

Bureaucratic Norms, Corruption and Development

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Constitute government how you please, infinitely the greater part of it must depend upon the exercise of the powers which are left at large to the prudence and uprightness of Ministers of States.

Edmund Burke, *Thoughts on the Cause of Present Discontents* (1770)¹

This paper will focus on the theme of the uprightness, not only of ministers of state, but of civil servants up and down the administrative ladder. More specifically, it will deal with the obverse of uprightness which has been euphemistically called, in sociological jargon "debureaucratization,"² or

"private-regarding action,"³ or more bluntly, by the layman, as "graft and corruption." This type of behavior appears common enough — and not only in the Philippines — but analysis of empirical data on it is quite rare. Discussion on the subject has also somewhat been obscured by assertions that bribery and anti-bribery norms are Western ideas grafted into the country along with colonialism, and that the persistence of corruption can be explained by its foreignness to the culture. Here I will argue that Weberian norms, although incompletely internalized, are viewed as legitimate

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¹ Quoted from Hahn Been Lee, "The Role of the Higher Civil Servant Under Rapid Social and Political Change," in Edward Weidner (ed.), *Development Administration in Asia* (Durham, N.C.: Duke University Press, 1970), p. 107.

² S. N. Eisenstadt coined this term and defined it as compliance to demands "made in the organization that are obviously out-

side the specific scope of these organizations" in *Essays on Comparative Institutions* (New York: John Wiley and Sons, 1965), p. 255. R. Bar Yosef and E.O. Schild identified it as one of four types of bureaucratic roles in the face of organization-client demands in "Pressures and Defenses in Bureaucratic Roles," *American Journal of Sociology*, Vol. LXXI (1960), pp. 665-673. Debureaucratization, however, covers more activities than the term "graft and corruption."

³ J. S. Nye, "Corruption and Political Development: A Cost-Benefit Analysis," *American Political Science Review*, Vol. LXI, No. 2 (June 1967), p. 418.

within the bureaucracy as well as by the larger society. Nevertheless, I shall also show that the society does have values and demands that appear to weaken the operation of these norms. Finally, I shall examine empirical data to determine which norms are violated in the pursuit of graft and to point out the implication of these debureaucratized activities on the future development of the country.

Corruption: A Western Concept?

When a visitor calls at a Filipino home, his host stops all normal activities so that he can be treated to a lavish feast and escorted wherever he desires. When he leaves, his luggage is twice its weight for the souvenirs and gifts from his hosts. This is Filipino hospitality — one of the main objects of national pride.⁴

If the visitor happens to be a person sent by the national office, and his host, one of several field employees due for a promotion, the picture abruptly changes. What was hospitality and gift-giving sanctioned — even encouraged—by the society now takes the hue of opportunism and even bribery from the perspective of the organization. It is, however, difficult to prove conclusively that the field employee was only being true to the dictates of his culture, or on the other

hand, that he was only using the occasion to endow with effectivity and ascription what was meant to be neutral achievement-oriented act, or that in fact, he had mixed motivations. Motives, after all, are internal to the individual and are hard to establish except as manifested in unequivocal behavior to which category this example does not belong.⁵

The situation presents the classic conflict between societal and bureaucratic norms that strengthen the argument that graft is an alien concept to many citizens in the Third World since it is only seen as a variant of gift-giving. However, one can accept the ambiguity of situations like this without necessarily agreeing to its implied conclusion. There are two counter-arguments to the proposition that all corruption is regarded as ethical by the society and that the laws against it are merely a western encroachment on the culture. First, it can be shown that even as early as pre-colonial times these people had a concept of graft and corruption and regarded it as an evil that must be eradicated from their societies. Alatas has pointed out, for example, that the ancient Malays recognized the distinction between gift-giving and bri-

⁴ Jose V. Abueva, "Administrative Culture and Behavior and Middle Civil Servants in the Philippines," in Weidner (ed.), *op. cit.*, p. 152 reports that Filipino middle-management bureaucrats rank this characteristic third, only after scenic beauty and democratic ideals. The fourth object of national pride is Christianity and morality.

⁵ To the extent that a national official is treated in the same manner by everyone in the field, the claim that this is only a culture-sanctioned act which would not usually be interpreted as unfair "cottoning" to the guest tends to be acceptable. But for example, if the host hints strongly about his promotion chances, almost everyone will agree that the case described above is his attempt to flaunt bureaucratic norms.

bery and had laws punishing the latter.⁶ And contemporary Filipinos condemn graft and corruption as the foremost object of national shame and clearly will not accept that it is encouraged by their culture.⁷ Admittedly, however, many of them fail to see the connection between their particularistic demands on government and the corruption of their public servants.⁸ Moreover, many bureaucrats

adhere to Weberian norms only in word, because in Abueva's terms, there are

incongruent values and conditions as familism, personalized reciprocity, *hiya* (shame) and *awa* (pity), scarcity of job opportunities in a situation of high unemployment, and widespread economic hardships.⁹

Note, however, the reference not only to societal values, but also to economic factors. I shall return to this point later.

⁶ Syed Hussein Alatas, *The Sociology of Corruption* (Singapore: Donald Moore Press, 1968), p. 57.

⁷ Although the statistics vary, researches which involved different sectors of the Philippine populace confirm the conclusions. For instance 71% of the peasants and 77% of the elites of two local municipalities revealed that they thought the government was corrupt. See Wilfredo Al. Clemente II and Constancia Fernandez, "Philippine Corruption at the Local Level," *Solidarity*, Vol. VII, No. 6 (June 1972), pp. 78-79. Another project (done in 1969) which involved comparatively more respondents (1550 respondents coming from 11 language groups of the Philippines) disclosed that widespread graft and corruption as a national problem was second only to general economic issues like rising taxes, increasing import and high cost of living. See Harvey A. Averch, John E. Koehler and Frank H. Denton, *The Matrix of Policy in the Philippines* (Rand Corporation: Princeton University Press, 1971), p. 38. In the same study, bureaucrats in line agencies and government corporations stated their belief that citizens had a low regard for their government because of "graft and corruption." (Averch, *et. al.*, *op. cit.*), p. 44.

⁸ Mary R. Hollnsteiner, "Philippine Bureaucracy: The Interplay of Two Legitimate Value Systems" (Paper read at the 3rd Session of the Philippine Executive Academy, College of Public Administration, University of the Philippines, held at Baguio City, February 9, 1966)

The second counter-argument calls attention to the fact that there are private-regarding actions that clearly violate societal norms (e.g. honesty¹⁰) as well as bureaucratic structures. In other words, as there is a "twilight zone" where an action may be accepted by the society while violating organizational norms, so is there an area where debureaucratized behavior is negatively evaluated from both societal and bureaucratic angles. This coincidence tends to be formalized in legislation. We might call this area "true corruption." The medium of exchange in "true corruption" is money, and sometimes, violence or threats of it. Activities in the twilight zone are set in the community and are surrounded by familistic and parochial considerations with occasional invocations of bureaucratic values; the latter — instances of "true cor-

⁹ Abueva, *op. cit.*, p. 178.

¹⁰ Rufino Melo, "Professional Ethics — Retrospect and Prospect," *The Accountant's Journal*, Vol. XI (December 1961), pp. 322-326.

ruption"—are definitely staged in the market.¹¹ I am apprehensive of the fact that certain corruptive acts are somewhat legitimized by societal norms which tend to obscure the rather large area of bureaucratic behavior where culture is not a confounding factor. It is this area that I will discuss in the rest of this paper.

Types of Bureaucratic Norms

In this section, I shall introduce five types of norms that are supposed to govern the conduct of any bureaucrat. The first type covers *universalistic* norms. These are norms that call for treating a person *sine ira et studio* and for disregarding personalistic ties when relating to clients. When one deals with an unshod peasant, a pretty girl, a man in an expensive suit and a first cousin in the same way, he will pass the test. On the other hand, many administrators regard parochial considerations as primary, and many citizens, for their part, will seek out a friend before transacting business in an office or finding none, will then go to an intermediary who does know somebody there.

The second is a variant of the first, but with time as a salient factor. It may be called simply *priority* norms. Since everyone is treated equally, an important organizational rule is: "first come, first served." A bureaucrat

would not give a latecomer any preference except in special cases. Thus patients wait for their turn in a clinic, but the queue is disregarded when an emergency case is brought in. This implies that the bureaucrat is not a machine and can make alternative decisions in the light of the problem at hand. However, there are also accepted criteria which would justify deviations without exposing the bureaucrat to charges of corruption or favoritism. These criteria are themselves rooted in universalism, i.e., there are various classes of special cases and all instances in each class activate the same special rule.

The third includes *efficiency* norms. A bureaucrat is supposed to deliver the service in as little time and with as little cost to the public as possible. However, he may delay service through absenteeism or malingering, by losing relevant papers, by improper information to clients as to what are needed, and through other conscious or unwitting forms of ineffectual work.

The fourth type has to do with the use of a person's skill or professional training in serving a client. The customs agent who describes gold jewelry as brass — whether by honest mistake or collusion with the importer — is guilty of violating a *technical* norm. The first three norms are applicable throughout the bureaucracy but the relevant technical norm would depend on the function of the person in question.

If a person is employed as a guard and performs the duties of an asses-

¹¹ Robert O. Tilman even calls it a black market in "Convergence of Black-Market Bureaucracy: Administrative Development and Corruption in the United States," *Public Administration Review*, Vol. XXVIII, No. 5 (September-October 1968), pp. 437-444.

sor — perhaps to reduce the tax of a friend, then he has gone against *jurisdictional* norms. In that case, he is not qualified to evaluate the commodity technically and cannot strictly be bound by professional standards. Employees over-reaching their functional boundaries are not uncommon. The new role is frequently called “fixing” and is most prevalent in agencies which ban all clients from the reception lobby of the office. In this case, an insider can, for a fee, follow up one’s papers and in all the channels they go through, urge fast approval even if he does not know the first thing about the criteria being employed.

Why Graft and Corruption?

The reasons for graft and corruption are many, and some of them have been alluded to above. First is the ambivalent attitudes of society towards its commission. The culture seems not to condemn and some sectors may even praise the occurrence of private-regarding action in what I have called the “twilight zone.” Even where certain behaviors are adjudged patently unethical and illegal,¹² the recipient of their benefits may still escape stigma. Indeed, they may even be envied for their sudden wealth and be invited to the best homes, schools and civic clubs. In part this may be traced to the fatalistic streak in the Filipino, who, for instances may consider a person’s being in office at

¹² O.D. Corpuz, “The Two Faces of Graft and Corruption,” *Sunday Times Magazine* (July 24, 1960), pp. 6-8, 10.

the time when large shipments come as a stroke of good fortune. In effect, he did not “achieve” the state of ill-gotten affluence as much as he deserved it for “being” there and knowing how to make use of a good opportunity. Moreover, societal sanctions are weak, with anti-graft agencies lacking enough enforcement powers and resources to constitute an effective deterrent.¹³ It may also be stated that risks in corruption tend to be relatively small. Bribery, after all is a transaction between two consenting adults, and it has no victim except an unknowing third party, the government.

Second, we must not forget self-interest. Anthony Downs regards this factor as a significant motivator of bureaucrats, as of other agents of the society.¹⁴ In a situation of poverty and hardship such as Abueva points to, it is not surprising that one’s interest be defined in economic terms.

¹³ See Ma. Concepcion P. Alfiler, “The Institutional Development of the Presidential Agency on Reform and Government Operations (PARGO)/Complaints and Investigation Office (CIO).” Typescript, 1973; Remedios Felizmeña, “The President’s Committee on Administrative Performance Efficiency: A Study of Executive Direction and Control of Bureaucracy” (Unpublished Master’s thesis, University of the Philippines, 1961); and Jcse L. Joya, “The Role of the Presidential Anti-Graft Committee in the Implementation of Republic Act Nos. 3019 and 1379 (Unpublished Master’s thesis, University of the Philippines, 1967).

¹⁴ Anthony Downs, *Inside Bureaucracy* (Boston: Little, Brown and Co., 1967).

The third leads us to the issue of power. The essence of power is the ability to make a choice. To the extent that a civil servant can grant or not grant one's request, to that extent does he have power over the client. One definition of corruption stresses a bureaucrat's power:

A public official is corrupt if he accepts money or money's worth for doing something that he is under a duty to do anyway, or to exercise a legitimate discretion for the improper reasons.¹⁵

Yet a bureaucrat's power is a neutral tool. He can use it with a sense of organizational and social responsibility or he can use it to increase his income, status and prestige. Many studies have suggested the reduction of the area of discretion as a means of combatting corruption.¹⁶ However, it can also lead to a stultified bureaucracy where initiative and innovation are practically unknown. That may be more costly than the state of corruption itself.

A fourth reason also involves power, but this time, that of a client. Because it is difficult to deal with a complex, impersonal apparatus that the bureaucracy is supposed to be, a client may resort to corruption to assure himself and others that he is on

top of the situation. Thus he can force the bureaucracy to humanize the treatment that he will receive so that he will not be "just a statistic." This does not mean that the client feels no guilt by his act; otherwise he would no longer veil corruptive exchanges in secrecy. Moreover, the situation is exacerbated by the fact that the internalization of Weberian norms by the civil servant himself may be weak, by virtue of poor training, inferior working conditions or his superior's own disregard of bureaucratic norms (probably manifested in the employee's patronage appointment).

Other factors have been cited as contributory to corruption. The effects of the colonial era, when cheating the government was an act of patriotism¹⁷ and during World War II when all played second fiddle to survival¹⁸ may grow less and less with the passage of time. Some blame the increasing secularization of the society. On the other hand, corruption is sometimes viewed as a concomitant of a particular stage of development which will pass as the society modernizes (and becomes more secularized).¹⁹ I shall not dwell longer on the causes, but proceed to describe the phenomenon of corruption as it is in one government agency in the Philippines.

¹⁵ M. McMullan, "A Theory of Corruption," *The Sociological Review* (Keele) Vol. IX, (July, 1961), p. 181.

¹⁶ This is the main theme of the Santhanam Committee Report which studied corruption in India as reported by Gunnar Myrdal, *The Asian Drama: An Inquiry into the Poverty of Nations* (New York: Twentieth Century Fund, 1968), p. 955.

¹⁷ Ralph Braibanti, "Reflections on Bureaucratic Corruption," *Public Administration Review*, Vol. XL (Winter, 1962), p. 359.

¹⁸ Mariano R. Logarta "Nationalism and Graft," *Philippines Free Press*, Vol. LII, No. 41 (October 17, 1959), p. 66.

¹⁹ Braibanti, *op. cit.*, p. 363.

An Institutionalized System

In 1971, I was a member of a special government panel created to analyze the incidence, practice and causes of graft and corruption in three agencies.²⁰ These were notoriously graft-ridden offices so that incidence can be presumed to be high. Earlier, a former administrator, referring to another agency of the same class concluded that one can hardly find a good, honest man in his organization.²¹ In each of the three agencies studied, we discovered that corruption was so well-entrenched that in some instances, bureaucrats as well as their clients could describe the same process of graft, even down to the "rates" for each service and the way these were distributed throughout the hierarchy. The system was so institutionalized that all it lacked was a manual of operations. After our interviews, we prepared such a

²⁰ The Special Panel was given an innocuous name like "Panel for Systems Improvement in Selected Agencies" and a team of two or three was assigned to each agency with representatives from the College and the agency under study. We had unstructured interviews at all levels of the hierarchy and also sought regular clients of the agency. We first talked of procedures that needed improvement and then allowed the conversation to drift to graft and corruption. Often our subject introduced the role without any suggestion from us. We found everyone quite candid about the amount of graft going on in their Bureau and how everyone — except he — engaged in it.

²¹ Cesar Climaco, "Tricks to Beat at Customs," *Philippine Journal of Public Administration*, Vol. VII, No. 1 (January 1963), p. 36.

"manual." Our version copied the official procedures in say, granting a license, and then compared each prescribed step with what actually occurred. It was interesting that a few activities tended to be accomplished as prescribed, although an outside observer could easily see ways where an official's discretion could have been used for private gain. These are probably in units which, for whatever reason, stuck to the Weberian code and strayed not.

In the next sections of this paper, I shall reproduce an abridged version of one such "manual."²² The name of the agency and its functions are disguised and its procedures altered somewhat to keep its anonymity. But following through the formal system of corruption is instructive in pointing out what norms tend to be violated and what the direct effects of such actions are.

The Bureau of Resource Management: A Case

The Bureau of Resource Management (BRM) is the government agency charged with the following tasks:

- 1) classification and exploration of the public domain according to

²² I hereby acknowledge the assistance of my colleague from BRM in the Special Panel who drafted this "manual." However, he must remain anonymous for obvious reasons. When the "manual" was finished, we showed it to the personnel in the division affected who gave further comments which were incorporated in its final version.

- the type of resources an area contains;
- 2) regulation of the development and exploitation of the resources of the area;
 - 3) regulation of the exportation of the resources.

The natural resource in question is a major source of foreign exchange for the country. While the Philippines has abundant supplies of the resource at present it is fast becoming a scarce commodity in the country because of a marked preference of the Bureau in serving the export more than the domestic market. In addition, certain formerly resource-rich areas now suffer from shortages because the Bureau has allowed unqualified persons to exploit the areas. It has also not been very strict in regulating the rate of depletion of the resource. The resource can be replaced but few concessionaries undertake this task since the Bureau has enforced this policy willy-nilly. The depletion of this resource will not only mean less revenue to the country. Because of its peculiar properties, its abuse may upset the ecological balance and expose the country to fires, floods and other natural calamities. The performance of the Bureau, therefore, has important effects on the income and security of the Philippines. Indeed, it has been asserted frequently that on the BRM rests a significant facet of the patrimony of the nation.

The tables on the succeeding pages cover the performance of the regular processes in the Bureau. Table I fol-

lows up on the issuance of a license for the exploitation, collection and removal of the resource.

As may be noted, the formal procedures provide features designed to thwart the commission of graft. These include: (1) advertisement of the opened area to insure the receipt of as many qualified bids as possible; (2) secrecy of bids; and (3) the constitution of committees for opening and evaluating bids — the last, on the theory that the more difficult it is to exercise influence, the bigger the number involved in the decision. The provision which grants the Director the right to overturn the decision of the Award Committee is, for its part, a check on professional men by a generalist who is expected to serve the public good. Note that only the last two steps allow discretion on the part of the bureaucrats. Calling for bids, their opening and inventory and their transmittal to the evaluation committee are ministerial functions.²³ Yet corruptive deviation occurs in two of these as they do in the exercise of discretionary functions. Priority, universalistic, efficiency and technical norms are violated in the process.

²³ A function is defined as "ministerial when the law exacting its discharge, prescribes and defines the time, mode and occasion for its performance with such certainty that nothing remains for judgment or discretion. Official action, the result of performing a certain and specific duty arising from fixed and designated facts is a ministerial act." Juan F. Rivera, *Law of Public Administration* (Caloocan: Kiko Printing Press, 1956), p. 1015.

TABLE I: PROCEDURE FOR GRANT OF LICENSE TO
EXPLOIT AND EXTRACT RESOURCE

Prescribed Step	Type of Function	Corruptive Deviation from Procedure	Norms Violated	Remarks
1. After an area has been determined as available for exploitation, it is advertised for bidding or negotiation.	Ministerial	a. Area is not advertised until a favored applicant is informed of the bidding and is in a position to bid or negotiate.	Universalistic	
		b. If negotiation is preferred, receipt of applications may be antedated to limit negotiations to a favored applicant.	Priority	
2. The bids are opened and inventoried by a committee of three to determine their completeness.	Ministerial	No deviation from procedure		Possible deviation: bids may be "lost," papers certified as incomplete, and dates of receipt tampered with. However, <i>ad hoc</i> nature of committee may preclude these.
3. The bids as inventoried are submitted to the Chief, Management Division for preparation of transmittal to Award Committee.	Ministerial	The transmittal of the bids to the Award Committee may be delayed.	Efficiency	

TABLE I (Con't)

Prescribed Step	Type of Function	Corruptive Deviation from Procedure	Norms Violated	Remarks
4. The Committee on Award composed of three members from different technical divisions evaluates bids and makes its recommendations. An order granting the Award is also prepared by the Committee.	Discretionary	The recommendation may be delayed or withheld until the applicant who has lost in the bidding is able to win the award through political interference, mediation of powerful interest group or cash payments.	Technical	
5. The evaluation/recommendations are forwarded to the Bureau Director for approval and granting of license. Under present rules, the Director may reject any or all applications in the public interest if in his opinion they do not meet the necessary recommendations.	Discretionary	Director may grant license to another applicant, claiming "public interest," backed by cash payments.	Technical	

Table II shows the steps involved in exportation of the resource. As in the first procedure, several controls are built in to protect the government. The resources are inspected at least three times. However, it is a wonder why Step 4 — when the licensee grades his own shipment and makes sure it is correct — is not ahead of Step 1, where this is done by the Bureau personnel. The two-week interval between application and departure of the ship is also expected to allow the Bureau to do a thorough professional job of inspecting the exportation. However, all these go to naught since collusion takes place at all stages, including Steps 3, 5 and 6 where only ministerial functions are supposed to be performed. The norms most frequently violated here are the technical, indicating that scalers/inspectors/graders either are improperly trained or willfully ignore such training in the pursuit of the fast buck. "Sitting on papers," a violation of efficiency norms, also appears as a favorite practice. Priority and universalistic norms — where only the favored employees get the prize concessionaire — are both violated at least once.

Note, however, that jurisdictional norms seem to have been regularly followed in the Bureau. This may be traced in part to the fact that bureaucrats tend to be jealous of the scope of their authority and would generally not allow persons from other units to interfere with their performance. Another reason is the existence of a corruption system itself where everyone

will get his "proper" share anyway, it would not pay to meddle in other units' affairs.

The Effects of Corruption

Let us now trace the direct effects of the deviations from established procedures. The increased cost of the license to the concessionaire or exporter is almost a constant. Such added cost is apt to be added to the price of the product which may exacerbate inflation and economic hardship (since the product is used by all social classes). However, Steps 5, 6, and 7 in Table II, where the exporter may actually save large demurrage costs by resorting to bribery may be instances where the increased price becomes negligible to the private firm and may not be passed on to the customer.

Loss of government revenue occurs when smuggling or technical smuggling is in effect allowed as in Exportation Steps 1, 2 and 7. If the exporter takes more than the allowable quota from his concession (possible in Table II, Steps 1 and 3), the country stands to lose not only present revenue but the basic source of the income as well. This may be called the "patrimony" argument against corruption.

Other losses may be incurred by government as the Bureau shields inefficient or low capacity concessionaires (Table II, Step 3), or as less qualified applicants "win" the bidding by reason of personal rather than technical qualifications (Table I,

TABLE II: PROCEDURE FOR EXPORTATION OF RESOURCE

Prescribed Step	Type of Function	Corruptive Deviation from Procedure	Norms Violated	Remarks
1. Resources for export are scaled, marked and invoiced at the area of the concession.	Discretionary	The scaler may weigh the resource improperly, make a wrong statement on the class of the resource, and/or a wrong assessment of chargeable fees.	Technical	By improper scaling, licensee can export more than the allowable quota (technical smuggling). Wrong statements on class of resource and fees due reduce revenue of the government.
2. Shipment is inspected at check-points as resources are transferred to the port.	Discretionary	The Bureau officers at the check-points may allow shipments to pass without inspection.	Technical	This abets errors above.
3. Certificate of origin of the exportable resources is issued by the Regional Head.	Ministerial	The origin of the resources may be misdeclared.	Technical	Some licensees may continue to exploit area beyond his allowable quota or where this resource is about to be depleted (a ground for license cancellation). He may also pay to have it declared as coming from another of his concession areas which he does not have the capacity to develop.
4. Resources at the port are trimmed, company-marked and inventoried preparatory to application for inspection for export.		None: Not an action of the Bureau		This is done by licensee's personnel and has to be correct to maintain the goodwill of the company abroad.

TABLE II (Con't)

Prescribed Step	Type of Function	Corruptive Deviation from Procedure	Norms Violated	Remarks
5. Application for inspection of resource filed at least 14 days before shipping is approved at the Manila central office.	Ministerial	a. Approval of application may be delayed until licensee comes across, OR	Efficiency	Exporter pays for efficiency since it is less costly than demurrage costs which sometimes amount to thousands of dollars a day. Because of its urgency, the application is attended to ahead of others who follow regular procedure. Short notice may not allow enough time for a thorough inspection.
		b. Exporter may file only when the ship is in port and pay to have it passed immediately.	Priority	
6. An inspector is assigned to supervise loading of resources at the port in the Region or at Manila.	Ministerial	The Regional Head may assign a favored inspector.	Universalistic	Since many exporters file their application for inspection of export only when the ship is in port, any delay will increase demurrage cost.
		Assignment of an inspector may be delayed.	Efficiency	
7. Actual inspection of the resources to be exported is done at the point of loading.	Discretionary	a. Inspector may delay coming to the port.	Efficiency	See remarks above.
		b. Inspector may misdeclare value of exportation.	Technical	Either <i>b</i> or <i>c</i> is bound to allow over-shipment and technical smuggling which represent loss of revenue to the government.
		c. Inspector may simply sign inspection report prepared by the company's grader.	Technical	

Steps 1 and 2). One may also include the cost in terms of time and personnel when the Bureau Director ignores the study of his technical panel to accommodate a favored applicant (Table I, Step 5). The resulting low quality of the bureaucracy as it tends to ignore technical standards and other norms also constitutes negative effects.

Increased economic hardship, the destruction of the patrimony of the nation and government losses are hardly contributory to development. Must we then conclude that corruption is strictly anti-developmental?

Positing a positive relationship between corruption and development is almost fashionable at this time and deserves some examination. However a number of such hypotheses specify conditions that would be inapplicable to the Philippines and other countries of the Third World as well. One proposition of this genre is premised on the assumption that government is either non-or anti-developmental and that corruption practically represents the only way for innovators and entrepreneurs to break through the barriers to growth imposed by public policies.²⁴

²⁴ See James C. Scott, "The Analysis of Corruption in Developing Nations," *Comparative Studies in Society and History*, Vol. XI (June 1969), pp. 315-340; J.S. Nye, *op. cit.*; and Nathaniel Leff, "Economic Development Through Bureaucratic Corruption," *The American Behavioral Scientist*, Vol. VIII, No. 3 (November 1964), pp. 8-14.

To test this, one must first make a judgment on the commitment of that country to development. This commitment may also vary from one agency to another.

Second, one must also evaluate the types of private firms that tend to engage in corruption. It still remains to be demonstrated that those who can afford bribery tend to be better producers or entrepreneurs than those who cannot.²⁵ It is possible that those able to pay may be more efficient, or, on the other hand, they may simply be development-retarding monopolies. High-paying capacity may also represent wealth and influence rather than qualifications. To allow a country to grant a concession to an affluent but less qualified applicant may be to require it to support an inefficient producer and thus pay a higher cost for development. The possibilities point to both ends of the development continuum. We need empirical data — perhaps by comparing winners vs. losers in corruption situations — to make a conclusive statement.²⁶

It has also been suggested that corruption aids development as it reduces uncertainty in decision-making

²⁵ James C. Scott and J.S. Nye, *op. cit.*

²⁶ A research like this need not put us in hot water since we do not have to label any situation as corruptive a priori. Where the incidence of corruption is supposed to be high — as in the BRM — one can simply take a sample of bids, and study the efficiency records of the firms involved. We can then interview all the applicants and get the story.

and increases the investments of the private companies.²⁷ It has certainly saved demurrage costs to the BRM exporter and similar examples that corruption decreases risks may be easily discovered. However, there is a problem related to the above, i.e., Is the group to which corruption assures government approval more development-oriented than another group which does not pay? Remember we may here be dealing with a situation where most bureaucrats will accept, but we still do not know how many clients actually will pay. This is another open field for research.

The corrupt bureaucrat himself may be studied as a possible development agent. Park points out that economic growth may be promoted by graft through the transfer of wealth from individuals with a lower, to officials with a higher propensity to invest, and retarded if income is transferred to officials who have a lower investment propensity.²⁸ In the Philippines the latter type of bureaucrats seems to predominate. First, low government wages are almost entirely spent on consumption. Moreover, even higher paid officials tend to use ill-gotten wealth in conspicuous consumption — flashy cars, mansions,

etc. and investment tends to be of the less productive type, such as in jewelry and real estate.²⁹

Graft also has certain possible positive consequences and they relate to the alternative uses to which the funds generated by debureaucratized activities could have been put. Let us first analyze how government would have utilized the lost revenues. If it were channeled to the construction of needed infrastructure, to education and social services, to activities that tend to spur economic growth, the negative effects of corruption would be magnified. But if it would have been utilized to wage war, or persecute minorities or widen the gap between the rich and the poor, then perhaps it is best that the funds were waylaid. However, an analysis of the government's ideologies, performance and leadership is required before any sweeping conclusions can be made.

The data I have presented are limited but they have tended to show that the deviation from bureaucratic norms which have been institutionalized in corruption does not appear to bode well for any country's development efforts. However, more systematic research needs to be done before one can truly establish the relationship between development and corruption.

²⁷ James C. Scott, "Political Functions of Corruption", *Asian Studies*, Vol. V (December 1967), p. 521.

²⁸ Rolla Edward Park, *Effects of Graft on Economic Developments: An Examination of Proposition from the Literature* (California: Rand Corporation, 1969).

²⁹ Caridad Semaña, "Philippine Politics and Economic Development," *Philippine Journal of Public Administration*, Vol. XI, No. 1 (January 1967), pp. 3-37.