

API Research Notes

Issue No. 5, March 2016

Is Democracy making it Harder for Emerging Powers to Fight Crony Capitalism?

Prof. Peter Kagwanja

Historically, Kenya has suffered the surge of corruption. However, Kenya has never received publicity on corruption from its topmost leaders in the past as it has with President Uhuru's government. This act of corruption has now dawned in the corridors of power that the die is cast: its either action or doom and President Uhuru's destiny and legacy are tied to either effectively fight corruption or risk seething anger from the public that might end up morphing into a hard-to-stop anti-corruption protest movement.

Corruption is an existential threat to President Uhuru Kenyatta's three-year-old Jubilee Government and to his re-election in August next year.

Alluding to corruption, in a visit to the Netherlands in December, Chief Justice Willy Mutunga described Kenya as a "bandit economy." And on February 25, 2016, while in a tour of Israel, President Kenyatta described Kenyans as "experienced in stealing and perpetuating other crimes."

Our Kenya has never received worst publicity from its topmost leaders in history. Barely a day after the President's statement, the audit firm, Price Waterhouse Coopers (PwC), released a survey on the prevalence of economic crimes released in Nairobi, which ranked the country as the third most corrupt country in the world only faring better than South Africa and France.

This begs the question: who should adjudicate corruption in our courts, civil bureaucracy, business and society at large? It has dawned in the corridors of power that the die is cast: it is either action or doom. The seething anger and consensus in the public sphere that the Government is not doing enough to curb corruption risks morphing into a hard-to-stop anti-corruption protest movement.

Kenyatta has to bolster his faltering fight against graft. In doing so, he has both ideological and practical reasons to "Look East".

His journey to the East must begin in Singapore, the land of the anti-corruption visionary of all times, the founding Prime Minister, Lee Kuan Yew (1923 - 2015). One of Premier Lee's most enduring achievements was to fight sleaze at all levels of society and to weave incorruptibility into the fabric of Singapore culture.

Kenyatta himself is a disciple of Premier Lee. Singapore's "journey from underdeveloped colonial outpost to Asian tiger economy is an epic of nation building that will thrill and inspire thinking Kenyans and other citizens of the developing world for generations to come," Kenyatta mourned Lee in an opinion article he penned and published on March 31, 2015. "Premier Lee's life and...work are role models and great inspirations for me," he declared.

But Kenyatta's pilgrimage in search of a working anti-corruption model must take him to China. President Xi Jinping and his predecessor, Hu Jintao, declared that corruption is a threat to the survival of the ruling Chinese Communist Party (CPP). This will most likely ring a bell to Kenyatta in view of 2017.

Upon taking office in November 2012, Xi vowed to crackdown on both "Tigers and flies", the high-level officials and low-level civil servants, involved in graft.

However, Kenyatta will soon discover he lacks the sharpest arrow in Xi's anti-corruption quiver. This is the Central Commission for Discipline Inspection (CCDI) under its no-nonsense Secretary, Wang Qishan, working with corresponding military and judicial bodies spearheading Xi's war on graft.

Kenyatta will also discover that as far as the fight against corruption goes, there are no holy cows in Xi's China.

Indeed, Xi's is his courage to break the unspoken rule regarding the "criminal immunity" of the members of the ruling Political Standing Committee (PSC). Zhou Yongkang became the first PSC member to be investigated for corruption in China's history followed by the fall of the "Four Big Tigers," including General Xu Caihoun.

As of last year, Xi's anti-graft campaign netted over 100 "Tigers." China's 'Wanjiku' has also not escaped the anti-corruption dragnet. More than 100,000 people have been jailed for corruption, mostly ordinary politicians and junior officials.

Not surprisingly, as in the case of Singapore's Lee Kuan Yew, anti-corruption has become an emblematic feature of Xi Jinping's political brand—and certainly his legacy.

However, Kenyatta must also be prepared to face the negative economic consequences of anti-corruption. Critics see Xi's anti-corruption campaign as hurting the country's growth, claiming that it has knocked between 1 percent and 1.5 percent off the country's gross national product (GDP) annually in the last two years. But if this is the price Kenya has to pay to end the scourge of graft, then so be it.

On his way home, Kenyatta must have a stopover in Prime Minister Narendra Modi's India, widely considered the home of Asia's most successful anti-graft campaign. But the lessons of India's recent anti-corruption movement are more sobering and politically sanguine.

From India, we learn that corruption has grown in tandem with the monumental economic growth in emerging powers in Asia, Africa and Latin America.

But India's bottom-up fight against crony capitalism and graft has irreversibly rocked the foundations of established power.

A people-led anti-corruption struggle from below, styled along Mahatma Ghandi's *Satyagraha* movement that dislodged British colonialism in the 1940s, dethroned former Prime Minister, Manmohan Singn and swept Prime Minister Narendra Modi to power in May 2014.

But crony capitalism and corruption are hard to slay. Moreover, like Kenyatta, Modi lacks the same sharp tools as China to fight against crony capitalism and sleaze. Like Kenya, India is a democracy where it is harder to build a prosecution, and conviction rates are extremely low. Vested interests, cartels and corrupt politicians derail tough measures to rein in graft.

Because of this, the Asian giant ranks 85 out of 175 countries in the Transparency International's *Corruption Perception Index*. Crony capitalism is at the heart of a string of corruption scandals that have rocked the country since last year.

As he returns home, Kenyatta will realize that political considerations are worth pondering on. In China, Xi is adeptly using the anti-graft crackdown to neutralize his opponents. In India, Modi is worried about the electoral threat posed by the Aam Aadmi (Common Man) Party of the anti-corruption crusader, Arvid Kejriwal. Recently, the party won 67 out of 70 seats in the State Assembly of Delhi where Modi's Bhatatiya Janata Party won only three seats.

For Kenyatta, his destiny and legacy are tied to effectively fighting corruption.

Professor Peter Kagwanja is the Chief Executive of the Africa Policy Institute.