

## Key Prosperity Indicator: We're #20!

**By John Merrifield,  
Professor of Economics  
Director, Entrepreneurial Conservatism Institute  
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According to the Transparency International Corruption Perceptions Index (TICP), the U.S. is #20 in the world with a shockingly low score of 7.3 out of ten, down from 7.6 the previous year. This far from perfect, sinking score is an ominous sign. Corruption is what all poor countries have in common, and there is no amount of endowed wealth that can make up for the insidious, devastating effects of corruption. Look at the recent *National Geographic* article on Nigeria; dirt poor despite fabulous oil wealth. Nigeria is near the bottom on the TICP.

Sunshine is a great disinfectant, but openness and disclosure is just a beginning. Leadership is needed in ensuring utmost respect for rule of law. The worst part of the corruption slippery slope is not the descent, but the difficulty undoing the traditions once they become entrenched. A tradition of corruption diverts creativity and innovation – perhaps society's most precious resource – from productivity to seeking and dispensing special treatment. Bright young people that might otherwise (in a relatively corruption-free society) start businesses, or pursue degrees in science and engineering, instead compete for a relatively few bribe-taking advantaged positions.

So, what does respect for the rule of law mean. It means simple, easy-to-understand laws, with swift impersonal enforcement. That criterion assures economic freedom. Laws restricting economic activity are invariably complicated, either to defeat evasion creativity, or to create a veneer of plausible deniability as to the real intent of the law. Complicated laws create opportunity and motive to illegally pay for favorable interpretations. And this kind of obvious corruption begets a more subtle but insidious version; use of the law to advance private interest at the expense of public interest, usually where someone flexing political muscle wants to restrict competition to the detriment of the general public.

Cronyism, shadowy payments, and insider deals are no laughing matter. They tear at the economic fabric that underpins our liberty and prosperity. Because no one act seems to hurt much, such seedy behavior has to be fought on principle. Corruption, like cancer, is difficult to treat once it has had time to spread. Like cancer, it can be deadly.