More money does not lead to better governance

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Good governance is a condition of economic progress in developing countries. But when people in a corrupt country start earning more money, the result is not development but more corruption. These findings are outlined in a publication by Wageningen UR development economists Maarten Voors and Erwin Bulte in the *Journal of African Economies*.

Research in African countries has shown that good governance is good for economic growth in developing countries. By the same token, one group of researchers has claimed that economic growth and higher incomes lead to more development and less corruption. The theory is that a self-perpetuating process is set in motion in which economic growth and good governance mutually reinforce each other. But is that really so?

Voors looked for parameters with which he could calculate the relationship between governance and incomes. He used levels of corruption as an indicator of the quality of governance and rainfall levels as a condition for higher incomes. In most African countries, the economy is highly dependent on agriculture, and rainfall is the main external factor in a good harvest. More rain therefore means higher incomes, at least in the short term.

When he correlated the rainfall figures with those for corruption in several African countries, it emerged that countries with high levels of corruption became even more corrupt when incomes went up. In countries with low levels of corruption, however, corruption went down when there were better rains and a good harvest. Voors concludes that the self-perpetuating upward spiral of economic growth and good management does exist in some African countries, but that other African countries are caught in a kind of poverty trap in which more money only leads to more patronage and nepotism. Investing in good governance in developing countries is therefore crucial to sustainable economic development, conclude Voors and Bulte.

Provided by Wageningen University