



POLITICS OF LOOTING

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Abstract

More than half of the countries on the globe are dictatorships. What drives the dictator and his or her entourage is the quest for money. The standard wisdom says power, but it only applies to rule of law countries, i.e. the democracies. The politics of looting is more pervasive than the theory of power entails. This article examines the mechanisms of a dictatorship. The article concludes that the remuneration of politicians may get out of hand. This is very much the case when looting occurs. It is feasible in any dictatorship - actually its main reason.

Keywords: Dictatorship, looting, principal-agent

INTRODUCTION

In most modern democracies except Switzerland there is no system of constant referendums. Economists would explain the omnipotence of representative democracy with transaction costs whereas politologues would refer to political instability in preference aggregation. Democratic governance is connected with regular elections and the daily workings of a bureaucratic system. Yet, the core of modern democracy is the rule of law.

RULE OF LAW

There is no neat and tidy definition of the expression "rule of law". The Oxford English Dictionary offers the following entry:

"[t]he authority and influence of law in society, especially when viewed as a constraint on individual and institutional behavior; (hence) the principle whereby all members of a society (including those in government) are considered equally subject to publicly disclosed legal codes and processes."



Now, this sounds rather complicated as well as somewhat legalistic: how to measure it in order to compare states? One may deconstruct this concept with other concepts or criteria like:

- 1) Strong legal formalism promoting equality under the laws;
- 2) Individual rights covering contract, free labour and property;
- 3) Checks and balances, i.e. institutionalized mixed government with countervailing competences between executive, legislature and judiciary.

A political regime characterized by limited government and countervailing competences may satisfy different institutional models of democracy.

THE GLOBAL PICTURE

Spreading democracy around the globe is tantamount to inserting rule of law. The world justice project (WJP) measures today the existence of rule of law. The WJP unpacks a rule of law regime as follows:

- a) Constraints on Government Powers
- b) Absence of Corruption
- c) Open Government
- d) Fundamental Rights
- e) Order and Security
- f) Regulatory Enforcement
- g) Civil Justice
- h) Criminal Justice.

The WJP underlines accountability, judicial independence, legal formalism and balance of power between executive and legislature. It is worth pointing out that democracy is not mentioned. Rule of law was conceptualized before the advent of democracy after the Great War. Rule of law as legality, rights and countervailing rule may be combined with democracy as popular rule, but it has not always been so.

Table 1 presents the results of the most recent survey of the RL Index for 128 countries around the world, presenting the mean value by region.

Table 1. Average RL index by world region by 2020.

Region	Min	Average	Max	Number of countries
East Asia & Pacific	0.33	0.60	0.83	15
Eastern Europe & Central Asia	0.43	0.51	0.60	14
EU + EFTA + North America	0.53	0.74	0.90	24

Latin America & Caribbean	0.27	0.53	0.71	30
Middle East & North Africa	0.36	0.50	0.65	8
South Asia	0.36	0.45	0.53	6
Sub-Saharan Africa	0.34	0.47	0.63	31

Source: (WJP 2020, p.16)

Not merely Western countries score above 0.6 on this scale. Rule of law countries include: Japan, South Korea, Singapore, Chile, Costa Rica, Uruguay, United Arab Emirates, Mauritius and Namibia as well as Rwanda.

DICTATORSHIP

Dictatorships are more numerous than democracies. Why? Because it is feasible to subjugate a whole people by means of naked power. It all depends upon the solution to the political agency question. But who will guard the guardians? The response to Roman Juvenal's question is: rule of law and citizen or people responsiveness. When Madison wrote the American constitution, he targeted rule of law but missed out on people participation – an omission never fully undone. For Trump, rule of law was very much negotiable.

CUI BONO?

Modern dictatorships have a conspicuous economic face. It is driven by the search for material advantages like luxury lifestyle and the accumulation of wealth and properties. Nowhere is this motivation more apparent than in the former USSR (Belton, 2020) and the Gulf monarchies. Let me call this human drive "*looting*". It is closely connected with the orientation of dictators and their entourage towards the family and kin.

WEBER ON POLITICAL MOTIVATION

Max Weber writes in his famous article "Politics as a vocation" that politics is all about power. No, I would say. In dictatorships economic benefits is the end and policy the means, whereas in political life economic policies are the means and power the end.

The Weber focus is power, as ends and means. Nowhere does he talk about economic motives. Instead he opposes the ethics of *righteousness* with that of *realism*.

In a democracy politicians and bureaucrats are openly paid a fixed salary in combination with strict rules about the public and private. In looting dictatorships things are entirely different. Even in ad hoc dictatorship established by coup d'etat the political elite engages in

embezzlement. In stable dictatorship the private control of the dictator and his entourage or kin may include banks and firms, resources and finance as well as foreign trade and finance.

THE BASIS OF LOOTING: Agent Dominance

- Government is basically the management of the public sector. The principal is the nation or the people/citizens. They hire managers to handle state affairs by sending signals like voting, laws, constitution and opinion polls. In a dictatorship these restraints are few and not taken seriously. Instead the dictator employs them with myths about the will and needs of the state or the ordinary man and woman. In the end the agents become the principal. State looting appears to yield more money than private sector looting in some Latin American countries.

CONCLUSION

The remuneration of politicians may get out of hand. This is very much the case when looting occurs. It is feasible in any dictatorship - actually its main reason. Weber stated that a regime based upon *naked* power was instable. And Lenin argued that the revolution need an agency - the *party vanguard* (Nimtz, 2014). Both were wrong. The agents can sit for a long time embezzling the principal. Only rule of law and competitive politics can stop looting.

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