Panopticism and financial controls

The anti-corruption project in public administration

FRANK ANECHIARICO 1 AND JAMES B. JACOBS 2
1 Department of Government, Hamilton College; 2 Center for Research in Crime and Justice, New York University School of Law

Abstract. This article examines financial controls, including accounting and auditing, as an anti-corruption methodology in public administration. Part I places accounting and auditing in the context of the anti-corruption project, the reformist pursuit of corruption-free government. Part II presents a case study of the evolution of anti-corruption accounting and auditing strategies in New York City. Part III examines the impacts of more comprehensive and intrusive financial controls for contemporary public administration.

I. Financial controls and the anti-corruption project

Jeremy Bentham envisioned a “panopticon” prison whose ingenious architecture featured a control tower at the center of a circular cell house. From this tower, the cells, inmates, and staff would be completely visible to the guards.

In this central tower, the director may spy on all the employees that he has under his orders: nurses, doctors, foremen, teachers, warders; he will be able to judge them continuously, alter their behavior, impose upon them the methods he thinks best; and it will even be possible to observe the director himself. An inspector arriving unexpectedly at the center of the panopticon will be able to judge at a glance, without anything being concealed from him, how the entire establishment is functioning. 1

In Discipline and Punish, Michel Foucault argued that the panopticon’s architecture and operation were paradigmatic of a 19th century vision of a “disciplinarian society” in which surveillance, monitoring, and control would make undetected deviance impossible. 2 The panopticon affords asymmetrical transparency: while the controller has continuous access to the prisoner, worker or subject, the subject does not know the direction of the controller’s gaze, since the tower is shaded with louvers. According to Foucault, the controller’s omni-science facilitates control via conformity. The pervasive gaze itself results in
less need for coercive control because subjects internalize the demands of the controllers.\textsuperscript{3}

The Panopticon functions as a kind of laboratory of power. Thanks to its mechanisms of observation, it gains in efficiency and in the ability to penetrate into men’s behavior; knowledge follows the advances of power, discovering new objects of knowledge over all the surfaces on which power is exercised . . . \textsuperscript{4} By virtue of its method of fixing, dividing, recording, [panopticism] has been one of the simplest, crudest, also most concrete, but perhaps most indispensable conditions for the development of this immense activity of examination that has objectified human behavior . . . [A]fter the age of “inquisitorial” justice, we have entered the age of “examinatory” justice . . . \textsuperscript{5}

In the panoptic regime, management and control merge. Each administrative routine has its place. The everyday business of governing becomes the business of control.

The panopticon metaphor sheds light on the “anti-corruption project” in public administration: the panoply of laws, rules and regulations, and strategies aimed at identifying and preventing official corruption. The pursuit of corruption-free government has led to the adoption of significant measures to control contracting, expenditures, and all sorts of governmental operations in order to make corruption impossible or at least detectable. The anti-corruption project operates through civil service, conflict of interest laws, financial disclosure requirements, contracting rules, whistleblower protections, administrative and criminal investigations and punishments and so forth.\textsuperscript{8} Increasingly these and other anti-corruption strategies depend upon subjecting public employees to intensive monitoring by “controllers” in their own agencies (“internal control”), as well as by controllers in specialized investigative agencies (“external control”).

This article calls attention to the accounting and auditing components of the anti-corruption project and details accounting and auditing’s increasing emphasis on detecting and preventing corruption.\textsuperscript{9} Throughout the 20th century, particularly in the past two decades, reformers have stressed the importance of financial controls as an anti-corruption tool. They have seen no conflict between such controls and good management; in fact, quite the contrary:

A strong auditing program is essential for taking stock of existing problems, designing preventive mechanisms, and locating information in cases of suspected fraud. Good auditing contributes to good management, deterrence, and the raising of victim consciousness.\textsuperscript{10}