Why corruption is perceived to be higher in poor countries than in richer countries?: a critical assessment of the Corruption Perception Index

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Abstract:

This article will critically examine why corruption is perceived to be higher in poor countries, than in richer countries. It will be argued that narratives corruption has an impact on its definition, perception and measurement of this phenomenon. This article will therefore assess the implications of these three dimensions in the construction of one of the most commonly consulted instrument on the subject, the Corruption Perception Index (CPI). A further analysis of such instrument will help to disaggregate the usual discourse on the subject and supporting ideas behind corruption as it is being measured nowadays.

Corruption is considered a major obstacle to achieve economic development by international financial agencies such as the World Bank, Organisation for Economic Co-operation and Development, and the International Monetary Fund. Many authors in the literature acknowledge that the increasing concern on governance and corruption (or the lack of thereof) emerged in response to the failure of the Structural Adjustment Programmes (Polzer 2001; Doig & Marquette 2005; Zaman and Ur-Rahim 2009). Since the good governance agenda is mainly promoted by these organisations, an assessment of the perception of corruption cannot dismiss the power and influence of the underlying narrative of the IFIs.

This article will proceed as follows. The first section will provide an analysis of the discourse of corruption as a Western, business-centric, and culture-blind notion that determines how corruption is defined, how it is perceived, and ultimately how it is measured. The second part will examine the CPI according to the three dimensions mentioned previously. Also, it will give an account of the CPI sources, advantages and disadvantages, and its overall influence as a global barometer on corruption. Finally, this article will offer a critical assessment on this troublesome issue and possible ways to shift the debate around the usual notions around it.

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Zaman and Ur-Rahim indicate that since racial superiority is outmoded and no longer politically correct, the imperative to drive world politics is now governance indicators (including corruption) which give the 'rich and powerful countries' a moral right to advise and compel the lesser countries to perform according to higher, this is, their standards (Zaman and Ur-Rahim 2009:123). As part of good governance, corruption is a universal notion strategically used by developed countries to reinforce moral, economic and political Western constructions that continues to reproduce power asymmetries between the 'North' and the 'South' (Crush 1995; Bracking 2007; De Maria 2008b).

Furthermore, it is widely argued that corruption is not only higher in non-Western (poor) countries, but it is culturally intrinsic to them (Bracking 2007:15). The idea of a 'culture of corruption' in many developing countries is a sign of a Western discourse. For example, Szeftel (1998:221) quotes a former British Tory MP, Matthew Parris: "corruption has become an African epidemic. It is impossible to overstate the poisoning of human relations and the paralysing of initiative that the corruption on the African scale brings". In addition, an American diplomat said that "you can no longer buy an African state; you can only rent one by the day" (Charlton & May 1989 cited in Szeftel 1998:223). Both remarks support the idea of corruption as a widespread practice in many countries, especially African ones.

In addition, this global yardstick is culture-blind. As Kurer points out (2005:225), "what the public condemns as a 'corrupt act' in the West today has not been so condemned in the past, nor is it generally condemned elsewhere". At the same time, what constitute a corrupt act in the West might not be considered as corrupt in non-Western countries. Because culture is a set of belief and values about what is desirable or not, the definition, perception and measurement of corruption might differ as well (Seleim & Bontis 2009; Melgar et al. 2010). For instance, corruption in Africa, and well as in other poor regions, is mostly related to 'politics of the belly', or the daily struggle against poverty, disease and exploitation" (Bayart 1993 cited in De Maria 2008b:185), whereas in developed countries corruption might manifest through financial crimes or influence peddling. As a result, this Western discourse deslegitimises Southern states' polities. At the same time, anti-corruption campaigns neglects local cultures and traditions with different views of the public and private spheres, conflict of interests, and corruption which have emerged from

former Western rules (de Sousa et al. 2009). Moreover, it is likely that donors use the label of 'corrupt state' as a basis for aid allocation (Galtung 2005:17).

Having said that, the analysis of corruption is flawed because it has a narrow approach. In this sense, measurement indicators, as well as anti-corruption campaigns, will follow this logic. Consequently, both elements will fail in its objectives because there are failing to address the real dimension of the problem (Szeftel 1988; Polzer 2001; Stefes 2007; Bracking 2007; De Maria 2008b).

The first element to disaggregate is the concept of corruption itself. The most common definition is "the misuse of public office for private gain" (Transparency International 2003; Kurer 2005; Svensson 2005; World Bank 2005; Seleim & Bontis 2009; Melgar et al. 2010). Furthermore, according to De Maria (2008b:186), the Economist Intelligence Unit (one of CPI sources), refers to "misuse of public office for personal (or party political) financial gain". These definitions raise several questions. The first one is related to the scope of corruption. Apparently, there is no difference in the impact or volume of corrupt transactions. The second one refers to emphasis on public office. This narrow approach overlooks other in the private sector such as "collusion between firms or misuse of corporate assets that imposes costs on consumers and investors" (Svensson 2005:21). Thirdly, the use of the term 'misuse' denotes a legal standard of what constitute a legal or illegal activities, and it can only be applicable according to the particular legal framework of each state (Svensson 2005:20). The International Financial Institutions (IFIs) use this concept to influence how corruption is being measured (Bracking 2007:15).

The second element in the analysis is the perception of corruption. According to Melgar et al. (2010:120), "high levels of corruption perception could have more devastating effects than corruption itself". For instance, it might seem that corruption is acceptable and worthwhile to imitate, increasing (involuntarily) the incidence of corrupts acts (Zaman and Ur-Rahim 2009:122). Certainly, one reason for higher perception of corruption among poor countries is the idea proposed by Melgar et al. (2010:129) that "better economic performance reduces corruption perception, and macroeconomic instability has the opposite effect". As a result, Latin American, African and Asian countries, as well as ex-socialist states, tend to perceive higher corruption than other countries. A 98 percent correlation between log (GNP per capita) and corruption in 2005 revealed that "'corruption' is another name for 'poverty' while 'honesty' is another name for 'wealth'"

(Zaman and Ur-Rahim 2009:122). Additionally, greater levels of inequality also determine a higher level of corruption perception (Melgar et al. 2010:122).

Thirdly, measurement of corruption still lacks of a precise standard to measure. The most popular indicator is the number of bribes paid to government officials. Zaman and Ur-Rahim (2009:119) go on to say that corruption cannot be measure because it needs to be measurable. For instance, Pakistani officials calculate the cost of smuggling and lowered the tariff rate at the level which equal to the bribe (Zaman and Ur-Rahim 2009:120). Consequently, the lack of a clear-cut definition of corruption will cause a narrow measurement instrument as well.

Transparency International (TI) is trend-setter organisation in the study of corruption (De Maria 2008b). It was initially conceived as a "coalition to curb corruption in international business transactions" (Galtung 2005:3). Certainly, most of the publications are focused on business-oriented indicators. However, TI has move a step forward introducing a Bribe Perception Index, and incorporating a broader notion of corruption in its latest edition of Corruption Perception Index. This document is the most prominent instrument in the study of corruption. It is argued that it has raised awareness of the problem (Galtung 2005), and influences a country's political trajectory (Galtung 2005; Stefes 2007).

This section will re assessment the potential and limitations of the CPI. This index is constructed through the inputs from non-residents experts, both-resident and non-resident business leaders, and also number of surveys (Bowman et al. 2007:438). De Maria (2008b) classifies the nine sources used by Transparency International to construct the CPI: the World Bank, the Economist Intelligence Unit, Freedom House, Institute for Management Development, Merchant International Group, Political and Economic Risk Consultancy, UN Economic Commission for Africa, World Economic Forum, World Markets Research Centre. One major criticism of the CPI is what it actually measures. For De Maria (2008b:189), the CPI does not measure corruption per se, but it measures "perception-based epiphenomenal proxies of it". For instance, the World Bank survey measures the proxy values of accountability and transparency because a "high degree of accountability and transparency discourages corruption" (World Bank 2005:41). Apparently, there is risk of 'reification' or "thinking of a common manifestation of a concept as if it was the concept itself" (Babbie 1995 cited in De Maria 2008b:189).

Furthermore, perception-based interviews can be influenced by media or personal experiences. For example, the Executive Opinion survey made by the World Economic Forum asks "how common are un-documented extra payments or bribes from one private to another to secure business". The respondents are not required to have witnesses the acts (De Maria 2008b:191). Additionally, when non-residents experts are interviewed, the fact that "they are not used to local customs and language, unfamiliar with uses and practices" (Zaman and Ur-Rahim 2009:121) might produce biased results. Thus, evidence suggests that most of the sources used by Transparency International to construct the CPI are heavily dependent on perception of wealthy businessmen. In the same way, Galtung (2005) believes that there is no proof that business perception is any more valid than perceptions from victims of corruption.

Returning to the features of the CPI's sources, it is worthwhile to point out that five of them measure only competitiveness and economic environment. Also, six of them do not publicly disclose their methodologies or results (De Maria 2008b:190). In consequence, most information relates to 'business corruption'. By 2008, four out these nine sources were international risk management and business surveys organisations such as the Institute for Management Development's (IMD) World Competitiveness Year Book as well as World Economic Forum's (WEF) Global Competitiveness Report (De Maria 2008b:189). Finally, De Maria highlights that only six provide information about African countries, and four of them were exclusively business management surveys. This might shed light on the high perception of corruption in poor countries, and reinforcing the idea that corruption is a culturally-rooted institution. However, by 2010, TI includes new sources such as the Asian Development Bank, African Development Bank, and the Bertelsmann Foundation. All these three sources focus on transparency, accountability and corruption on the public sector (Transparency International 2010).

Yet, what TI identifies as corruption is highly misleading. The Corruption Perception Index measures perceptions of businessmen regarding corruption in various countries (Zaman and Ur-Rahim 2009:120). Since the CPI contains samples from residents and foreigners (businessmen), it is not affected by the level of tolerance for corruption in the country (Galtung 2005:4). For example, De Maria (2008b:192) argues that,

> *"a young executive from Finland (CPI low-level "corruption") newly arrived in Uganda answering poll questions about his or her perceptions of Ugandan "corruption" may talk up their "awareness". However, a long-term expatriate resident from Hungary (CPI middle-level*

"corruption") may talk down their perceptions of Ugandan "corruption", even though both may have had the same matters in mind when they responded to the polls".

CPI classification has several consequences. First, a country that would like to lower its corruption perception ranking would be interested in hiring "Madison Avenue experts, and invite foreign businessmen on special tours" (Zaman and Ur-Rahim 2009:122). Thus, there will be efforts on propaganda rather than policy change. On the other hand, high corruption may lead to an involuntary promotion of corruption, giving the impression that it is customary, and goes unpunished as it was mentioned previously (Zaman and Ur-Rahim 2009; Melgar et al. 2010). Furthermore, Galtung (2005:2) indicates that CPI's blind spot is the "[it] casts a spotlight on the major bribe takers of the world; it lets the major bribe givers and safe havens of looted funds off the hook".

CPI index provides a limited approach of corruption, and hence a limited measurement of it as well. This might be one of the reasons why poor countries are perceived as more corrupt. The business-centric focus and the universalism of the notion presented by this index shed light on the generalisation impression than poor countries are *per se* more corrupt than rich countries. For instance, emphasis on public office neglects to address the problem accurately. In the case of corporations in USA, it is well-known that "influential politicians or generals (or relatives) at fat consultant fees, and end up winning enormous government contracts. The volume of a small number of such transactions is greater than the total estimated volume of bribes for many LDC's ranked as highly corrupt" (Zaman & Ur-Rahim 2009:188).

Nonetheless, there are other instruments of measurement such as the International Country Risk Guide (which indicate the likelihood that high government officials will demand special payments and the extent to which illegal payments are expected throughout government tiers); and the Control of Corruption (with a broader definition of corruption) that could help to measure corruption in a more accurate way. However, according to Svensson (2005:22), a correlation between these three instruments shows that they were highly correlated (Control of Corruption and CPI is 0.97 and, CPI and International Country Risk Guide is 0.75). In other words, most of the instruments measuring corruption (regardless of their sources) offer similar results.

This article set out to disaggregate elements of corruption to understand why poor countries are perceived as more corrupt than rich countries. Overall, a narrow conceptualisation of corruption considers as corrupt acts within public office. As it was mentioned, in poor countries these kinds of transactions are quite common, especially in countries with systemic corruption. However, they are doomed to score poorly in international rankings. This idea does not imply that these countries do not need to eradicate any form or corruption, nor improve governance quality but they should move beyond a Western ownership of the definition of corruption as it is perceived today. The business and foreign bias in CPI reveals serious weaknesses for an integral study of corruption worldwide.

As Zaman and Ur-Rahim (2009:119) argue, the target of proposed measure needs to be measurable. Also, the goals of measurement need to be specified. In order to obtain accurate measurement it is need to establish a prior definition. Moreover, a broader definition of corruption as 'an outcome of a country's legal, economic, cultural and political institutions' will require taking into consideration culture, historic age, actual social climate, and social groups (Gallup 1999:1).

The potential of CPI cannot be neglected. It offers a barometer that includes a worldwide sample based on several sources. Furthermore, it provides incentives for 'corrupt' countries to perform better, and maybe discourages 'clean' countries to improve their efforts. Either way, it provides a measurement on corruption, or proxies of what corruption really is. In addition, it is important to mention the shift towards a more broad definition of corruption in Transparency International. For example, the Corruption Perception Index 2010 defines corruption as the "abuse of entrusted power for private gain, encompassing practices in both the public and private sectors" (Transparency International 2010:4), including the private office as well. Yet the CPI still ranks countries according to perception of corruption only in the public sector.

Transparency international has franchised the growth and collaboration of local chapters. According to de Sousa (2009), TI is represented in more than 90 countries among developed and developing countries with different levels of democracy. It managed to launch worldwide campaigns raising awareness globally. However, it also led to transforming this organisation into a resource-draining, bureaucratic and conservative institution (De Sousa 2009:203).

The problem with the discourse behind corruption is that it does not estimate the impact or volume of corruption. In this case, as Zaman and Ur-Rahim (2009) assert, Bush lied to the public claiming that Iraq has weapons of mass destruction through misleading CIA reports. For the authors, this misuse of public office and betrayal of public trust is perhaps the single most massive corrupt transaction in the history of mankind. The combined monetary value of all petty bureaucratic corruption in the poorer countries pales in comparison. However, poor countries are still perceived as more corrupt. Thus, current instruments should focus on the characteristics, volume and impact of current instruments rather than the number of them. A phenomenon of such complexity as corruption does not have adequate measurement standards.

Another innovation in the study of corruption is the inclusion of 'culturally-sensitive' approaches to improve assessment of corruption in determined regions or geographical areas, as well, as economic performance or degree of development. Indeed, "one does not condemn a Jew for bribing his way out of a concentration camp" (Rose-Ackerman 1978 cited in Kurer 2005:225)

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