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# **Philosophy, Ethical Conduct, and Economic Development**

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**ABSTRACT:** The role of philosophy is often ignored in development of societies and countries. Most countries are engaged in blind race of economic development without paying any heed to moral values. In this paper an attempt is made to relate economic development with moral and philosophical values through different development indices available for countries of the world. Both philosophical thoughts and mathematical models are presented.

**KEYWORDS:** Philosophy, Ethical Conduct, Governance Index, Corruption Perception Index

## **I. INTRODUCTION**

A look at election manifestos of major political parties around the world shows that all countries, developed as well as developing, are only aiming at economic development. So-far no country or political party has come up with agenda that aims to improve morality in citizens, public administration, business houses, and governments. Some countries have come up with ideas in this direction but they are not sufficient and they are not part of country goals or government goals.

In ancient Greece, the policies of rulers were guided by philosophers such as Socrates, Plato, Aristotle etc. Alexander the great conquered the world with philosophical guidance of Aristotle<sup>1</sup>. These days, most rulers and head of states are so occupied with internal conflicts that they cannot even think of unifying the world.

Surprisingly, the rate race of economic development is more of a zero-sum game rather than any achievement. It is not leading to improvement in citizens quality of life. The gap between poor and riches is rising.<sup>2</sup> Notwithstanding the growth, the rich class is also not showing increase in happiness with increase in wealth, they are feeling more troubled with problems on anxiety, stress, and other similar problems.

## **II. RELATED WORK**

Various agencies have analysed governance issues in countries the world over. Lack of philosophical development in humans leads to corruption and immoral practices. The relative ranking of different countries on the basis of governance is researched by World Bank since 1996. They publish these reports and statistical data annually.<sup>3</sup> Their database provided two indicators – Rule-of-Law, and Control-of-Corruption. Rule of Law reflects “perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.”<sup>3</sup> On the other hand, Control-of-Corruption reflects “perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.”<sup>3</sup> Similarly, Transparency International, a global agency, ranks countries on the basis of citizen’s perception of corruption in their country and comes up with a Corruption Perception Index.<sup>4</sup> Data-set of both indices are publicly available and are analysed in this study.

## **III. RESEARCH FRAMEWORK**

To compare and contrast development processes, both indices described in section II are used i.e. Worldwide Governance Index, and Corruption Perception Index. Last year’s i.e. 2013 values of 10 different countries are used for

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study. These 10 countries include 3 most developed nations from different continents, 3 BRICS nations from different continents, 3 least developed nations from different continents, and India.

US, Norway, and Japan are chosen for Developed countries<sup>5,8</sup>. Brazil, China, and South Africa are chosen from BRICS nations<sup>6</sup>, Central African Republic, Afghanistan, and Haiti are chosen for least developed nations<sup>7</sup> for comparison.

## IV. RESULTS

The results of study are presented in Table 1 and Table 2 below:

**Table 1 – Data compiled from different sources on governance and corruption in countries**

| Country                  | Worldwide Governance Index Rank 2013    |                               | Corruption Perception Index Rank 2013 <sup>4</sup> |
|--------------------------|---|-------------------------------|--|
|                          | Control of Corruption Rank <sup>3</sup> | Rule of Law Rank <sup>3</sup> |  |
| Afghanistan              | 1.90                                    | 1.41                          | 8.00   |
| Brazil                   | 55.92                                   | 52.58                         | 42.00  |
| Central African Republic | 12.32                                   | 0.94                          | 25.00  |
| China                    | 44.55                                   | 38.97                         | 40.00  |
| Haiti                    | 11.85                                   | 7.98                          | 19.00  |
| India                    | 36.97                                   | 53.05                         | 36.00  |
| Japan                    | 92.42                                   | 91.14                         | 74.00  |
| Norway                   | 99.05                                   | 100.00                        | 86.00  |
| South Africa             | 56.40                                   | 59.15                         | 42.00  |
| USA                      | 87.68                                   | 90.61                         | 73.00  |

**Note:** Ranks are scores on a scale of 100, where higher score refers to best situation.

**Table 2 – Correlation among different indices of governance and corruption**

| Correlation Between                             | Correlation Coefficient | p-Value*    |
|---|-------------------------|-------------|
| Control of Corruption and Rule of Law           | <b>0.98</b>             | <b>0.00</b> |
| Rule of Law and Corruption Perception           | <b>0.96</b>             | <b>0.00</b> |
| Control of Corruption and Corruption Perception | <b>0.98</b>             | <b>0.00</b> |

**Note:**  
 Perfect Correlation Coefficient = 1  
 \* p-values of statistical significance are tested at alpha value of 0.01 i.e. 99% level of confidence.

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## V. CONCLUSION

Table 2 show there is near perfect correlation among three indicators. By reducing corruption, countries can ensure rule of law. However, reducing corruption can not be achieved unless philosophical teaching and practices are not inculcated among citizens. It is therefore vital for governments to plan moral education programmes, teaching of philosophy, ethical conduct, virtues not only for students during all stages of education, but also for administrators, law makers, and politicians for national growth and well-being.

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