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Chapter Eleven

Corruption: Threat to Democracy and Market Economy - The Case of Nigeria

Corruption - a deadly vice that manifests integrity deficiency:

For several years now, the world has witnessed an unprecedented increase in the efforts of Governments, Churches, Non-Governmental Organizations, Civil Society Organizations, Corporate Rating Agencies and Social Responsibility Institutions, the Academia, International Agencies, Interest Groups, even Corporations and notable voices from virtually all continents to raise awareness about the negative effects of corruption.

In recent times, many have come to realize that *corruption is an issue of grave concern and a serious obstacle to economic growth, democratic culture, national and international stability, good governance and effective implementation of the Millennium Development Goals*. Worldwide, it has gradually become an accepted fact by many that '*corruption is a deadly vice*'. It has a potentially damaging effect on the welfare of entire nations, therefore the need for understanding its insidious nature.

Paradoxically at the same time, corruption is about '*the most practiced vice*' in many nations, including Nigeria. In fact, it has been observed that even amongst those who condemn corruption in its manifold forms, hypocrisy holds sway and the same people and institutions practice it in the secrecy of their closets, share in its ill-gotten rewards where there is an opportunity. They unwittingly practice it out of ignorance; cover corruption with philanthropy, feeling morally justified to practice it some even redefine corruption to exclude their nefarious conducts. Benefits from corruption underline one common characteristic which classify practitioners of corruption everywhere, namely *Integrity Deficiency*'.

Added to this reality is the matter of concern to people who are engaged with morality in the public domain, that *the most damaging hazard around the topic of corruption is the growing sense of cynicism in many countries, especially in Africa as elsewhere, almost to the level of despair; that nothing can be done about our unenviable credentials of corruption*. This general indifference of the populace to the *virtue of integrity* or their helplessness at manifestations of its

lack, are too numerous to mention. But the consequences of these are most damaging, as evident in the economic, social, cultural and political domain.

Poverty is widespread. Unemployment is high. Standards of life are eroding in quality for the majority of people. Youth and women are victims. The environment is damaged as migration of peoples remain staggering both within nations – from the rural to urban areas, and internationally, from the less industrialized nations to the more developed economies. Crime is on the increase. Traditional and human values are fast diminishing despite many positive efforts to the contrary. In the case of Nigeria, the failure of the democratic and electoral process to produce free and fair election results leads to an undermining of the constitution.

The belief that corruption can be eradicated quickly, easily and permanently inevitably leads to false expectations that results in disappointments and distrust. It must be understood therefore that curbing corruption requires political will, public confidence, adequate time, resources, dedication and integrity. Moreover, efforts cannot stop once corruption has been identified and controlled. Localities will have to continue to build integrity and to maintain vigilance. Thus, fighting corruption will become a continuous feature of civil societies, national institutions, communities and private agencies.

Of all the virtues that edify and build up a nation, integrity is the foremost, for it is an all-round virtue. Fidelity to law, observance of due process, respect for the rule of law are common indices that show a '*culture of integrity*' for which traditional, pre-colonial African societies were known to excel in their observations of the customary laws of their ancestors due mainly to their intact nearness to the earth and the presence of the '*divine milieu*' in daily life. In modern societies however, this has changed.

In the words of the Chairman of the Independent Corrupt Practices and Other Related Offences commission (ICPC):

*A nation's fidelity to law can be measured by the level of its respect for its constitution, the extent to which it practices constitutionality in governance and the degree of alertness of the people regarding the constitution. Using these as benchmarks, it cannot be confidently asserted that in Nigeria, there is a culture of fidelity to law.*¹

¹ Honourable Justice Emmanuel O. Ayoola, many Facets of Corruption, ICPC

Otherwise, how else do we explain the lack of integrity at the slightest opportunity where people sell their votes for food and money, making nonsense of the democratic process? How can one explain the vandalization of national infrastructure that is essential to the welfare and for the benefit of all? How can one explain examination mal-practices? How can one explain popular human shield often erected around corrupt leaders whenever such are accused of corruption?

Integrity starts with a spirit of obedience to laws. Corrupt practices often are a breach of the laws of the land, be it traditional customs and practices or even legislations and edicts passed.

The damage corruption does and the viciousness of its effect on society are too numerous to enumerate. Lawlessness is a manifestation of lack of integrity. Often, many do not realize that integrity start with a spirit of obedience to laws. Corrupt practices often are a breach of the laws of the land, be it traditional customs and practices or even legislations and edicts passed by governments. Disregard of due process is a manifestation of lack of integrity, just as the lack of commitment to values is another symptom of lack of integrity.

For these reasons, there is increased interest and need for co-ordinated national and international anti-corruption legislation, as well as policies and measures that are multidisciplinary and action - oriented to reduce corruption to a barest minimum; thereby curbing the *culture of impunity* imposed on humanity by the practitioners and beneficiaries of corruption.

2. Definitions of Corruption and Historical Facts Around Corruption

There is no generally accepted definition of corruption. The attempt made here is to seek to clarify the essence of corruption by looking straight at reality without any local or traditional legal lenses. By adopting this empirical approach, one arrives at a wider consensus as to which acts are intrinsically harmful to society and should therefore be prevented and punished. Indeed, the lack of consensus on what types of behaviour or conduct should be considered as questionable, illegal and corrupt differ.

The UN Anti-Corruption Tool Kit accepts this lack of a universal definition where it states that *“Conventional wisdom is that there is no single, comprehensive, universally accepted definition of corruption... Attempts to develop a definition of corruption invariably encounter legal, criminological and, in many countries, political problems. It was reported that when the negotiations of the United Nations Convention against corruption began early in 2002, one option under consideration was not to define corruption at all but to test specific types of acts of corruption.”*²

In its Convention Against Transnational Organized Crime, the UN outlines some of the elements that make up for what must generally be understood as corrupt practices, therefore, qualifying for a sort of definition under the following:

- (i) *the promise, offering or giving to a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her functions;*
- (ii) *the solicitation or acceptance by a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another entity, in order that the official act or refrain from acting in the exercise of his or her function.*³

The Global Programme Against Corruption (GPAC) held a session of the Group of Experts on 13th and 14th of April 2000 in Vienna and prepared a UN **Anti-Corruption Tool Kit** which summarized the many definitions of corruption as simply *“the misuse of (public) power for private gain.”*⁴

- **Bribery-** *involves the promise, offer or giving of any benefit that improperly affects the actions or decisions of a public official;*
- **Embezzlement** - *theft of resources by persons entrusted with authority*

² UN Anti-Corruption Tool Kit P. III.

³ Cf. UN Anti-Corruption Tool Kit, p. 10.

⁴ The GPAC identified Corruption as an action that materializes in different forms and includes the following (cf pages 10 - 12), namely:

and control over anything of value;

- **Fraud** - any behaviour designed to trick or fool another person or entity for one's own or third party's benefit;
- **Extortion** - forcing a person to pay money or other valuables in exchange for acting or failing to act. This coercion can be under the threat of physical harm, violence or restraint,
- **Abuse of Power** - using one's vested authority to give undue preferential treatment to any group or individual or to discriminate against any group or individual;
- **Exploiting a Conflict of Interest/Insider Trading** - engaging on transactions or acquiring a position or commercial interest that is incompatible with one's official role and duties for the purpose of illegal enrichment;
- **Receiving an Unlawful Gratuity, Favour or Illegal Commission** - a public official. receives anything of value from others wishing to do business with the government;
- **Favouritism** - the assignment of services or resources according to family ties, party affiliation, tribe, religion, sect and other preferential groupings;
- **Nepotism** - a form of favouritism whereby an office holder with the right to make appointments, prefers to nominate his/her relatives for positions within the public administration;
- **Illegal contributions** - occurs when political parties or governments in power receives money in exchange for non-interference with the entity or group making the contribution. It is closely related to bribery.

These are only but a limited version of the many definitions of the faces of corruption. Philosophically and theologically x-rayed, the topic of corruption assumes a *metaphysical dimension*, for here, corruption is identified as indicative of the *human condition of decadence* which shows weakness of the flesh and mind against the spirit, the contradiction of rational choices vis-a-vis easier alternatives as in the biblical '*fallen Adam*'⁵ which gives a picture of the human being as made of earth; therefore he is breakable, fragile, decadent and of weakness in nature.

⁵ Genesis Chapter 2.

It is this aspect of a weak human nature that searches for a life made easy, for irrational actions that shortcuts procedures and leads to cheap wealth, fame and positions, often achieved through breaking of the rule of law, indeed, acting outside of the moral, natural and supernatural laws which govern the universe. These interdisciplinary studies of psychology, philosophy, ethics and theology have thus arrived at the conclusion that acting:

*outside of the law, human beings are generally susceptible and prone to weaknesses, such that irrational behavioural patterns occur and are 'contemplated upon, which undermine due process, negates virtue, promotes egoistic and selfish behaviour- all leading to decadence and ultimately to what society describes as corruption.'*⁶

One can however generally agree that from the many voices and based on the studies of experts, some lessons for history can be found in many cultures which agree that *corruption is a universal disease*. Corruption is found and practiced in Africa and in every other country of the world. ***The misuse of power for private gain is a phenomenon endemic everywhere and in virtually all countries of the world*** (United Nations Manual on Anti-Corruption Policy, May, 2001). Recent corruption cases exposed in the World bank, the United Nations, Transnational and Multinational Corporations such as Enron in the USA, Siemens, Banks, and the big scandals of large global players and accounting firms have shown that the misuse of public power for private gain can occur in any society or organization, even where there are well laid checks and balances.

Solutions to the problems of poverty and matters concerning economic growth cannot be achieved alone through poverty alleviation measures without a broader, integrated and holistic strategy for change. Furthermore, it must be asserted that left unchecked, corruption will openly increase and make the poorest and least educated poorer. Where personal risk and punishment are minimal, the risk of corruption naturally increases. Therefore, raising awareness without adequate and visible enforcement will lead to cynicism among the citizenry and possibly increase the incidence of corruption.

⁶ Ike, O. Unpublished paper at International Conference on 40 Years of *Gaudium et Spes*, Enugu, 2005.

Since a country's public institutions and agencies do not work in isolation, there is need for an integrated and transparent system of checks and balances designed to achieve accountability abusing the various arms of government, disperse power and limit opportunities for conflicts of interests and abuse of power for gain. Without public confidence in the anti-corruption policies and measures, many genuine efforts at curbing this vice may be viewed as mere political showcasing.⁷

3. Corruption in Nigeria - Threat to Democracy and Market Economy

With a population of over 140 million people, Nigeria is Africa's most populous nation and also one of its richest in human, natural and mineral resources. The history of this great country peopled by multi-lingual, multi-religious and multi-ethnic nationalities is one that has been considered by various studies.⁸ Nigeria became a colony of the British at the height of its imperialism during the colonial era in the mid-19th Century and was amalgamated into one country in 1914, gaining independence from the British in 1960 as a Republic with a Federal character.

In less than 50 years since its independence, Nigeria has changed its Constitution several times, from a regional to a parliamentary, to a Federal presidential structure; suffered one of the most brutal fratricidal wars (Biafra civil crisis) on the continent of Africa (1968 - 1970), a war that led to the death of millions of innocent children, women and men, due to malnutrition and threatened the very foundations of the fragile unity of the country, as it challenged the composition of Nigeria and the perceived injustices were inherited from British colonialism. The country has experienced several military coups, some of them bloody; engaged in civilian elections that was guided by democratic principles even though these elections were in some cases rigged and challenged in law courts and has emerged from all these experiences still a united but fragile country that continues to bear hope for the African continent and its peoples. Unfortunately, the potential and real wealth of the nation has not been translated into reality in the daily lives of the majority of the citizens and peoples who inhabit the country.

⁷ Peter Langseth, *Helping Member State Build Integrity to Fight Corruption*, Vienna 2001.

⁸ Ike, O.F / Edozien Nnoli N; *Understanding Africa Traditional Legal Reasoning, Jurisprudence and Justice in Igboland*, CIDJAP, Enugu, 2001.

The available statistics according to the UNDP Human Development Index has consistently shown that with per capita income falling significantly to about USD 300 between 1960 and year 2000 (well below the Sub-Saharan average of USD 450), 53.6 percent of Nigeria's population are living below currently universally acceptable figures of poverty line (UNDP Studies). It is an obvious fact that Nigeria has been bedevilled with weak economic and political governance failures, the major cause of which is **CORRUPTION** that has resulted into some of the highest levels of poverty in the world. Indeed, it is a known fact that corruption which manifests itself in weak governance and patronage based politics has fuelled unproductive public spending and investment in the education, health, agricultural sectors and therefore threatens the attainment of any goals of the world community, including the Millennium Development Goals for year 2015.

The paradox is that Nigeria is suffering amidst plenty despite all the huge human, natural and financial resources that she is blessed with. In thirty years (1975 - 2005) Nigeria generated an estimated USD 320 billion from oil revenues, some of which was invested in infrastructures and services provision without a commensurate boost in the real sector. The reality is that much of the funds went to corruption and into private pockets. International stakeholders, particularly military soft and hardware dealers in the USA and the United Kingdom manipulate, indeed, force the country to purchase military hardware and push up defence spending that make the expenditure on defence the highest in Nigerian; budget over several years, even though the country is not at war and has no neighbours threatening it.

Expenditures on education, health, social services and Agriculture continue to rate low on the budget. Government officials who refuse to comply are removed from office either through a military coup or other thumped up conspiracy charges. Thus, military equipment purchased that are not used, not needed and not priority for the nation at a time poverty and corruption continues to thrive in the country.

Access to safe drinking water is a mirage for over 72 million Nigerians who have no water. Yet it has been shown that much funds sunk into water projects were diverted due to corrupt practices and the product was never delivered to the people. These corrupt monies are saved in European, American and Arabian banks safely whilst the country continues to suffer. Indeed, attempts to recover funds stolen by the Abacha Government of Nigeria have resulted in deliberations between Nigerian Government and Swiss Banks for over a decade.

The facts on ground show that about 10 million Nigerian school-age children are out of schools and many of them are girls, whilst, about 43 percent Nigerians cannot read or write (60 percent of these are women). Nigeria is one of the 90 countries in the world that have missed the 2005 gender MDG disparity in the enrolment of school children. Compared to boys, girls face many constraints in their attempt to access and benefit from education. The ratio is still as high as 1: 3 in the states of northern Nigeria. Furthermore, one out of all Nigerian children die before the age of five, while 704 out of 100,000 Nigerian women die during childbirth. The prevalent rate of the HIV/AIDS infection is 4.5 percent and women are the more vulnerable to the predicament. They often care for their sick parents, family members and consequently are absent from school or drop out altogether.

Annual budgets which are hardly tracked keep on repeating the same items yearly for even a decade and people hardly ask. Agriculture is grossly neglected and farmers in rural areas neither purchase equipment nor obtain fertilizers to produce food. Yet, corruption watch has unveiled the fact that for the supply of fertilizer in year 2008 alone, only 3 companies out of 327 were licensed to import and distribute 650,000 metric tons of fertilizers worth 63 billion Naira to the farmers across the country. It has since been discovered that these 3 companies lack the capacities to deliver, and the Minister in charge of Agriculture went ahead to qualify them. This action of a public official jeopardizes farmers' productivity and makes the nation import food. It threatens sustainable livelihoods of people and by extension, the food security programme of Nigeria, besides throwing many into poverties. The minister is still active on his desk and has not had to answer for this.

Current in the news is the scandal and corruption in the Energy and Power Sector. The National Assembly and the Presidency has made it known that a whopping sum of USD 16 billion was purportedly spent on power generation and equipment between 1999 and 2007. Yet there is no corresponding result to show for it as thousands of businesses and people suffer still under erratic and non-functional electricity supplies. Of course, the energy scam is the result of corruption and one of the companies benefiting from the payments for undelivered services is a German firm, an indication that corruption and its dimensions are both transnational and Trans cultural and to a large extent, Africa's corruption is encouraged by dubious international collaborators who keep the stolen monies in their safe bank accounts knowing quite well that they are stolen assets, albeit such activities, covertly and overtly encourage public officials to steal and supply goods and

equipment that are overvalued, contracts over-inflated, and jobs not executed paid out far beyond contractual agreements.

In the context of Nigeria and the dimensions of how corruption affects also the market and the economy, one must mention the effect of money laundering. Money laundering and corruption seem to be treated as different problems. The media frequently links *money laundering* to illicit drugs sales, tax evasion, gambling and other criminal activities. When politicians accept the idea that lack of opportunity and deterrence are major factors helping to increase corruption, it follows that when ill - gotten gains are difficult to hide, the level of deterrence is raised, the risk of corruption is reduced.

Poverty in Nigeria is not God determined. It is manmade and much of it is due to the consequences of '*centralized and democratized corruption*' a cliché for official and unofficial corruption within the polity, a system that seems to pervade the polity and refuses to be eradicated. As Archbishop John Onayiekan put it in a recent publication:

There is a growing sense of cynicism in the land almost to the level of despair that nothing can be done about our unenviable credentials of corruption. The Transparency International has always rated us very low in their scale. Whether one agrees with their criteria or not, the fact remains that we really have little to be proud about as a nation in terms of honesty and integrity in our land.⁹

He draws an anatomy of corruption and circles its reality around four key areas in Nigeria, namely:

- a) '**Outright Stealing**' which is a universal phenomenon for which there is a fifth commandment "Thou shall not steal" in the Bible. Here, people try to take what does not belong to them;
- b) '**Official Corruption**' where public funds are misappropriated and embezzled by civil servants and public officials through for example, inflated contracts in collaboration with both foreign and local firms and other players, following 'due process' yet undermining the system and the people's wealth;

⁹ Onayiekan, J; Endemic Corruption in Nigeria; Any way out? ICPC Monograph Series, No.8 2007, p. 4.

- c) '**Bribery**', given in order to receive services that is not deserved, and bribery that is forced out of a victim (extortion) pursuing legitimate rights;
- d) '**Political corruption**' where rules and regulations are laid aside by political office holders, misusing and abusing their office to enrich themselves and their parties and cronies with public wealth and often, with impunity.

4. Conclusion: the way out

It must be mentioned that various traditional Nigerian cultures generally abhor stealing, damage to the common good and acts of corruption. The moral norms of traditional and indigenous people used a set of taboos and religious sanctions to discipline groups or persons who flouted the common good and engaged in corrupt practices in their communities. These codes still exist today in many villages and corruption is seen to be least in villages and more as one enters the townships; so that the more modern the settings are, the more corruption there seems to be.

If corruption was abhorred in traditional society and considered a vice, punished as it were with stringent measures, there is need to re-visit cultural values and family systems that seem to guarantee a virtuous society. Here, the role of education starting from the family, village good governance structures, religious institutions and leaders all of which promoted the adherence to the law and to a virtuous life seemed to have worked and therefore needs to be rediscovered and promoted. Therefore, the first way out of the culture of corruption is to reinforce and re-invigorate traditional and cultural values that encouraged good behaviour in private and public life.

Furthermore, there is need for leaders of political, religious, cultural and social groups to denounce corruption and show some decency of belief and lifestyle that would establish the much needed good example for a virtuous society to thrive. Recently, the President of the Federal Republic of Nigeria, Mr. Umaru Yar'Adua in a widely publicized newspaper said,

"Our goal is to make it apparent to all Nigerians that from the President to the lowest official, nobody can disregard the law and get away with it: Our problem has never been laws or regulations on issues of corruption. The problem has been the enforcement of these laws and regulations. We reached a situation where

disrespect for laws and established regulations became a status symbol, but I am now insisting that whether you are a president, governor or a mere office clerk, all your actions must flow from the laws that govern your office. We must root out the culture of impunity by obeying the rule of law at all levels and for all persons.”¹⁰

This is the type of position by the Head of State of a nation like Nigeria, which if meant seriously, is the type of statement that initiates a revolution that helps anti-corruption efforts. It makes clear the fact that in fighting corruption therefore, one is effectively fighting one of the known root causes of poverty in Nigeria which indeed is a threat to a stable political environment and a stable market economy. Fighting corruption in all its manifestations becomes an agenda for the survival of a nation and also of the common good in both its local and international linkages.

This explains why it must be stated that there are positive and encouraging efforts in Nigeria to tackle corruption headlong. The Federal Government of Nigeria has set up Agencies to fight corruption and established them by law. One of them is the "INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION" (ICPC) which has been legislated upon by the national house of Assembly and passed into law known as "*The corrupt practices and other related offences Act 2000*". Other Agencies are the CODE OF CONDUCT BUREAU; the "ECONOMIC AND FINANCIAL CRIMES COMMISSION" (EFCC) and other CIVIL SERVICE RULES AND REGULATIONS set up to equally tackle corruption at all levels. There is the Judiciary, the Police, Agencies of the Secret service and Intelligence Services all set up to complement other efforts by government.

In Nigeria since 1998, the Catholic Bishops Conference composed a ***Prayer against Bribery and Corruption in Nigeria***, which is said in all the Churches during the liturgy daily and all over the country. This religious and pastoral effort has turned out to be a great moral and ethical revolution, as it has conscientised citizens - Christians, the laity, the politicians, economic and leading financial services conglomerates, corporations and practitioners at high and low levels within the market and in society that *Corruption is a deadly vice that manifests integrity deficiency*.

¹⁰ Daily Sun, Friday, April 4th 2008.

The greatest threats however to an effective fight against corruption and therefore poverty eradication include: low political will; misplaced priorities by various levels of government; poor management of resources; lack of transparency and accountability, weak industrial base; lack of trade justice; limited and conditional aids packages by industrialized nations; strict compliance by government to conditionalities imposed by international finance institutions, to mention but a few.

The following conclusions which have also been made by the United Nations Anti-Corruption Policy as contained in the Anti-Corruption Tool Kit (p. 16) needs to be repeated here as they concretely respond to the facts of anti-corruption policies and actions by governments and peoples:

1. It takes integrity to fight corruption. Any successful anti-corruption effort must be based on integrity and credibility. Where there is no integrity in the very system designed to detect and combat corruption, the risk of detection and punishment to a corrupt regime will not be meaningfully increased. Complainants will likely not come forward if they perceive that reporting corrupt activity exposes them to personal risk.
2. Building integrity and credibility takes time and consistency. It is fair to say that, in the eyes of the public, most international agencies have not demonstrated sufficient integrity to fight corruption. These agencies have not accepted that integrity and credibility must be earned based upon "*walk rather than talk*". The true judges of whether or not an agency has integrity and credibility are not the international agencies themselves but rather the public in the recipient country.
3. It is important to involve the victims of corruption in any plan aimed at reduction. Most donor-supported anti-corruption initiatives primarily involved only the people who are paid to fight corruption. Very few initiatives involve the people suffering from the effects of corruption. It is therefore critical to do more or what International Commission against Corruption ICAC in Hong Kong has done over the past years. For example, the ICAC holds face to face awareness raising workshops with almost 1 percent of the population every year (Cf. www.icac.org).
4. Identifying and recovering stolen assets is not enough. According to the New York Times (February 7th 2001), as much as USD 1 trillion in

criminal proceeds is laundered through banks worldwide each year, with about half flowing through USA banks. In developing countries such as Nigeria, this can be translated into USD 100 Billion stolen by corrupt regimes over the last 15 years¹¹. Even if Nigeria, for example, receives the necessary help to recover its stolen assets, reasonable people would be hard pressed to advocate its return back into a systemically corrupt environment without trying to first increase the risk, cost and uncertainty to corrupt politicians who might again try to loot the national treasury’.

Finally, all eyes must be at alert for the old Latin proverb, it stated thus:

"Quis custodiet ipsos custodes?" meaning, "Who is going to watch the watchmen".

¹¹ Financial Times, July 24, 1999.