

CORRUPTION AND ECONOMIC DEVELOPMENT IN THE THIRD WORLD COUNTRIES

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I. INTRODUCTION

Studies on corruption examine different aspects, sources, types and probable consequences of corruption in Third World Countries. The main emphasis has been given whether corruption is beneficial or not in Third World Countries in terms of political and economic developments. Although there is no clear and solid evidence, it seems that some scholars (Nye, J.S. (1967); Wade, R. (1985) and Johnson, M. (1986) believe that corruption helps to solve Third World Countries' development problems in part. They also point out that corruption has some negative effect on development process. These authors are looking at the issue as an internal phenomenon of Third World Countries and do not consider external effects as a source of corruption. On the contrary, Some others like S. Askin (1990) take foreign factors as one of the sources of corruption as well as interior political, social and economic factors.

It seems that there is an agreement on the definition of corruption among the scholars. Corruption is defined as a deviant behavior of politicians and public officials from the formal duties in their public roles. By doing that they exploit their public positions and violate rules for their private-regarding benefits (Nye, J. (1967) 419). This definition basically rejects the moralists who argue that corruption is harmful. The authors take the definition as a milestone in order to compare corruption practices in different countries. Because of this reason, they simply avoid looking at the issue from broad perspective in terms of social, cultural, political development levels of the societies.

This approach is one of the weakest point of the scholars who have studied on corruption and will be one of my main concerns. Another common point among the scholars is that they are evaluating whether corruption is beneficial or not by looking at the outcomes of corrupt practices. This functionalist approach basically compares the corruption experience of developed countries in their early stage of modernization to today's Third World Countries' corruption experiences. This approach needs to be readdressed due to differences in these two type of countries' experiences.

II. CORRUPTION AND THIRD WORLD COUNTRIES

Scholars imply that although corruption, to some extent, can help countries' development, its cost exceeds its benefits. The result of corruption is indeed uncertain and it could be beneficial only in some sectors and just for a limited segment of society. In Nye's words, the consequences of corruption are strongly dependent on the type of corruption and extremely favorable conditions (Nye, J. (1967) 425-426). M. Johnson states that the issue should be discussed in the context of system-specific factors (Johnson, M. (1986)). On the same track, in two other country studies, neither Wade nor Askin has found certain evidence that shows corruption is more beneficial than harmful (Wade, R. (1985) and Askin, S. (1990)). Therefore, the authors tend to talk about probable outcomes of corruption rather than direct links between corruption and its outcomes. They do not believe that there is a strong and direct relation between corruption and coup or overthrown governments in Third World Countries despite the fact that allegation of the coup or the new leaders saying the old leaders were corrupt. Avoiding from certain assessment on corruption and its outcomes is largely due to lack of data on corruption; therefore, the conclusions are hypothetical and mostly suggestive in nature.

If we go back the question of why corruption is more prevalent in Third World Countries than developed countries, we have to look at these countries' main problem: modernization or development in a broad sense. As the main source of corruption, besides economic issues, we have to look at their development, particularly modernization stages. Obviously, these societies are transitional societies from agrarian to industrial society. In transitional period, societies have faced to a high degree of corruption. Historically developed countries had this experience. For example, 18th century's England was more corrupt than 17th and 19th centuries, and today. In the U.S.A., corruption was more prevalent in 19th century than 18th and 20th centuries (Huntington S.P. (1968) 27-29).

Increasing corruption in transitional societies is largely due to prevailing "anomie" in and restructuring of the society. As a result of these structural factors, society's value system and organizational structure are undergoing change; therefore, uncertainty becomes a basic characteristic feature of the society at large. Furthermore, new groups are formed and they want to redistribute sources and power in the society. Under these circumstances, survival strategies of individuals and new groups leads them to struggle with the "existing system". For them, corruption is a way out to overcome the problems.

Corruption in the Third World Countries is used as a vehicle to come to power or to keep the rulers or ruling elites in power. Usually leaders in power connive corruption of people as long as corruptees do not work against them. Moreover, many leaders like Mobutu, Zaire, intentionally create a web of corruption at home and abroad in order to keep themselves in power (Askin, S. (1990) 6-8). On the other hand, it is possible that the groups, particularly new social forces, can create and use corrupt methods and web of corruption in order to come to power. Under the anomic structure of the society, competition for power between people in power and people hungry for power most likely increase corruption in society. Under these circumstances, people who ethically

corrupted like "foxes", one type of Pareto's political elites, accelerate corruption and its institutionalization because of their hunger for power.

As Huntington points out in modernization process, transitional societies are also faced with institutionalization problems. Strong political and social organizations are either so weak or simply do not exist. Individuals pursue their own interests. Market's corruption is mostly a result of this survival strategy. Collective representation of interests, on the other hand, greatly reduces corruption because they have the ability to challenge corrupt regime, politicians, and bureaucrats. Individuals alone do not have this capability because corruptees use their political, official positions to oppress the individuals in order to increase their personal gains. For Huntington, Strong political and social organizations in long run provide solutions to corruption (Huntington, S. P. (1968) 59-71).

III. CORRUPTION AND ECONOMIC DEVELOPMENT

Corruption experiences of developed countries in the past have been considered as functional in terms of political and economic development. Given this experience; therefore, the authors assume that corruption in Third World Countries could cause the same positive outcomes which developed countries have had. This linear approach to development may mislead us in evaluating of corruption.

First of all, it is hard to believe that economic and political development of developed countries were due to an "intended" outcome of corruptees, but it might be an "unintended" outcome of them. Now, some authors imply that Third World Countries deliberately use corruption as a vehicle for economic development. This logic leads us to believe that there is a planned corruption by the state in the Third World Countries. This implication can only be true under the assumption that there is no difference between the leaders and the state. This is partly true in countries where rulers act as if they were the owner of the country. In fact, usually it is not the case. Rulers of the Third World Countries do not use the corrupt methods for the countries' interest but their own interest, For example Zaire's Mobutu, Iran's Shah, and Philippines' Marcos.

Secondly, Third World Countries have an effective international environment which was not the case in developed countries transitional period. This environment provides a big opportunity to take capital accumulated by corrupt methods to out of country like Mobutu has done. Further, this international environment can be a source of corruption that can be used as a means of controlling the Third World Countries. As Askin clearly shows in his article, corruption is not only an interior phenomenon, but partially an international one (Askin, S. (1990)). This type of corruption is not easily subject to direct for development.

In terms of economic development, regardless of corruption level, as Wade lays out, corruptees do not look at overall issues or long term effects of corruption. In contrast, they are interested in immediate revenues. In order to increase their revenues, corruptees even try to "monopolize" and to make sources "scarce". These revenues are obviously "consumed" rather than "invested". That

is the case where particularly corruption is done by low level public officials. Even top level political corruption is mostly related to leaders or top level politicians personal interests. That is why corrupt leaders involve patronage networks, cronyism, nepotism, and crises type of corruptions. R. Wade states that " (t)he essential business of a state minister (in india) is not to make policy. It is to modify the application of rules and regulations on a particularistic basis, in return for money and / or loyalty" (Wade, R. (1985) 480).

Another negative aspect of corruption is the increasing number of black markets in the society that reduces the state capacity and revenues, and also state legitimacy. Furthermore, black markets decline the state's access to real data on society and economic activities. Corruptees always try to cover up reality like Mobutu decomputerized military payroll record (Askin, S. (1990) 7). When the real data are not exist, it is not possible to make sound policy, program, and implementation of them. Yet sound information, policy, program and implementation of them are required by international credit institutions like World Bank, IMF. Any policy and program based on these wrong data well end up with unexpected results. Therefore, the greater the corruption the greater the leakages in the policy making and programs, and their implementations.

IV. CONCLUSION

As have been pointed out the relations between corruption and economic development is not certain. In contrast, direction of corruption's outcomes is more probabilistic than certainty. Positive outcomes of corruption in terms of economic development are greatly depends on special circumstances in which corruption takes place. At this point of time, we do not have enough research on corruption practices in different countries so that the results cannot be generalized.

What has been missed in researches is that the historical dimensions of corruption in Third World Countries and its link with development level of these societies. Understanding of transitional character of these societies will provide pathways for a better understanding of the phenomenon of corruption. Particularly, analysis of the process of reconstruction of the societies in the Third World Countries will throw lights on corruption's causes and outcomes.

The other pitfall of the authors is the assumption that corruption in the Third World Countries can be beneficial by looking at developed countries' corruption experiences in the past. Although it is probable that Third World Countries may meet with positive outcomes of corruption practices, the changing international environment could cause unexpected outcomes of corruption like increasing dependency of the country and capital outflow. Thus, the probable outcome of corruption should be reassessed by taking historical, economical, social, and international circumstances into consideration.

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