



COURSE TITLE: CORRUPTION AND DEVELOPMENT

Bachelor course (for students in the final year of study) & Master course

ECTS credits: 7

Lecturers:

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- Yaprak Gulcan, Full professor at Dokuz Eylül University, Faculty of Business, Turkey

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Aims of the course:

In the last decade, development scholars and practitioners have increasingly focused on corruption as development issue. Corruption has been identified as an obstacle both to development and to the effective use of development assistance. We will examine the literature on the causes and consequences of, and solutions to, corruption with four aims. First, understand why corruption is bad for development and why countries with higher level of corruption are performing worse relative to more prudent countries. Second, to understand the forms of and (social, political and economic) effects of corruption. Third, we will study a number of case studies in Slovenia and other countries; and examine some of the problems with collecting and using data on corruption. And fourth, we will also analyse the normative part in order to study the best practice and good governance in fighting corruption in a modern world.

A lack of accountability in government are concerns in all countries, we will examine the case of Slovenia. In our daily work, we will encounter corruption at some point and will need to make ethical and management decisions about how to work within corrupt systems and how to prevent corruption from occurring.

Course syllabus:

Class 1: Introduction: defining and measuring corruption

Introductions, overview of the course, assignment of questions (presentations)

Discussion questions: Can corruption be measured?

- What is corruption and what are the types?
- What are the principal strengths and weaknesses of existing (perceptions survey based) quantitative measures?
- What are the advantages and disadvantages of qualitative assessments, as compared to quantitative methods, for indicating the severity of corruption in a country?

Learning outcome:

Develop an understanding of the unit, its purposes and its methods. Additionally, develop an understanding of the extent, if possible, on the severity of corruption in a country and the methods available.

Class 2: Economics of corruption: corruption as an obstacle to development

Discussion questions:

- Why corruption is bad for development?
- What is the link between levels of economic development and corruption?
- Why poor countries are poor? A theory of government banditry.

Learning outcome:

Develop an understanding of corruption, the evolution of corruption studies and relation to development issues.

Required readings:

- Wayne Sandholtz and William Koetzle, 'Accounting for Corruption: Economic Structure, Democracy, and Trade.' *International Studies Quarterly* (2000) 44, 31-50.
- Pranab Bardhan, 'Corruption and Development: A Review of Issues'. *Journal of Economic Literature*, Vol. 35, No. 3, pp. 1320-1346.

Class 3: Ethnography and sociology: corruption, gender, values and culture

Discussion questions:

- Are some cultures more prone to corruption than others? Is corruption more likely /prevalent/accepted in the 'South' than the 'North', in the 'East' than the 'West'?
- Is corruption a 'discourse'? Can corruption serve a useful social function?
- How does corruption affect different groups in society? What social groups are most likely to be worst affected?

Learning outcome:

Develop an understanding of cultural differences in defining morality and corruption, including distinguishing corruption from activities like trading in favour, giving gifts, and using contacts.

Required readings:

- Vivi Alatas et al., 'Gender, Culture, and Corruption: Insights from an Experimental Analysis'. World Bank, August 2007.
- Ahmed Seleim and Nick Bontis, 'The relationship between culture and corruption: a cross-national study'. *Journal of Intellectual Capital*, Vol. 10, No.1, 2009, pp.165-184.

Class 4: Political science: corruption and democracy

Discussion questions:

- Does corruption help or hinder democratization (democratic transitions)? Is corruption a by-product of rapid change and instability, or a 'leftover' from previous non-democratic regimes coming to light?
- Are democracies less prone to corruption than non-democratic systems? If so, why?

Learning outcome:

Develop an understanding of correlation between democracy and corruption.

Required readings:

- Rose Ackerman, Susan. 1999. 'Corruption and Government: Causes, Consequences, and Reform'. Cambridge, Mass.: Cambridge University Press. pp. 127-142.
- Rock, Michael T., 'Corruption and Democracy' DESA Working Paper No. 55, August 2007.

Class 5: International organisations: development aid and conditionality, government responses in setting up and empowering agencies

Discussion questions:

- Does corruption call for a global/international response?
- How effective has the 'international community' been in fighting corruption?
- What are the principal advantages and disadvantages of aid/loan conditionality as a tool for combating corruption.

Learning outcome:

Develop an understanding of the international response in fight against corruption and international anticorruption conventions.

Required readings:

- Susan Rose-Ackerman, Corruption and Government: Causes, Consequences, and Reform (Cambridge: Cambridge University Press, 1999), pp. 177–197.
- Jose Tavares, 'Does foreign aid corrupt?', Economic Letters 79 (2003) 99-106.

Class 6: Multinational businesses and anticorruption agreements

Discussion questions:

- Should we be optimistic about the prospects for less corruption in the wake of international anticorruption conventions of the 1990s? Why?
- Should we be optimistic about the prospects for less corruption in the wake of international anticorruption conventions of the 1990s? Why not?

Learning outcome:

Develop an understanding and examine how corruption can be reduced in a business process.

Required readings:

- Juliette Bennett, 'Multinational Corporations, Social Responsibility and Conflict'. Journal of International Affairs, Spring 2002, vol. 55, no.2.
- Peter Eigen and Christian Eigen-Zucchi, 'Corruption and Global Public Goods'. OECD, 2006.

Class 7: Putting business ethics and good governance into practice

Discussion questions:

- What are the ethical responsibilities of businesses? Of an individual?
- Does good governance matter?

Learning outcome:

Develop an understanding of the real experience ethical dilemmas when doing business and how to address them. Discussion and presentation of ethical dilemmas in groups.

Required reading:

- W. Cragg, 'Business, Globalization and the Logic and Ethics of Corruption'. Ethics and Capitalism, University of Toronto Press, 2000, pp. 122-141.
- Merilee S. Grindle, 'Good Enough Governance: Poverty Reduction and Reform in Developing Countries'. World Bank, 2002.

Class 8: Costs of corruption

Discussion questions:

- What is the cost of corruption?
- Do more corrupt countries have more meager prospects for future growth?

Learning outcome:

Develop an understanding of the costs of corruption.

Required readings:

- Axel Dreher and Thomas Herzfeld, 'The Economic Costs of Corruption: A Survey and New Evidence'. World Bank, 2005.
- Daron Acemoglu and Thierry Verdier, 'The Choice between Market Failures and Corruption'. The American Economic Review, Vol. 90, No. 1, pp.194-211.

Class 9: Presentation of students' seminar papers

No required readings.

Class 10: Presentation of students' seminar papers

No required readings.

Bibliography:

The required reading for course is as specified below each class as required reading. Students will receive the required class readings at the beginning of each class and be able to download it from the course webpage. However, many sources are also to be found on-line. It is expected that all students will study assigned readings prior to each class.

Supplementary readings are to aid the students with writing the seminar paper; however, they may choose other literature as well.

Teaching methods:

There are ten classes in the course (from 7 to 25 July 2014). Attendance is required. Classes will be largely discussion-based, and their success will therefore depend on students' contributions to the debate. Students will be asked to sign up for topic presentations at the first day of the course. Student presenters will be expected to provide questions for the group to consider and share in the facilitation of the discussion that follows.

Examination methods:

For credit points to be awarded for this course, the student must complete all required work (the oral presentation, short tests and the seminar work) to at least a passing standard (a grading scale of 55). At the beginning of each class a short written test (10 minutes) will be given to indicate that the material has been read. There will be 6 such short tests, which will make up 50% of the final mark. Students are also expected to prepare a final seminar paper based on the selected topic, which will make up 40% of the final mark for this course. The oral presentations will make up 10% of the final mark. Students cannot make up the written tests.

Grading scale:

55-64 = (6), 65 – 74 = (7), 75 – 83 = (8), 84 – 90 = (9), 91 – 100 = (10)