

Understanding corruption



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During the past two decades debates about corruption and ways to contain it have acquired a new intensity and concentrated focus. Corruption has risen to the top of the development agenda. An example of this new intensity and focus is a bulletin of the Carnegie Endowment for International Peace dealing with Trade, Equity and Development published in 2002. In this document Peter Eigen, Chairman of Transparency International (TI), said that corruption is perceived not only as an ethical problem, but as a governance issue that has a direct impact on development. This focus on the consequences of corruption is one of the reasons why Robert Klitgaard talked about a "holistic approach to the fight against corruption".

In developed countries the magnitude of corruption can be of a much bigger scale and also much more sophisticated and difficult to detect, for example, the crisis in the financial services sector that started in 2008. The drivers of corruption in such countries can be different – for example greed and a hunger for power, as demonstrated in the avarice of some bankers in the United States. The subversive network structure of mutually self-serving relations is similar to that in developing countries. For example, in addition to bankers, others who participated in the white-collar crimes of the financial services sector include property agents and valuers, mortgage-processing agents, credit managers, insurance companies, accountants and auditors.

DEVELOPED ECONOMIES

The substantially larger size of developed economies, their ability to innovate, and their flexibility to adapt to rapid global changes allow developed countries to mitigate, absorb, adapt to and/or afford corruption more successfully than developing countries. Poverty,

marginalisation and underdevelopment are much less of a problem or not a problem at all. The consequent impact on vulnerable groups is insignificant compared to developing countries.

There are also more checks and balances in the economic and governance systems, because they have had centuries of experience with improving economic-political systems such as capitalism and politically representative systems such as democracy. The United States and the United Kingdom are examples of this. As the drivers of corruption are different, emerging obstructions are less dominant in developed countries. For example, the quality of life in Norway suppresses the likelihood of such obstructions emerging, and given all other possible co-producers, corruption can be managed more easily compared to the situation in developing countries.

Corruption in developing countries diverts attention and money from development challenges such as poverty and unemployment that could have been used to address such challenges and providing the poor and unemployed with hope for the future.

This series of articles will focus on understanding the nexus between corruption and development and strategies that Namibia can consider to contain and manage corruption.

• References

Eigen, P. (2002). Controlling corruption: A key to development-orientated trade.

Klitgaard, R. (2008). A holistic approach to the fight against corruption.

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