

**THE RELATIONSHIP BETWEEN DEVELOPMENT AND CORRUPTION:  
THE STATUS OF ENGLAND TOWARDS THE ERADICATION OF CORRUPTION AND THE  
LESSON FOR AFRICA**

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**ABSTRACT**

The world of the poor is mainly characterized by extremely poverty; poor service delivery, high rate of corruption and its people are living wrecked lives from birth until untimely death. On contrary the other side of the world of the poor there is the world of the rich. This world is industrialized, technologically advanced and relatively affluent.

This paper seeks to find out the existence of the relationship between development and corruption. It identifies different tactics that can be used as lessons to the African countries towards the achievement of development and eradication of corruption. It starts by introduction, and then shows the relationship between corruption and development. It uses economic model, governance model and corruption and human development model to justify the existence of the relation. It is also discusses the status of England since sixteenth century to nineteenth century. The paper ended up with the conclusion and recommendation.

**Keywords:** *Development; Corruption; Economic model, Governance model. England. Africa*

## **1.1 Introduction**

The common desire to most of the countries worldwide is to see their governments achieve the highest level of development. They also yearn to go beyond that by achieving sustainable development which meets the needs of the present without compromising the ability of future generations to meet their own needs (Sr. Hope, 1991: 24). This one desire has been now undermined by corruption which seems to have strong effects to the development of these countries. Corruption impacts economy directly by reducing economic investments, hindering competition, distorting markets and increasing income inequalities (Chetwynd, Frances & Spector. 2003: 6). It also erodes the institutional capacity of governments to deliver quality public service and diverts public investment away from major public needs into capital projects whereby bribes can be thought, and increase budgetary pressures on governments (ibid). The invasion of corruption to the country's development destroys the government's desire of raising the sustainable level of living of the poor people and hinders the provision of the opportunities to develop their fullest potential (Staudt, 1991: 29). The only solution seems to be useful to a country to achieve the sustainable development is to devote much of efforts to fight corruption by either find the way of its control or eradication.

## **1.2 Development**

Development is a very wide concept with many aspects. Some of the scholars equate development with economic growth. Todaro (1977) as one of those scholars supported that development is concerned with the economic and political processes necessary for affecting rapid structural and institutional transformation of entire societies in a manner that will influence more economic progress to the broadest segments of their populations. King as cited by Heidenheimer et al (1989: 379) added that development implies a social and cultural transformation of a town or an area. It is influenced by political, culture, leadership and corruption. The degree of development of a given society can be easily measured or examined its growth rate by looking at the size of the population and class structure (ibid). Generally development is used to denote the maximization of the potential of a society, regardless of any limits currently set by the goals or fundamental structure of the society (Jacobs, 1971).

### **1.3 Corruption**

The patterns of corruption vary from society to society and overtime. Its conceptualization has attracted many perceptions and approaches. This leads to the difficulties on how the term can be comprehensively defined. Khan as cited by Lawal, (2007: 2) defines corruption as an act which deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private motive such as wealth, power or status. The term was derived from the Latin word “Corruptus” which means “to break”. It symbolizes a breakdown of ethical and moral values of systems and institutions of governance, societal traditions and personal behaviors (ADB, 2003).

### **1.4 The relationship between development and corruption**

Development and Corruption are two different terms but with different effects on each other. The reality of this contention comes from the serious impact corruption constitutes towards the achievement of development. Some scholars argued that corruption can be bad or good to the economic development of a particular country depending on the effectiveness of the institutions. Mironov (2005: 1) strongly supported it by saying that, corruption which is uncorrelated with other governance characteristics is directly related to the growth of gross domestic product in countries with poor institutions. He also added that bad corruption which is associated with poor institutions has negative effect on gross domestic product growth (*ibid*). The good corruption usually fosters economic growth especially when there is inefficient bureaucracy and rigid regulations. It can also soften the wheels by allowing individuals to overcome red tapes and improve efficiency only in the case when the private costs associated with regulation outweigh the social benefits (Minorov, 2005: 3). On the other side, corruption affects the lives of people and their development in many ways e.g. most of governments diverts their budgets from social valuable goods like education and health and tends to increase public spending on capital intensive investments that’s resulted into more opportunities for kickbacks such as defense contracts and undermines public service delivery (World Bank, 2001: 201). As Todaro (1977) related development with economic growth, corruption therefore has direct consequences on both economic and governance (*political*) perspectives. The examination of the relationship between the two can be clearly shown by using three models namely economic model governance model by Chetwynd, Frances and Spector. (2003: 6).and corruption and human development model by Ackay, (2006).

## **1.5 Economic model**

The model shows mutual relationship between the increased corruption, the reduced economic growth and increased income inequality. It puts forward that most of countries experiencing higher level of corruption must have weak or lower level of economic growth (*ibid*). This model helps the understanding of the linkage between corruption and development as shown in the following

### **1.5.1 Economic growth and the impact of corruption**

In examining the relationship between development and corruption, Lawal (2007) argued that corruption is a real enemy to economic development because it gives the particular country poor image and uncertainty in interpersonal and business relationship. Corruption affects foreign and domestic investment as it reduces incentives to both foreign and domestic investors as part of revenues goes to individuals instead of being added to the government revenue (Chetwynd et al, 2003). The development is also threatened by poor collection of taxes and now companies operate under informal procedures because of corruption; the effect comes when taxes are reduced in exchange for payoffs of tax officers (*ibid*). One of the World Bank surveys concluded that in Bangladesh more than 30% of urban household reduced electric and water bills by bribing meter readers which reduced the actual amount of tax supposed to be paid direct to the tax revenue authority (Chetwynd et al, 2003).

Corruption distorts market and hurts entrepreneurship among other businesses. The studies conducted justifies that Ghana and Bosnia are the countries whereby small business found to pay most of bribes as a percentage of total revenue (Chetwynd et al, 2003). This hinders development of both themselves and government, as the revenue diverts from the public into individuals for personal gain and not for the public interest. Dininio (1999:5) also explained the way corruption generates economic distortions. He argued that corruption increases the cost of business through the price of illegal payments, the management cost of negotiating with officials and the risk of breached agreements detection.

### **1.5.2 Income inequality and corruption**

Corruption which is evidenced to be the source of income inequality within the society leads the class formation between those who have and who don't have. The classes create unequal distribution of income where by scarce goods and services tend to allocated to those who have

(Gupta, Davoodi, & Terme 1998). They also foresee the biasness in tax systems as the factor for income inequality. This is caused by the poor administration and exemptions favoring the well connected people. In supplementing what Gupta et al. (1998) said, the World Bank (2000) concluded that the underdevelopment is highly correlated with administrative corruption which is associated with lower economic growth rates and as a result it cause income inequality.

### **1.5.3 Market misallocation and inefficiency**

The tactics that corrupt officers use to demand corruption affects service delivery directly. Williams & Doig (2000: 4) revealed that these officials may intentionally refuse to serve clients or disclose some important business information like tenders; privatization projects unless a bribe is paid. Corruption distorts the allocation of funds on production and consumption in the market which again cause economic inefficiency and hinders development. The funds which are misallocated just because of corruption are not in really case going to be allocated to investment sectors or development projects. They can probably be transferred to the foreign bank accounts and such transfer represent a capital leakage to domestic economy hence underdevelopment (William & Doig, 2000: 5).

### **1.5.4 The governance model**

This model puts forward the way corruption affects development by influencing governance factors. It shows the connection between the increased corruption in the country and the reduced governance capacity which automatically results into high rate of corruption (Chetwynd, et al, 2003: 11). The model assumes that the increased corruption deduces governance capacity which in turn increases poverty (ibid). In adding supportive arguments, Dininio (1999), said that corruption tends to lower the compliance with construction, environmental, and other regulations which are part of governance and reduces the quality of government services and infrastructure. The model explains the way governance practices are being ruined by corruption, and destabilization of government institutions which in turn impair the provision of services. Also it shows how social capital and trust have been reduced just because of corruption and as a result hinders the economic growth and reduce government capacity to help innocent citizens (Chetwynd, et al.2003).

### **1.5.5 Governance and corruption**

Researches and experience from different countries proves the threats of corruption towards the achievement of good governance and development. Johnston (2000) puts forward that corruption weakens political institutions and mass participation in good governance which in turn destroys the economic development. It is evidenced in the diagnostic surveys of corruption in Bosnia, Ghana, Indonesia and Honduras that government institutions with the highest levels of corruption tend to provide lower quality services. Lower quality service indicates the poverty and underdevelopment (Chetwynd, et al, 2003: 12).

### **1.5.6 Failure to lead by example**

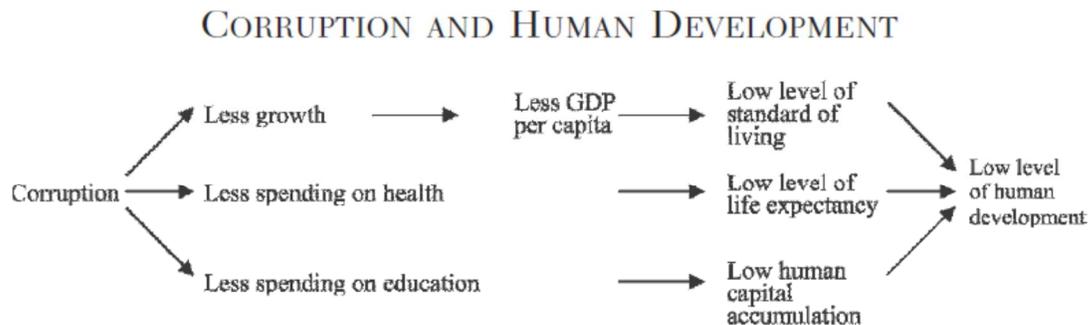
As perceived by many people, corruption tends to lower respect for constituted authority and so the legitimacy of government. William and Doig (2000: 5) doubted that if the elite politicians and senior civil servants are widely believed to be corrupt why then the public should not be corrupt? The results to this situation shall be underdevelopment because anyone would need to be corrupt.

### **1.5.7 Development, the impaired social capital, and less public trust in government**

There is a very close relationship between development, social capital and trust. As corruption rises, it tends to damage the public trusts in government institution. The trust again is very important aspect in strengthening social capital and the social capital helps people to regain trust and be willing to invest in productive activities to boost up development. So if people distrust their government and the social capital is destroyed then the investment in productive activities will be ruined, because in order for people to invest there must be a trust (Chetwynd, et al, 2003: 14). Knack and Keefer (1997) conducted a study on the relationship between social capital, trust and economic performance in 29 market economies using indicators from the world values surveys. Their findings proved that trust correlated highly with the economic growth. The impact of trust on growth is significantly higher for poorer countries. At the end, they came up with the conclusion from the study that trust is essential where legal systems and financial markets are less well developed.

### 1.5.8 Corruption and Human Development

The discussion on the relationship between corruption and development can also be addressed on the human development and governance perspectives. Good governance intervention is very important here because it controls the misuse of power so as to sustain overall human development. In their analysis, Gupta, Davoodi and Tiongson (2000) revealed that corruption increases; infant mortality rates, percentage of low birth weight babies, and reduces life expectancy and literacy. They came up with the figure just to explain how corruption affects human development.



*Source:* Akcay, S (2006)

The paper therefore supports the argument that there is a strong relationship between the two, corruption and development. Human development can directly be affected by corruption as it may affect education services and health care by increasing the cost or lowers the quality of services.

### 1.6 The case of England

“Those nations have the best chance of escaping catastrophe...who finds a way of opening the most liberal career to the aspirations of the present without too rudely breaking with all the traditions of the past”. These are the words of John Morley quoted from the book titled “Prophets and peoples; studies in nineteenth century nationalism” trying to explain the England as one of the oldest modern nations which in the nineteenth century had managed to escape great damage of corruption and other administrative challenges (Kohn, 1945).

### 1.7 The Background and Status of corruption in England

In the sixteen and eighteen century respectively corruption status of England, changed from court centered corruption to Parliamentary centered corruption. During this period public and private

interests were mixed in the royal patronage system which had more favors to dispense because the state was exempted from religious obligations and took over all functions which previously was under the church and guilds (Heidenheimer et al., 1989: 216). The expansion of patronage gave the merchant and elites easy access to power and resources by paying bribes government officials whom monarchy failed to pay them. The kingship and client ties were more important than ability to perform the job in staffing process and officials were paid by those who needed to use their services which in turns create big chance of corruption and eventually inflation (Heidenheimer et al., 1989: 222)

Later on the seventeenth century social changes led to a shift towards market corruption which generalized the distribution of privileges by putting them within the firmly bounds of those who could pay. This period caused the monarchy to be labeled corrupt, leading up to the period of puritan revolution (*ibid*). Puritan refers to the members of English Protestants who regarded the reformation of church as incomplete and sought to simplify and regulate forms of worship (Oxford dictionary, 2010).

Early in the eighteenth century England sailed smoothly and was proud of her stability and advanced liberty (*ibid*). But over suddenly the glorious revolution took place and endangers the equilibrium of order and liberty. The Methodist and Evangelical were in one side and radical and utilitarian were on the other side opposing. The former revived the religious strictness in interpreting the law but not in destructive approach and awakening the spirit of self reliance in the lower class, while the least put their emphasis on utility and experience, they showed their stands on their radical logical and demand for clarity and simplification (Kohn, 1945:24). During this revolution England plunged into gradual reforms developed and improves social institutions.

## **1.8 England in the Nineteenth century**

The position of England in the nineteenth century was looked as two nations (King as cited by Heideinheimer, et al. 1989: 233). This is because of the stagnation and declined of some towns and the rapid development and expansion of villages and towns which previously was underdeveloped. During this time trade unions emerged in the developing areas, industrial and commercial classes were more apparent and political associations were very powerful and active (*ibid*). Two political subcultures emerged; Preindustrial and Industrial which brought cure in the management of votes

during the election as corruption seemed to be the problem in that area, whereby the landlords desired to use their tenant votes to support themselves (op.cit).

The decline of corruption in England can be possibly measured by the size of electorate, population growth, class structure and proportion of new voters. King as cited by Heideinheimer (1989: 242) argued that corruption was partly declined because of the expanding size of the electorate which in turn was a result of the population growth which added the percentage of new voters in each constituency. However King alerted that stopping corruption is not simple because even in some of the most rapidly developing parts of England like Gloucester and Carlisle corruption tended to hardly disappear (*ibid*).

England adopted a new style of political persuasion because of the growth and organization of political party. This also was a factor that leads to the decline of corruption. The party manager's position becomes popular and important and their task was to find suitable candidates for each constituency. Previously their task was to find rich people in the constituency (op. cit).

England adopted Corruption Practices Act in 1833 which was added some penalties for corruption and increased central control against corruption. Candidates in the election process also exerted some pressure for the eradication of bribery and treating. The estimation of the cost of 1880 election was as expensive as any previous contest.

The introduction of Corruption Practices Act of 1883 contributed to the decline of bribery by limiting election expenses and increasing the penalties until hitherto outlined in the Corruption Practices Act of 1854 which led bribery less attractive than before. By making the central party organizations responsible for the conduct of elections in the constituencies, it placed the whole weight of the party machines against corruption (Heideinheimer, 1989:243).

Williams, Moran & Flanary (2000) added the tactic of suppressing a scandal, used by England as one amongst the mentioned methods above in fighting corruption. This means that for any public officer who alleged to be engaging in corrupt acts there is capacity of imposing penalties and held accountable. They argued that politics of corruption in some countries is played out by attempting to suppress scandal while in other countries scandal campaigns form part of the routines involved in the circulation of the elite. To sum up what was discussed above, corruption in developed countries like England is much controlled and it is used to bring development. It is not a threat to the system

because these countries have equipped themselves well with their government structures and stable economy.

### **1.9 Lessons for Africa**

African countries have a lot to learn from the developed countries on how to make corruption useful in achieving sustainable development. The abolition of corruption in England was practically proved impossible but it was almost extinguished around nineteenth century. This shows that there is a way that developed countries control it and use it in their development activities. The reasons for England to grow faster were as follows, most of politicians, the clean and corrupt ones invested in their own country. So the wealth accumulated, and all they have rooted from their country have been used for local investment. This creates employment to the locals, improves local industries, and also increases the GDP of the country because production boosts up exportation (BETA, 2011).

African countries need also to learn how to obtain resources from other sources and not depending from public services only. The developed countries use private sectors in their routines. This strengthens private sectors and increase investments and a result bring economic growth. Taking an example of the East Asian tigers e.g. South Korea, Singapore, and Taiwan, they came late into existence but they were able to develop faster. What they did was to increase tariffs in importation and practically add efforts on exportation so as to support their local industries and discourage importation. This was purposely done so as to give them chance to utilize fully their resources (BETA, 2011). The African countries would do the same just to promote the local industries and put many efforts on exportation of raw material if not finished goods

Lastly the problem of leadership is also a stumbling block to the achievement of development in African countries. Most of African leaders are corrupt and influence others to be corrupt. William & Doig (2000; 5) argued that politicians and very senior government officers are widely involved in corruption which in turn raise a question to the citizens as why they cannot also be corrupt? Africa needs leaders who are seriously committed and focused to the achievement of development.

### **1.10 Conclusion and recommendations**

The term development entails a lot of activities that aiming at moving from one stage to another, it cut across the whole fields that exists and affects countries in so many ways Economically,

Politically, Socially and culturally. While African countries strive for development achievement, corruption is also busy eating the efforts and discourages countries to move from one place to another. The relationship of corruption and development is like the relationship of medicine and disease. If corruption can be controlled and used for public interest as Mironov (2005) suggested it will give positive results as how England developed, but if is practiced other way round then maladministration and poor development are likely to happen. African countries should emphasis the importance of local investment, and learn how to vote for good leaders who can enforce the enacted laws of corruption and punish those who are associated with corruption scandals. Also good governance is very important in managing corruption. The paper examined the existence of the relationship between corruption and development. It used three different models namely economic, governance model and corruption and human development model to come up with the way of addressing the issues. It is discovered that there is a relationship between corruption and development. Also during the Nineteenth century in England corruption was almost declined. The paper showed also lessons to African countries basing on the corruption and development by citing East African tigers countries as an example. Conclusively the stands to this discussion is this there is a very serious relationship between development and corruption and the separation of the two needs political support from the top leaders.

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