



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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## CORRUPTION REMAINS BIGGEST OBSTACLE TO REDUCING POVERTY

Press Release #109-51  
Contact: Christopher Frenze  
Executive Director  
(202) 225-3923

**WASHINGTON, D.C.** – A new study released today finds that corruption is the largest single factor undermining the reduction of poverty in developing nations, Chairman Jim Saxton said. The new study demonstrates that corruption is still a serious problem and debunks recent research that attempts to downplay the extent and negative impact of corruption in many poor African countries. The new study, *Aid to Africa at Risk: Covering Up Corruption*, was authored by Adam Lerrick of the Gailliot Center for Public Policy at Carnegie Mellon University and the American Enterprise Institute.

“Over the years, many millions of our fellow human beings have suffered incredible poverty and deprivation because of widespread corruption in developing countries,” Saxton said. “In recent decades, the negative impact of corruption on economic development and on the effectiveness of aid has become widely acknowledged, at least in theory. Public integrity standards, a rule of law, and property rights are important prerequisites for healthy economic development. Serious corruption usually is associated with various kinds of despotism, and typically leaves the oppressed population in abject poverty. In this environment, it is widely agreed that foreign development assistance is unlikely to do much good, and more likely to be misappropriated, misused, or wasted.

“This new study shows how recent research justifying the promised effectiveness of the financial resources demanded by the UN Millennium Project papers-over the corruption problem by essentially defining it away. By basically grading corrupt nations in Africa on a generous curve – *voila* – bad corruption can be made to appear as average corruption. However, policymakers should not be fooled. Pumping billions of taxpayer dollars into corrupt countries will be futile in actually reducing poverty unless the proper safeguards are in place, as past experience sadly demonstrates.

“Performance-based grants provided under strong safeguards will be more effective than burying the already over-burdened poor with additional loans they cannot repay. It would be a tragedy if another round of development assistance again fails to sharply reduce poverty, and the lessons concerning corruption have to be relearned yet again. It is time to use a results-oriented approach that will effectively reduce poverty over the long run and finally help the long-suffering poor victimized by corrupt regimes,” Saxton concluded.

For a copy of the new study, *Aid to Africa at Risk: Covering Up Corruption*, please visit our website at [www.house.gov/jec](http://www.house.gov/jec)

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