

OPINION

The Global Appeal of Fighting Corruption

By **Eswar Prasad**

On Nov. 8, Prime Minister Narendra Modi wiped out all of India's high-denomination currency notes, a move that caused disruption throughout society. But Mr. Modi said, and most Indians believe, those notes facilitated large-scale corruption. As a result, the prime minister remains popular despite criticism

Having hurt the corrupt in every political party, Mr. Modi will have more credibility in pushing forward economic reforms.

from some economists and businessmen.

This bombshell landed in India on the same day as another one halfway around the world. I recall driving through Virginia on election day in the U.S. when one campaign sign caught my eye. It read simply "Virginians don't vote yes to corruption." That and the U.S. flag—nothing more. It carried a clear message, one that apparently resonated with the U.S. electorate.

Some may wonder, how could so

many decent people hold their noses and vote for Donald Trump? And how could so many poor and middle-class people in India accept economic losses and yet sing Mr. Modi's praises?

One unifying thread has come into sharp focus. We are hearing on different continents the same cry of frustration with endemic corruption. Mr. Trump and Mr. Modi heard that cry and responded, and large swaths of the public embraced them.

Even President Xi Jinping of China, less constrained by the need to respond to an electorate, has drawn enormous popular support with his anti-corruption campaign. The paths taken by these three political leaders, with Mr. Trump so far having only words not actions to his credit, are different, but they hold lessons for politicians world-wide.

In the U.S., how could a man who brags about paying no income taxes and using the rules to enrich himself possibly sell himself as a credible corruption fighter? Simple. The public's perception is that the economic and political elites don't have to do anything illegal to enrich themselves; they just modify the rules to their advantage.

Even with no overt corruption, those elites walk away with most of the benefits from globalization, technological change and other disrupt-



Prime Minister Narendra Modi addressing a crowd in Kanpur on Dec. 19.

tive forces. Mr. Trump's message is that the U.S. can't rely on the elites to reform a system they thrive on; instead the only fix is to blow up the system.

In India, ordinary citizens seem to finally have hope that the government is willing to tackle corruption frontally by wiping out some of the ill-gotten wealth of corrupt elites. They are willing to overlook the enormous difficulties the currency demonetization has caused in their day-to-day lives because Mr. Modi has taken action to cut out a cancer

that bedevils their existence. It is rare, after all, that the pain and disruption associated with any reform hurts the rich more than the poor.

In China, Mr. Xi's slogan of taking on corrupt "tigers and flies" won favor. Mr. Xi's approach has an added political edge, since he has mostly taken out "tigers" not closely allied with him. Still, the notion that even powerful officials are not immune has restrained the avarice of lower-level bureaucrats, the "flies," and emboldened common people to call out petty corruption.

Mr. Modi, by contrast, has taken a hammer to the wealth of the corrupt in every political party, including his own. Once the dust settles, he will have more credibility in pushing forward economic reforms. He can now make a more convincing case of having the common man's interests in mind, rather than just those of the powerful.

Similarly, the success of Mr. Trump's rhetorical approach to taking on the establishments of both parties—draining the Washington swamp—resonated even with some Democratic voters.

These leaders, and many others around the world, have ridden a wave of popular anger against corruption. But now they must deliver. They need to change incentive systems that foster government corruption, reduce the influence of money in the political process, and work to spread the benefits of globalization and technological change more evenly.

None of this will be easy. But having woken up a sleeping tiger, leaders who gain legitimacy by taking on corruption must go all the way or the tiger may turn on them.

Mr. Prasad is a professor at Cornell University, a senior fellow at the Brookings Institution, and author of "Gaining Currency: The Rise of the Renminbi" (Oxford, 2016).

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