

An Analysis of the Relationship between the Good Governance Model and Anti-corruption Policy (With Emphasis on Developing Nations)

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Abstract

The programs and policies of anti-corruption and good governance which are supported by international institutions like the World Bank decide the vital goals of developing nations. Therefore, there is no doubt in the need for good governance. In fact, the present paper will address the following questions: To what extent are these goals the only necessary for development of good governance prerequisites? Are such objectives certainly attainable in emerging nations? Moreover, would concentrating on such issues of governance divert our attention from more feasible and persistent reforms which could make the governance goals easier to achieve for us? Generally, during development, making reforms for an upright governance and focusing on corruption normally diverts the attention from those policies that are practical. Even though, emergent nations have different categories of corruption which not a single country could fight with immediately. Hence, this is dynamic to obtain essential capacity of governance for the identification and handling of utmost vicious types. Consequently, a framework's presence for acknowledging all sorts of corruption stays essential for a purpose to decide priorities of institutional reform and putting in place successful policies to combat corruption. The research methodology of this paper is descriptive/analytical and the data have been collected using available documents and information.

Key words: Good governance, developing countries, motives, policies

After many ups and downs in the history of development thought, the theory of good governance, that is, the way a nation is governed, decisions are made, and people and the state interact, has been put forward as the pillar of development (Jasbi and Nafari, 2009). Likewise,

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the International institutes of finance for instance, International Monetary Fund and World Bank that consider the good governance as vital for development programs' realization. During the latest decades, specifically 1990s, many studies have been conducted regarding public management and the choosing of the best governing system. The World Bank's research has a unique place among these studies. Governance is a broad concept and has a direct relationship with areas like economic environment and, in other words, economic security, politics, society and law. In a 1997 report entitled "The State in a Changing World", the World Bank not only highlighted the decisive role of the state in economic developments, and it also elevated the theoretical and empirical discussion about the functions of the state to a global level. Such topics are accompanied in governance concept. Furthermore, World Bank describes governance as per manner where power is used for the social and economic resources' management of any country in order to develop it sustainably (Aaraie, 2009). There is plenty of evidence to show that governance and institutions play a highly important role in increasing development and reducing poverty. The evidence also rejects the existence of common institutions among all successful developing nations. Meaningful corruption existed in most successful developing countries and governance faced hurdles in the early stages of development. However, these countries have the potential capacity for good governance. This enables the countries to prepare the ground for fast growth and sustainable political legitimacy of the state. Thus, continued pressure is both desirable and necessary to reduce corruption and promote governance. However, one will not achieve these goals unless the possibilities of governance which are necessary for sustainable growth are sufficiently taken into consideration. Many countries embraced some anti-corruption reforms and governance plans as part of their sustainable development strategy. Nevertheless, setting utopian good governance goals to speed up and sustain development might be neither necessary nor suitable. But the challenge developing countries face in their drive to reform institutions and formulate strategies of anti-corruption come to pass the requirement of lesson learning from a global experience while implementing policies and programs which are both achievable and viable provided their circumstances. Moreover, the anti-corruption and governance programs implemented by some of the emerging countries become unsuccessful to attain such goals. These programs could even be beyond reach and too ambitious and even be detrimental to development as they distract attention from main governance reforms (Kermani and Baskha, 2009).

1-Good governance and anti-corruption policies

the corruption transpires with violation of laws by government officials for personal advantage. Therefore, the worst categories of corruption are extortion and bribery (Gharani et al, 2010). Though, other corruption categories for instance dispersing the public possessions to precise individuals intended for political gain as well is included in this category. Noticeably, maximum rising nations undergo hefty costs because of corruption (such as, developmental project's failure, diversion of programs and resources that could have otherwise been usefully invested, and lack of transparency and the failure of markets to function normally, thus causing uncertainty for investors. Yet, in recent years, coherent studies have been conducted about governance' role for the improvement of developmental prospects in emergent nations and they have put more emphasis on the corruption stemming from international institutions (Gholipour, 2005, P104).

Moreover, recent corruption analysis turns out to be a part of a generalized good governance' analysis. Likewise, this analysis' major segments are of neo-institutional economics that articulates the competent market as being with low costs' transaction. Moreover, the costs of transaction are trade activities' costs that particularly include bargaining costs along with transaction execution (Jasbi, 2009, P87). In case of higher costs, markets become incompetent thus, this is extremely improbable to make essential transaction such as long term investments under such circumstances. Formerly, this becomes evident about good governance required by numerous individuals in unindustrialized states is a development objective and could be theoretically designated as a "sine qua non" to guarantee progress. This is due to the reason that a good governance represents a political and institutional pre-condition to assure lower costs of transaction in the economies of market (Figure 1).

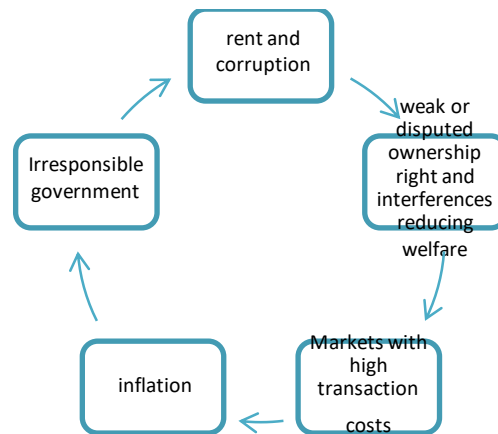


Figure 1: Analytical principles of good governance

Figure 1 summarizes the principles of good governance which are supported by international institutions. Furthermore, the poor economic development performance is elaborated through high costs of transaction as well as incompetence in markets. Consequently, ineffective markets' continuation is reliant on the interventions of government that would cause the welfare reduction and more significantly, destabilize the rights of property. This will cause the detention of property more costly.

Consequently, corruption and rent seeking account for continuing instability of property rights and interferences chipping away at welfare in developing countries (Krueger, 1974: P13). But the question is: how is it that people who benefit from rent and corruption can keep doing what they do at the expense of the majority though they are few in number? Answering this that mainstream is not well-organized or majority has extremely small or no accountability. Thus, it facilitates the exploitation of majority by minority (Olson, 2000). Furthermore, the underdevelopment and poverty confines majority's organizational capacity and resultantly, maintains underdevelopment and poverty of system. Therefore, the good governance's enquiry from perspective of organization generates parallel priorities policy's set which must be followed instantaneously in order to escape the presented poverty Figure (1). Hence, such intersected policies' network will combine the political and institutional reforms with economic reforms termed as good governance (Meydari, 2002, P44). Some of the elements of this package are shown in Table 1. What is particular about the package is that it addresses issues beyond economic reforms and market competition and constitutes a broad range of political and institutional reforms. Therefore, the good governance plan shown to n Table 1 argues that,

instead of simply focusing the reforms related to economic such as “economic liberalization”, moreover, this is essential to instantaneously follow the reforms of institution. As this would increase intellectual property’ stability as well as the rule of law, for seeking the fight rent and following the reforms of anti-corruption. Hence, all such reforms would escalate the accountability of government. Therefore, such anti-corruption reforms must perform a function for planning a new reform.

Government accountability improvement policies	Anti-corruption and anti-rent-seeking policies	Property rights establishment polices
Poverty reduction and PGBS policies (in some countries) and reforming accountability and decentralization	Anti-corruption policies, liberalization of WTO’s restrictions on subsidies and IMF’s monetary requirements	Policies for improving the rule of law, reducing the risk of expropriation, and strengthening the judiciary
Table 1: Inter-relation of good governance reform program		

2-A study of empirical evidence

Empirical evidence indicates a feeble association amongst economic situation improvement in economic situation, and good governance plan’ conditions at best. Therefore, most significant governance situations are present which are necessary for expediting and stabilizing economic growth. Yet none of them was specified properly in the governance approach. A look at this evidence shows that regardless of its advantages, good governance’s conditions and role in reducing corruption in most developing countries are not achievable (Khan, 2009a). The primary drawback to any comparative empirical work is that it cannot directly assess the quality of governance and, in particular, corruption. Hence, we need to define relative criteria for the work by using subjective judgments, which are biased themselves (Farrokhsersht, 2004, P66). However, studies show that even if these criteria are used, some damning findings about support for good governance that are made using the same criteria cannot be justified. Therefore, after broad econometric studies which somehow indicate a relationship amongst governance indicators for instance, rule of law and fighting corruption as well as other features of economic performance and good governance. Hence, the consequences become significant. Such as, a solid

correlation is being observed among income and governance quality. This displays that richer countries comprise less corruption and improved governance. However, it becomes complex to give a common direction in these sort of researches as this could be declared normally that higher development levels and higher incomes leads to good governance. Therefore, we must create an association amongst economic growth rate and indicators to accept the governance indicators and corruption as policy objectives. Thus, at first this correlation with growth rate is thought to be a lot feebler as sometimes this vanishes with arrival of other variables such as investment rate. However, it is not a mere difficulty (Mauro, 1995).

The most important problem in empirical studies is we must compare similar issues with each other. Hence, this is extremely complex to discover countries which are dissimilar conferring to the indicators of governance. Specifically, being on various development levels, we must divide countries in two groups for economic performance measurement: 1- high income or advanced economies 2-Other countries. Hence, it appears as the association amongst good governance as well as economic performance becomes obvious most when we put all countries in a single grouping. But the outcome is more interesting when we divide them into developed nations and other countries and that we divide the second group into two groups again: convergent nations and divergent nations. Convergent nations are those that are close to advanced economies in terms of standards of living and are close to or even better than them growth wise. But growth rate in divergent countries is much less than that of developed nations. As a result, the difference in governance between divergent and convergent developing nations is perhaps meaningful. However, this difference is not taken into consideration in the good governance indicators on which commonplace policy usually focus.

Moreover, the Tables (2 -5) utilized the corruption indicators and governance of IRIS Center of Maryland University that Knack and his colleagues presented (IRIS-3, 2000). Although, entire indicators of governance comprise a subjective issue, all such indicators are being extensively utilized as well as are being extremely appropriate to express the utmost significant problem features. Furthermore, Kaufman & his colleagues selected World Bank indicators' utilization for governance, hence, we would attain analogous outcomes. However, these indicators of World Bank are being accessible since 1996. Although, indicators of IRIS governance are available since 1984 which are a five indicators' combination together with governmental corruption, expropriation risk, government contracts' repudiation, bureaucratic quality, and rule of law

(Knack and Keefer, 1995). Therefore, range of such indicators is amongst 0 (as lowest score) to the 50 (as highest score). Additionally, we as well utilize the indicators of corruption distinctly ranging from 0-6 (lowest score-highest score).

Since the early indicators of governance were drawn up from 1984, the data of 1980 applied less to 1990. Studies show that higher per capita income over time is expected to result in better governance and if a nation grows at a high speed for some time, this would have improved characteristics of governance even though such features would not occur in primary phases of period. But if full information on that is not available, we could end up arriving at the false conclusion that good governance has resulted in good growth. Even if the growth happens as a result of something else, our data, par for the course, will show that developed nations get a better mark on all indicators of governance than developing nations do. Comparisons in this regard between convergent developing nations (having higher growth) as well as divergent ones (having lower growth) are fascinating. Furthermore, data demonstrated that inconsistency in the ‘both group’s indicators of governance in form of specific and generalized indicator is ignorable. Therefore, the outcome of corruption indicators rely upon the elements in indicators of governance. Moreover, 1980’s data is shown in Table 2 which indicates a weak and positive correlation amongst economic growth and good governance. But a more accurate look at the data tells us that governance indicators are slightly better in convergent developing nations than in divergent developing nations. More importantly, both these groups of countries are way worse than advanced countries in this respect (Khan, 2006c).

	Developed nations	Divergent developing nations	Convergent developing nations
Number of countries	24	53	35
Average property rights’ indicator 1990	47	25	23.7
Observed range of property rights’ indicator	32.3-50	10-38.3	9.5-40
Average growth rate of per capita GDP 1990-2003	2.1	0.4	3

Table 2: Governance and growth 1980-1990
 Intellectual property ranges from 0 (worst) to 50 (best).

The meager difference between divergent and convergent developing nations is significant. However, in each item, a variation amongst rates of growth of convergent and divergent nations is related with an extremely low governance quality difference (Table 3).

	Developed nations	Divergent developing nations	Convergent developing nations
Number of countries	21	52	12
Average property rights' indicator 1990	5.4	2.6	3
Observed range of property rights' indicator	3-6	0-6	1-5
Average growth rate of per capita GDP 1990-2003	2.2	-1	3.5

Table 3: Governance and growth 1990-2003

Intellectual property ranges from 0 (worst) to 50 (best).

Given the data from the 1990s in Table 3, we again see that there is no significant difference between divergent and. However, during the decade, the average governance indicators were weaker in convergent than divergent nations.

In the 1980s, convergent developing nations did better in corruption and gained more points than divergent nations. But both of them did worse than developed nations (Table 4). But this insignificant difference between divergent and convergent nations disappears in the 1990s (Table 5). In that decade, the average corruption indicator in divergent and convergent developing nations is identical. However, their point was observed to be much lower as compared to the developed countries (Khan, 2006). Generally, anyone can proclaim weak and positive association amongst corruption and governance's other indicators, however, data growth is deceptive. Moreover, all such readings do not signify a significant variances amongst governance of convergent and divergent emerging countries. Thus, these indicate substantial variances in traits of governance in those countries have not been detected properly.

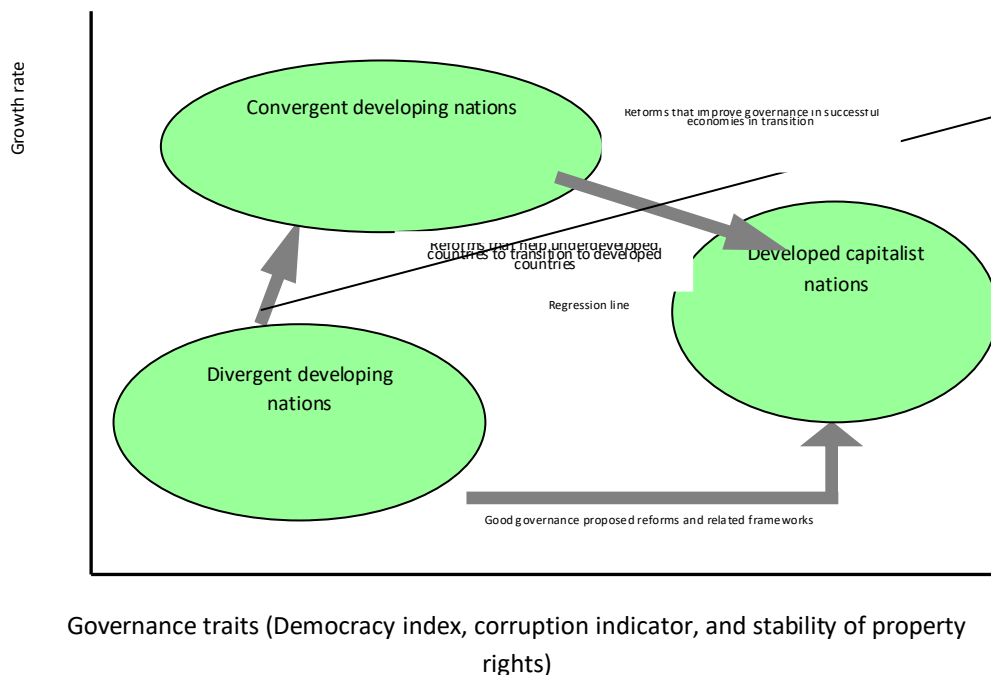
	Developed nations	Divergent developing nations	Convergent developing nations
Number of countries	24	53	35
Average property rights'	5	3	3

indicator 1990			
Observed range of property rights' indicator	2-6	0-5	0-5
Average growth rate of per capita GDP 1990-2003	2.1	0.4	3
Table 4: Governance and growth 1980-1990 Intellectual property ranges from 0 (worst) to 50 (best).			

	Developed nations	Divergent developing nations	Convergent developing nations
Number of countries	24	53	35
Average property rights' indicator 1990	5	3	3
Observed range of property rights' indicator	2-6	0-5	0-5
Average growth rate of per capita GDP 1990-2003	2.1	0.4	3
Table 5: Governance and growth 1990-2003 Intellectual property ranges from 0 (worst) to 50 (best).			

In Figure 6, a comparison of the groups 1 and 2 shows that there is not a significant difference between divergent and convergent developing nations based on average and governance traits. However, they are much different in terms of their economic performance. The challenge the divergent nations are facing is how they can boost their economic growth. This is while the challenge faced by the convergent nations is how they can establish the growth they have already achieved. Highlights of upright governance plan demonstrated that group 1 of divergent countries can change into the countries of group 3 by an implementation of the reforms of good governance while moving in the graphs' upside right direction. Though, this proposal depends upon overhead theory whereas, evidence not on historical knowledge via undeveloped countries which firstly need to improve their methods of governance while boosting their rate of growth to the level of developed nations (is known as good governance).

Figure 6-Governance reforms that are vital for growth and good governance reforms



Moreover, the historical proof displays that divergent nations confronted trial is denoted as the knowledge of governance and political variations. Thus, information permits countries to transfer from group 1-2. Hence, countries of group 2 faced the indicated their capability to well comprehend windfalls. That means they should act in such a way as to maintain their good performance over time. Undoubtedly, the right time to do governance reforms in group 2 is when their growth has started. This will allow these countries to move from group 2 to group 3. But little evidence exists to show that the second stage reforms are absolutely feasible in poor countries. Nor is there any evidence proving these reforms are a prerequisite for growth in countries with poor performance.

Plenty of researches have been done about governance capacities of group 2. These researches highlights some specific governance capacities of convergent developing nations that include capacities for supporting investments and the main resources of production sectors, channeling investments and resources toward these sectors, helping the sectors to acquire advanced technologies, adjusting the market to help grow productivity in sectors of production, while sustaining the social steadiness as well as the rule of law by redistribution policies'

implementation. The downside is that there are no institutions in different countries that have achieved those goals. For example, South Korea, Malaysia, China and India pursue very different policies and strategies. In its initial research into the significance and the function of governance for East Asia development, thus, World Bank recognized government's dynamic role in the quick development and acquisition of technology and innovation. It however concluded that implementing such policies could pose a threat given that the governance capacity in some developing countries has been neglected. This conclusion is sound from one perspective because without proper governance capacities, the government's effort to speed up and establish development will only result in some mistakes that will lead to a surge in rent-seeking costs.

Therefore, the World Bank requires countries with very poor performance in good governance indicators to achieve the capacity of new (good) governance. But no country has ever achieved that capacity thus far. It is asserted that these capacities also guarantee fast growth. But we know that no evidence exists to prove that assertion. The more logical response to the issue would be that group 2's superlative choice for emerging countries lack capacities of governance shows they make an effort to achieve some of the governance capacities of nations that experienced fast growth. Only after they do so will they be able to achieve the intended rates in change and social communications (World Bank, 1993).

3-Structural motives of corruption in developing countries

The greed and power theory ignores some structural flaws of developing countries and always highlights high-level corruption in these countries. Knowing the structural factors of corruption helps adopt a more rational method for anti-corruption strategies in unindustrialized states while formulating the appropriate policies for dealing with all sorts of destructive corruption. Hence, such features comprise:

Stemming of a corruption from government interference

Moreover, the major generalized principles for fighting the corruption prohibits the private involvement in government sectors because for us to speed up growth, this is not only unnecessary but also paves the ground for official's blackmail. However, such supposition is untrue. For the economic development expedition, , we should manage some sensitive

interventions. One example is helping domestic producers to use new technologies to surpass other rivals. Similar measures were used by completely prosperous Asian emerging states (Khan, 2006b). These are separate from interventionist measures by governments that they need to adopt to maintain welfare.

Many of these measures have been helpful and governments have got to acquire the capacity of knowing, maintaining and managing them. Although this problem could not be resolved through liberalization, we may use a number of anti-corruption strategies which are supported in the current anti-corruption programs. Such as the improvement of rule of law or escalating the corruption cost for executives while surging their salaries can reduce corruption in areas where the government has sensitive responsibilities. However, evidence shows these strategies either have been unsuccessful or it takes a long time to implement them. Hence, there are other effective strategies that we need to adopt to fight rent-seeking and to make the government more effective in areas that require intervention (Khan, 2006a). This response is perhaps similar to the method used by advanced countries to fight rent-seeking. In advanced countries, governments play a key role in economic management and this inevitably encourages widespread rent-seeking. However, rent-seeking has mostly become legal in advanced countries because such interventions have a legal basis (for example, allowing industrial groups to lobby for increasing their benefits within the framework of defined limits). This is while rent-seeking in developing countries is mostly illegal and is treated as corrupt. To put it another way, the contemporary sectors of emerging countries are innovative as well as to some extent interference assist them as it will be illegal sometimes lacking the common political sustenance. Though, this must be distinguished as all emerging nations do not have this case more specifically for established countries. Looking at the industrialized republics, as we perceive all countries have a certain amount of corruption in sensitive fields, hence, their official capacity shields the main responsibilities of the government from threats. Thus, such capacities must be the main focal point of anti-corruption strategies. But developing countries pay little attention to this aspect of reform plans.

B-Financial limitations and structural motives for political corruption

Moreover, governments of developing nations face an essential problem to sustain political permanence at scarce financial resources. Therefore, sustaining the stability of politics demands

adequate financial resources assist the sectors of social legitimacy and wielding political control. However, this has been neglected in allocating resources and revenues from economic activities (even if this is their own understanding). Taxes account for 35 to 50 percent of the GDP in developed countries. Tax revenues are partly redistributed in various sectors to maintain social cohesion and political stability. But developing economies can allocate only 10 to 25 percent of the GDP to tax because of their unimportant contemporary sector and their established faintness. Furthermore, during utmost emerging countries, subsequently the public servant's salaries are paid, thus, left no money to unevenly deliver simple services or even to create vital infrastructure. In many of these countries, the bulk of the development budget comes from domestic bonds and external financial flows. In fact, there is not much financial room for creating stability through transparent redistribution of budget. Nevertheless, developing countries have robust institutions that desire redistribution while maintaining the political stability. However, the probability of restricted redistribution would not lead to such objective. Moreover, such structural error accounts for significant networks of supporter-follower in all emergent countries. Therefore, non-budget resources' transfer using such setups to influential spheres works in form of an everyday mechanism to maintain the political stability in every developing country. Unfortunately, this is theoretically liable to corruption due to the broad usage of political power for enabling the exceptional followers to attain profits. Thus, these assist their political supporters continue to be in power via such mechanism. Moreover, the sociologists and political scientists made the hundred social gaps visible which surrounds the networks of supporter and follower in evolving republics. Likewise, devoid of political institutes, economic strategies, and cultural history that require additionally inclusive explanations, an extensive incidence of supporter-follower groups is acknowledged in all unindustrialized countries (Khan, 2006b). Furthermore, a significant portion of such description regards the economic afflictions of developing states. Moreover, this is unbearable encountering the requirements of worthy groups because of the scarce resource. Thus, these transmissions should be accomplished via networks of supporter-followers in a way which is non-transparent. The procedure which can establish corruption is that governments would have to give resources using non-budget channels when such resources are not in budget. Therefore, escalation of resources for stability of politics and allocating the minimum amount of funds from some of these resources to important sectors could potentially lead to political corruption (Khan, 2006a).

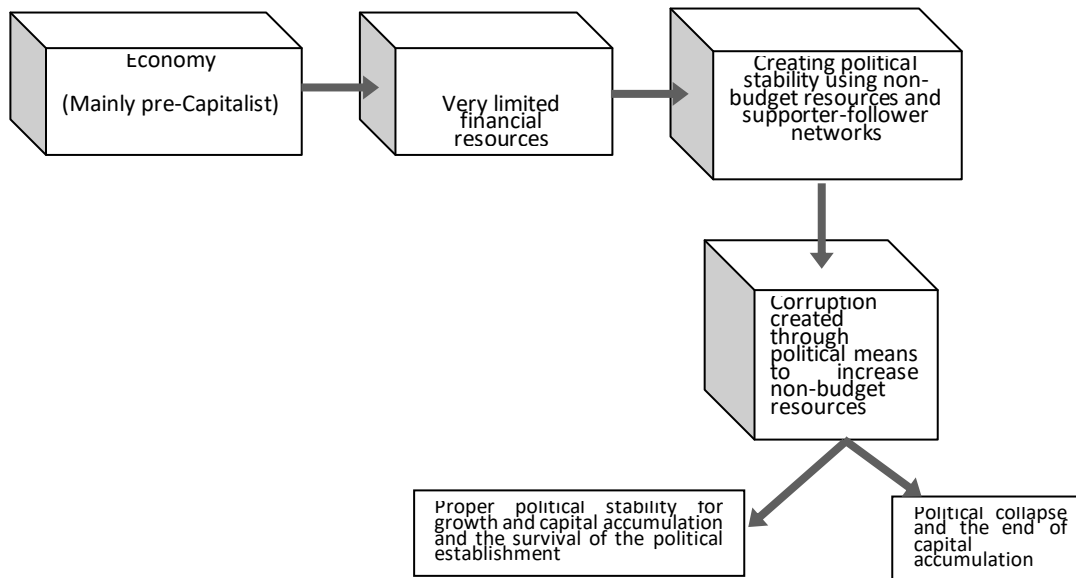


Figure 3-Motives for political corruption in developing countries

Moreover, when such corruption cases occur due to power and greed as well as systematic motives provide huge benefits to the governmental officials, we could not blame the greed or thirst power of officials being a root cause of such kind of exploitation. Further, the figure (3) displays major motive of such corruption which is political stability need and financial limitations. Unless we overcome financial limitations, we have difficulty seriously tackling the corruption. However, while the supporter-follower policy and political corruption is commonplace in all developing countries, the outcomes of such procedures are different for economic development. Henceforward, such policy could cause political stability and subsequently growth in different cases. However, this can fail in diverse situations. Major cause of such success difference as well as the letdown in some emergent nations is the variance of irregular demands handling and supporter-follower policy difference rather than that of the political corruption' absence. Likewise, alteration amongst evolving nations for implementing the policy of supporter-follower relies on the political party organizations' delicate discrepancies

as well as their supporter-follower groups and tasks. Moreover, historical experiences regarding economic course alteration (such as Malaysia in early 1970s and South Korea in the early 1960s) is diligently associated to the variations of domestic policy organization in republics. Hence, such two instances indicate the possibility of political stability although without the scrapped supporter-follower policy. Thus, the existing government's policies and programs would be a preliminary fact of emerging nations for the identification of the weakness of their governance in such zones nor will they help them implement governance reform programs so that they will be able to address the more destructive aspects of corruption.

C-Weak property rights and rampancy of trade through non-market methods

A structural flaw in many developing countries is that because public funds for supporting private property rights are limited, this right is disputed and is not supported much. According to a simple assumption, rights of property could be extensively reinforced with corruption reduction and governance analyses in developing state's utmost conventional corruption and governance analyses. Moreover, such analysis disregards economic fact that stabilized national system's formation for rights of property would charge abundantly. Hence, during the final development stages, even progressive countries extent eloquent stability for property rights as several properties approached the maximized productivity level (Khan, 2006b).

One of the most important outcomes of the neostructuralist economics put forth by Douglas North and others emphasizes that supporting property rights incurs high costs. These are trade costs and the neostructuralist economics underlines that trade costs in an efficient economy are less than those in other countries. But these costs never become zero or close to zero. Additionally, costs of trade can be lower at transaction site for traders in an effective economy market economy such as the United States (this also refers to the efficient economy's very definition). Though, total trade costs of entire economy can be low by no means. Hence, developing nations comprise low productivity for most properties while the supporting costs are extraordinary. Hence, this is not surprising that all developing nations suffer from poor and disputed property rights (Meydari and Kheykhahan, 2004).

Figure 4 shows the factors causing this instability. Developing countries face more instability with regard to property rights compared to advanced nations. But this does not completely stem from greed or abuse of power on the part of government officials in those countries. When property lacks security and costs of trade are high, doing business in the market will

automatically become too costly. For this reason, non-market distributors have a strong presence everywhere in developing countries as opposed to developed nations. Transactions that do not take place in a free market not only involves a long list of allocations and even abuse of political power, however these as well comprise examples of legal yet non-market deals, state land's designation for development as well as the authority usage on extensive range for the public funds' allocation. Therefore, all such procedures are structurally essential for emergent states. Though, these expose door to corruption and fraud. In the meantime, these could not be stopped by talking about power thirst, and greed on the official's part such as in the supporter-follower policy case. That is because there are some structural factors that are more powerful and fuel such problems. Furthermore, such transaction's outcomes external to the market could bring effective conversion to a contemporary Capitalist economy or resource wastage for establishing security in other territories. These two ramifications do not differ in that one involves good governance while the other does not. They differ in that there is a delicate set of structural and political factors forming the stimulants and urges which persuade public and private players who benefit from transactions outside the market. This is aimed at strengthening investment in production corporations.

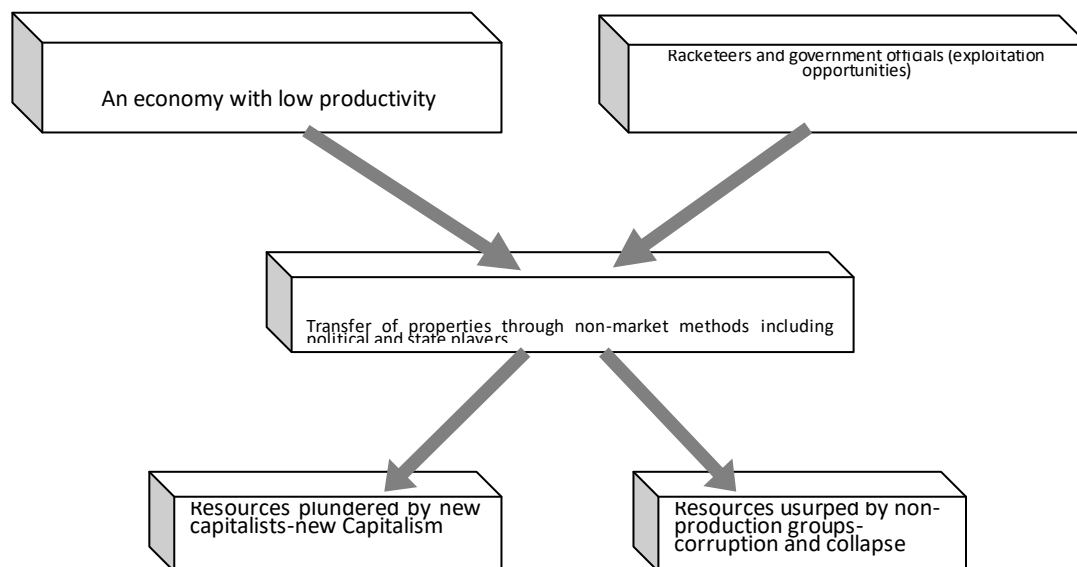


Figure 4-Factors contribution to the transfer of property through non-market means in developing countries

Moreover, current case studies as well authenticate our investigation. Furthermore, we as well gaze China at one extreme of economic growth range as well as several other emerging states in Africa and Asia standing at the other extreme based on their growth rate, we see that they all grapple with many conflicts over property rights in their economies as a general rule. However, these countries have experienced very different economic implications. They differ in that in a country like China, the profit of production sector investors is relatively stable (provided they remain lucrative). Nevertheless, a careful look at property rights in countries around the world would show that most Chinese owners could face challenges with regard to property rights, which is verified by our analysis. In return, the problem in poor countries is that productive entrepreneurs often face high lack of inevitability in their anticipations resultantly, keeping their investments low. Hence, such inquiry need to attract our consideration to an utmost significant governance reform's set and it can create lasting expectations in significant sectors for the purpose of speeding up investment and growth. In return, any effort to execute reform plans to stabilize property rights in poor countries without economic resources will possibly fail and will lead to abandoning reform plans.

D-Exploitation and property expropriation

Governmental corruption is the utmost damaging category of corruption in most of the emerging countries. That means abuse of political and military power by government officials to usurp properties of citizens. The supporter-follower policy in developing countries and property trade which are outside the market methods are in fact some sort of exploitation and prevent investment and development. The border between the supporter-follower policy models which make it possible to maintain political stability and the point where development is damaged are so blurred. (Figure 5)

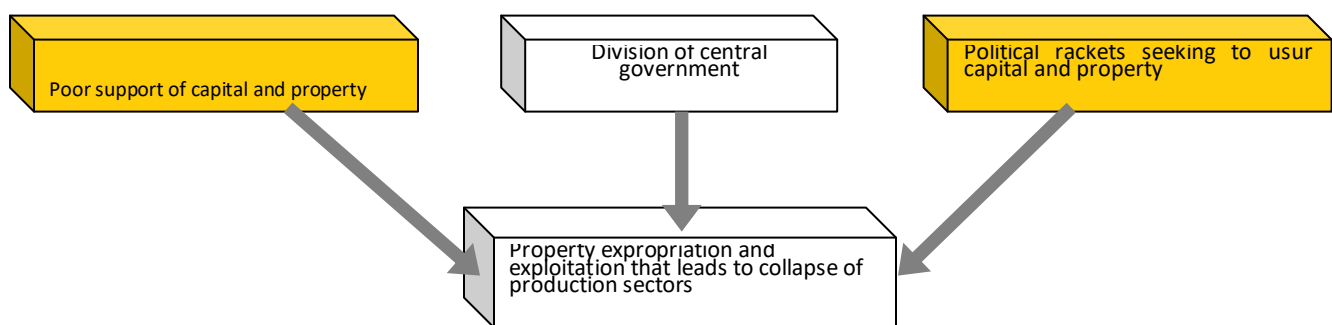


Figure 5-Main motives for property expropriation and exploitation

Usually, on the one hand, the difference between types of supporter-follower policy and outside the market trade—which bring about dramatic social changes—, and on the other hand, spiteful corruption sound highly unnoticed. For all that, a common characteristic of all these countries is political and institutional division in the government. The division has gone so deep that the government is unable to prevent rank and file employees from filling their pockets for all that this is detrimental to the stability, income and prospect of the government (Shleiferd & Vishny, 1993). When the government has integrity and its different bodies are compatible with one another politically and institutionally, it is highly unlikely that the supporter-follower policy or non-market trade will push it toward collapse. That is only because superior government bodies limit low ranking officials and bodies whose authority threatens the interests of superior organizations. It is likely that central organizations will not join the fray when it comes to a debate about all-out expropriation if their horizons are above those of small organizations. This is a characteristic of leaders of declining regimes. Chart 9 summarizes the key role of the government's integrity. However, major program of anti-corruption can overlook significant complications in approximately all rising countries as they are also feeble in program implementation. Hence, all such countries have transparency, raise in salaries, anti-corruption monitors and punitive measures for financial favors are not effective enough. It must be the policy of these vulnerable governments to put emphasis on strengthening the government's capacity so that it behaves with integrity and effectively. In other words, programs and policies in these countries must be built on creating a Hobbesian state in a society which is separated from the government, not on Adam Smith-style reforms which limit the government's freedom. Such program intensely center upon power and greed theory for thousands lasting difficulties in emergent nations having meagre performance. Talking about various motives behind corruption can explain this evident contradiction that all developing countries suffer from deep corruption and them all suffered setbacks in the early stage of their good governance efforts. Hence, all such interpretations could further elaborate several corruption motives as well as poor governance for instance, unfortunate property rights are regarding structure and also because these are preventable in entire emerging nations. Though, countries having higher rates of growth

comprise potential of governance which permits them to stay away from much of the destructive impact of these structural motives.

4-Conclusion and policy recommendations

this paper seriously raises the question if we can interpret governance programs as a prerequisite for development instead of a list of key and desirable objectives. In response, we should say weak property rights and structural motives for corruption make it impossible for developing countries to achieve those goals to any extent regardless of their economic performance. The real danger is that these structural motives are misunderstood. As this study shows, it would be a grave mistake and misleading to link granting loans to establishing relations based on minor differences in corruption and governance indicators. Irrespective of the fact that these indicators are abstract and they could be tampered with, those who wrote them argue that small differences in the indicators give no clues as to the prospects of development in developing nations. Instead, we believe that we should first determine the key governance capacities of each country separately to expedite social and economic changes. In the meantime, we also require a framework for differentiating amongst all sorts of corruption in order to set our genuine priorities and potential for reforming national institutes while formulating anti-corruption approaches. Lastly, we might miss a chance for dynamic reforms by means of emphasizing on longer unachievable goals' list as instant priorities of reforms. This is while those vital reforms would boost chances of a developing nation to move from a divergent to a convergent status. To the contrary, this program is subject to disillusionment and unfeasibility reform-wise because achieving its goals seems impossible.

One of the main causes of corruption is greed on the part of government agents who have the authority to propose to give citizens rewards or threaten to hamper their affairs. They are people, who cannot be controlled properly nor can they be punished adequately intended for laws violation. As far as the politicians and bureaucrats comprise capability to trap or deal individuals' blow and if the danger they pose through such actions is low, then they will most likely get engaged in corruption to increase their power. Researchers have conducted many studies to find the root cause of corruption. Although there are differences between these studies concerning corruption analysis, several resemblances regarding major corruption motives allow us elucidate light theory for power and greed (Rose-Ackerman, 1978).

The proper policy responses regarding the fight against corruption is generally based on tackling motives for corruption that were outlined in theories of greed and power. Moreover, policy reactions and indicators comprise:

- Decreasing powers and government agents' authority via privatization and liberalization
- Rising govt. agent's salaries in order to fulfill their needs
- Firming rule of law for making it conceivable such as going afterwards politicians and bureaucrats while taking them in custody when required
- Encouraging more transparency in policy and decisions by the government through deepening democracy, decentralization, creating and encouraging monitors of civil society

Corruption in developing countries does not partially or completely stem from the factors outlined in the greed and power theory. Yet adopting those anti-corruption policies can considerably reduce corruption in most developing nations. Unfortunately, case studies and an indepth research into econometrics show that many key tools of policy that were specified in the greed and power theories are limited though their impact cannot be denied.

- Such as, broad researches steered in Eastern Europe and Indian Peninsula indicated government power reducing policies as well as the authority via liberalization & privatization are of little impact on reducing corruption in developing countries and those in transition. In fact, liberalization and privatization in most cases are associated with corruption (Harriss-White and White, 1996).
- It is highly unlikely that raising salaries and bonuses for government agents, as outlined in the greed and power theory, will be effective unless these policies are backed up by threats of sacking from their jobs if officials are found guilty of corruption. Such a backup calls for fundamental changes in the political and legal structure. Hence, these policies are rare. However, the present paper does not intend to deny the positive impact of raising salaries on reduction of corruption (Besley and McLaren, 1993).
- Although, several programs reinforce emerging nation's rule of law, diminutive proof subsists which demonstrate policy's efficiency. In the meantime, empirical proof elevates severe queries regarding the issue including "to what extent has robust rule of law helped reduce corruption or achieve other development objectives in developing countries?" (Carothers, 2003)

- Strategies like boosting transparency and creating new institutions such as ombudsman and commissions would pave the way for support from foreign bodies. This comes as no surprise as such region where several international policies are engrossed. Though, study of performance assessment department of the World Bank by Hutheer and Shak showed that it is highly unlikely many of these approaches for instance, presenting ombudsman as well as rising the public awareness regarding developing countries corruption having a weaker governance being effective. Though, further addition reduced government powers while escalating the citizen's participation (to some amount) enhancing rule of law in these sort of countries is going to be a finest approach.

As for the relationship between corruption and democratization, Treisman, in his analysis and extra-national regression, considers the low corruption in democracies. Likewise, the short-term democracy has a slight influence on corruption. Conversely, longer-term effect is dissimilar since successful nations achieve economic development have the capability to create lasting and longer-term democracies.

As to decentralization, regression analysis which was conducted for advanced and developing nations showed that the policy has much of an impact on reducing corruption. The studies also showed that when regression analyses are conducted only for emerging nations, hence, no association was observed among corruption decrease and decentralization. Further outcome is even extra fascinating as it comprise the developing and advanced countries' analysis on a single regression. Thus, the outcome was at odds as described early. Hence, our examination demonstrates policy centered upon greed and power theory is proper only when motives are those outlined in this study. Hence, in the event of unnecessary foot-dragging on the part of the government and other unhelpful interferences by the government which are only meant to provide an opportunity for officials to feed off the society, liberalization, raising salaries, transparency and rule of law will be extremely appropriate programs and policies. Nevertheless, considering other motives for corruption, chances of these reforms being able to reduce corruption in a meaningful manner are zero. This is noticeable when the reforms and programs are implemented. However, it is not sensible to avoiding targeting and eliminating unnecessary foot-dragging and disruptive interferences by the government.

In line with necessary interventions by the government, reform programs must be totally different. Historical proof shows that even successful countries undergo some amount of

corruption. However, such nations comprise a higher capacities of government which assure achieving desired results and that the costs of corruption are not too high to wipe out the profit from these results. In return, less successful governments cannot effectively fulfill their tasks. Resultantly, all such nation's corruption is highly destructive as this includes rent seeking cost to additional meager consequences. Therefore, we have faith in that policies and reform programs should concentrate on the enhancements of governmental capabilities in this regard as well as regularization and legalization of rent-seeking related to that.

Concerning the corruption of politics, the prosper countries should endure a certain degree of corruption that could not be eliminated for a longer time period and take action to limit it through increasing financial redistribution in a transparent manner. However, the top priority in the mid-term should be limiting the disruptive impact of establishing political stability through supporter-follower networks. Therefore, such issue might be fixed in several nations via structure renewal of these political measures. Nonetheless, it is virtuously an internal problem of the emerging countries that should be fixed on the basis of their domestic condition.

Moreover, property right's instability as well as the interrelated corruption is thought to be a significant issue which impact the emergent nations. But countries with a high rate of growth have proper institutional capacities to guarantee meeting expectations in key areas. Also in other countries, reforms are a must to concentrate on the lessons of learning from such experiences in order to escalate the governance's essential capabilities even though the adequate stability degree of property rights could not be attained for several years.

In conclusion, utmost grave threat is the exploitation that developing nations are facing. Thus, all prosperous countries accomplished in considerably avoiding the expropriation and exploitation as their governments are robust, in cooperation with local authorities, capable of preventing low-ranking officials or brokers from engage in illegal activities to detriment of the government. There is no example for fast and sustainable development among governments that were incapable of enforcing social law and order. Yet, there are numerous instances of fast-growing governments that suffer from corruption. The key message of reforms on this is: strengthening the executive capacities of governments grappling with looting behavior by officials would be better than ousting inefficient governments.

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