Corruption, Development and Good Governance

IAFF 6198: International Affairs Building Room 308, CRN: 67128

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Office Hours M 10:15-11:30

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Corruption is an economic, political, and human rights problem. Almost every country on the planet has some form of corruption. Corruption can undermine economic growth and political stability; lead to efficiency losses; and impede access to resources such as credit or public health; and ultimately reduce governance credibility and effectiveness. Corruption distorts trade and investment flows and it can facilitate illegal activities such as trafficking in women, drugs, or money laundering. In this course, we will examine corruption from real world as well as scholarly perspectives. We will use case studies, debates, guest lectures, and items from the news to examine how corruption can affect effective governance at the national and international levels and its trade spillovers. We will also examine how new technologies and strategies (from cell phones to the Extractive Industry Transparency Initiative) can reduce corruption and improve governance.

Course Objective

Upon completing the course, students will:

• Understand the roots of corruption and its variants in different cultures;
• Understand the debate among scholarly disciplines on corruption (e.g. economics, history, etc...)
• Evaluate how corruption affects and distorts economic growth;
• Be able to assess global and national strategies to reduce corruption; and
• Evaluate how technology can facilitate and undermine accountability—"wikileaks anyone?"

Learning Outcomes:

• Be able to comprehend both corruption and anticorruption counterweights.
• Understand strategies at the national and international level to combat corruption.
• Understand how corruption undermines democracy and constrains the voice of the poor. Understand its relationship to the resource curse, trade, and other economic activities.
• Understand that transparency does not automatically yield accountability.
• Help students develop comparative evaluation processes and skills essential to citizenship and policy stewardship.
Class organization

Each class will begin with a discussion of relevant news, a lecture, and a discussion of the readings led by your colleagues. Most lectures/powerpoints will be emailed to students. Some of the lectures will focus or expand on the readings; sometimes the lectures will focus on related topics. **Attendance at every class is required and part of your grade.**

Grade Breakdowns:

Class requirements:

1. **Attendance and Participation:** You are expected to come to class prepared to discuss that week’s readings. This means you must have read the week’s readings carefully and you will actively participate in each week’s discussion.

2. Students should make strong efforts to keep abreast of current developments in the global economy and in particular corruption. Read the *Wall Street Journal*, the *Financial Times*, the *Washington Post* or the *New York Times*. Students should also familiarize themselves with important governance or corruption related web sites. **Each week I will ask you about the news related to corruption.** You can also monitor TI (transparency International) or Corruption News (a Wall Street Journal Blog) or get a google news search.

3. **Discussion leadership** Each student will team with others to lead our reading discussion/case studies. You will be required to develop 3-5 questions on the readings. If your team is up week 2, you MUST PROVIDE YOUR QUESTIONS TO ME BY THE SATURDAY BEFORE THE CLASS. IF necessary, I WILL EDIT THEM FOR READABILITY AND CLARITY .

These three aspects of attendance and participation comprise --- 33% of your grade.

4. Take-home essay final --- 33% grade

Take home mid-term 33% grade

**Opportunity for EXTRA CREDIT from 5-10 points:** Prepare a ten minute lecture on some aspect of corruption not directly addressed in the class such as: Corruption and conflict diamonds; Anti-Corruption NGOs in the Philippines; Corruption in France: corruption in contracting; the Russian Mafia and corruption ETC. **What is the least corrupt country and why?** Please advise me by class 4 regarding your topic. Power point is fine.

**Here are a few secrets to academic success. Try them-- they really do work!**

1. **Take the Attendance Policy Seriously**-- Missing class (or repeatedly arriving late) not only puts you behind in coming to terms with material you missed, but it can also mean a significant grading penalty at the end of the semester. Though you can miss a class (everyone gets sick) please don’t miss class for frivolous reasons. If you skip classes for no good reason, don’t expect an exemption from the attendance policy for a subsequent absence when you might be seriously ill.
And once you are in class, stay put. Walking out in the middle of class to stretch your legs is disruptive and disrespectful to both your classmates and to me.

2. Do All the Assigned Reading-- The course is heavy on reading. Some of this reading is based on quantitative analysis, which YOU MAY FIND hard to follow. Nonetheless, you should try to figure out what the scholars are trying to say. You won’t be able to get a good grade in this class without careful reading of all assigned material. Expect that exams will include questions designed explicitly to see who is reading carefully and who is not. **HENCE WHILE I MAY OR MAY NOT GO OVER THE READINGS IN CLASS, YOU MUST BE PREPARED AND HAVE READ THE ASSIGNED READINGS. DO THE READINGS BEFORE THE CLASS.** Thus for class I, please have read in advance those readings, so we can discuss them.

3. Ask questions, challenge assumptions. **If something doesn’t make sense to you, ask me.**

4. **Put in the Time**-- The rule of thumb is that you should be working three hours outside class for every hour in class.

1/14 Class I. Class Expectations: Defining corruption, governance, accountability, and transparency. Where is corruption? Is it endemic? Accountability handout

Lecture and Discussion: Why study corruption? Who is affected by corruption? Have you been touched by corruption? When and where?

Readings:

1. Paulo Mauro, Why worry about corruption? 1997, Economic Issues no. 6, 


Case study 1 Russia:

Why is Russia so corrupt? What’s unique about corruption in Russia?

a. Corruption in Russia and its effect on business: “Bed Bath and Bribes,”
   http://www.foreignpolicy.com/articles/2010/08/16/bed_bath_and_bribes?page=0,1
b. Russians still forced to pay bribes, 

c. Sergei L. Loiko, Los Angeles Times "Corruption scandals dominate Russian headlines,"

No class 1/21  Inauguration and M. L. King holiday

1/28  Class 2  Trust, Institutions, and Corruption as Rational Behavior

We will gain greater understanding of counterweights to corruption such as trust and quality of institutions and social capital.

Reading:


Case 2: Corruption as Rational Behavior in the United States: Plunkitt of Tammany Hall: downloadable at


Chapters 1-4, 6, 18.


Case questions:

1. Why was Plunkitt so corrupt? What did he do and how did he justify it?
2. Why was corruption rational behavior?
3. How does US 19th century corruption differ from its 20th century variant? (Keep in mind ideas, institutions and trust).

Class 3, 2/4

Readings: Openness, International Factors and corruption

**Case 3 Argentina: Good governance, foreign investment and transparency re. inflation Argentina**


**2/11 Class 4: Lecture**

How corruption can undermine human rights and how anticorruption measures can improve access to opportunities.

4. 

**Class 5 Feb. 25.**

**Corruption Case Study 4: China**

**Case questions:**

1. What is different about corruption in China?
2. What does it tell us about the relationship between human rights and corruption?
3. How does secrecy facilitate corruption, inadequate governance and wrong-doing?

4. Is corruption changing in China, given the party's supposed fight against corruption?

Readings:


Page through the web pages on China.

b. How much corruption is enough?


http://www.washingtonpost.com/world/bo-and-chen-crises-spotlight-local-abuses-in-china/2012/05/01/glQAbAb3tT_story.html

d. China accepts corruption

https://www.npr.org/2012/06/29/155773618/a-portrait-of-chinese-corruption-in-rosy-pink


f. http://www.google.com/hostednews/afp/article/ALeqM5hRKqze7YYYEP1DCuU7a4tLi6paQ?docld=CNG.e010b29f6bdc61d208d4362e61b737e2.111


h. China and the Internet


k. Sharon LaFraniere, "China helps the Powerful in Namibia, NY Times
March 4 Class 6 Metrics: Please carefully READ the documents below.

Guest Lecturer, Nathaniel Heller, Executive Director, Global Integrity

Readings:

1. Secretariat, “Quantitative Approaches to Assess and Describe Corruption and the Role of the UNDOC in supporting Countries in Performing Such Assessments,” Background Paper, 2 Nov. 2009, at


3. OECD, "Uses and Abuses of Governance Indicators," http://www.oecd.org/document/25/0,2340,en_2649_33935_37081881_1_1_1_1,00.html

Read only pages 81-101.

Corruption Country Case Study Brazil: CASE 5 How has corruption in Brazil affected Brazil?

Case readings:


Page through the site... and

b. http://www.ft.com/intl/cms/s/0/1b686ccc-21b1-11e2-b5d2-00144feabdc0.html


e.  http://news.bbc.co.uk/2/hi/americas/4676435.stm


Case Questions:

What is unique about corruption in Brazil?

How is Brazil tackling this corruption?

What about impunity?

Week of 3/11 Spring Break

3/18 Class 7 Corruption and Gender

Does corruption hurt women more?

Are women less corrupt than men?

Why are women so vulnerable to corruption?

Reading on trafficking.


2.  William Finnegan, “The Countertraffickers: Rescuing the victims of the global sex trade,”
http://www.newyorker.com/reporting/2008/05/05/080505fa_fact_finnegan?currentPage=1

Readings on how corruption affects women


**Midterm given out today and due by 3/25**

**Class 8 3/25 Extractives and Corruption Guest Lecturer, Michael Jarvis**, Team Leader - Governance for Extractive Industries
World Bank Institute

1. Hersh, Seymour, 2001, “The Price of Oil: What was Exxon Mobil up to in Kazakhstan and Russia? New Yorker, Aaronson will email.

2. Moran, “Is FDI in extractives a curse?”
   [http://www.wto.org/english/res_e/publications_e/wtr10_moran_e.htm](http://www.wto.org/english/res_e/publications_e/wtr10_moran_e.htm)


**Case Study 6: Access to Water How does corruption affect access to human necessities?**


c. [http://www.transparency.org/topic/detail/water](http://www.transparency.org/topic/detail/water)

**Class 9, 4/1 Development and Corruption. Aaronson in SF for ISA—will try to get a guest lecturer…….**

1. Eldis, “Corruption and Poverty,” pp. 1-16,
2. Transparency International, Making AID effective, 


4/8 Class 10 Civil Society and Corruption:

What is the appropriate role for civil society in fighting and monitoring corruption?


2. Economist, New Middle Classes rise up, 8/3/2011, www.economist.com/node/21528212

Anticorruption movement Brazil, China, India...what’s common what’s not?

3. J-pal evaluation of community participation: (read the one pager)...

   http://www.povertyactionlab.org/policy-lessons/governance/community-participation


Also read: Case 7. Did wikileaks reduce or affect corruption? Was Assange a hero?

On Julian Assange:


b. www.nytimes.com/2011/01/30/magazine/30Wikileaks-t.html


and my personal favorite: Assange on leaking.


4/15 Class 11 Business Case against Corruption: Guest expert Mike Gadbaw, Professor, Georgetown Law and former International VP, GE.

How business can fight or can accept corruption?

1. Or is business ok with corruption?


Skim: Business without Corruption


And the State claims national Security: BAE Case: CASE 8

Should policymakers allow some corruption in the interest of a larger goal such as national security?

a. Warlord Inc: read only the executive summary at


d. read and follow links: http://www.guardian.co.uk/world/bae

4/22 Class 12 International Aspects of Corruption/Business and Corruption 2 (Wikileaks)


Case 9: On Wikileaks: Pfizer and Shell

b. http://www.guardian.co.uk/busin


4/29 Class 13 History of Modern global Efforts to address corruption: Aaronson lecture

Do you think these tools are effective?

1. Skim: International tools to fight corruption: http://www.oecd.org/document/44/0,3343,en_2649_37447_42217196_1_1_1_1,00.html

2. http://www.oecd.org/document/19/0,3343,en_2649_37447_42220563_1_1_1_1,00.html


May 1 Class 14  Is Transparency and freedom of information the Cure? What about technology?  Note final class is on Wednesday.............


Case: Corruption in India

a. High price for India’s information law


If you want to do an extra credit presentation, here are some additional links:


http://www.oecd.org/topic/0,3373,en_2649_37447_1_1_1_1_37447,00.html


Business Anticorruption portal

http://www.u4.no/

http p://www.qog.pol.gu.se/