td>• Model of Contract</td>
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* Referring to ministers being advised to report all their interest.

Moreover, many of the reporting and monitoring safeguards recently introduced, are not done so only in combination with supervisions from “police patrol” bodies that undertake auditing and policing functions of these reporting requirements. They also provide explicit channels for third parties/citizens to use for complaints and reporting of irregularities, such as complaint procedures against MPs, which improve the possibilities and effectiveness of “fire alarm” actions. The increasing role given to “fire alarm” measures, which to some extent goes hand in hand with a general trend, i.e. the Freedom of Information Act 2002, with an increasing focus on and provision of channels and mechanism for third parties to provide independent information and reporting complaints and irregularities, will make the system more effective. It is inherently difficult to create reporting requirements, ruling out that agents may report in a way that is favorable to themselves or simply provide false information. And police patrol safeguards might not be
very effective as such bodies can only take sample tests, and if a constant supervision is applied this would be both costly and the monitored subjects might feel mistrusted. The advantage of “fire alarm” is that it is not restricted in scope, as it can use information from third parties affected by actions of the agent, by providing mechanisms for them to use, and it also requires less resources than police patrol mechanisms.

Concerning the mix of police patrol and fire alarm measures McCubbins and Schwartz (1984: 172) stated that,

> [a]s most organizations grow and mature, their top policy makers adopt methods of control that are comparatively decentralized and incentive based [fire alarm]. Such methods, we believe, will work more efficiently (relative to accepted policy goals) than direct, centralized surveillance [police patrol measures].

We have shown that in the areas of Parliament, the executive and political parties, the scope of fire alarm measures have increased, but one should note that this is often in combination with measures which predominantly is police patrol based (see Table 2). Moreover, the driving force may not be a coordinated planned search for more effective controls. A recent example concerns the Adviser on Ministerial Interests, which was created as a result of the scandal surrounding a cabinet member, but the Committee on Standards in Public Life had been asking for its creation for long time, without any action on behalf of the Government. Having said that, the institutionalization of bodies such as the Committee on Standards in Public Life has provided pressure to undertake coherent preventive measures before scandals happen, although the pressure for implementation increase as a result of scandals.

Overall this study points to that the system that has evolved seems to strike a rather good balance between ex ante and ex post measures and that a substantial development of
improvement of police patrol measures have complemented the police patrol dominated reporting and monitoring requirements introduced. But to be able to judge how this system overall is balanced between various accountability measures and its effectiveness, studies of other cases are needed.
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