Uses and Abuses of Transparency

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A Conceptualisation of Transparency

The trade-off concerning transparency is often conceptualised as between the 'value of sunlight' (eg flushing out incompetence and corruption) and the 'danger of over-exposure' (eg avoiding excessive politicisation or dysfunctional surveillance). While this formulation provides a valuable starting point, it is incomplete because it does not distinguish <u>directions</u> or <u>varieties</u> of transparency. In particular, it formulates the design problem in terms of '<u>too much or too little transparency</u>', rather than in terms of '<u>desirable and undesirable mixes of transparency</u>'. The latter distinction requires evaluative criteria.
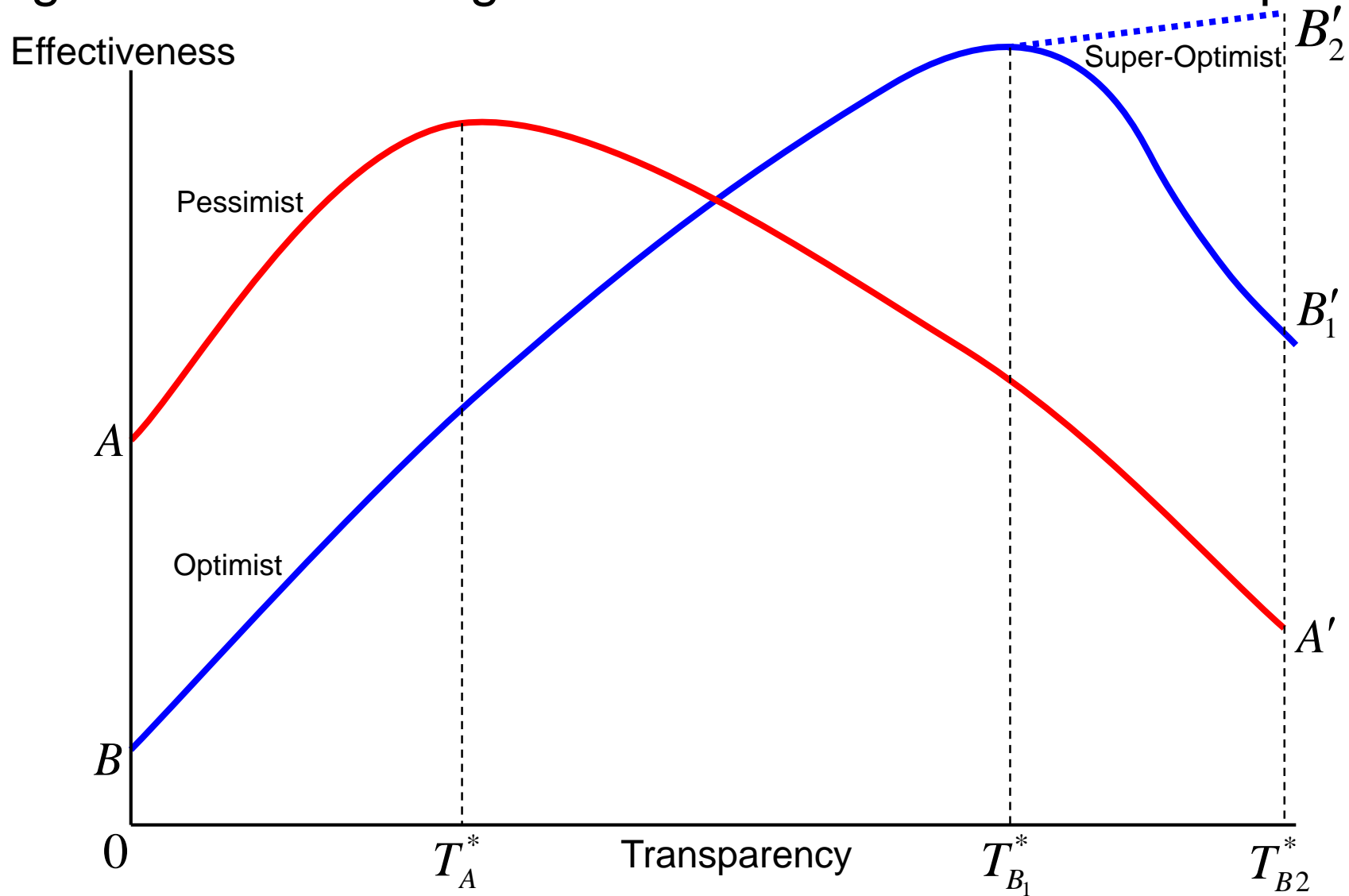
Drivers of the contemporary profile of Transparency

1. Buzz word – Transparency currently has great rhetorical power and some appeals to it should be viewed as clothing enduring interests and ideas in fashionable garb. Astonishing variety of contexts in which Transparency is either claimed as an attribute or demanded from others

2. Solution/panacea for governance problems – Seen most obviously in aftermath of late 1990s' Asian financial crises (IMF surveillance), post-Enron Sarbanes Oxley legislation, G8 aid for Africa. Transparency linked to disclosure and auditability. Usage has extended from specialised contexts into general discourse

3. Links at micro-level to growth of regulatory (as opposed to production) state and New Public Management (NB ambiguity about whether this strengthens or weakens the state)

4. Claimed to address deficits in trust, credibility and legitimacy (NB counter examples can be cited,in relation to professional expertise)

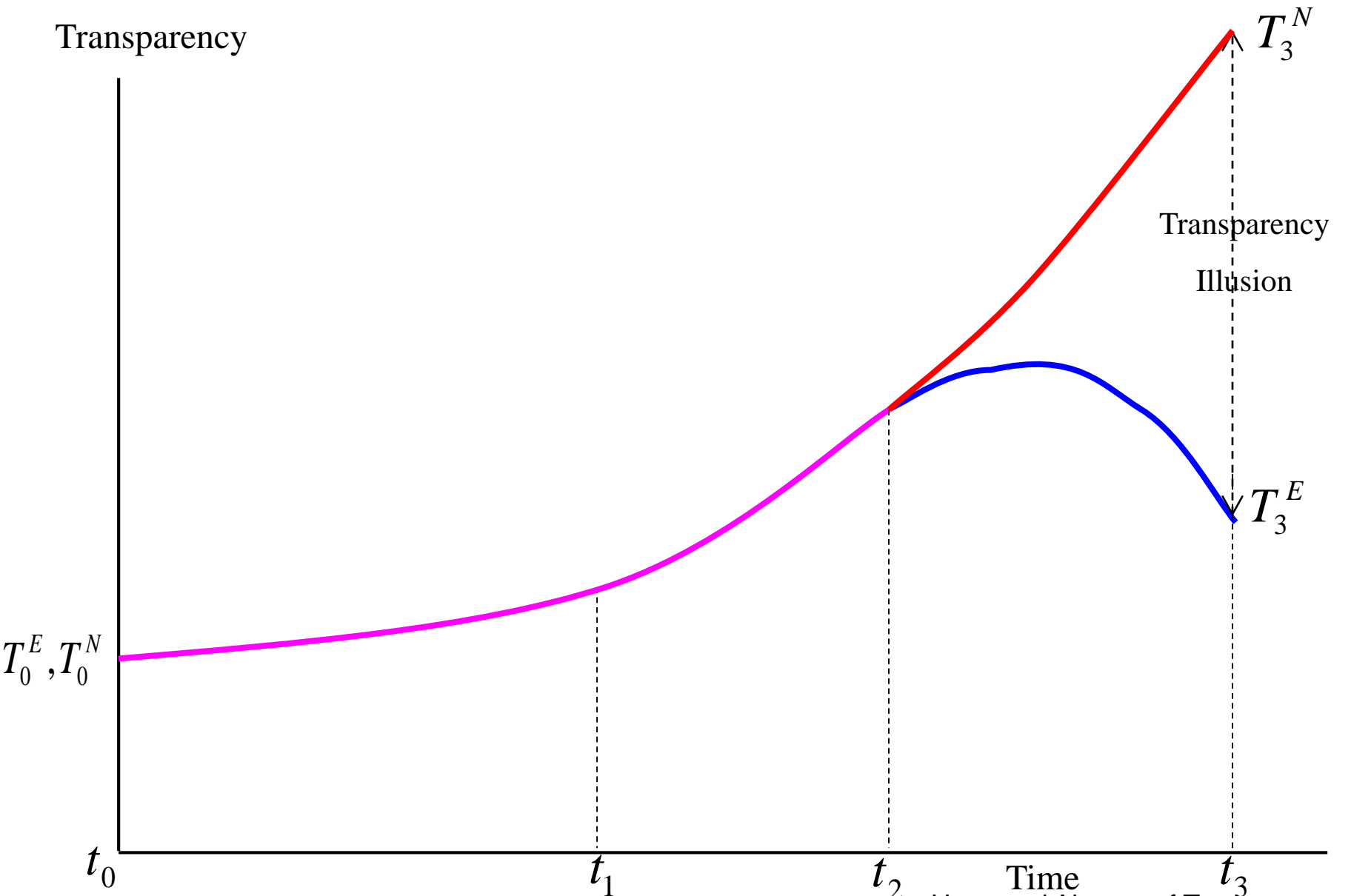# Transparency, Openness and Surveillance

- What is the relationship between transparency/openness and surveillance?

- Surveillance is that someone/something is doing the watching, and this accounts for why the term, as well as being used technically and neutrally, carries menace. Transparency can be 'weaponised'

- Positive use: the IMF about fiscal transparency

- Negative use: (arbitrary) exercise of state power

- Does 'being watched' improve or damage performance? Or being measured?

- Does transparency enhance or undermine trust?

Figure 1: Contrasting Views on the Benefits of Transparency

Note: Figure 1 assumes that transparency is mono-dimensional or, if it is multidimensional, it can be measured by a well-behaved index
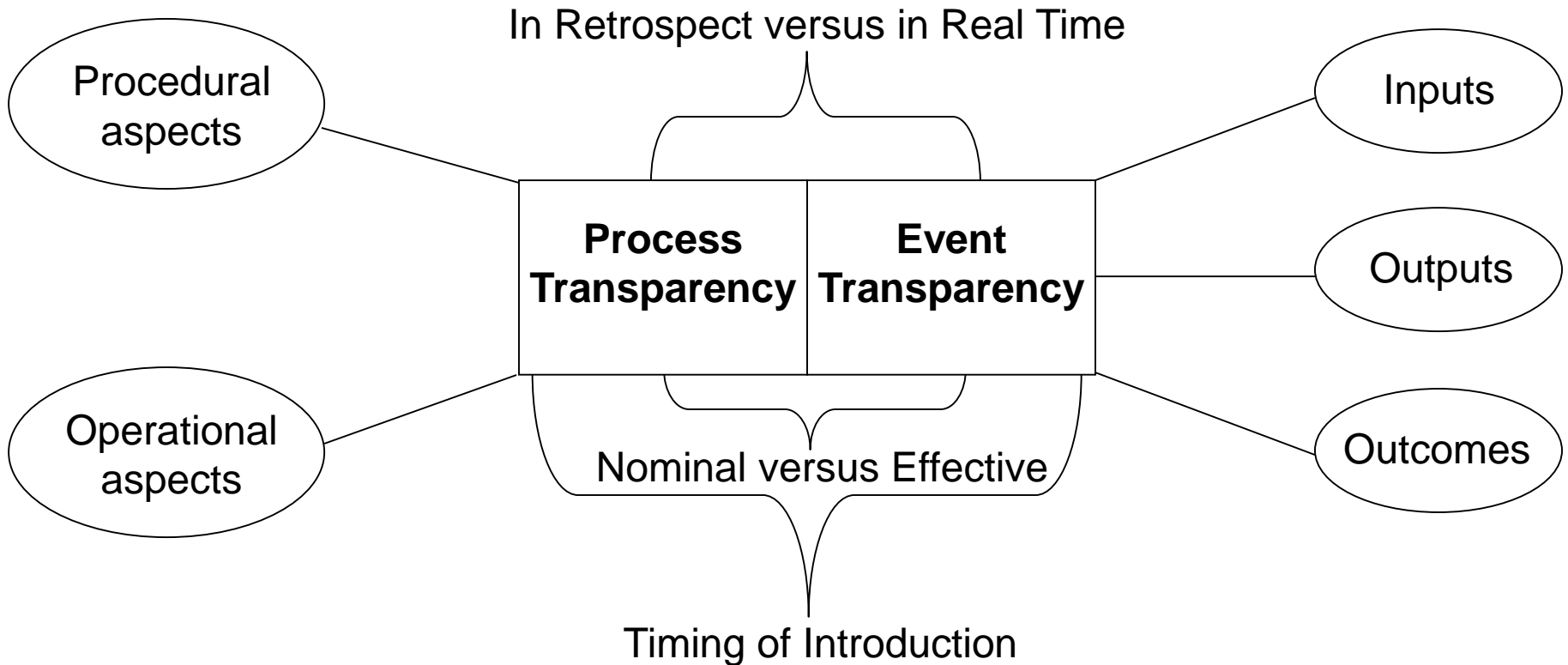
Figure 2: Nominal versus Effective Transparency

Transparency

T_3^N

Transparency

Illusion

T_3^E

T_0^E, T_0^N

t_0 t_1 t_2 Time t_3

Directions of Transparency

Transparency <u>downwards</u>　⎫　　　　　(accountability)

Transparency <u>upwards</u>　　⎬ VERTICAL

　　　　　　　　　　　　　⎭　　　　(surveillance/accountability)

Transparency <u>inwards</u>　⎫　　　　　(can see through glass from outside)

Transparency <u>outwards</u>⎬ HORIZONTAL

　　　　　　　　　　　　⎭　　　　(can see through glass from inside)

ISSUE OF SYMMETRY: "fully symmetric transparency" when all four directions are present. This is an analytical statement with no normative significance

Figure 3: The Structure of Transparency

In Retrospect versus in Real Time

Procedural aspects

Operational aspects

Process Transparency | **Event Transparency**

Inputs

Outputs

Outcomes

Nominal versus Effective

Timing of Introduction

Note: This Figure does not consider the directions of transparency.

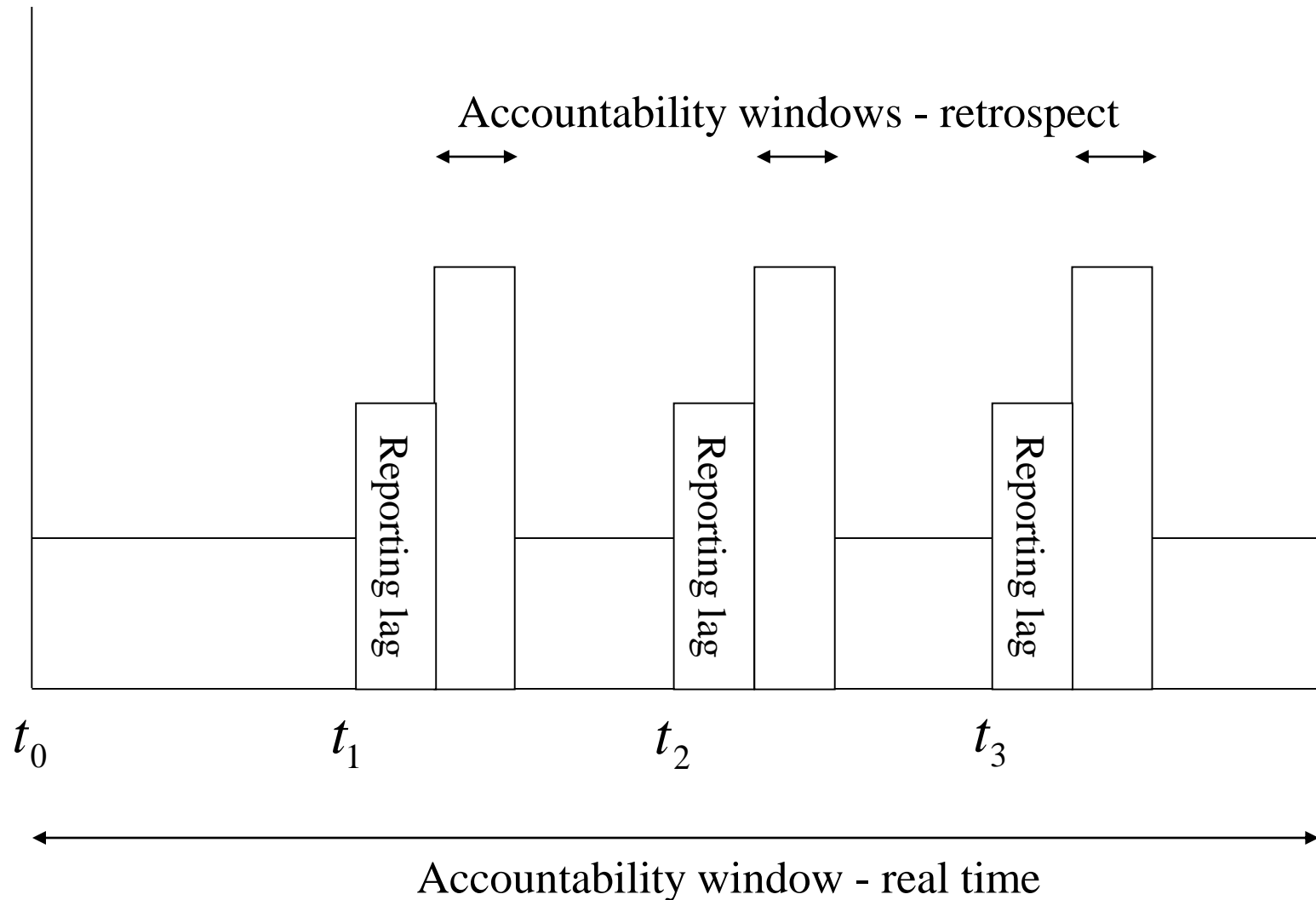# Figure 4: Transparency in Retrospect versus in Real Time
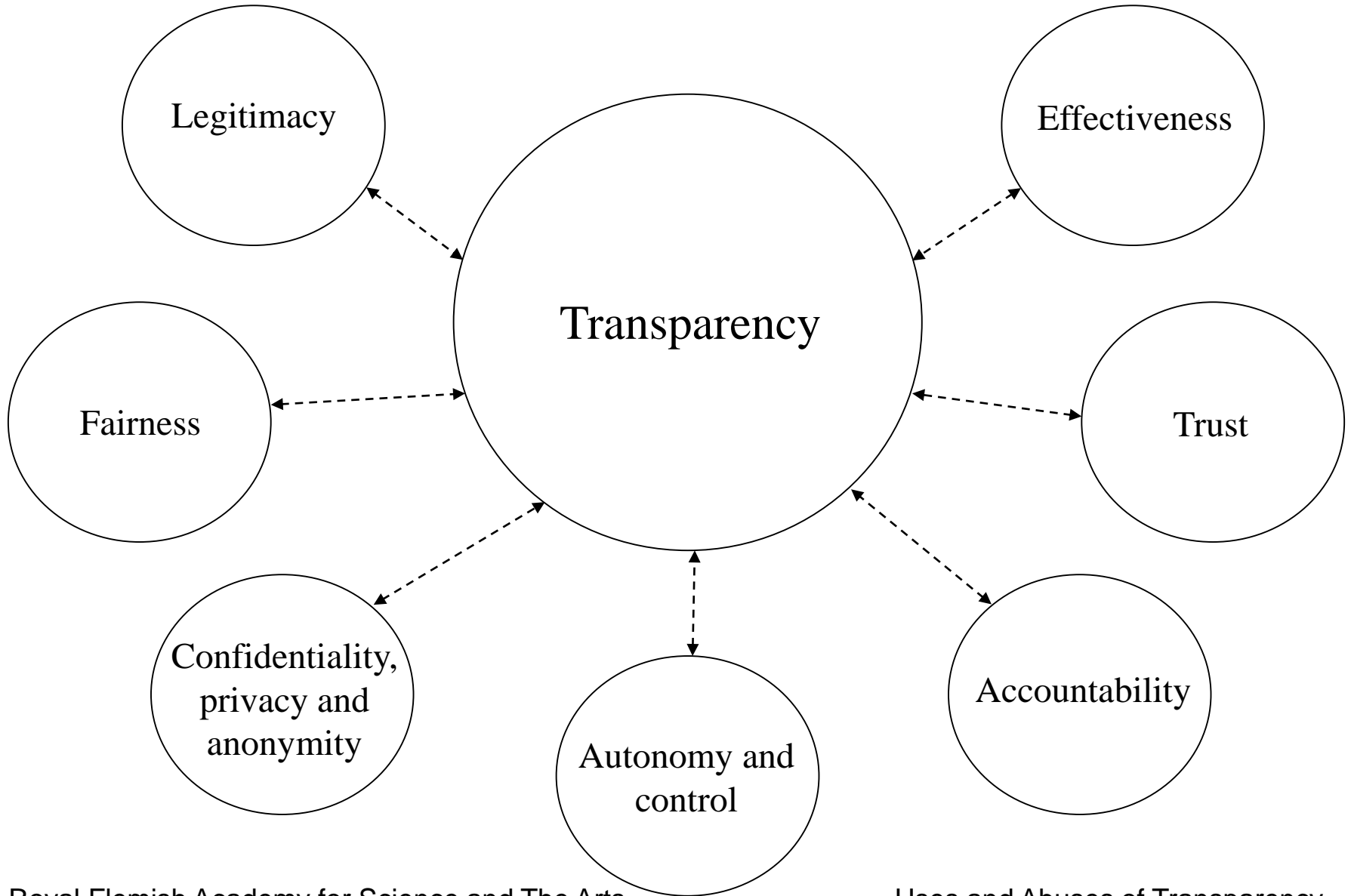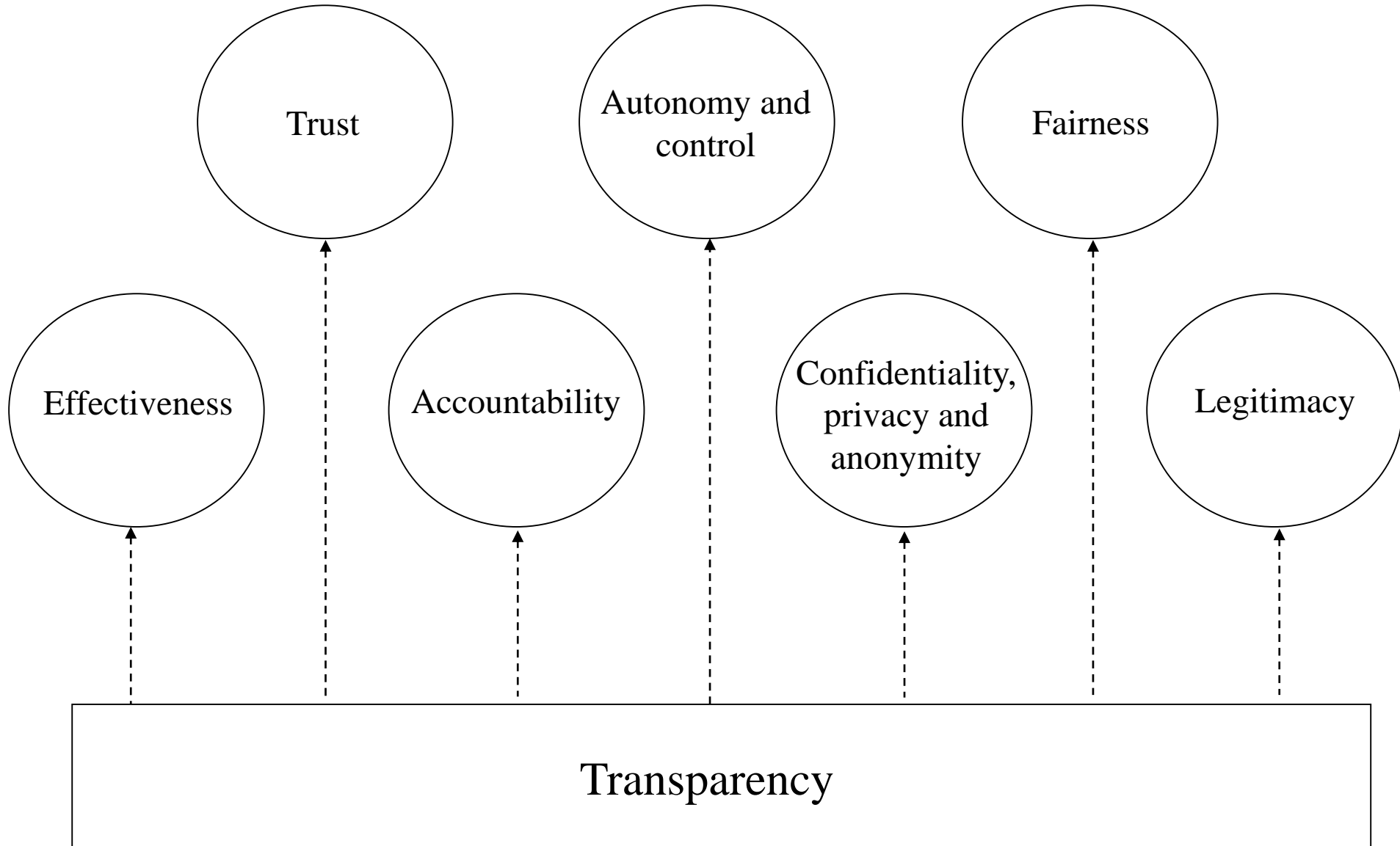
Figure 5: Transparency as the Core Concern

Figure 6: Transparency as a Building Block

Limits to Transparency

- All varieties of transparency might work against the 'social functions of ignorance' – eg ambiguity and fudge may lubricate peace initiatives/family relationships, and offer some protection against centralised political power and/or intrusive media

- Inappropriate varieties of transparency can impose costs in terms of the achievement of other objectives. Eg Freedom of Information versus Privacy (data protection)

- Transparency does not mean a free-for-all: "A vital part of transparency is discipline in the release of information" (cf release of market-sensitive information; pre-spinning/leaking of government plans)

- David Heald view is that it is wrong to elevate Transparency above being an instrumental value

Example of Public Expenditure Transparency

At its core is the notion that the underlying realities of public expenditure should be made visible and intelligible to identified user communities. The production and distribution of information *per se* is insufficient, <u>as transparency requires an audience with a capacity to act</u>. Public expenditure has to be communicated in intelligible form to those external to the organisation. 'Information brokers' have a crucial role (*inwards transparency*)

The Open Budget Index 2015 ranked a large number of countries in terms of their fiscal transparencies. The UK always has a high ranking not withstanding some deep problems that detailed analysis can identify.

Grounds for scepticism about high-level transparency indexes which:
(a) incorporate the presumptions of index creators

(b) assume transparency indicators are additive and not interactive

(c) confuse *nominal* with *effective* transparency

Intrinsic Barriers

1. Complicated and inaccessible 'languages': different measurement systems – accruals (financial reporting); cash (which is what taxpayers pay in and governments borrow); and national accounts (significant differences from IFRS create arbitrage opportunities)

2. Current public sector ('regulatory state') is less 'mappable' than was the older, hierarchical 'production state'. (This intensifies boundary issues, facilitating design engineering of organisations and the use of surrogates for public expenditure for scoring reasons.)

3. Psychological barriers to comprehending numbers – sometimes affectation and laziness on the part of elected members, but there is a genuine difficulty (professions of – what amounts to – innumeracy seem to be culturally more respectable than admissions of illiteracy)

4. Relentlessly negative media prompts defensiveness on the part of public sector organisations

REASONABLE TO ARGUE THAT THESE BARRIERS ARE NOT WITHIN THE CONTROL OF CURRENT POLICY-MAKERS. SOME MITIGATION OF THESE BARRIERS MAY BE POSSIBLE

Constructed Barriers

1. Exploitation of information complexity and opaqueness in absence of external-information processing capacity on relevant timescale

2. Those lower down the chain of principal-agent relationships adopt strategies of 'doing good by stealth' – eg manipulate Public-Private Partnership project appraisals

3. Perceptions of system unfairness are taken to validate cheating in the form of false reporting

4. Government media management, including communicating messages that depart from the underlying reality, planting red herrings, drip-feeding numbers ahead of announcements, and cultivating clientelist behaviour in the media

5. Denial of accountability relationships: extreme example of the obstruction of downwards transparency is the hidden extraction of public resources, especially profitable for elites in natural resource-rich economies (In extreme cases, this amounts to state capture)

   BREACHING THE DICTUM THAT 'A VITAL PART OF TRANSPARENCY IS DISCIPLINE IN THE RELEASE OF INFORMATION' CORRODES EFFECTIVE TRANSPARENCY. COULD BE MITIGATED IF POLITICAL WILL EXISTED

Some Tentative Conclusions

1. Claims for transparency should be taken seriously but they should stand on their merits and should not be regarded as unanswerable
2. David Heald favours: transparency valued instrumentally; event transparency over process transparency, whenever the demanding measurability conditions are met; and transparency in retrospect over transparency in real time. The framework predicts a transparency illusion
3. A sudden increase in transparency may have large and unpredictable effects, akin to those of shock therapy
4. Effective transparency emerges out of debate and conflict, not just out of formal structures
5. There is a powerful case for precision in the use of language