

Corruption and Poverty: One Leads to Another

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Corruption: Introduction

Corruption is both the major cause and result of poverty around the world. It occurs at all level of society, from local and national government, civil societies, judiciary functions, small and large business, health institutions, educations, the list goes on and on. There is not any aspect of the human society that is left to be corrupted.

Corruption is a complex phenomenon with multiple causes and effects. A difficult thing to measure, as it takes on various forms and functions in different contexts. However, the impact of corruption is adverse. It isn't just in the government that corruption is found; it can sneak through society and hamper different aspects of it. Corruption is defined as the impairment of integrity, virtue, or moral principle or as inducement to wrong by improper or unlawful means – such as bribery. Corruption is defined by the World Bank and Transparency International (TI) as “the misuse of public office for private gain.”(UK Essays, 2018) The UN Convention against Corruption (UNCAC) does not prescribe a single definition.

Corruption takes various forms. The table below outlines the most common categories.

Table 1: Categories of corruption (Evidence paper on corruption, 2015)

| Categories of corruption | Description |
|--------------------------|--|
| Bribery | The act of dishonestly persuading someone to act in one's favor by a payment or other inducement. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, etc.). The use of bribes can lead to collusion (e.g. inspector's under-reporting offences in exchange for bribes) and/or extortion (e.g. bribes extracted against the threat of over-reporting). |
| Embezzlement | To steal, misdirect or misappropriate funds or assets placed in one's trust or under one's control. From a legal point of view, embezzlement need not necessarily be or involve corruption. |
| Facilitation payment | A small payment, also called a "speed" or "grease" payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. |
| Fraud | The act of intentionally and dishonestly deceiving someone in order to gain an unfair |

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|------------------------|--|
| | or illegal advantage (financial, political or otherwise). |
| Collusion | An arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. |
| Extortion | The act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party |
| Patronage and nepotism | Patronage at its core means the support given by a patron. In government, it refers to the practice of appointing people directly |

Factors that facilitate corruption

Corruption is a phenomenon with many faces. It is characterized by a range of economic, political, administrative, social and cultural factors, both domestic and international in nature. It results from interactions, opportunities, strengths and weaknesses in socio-political systems. It opens up and closes down spaces for individuals, groups, organizations and institutions that populate civil society, the state, the public sector and the private sector. It is, above all, the result of dynamic relationships between multiple corrupts.

Some of the obvious reasons that leads to corruption are:

Personal

- 1) Personal greed that leads to an unfettered desire for money or power, with no regard whatsoever to moral boundaries.
- 2) Decline of personal ethical sensitivity, either due to lack of education or negative learning experiences, developed by downplaying perverse conduct in the past.
- 3) No sense of service when working in public or private institutions.
- 4) Low awareness or lack of courage to denounce corrupt behavior and situations conducive to corruption.
- 5) Poverty, illiteracy and unemployment.

Cultural

- 1) Cultural environments that condone corruption.
- 2) Lack of transparency, especially at the institutional level, but also in less formal organizations.

Corruption around the world:

It goes without saying, almost, that corruption is everywhere. Corruption in poor countries is well commented on. Rich countries, also suffer from corruption. A difficult thing to measure or compare, however, is the impact of corruption on poverty is adverse. It is easier to see corruption. It is harder to see these other more formal, even legal forms of corruption.

Growing levels of public sector corruption can stifle a country's economic growth while also chipping away at political freedom.

Which parts of the world are perceived to be most corrupt – and further, how does this data differ between regions, and how has it trended over time?

The Corruption Perception Index (CPI)

Methodology:

- The CPI attempts to measure perceptions about corruption in a country, rather than corruption itself
- specifically, it is focused on the public sector of countries, which includes governments and government-run institutions
- Scores range from 0 (most corrupt) to 100 (most clean)

Table 2: The Most and least corrupt places: (Visual Capitalist, 2019)

| Region | Average Score (CPI) |
|---------------------------------|---------------------|
| Western Europe and EU | 66 |
| Americas | 44 |
| Asia Pacific | 44 |
| Middle East and North Africa | 39 |
| Eastern Europe and Central Asia | 35 |
| Sub-Saharan Africa | 32 |
| Global | 43 |

Western Europe has the highest score on average, while Sub-Saharan Africa has the lowest (most corrupt) average score.

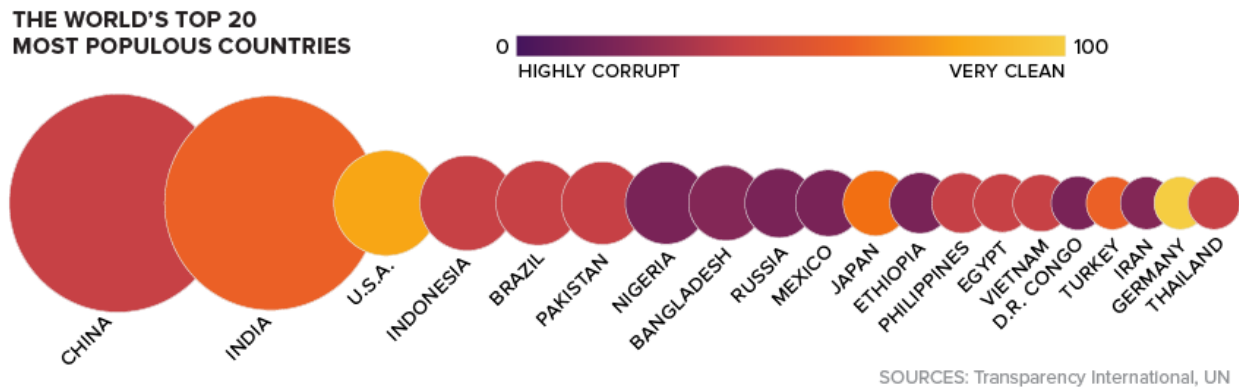
Table 3: The top 7 least corrupted (Visual Capitalist, 2019)

| Rank | Country | Score(CPI) | Government type |
|------|-------------|------------|------------------|
| 1 | Denmark | 88 | Full democracy |
| 2 | New Zealand | 87 | Full democracy |
| 3 | Finland | 85 | Full democracy |
| 3 | Singapore | 85 | Flawed democracy |
| 3 | Sweden | 85 | Full democracy |
| 3 | Switzerland | 85 | Full democracy |
| 7 | Norway | 84 | Full democracy |

As the report notes, the relation between democracy and corruption appears to be quite clear: the more democratic a regime is, the less corrupt it is perceived to be. Further, the least corrupt nations have very few poor people. The per capita income of those countries are well above the world's average resulting in higher lifestyle and less poverty.

Here's also a look at the world's 20 most populous countries:

Figure 1: World's top 20 most populous countries (Visual Capitalist, 2019)



Here, most of the corrupt countries tend to have higher population. And countries with higher population tend to have the greater poverty rate. Except few countries, every hugely populated countries have greater number of poor people. This stats directly shows the relationship between poverty and corruption and how they are interrelated with each other.

Poverty around the world

Billions of people around the world live in an absolute poverty. Nearly 10% of the world's population are absolutely poor. As stated by World Bank, almost 1 billion people live below at 1.9 dollars per day. And almost half of the world's population (nearly 4 billion) live with a household income of 2.5\$ per day (Compassion, 2018). The extreme poor people live without support, watching economic growth pass them helplessly. The rich are getting richer and the poor are getting poorer.

It is found that most of corrupt countries are economically poor. People in corrupted countries are poor. The impact of corruption directly hampers the poor. Lack of awareness, education, and human right violation causes the poor to pay bribe for every small task.

Corruption and Poverty

Corruption and poverty unfortunately go hand in hand. Corruption affects the poorest the most, either in rich or poor nation. To end poverty, we must end corruption. Or at least minimize it. People should be made aware about their rights. More anti-corruption campaigns should be conducted. Corruption even threatens the life of poor. In countries where people are forced to bribe to get essential services like health and water the toll can be horrifying. Eight times more women die having children in places where more than 60 per cent of people report paying bribes, compared to countries where bribery rates are less than 30 per cent (Huffpost, 2017). The effects of corruption are personal and they are devastating. Corruption leaves children without mothers, families without healthcare, people without food, the elderly without security, and businesses without capital.

Conclusion

Around half of the world's population still in poverty. This is not something that is to be taken lightly. It is predicted that by 2040 the population will reach 8.5 billions (Huffpost, 2017). That is 8.5 billion poor people. The news is both shocking and horrifying. This is a global issue: no country is without poor people or without corruption. In the latest Transparency International Corruption Perceptions Index that measures how corrupt the public sector is perceived to be, two-thirds of the 177 countries ranked scored less than 50 on a scale where 100 is considered clean. The average score of the world's least developed countries is 28 (Huffpost, 2017).

The world simply cannot turn a blind eye to the corruption that keeps people poor. The literature points to the conclusion that corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, intermediaries that in turn produce poverty. Instant change is required. Now more than ever before, as we enter the next phase of the drive to eradicate extreme poverty, we must have the will to put an end to corruption.

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