

Youth for Good Governance
distance learning program

Module III

Introduction to Corruption



THE WORLD BANK

Module III

Introduction to Corruption

Section 1: Module Overview

During this module, we will look at ways to define corruption, learn about different types of corruption, and explore the costs of corruption.

Learning Objectives

By the end of the module, you will be able to:

- define corruption
- discuss different types of corruption
- examine the costs of corruption.

Participant Role

You are encouraged to read all the materials in this handbook and attempt to complete all the exercises before the videoconference session. If you have any questions or need guidance with the exercises, contact your facilitator through the e-mail list that has been developed for the course.






Exercise

Before the videoconference begins, take the WBI youth survey on corruption. The survey aims to develop a clearer understanding of the kinds of corruption experienced in countries around the world, youths' awareness of the problem, and the ways youth can contribute to the fight against it. Responses to the survey are anonymous and are intended for statistical aggregation purposes only. After answering the survey's 14 questions, students can instantly view the cumulative results. The website is: <http://www.wbigf.org/youth/survey.php3>.

Section Two: Definition of Corruption

Most of us have an idea of what corruption is. But we don't necessarily share the same idea. That is why we need to ask the question about what corruption is. For example, do you believe giving money to speed up the processing of an application is corruption? Do you think awarding contracts to those who gave large campaign contributions is corruption? Do you think bribing a doctor to ensure your mother gets the medicine she needs is corruption? Do you think using government construction equipment to build an addition on one's house is corruption?

Corruption is not just the clearly "bad" cases of government officials skimming off money for their own benefit. It includes cases where the systems don't work well, and ordinary people are left in a bind, needing to give a bribe for the medicine or the licenses they need.

All of the above are examples of  **public corruption**. They all involve the misuse of public office for private gain. In other words, they involve a government official benefiting at the expense of the taxpayer or at the expense of the average person who comes into contact with the government. By contrast, private corruption is between individuals in the private sector, such as the Mafia extorting money from a local business. This course deals primarily with public corruption.



Definition

Public Corruption: The misuse of public office for private gain.





Exercise

Which of the following scenarios are illustrations of public corruption:

- Companies colluding to fix prices in their industries
- Drivers bribing a police officer to avoid speeding tickets
- Political party officials rigging elections
- Companies selling their faulty products
- Children buying illegal narcotics for recreational use



If only corruption were this obvious...

Section Three: Corruption vs. Gift Giving

Corruption is not only a western concept. In any society, there is a difference between what happens above board and what is under the table, of what is accepted and what causes outrage. Although different societies have their own notions of corruption, here are four questions to help determine what is right:

- **Transparency:** Do I mind if others know or the press reports on what I do?
- **Accountability:** Do I report my actions to others? Do they hold me to standards?
- **Reciprocity:** Would I feel hurt if others did the same thing?
- **Generalization:** Would it harm society if everybody did the same thing?

Gift giving in many village traditions, for example, is not considered corruption as the transaction is transparent and not secret; the scale is modest, not life-changing; the benefits are usually shared with the community, for example the council of elders; and the public rights are not violated.



Exercise

Imagine that you are an official working for the government. What hospitality or gifts should you accept from contractors? Use the four questions listed above to guide you in your decisions.

- Cup of coffee or tea, lunch, dinner for your family
- Theatre tickets, overseas holiday, expenses for your children to study abroad
- Book, scarf, shirt or tie, TV set and video, car, house



Section Four: Types of Corruption

There are many types of corruption. For most people, **bribery** probably comes first to mind when they hear the word corruption, but other common types of corruption include **nepotism**, **fraud**, and **embezzlement**.

? Definition

Bribery: An offer of money or favors to influence a public official.

Nepotism: Favoritism shown by public officials to relatives or close friends.

Fraud: Cheating the government through deceit.

Embezzlement: Stealing money or other government property.

In talking about different types of corruption, an important distinction is between **administrative corruption** and **political corruption**.

? Definition

Administrative Corruption: Corruption that alters the implementation of policies, such as getting a license even if you don't qualify for it

Political Corruption: Corruption that influences the formulation of laws, regulations, and policies, such as revoking all licenses, and gaining the sole right to operate the beer or gas monopoly.

Another important distinction is between **grand corruption** and **petty corruption**.

? Definition

Grand Corruption: Corruption involving substantial amounts of money and usually high-level officials.

Petty Corruption: Corruption involving smaller sums and typically more junior officials.

Corruption levels can vary within a country for different types. For example, there may be very little grand corruption in a country with a relatively clean elite, but a large amount of petty corruption in the lower offices of government.

? Exercise

In small groups, find four examples of corruption from newspapers or personal experience. Identify the type of corruption involved in each case. In class, present the examples to the whole group. How similar or different are the examples? Post the examples from your class on the WBI course website. How different are the corruption cases across the countries participating in the course? As the course progresses, follow the development of these cases. Later we will come back to the question of what could be done to prevent these corrupt acts.



Section Five: Costs of Corruption

Even if you don't come into direct contact with corruption, corruption affects you. Corruption reduces the overall wealth in a country since it can discourage businesses from operating in such a corrupt setting. In countries with high levels of corruption, for example, average income is about three times lower than in less corrupt countries (the difference between, say, Ukraine and the Czech Republic, Indonesia and South Korea, Nicaragua and El Salvador, or Chad and Namibia).

Corruption also reduces the amount of money the government has to pay good workers and pur-

chase supplies, such as books and medicine. It distorts the way the government uses its money, too. The result is that schools, health clinics, roads, sewer systems, police forces, and many other services that governments provide are worse than they would otherwise be. Because of this, infant mortality rates are also about three times higher and literacy rates are about 25 percentage points lower in high corruption countries than in countries with low to medium levels of corruption.

In addition, corruption is unfair and allows those with money or connections to bend the law or government rules in their favor. They can pay off judges, for example, or divert scarce drinking water to their land. For these reasons, corruption harms the environment and undermines trust in government.



Exercise

Look at this picture carefully and answer the following questions.



- Describe what you see in the picture above.
- Would this be a typical scene in your country?
- How could corruption have contributed to the collapse of the highway?



Source: *Dealing with Bribery and Corruption*, a Management Primer of Shell International, 1999. Used with permission.



