

**CORRUPTION AND ITS IMPACT ON THE
ECONOMIC DEVELOPMENT OF NIGERIA**

PUBLIC LECTURE DELIVERED

BY

PROFESSOR DONALD NNAEMEKA IKE

**DEPARTMENT OF ECONOMICS AND
DEVELOPMENT STUDIES**

**COLLEGE OF BUSINESS AND SOCIAL
SCIENCES**

COVENANT UNIVERSITY

OTA, OGUN STATE

NIGERIA

FRIDAY 17TH APRIL, 2009

The Chancellor of Covenant University and Chairman, Board of Regents, Bishop
(Dr) David Oyedepo;

Members of the Board of Regents here present;

The Vice-Chancellor, Prof Aize Obayan;

The Registrar, Dr Daniel Rotimi;

Principal Officers of Covenant University;

The Dean of the College of Business and Social Studies, Covenant University

Professor Matthew Ola-Rotimi Ajayi;

Other Deans and Heads of Departments;

Eminent Professors of Covenant University and of other universities here present;

Members of faculty and staff of Covenant University and other institutions;

The Kings and Queens of Hebron;

Members of the Fourth Estate;

Distinguished Ladies and Gentlemen.

CORRUPTION AND ITS IMPACT ON THE ECONOMIC DEVELOPMENT OF NIGERIA

INTRODUCTION

The history of corruption is as old as the history of the world as corruption has been ubiquitous in complex societies down to the present age. Corruption is also endemic in modern governments and it is not peculiar to any continent, religion, or ethnic group. Nigeria is noted as one of the most corrupt countries in the world, having held this record in the study by Transparency International and Goettingen University in 1996. Nigeria was in that study noted as the most corrupt country in the world.

THE MEANING OF CORRUPTION

Corruption may be conceptualized as the perversion or change from good to bad, right, or wrong. It may be defined generally as the misuse or abuse of position, power or procedures for personal or group interests, needs and wants. "It involves the violation of established rules, practices and procedures for personal and/or group interests. It is concerned with actions directed towards securing wealth, power, authority, influence, relevance, or advantage through illegal means. Corruption seems to be everywhere afflicting profit and non-profit organizations. It is strongly linked with individuals within organizations and organizations themselves." (Osuagwu, 2008)

Although corruption is not peculiar to any nation, its magnitude varies from country to country, person to person. No organization or polity is completely free from corruption as it is endemic. It is also said to threaten growth and development of nations.

As Osuagwu further showed, corrupt practices include bribery, fraud, extortion, and favouritism. Bribery involves payment (in money or kind) which is given or taken in a corrupt business relationship. Other variants of bribery include kickbacks, brown envelopes, gratuities, grease money, facilitation payment, expediting fees, PR, family support programme, social responsibility, sorting, the needful, appreciation, and egunje among others.

The various pseudonyms for bribery shows it is very pervasive in the society. In Nigeria, every layer, every strata of society is involved in one form or the other. It is a way of life for a society that does not provide for justice and fair play in the political, social, and economic space. When earned incomes do not take people home, they try to earn their living through illegal means from their workplaces. Acts of corruption are all illegal acts.

The word "corruption" has varied meanings depending on the political culture and civilization of the people. It is effort to secure wealth and power through illegal means for private gain at public expense. Corruption has coexisted with human society for a long time and remains one of the problems in many of the worlds developing economies with devastating consequences. It involves the violation of established rules for personal gains and profits. It includes such behavior as bribery, nepotism and misappropriation of funds (see Sen 1999, Nye 1967, Lipset and Lenz 2000).

These definitions are still appropriate to cover recent developments in Nigeria where discoveries of stolen public funds run into billions of naira. Corruption is probably the main means to accumulate quick wealth in Nigeria. Corruption occurs in many forms and it had contributed immensely to the poverty and misery of a large segment of the Nigerian population.

If one bends a rule or a procedure to favour somebody, this may be defended as discretionary power in western societies, which may be covered by the constitution, but in Nigeria, it may be called a corrupt practice. However, it is agreed that it involves inducement intended to pressurize an official from carrying out his functions in accordance with the set rules and the procedure. It includes act of arrogation of benefits to oneself or one's friends and the relatives to the

detriment of the rights and entitlements of others regarding the same or similar benefits.

In view of the above conception of corruption, the legal definition of corruption in the Nigerian legal statutes and codes are deficient in that they are vague, unclear and virtually exclusive of only public and judicial officers, leaving out individual, private and corporate bodies from access to the law. More damaging to these statutes is that they don't correspond to the common and social concept of corruption. The common man's concept of corruption covers all instances of bribery, kickbacks, favouritism, nepotism, and the use of value influence in running of public affairs.

Corruption is not only found in democratic and dictatorial polities, but also in feudal, capitalist, and socialist economies. Christian, Muslim, Hindu, and Buddhist cultures are equally bedevilled by corruption (Dike 2005). Corruption is endemic as well as an enemy within. It is a canker worm that has eaten deep in the fabric of the country and had stunted growth in all sectors (E.F.C.C. 2005). It has been the primary reason behind the country's difficulties in developing fast (ICPC 2006). This is evident in Transparency International's consistent rating of Nigeria as one of the top ten most corrupt countries in the world.

CAUSES OF CORRUPTION

Recently the international Olympic committee (IOC) had to relieve some of its officials of their posts because they were accused of having taken bribes. All the commissioners of the European Union (E.U) resigned because they too had been found to be corrupt beyond acceptable limits. In the US, ENRON Corporation, energy giant and World Com, a telecommunication company, were charged with fraud. The companies manipulated their balance sheets, profit and loss accounts and tax liabilities.

ENRON's accountant collapsed in the dock as he was charged with obstruction of justice in connection with the ENRON probe (Reuters, June 2002 the Observer (UK) June 9, 2002). These were acts manifestly induced by greed.

The causes of corruption are myriad and have political and cultural variables. Some evidence point to a link between corruption and social diversity, ethno linguistic fractionalization and proportions of country's population adhering to different religious traditions (Lipset and Lenz, 2000). And studies note also that corruption is widespread in most non-democratic countries particularly in countries that have been branded neo-patrimonial, kleptocratic and prebendal. Thus, the political system and the culture of a society could make the citizen more prone to corrupt activities. The factors that engender corrupt practices in Nigeria are:

1. Great inequality in the distribution of wealth.
2. Political office as the primary means of gaining access to wealth.
3. Conflict between changing moral codes.
4. The weakness of government's enforcement mechanism.
5. The absence of a strong national sense of national community.
6. The existence of exploitable national resources.
7. General scarcity of public assets relative to demand.
8. Low wages in public sector.
9. Ownership of state enterprises.
10. Election rigging.
11. Proliferation of centers of waste i.e. states and local governments.

Great inequality in the distribution of wealth lead to a few "haves" and many "have nots" in the society. This leads to obsession for wealth by the many. In Nigeria, there is obsession with materialism, compulsion of shortcut to affluence, glorification, and approbation of ill-gotten wealth by the general public. One of the popular indices of good life is flamboyant affluence and conspicuous consumption. For this people get into dubious activities including planning ritual murder for money making.

Political office has been a means of gaining access to wealth if not the primary means. In recent past political office holders have engaged in many shenanigans to accumulate great amount of wealth, in fact dynastic wealth which future generations from their families cannot exhaust. We hear of looting of treasuries and misappropriation of funds to the tune of billions of naira. State budgets have been completely and systematically looted for reasons of continued political influence and power by State Governors.

The lack of moral and ethical standards throughout the agencies of government and business organization in Nigeria is a serious drawback. According to Bowman, ethic is action, the way we practice our values. It is a guidance system to be used in making decisions. Unfortunately many elected and appointed office holders in Nigeria do not have clear conception of the ethical demands of their positions. Even as corrupt practices are going off the roof, little attention is being given to this ideal.

The lukewarm attitude of those who are supposed to enforce the laws of the land, judges, police officers and public officials could lead to people engaging in corrupt behaviour, knowing fully well that they would get away with it. Corruption cases are not often well prosecuted and legal enforcements are very weak. People who have stolen billions of naira engaged in plea bargaining getting away with insignificant sentences.

The absence of a strong sense of national community could contribute to corruption. Some politicians say that Nigeria is not yet a nation but a geographical expression. When leaders of different tribes or communities loot they are defended by their people because they reason that these leaders are bringing resources home. We believe in leadership rotation on geographical basis. We insist that geographical zones should produce leaders by rotation without reference to merit. Geography is our merit.

Other causes include the existence of an exploitable natural resource (e.g. oil) which provides the opportunity for state authorities, both administrative and political to obtain payments (Ike 1983). The general scarcity of public assets relative to demand accompanied by policies of fixed official prices create opportunities for informal rationing through bribery. Low wages in the public

sector will also be accompanied by extensive low level corrupt payments. Nigeria's reward system was one of the poorest in the world. Recently the political office holders have hiked their total reward packages (salaries and allowance) to one of the highest in the world.

Election rigging is part of corruption as it is effected illegally for personal gains. People's mandates are routinely stolen in a do or die manner in order to come to power and accumulate wealth. About 80% of Nigeria's political office holders have purloined and fraudulent mandates. We practice democracy but we do not have genuine representatives of the people due to corruption of the political process. Those not genuinely elected have no commitment to the people.

Proliferation of states and local governments have given vent to corruption. This proliferation degenerated to states and local governments becoming centres of waste and mismanagement and not centres of competitive development.

Lipset and Lenz (2000) note that those going through corrupt means to achieve their objectives have little or restricted access to opportunity structure. The hindrance to opportunity could be a result of their race, ethnicity, lack of skills, capital, material and other human resources. They note that culture that stress economic success as an important goal but restrict access to opportunities will have higher level of corruption. This probably explains the high incidence of corruption in Nigeria. Many Nigerians are highly achievement oriented. But they have relatively low access to economic opportunities. For example, many civil servants work for months without pay. Yet society expects them to be loyal, honest and productive. As parents they have to take care of their families, pay school fees, etc. Under this condition those affected will reject societal norms and criminally innovate to make ends meet.

The refinement and development of advance fee fraud, 419, and other serious financial crimes originated from the restriction of opportunities that followed the civil war. People were abandoned inspite of the slogan of "no victor, no vanquished".

Finally, the existence of strong family ties could lead to corruption. The influence of extended family system and pressure to meet family obligations are more in less

developed societies. It is recognized that extended family system is an effective institution for survival but that it possesses a big obstacle for economic development.

TYPES OF CORRUPTION

Corruption can be classified according to the scale i.e. petty and survival corruption and grand corruption. Petty and survival corruption is practiced by civil servants who may be grossly underpaid and depend on small rents from the public to feed their families and pay school fees. The grand corruption is practiced by high public officials and it often involves large sums of money.

Corruption has also been classified based on the spheres where they take place. Using these criteria, Otite (2000), classifies corruption into five groups: political corruption, economic corruption, bureaucratic corruption, judicial corruption and moral corruption. Political corruption is manifested in activities connected with election and successions and the manipulation of people and institutions in order to retain power and office. It also involves looting and misappropriation of funds by public officials. Economic corruption occurs when business people use corrupt means to prevent the normal institutional regulations hasten or shorten procedures and get undue advantage or value for goods and services. Bureaucratic corruption involves buying favours from bureaucrats who formulate and administer government economic and political policies including foreign exchange, privatization exercises, taxes, import licenses etc. Judicial corruption occurs when law enforcement agencies and the courts prevent the administration of justice.

Some of the ways by which corruption manifests include the following:

- a. The inflation of government contracts in return for kickbacks, frauds, and falsification of accounts in the public service.
- b. Examination malpractice in our educational institutions including universities.

- c. The taking of bribes and perversion of justice among the police, the judiciary, and other organs for the administration of justice and various heinous crimes against the state in the business and industrial sections of the economy.
- d. Over invoicing of goods, foreign exchange swindling, and hoarding and smuggling.
- e. Grand corruption in looting public treasuries, money laundering and sending them to safe foreign havens.

The Corrupt Practice and Other Related Offences Act 2000 list offences which are punishable by the act to include among other things gratification by an official, corrupt offers to public officers, corrupt demands by persons, fraudulent acquisition of property, fraudulent receipt of property, making false statement or return, gratification by and through agents, bribery of a public officer.

The following institutions are perceived to be the most corrupt in Nigeria by Nigerians

TABLE 1: NIGERIA AS OF 2003

RATING	INSTITUTION	REMARK
1	Nigerian Police	Most corrupt
2	Political Parties	The next
3	National and State Assembly	The next
4	Local and Municipal Government	The next
5	Federal and State Executive Councils	The next
6	Traffic Police and FRSC	The next
7	NEPA (PHCN)	The next

SOURCE: Final Report on Nigeria Survey and Corruption Survey Study, Institute for Development Research, Ahmadu Bello University, Zaria.

The Nigeria police is perceived the most corrupt followed by the rest as shown in the Table 1 above.

Some examples of high profile corruption cases in Nigeria are as follows. Inspector general of police in 2004 was accused of grand extortion and embezzlement of public funds to the tune of ₦18 billion naira. He was prosecuted by EFCC and jailed for six months. One of the charges against him was that he took bribe from a governor who killed his political opponent and pregnant wife and gave him a clean report. He thus gave the Governor who committed multiple murder a clean bill of health.

Among other allegations was that the Inspector General had done his best to prevent fraudsters from prosecution. From Ade Bendel he collected ₦15million, from Fred Ajudua, he collected ₦20million, and from Emma Nwude he got a whopping ₦350 million to shield them from prosecution. These are known 419 barons with serious cases in court. Shielding fraudsters from prosecution is to allow fraud to blossom. The fact that crime is not well prosecuted in Nigeria is the cause of increased impunity and criminality in the society. As the leadership of the police is corrupt so is the body of the police establishment. It seems every police man has his price for every criminal act. Once the price is met prosecution is aborted. The rich would evade prosecution because of the availability of escape route through bribery. Mr. Balogun who extorted and misappropriated assets of grand dimension was only given a six month jail sentence because of plea bargaining. He pleaded guilty for a lesser charge and punishment. Government further seized all his known assets as additional punishment.

About thirty governors were accused of looting their treasuries and misappropriating billions of naira. They were also accused of money laundering. Only governor Alamiyeseigha of Bayelsa State has been successfully prosecuted. The change in leadership in the EFCC has not provided the opportunity to prosecute the other governors. Alamiyeseigha got away with a light sentence also because of plea bargaining. But his assets worth ₦50 billion was confiscated by the State.

CORRUPTION PERCEPTION INDEX OF TRANSPARENCY INTERNATIONAL

The 1996 study of corruption by Transparency International and Geottingen University ranked Nigeria as the most corrupt nation among the 54 nations listed in the study with Pakistan as the second highest. Nigeria improved somewhat in the 1998 study of the same body coming 81st out of 85 countries beating Tanzania 82, Honduras 83, Paraguay 84, and Cameroon 85. In 2001 the image of Nigeria slipped further (90 out of 91 countries), coming as the second most corrupt nation, with Bangladesh as the most corrupt. Nigeria maintained the same position with Bangladesh in 2003 (see Table 2 below)

By 2007, Nigeria has left the club of the most corrupt nations, showing the positive impact of the war on corruption in Nigeria launched by President Olusegun Obasanjo. He was the first Nigerian leader to launch a formal war against corruption in Nigeria given his antecedence as former chairman of the Transparency International World Body before his election as President.

TABLE 2: CORRUPTION PERCEPTION INDEX (Top ten and bottom ten countries)

1998	1999	2003	2007
Country, Rank	Country, Rank	Country, Rank	Country, Rank
Denmark 1	Finland 1	Finland 1	Denmark 1
Finland 2	Denmark 2	Iceland 2	Finland 2
Sweden 3	New Zealand 3	Denmark 3	New Zealand 3
New Zealand 4	Iceland 4	New Zealand 4	Singapore 4
Iceland 5	Singapore 5	Singapore 5	Sweden 5
Canada 6	Sweden 6	Sweden 6	Iceland 6

Singapore 7	Canada 7	Netherlands 7	The Netherlands 7
The Netherlands 8	The Netherlands 8	Austria 8	Switzerland 8
Norway 9	Luxembourg 9	Norway 9	Canada 9
Switzerland 10	Norway 10	Switzerland 10	Norway 10

1998	1999	2003	2007
Country, Rank	Country, Rank	Country, Rank	Country, Rank
Vietnam 75	Russia 81	Angola 124	Guinea 170
Russia 76	Tanzania 82	Azerbaijan	Laos 171
Ecuador 77	Ukraine 83	Cameroon 126	Afghanistan 172
Venezuela 78	Azerbaijan 84	Georgia 127	Chad 173
Colombia 79	Bolivia 85	Tajikistan 128	Sudan 174
Indonesia 80	Cameroon 86	Myanmar 129	Tonga 175
<u>Nigeria 81</u>	Kenya 87	Paraguay 130	Uzbekistan 176
Tanzania 82	Indonesia 88	Haiti 131	Haiti 177
Honduras 83	Uganda 89	<u>Nigeria 132</u>	Iraq 178
Paraguay 84	<u>Nigeria 90</u>	Bangladesh 133	Myanmar
Cameroon 85	Bangladesh 91		Somalia 180

SOURCE: The Transparency International Corruption Index 1998, 2001-2007 Lipset & Lenz "Corruption Culture and Market" 2000 in Culture Matters: Harrison & Huntington (eds) 2000 p 113

Obviously the war has made some impact with Nigeria moving out of the class of the most corrupt ten.

THE EXTENT OF CORRUPTION AND MAGNITUDE OF LOOTING

It is estimated that by 1999 past Nigerian leaders have stolen or misused \$407 billion or 225 billion pounds. This amounted to a sum equal to all western aid to the continent of Africa (Financial Times London, June 1999).

Mallam Nuhu Ribadu, the former chairman of Nigeria Economic, and Financial Crimes Commission said that 220 billion pounds (about 60 trillion Naira) was squandered between independence from Britain in 1960 and the return to democracy in 1999. "We cannot be accurate down to the last kobo but that is our own projection" his spokesman said.

The stolen fortune tallies exactly with the 220 billion pounds of Western Aid given to Africa between 1960-1997. That amounted to six times the American help given to post war Europe under the Marshall plan for reconstruction of Europe.

TABLE 3: Looted Money Discovered in Foreign Banks. The Biggest 21 Looters

Names of Depositor	London Pounds	Swiss Dollars	U.S.A Dollars	Germany Mark
Gen. Ibrahim Babangida	6.25bn	7.41bn	2.00bn	9.00bn
Gen. Abubakar Abdusalam	1.31bn	2.33bn	800m	
Rear Admiral Mike Akhigbe	1.24bn	2.42bn	671m	1.bn
General Jerry Useni	3.04bn	2.01 bn	1.01bn	900m

Alh. Ismaila Gwarzo	1.04 bn	2.00bn	1.3bn	700m
Alh. Umaru Dikko	4.5 bn	1.4bn	700m	345m
Paul Ogwuma	300m	1.42bn	200m	500m
General Sani Abacha	9.01bn	4.09bn	800m	3.01m
Mohammed Abacha	300m	1.2bn	150m	535m
Abdulkadir Abacha	700m	1.21 bn	900m	471 m
Alhaji Wada Nass	600m	1.32bn	300m	
Tom Ikime	400m	1.39bn	152m	371 m
Dan Etete	1.12bn	1.03bn	400m	1.72bn
Don Etiebet	2.5bn	1.06bn	700m	361m
Maj. Al Mustapha	600m	1.01bn	210m	
Chief Anthony Ani	2.9bn	1.09 bn	360m	1.66bn
Bashir Dalhatu	2.3 bn	1.01 bn	161m	1.43bn
General Wushishi	700m	1.301 bn		
Alhaji Hassan Adamu	300m	200m	700m	

Adamu				
General T.Y Danjuma	300m	200m	700m	
General Ishaya Bamaiyi	120m	800m		

SOURCE: World Bank letter to the President of Nigeria. Financial Times. London June 24 1999

In 1999, the World Bank compiled a list of Nigeria's fund by depositors in four Western countries and submitted to President Olusegun Obasanjo. Ibrahim Babangida, The Abachas, General Abubakar, Mike Akhigbe and Jerry Useni were responsible for much of the stolen funds in the World Bank list of 21 heavy looters. Babangida's loot was the highest. See Table 3 above.

No leader of the first or the Second Republic was in the list except Umaru Dikko who was a front for President Shehu Shagari. Former Heads of State, Generals Yakubu Gowon and Mohammed Buhari were not on the list. The total of amount deposited in western banks by the heaviest 21 looters is the equivalent of 150 billion dollars (about 22 trillion naira). On balance one can say that the leaders of the first and second republics were relatively not corrupt. Corruption has progressively worsened over time.

The Awolowo's, the Azikwe's, the Ahmadu Bello's, the Tafawa Balewa's, the First Republic leaders were relatively transparent. Corruption on such a scale as this one was made possible by the possession of 35 billion barrels of proven oil reserves that allowed a succession of military rulers and their civilian collaborators to loot and deposit their gains in mainly western banks. Only the military regimes of Babangida, Abacha and Abdulsalam Abubakar moved these massive funds overseas. The Obasanjo presidency was not part of the reference period.

THE EFFECTS AND CONSEQUENCES OF CORRUPTION

The effects and consequences of corruption on a nation's development are many. The negative effects impact economic growth as it reduces public spending on education amongst other things (Mauro 1997). The effect on growth is in part a result of reduced level of investment. The effect of corruption on education, for instance, is the fact that the government relatively spends more on items that make room for graft. Large and difficult to manage projects such as airport and highways make fraud easy. Development projects are unnecessarily complex to justify the corrupt and huge expenses on them. The huge national stadium in Abuja which gulped billions of naira is a case in point.

Some scholars have argued that corruption can be beneficial to political development or political modernization (Pye 1965). It was further argued that it is a lubricant to economic development (Nye 1967). It should be stated that the petty corruption of the bureaucracy may get things done faster and speed up the pace of development but the grand corruption and looting which sequester public funds to foreign heavens cannot but militate against development. The foreign countries that get the funds may use them for their economic and political benefit but the poor countries from which the funds emanate are starved of necessary funds to kick-start development. The looted funds from Nigeria (1960-1999) was stated to be equivalent of six Marshall Plans. These are funds with which Nigeria could have moved to greater heights. Corruption thus aborted several Marshall Plans for the reconstruction of Nigeria and as such stymied the development of the nation.

Corruption wastes skills as precious time is often wasted to set up unending committees to fight corruption and monitor public projects. It also leads to aids foregone. Some foreign donors do not give aid to corrupt nations. For instance, the IMF has withdrawn development support from some nations that are notoriously corrupt and the World Bank has introduced tougher anti-corruption standards into its lending policies to corrupt countries. Similarly, other organizations such as Council of Europe and the Organization of America States are taking tough measures against international corruption.

Corruption is politically destabilizing as it leads to social revolutions and military takeovers. Most "post coup rationalization" in most less developed countries point

to the issue of corruption. Although the soldiers who came to stamp out corruption in Nigeria have turned out to be more corrupt than the civilians they upturned. Our military past has not showed the way of corrective governments, but it is possible because of the extent of corruption in the present polity, a new corrective group could emerge and in a Rawlings' like change save Nigeria from the shipwreck of graft and mismanagement.

Corruption causes a reduction in quality of goods and services available to the public as some companies could cut corners to increase profit margin. Corruption affects investment, economic growth, and government expenditure choice. British investors are being scared away from Nigeria because of corruption, the culture of late payment, delay or refusal of payment for services already done, according to the Lord Bishop of Gilford, David Peck. He noted that those who failed to pay companies for services done seem to forget that the lifeblood of any company is its cash flow. He rightly pointed out that the price of corruption is poverty (Daily Trust July 9, 2002). Because of the widespread of petty and grand corruption the international business community regard Africa as a "Sinkhole that swallows their money with little or no return" (Callaghy 1994). With the recent changes in Eastern Europe, the attention of the business world has been turned to this area where they may earn quicker reward from their investment unlike in Africa, nay Nigeria, where corruption has marked-up the investment risk thereby rendering lower returns.

Corruption discourages honest effort and valuable economic activities and it breeds inefficiency and nepotism. Corruption lends to possible information distortion as it cooks the books and a high level of corruption can make public policies ineffective. Above all corruption can tarnish the image of a country. As we can see, Nigeria suffers more than most nations from an appalling international image created by its inability to deal with corruption. The present effort by the Ministry of Information to rebrand Nigeria without solving the fundamental issue of corruption is seen as putting the cart before the horse. The product, the new brand Nigeria will not sell.

Corruption also upsets ethnic balance and creates problem of national integration in developing countries. For instance, if a corrupt but popular ethnic leader is

replaced in his/her position it may upset an ethnic equilibrium and the cohort may revolt. This underscores the problem of dealing with corrupt leaders summarily in order not to create an ethnic imbalance that could result in crisis.

Corruption may alienate modern oriented civil servants and may cause them to reduce or withdraw their service or leave the country. It is touted as one of the reasons for the "brain drain" phenomenon in Nigeria. Corruption leads to slow moving files that get through the desk of officers once interested parties have compromised themselves. It also leads to missing files that will resurface immediately the desk officer is settled, unnecessary bureaucracy, and delay until fees are paid (Oloja, The Guardian, April 21, 2002)

During his Inaugural speech on May 29 1999, General Olusegun Obasanjo vowed to tackle the menace of corruption in Nigeria. He said "corruption will be tackled head-on. No society can achieve its full potential if it allows corruption to become the full blown cancer it has been in Nigeria" and he vowed that "there will be no sacred cows in the process to stamp out corruption in the society". But it is a known fact that corrupt big cows are still working freely on the streets of Nigeria inspite of his relentless effort to curb corruption.

Corruption thus diverts scarce public resources into private pockets, undermines effective governance, endangers democracy and erodes the social and moral fabrics of nations. As has been noted the lust for power and corruption is not strictly a Nigerian problem, although it has become pervasive in Nigeria. Corruption is a global phenomenon and manifests in both petty and grand forms.

CORRUPTION AND DEVELOPMENT IN NIGERIA

In economics, we are interested in growth before development because we cannot contemplate a situation of development without growth. You need growth in incomes before spreading them to increase the functional capacity of the people to effect development. So growth must come before development.

Although the terms are often used interchangeably, there are economically acceptable differences. By analogy to the human being to stress growth involves

focusing on height or weight while development will imply change in physical coordination or learning capacity (Charles Kindleberger 1983).

It is clear from our discussion in the earlier sections that corruption has worked against economic growth by denying Nigeria the resources to finance growth. The massive looting of funds between 1960-1990 denied Nigeria the resource equivalent of six Marshall Plans. If we understand that the Marshall plan was enough to reconstruct Europe after the second world war we would realize that six Marshall Plans would have been adequate to physically transform Nigeria, put it in relatively high income per capita level to effect development, in fact to put Nigeria in the first world bracket.

Economic development models stress the imperatives of physical capital, technology, education, health, human capital all combined in complex form to explain the phenomenon of economic growth (Ike:2000). These factors are starved from the system when budgetary allocations are insufficient to procure them. Corruption of the grand scale that Nigeria experienced over the years prevented these resources from being channelled to the growth process as they found their way to foreign safe havens.

Some countries that were on the same level with Nigeria, i.e. the same level of per capita income in the 1960s have well overtaken Nigeria. Countries like Malaysia, Singapore and Korea were able to do this because of good quality leadership and transparency in their political social and economic life. While the per capita income of Nigeria is only getting to the \$1000 level in 2008 these other countries have per capita incomes in the neighbourhood of \$20,000 each per year.

The Report of the South Commission under the chairmanship of the late Tanzanian President Julius Nyerere while summing up the aspirations and policies of developing countries defined development as "a process which enables human beings to realize their potential, build self confidence and lead lives of dignity and fulfilment. It is a process which frees people from the fear of want and exploitation. It is movement away from political, economic and social oppression". Furthermore, the Human Development Report of 1991, published by the United Nations Development Programme stated that the "objective of human development is to enlarge the range of people's choice to make development more democratic

and participatory. This choice should include access to income and employment opportunities, education, and health and a clean physical environment. Each individual should also have the opportunity to participate fully in community decision and to enjoy human, economic and political freedoms” (Yusuf M, M 2008). All these will require growth in incomes before they can materialise and corruption has militated against their attainment.

Even the IMF and the World Bank have started promoting the fight against corruption as a condition for funds facilities to implement Structural Adjustment Programmes but the reality is based on the assumption that political corruption is caused by the interventionist state and in order to wipe out corruption a neo-liberal state should be put in place. That is, states which will withdraw all services e.g. education, health, withdrawal of all sort of subsidies, commercialization and privatization of public enterprise. Nigerian state has already become a neo-liberal state pursuing a neo-liberal agenda.

The reality is that under the present economic development agenda, corruption and particularly its political variant has increased and become widespread more than any moment in the past history of Nigeria. It undoubtedly has negative impact on all indicators of economic development. Corruption breeds lack of productivity, lack of initiative and creativity to put sound policies that could generate further development. Thus, the state of economic growth, domestic and foreign investment, employment, and fair income distribution all suffered and retarded as a result of corruption. The problems of corruption have indeed pushed Nigeria to the brink of disaster as the current lack of progress in the economy and society epitomizes. The neo-liberal state has not reduced corruption as IMF and the World Bank expected. And further corruption has retarded the economic and social development of neo-liberal Nigeria.

METHODS OF TACKLING CORRUPTION

Some of the following measures will help checkmate corruption in Nigeria’s economic and political life.

1. Putting people of integrity, honesty, and merit in positions of authority. When President Obasanjo wanted a Director-General for NAFDAC he set up a search team for an honest person. He found one and she performed exploits. Positions should be given to those who meet the specifications of merit and transparency. The federal character principle should be jettisoned. We already have federal character principle in elective offices. Appointed people who should help implement the policies of government should be by merit and transparency which should supercede geography. Ministers, permanent secretaries, Director Generals and chief executives of parastatals should be so chosen.
2. The accountability mechanism provided by elections has failed to cleanse the system. The electorate who lament the corruption of the present crop of politicians have repeatedly voted them back to power. Why does the current system perpetuate itself? Why don't the electors revolt and refuse to vote for looters and plunderers and vote for those who propose reforms? The fact is that the people are not allowed to vote, or their votes do not count. Rigging is the order of the day. In most cases results are written before elections. The people are rendered impotent in matters of choosing their leaders. This has been the case mostly in the periods 1999 to 2009 (i.e. now). I advocate reforms so that the people's vote count and they can now change their leaders when necessary. Those leaders who will be committed to the agenda of the people will be chosen. This will require something like a revolution in Nigeria for it to pull through. That means it will not come easy.
3. Low salaries force most public servants into corruption. Whereas one would concede that the salaries of public sector workers need be increased this measure alone will not be enough in tackling the issue of corruption. While salaries of public sector workers are among the lowest in the world, the salaries (plus allowances) of political office holders is about the highest in the world. There should be balance between them. While salaries of political office holders should go down substantially, those of public sector workers, university lecturers and the like should be substantially enhanced to reduce temptation to embrace corruption.

4. People should be having access to information on the decision and actions taken by public authorities. The right to information is critical to the effective functioning of democracies. The Freedom of Information Act needs to be promulgated after appropriate revisions.
5. The immunity given the President and Governors over criminal and civil matters increased criminality and fraud. Some Governors thought that because of immunity they could kill, maim, and steal and nothing would happen. Many governors have killed their opponents, looted funds and nothing has happened. They routinely bribe the members of their state houses of assembly to evade impeachment. And after their four or eight years in office the EFCC and the Justice Department have been reluctant to investigate reported cases of killing and looting. The immunity should be removed so that once cases are reported they will be investigated and prosecuted and punished accordingly. That would reduce corruption, the political corruption that dries the treasuries of the state and the killing of political opponents. It is because of the immunity that some governors have killer squads. A former Vice-Chancellor of the University of Nigeria Nsukka, late Prof. Chimere Ikoku, was one of those mowed down (eliminated) by one of these killer squads in Enugu and nothing has happened.
6. States and local governments have been over created in Nigeria, the 36 states and 774 local governments are too many. They have degenerated to centers of waste and mismanagement. They are not centers of competitive development. Two years ago, I toured the whole local governments in the south east region of Nigeria. There is no work being done in the local governments. The few staff employed are not utilized for any functions. The councils were desolate. In the states there are no checks and balances. The Governors dominate their states like emperors. They are indeed dictators because the constitutional check through the House of Assembly is not functioning. The members of State Assemblies are compromised from time to time so that the Governors could do whatever they like.
7. A redistribution of Nigeria into six states and four hundred local governments will provide opportunity for enhanced productivity and

competitive development not waste and mismanagement. Now we have too many looters parading over our political and economic space.

8. Finally, there should be a strong political will by an incorruptible president to fight corruption. The president should be messianic, incorruptible, and completely transparent. Such a person with strong political will, will fight and win. He must be ready to get all cases prosecuted. For those which are time-barred by law at least the loot should be recovered. This will serve as disincentive to corruption. According to Transparency International without a strong political will to fight corruption we will only be blowing in the wind.

CONCLUSION

Our resources should be channelled towards our material and economic benefit. We must invest in education, health, and infrastructure. Our power sector must work. The looters should be expropriated to make this possible. We must inherit the gentiles and make the desolate cities inhabitable (Isaiah 54 vs. 3) then there will be peace in the land. We can then compete with the rest of the world. As the Lord said, if my people who are called by my name shall humble themselves and pray and seek my face then I will hear from heaven and I will forgive their sins and will heal their land (2 Chronicle 7:14). There is evidence of a slight turnaround from corruption. There is a revelation that soon and very soon through God's mighty hand in response to the great men of God amongst us, Nigeria would say goodbye to corruption and welcome to a cleaner, neater, and more transparent Nation.

ACKNOWLEDGEMENTS

I acknowledge the Chancellor of the University, Bishop (Dr) David Oyedepo, God's own great servant who by visioning and putting up this great institution made it possible for me to continue my vocation in this University.

I appreciate the Vice Chancellor, Professor Aize Obayan for her relentless efforts to build a first rate institution and for giving me the opportunity to deliver this public lecture.

I also appreciate our Registrar Dr. Daniel Rotimi, our Master of Lexicon and competent administrator for his support.

I acknowledge the Principal Officers of the University for their administrative acumen and zeal at work.

I am appreciative of my Dean, Professor Mathew Ola-Rotimi Ajayi and my Head of Department, Professor Cyril Ige, for their solidarity and support.

I acknowledge also all the other Deans of Colleges, Faculty and Staff and the Queens and Kings of Hebron for whom the University was conceived and built. I say thank you for your encouragement and support.

I also thank our various guests for finding time to come.

Last but not the least I appreciate my dear wife of 26 years Pastor (Mrs.) Gloria Ngozi Ike, who is here today and my children George N. Ike (Jnr), Mrs. Ugoada Ike Onyema, and Dikedinigbo Ike for their all encompassing love and support.

REFERENCES

- Adam, Paul (1995) "Nigeria Pariah?" Africa Report May, June 1995 Pg 43-45
- Bowman J. S. (1991) Introduction: Ethical Theory and Practice in Public Management: in Ethical Frontier in Public Management Seeking New Strategies for Resolving Ethical Dilemma Journal of Policy Reform 5(1) (pg 37-79
- Callaghy Thomas, (1994) "Africa Falling Off the Map" Current History Pg 31-36
- Chike E. Okafor, "Looting of Nigerians Treasury, Who else is involved besides Abacha's Family" <http://www.google.com/>
- Dike, Victor E. (2003), "Managing the Challenges of Corruption in Nigeria", C.E.O Center for Social Justice and Human Development (C.S. J.H.D.) Sacramento, California. U.S.A
- Dike. Victor E. (2005) Corruption in Nigeria: A New paradigm for Effective Control: African Economic Analysis. Retrieved from <http://www.africaeconomicanalysis.org>
- Financial Times London (1999) June 24
- Gluckman, M (1955) The Judicial Process among the Lozi Custom and Conflict in Africa
- Ike, Don N. (2000) University Economics OMO .T. Publishers, Lagos
- Ike, Don N. (1983) Strategies For Optimizing Returns in the Nigeria Petroleum Sector: An Economic and Financial Management Analysis, Nigerian Journal of Financial Management Vol 2 No 2 Pg 1-12
- Ike, Don N. (1977) Estimating Agricultural production Function For Some Farm Families in Western Nigeria, The Developing Economies, Japan, Vol XV No 1 Pg80-90

- Kindleberger, Charles (1983) Economic Development, McGraw Hill, New York
- Lewis Peter (1994) "The Politics of Economics" African Report, May/June 1999
pg47
- Lipset S.M. and Lenz G. S (2000), "Corruption, Culture, and Market in Culture Matter" How Values Change Human Progress. ed Laurence J. Harrison and Samuel Huntington New York Basic Books Pg 112-114
- Lotterman Edward (2002) "Bad Rules Breed Corruption" Pioneer Press, April 25, 2002
- Mauro, Paolo (1997) Why Worry About Corruption (eds) IMF Publications, Economic Issues No, 6
- Merton, Robert (1968) Social Theory and Social Structure (New York) Free Press, 1968 pg 246-248
- Nye J. (1967) "Corruption and Political Development: A cost Benefit Analysis" American Political Science Review, Pg 417
- Osuagwu (2008) "Conceptualizing Corruption in Business Organizations": Nature, Causes, Consequences, Remedies, and Research Direction.
- Otite O. (2000) "Corruption Against The Norms of African life" in .O, Femi (Ed) Effective and Efficient Implementation of Nigeria Recent Anti-corruption Legislations
- Pye, Lucas (1985) "The Concept of Political Development": The Annals 358 March 1985 pg 1-19
- Sen. A. (1999) Development as Freedom: Oxford University Press
- Sklar Richard (1965) "Contradiction in the Nigeria Political System" Journal of Modern African Studies. 1965 pg 385

Ugochukwu Obiakonobi Anaito, "Corruption Which Way Nigeria"
<http://www.kwenu.com/>

Yusuf, M. M (2008) "Causes and Effect of Corruption On Society Development."
Presented Seminar Organized by the Code of Conduct Bureau, Jigawa 3 –
Hotel Dutse