A Study of Corruption’s Causes in Botswana and Nigeria

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ABSTRACT: Corruption in Sub-Saharan African countries is considered by most observers to be a major impediment to growth. However, it is also a complex dynamic force that has many dimensions and many causes, and varies considerably across countries in Sub-Saharan Africa. This report looks at Botswana and Nigeria, two nearly polar opposites in terms of corruption, to see what appears to be associated with corruption in these countries and to see how their experiences accord with the broader literature on corruption in developing countries. In doing so, the report will study the ultimateness and changeability of a cause to determine ideal points of leverage for economists and others to use against corruption. The literature provides a useful overall perspective for what causes corruption in general, but analyses of corruption and programs to combat it need to take into account these leverage points and be tailored to the specific country.
I. Introduction

Nearly all economists agree that corruption is a major cause of stagnation for much of Sub-Saharan Africa, and indeed much work has been done to combat its existence in many countries in this region. However, corruption still exists and in some cases continues to worsen. Corruption is far from uniform, varying considerably across borders. Country focused analyses are needed to help understand the complexities of corruption and how to stop it. This report will look at two very different countries to explore the similarities and differences in the extent, nature, and causes of corruption.

The paper begins by defining corruption and explaining the approach this paper takes to analyze the causes of corruption. The next section explores the current economic theories on corruption in developing countries and its causes. A discussion of the causes of corruption specific to Nigeria and Botswana follows. The literature’s conclusions on the important causes of corruption will then be tested against conditions in Botswana and Nigeria to show that some differences in the causes and extent of corruption do exist when corruption is studied within an individual country. The report finishes with some concluding remarks and thoughts for combating corruption in general.

II. Approach
A. Definitions and Categorization

To help understand corruption in Sub-Saharan Africa, this report will analyze the conditions in Botswana and Nigeria because they lie at the opposite ends of the corruption scale. Botswana has seemingly escaped the plague of corruption that wreaks havoc on most other countries in Sub-Saharan Africa, and is, according to the Corruption Perceptions Index, the least corrupt country in Africa. Nigeria, one of the most well endowed nations in Africa with respect to natural resources, has had innumerable and very severe cases of corruption and continues to be plagued by this problem today. According to the same index, Nigeria is the second most corrupt country in Sub-Saharan Africa and is tied for third as the most corrupt country in the world. Each Sub-Saharan country certainly differs greatly even from its closest neighbors and each experiences corruption differently. It is therefore useful to study corruption through specific examples of individual countries.
Random House Dictionary defines corruption as any perversion of integrity, but corruption can mean many things to a developing nation. Many economists define corruption to be the use of public funds for private gains. Using this definition, there are nearly an infinite number of ways to act in a corrupt manner, as each individual case differs from the next. It is therefore important to form sub-categories of corruption in which one can group more specific forms of corruption. For example, in the sub-category of election corruption, one can place the act of physically stuffing a ballot box, or threatening potential voters. Many sub-categories like this one exist, including public and private construction project; import and export; entrepreneurial; police; military; and taxation.

Using sub-categories like the ones above enables a better understanding of corruption, including facilitating the separation of corruption into two important groups – private corruption and public corruption. Pure private corruption involves an individual not affiliated with the government exercising his or her power over another individual to collect money or services above and beyond the normal payments (e.g., what is often called “protection” in the United States). Pure public corruption in its most basic form is a government or agents claiming to hold the power of government using public money for private gains. The line between public corruption and private corruption often becomes blurred and ambiguous. Ambiguity can occur, for example, when a public official acting on behalf of the government extorts a bribe larger than the amount prescribed by the government in order to reap his or her profits. This report will focus on public corruption with economic consequences, including, among others, the creation of a black market premium and export corruption.

Another way to categorize corruption is to divide it into two groups according to its legality. These two groups are “according to rule,” or institutionalized corruption and “against the rule,” or illegal corruption. The first group occurs when in order to complete a task required by law one must pay a bribe to an individual affiliated with the government in order to receive preferential consideration (or any consideration at all). In the second group, the individual demanding the bribe is doing so in a manner contrary to what a relevant law allows. This project will address both of these types so long as they occur within the realm of public corruption.

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1 Transparency International definition of corruption from http://www.transparency.org/news_room/faq/corruption_faq
Lastly, one must be careful to distinguish between government folly and public corruption. For the purposes of this project, government folly occurs when a policy intending to aid the public or one that follows the advice of indirect benevolent consultants has consequences detrimental to the public well-being. Public corruption, as previously stated, is the act of extorting public funds for private use. Public corruption differs from government folly, and this report will not attempt to analyze government folly as this is a different subject.

Most of the time, when public officials engage in corrupt activities, they do so knowing that the results will be detrimental to the public well-being. Exceptions do exist, though. For example, a rising political party may attempt to oust a corrupt regime, with motives of supporting the common good guiding their endeavor. However, the corrupt regime might have so much money and therefore power, that the opposition’s lack of funds would make an election victory for them impossible. The challenging political party might then turn to bribery and other less than legal means to fund their campaign, all the while doing so in order to defeat the corrupt regime. This is an example of public corruption where an individual or group attempts to do something good but uses public funds to promote private goals.

The complexities of corruption require careful analysis. Studying corruption on a country by country basis will provide a better understanding, and separating corruption into its components, like the sub-categories listed above, will help to better define corruption. Detailed definitions of corruption allow the distinctions between public corruption and private corruption and institutionalized and illegal corruption to be made. This report takes in to account all sub-categories and definitions of corruption in Botswana and Nigeria within the realm of public corruption.

B. Measurement

Alan Field writes in his article, “The High Costs of Corruption” in the Journal of Commerce, that “corruption adds more than 10 percent to the cost of doing global business,” and “the World Bank has estimated that bribery has become a $1 trillion dollar industry worldwide.” Public corruption can be even more potent because it has the potential to reap huge profits through vast organization. Paolo Mauro, in a staff paper entitled “The Persistence of Corruption and Slow Economic Growth,” writes that according to a November 8 The New York Times article, “the administration of former Brazilian President Fernando Collo de Mello is described
as a highly complex and efficient system of corruption” establishing monthly quotas of bribe income of $500 million, for example. In “The Long War Against Corruption,” Ben W. Heineman, Jr., and Fritz Heimann report that “corruption distorts markets and competition, breeds cynicism among citizens, undermines the rule of law, damages government legitimacy, and corrodes the integrity of the private sector. It is also a major barrier to international development -- systemic misappropriation by kleptocratic governments harms the poor.” It is thus clear that no study of a country’s economic growth and development, including its societal well-being, would be complete without at least acknowledging the effects of corruption.

The above examples show that the scope and magnitude of public corruption can be astounding, but the total existence of corruption can be very difficult to measure. Some aspects of corruption are easier to measure than others, and as a result, surveys and indirect measurements of the effects of corruption are often used. In addition, there are few if any public records of funds received or paid due to corruption since most occurrences are illegal, and there is no way to place a monetary value on the frustration, suffering, hindrance to growth, and loss of freedom experienced by a population living in corrupt conditions. This report will measure as numerically as possible the amount of corruption occurring in Botswana and Nigeria. It will not attempt to measure the effects of corruption, but will use measurements of the indirect effects of corruption in analyzing the extent to which a country or region is corrupt.

The need for a way to measure changes in corruption over time for a given region or country has led to the creation of new indices and methods by which to measure corruption. Surveys and indirect measurements like those of the business climate are two primary methods used to measure and quantify the level of corruption in a country. Surveys allow the extraction of information directly from business men and women, and circumvent the lack of data on bribes in the public record. Institutions like the World Bank, the International Monetary Fund, and Transparency International ask questions like, “how common are payments like bribes, hidden, illegitimate or personal payments to obtain business or other improper advantages to senior public officials like politicians, senior civil servants, or judges?”2 Other information, like that pertaining to the business climate, can be obtained from public records. Its correlation with corruption can then be inferred later. Three common examples are the number of days required to start a business, the time required to register property, and the time required to enforce a

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2 Lambsdorff, Johann, Page 4
contract. While these data may not directly measure corruption, they may indicate a strong presence if the numbers are abnormally high. The Corruption Perception Index (CPI) is a good example of an aggregate score given to a country based on survey responses alone. Indices like the CPI provide a way for economists and others to compare one country to another as well as the progress (or regress) of an individual country.

However, these aggregate indices are not without fault and do not measure corruption itself. Surveys, surveyors, and those surveyed may be biased, or the questions could change from one year to another. Some data may be unavailable for long periods of time. And lastly, the line between causation and correlation can often be blurred when looking at raw data because the direction of causation is not always clear. To understand this problem, it is helpful to think of hospitals and sick people. An alien might look at the earth and see that wherever there are hospitals, the amount of officially diagnosed sick people is quite high. If asked how to decrease the amount of sick people, the alien could suggest that we eliminate all hospitals, since when there are more hospitals, there seem to be more sick people.

After researching several correlations and after reviewing much literature on the causes of corruption, I have created a Knuckles Corruption Index. The KCI provides an inside look at some factors that might indeed cause corruption. It uses both indirect measurements like those pertaining to the business climate and surveys pertaining to factors like governance and rule of law. I have compiled 18 of these data points from five different indices to provide an aggregate index. Interestingly, the KCI and the Corruption Perceptions Index, created by Transparency International, match quite well. The KCI, however, is less reliant on surveys than the CPI is, and looks at many aspects that occur as indirect effects of corruption. When combined, the KCI and the CPI provide a more clear understanding of the extent to which corruption occurs in a country. The KCI and its methodology can be found in Appendix A.

C. Analysis

To analyze what causes corruption and why it differs across or among countries, this report turns to the current hypotheses found in the literature. The causes given in the literature are grouped into 6 main categories, and their relevance as well as their direction of causation will be discussed in the section entitled The Causes of Corruption in Developing Countries: An Overview.
Collecting ideas about what causes corruption will enable the testing of these hypotheses against what actually occurs in Botswana and Nigeria. Using information about Botswana and Nigeria, the report will test the hypothetical causes in the literature against the conditions in these two countries. The approach to this method entails comparing conclusions made from information on Botswana and Nigeria to the causes found in the literature.

The final sections of this report will draw conclusions on how best to fight corruption in light of a study of its causes. They will also address the question of whether or not corruption occurs as a result of unpreventable circumstances like geography or because of chance happenings like leadership. How well the economic community understands corruption and its causes and what can be done in the future to help countries plagued by corruption will also be discussed.

III. The Causes of Corruption in Developing Countries: An Overview

A. Introduction

Many economists discuss the causes of corruption. Some distinction is made between ultimate causes and proximate causes, and certain causes have a larger affect than others. For this reason, certain causality directions are ambiguous. In addition, as Paolo Mauro explains in his article entitled, “Corruption: Causes, Consequences, and Agenda for Further Research,” rent seeking cannot exist if opportunities for rent seeking do not exist. Therefore, many causes of corruption involve the creation of opportunities to collect rent, extort bribes, or engage in other corrupt activities.

Jeffrey Sachs, in his book entitled The End of Poverty, writes about clinical economics, which for him refers to development economists treating development issues like doctors treat health issues. The first step to curing the problem in this clinical approach is addressing the causes. Having an understanding of the general causes of corruption will allow for improved tailoring of analyses and actions to specific countries. An investigation of the causes cannot overlook the distinction between ultimate causes and proximate causes. For a cause to be more ultimate, or lie near the roots of corruption, it must have existed before corruption existed in a particular country, or must itself not be affected by corruption. For example, rugged terrain or unfriendly climate conditions could lay at the root of corruption for some countries. Certainly, if the causality here exists, it does so in only one direction; neither a country’s geography nor its
climate is affected by corruption. Proximate causes, on the other hand, can be thought of as fuel for the corruption fire. These causes often come about because of corruption, but their existence creates more corruption. For example, devious and corrupt trans-national corporations can cause more corruption in a country, but usually do not attempt to enter a country where corruption does not exist and is not tolerated. Therefore, the existence of corrupt trans-national corporations is a proximate cause because it increases the amount of already existing corruption in a country.

In addition to having different levels of causality, corruption is also dynamic with causality sometimes working both directions. For example, let A be a very ultimate cause that leads to B. Let B cause C, and let C lead to more B, causing a perpetuating loop of corruption. A natural assumption would be that in order to end corruption, strong action should be taken to correct A. This will disrupt the cycle before it starts and eradicate corruption. An example of why this assumption does not always hold is the dynamic causal linkage of geography (A), poverty (B), and corruption (C). In many cases, an unfavorable geographical situation can lead to a country’s level of poverty. Poverty can then lead to corruption, and corruption can lead to more poverty. But large scale changes to a country’s geography (A) are not at all possible.

So where, then, does one focus an attack on corruption? When looking at where to direct action against corruption, a distinction must be made between the ultimateness and the fixedness of a cause. In the above example, even though geography (A) is the ultimate cause of this particular corruption diagram, it is quite immutable, and therefore has a high degree of fixedness. So changing it is ineffective because it is fixed, even though it is quite ultimate in its causality. In fact, most causes of corruption that are ultimate are also quite fixed, and many times, the less a cause is ultimate, the more it is changeable. Logically, one would then turn to the next most ultimate cause of corruption, or poverty (B) in the above example, as the next place to direct action because it is still rather ultimate but more fixable than A. The fact that poverty (B) causes corruption (C) might not make an attempt to change B any more effective than a direct attempt to change C since there is a causality loop wherein B causes C and C causes B. In general, such causality loops undercut the ultimateness of B, but make an action to change B as effective as an action to change C, provided they have the same degree of fixedness. The logic to correct B in order to fight C thus holds since this will disrupt the loop of causality between B and C and B is more fixable than A. The ideal characteristics of a country on which to focus an attempt to affect change are those that have low degrees of immutability and high degrees of causality (i.e., the
cause is relatively ultimate or involved in a causality loop with corruption). It will be important to remember causes with these qualities as ideal points of leverage for economists and others working to fight corruption.

The following is a survey of current literature regarding the causes of corruption. The causes here can be put into six categories: fixed characteristics; poverty; social and cultural conditions; government structure and policies; economic factors; and foreign influence. Except for the first category, causation will work in both directions. The characteristics in each category that seem to be the strongest causes of corruption will be mentioned at the end of each subsection. A discussion of the most important overall causes that have low degrees of immutability and high degrees of causality occurs in the summary at the end of section III.

B. Fixed Characteristics

The most ultimate causes of corruption for Sub-Saharan African countries are the physical characteristics that help define. These characteristics are also the most complicated causes to delineate. They include geography, ecology, and climate and have helped to cause the slower than expected growth in many Sub-Saharan African countries. This slower than expected growth, as some authors argue, is at the root of some cases of corruption.\(^3\) For example, a high population size and low wealth in natural resources can combine to create incentives for corruption in that governance over a situation like this becomes much more difficult than if one or both of the factors went the other way (i.e., more manageable population size or more wealth in natural resources).\(^4\) In the cases of Nigeria and Botswana, the levels of population and natural resource wealth do not appear to be that important when determining their individual causes for corruption. For this reason and others, many economists do not make the direct connection between unfavorable geography, ecology, and climate and corruption.

In addition to a country not being able to change its overall climate, ecology, or geography, most countries in Sub-Saharan Africa could not affect where their borders were drawn. This has led to many countries being very diverse culturally, and in the worst cases has either combined ethnic groups that do not get along, or separated a single cohesive ethnic group. There is strong evidence that when aid to an ethnically diverse country increases, corruption


increases. It is important, though, not to implicate aid with causing corruption. If the ethnic divisions are powerful and manifested in the government, these divisions will have already paved the way for corruption and so aid did not actually cause corruption.\textsuperscript{5} Ethnic diversity, tribalism, and enduring tensions between ethnic groups all lead to a lack of cohesion not only in the government but also in society as a whole. This lack of cohesion opens the door for corruption, especially when corruption already exists. Lastly, a lack of cohesion will hinder any fight against corruption that occurs.\textsuperscript{6}

Similarly, if people vote according to ethnic affiliations, there will be a stronger motivation to act corruptly in order for one political party to maintain power. Also, there will be more allowance of corruption if it does occur, since a group in power might often be seen as infallible by the ethnicity that put them in power and might be more unwilling to make anti-corruption laws.\textsuperscript{7}

Related to ethnic divisions within a country, strong polarized interest groups in a society can often be more corrupt. Interest groups that are polarized and uncooperative in a country with a weak government can influence a government’s decisions. Bad policies and poor, reckless governance often follow.\textsuperscript{8} In addition, the powerful entrenchment of vested political interests, in combination with continuous political tension makes it very difficult to change the structure of a government. This is particularly destructive when something within the government is not working properly and needs to be changed.\textsuperscript{9}

Strong ethnic divisions and diversity will prove to be the most important physical characteristic that a country can possess in terms of affecting its level of corruption. The link between corruption and a country’s geography, ecology, and climate seems weak when compared to the link between corruption and ethnic diversity. Also, strongly polarized interest groups in a society might actually provide some alternative perspectives and promote change if corruption impedes too much of daily life.

\textsuperscript{5} Easterly, William. \textit{The Elusive Quest for Growth}. The MIT Press. Cambridge, Massachusetts 2001
\textsuperscript{8} Easterly, 2001
\textsuperscript{9} Broadman, H. and Recanatini, F. “Seeds of Corruption: Do Market Institutions Matter?” The World Bank
C. Poverty

Before beginning the discussion of poverty as a cause of corruption, it is important to note first that as described in the introduction to this section, poverty is often a function of a country’s geography, ecology, climate, and other physical characteristics that a country cannot change. From the example of poverty used in the introduction to this section, we can see that the direction of causality can be ambiguous for poverty. Jeffry Sachs compares Sub-Saharan African countries to other poor countries around the world and finds that they are no more or less corrupt than other countries of the same level of income. From this discussion, an argument can be made for how poverty can cause corruption. The argument is based on the fact that poverty restricts the amount that a government can spend on education and healthcare and other public works like transportation and infrastructure. This restriction inhibits the effectiveness of the government and of any watch-dog agencies that might become necessary. Poverty also restricts the amount that citizens can spend on the media, communication, and private enterprise. These restrictions also allow for an easier spread of corruption.\(^\text{10}\) The other direction of causality follows from the argument that corruption causes poverty by redirecting money away from its proper allocations. This can be seen at the personal level, where corruption often causes per capita income to be lower than expected.\(^\text{11}\)

One aspect of poverty that is very important but often ignored is that poverty entails not only per capita income but also things like poor access to sanitary sewage conditions and potable water, and poor health. The direction of causality works both ways for this non-monetary definition of poverty. Corruption can be a reason why people have poor living conditions, but poor living conditions can also lead to poverty.

The case for poverty as a direct cause of corruption is not as strong as some other characteristic causes found in the literature even though, as Jeffrey Sachs reports, Sub-Saharan countries are no more or less corrupt than similarly poor countries in other parts of the world. This is because poverty can lead to many other more direct causes of corruption, while the direct link from poverty to corruption is often difficult to trace. The aspect of poverty that could be an important factor in determining the level of corruption in a country is per capita income.


D. Social and Cultural Conditions

Another category of causes comes from the social and cultural conditions that exist in a country. The first of these causes is poor rule of law. The rule of law that exists in a country has an affect on the level of corruption in that country, but corruption in a country can have an affect on the quality of its rule of law. A government that does not obey the laws it creates is clearly likely to be corrupt, for as the saying goes, absolute power corrupts absolutely. However, vague and restrictive laws enacted by the government can cause corruption, but again, these are often a result of corruption. Additionally, an inadequate legal framework that does not allow for freedom of information and whistle-blower protection is likely to cause an increase in corruption. The oversight duties of many public officials are quite broad in developing and transitioning economies. So, poorly defined and disseminated rules and regulations exacerbate any weaknesses in leadership and open the door for corruption. Because of the weakness of public officials that have quite a bit of supervision, civil liberties are often restricted, and poor laws and principles of ethics in the area of civil liberties create opportunities for corruption.12

Not only is the absence of rule of law an important cause of corruption, but the enforcement of these laws is also important. Clearly, the more likely it is that someone will be caught and punished for acting corruptly, the less likely it is that he or she will engage in corrupt activities. So, clear and enforced laws that discourage corruption have a large impact on the existence of corruption. A lack of clear and enforced laws, though, can be caused by corruption as much as it leads to corruption. In addition to causing corruption directly, poor enforcement of laws can cause corruption indirectly by sometimes creating a gap between what exists de jure and what happens de facto. When decolonization occurred, and even during colonization, there was a difference between what was established on paper as law and what was practiced in reality. This led to a convenient avenue for corruption because government officials could hide behind written laws while continuing to follow the ways that prior culture dictated. In some cases, it was even seen as normal to steal money or property while in a position of power.13

The gap between de jure and de facto brings to light another social and cultural cause of corruption – historical antecedents. In Africa, the “historical antecedents” of accumulation of political power and social prestige mainly through patronage, an expectation that rich people will

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redistribute wealth to their family and other dependents, and a long history of ‘extraversion’ – the habit of seeking external resources to build political power within African societies all lead to corruption. This shouldn’t make corrupt actions acceptable today, but since so many people both outside of and within Africa think of Africa as being stuck in a “timeless present of African authenticity.” Africa’s admirers and detractors alike think that corrupt policies are normal since they have historical precedence. One author goes so far as to say that Africa’s “colonial experience, with particular reference to its tax collection system, and its divide and rule / indirect rule tactics” is a root cause of corruption.

The previous causes that are categorized as social and cultural causes create a loss of hope for change as well as feelings of lost confidence and legitimacy towards the government. While the loss of hope for change and the loss of confidence and legitimacy of the government can cause more corruption to occur, they are also caused by corruption and slow growth. This shows, once again, the ambiguity of certain causes of corruption. The lack of faith in government legitimacy causes Africans to keep $150 billion of capital outside of Africa and causes 70,000 qualified Africans to leave the continent each year in what is commonly known as a brain drain. In addition, a lack of faith in government legitimacy leads to a societal acceptance of corruption. Coolidge and Rose-Ackerman agree that a population that does not respect the government and does not see it as legitimate is more likely to let slide corruption. These feelings of hopelessness and loss of confidence occur also with leaders. As Ellis points out, “many African leaders believe that the international economy is still rigged so that Africans will never prosper. …As long as this mood prevails, corruption in Africa will continue.” Broadman, Recanatini, and others connect this discussion to democracies by pointing out that the stability and durability of a government and the accountability of democracies can all affect corruption.

The cultural norms and necessities that exist in Sub-Saharan Africa can indeed cause corruption, and are equally influenced by corruption’s existence. It is remarkable that in some countries government officials in a position of power steal from the national treasury and justify the theft on cultural grounds. Ellis added that a “get-rich-quick and enjoy-it-while-you-can mentality prevails” across much of Africa. It is clear that economists should give serious

14 Ibid.
15 Banjo, 2004
16 Ellis, 2006
17 Ibid.
consideration to cultural and social causes of corruption. In particular, the rule of law, the enforcement of laws, and the loss of hope for change and government legitimacy (and hence, cultural acceptance of corruption) seem to be the characteristics that a country’s culture can possess that would most likely influence its level of corruption.

E. Government Structure and Policies

This next group of causes includes the largest array of attributes, particularly as the focus is on public corruption, or corrupt actions taken by civil servants. Therefore, the structure of a government and the policies it enacts play a large role in determining the level of public corruption within a country, with some characteristics playing more important roles than others.

A weak decentralized state with many independent government officials will lead to corruption and fuel already existing corruption. This is because reforms made at the top level might not trickle down to the many independent government officials. Also, there is more opportunity for illegal entrepreneurial activities at the lower levels of a decentralized government. However, a centralized government can also lead to corruption. Too much government supervision in a centralized state over the functions of the economy will lead to corruption. Strong centralization in government spending can lead to corruption as well. It is important to note here that the level of centralization or decentralization in a government is not only a cause of corruption, but also can be caused by corruption. Logically, if political leaders are acting corruptly and making money doing so, they will want to consolidate powers to maintain their position. On the other hand, if in a decentralized system individual civil servants are acting corruptly, they will want to maintain or even broaden the level of decentralization so that they can continue to act corruptly under the radar.

Christian Ahlin has studied the debate over centralization versus decentralization and which one causes more corruption. He found that the amount of labor mobility and corrupt civil servant mobility determines which creates more corruption. If there is no mobility of labor or corrupt civil servants, corruption will increase as bureaucratic decentralization increases. In

19 Easterly, 2001
20 For example, Wei, Shang-Jin. “Corruption in Economic Development: Beneficial Grease, Minor Annoyance, or Major Obstacle?” Paper presented at the Workshop on Integrity in Governance in Asia on June 29 – July 1, 1998
perfect mobility for both groups, corruption will increase if regional decentralization decreases. If only labor is mobile, then corruption will increase if regional decentralization decreases or if bureaucratic decentralization increases.

The dissemination of information and amount of transparency in government operations greatly affects corruption. The effectiveness of information dissemination and in particular how well it reaches voters and those in the position to create change have a large impact on corruption.\textsuperscript{22} Similarly, lack of transparency in government operations and in government – corporation relations can lead to corruption.\textsuperscript{23} Lastly, several authors and an entire international organization called Transparency International believe that lack of transparency in government spending and in budget management are very important factors that could cause corruption.\textsuperscript{24}

The next group of causes in this sub category pertains to how the government interacts with the economy. Many causes in this group both create opportunities for civil servants to act corruptly and are useful tools with which civil servants carry out corrupt acts. The first example deals with trade restrictions. Easterly, Mauro, and others have found that high customs taxes and other restrictions on trade can lead to high levels of corruption. This occurs because customs officials will take bribes from people who want to pay lower import/export taxes. Next, the likeliness of expropriation and repudiation of contracts will affect the level of corruption in a country. The more likely it is for a business to be expropriated or for a contract to be repudiated, the more likely it is for protection-seeking payments to be made.\textsuperscript{25} A government that subsidizes industries is also likely to be corrupt. If a government subsidizes industries, especially in sectors providing basic needs like energy, the official or officials in charge of the allocations can easily become corrupt. An important caveat, though, is that government subsidization of industries is often a result of corruption. Therefore, if a government does engage in subsidization, it should do so carefully and transparently.\textsuperscript{26} Along these same lines, the effectiveness and competition of very large government-owned companies that control infrastructure, energy, healthcare, and other similar products can affect corruption. If a government ineffectively handles the utilities

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\item[22] Johnson, 2004
\item[25] Easterly, 2001
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and infrastructure necessary for a functioning economy and basic health needs, or if no competition exists among the large corporations that deal in infrastructure and utilities, then corruption can ensue. 27 Lastly, the regulation and management of resources affects how corrupt a government is. Paolo Mauro explains that the lack of government regulation of public resources, especially ones that are sparse or quite limited by nature, can lead to corruption. Improper management of natural resources by officials who oversee their unregulated extraction can lead to these officials extorting bribes in return for extraction rights.

The last set of causes found in the literature in this sub category deals with government operations. First, general inefficiencies in a government can lead to corruption. “Reams of red tape” in inefficient bureaucracies create an opening for corruption. 28 Next, bad reforms can lead to corruption. It is true that a corrupt country is more prone to making bad policies, often due to a decision-making process that is motivated by rent-seeking powerful government officials. These bad reforms can actually cause more corruption if they facilitate the occurrence of other more proximate causes. Lastly, the wages as well as the hiring, firing, and promotion practices of civil servants can affect corruption. Illegal rent seeking by civil servants can be rooted in how they are hired (merit or otherwise), how much they are paid, and whether or not / how they are promoted. 29

When looking closely at government structure and policies, three characteristics come across as the most important possible causes of corruption. Restrictions on trade, improper management and regulation of resources, and imprudent government operation seem to be the most significant causes of corruption in this category. These factors hinder competitive markets, prevent proper allocation of resources, and promote poor, often illegal decisions made by the government, including the decision to be opaque in its operations. A government’s lack of transparency is more a result of bad government operation than an underlying cause of corruption.

27 Broadman and Recanatini
28 Eaterly. 2001 and Wei, 1998
29 For example, Wei, 1998
F. Economic Factors

This set of causes of corruption comes from studies of how the structure of markets affects corruption, and will look at market competition, a certain type of general competition called yardstick competition, and the black market premium.

Less competition in the economy will lead to more economic rents available for capture by corrupt agents. A lack of competition generally means that there are more monopolies and monopolistic rents. It also means that entrance into a given sector is tougher on new businesses. This tough entrance into the market place, when combined with monopolistic rents makes it easier for existing corporations to take a piece of the public corruption money. Government price controls and government controlled provision of credit create opportunities for increased corruption, as well. Certainly, though, a corrupt government is more likely not to limit monopolies since they provide good places from which to extort bribes and extra payments. Also, corrupt governments can use price controls on the provision of credit as a means to act corruptly, charging extra payments in return for preferential treatment.

A specific type of competition that can affect the level of corruption in a country is called yardstick competition. This competition occurs when governed populations in close proximity to each other look at their neighbors and see which policies work and which ones do not. The less this occurs, the more corruption could exist. This is an interesting argument for why decentralization in a more dense population (or a well connected population) could decrease corruption. Policy decisions would be made based on the failures and successes of other policies enacted by other government officials, and not by a single centralized disconnected government body.

The last economic factor to be discussed is the black market premium that exists in some countries. A black market premium is a great example of how a factor can both cause corruption and be caused by corruption. If there is a difference in the official exchange rate and an available exchange rate, corruption at the public level can arise to take advantage. However, corrupt public officials can use a black market premium as a means for acting corruptly. As

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31 Hellman, et al.
32 Mauro, 1998
33 Dincer, O., Ellis, C, and Waddell, G. “Corruption, Decentralization, and Yardstick Competition.” January 2006
34 Mauro, 1998
Easterly, Mauro, and others have explained, a high black market premium, controls on domestic prices and foreign exchange, and exchange rate alterations can lead to corruption.

Of the three economic factors discussed in this category, less competition in the overall economy appears to be the most influential cause of corruption. As mentioned above, a lack of competition will allow for monopolistic powers and will limit the ability of many firms to enter the market. Strong monopolies in an industry could also provide the government with more incentive to become illegally involved in a particular industry, extorting money from the monopolies or from the few firms attempting to compete with the monopolistic powers.

G. Foreign Influence

This final category of causes includes the foreign external influences and pressures felt by a country. The literature that discusses these foreign influences primarily deals with devious and corrupt trans-national corporations. Trans-national corporations of this type can fuel corruption in a country by motivating the leaders to engage in corrupt activities. Like the black market premium discussed in the previous paragraph, though, causality here works in both directions. Trans-national corporations rarely attempt to engage in corrupt activities if there is not an existing culture of corruption. A type of foreign influence that the literature does not discuss too much is the pressure exerted by international non-governmental organizations and other foreign countries. Organizations acting internationally can sometimes have a positive affect on decreasing corruption since ideally they have no agenda other than aiding the corrupt country. Foreign countries that exert pressure on developing countries can also help decrease the amount of corruption by imposing sanctions or regulations designed to motivate the corrupt leaders to change their ways.

Influential pressures from outside forces can play an important role in determining the amount of corruption in a country. Of the two types of foreign influence, the pressures exerted by international non-governmental organizations and other countries appear to have the most impact on the level of corruption a country experiences. This is because economic sanctions or unattached unbiased watchdog agencies like Transparency International might have significant influence on a corrupt country’s government, more so than trans-national corporations.

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35 Banjo, 2004
H. Summary

Many economists discuss the causes of corruption, and when looking at only the level of influence a cause has on corruption, some stand out in the literature as more influential than others. Strong ethnic divisions and diversity are the fixed characteristics of a country that have the most influence on causing corruption. Low per capita income appears as the most influential aspect of poverty that causes corruption. The rule of law, the enforcement of laws, and the loss of government legitimacy and hope for change leading to a cultural acceptance of corruption seem to be the three social and cultural characteristics that most likely influence the level of corruption. Restrictions on trade, improper management and regulation of resources, and imprudent government operation seem to be the most significant causes of corruption in the category of government structure and policies. Less competition in the overall economy appears to be the most influential economic cause of corruption, and international NGOs and other countries appear to have more impact on corruption than any other foreign pressure.

The above conclusions highlight only those causes with high levels of influence on determining the level of corruption that exists in a country. From a close analysis of the literature, however, it is clear that in a fight against corruption, not only is a cause’s influence on determining levels of corruption important, but its degree of ultimateness or involvement in a causality loop and its fixedness are also important. Causality loops are important because they present opportunities where action taken to fix a cause would disrupt the cycle of causation and corruption. Fixedness is important since this is the changeability of a given cause. Any very influential cause of corruption is likely to generate high levels of corruption and is relatively ultimate or is part of a causality loop. If a cause of corruption that is important (i.e., has a higher degree of ultimateness or is part of a corruption causality loop) is quite fixable, it is a strong point of leverage for economists and others working to reduce corruption. Only a few specific country characteristics mentioned in the literature stand out as having both high degrees of ultimateness or involvement in a causality loop and low degrees of immutability. These causes that serve as points of leverage are: strong ethnic divisions; poor rule of law and enforcement of laws; loss of government legitimacy and hope for change causing a general tolerance for corruption; imprudent government operation; and economic restrictions like those for trade.

Strong ethnic divisions within a country can lead to corruption by creating a lack of cohesion within society and government. The roots of these ethnic tensions are usually quite
historic and deeply entrenched in society. Therefore, and since decreasing the amount of ethnic diversity in a country is nearly impossible, reducing ethnic tensions within a country could be rather difficult. However, improving cohesion in the form of cooperation and understanding is possible through education and strong leaders who practice cooperation and understanding. Certainly, a strong case can be made for poverty as the most important fixed cause of corruption. The introduction to part III and the fixed characteristics sub-section discuss how poverty can cause corruption and can be caused by corruption, so poverty is part of a causality loop and is therefore a worthy place to attempt to create positive change. A reduction in poverty as a means to lower corruption might prove somewhat effective since it would be unwise to wait for a country to become rich before attacking other characteristics that lead to corruption. More specifically, working to increase GDP per capita might have a more positive impact than working to increase a country’s total GDP since low per capita income seems to have more of an influence in causing corruption than low national income. However, an attempt to reduce poverty could be seriously impeded by strong ethnic divisions within a country. In this case, working to improve cohesion among the different ethnicities is more important at first than working to reduce poverty. If action to reduce poverty does take place, concurrent work needs to be done to improve cooperation and understanding among different ethnicities.

Poor rule of law and enforcement of laws is a rather proximate cause of corruption, but it is part of a causality loop in that it can both cause and be caused by corruption. Improving the quality of a country’s rule of law and the enforcement of these laws is quite possible, and therefore this cause has a low degree of immutability. These two facts, the bidirectional causality and the changeability of rule of law and the enforcement of the laws, combine to make this a very important cause of corruption for economists and others.

Loss of government legitimacy and hope for change causing a general tolerance for corruption is another important cause of corruption. It can both lead to an increase in corruption and can increase due to corruption. The level of immutability for this cause is relatively high, but if the government works to improve its image by improving its operations, an increase in its legitimacy will occur. A rather rapid societal change can follow, resulting in a much lower tolerance of corruption. With the prospects of a rapid change in society, working to improve the legitimacy of a government seems to be an advisable action, and the loss of government
legitimacy and hope for change comes across as an important point of leverage those working to curb corruption.

Imprudent government operation is a related cause because it can lead to a loss of government legitimacy and hope for change. It can also lead to corruption directly and be caused by corruption. Irresponsible (if not illegal) government operation is therefore not only part of a causality loop with corruption but also a cause of something that can also lead to corruption – loss of government legitimacy and hope for change. In addition to having this interesting causal dynamic, imprudent government operations are fairly easy to fix. This makes improving illegal or imprudent government operation an attractive goal for people interested in reducing the amount of corruption in a country.

Lastly, economic restrictions that a government places on a country like those for trade are important causes of corruption. They can lead to corruption just as much as corruption can lead to their existence, and are very easy to change. This ease of change and the fact that they are caused by corruption as much as they cause corruption make economic restrictions important leverage points for people trying to lower corruption.

Points of leverage, as discussed in the introduction and mentioned throughout the summary, occur when a cause has a high degree of changeability and either a high degree of ultimateness or an involvement in a causality loop with corruption (i.e., causes and is caused by corruption). It is easy to understand that the people who work to decrease corruption find causes that are easy to change particularly attractive points of attack. In addition, though, characteristics that are both caused by corruption and cause corruption are worthy places in which to put effort. This is because improving characteristics with this trait offers an opportunity to disrupt a perpetuating cycle of corruption and these types of characteristics are often quite changeable, as is the case for the above five examples.

IV. Analyzing Corruption in Botswana and Nigeria

Nigeria and Botswana differ greatly on a wide variety of dimensions, but have certain interesting similarities as well. This section analyzes the causes of corruption in these two countries to see why corruption is so much greater in Nigeria than in Botswana.
A. Nigeria

Nigeria, located on the west coast of Africa on the crook of the continent’s angle, is roughly twice the size of California, at around 900,000 square kilometers. It is bordered by Benin, Niger, Chad, and Cameroon. The population of over 130 million people, growing at 2.4% per year, has a density of 145 people per square kilometer, nearly the same as California’s population density of 143 people per square kilometer. Its climate varies from equatorial to tropical to arid, moving from south to north. Natural gas, oil, tin, iron ore, coal, limestone, lead, and arable land comprise the bulk of Nigeria’s natural resources. Environmentally, soil degradation, pollution from manufacturing and from the oil industry, and rapid urbanization plague Nigeria. Nigeria ranks with Cameroon and Gabon and other oil producing countries in Sub-Saharan Africa with soil degradation, at a level slightly higher than the average for the region. Urbanization is occurring in Nigeria more rapidly than in many other African countries due in large part to the powerful oil sector. The wealthy oil industry in Nigeria has attracted much attention from corrupt political leaders and government officials, and has subsequently been an important venue for countless corruption scandals, both large and small.

One of Africa’s most ethnically diverse countries, Nigeria is home to more than 250 ethnic groups. Of these, the Hausa and Fulani, Yoruba, Igbo, and Ijaw groups are the most populous and have the most political power. Fifty percent of the population is Muslim, forty percent are Christian, and the remaining ten percent are either not religious or follow native religious traditions. Ethnic tensions and disputes have fueled many violent struggles over power, including a long and very bloody civil war described below.

Nigeria gained its independence from the United Kingdom in 1960. For the next seven years, disputes over independence, organization of territories, and sovereignty undermined any cohesiveness that gaining independence had provided. Six years after independence, two important coups occurred. The first was initiated by the Igbo population in response to corrupt and self-interested political leaders, who were mostly Hausa and Fulani. The new Igbo leaders, though, did not govern with much less corruption or selfishness, and a few months later, a

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37 “Nigeria.” The World Factbook
second coup occurred. This coup placed a Hausa-Fulani as the head of state, who immediately created a federal government, dividing the country into four regions. The eastern region dominated by Igbo, however, remained against this new government, and in 1967, regional disputes became so heated that civil war broke out. The eastern region seceded from the rest of the country, and in response the government of the countercoup created a military-based government. The eastern region called itself the independent state of Biafra. The civil war was by many accounts genocide against the Igbo because as a result of the two and a half years of fighting, between one and three million Igbo were killed while far fewer Hausa-Fulani had died.

Ultimately, General Yakubu Gowon who led the fight against the seceding eastern region became the leader of post-civil war Nigeria. He maintained a military government, replete with various forms of corruption, and this style of ruling would last for almost ten years, until 1979. At this time, the leader Obasanjo put in place a civilian government with a constitution based on that of the United States.

For the next four years, however, corruption in the government became more of a problem, the economy declined reflecting lower oil prices, and loss of confidence in the government led to a major exodus of capital. The elections of 1983 were clearly rigged, and the military stepped in as political leaders promising to curb corruption. The military ruled Nigeria almost entirely uninterrupted from 1983 to 1999. During this rule, a culture of impunity grew and soon became institutionalized. Inevitably and unfortunately for the civilian population, the military rulers turned toward corruption as a means to make money. Some of the most egregious cases of extortion occurred between 1983 and 1999, including the building of a five to six billion dollar steel factory that will never produce a bar of steel. Nigeria is still working to fight a culturally entrenched belief that corruption can be tolerated and is a normal part of daily life.\(^{38}\)

Since 1999, Nigeria has been operating under the same constitution. This constitution creates a federal republic with 36 states and 1 territory. The civil war known as the Biafran war brought to light the need for more quasi-independent states in Nigeria. The move from regions to states in the 1970s proved relatively beneficial in preventing widespread violence among ethnic groups. The 36 states created by the newest constitution seem to be the next positive step towards a cohesive society that understands and tolerates different ethnic groups and religions. The legal system in Nigeria is based on English common law in all but 12 states where Islamic

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\(^{38}\) Ibid., and various chapters of “Nigeria.” *Country Studies* The United States Library of Congress
Shariah law governs instead. There is a Supreme Court and a Federal Court of Appeals, responsible for enforcing the laws put forth by the legislature. There is a bicameral legislative branch of government. The president and legislative officials are elected by popular and suffrage in Nigeria is universal for all citizens aged 18 and older. There are roughly 30 major political parties in Nigeria, of whom only a handful registers officially for each election. The capitol city of Nigeria is in Abuja, placed there due to a decision based on geography and not on population.39

Nigeria’s total GDP of 176 billion dollars is consistently one of the highest in all of Africa, and second only to South Africa in the sub-Saharan region. Oil makes up a large portion of Nigeria’s GDP, and is its largest export item. However, when combined with Nigeria’s size and exporting of oil, the total GDP figure becomes less important. Indeed, poor distribution of wealth has led to 60 percent of the population living below the poverty line. In fact, Nigeria’s per capita GDP when adjusted again for purchasing power parity, is only $1,800. This is not very high, considering the regional average is $3,000. While the oil extracting and exporting industry may generate a lot of money, entrance into the oil extraction industry is quite difficult, and monopolistic and coercive powers exist. In addition, many fiscally scandalous events have occurred involving the oil industry and the government of Nigeria. Corruption continues to plague Nigeria, and plays a major role in keeping the per capita income so low. When looking at employment, Nigeria’s official unemployment rate is just 3 percent. The actual unemployment rate, however, is most likely much higher. Nigeria is ranked 95th out of 155 countries for ease of doing business, and has a Corruption Perceptions Index score of 1.9 out of 10, with 10 being completely uncorrupt. This is poor even by Sub-Saharan standards, where the average score is 2.78. When compared to the rest of the world, where the average score is 4, Nigeria is the world’s third most corrupt country.40

Because of the powerful oil industry within its borders, Nigeria feels tremendous pressures from abroad regarding oil extraction and exporting. OPEC is the largest of these forces, and keeps a close watch on Nigeria by places restrictions and regulations on oil extraction and exporting. This can cause tensions between customs officials and the government, and

40 Ekeanyanwo, 2004 and “Nigeria.” The World Factbook
induce opportunities for corruption. In addition to pressures as a result of Nigeria’s oil industry, many international bodies like Transparency International, BBC World Service Trust, and individual countries like Great Britain, for example, are working to help Nigeria overcome its corruption problem by helping to enforce laws, convict corrupt officials, and increase transparency in government operations.

Despite these foreign pressures, and as a result of the long history of corrupt regimes, Nigeria continues to experience severe cases of corruption. For example, the Transparency International Country Study Report of 2004 states that the corrupt dictator General Sani Abacha stole $456 million and 232 million Pounds Sterling in a brief period during his time as Head of State. This embezzlement occurred over a period of 16 months, meaning that Abacha stole approximately 55 million dollars per month. In total, during his regime, he stole between $12 and $16 billion from Nigeria. Upon his death, an international investigation of his corruption discovered the magnitude of his theft, and a movement to repatriate all the stolen funds began. However, the foreign bank accounts holding the loot were not helpful in the repatriation process. Then, General Abacha’s son was convicted of murder, but instead of going to jail, he made a deal with the government of Botswana. He would unfreeze the cash sitting in the foreign bank accounts in return for $100 million and his freedom. The government was left with no choice but to agree. This is just one example of many large scale corruption cases that occur frequently in Nigeria.

B. Botswana

Widely considered to be “the country where corruption is least institutionalized, where the rule of law is most respected and poverty is least severe in Africa,” Botswana is the economic development darling of Sub-Saharan Africa. Botswana is located just north of South Africa, and is also bordered by Namibia, Angola, Zambia, and Zimbabwe. It is slightly smaller than Texas, and has a geographical footprint of just over 600,000 square kilometers. Botswana’s population of around 1.7 million people is declining at a rate of 0.04 percent per year. The

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overall population density of Botswana is just under 3 people per square kilometer, but is highly concentrated in the eastern part of the country. This differs greatly from Texas’ 54 people per square kilometer. Botswana is mostly an arid country, with less than 1 percent of land being arable. As such, Botswana faces overgrazing and lack of fresh water problems. Lastly, it is interesting to note that because of the large and accessible coal deposits and other factors like high per capita wealth, Botswana has the highest carbon emissions per capita level of any Sub-Saharan country.  

Botswana is not nearly as ethnically or linguistically diverse as Nigeria. Nearly 80 percent of the population is Tswana (or Setswana), leaving the Kalanga, Basarwa, and white ethnic groups to fill in the remainder. Botswana is not diverse religiously either. Almost three quarters of all Motswana are Christian, one fifth is not religious, and the rest are either Badimo or unspecified.

Between 1885 and 1966, modern Botswana was known as the Bechuanaland Protectorate, a quasi-colony of Great Britain. During the protectorate era, Botswana was divided into regions governed for the most part locally. A strong differentiation of tribal lands was an important part of this protectorate system. Today, remnants of this system still exist in much of the arid and often rugged central part of the country, where some tribes live in small villages and governing is done on a very local scale.

Botswana gained its independence from the United Kingdom in 1966, and the modern state of Botswana was born. Soon thereafter, it established a constitution, and this same constitution and style of government has been in place since. The legal system in Botswana is based on a combination of Roman-Dutch law and local customary law, where applicable. There are three superior courts and two inferior courts. The legislative branch consists of a House of Chiefs and the National Assembly. Executive powers are given to the President, who appoints judges and a cabinet to aid him in his governing. The president is elected indirectly for no more

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than two five-year terms. Suffrage in Botswana is universal to all citizens older than 17 years of age.\textsuperscript{47}

Since its independence in 1966, Botswana has maintained one of the highest GDP growth rates in the world. Good fiscal policies and competent leadership have often been cited as the causes for this growth. Today, Botswana’s GDP adjusted for purchasing power parity is $17.5 billion. This isn’t much when compared to Nigeria, but in Botswana only around 30 percent of the population lives below the poverty line, and the GDP per capita also adjusted for purchasing power parity is nearly $11,000. It is the 40\textsuperscript{th} easiest country in which to do business, and has a CPI score of 5.9 out of 10. Diamond mining makes up the largest part of Botswana’s GDP (nearly one third) and diamonds are its largest export item by far. Entrance in to this industry is quite difficult, and monopolistic and coercive powers exist in Botswana much the same as they do in Nigeria. The largest foreign economic force exerting pressure on Botswana comes from organizations interested in the diamond mines. Fortunately, through relatively sound management of this industry, corruption has been kept largely at bay. This is quite a fortunate reality, as the government of Botswana controls much of the diamond extraction industry, which could under different leadership facilitate corruption.\textsuperscript{48}

Botswana has not entirely escaped the problem of corruption, though. In fact, while many development economists still consider Botswana a success story, some faults are beginning to show. During the 1980s and earlier, Botswana had very few cases of corruption. In the 1990s, however, corruption became more of an issue as several cases of corruption came into the public spotlight.\textsuperscript{49} One example of this is a government owned and operated company called the Botswana Housing Corporation (BHC). This company entered into the public spotlight when allegations of corruption emerged. The government had just required the BHC to oversee the largest contracts the government had ever lent and to provide assistance on the ground at the build sites. The BHC could not handle the new responsibility due to inadequate staffing, structuring, and procedure. The media and the general public began to express concern for the inability of the BHC to provide the housing that the government contracts required. Soon, suspicions of abusive allocation of land and favoritism in awarding contracts surfaced. The

\textsuperscript{48} Ibid.
\textsuperscript{49} Frimpong, 2001
rumors were verified when, after the “untimely” death of the General Manager, “substantial sums of unaccounted for cash were discovered in his vehicle and his office safe.” This event occurred as a total shock to the citizens of Botswana. Botswana took pride in their elected officials and had faith that they were acting in the interest of the common good. Additionally, Botswana had seemingly escaped the plague of corruption that was wreaking havoc on most other countries in Sub-Saharan Africa. After the scandal, the Minister appointed a Presidential Commission of Inquiry to investigate what had happened and to prevent any further problems with the BHC and other government corporations. Later, Botswana would start the Directorate on Corruption and Economic Crime. The implementation of the Presidential Commission and the Directorate brought corruption into serious consideration for Botswana, more so than ever before.\\footnote{Osgood, David. “Lobatse Clay Works.” The George Washington University

Another problem that exists in Botswana perhaps more so than standard reports reveal is the lack of transparency and information dissemination of government operations. Interestingly, the same political party has maintained power since the very first elections under the constitution in 1966. Critics have spoken out against the government operating behind closed doors. For example, a professor was forced to permanently leave Botswana for outwardly speaking against the secretive way the government conducts its operations. His extradition may reflect some oppressive tendencies in the Botswana government, but his message reflects one of the critiques some people have towards Botswana. In addition to problems with transparency in its operations, the government owns many of the largest and most widely received forms of non-print media.

C. Summary

Several key points specific to Nigeria and Botswana become more apparent when these two countries are analyzed more closely and help to explain why Nigeria has far more corruption than Botswana. First, Nigeria is very ethnically diverse. A very ethnically diverse population has led to violent struggles for power in Nigeria and corrupt acts to maintain and centralize power. The next characteristic of Nigeria that might have lead to its corruption is its government operations. The implementation of the Presidential Commission and the Directorate brought corruption into serious consideration for Botswana, more so than ever before.\\footnote{“The Botswana Housing Corporation.” Government Paper Number 2 of 1992. Gaborone: Government Printer.


\\footnote{“Country Profile: Botswana.” BBC 26 October 2006

http://news.bbc.co.uk/2/hi/africa/country_profiles/1068674.stm}
history. During the long era when the military ruled and several coups occurred, the government gained a reputation of impunity. Because of this long history of government impunity despite its corruption, Nigerian society almost expects officials to be corrupt, and it seems that for many, corruption is an inevitable, almost natural way of life. Poverty in Nigeria might also be a major cause of its corruption. Despite its powerful oil extraction sector, a low per capita GDP translates into millions of people living below the poverty line, which might push some civil servants included in this impoverished group to use corruption as an extra source of income. Lastly, poor control and supervision of Nigeria’s oil extraction and export industry has caused much corruption. Government legal and illegal intervention in this industry as well as improper management of the sector has led to many opportunities for officials to extort bribes and to keep some profits for themselves. Nigeria experiences much more corruption than does Botswana because of the severity and entrenchment of the causes of corruption particular to Nigeria.

Botswana is not entirely free of corruption, though, despite its status as the darling country for economic growth in Sub-Saharan Africa. Some of Botswana’s characteristics have led to some corruption problems. First, Botswana’s climate, population density centers, and land quality have caused disputes over land rights, creating opportunities for civil servants to act corruptly (as the BHC example demonstrates). Secondly, the same political party has maintained power since Botswana’s independence in 1966. This has led to a deep entrenchment of power and whereas the Nigerian government has a reputation of impunity, the Botswana government has a reputation of infallibility. In addition, a lack of information and transparency regarding upper-level government operations in Botswana has led to public outcry and could lead to corruption since the government would have few if any public checks and balances. Lastly, and in conjunction with the availability of information to the public, dominant government ownership of some forms of media with wide audiences could lead to corruption since there would be little media investigation in any act of corruption. It is not only the lack of severity and entrenchment of the above causes specific to Botswana but also their infrequent occurrence due to a cultural intolerance of corruption that makes Botswana far less corrupt than Nigeria.

V. Comparing Literature Causes to Country Specific Causes

A. Applicability of Literature Causes to Botswana and Nigeria

This section directly compares the causes found in the literature to the conditions existing in Botswana and Nigeria to see how well the standard causes of corruption explain conditions in Nigeria and Botswana. This will help locate instances where Botswana and Nigeria have not necessarily followed the prescribed path towards corruption; i.e., a standard corruption causing characteristic found in Botswana and Nigeria does not seem to affect their levels of corruption. It is expected that there will be some differences in what the literature says should cause corruption and what the conditions in Botswana and Nigeria reflect. These differences are where this report will focus its attention and analysis.

For the boxes in Table 1, a score from 1 to 10 is given to Botswana and Nigeria by one of the following methods:

R) Ranking Comparison Method: The score reflects how Botswana and Nigeria compare to the rest of Sub-Saharan Africa for the corresponding attribute. For example, if Nigeria was the largest African country south of the Sahara, it would receive a score of 1 since large land area is listed as a possible cause of corruption.

S) Subjective Literature Analysis: The score reflects the degree to which Botswana and Nigeria have a certain attribute, when compared to each other based on my interpretation of what the literature says. This is a more subjective approach, as it is based upon my interpretation of the literature comparing what is written about Botswana for a given attribute to what is written about Nigeria for the same attribute.

In addition, all of the characteristics below are listed and phrased in such a way that a higher score should correspond to less corruption. In other words, each attribute on the left side reflects the absence of that factor if the factor is thought to be associated with less corruption with the literature providing the expected direction of causation. The characteristics that correspond to the most important causes of corruption (i.e., having high degrees of ultimateness or involvement in a corruption causality loop and low degrees of immutability) are shaded grey for ease of reference. Not all of the most important causes of corruption are listed, as reliable information of some of was not available. Since Nigeria, according to both the Knuckles Corruption Index and the Corruption Perceptions Index is considerably more corrupt than Botswana, we would expect that most of the attributes would adhere to this trend. Interestingly,
some causes do not. The cases where the literature does not fully or accurately explain corruption in Nigeria and Botswana are outlined and marked with ‘!!!’. Analysis of each major category of characteristics follows Table 1.

Table 1

<table>
<thead>
<tr>
<th>Physical Characteristics</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smaller Land Area</td>
<td>4.4</td>
<td>2</td>
<td>2.3</td>
<td>R</td>
</tr>
<tr>
<td>Terrain, Soil Quality, and Climate conducive to Domestic Production of Produce</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>S</td>
</tr>
<tr>
<td>Not dependent on Exports as defined by exports / GDP</td>
<td>5.3</td>
<td>3.6</td>
<td>6</td>
<td>R</td>
</tr>
<tr>
<td>Not dependent on one single export commodity</td>
<td>2.5</td>
<td>0.5</td>
<td>2.6</td>
<td>R</td>
</tr>
<tr>
<td>Smaller Population</td>
<td>7.2</td>
<td>1</td>
<td>2.7</td>
<td>R</td>
</tr>
<tr>
<td>Sparse Population</td>
<td>9.6</td>
<td>2.8</td>
<td>4.4</td>
<td>R</td>
</tr>
<tr>
<td>Lack of corruption in neighboring countries</td>
<td>3.8</td>
<td>2.3</td>
<td>3.6</td>
<td>R</td>
</tr>
<tr>
<td>Ethnically homogeneous</td>
<td>9.1</td>
<td>1</td>
<td></td>
<td></td>
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Average: 5.6 2.3 3.8

Box 1

<table>
<thead>
<tr>
<th>Poverty</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
</tr>
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<tbody>
<tr>
<td>Higher GDP per capita (PPP)</td>
<td>9.3</td>
<td>3.9</td>
<td>3.3</td>
<td>R</td>
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<tr>
<td>Urban access to sanitary sewer facilities</td>
<td>6.5</td>
<td>5.2</td>
<td>1.3</td>
<td>R</td>
</tr>
<tr>
<td>Rural access to sanitary sewer facilities</td>
<td>4.5</td>
<td>6.8</td>
<td>2.3</td>
<td>R</td>
</tr>
<tr>
<td>Urban access to potable water</td>
<td>10</td>
<td>1.5</td>
<td>1.8</td>
<td>R</td>
</tr>
<tr>
<td>Rural access to potable water</td>
<td>9.6</td>
<td>1.3</td>
<td>3.1</td>
<td>R</td>
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Average: 8.0 3.74 2.36

Box 2

<table>
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<tr>
<th>Social and Cultural Causes</th>
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<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
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<tr>
<td>Cultural intolerance of Corruption</td>
<td>8</td>
<td>2</td>
<td></td>
<td>S</td>
</tr>
<tr>
<td>Equality between de jure and de facto conditions</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>S</td>
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</table>

Average: 7.5 2.5

Box 3

<table>
<thead>
<tr>
<th>Government Related Causes</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective rule of law and enforcement</td>
<td>8</td>
<td>3</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Information dissemination/transparency</td>
<td>6</td>
<td>3</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Less government intervention and regulation</td>
<td>5</td>
<td>1.5</td>
<td>-</td>
<td>R,S</td>
</tr>
<tr>
<td>No or low Black Market Premium</td>
<td>9</td>
<td>6</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Lack of Trade Restrictions</td>
<td>7</td>
<td>1</td>
<td>-</td>
<td>R,S</td>
</tr>
<tr>
<td>Limiting the number of TNC’s conducting business domestically.</td>
<td>8.7</td>
<td>1.7</td>
<td>5.8</td>
<td>R</td>
</tr>
<tr>
<td>Effective/proper decentralized or centralization. *</td>
<td>7</td>
<td>4</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Responsiveness to outside enforcement and watchdog agencies.</td>
<td>8</td>
<td>5</td>
<td>-</td>
<td>S</td>
</tr>
</tbody>
</table>

Average: 7.9 3.6

Box 4

<table>
<thead>
<tr>
<th>Economic Factors</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition among firms</td>
<td>7</td>
<td>4</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Opportunity for Yardstick competition, local and regional.</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>S</td>
</tr>
<tr>
<td>Ease of doing business</td>
<td>9.2</td>
<td>7.3</td>
<td>2.6</td>
<td>R</td>
</tr>
</tbody>
</table>

Average: 7.1 5.4

Box 5

<table>
<thead>
<tr>
<th>Foreign Influence</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficial pressure from public external forces</td>
<td>4</td>
<td>5</td>
<td>-</td>
<td>S</td>
</tr>
</tbody>
</table>

Average: 4 5

Box 6

Average Score:

<table>
<thead>
<tr>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7</td>
<td>3.8</td>
<td>3.3</td>
</tr>
</tbody>
</table>

For reference, in the 2005 CPI, Botswana 5.9 out of 10* Nigeria 1.9 S.S. A. 2.7

in the Knuckles Index, Botswana 79.9 out of 100* Nigeria 28.9 S.S. A. 43.7

* A higher score means less corruption.
Information and data for many of the causes listed on the cause table was easily accessible through online indices or databases, and articles written about Botswana and Nigeria. However, it was not possible to find information for all of them. The data above represents the causes for which reliable data or information could be found. Characteristics that do not adhere to the expected trend are in their own specific box accompanied by ‘!!!’ to denote them as points of interest. Finally, the characteristics that appear as the most dominant causes of corruption in the literature have been shaded grey.

Box 1 contains data regarding the physical composition of the country. Finding nearly all of these variables listed reliably on a country by country basis for Sub-Saharan Africa proved rather simple, and thus method R was used for scoring. These physical characteristics can lead to corruption by making possible many incentives for government rent seeking. It is interesting to note that while the literature mentions a lack of suitable terrain, soil quality, and climate that promotes domestic production of produce as a possible cause of corruption, this is not the case for Botswana and Nigeria. Of these two countries, Botswana has the worse produce production conditions, and yet is the lesser corrupt country. Also from this box, it is clear that when comparing Botswana's corruption to that of Nigeria, population size, density, and ethnic diversity come forward as major causes as these are the attributes that most separate the two countries.

Poverty, as mentioned in Box 2, can cause corruption or be caused by corruption. Here, several factors that either cause or reflect poverty are listed. It is assumed that each can cause corruption. In box 2, the attribute titled rural access to sanitary sewer facilities, as the exclamation points demonstrate, does not follow the normal trend. If one were to look only at this attribute, knowing that poverty can cause corruption, one could arrive at the conclusion that Botswana should be more corrupt than Nigeria. Certainly in real life it is impossible to shut out other factors, but the supposed anomaly that occurs here for rural access to sanitary sewer facilities could be due in large part to the fact that a very large portion of rural land area in Botswana is very sparsely populated. Therefore, it does not have a need for waste disposal at the community or town level. In Box 2, the largest differences between Botswana and Nigeria exist in per capita GDP and access to potable water.

Box 3 is quite indicative of the overall corruption climate in Botswana and Nigeria. The cultural intolerance of corruption score comes from my interpretation of several sources
indicating how flexible the country's population is to corruption, and how tolerant of it they are. The equality between *de jure* and *de facto* conditions represents again my interpretation of the literature existing on this subject. As is suggested by the literature, cultural intolerance of corruption appears to play a major role in preventing corruption, since, as Box 3 shows, Botswana and Nigeria differ quite a bit in this characteristic.

The causes of corruption relating to government operations, style, and policies make up the largest of the sections of causes, box 4. This should not come as a surprise since this paper focuses on corruption at the government level. For this box, it was impossible to find reliable and agreeing information on a number of components. The data points that are available follow the normally assumed trend, showing Botswana as less corrupt than Nigeria. The components that represent this best are a government's limiting the number of trans-national companies conducting business domestically, the trade restrictions imposed by the government, and the effectiveness of rule of law and enforcement. While limiting the number of trans-national corporations did not appear as a major cause of corruption in the literature, it seems to play a large role in differentiating Botswana from Nigeria in terms of corruption. The two characteristics in this category that deal with government intervention in the economy follow the trend that one would expect after a review of the literature. When the scores for “Less Government Intervention and Regulation” and “Lack of Trade Restrictions” are added together, Botswana scores a 12 and Nigeria scores a 2.5. This certainly adheres to the literature where government economic intervention appears as a major cause of corruption. Effective rule of law and enforcement also follows the expected trend as Botswana and Nigeria have very different scores for this characteristic and this characteristic appears in the literature as a major cause of corruption.

Box 5 looks at the economic, or market based causes of corruption. The yardstick competition factor becomes interesting when analyzed at the local and regional level. Yardstick competition, as is stated earlier in the literature review section, occurs when governed populations in close proximity to each other look at their neighbors and see which policies work and which ones do not. The less this occurs, the more corruption could exist (Dincer, et. al.). Locally, Nigeria has more opportunities to experience yardstick competition due to not only its population density but also the proximity of many large towns and the breakdown of the country into semi-sovereign states. Botswana on the other hand is more sparsely populated, and does not
use the state system. Regionally, however, Botswana is more likely to experience yardstick competition that could lead to reducing corruption merely because its neighbors are less corrupt than those of Nigeria, and neither country isolates itself from its neighbors. This led to the two scores being equal, but it would certainly be interesting to empirically study the effects of yardstick competition at the local level versus at the regional level.

The foreign influence factors listed in Box 6 represent the pressure exerted on the country by an external force. Again, it was impossible to find data for certain data points, in this case the private external forces, like transnational corporations. As the exclamation points indicate, Nigeria benefits more from the beneficial pressures of public forces than does Botswana. This is because Nigeria is such a large producer of oil, and thus receives a lot of attention from foreign governments and organizations to clean up its act. However, the fact that Botswana does not receive as much external pressure to reduce corruption is a result of its lack of corruption in the first place. This might lead one to the conclusion that pressure from external forces is only a cause of corruption when it is combined with the willingness of a government to cooperate, or its responsiveness to outside enforcement. When we compare the pressure from public external forces score with that of the responsiveness to outside forces in Box 4, we see that the anomaly does dissipate (the combined score for these two characteristics is 12 for Botswana and 10 for Nigeria).

B. Explanatory Capability of Literature on Corruption in Botswana and Nigeria

When comparing the dominant causes of corruption in Botswana and Nigeria to the most important causes of corruption found in the literature, no significant differences appear at first. However, if one were to look only at the literature, several important characteristics about Nigeria and Botswana would be either overstated or would not sufficiently explain why Nigeria is more corrupt than Botswana.

Some causes seem less important when looking at Nigeria and Botswana. First, both of these countries rely heavily on a single export item (oil for Nigeria and diamonds for Botswana), and yet they exhibit very different levels of corruption. The lesser importance of a reliance on a single export commodity for Nigeria and Botswana is due in large part to the fact that it is neither the extraction industry itself nor the dependence the single export commodity that causes
corruption, but the poor management and supervision of the extraction industry and trade sector that create opportunities for corruption.

Also, the type of terrain, climate, and soil might not affect corruption as much as a few authors suggest. Botswana has a very large arid zone that is not at all conducive to agricultural production for domestic subsistence. Nigeria on the other hand has a large tropical zone in the center and an equatorial zone in the south. Since worse climate and agriculture conditions should, according to some authors, lead to more poverty and hence more incentive for corruption, Botswana should be more corrupt than it actually is. It is not, however, and the power of causality with these attributes diminishes with this application to Botswana. Some economists do not believe that these characteristics cause corruption at all, though, but instead play a much larger role in determining a country’s poverty level.

Lastly, transparency of government functions might be less corruption causing in Botswana and Nigeria than the literature makes it out to be. The reason this could be true stems from a recent event in Botswana, and a comparison of the media in Botswana and Nigeria. As described above, a couple of years ago, a university professor was severely punished for speaking out publicly against the way the government appoints leadership positions for the present and the future. Also, the government controls the majority of media sources, including those with some of the largest audiences. Nigeria, which might be cryptic in its budget expenditures or intervention with trade, receives a lot of exogenous pressure to release information regarding its operation. In many cases, Nigeria has been cooperative. But both the KCI and the CPI rank Botswana with far less corruption than Nigeria. Thus, a focused analysis of just these two countries does not provide enough evidence to suggest that transparency of government functions is a major cause of widespread corruption. It is more likely that sound leadership and consistent legal and honest practices of the government in Botswana keep corruption low despite a lack of transparency in its operations. The opposite can be said of Nigeria; poor leadership and dishonest and illegal practices of the government cause corruption despite growing national and international demand for transparency.

On the other hand, some characteristics appear to play a more major role in explaining why Nigeria is more corrupt than Botswana. Botswana and Nigeria are very different in their ethnic diversity – Nigeria is perhaps the most ethnically diverse country in Sub-Saharan Africa, while Botswana remains one of the least diverse. This ethnic diversity in Nigeria has led to a
bloody civil war, many struggles for power, many changes in leadership, and a persistent lack of cohesion in society. Botswana, on the other hand, has very little ethnic diversity and has therefore not experienced the same types of problems. In fact, the same political party has ruled Botswana since its independence in 1966. Ethnic diversity becomes an even more important cause of corruption when looking at Nigeria than just at the literature.

Next, in Nigeria, a long history of government graft has created a lack of faith in the government as well as a loss of hope for change in Nigerian society. These two characteristics work together to create a culture that accepts corruption as a normal way of conducting government operations. This acceptance of corruption does not promote accountability of public officials and creates an acceptance of corruption as a means by which one must conduct private business. This is not the case for Botswana, where cases of corruption are very mild and infrequent when compared to the corruption instances in Nigeria. The relatively mild and infrequent nature of corruption in Botswana has led to a culture that does not tolerate corruption and to citizens who have high standards for the integrity of their leaders. Having a long history of corruption is a more important cause of corruption for Nigeria than an analysis of the literature would explain it to be.

Lastly, the regulation of the major export industries in Botswana and Nigeria sets them at the opposite ends of the corruption scale. The oil extraction industry in Nigeria is a major source of corrupt money accumulation for the government. The Nigerian government has had little success in properly controlling or legally handling the oil extraction industry. As a result, money from the oil industry has often found its way into the pockets of Nigerian leaders looking to make a profit off of an industry that Nigeria relies on to a great extent. In Botswana, however, even though the government owns a substantial portion of the diamond extraction industry, profits from this sector rarely go to the personal coffers of government officials. The literature would not predict improper regulation and illegal handling of export industries to be as much of an important cause of corruption in Nigeria as it actually is today.

One major explanation for the proper regulation and supervision of the diamond industry in Botswana is that its government leadership has continued to be less prone to corruption than the government leadership of Nigeria. It is difficult to imagine that Botswana has simply gotten lucky for almost 40 straight years in having political leadership that is not corrupt. Corruption was not tolerated in 1966 and continues not to be tolerated today. This intolerance does not
motivate a corrupt leader to assume power and quickly eliminates a leader that becomes corrupt.

In fact, quality of leadership is probably a major reason why Botswana and Nigeria differ so much in their levels of levels of corruption. Strong and uncorrupt leadership in Nigeria would help to create a more tolerant cooperative society that would undercut the negative power of strong ethnic divisions. This type of leadership would also be able to quickly turn around the public perceptions of government in Nigeria, restoring confidence and promoting a culture that does not tolerate corruption. Finally, prudent and uncorrupt leaders would be able to properly regulate the oil extraction industry in Nigeria while not succumbing to the temptations of stealing profits.

It is clear from both the causes of corruption that become less important when looking at just Botswana and Nigeria and those country-specific causes that are not fully explained by the literature that there should be more individual and location-specific studies of corruption for countries in Sub-Saharan Africa. Each cause listed above, regardless of its direction of causality, needs to be studied on a case-by-case basis when working towards reducing corruption. A strategy like this is befitting of the clinical economics described by Jeffry Sachs.

VI. Conclusions
A. Corruption – Explanatory Ability of Literature Theories

In general, if one thinks of corruption as a function of several variables, then the level of corruption in a country should be determined by those variables. The literature provides many of these variables in the form of country characteristics that potentially cause of corruption. Several very powerful general causes of corruption become apparent from an analysis of the literature. These causes seem to have the most influence in determining the level of corruption that exists in a country. A fight against corruption, however, cannot focus on every powerful cause of corruption. An understanding of a cause’s ultimateness or involvement in a causality loop and its degree of immutability helps to determine the particular causes against which action should be taken. These special causes need to be not only very influential but also relatively ultimate or involved in a causality loop and rather changeable. In this way, they can be used as points of leverage. The points of leverage found in the literature are: strong ethnic divisions; poor rule of law and enforcement of laws; loss of government legitimacy and hope for change causing a
general tolerance for corruption; imprudent government operation; and economic restrictions like those for trade.

Indeed, economists have a fairly good understanding of what generally causes corruption, but some conclusions are reached regarding country-specific causes of corruption only through using information particular to Nigeria and Botswana. For example, looking only at Nigeria and Botswana, one does not see the large dependence on a single export commodity as a cause of corruption, but according to the literature, this dependence should cause corruption. Other examples of where a close analysis of Nigeria and Botswana makes the literature causes less important are: a heavy reliance on a single export item; the type of terrain, climate, and soil; and the transparency of government functions. Looking only at the literature would not place enough emphasis on strong ethnic divisions, long histories of government corruption, and improper regulation of major export industries as causes of corruption to sufficiently explain why Nigeria is more corrupt than Botswana. In addition to exhibiting higher levels of each of these three causes than Botswana, Nigeria has lower per capita income and a lower quality of government leadership than Botswana. These five factors combine to make Nigeria much more corrupt than Botswana.

As the comparison between the literature causes and conditions in Botswana and Nigeria shows, economists have a fairly reliable equation of variables causing corruption from which to draw conclusions. Sometimes, too much effort or zeal is placed on one cause and other times too little emphasis is placed on another, but in general, corruption is a fairly well understood act. It is also clear from a focused analysis of only two countries that corruption differs across borders. To prevent unnecessary or even harmful reforms and analyses, a careful and wide-reaching strategy based on extensive research on a particular country should guide the attack against corruption.

B. Corruption – Destiny or Chance

Two opposing viewpoints come forward when analyzing the causes of corruption. The first would say that given their backgrounds, climate, geography, and other unchangeable physical characteristics, Nigeria was destined to become more corrupt. The other would say that the two countries are quite similar and the amount of corruption that occurs is due to accidental forces and quality of leadership. Most economists fall somewhere in between. For the first
viewpoint, it is believable that certain physical characteristics determine the initial and sometimes lasting economic conditions found within a country. It is not clear, however, that these physical characteristics lead to corruption in any clear way. This is because they are often the root causes of some other less ultimate causes of corruption. More often than not, and as the first viewpoint alludes to, these very ultimate causes are often immutable, and therefore do not provide good points of leverage for economists and others working to stop corruption.

There is some validity, though, in the second viewpoint that accidental forces and the quality of government leadership existing in a country will affect that country’s level of corruption. In addition, other factors that can be seen as occurring accidentally like the implementation of bad reforms and government restrictions on trade seem to be significant causes of corruption. Believing that these more accidental characteristics of a country cause corruption gives hope for change. Indeed, corruption is not an incurable disease. While certain symptoms might exist to make the spread of corruption easier in a given country, the majority of its causes and hence corruption exists because of some repairable or preventable action or circumstance. Causes in this category that are also relatively ultimate do provide the ideal points of leverage with which to fight corruption.

C. Fighting Corruption in Developing Countries

Taking a broader view of this report, some other general conclusions can be made. One conclusion that this report reinforces is that corruption has many different causes, and these causes are certainly dynamic. Indeed, for the majority of causes of corruption found in the literature, the direction of causality works both ways. The fact that corruption has many dynamic causes explains why corruption differs from one country to the next. This is why using clinical economics as an approach to studying corruption becomes so crucial. Regardless of how well economists and others understand corruption, it is very important to tailor the fight against corruption to the needs of an individual country. Blanket reform might work for some countries, but not for others.

In addition, a fight against corruption needs to occur at several different levels. Professor Joe Bandy of the Sociology Department at Bowdoin College used the analogy of three children drowning in a river to explain how reform occurs. He explains that there are three types of reform that can occur when children are drowning in the river. First, there is the immediate
reform that pulls the children out of the water. Second, there is the reform that tries to figure out why the children were unsupervised and in the river to begin with. The last reform deals with why the children do not know how to swim. We can use this analogy for corruption reform. I believe that an affective fight against corruption includes all three of these types of reform acting simultaneously. The civil servants and even political leaders that act in a corrupt manner need to be removed or punished for acting corruptly, just like the children immediately need to be pulled from the river. At the same time, economists must look at the existing policies, laws, and quality of enforcement to try to determine what is allowing corruption to exist. They can then propose new laws, regulations, policies, and means of enforcement. This is analogous to the reform that looks at why the children do not know how to swim, but here economists can actually cast a net across the river to catch any further children that are drowning. Finally, economists need to follow the path that corruption has taken in a given country to determine its root causes. These root causes need to be addressed wherever possible. In doing so, any culture that allows corruption needs to have new and better information to change its mindset. Attacking the problems at their roots and changing the mindset of a society is like figuring out why the children do not know how to swim and then offering swimming lessons nationwide.

Lastly, while studying corruption in Sub-Saharan Africa, it is easy to become depressed and lose hope. This presents another reason why corruption should be fought at the individual country level – to avoid becoming overwhelmed when confronted with the problem of corruption, narrow the focus onto a specific country, and begin chipping away at its corruption. In many countries, like Nigeria, corruption intervenes in every facet of life. To decrease the level of corruption in Nigeria to equal that of Botswana, for example, requires major changes in the economy, the government, external forces, and society as a whole. However, working to understand corruption’s causes including those that can serve as points of leverage, and tailoring continuous efforts against corruption to specific countries will prove to be a successful approach to this necessary and worthy mission.
VII. Appendix A – Approach

Knuckles Corruption Index

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>Factor</th>
<th>Score</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>S.S. Africa</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>The World Bank</td>
<td>Cost to Starting a Business (Lower)</td>
<td>95.3</td>
<td>68.1</td>
<td>29.5</td>
<td>83.1</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>The World Bank</td>
<td>Days Required to Deal with Licenses (Fewer)</td>
<td>75.9</td>
<td>8.0</td>
<td>60.3</td>
<td>68.2</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>The World Bank</td>
<td>Cost of Dealing with Licenses (Lower)</td>
<td>75.6</td>
<td>70.8</td>
<td>14.8</td>
<td>73.2</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>The World Bank</td>
<td>Days Required to Register Property (Fewer)</td>
<td>77.3</td>
<td>9.0</td>
<td>63.7</td>
<td>74.3</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>The World Bank</td>
<td>Cost of Registering Property (Lower)</td>
<td>82.8</td>
<td>6.6</td>
<td>60.0</td>
<td>82.9</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>The World Bank</td>
<td>Voice and Accountability</td>
<td>87.6</td>
<td>30.9</td>
<td>35.0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>The World Bank</td>
<td>Government Effectiveness</td>
<td>74.6</td>
<td>20.1</td>
<td>27.0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>The World Bank</td>
<td>Rule of Law</td>
<td>69.1</td>
<td>5.8</td>
<td>29.0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>The World Bank</td>
<td>Control of Corruption</td>
<td>82.3</td>
<td>6.4</td>
<td>30.0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>The Heritage Foundation/Wall Street Journal</td>
<td>Property Rights</td>
<td>80.0</td>
<td>40.0</td>
<td>46.0</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Not having to pay some “additional payments” to get things done</td>
<td>86.0</td>
<td>24.0</td>
<td>48.0</td>
<td>64.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Not having to pay part of contract to government in unofficial payments</td>
<td>98.0</td>
<td>32.0</td>
<td>73.0</td>
<td>77.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Corruption does not occur as a major business obstacle</td>
<td>88.0</td>
<td>13.0</td>
<td>36.0</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Corruption and dishonesty of the courts are not major business obstacles</td>
<td>92.0</td>
<td>30.0</td>
<td>47.0</td>
<td>59.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Ability of courts to enforce rules</td>
<td>87.0</td>
<td>48.0</td>
<td>49.0</td>
<td>42.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>The World Bank</td>
<td>Corruption bank officials do not obstruct business</td>
<td>93.0</td>
<td>64.0</td>
<td>78.0</td>
<td>77.0</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>The World Bank</td>
<td>Satisfaction with public sector (government) honesty and lack of corruption</td>
<td>56.0</td>
<td>15.0</td>
<td>25.0</td>
<td>44.4</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>The World Bank</td>
<td>Satisfaction with judicial honesty and lack of corruption</td>
<td>60.0</td>
<td>27.0</td>
<td>37.0</td>
<td>49.0</td>
<td></td>
</tr>
</tbody>
</table>

Average Score: 79.9  28.8  43.7  64.6

It is important to note that the Factors of the Knuckles Corruption Index are listed in such a manner that they promote lower corruption, so a higher score should correspond to lower corruption.

This index depicts the factors that go in to making the Knuckles Corruption Index. This index measures many aspects of a country that deal with its corruption. The first 5 factors represent more the investment climate than they do actual corruption within the country. The total score is calculated by simply taking the average of all of the country's factor scores. This method poses a problem for the four factors obtained using the Worldwide Governance Indicators, which give scores based on percent of countries in the world with rule of law, for example. To compensate, I simply added the average of the other Rest of World scores to each of the four slots listed as "n/a" and then taken the average of the whole column again. 64.6 is therefore an approximation.
Comparing the Scores of the KCI, the CPI, and Table 1

When compared to the Corruption Perceptions Index, the Knuckles index enhances Botswana's score by 35%, Nigeria's by 52%, and Sub-Saharan Africa's by 62%. This is represented visually on the above graph. I have also added the results obtained from Table 1 for reference.

This increase could be due to the fact that the CPI looks at both public and private corruption, and the Knuckles Index puts much more focus on public corruption. Nigeria's specific boost could be attributed to its relatively high scores in costs of starting a business, costs of dealing with licenses, and corrupt bank officials not obstructing business.

Lastly, when comparing the Knuckles Index to the Table 1, we see some resemblances and differences. We see that the Knuckles Index gives a score to Botswana of 78.2 while Table 1 gives it a score of 6.6. For Nigeria, the Knuckles Index reports a score 27.3 while Table 1 gives it a score of 3.7. The major differences here are a result of comparison. In the Knuckles Index, many of the factors are not done on a comparison basis, but on an absolute numerical basis. This could explain the higher numbers for Botswana in the Knuckles Index. For the lower scores of Nigeria in the Knuckles Index, because Table 1 compares each country to the rest of
Sub-Saharan Africa, Nigeria might have a higher score here than if it were compared to the rest of the world. The other reason for the difference in the two tables comes from the causality of each. In the Knuckles Index, the factors listed are not necessarily causes of corruption, but are more importantly effects and indicators of corruption. In Table 1, each factor is a cause of corruption. Therefore, some of the corruption in Nigeria might be magnified by Table 1 since Nigeria has such a high occurrence of factors that could cause corruption.

VIII. Appendix B – Comparing Botswana to Nigeria

The following table portrays many characteristics that help define Botswana and Nigeria in the context of this report on corruption. Wherever possible, comparisons of Botswana and Nigeria have been made to Sub-Saharan Africa and the rest of the world. Several interesting contrasts appear not only between Botswana and Nigeria, but also between Sub-Saharan Africa and the rest of the world, particularly in the Demography, Poverty and Aid, Economy, and Corruption categories.
## VIII. Appendix B – Comparing Botswana to Nigeria

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Botswana</th>
<th>Nigeria</th>
<th>Sub-Saharan Africa</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Area</strong></td>
<td>224,600 mi²</td>
<td>356,670 mi²</td>
<td>187,570 mi²</td>
<td>240,100 mi²</td>
</tr>
<tr>
<td><strong>Climate</strong></td>
<td>Semiarid with large areas of desert</td>
<td>Arid to tropical to equatorial, moving north to south</td>
<td>Wide Variations including Arid, Tropical, and Equatorial</td>
<td>Warming.*</td>
</tr>
<tr>
<td><strong>Terrain</strong></td>
<td>Mostly flat; Kalahari Desert in Southwest</td>
<td>Southern lowlands, hills, plateaus, and mountains; northern plains</td>
<td>Wide Variations including deserts, plains, and mountains</td>
<td>Varies from -35,829 ft (Mariana Trench) to 29,028 ft (Mt. Everest)</td>
</tr>
<tr>
<td><strong>Demography</strong></td>
<td>Population (2006)</td>
<td>1,760,000</td>
<td>134,375,000</td>
<td>15,364,220</td>
</tr>
<tr>
<td><strong>Population Density</strong></td>
<td>8 people per mi²</td>
<td>377 people per mi²</td>
<td>82 people per mi²</td>
<td>126 people per mi²</td>
</tr>
<tr>
<td><strong>Population Growth Rate (2000 - 2005)</strong></td>
<td>0.12%</td>
<td>2.24%</td>
<td>2.28%</td>
<td>1.21%</td>
</tr>
<tr>
<td><strong>Life Expectancy at Birth (2000 - 2005)</strong></td>
<td>36.6 years</td>
<td>43.3 years</td>
<td>46.6 years</td>
<td>65.4 years</td>
</tr>
<tr>
<td><strong>Literacy Rate (2000 - 2004)</strong></td>
<td>78.9%</td>
<td>66.8%</td>
<td>60.3%</td>
<td>81.8%</td>
</tr>
<tr>
<td><strong>Ethnic Diversity (% pop. of dominant group)</strong></td>
<td>79% (Tswana)</td>
<td>29% (Hausa and Fulani)</td>
<td>42%**</td>
<td>65%**</td>
</tr>
<tr>
<td><strong>Religious Diversity (% pop. of dominant group)</strong></td>
<td>72% (Christian)</td>
<td>50% (Muslim)</td>
<td>46%*** (Christian)</td>
<td>33% (Christian)</td>
</tr>
<tr>
<td><strong>Poverty and Aid</strong></td>
<td>Population Living on Less than $1 / day (%): 23%</td>
<td>71%</td>
<td>43%</td>
<td>30%****</td>
</tr>
<tr>
<td><strong>Access to Improved Sanitary Sewage Facilities (% with access): 42%</strong></td>
<td>44%</td>
<td>37%</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td><strong>Access to Improved Potable Water Source (% with access): 95%</strong></td>
<td>48%</td>
<td>56%</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Aid and Development Assistance (Current US $): $39,000,000</strong></td>
<td>573,400,000</td>
<td>$497,314,000</td>
<td>$383,500,000 ****</td>
<td></td>
</tr>
<tr>
<td><strong>Aid per capita (Current US $): $22</strong></td>
<td>$4.50</td>
<td>$32.75</td>
<td>$13.75 *****</td>
<td></td>
</tr>
<tr>
<td><strong>GDP per capita (Current US $): $5,073</strong></td>
<td>$560</td>
<td>$717</td>
<td>$6,462</td>
<td></td>
</tr>
<tr>
<td><strong>Reliance on a Single Export Item (% of total exports): 70-80%</strong></td>
<td>95%</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Reliance on Exports (Exports / GDP): 40%</strong></td>
<td>55%</td>
<td>33.6%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td><strong># Foreign TNCs Conducting Business Nationally: 6</strong></td>
<td>124</td>
<td>61</td>
<td>3879</td>
<td></td>
</tr>
<tr>
<td><strong>Corruption</strong></td>
<td>KCI score (out of 100, 0 = totally corrupt): 79.9</td>
<td>28.8</td>
<td>43.7</td>
<td>64.6</td>
</tr>
<tr>
<td><strong>CPI score (out of 10, 0 = totally corrupt): 5.9</strong></td>
<td>1.9</td>
<td>2.7</td>
<td>4.1</td>
<td></td>
</tr>
<tr>
<td><strong>Neighboring Countries Average CPI score: 3.2</strong></td>
<td>2.3</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

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*The author's opinion.


**** Low-income Countries

*****Aid Receiving Countries

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**Notes**

- World Resources Institute
- The Central Intelligence Agency
- The author's opinion.
IX. Appendix C – Ways to Improve This Analysis and Ideas for Further Study

I could have improved the approach that I took in several ways. First, I could have broadened my definition of corruption to include private corruption as well. This would help better determine the overall level of corruption in a country, since there are inevitable linkages between private corruption and public corruption. Next, I could have done more case studies. While choosing Botswana and Nigeria worked well because they are at opposite ends of the corruption scale, including one or two more countries in my analysis would have given a better picture of how corruption varies across countries. Finally, I could have done a better job measuring the causes of corruption in Botswana and Nigeria by conducting additional research into more specific areas. This would help to give more detail to Table 1.

Future studies on corruption can have many different focuses. Taking a small number of causes and seeing how they affect corruption in many developing countries would provide interesting data and insight on what actually causes corruption. Along those lines, studying the effects of colonialism on corruption might provide more information on how a country’s history determines its level of corruption. It would also be interesting to study how corruption in Sub-Saharan Africa differs from other similarly poor countries. Lastly, creating a corruption danger index based on an analysis of causes and measuring the degree to which they exist would help economists locate countries that might not exhibit corruption now, but are in danger of becoming more corrupt in the future.
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