



Rajen Bablee.



Sanjay Matadeen.



sult in a negative impact on Foreign Direct Investment. "This affects the economic growth, creates inequalities, enlarging the gap between the rich and the poor and exposes the country to currency crisis."

**ECONOMIC IMPACT**

Economist Sanjay Matadeen indicates that corruption has nefarious effects on the economy of the country. "Rent seeking behaviour and regulatory capture from powerful minority interest groups and individuals negatively affects different levels of the economy. Nepotism and corruption at the level of the workplace to secure a job or a promotion leads to low morale, low productivity and ultimately to brain drain. Corruption at the corporate level leads to low business confidence and investment, regulatory capture leads to consumer exploitation and stifles competition. On the social level, corruption leads to a decline in public institutions credibility with the resulting consequences of increased nepotism, perception of lawlessness and increased crime rates."

He highlights that the most affected victims of corruption are, however, the poor. "They have to bear the full brunt of corruption. Suppose a firm tries to bribe to get the authorization to sell a particular good. To recoup the loss incurred because of corruption, the firm will charge a higher price which will largely impact the most deprived section of society. The World Bank views good governance and anti-corruption as central to its mission of poverty alleviation and reduction of corruption is one of the UN Sustainable Development Goals."

Through its effect on business confidence and investment, corruption has a negative impact on growth, says the economist. "Rampant corruption distorts allocation of resources from productive sectors of the economy, curtail competition and leads to additional costs on the population. The economy is monopolized by powerful interest groups which deviates the country from its potential growth path."

Economist Nem Boodeo, on his part, states that corruption breeds inefficiency. "More corrupt economies usually trade in inefficient or incompetent units instead of the competent units which hinders the value creation activity of the economy. The monopolisation of certain industries, inability of certain businesses to develop further due to rigid frameworks and lack of modernisation initiatives contribute towards lower value creation, making both the local and international markets more difficult to secure, resulting in lower earnings for the country."

He adds that along with nepotism, corruption has a detrimental impact on the productivity of the country. "Allocating resources to non-productive and less-productive units, tends to reduce productivity of the different sectors over time which then tend to develop into "lame-duck" industries/organisations. These would rather represent liabilities than assets for the country in question. Rather than extending continuous support for these industries and breeding inefficiency, the government should allow them to face external competition and support their developmental initiatives."

**TRAPPED IN THE MIDDLE INCOME**

Mauritius has been aiming to be a high income country but we are in the middle income trap. Is corruption one of the reasons? To this pertinent question, Sanjay Matadeen explains that a country gets bogged down in the middle income trap when the latter suffers from low invest-



Nem Boodeo.

ment, slow economic growth, low labour productivity, low infrastructure development and lack of economic diversification. "Mauritius is battling with all these factors and even if FDI has been at a reasonable level for the past years, it is too highly skewed in unproductive property development projects. Private investment in the country has been lagging behind and one reason is low business confidence."

He adds that the score and ranking of Mauritius on the Transparency International Index has slightly deteriorated over the years and the country finds itself behind other African countries like Botswana, Cape Verde, Rwanda and Seychelles. In fact, the country is ranked 53rd on a list of 180

countries in 2018.

**COMBATTING CORRUPTION**

Recent scandals highlight much work is still left to do. International press has been talking about various recent scandals involving ministers and the President. Despite our country having a legal framework to prevent corruption, we are still subjected to criticism for not implementing the laws.

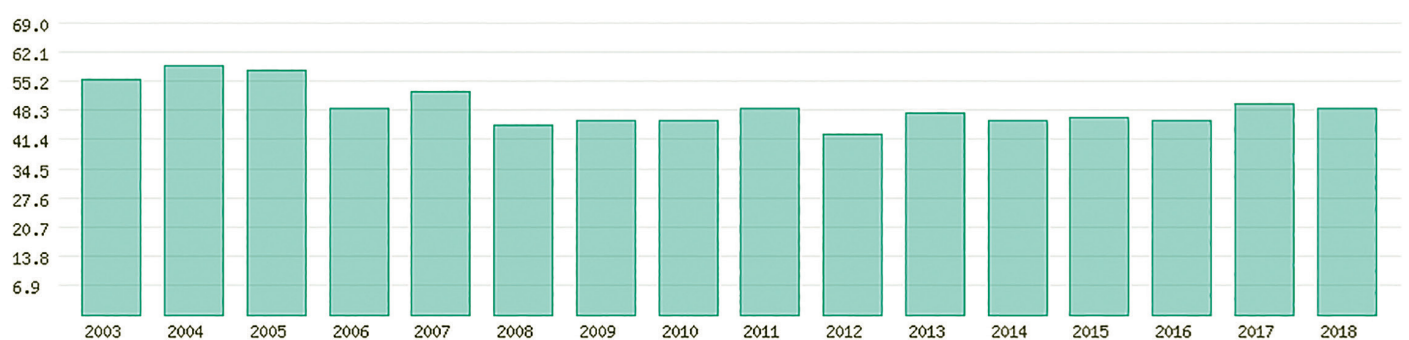
Rajen Bablee opines that the POCA provides that the act of corruption is done subject to a gratification which is generally in kind. "When we speak of the culture going beyond the law, it means that in our society, it may be socially well seen that you 'help' your family or friend. There is social pressure and if you do not 'help' a member of your family or community, for example, to get a job, you may be tagged as an arrogant person. And as such, some would go out of their way just for the sake of recognition from his/her peers."

He also points out that there exists a quasi-deification of politicians in Mauritius and the latter surfs on the servile attention they often get. This creates a situation where decisions or actions of the political or eco-

nomics elites are unchallenged, bringing a sense of impunity. In that configuration, opinions which are different from those of the elites are ignored, lest being even listened to. Those who think differently are often ostracized. This is contrary to the principles of good governance which include participation, accountability, transparency and equity. All this to say that the fight against corruption is not a private endeavor of institutions like the ICAC only."

For him, combatting corruption is a collective effort involving the Government leading the pace, the ICAC doing its job as described in the POCA, civil society such as Transparency Mauritius bringing its share of questions and suggestions and the general public. "Corruption exists in every country and it takes everyone to participate in that fight. We should dispel that habit of denial or of being egocentric and be ready to listen to criticism as well as to work with all stakeholders. The more we have been doing an outreach in all strata of the society, the more we realise that education and sensitization are important. And we must remove any virus of corruption from our children so that they can grow up with values and bring the change. That change should begin now and within oneself."

Development of corruption in Mauritius 2003 - 2018



Source: World Data Info