

THE TEN MOST PROSPEROUS AND LEAST CORRUPT

Country	Per Capita Income (International Dollars, PPP Basis)	Rule of Law Rank (Out of 191 Countries)	Corruption Perception Rank (Out of 178 Countries)
Luxembourg	101,926	10	10
Singapore	85,209	12	8
Switzerland	60,535	5	7
Hong Kong	56,720	14	18
U.S.	55,837	19	16
Ireland	54,654	16	18
Netherlands	48,459	9	5
Austria	47,824	8	16
Germany	47,268	15	10
Denmark	46,635	2	1

Sources: Per Capita Income from World Bank, 2015; Rule of Law Index – The Global Economy/World Bank, 2015; World Corruption Perception Index, 2015
(Note: some countries have equal rankings because of equal scores)

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Corruption and Prosperity

By Richard W. Rahn

WHEN THE RULE OF LAW IS LOST, EVEN GREAT NATIONS DISINTEGRATE

What is the single most important determinate as to whether a country is rich or poor? It is not the level of government spending, taxation, regulation or monetary stability — even though those factors are very important. It is the rule of law, whereby the rules are known and fair, equally applied to all, and where corruption is not tolerated. The end of great countries and empires was most often caused by internal decay, not by foreign enemies — ancient Greece and Rome being prime examples.

The end of the Soviet Union and the communist countries in Eastern Europe had more to do with the pervasive corruption and lack of the rule of law within the regimes than external pressure. Prime Minister Margaret Thatcher, President Reagan and Pope John Paul II were able to topple the communist regimes largely with words because their foundations had become so rotten that the force of truth was enough to give the final push.

Highly corrupt countries are usually poor, and countries with the rule of law and low levels of corruption are usually

relatively prosperous. The accompanying table lists the 10 richest countries in the world on a per-capita income basis. (Note: countries, such as Kuwait or Norway that have high per capita incomes because of oil and gas, and small, offshore financial centers, all of which lack broadly diversified economies, were not included). All of these listed countries also rank very high, being in the top 10 percent, when it comes to the rule of law and the lack of corruption. Scandinavian countries have higher incomes than would be expected, even though their governmental sectors and tax rates are well above the optimum; but this large disadvantage has been offset, in part, by the very low levels of corruption and strict adherence to the rule of law, without favoritism.

The American Founding Fathers argued that the greatest danger to the republic would come from the erosion of the rule of law. America has never been free of corruption, but most of it has occurred at the local level. “Boss” Tweed was notoriously corrupt in his control of many New York City institutions in the mid-1800s. Thomas Pendergast was a political boss who controlled Kansas City, Mo., from 1925 to 1939, until he was finally convicted of income tax evasion, even though his more serious crimes were voter fraud and extensive kickback and protection schemes. Historically, America has relied on the press as much as zealous independent prosecutors to expose wrongdoing by government officials. When it became apparent that some officials of the Nixon administration, including the president himself, had crossed the line, it was members of the press who exposed Watergate.

Only those who are willfully ignorant fail to recognize that parts of the Internal Revenue Service and the Justice Department, as well as other government agencies, have not only become partisan but also deeply corrupt. When evidence is destroyed after having been subpoenaed by appropriate congressional committees and private organizations under the Freedom of Information Act, and no action is taken to punish those responsible, it becomes the

very definition of corruption. There are many other examples, but what is disturbing is the extent to which so many journalists have gone to cover up and defend inexcusable behavior.

Donald Trump has been held to account for his occasional rash, boorish statements and behavior by most in the press — and he is fair game, having only himself to blame. One can find plenty of reasons to not vote for Mr. Trump, including the great uncertainty of what he will actually do as president.

What is even more troubling is that given Hillary Clinton’s 30-plus years of dissembling, lying and obvious lack of reluctance to use government agencies for her own personal benefit and to destroy opponents, so many members of the press still defend her, even though she has telegraphed her intent to further corrupt government. For example, while she was the subject of a criminal investigation, she told Loretta E. Lynch she would reappoint her as attorney general after Ms. Lynch met inappropriately with Bill Clinton (not a very subtle bribe). Mrs. Clinton has told us she will appoint judges that share her “values” (and we know what that means) rather than those who promise to uphold the Constitution as written — and this should scare anyone who cares about the rule of law over the rule of men. If she and others want changes in the Constitution, it should not be done by judicial or presidential fiat — there is a proper amendment process.

Prosperity and corruption do not long exist in the same place. Unthinking citizens who vote to support the obviously corrupt are signing their own economic and civil society death warrants.

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