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**“CORRUPTION AND DEVELOPMENT”. (SUSAN ROSE-ACKERMAN,
THE WORLD BANK CONFERENCE ON DEVELOPMENT
ECONOMICS, 1997, PP. 35-57, APRIL 1998)**

I. A. Ango*

The author examined the issue of corruption and its effect on development with special reference to the developing countries where it is more pervasive and is one of the major factors responsible for the stunt growth of their economies. Also, the role played by the World Bank in assisting any anticorruption effort by various governments and international organisations was highlighted. The paper is broadly divided into four major sub-headings viz: costs and causes of corruption; corruption and the organization of government; reform programs and conclusion.

Corruption was described as illegal payments made to public agent with the intention of obtaining favour through a benefit or avoiding a cost. The receiver is the agent who is normally responsible to a principal, whose goals and those of the giver are often times at variance and the payment affects the behaviour of all the parties concerned. The article went beyond macroeconomic findings to identify the structural features which boost corrupt practices. These include the believe that bribe clear the markets, acts as incentive payments, lowers costs for the payer, affects the level of monopoly rents and their allocation between private investor and public officials. It also buys influence and votes for politicians and can override legal norms or judicial decisions. Incentives for corruption are influenced by the benefits and costs, the formal laws on corruption and the credibility of its enforcement, the conditions of civil service employment and the incentive systems, and the extent of auditing and monitoring within government. Also relevant are the ability of citizens to scrutinize government activities and file complaints, the level of press freedom and the freedom of individuals to form non-governmental organisations (NGOs) and active political opposition.

Two dimensions of bribery in both the top level of government and private sector were considered. The outcome gave birth to four types of corruption. First, kleptocracies - where the head of government organises the political system to maximize the possibilities for extracting rents and reallocating same for personal use. Second, a bilateral monopoly state in which the corrupt ruler is faced with a single major briber. Third, a Mafia-dominated state which is weak and disorganised with many officials engaged in freelance bribery, and finally, a competitive bribery state, consisting of many corrupt officials dealing with large numbers of ordinary

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citizens and firms. The success of any reform program on corruption depends largely on the state's capacity and the country's level of development, social reorientation and expectations.

Based on the aforementioned influences and boosters of corruption, four broad reform measures were identified. They include the reduction of the discretionary power of government officials by eliminating laws and programs that breed corruption payoffs. The need to ensure that rules are more transparent so as to limit opportunities for corruption. Secondly, enforcing anti-corruption laws through the use of viable legal framework without political favouritism or arbitrariness. Thirdly, administrative and civil service reform through improved pay package (to equate the private sector), recruitment based on merit, imposition of stiff penalty for corruption. Fourthly, making transparency and accountability the watchword of government activities (e.g. publish budget, revenue collection data, statutes and rules and proceedings of legislative bodies, encourage open and fair public bidding and regular audit of accounts). Other measures include, creation of corruption hotlines for complains, freedom of information flow, encouraging the establishment of watchdog associations and non-profit organizations.

The author concluded the paper by urging countries honestly interested in fighting corruption to first of all make a detailed, country-specific assessment. Some general guidelines were, however, specified. They include determining areas where corruption imposes the most costs e.g. government activities like, tax and customs revenues, state sponsorship of infrastructural projects, and regulation of business, which can be tackled by reorganizing bureaucracy and creating incentives for good performance. Better procedures for future project approvals, and strict enforcement of anticorruption laws were also stressed. The need for Institutional reforms, because of their ability to outlive changes in personnel and political leadership, was suggested.

Areas of World Bank's relevance in assisting to reduce corruption were given prominence in the article. They include: non-toleration of corruption in its grants and loans, supporting of other international organizations in fighting corruption through their initiatives and encouraging efforts to establish international standards for budgeting, accounting and procurement; and focusing the Bank's projects on creating an equitable growth and poverty alleviation environment.

COMMENTS:

The author deserves commendation for a comprehensive and well-researched article on a topical issue such as corruption, which is of global concern as evidenced by the generally reported cases of corruption around the world. It is a common knowledge that corruption undermines development and hampers effective use of corruptly diverted resources for general good. It discourages external aid to countries

perceived as corrupt, thereby eroding support for required economic growth and development. The emerging new standard of global crusade against corruption is commendable. Despite its comprehensive exposure on corruption, the article is deficient in certain areas observed mainly in developing countries.

Corruption seems to go beyond illegal payments in order to acquire benefits or avoid a cost. A more comprehensive coverage should take account of non-material payments, attitude, behaviour and actions which tend to corrupt. These include ethnicity or tribalism, favouratism, nepotism and even seduction which contribute greatly to corrupt practices.

More emphasis was laid on public sector corruption to the exclusion of corruption in the private sector, thereby creating the impression that it is either less significant or negligible in that sector. Granted that the magnitude of private sector corruption differs, recognising it in an analysis of this nature is very crucial. In Nigeria, and in most developing countries recent experiences have shown that private sector corruption has assumed an alarming proportion. A typical example is the financial sector distress where billions of naira have been lost owing to the various forms of corruption that exist there. The implication of this to the Nigerian economy in particular and on development in general is enormous.

The political will of the leaders and the citizens necessary for tackling corruption appears to have been ignored; whereas it is very crucial for the success of any anti-corruption effort.

Finally, this article has great relevance to anybody or organisation interested in reducing corruption.