

Two myths hinder the global fight against corruption



By Frank Gunter

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Bethlehem, Pa. – Corruption hinders economic recovery in Haiti, Afghanistan, and other post-disaster or conflict countries, but it doesn't have to.

In order to fight corruption effectively, we must first debunk two myths: First, that corruption is cultural. Second, that all that is required to defeat corruption are well-publicized arrests.

Corruption, the abuse of public power for private gain, can take the form of bribery, nepotism, theft, fraud, or extortion. And widespread corruption severely limits a country's living standards. Comparing per-capita income (adjusted for the cost of living) and Transparency International's annual survey of corruption reveals that few countries are honest and poor; none are corrupt and rich.

Although New Zealand, the Scandinavian countries, and Singapore have reduced corruption to very low levels, no country is immune.

Any developing country that doesn't make a serious attack on corruption can expect slower economic growth. However, almost all attempts to reduce corruption fail because political leaders tend to deal with the myths rather than realities of corruption.

One of the most pernicious corruption myths is that it is primarily cultural in origin. While it is true that countries distinguished by harsh living conditions, histories of colonial occupation, and certain religious beliefs have a tendency toward corruption, it is also true that rational policies can offset these tendencies.

For every country in the corrupt bottom third of nations – such as Iraq, North Korea, Somalia, Ukraine, and Haiti – there is a country from the same region at least somewhat successfully employing such regulation and consequently in the honest top third. Examples include the United Arab Emirates, South Korea, Botswana, Slovenia, and Chile.

Another damaging myth is that the best way to conquer corruption is to loudly announce an anticorruption campaign while arresting a group of officials who lack political influence. Whether at the national or departmental level, experience shows that the impact of this type of narrow anticorruption strategy is temporary.

There is a saying among police who work in internal affairs: "Getting rid of a rotten apple without getting rid of the rotten barrel means that you'll have to do it all over again next year." Improvements

in law enforcement and public relations are necessary parts of a country's anticorruption strategy, but if they are the only components then the whole strategy will fail.

The experience of countries that have succeeded in dramatically reducing corruption shows the importance of improving the quality of government and reducing the economic incentives for corruption. But improved governance should include more than a new code of conduct and mandatory financial disclosure by officials.

Without a free press and some political competition, it is difficult to achieve the degree of transparency and official responsibility necessary to prevent a revival of corruption. Even more difficult is reducing the economic incentives for corruption.

In many corrupt countries, public employees are both numerous and low paid. As a result, officials solicit bribes as a salary supplement. Streamlining the bureaucracy while increasing compensation for the remaining officials is necessary but extremely difficult, especially if the government acts as an employer of last-resort.

Since the political cost of shrinking bureaucracy is high, governments tend to content themselves with narrow anticorruption strategies of exhorting virtue and cracking down on crooked officials. For example, in 2008, the Iraqi government proposed a major anticorruption strategy but none of its 18 initiatives sought to reduce the economic incentives for corruption. It's no surprise Iraq has yet to overcome its corruption.

People sometimes say that the worst thing about bureaucrats is that they collect a government paycheck to waste time. But there is a symbiotic relationship between bureaucracy and corruption that does serious damage. The bureaucracy writes complex regulations that are almost impossible to follow and then accepts bribes from business persons to allow them to ignore these regulations.

The World Bank's "Ease of Doing Business Survey" ranks countries from the No. 1 most business-friendly (Singapore) to the least – No. 183 (Central African Republic).

As expected, the most corrupt countries tend to have the most hostile regulatory environment. For example, Iraq ranks 153rd, Haiti 151st and Ukraine 142nd, while the business environments in North Korea and Somalia are too unfriendly for a meaningful evaluation.

It would be bad enough if this corruption merely illegally supplemented official income. However, as was tragically revealed in Haiti, the combination of overly complex regulations and associated widespread corruption led to many deaths and injuries as substandard buildings collapsed during the earthquake.

It is difficult to abandon myths, especially when they justify adopting lackadaisical or politically popular – if ineffective – policies.

However, success depends on post-conflict or postdisaster countries not only adopting anticorruption

strategies that include improved governance but also economic incentives. Without both, those governments are condemning their countries to a future of lower living standards.

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