CONTRIBUTION TO THE CONSULTATIVE PROCESS IN PREPARATION FOR THE UN GENERAL ASSEMBLY SESSION AGAINST CORRUPTION 2021

The UNDC International Diplomatic Organization is a non-profit organization, based in London and operating internationally, which aims to pursue universal peace, the spread of culture, dialogue between peoples, overcoming religious, cultural and economic differences. It is also very active in the defense of human rights, in the promotion of International Justice and in the fight against International Crime.

1. Introduction

Corruption is the set of behaviors through which a person is violated system of rules governing the common interest, to seek an advantage of a personal nature. "The crime in question is known since the most ancient statal systems as one of the most serious (and widespread) crimes against the administration of a nation. It is identified in a pactum Sceleris, an agreement (not forced) which takes the form of a real mercinomio, in a barter of the public function ".

In the 2011 report of the Group of States against corruption we read that corruption is “deeply rooted in various areas of the public administration, in civil society as well as in the private sector. Payment of bribes appears common practice to obtain licenses and permits, public contracts, financing, to pass exams, exercise the medical profession, make agreements in the football and sports world." It is a pervasive and systemic phenomenon that affects society as a
whole. “Corruption is one of the main causes of the inefficiency of services intended for the community, the failure of public finances, as well as the distrust of citizens towards institutions. It is the cause of an irrepressible moral disintegration, rather than a social one, as well as of very high economic costs; it concretely compromises the protection of the principle of equality, undermining the substantial equality of citizens "If on the one hand corruption, as estimated, poisons the economy because it steals public money that can be used for services to citizens, on the other hand the delays of the administrative bureaucracy, the inefficiency of the public administration, the uselessness of public works or services, all together leads to a loss of competitiveness of the country and a reduction in the attractiveness of investments.”

The fight against corruption is a necessity, especially in light of how it produces negative effects on a national economy already hit by the consequences of the economic recession. It is a widespread necessity, which goes beyond judicial, accounting and police investigations.

According to data provided by the World Bank (2017 indices), the average income in countries with a high level of corruption is about one third lower than in countries with a low level of corruption.

Corruption in the mode of public and private business, for example, leads to monopolies or oligopolies. Entrepreneurs who can use their collusion and money to bribe politicians or public officials can manipulate market mechanisms and secure the exclusivity of goods or services. Monopolists, since they do not have to compete with anyone, tend to keep their prices high and are not forced to improve the quality of the goods or services provided which would certainly be better if they were based on effective competition. If, for example, a construction company were to pay bribes to officials to obtain licenses, these costs would be reflected in artificially high prices for buyers with products often not delivered in a workmanlike manner. In corrupt economies, companies that otherwise would not be qualified to win tenders are given assignments as a result of unfair offers (e.g. offers involving bribes and consequently providing for cuts in workplace safety). This results in excessive spending on project execution which often leads to low productivity of public resources. Public procurement is the most vulnerable to fraud and corruption due to the large size of the financial flows involved. The World Bank also tells us that in most European countries public procurement constitutes between 15% and 30% of gross domestic product (GDP).
Furthermore, corrupt economies are characterized by a disproportionately small middle class and a huge divergence between the living standards of the rich and the poor. Our researches repeated over the years certify that there is a direct link between the level of corruption and entrepreneurial competitiveness. Corruption also negatively impacts the quality of education and health care. It is scientifically proven that corruption increases the cost of education in countries where education plays a decisive role in the recruitment and promotion of teachers (see for example the University). In the health sector, corruption has its deleterious effects in the choice of health service providers, in the recruitment of personnel, in the procurement of medical supplies and equipment. This results in unsuitable health treatment and inadequate or limited medical provision, reducing the overall quality of health care.

Economic literature traditionally traces corruption to the same reasons public intervention, or the actions of the state that seeks to resolve, with its own policies, i so-called market failures, and in particular to the regulatory functions of the economy[1]. The state, being managed by human beings with complex motives and interests, both public and private, when it seeks to maximize collective well-being, it continually risks falling back into the same inefficiencies it sought to remedy (government failures). To argue that public officials and politicians should always behave in accordance with the general interest does not imply that they always do so, nor that they never do. In other words, the theory challenges the idea of a state that is nonetheless benevolent in pursuing the public interest, which instead creates a space for the collection of bribes, "bribes", "sticks", "bribes" (bribes). The Public Administration, contrary to the Weberian ethical state, is not a machine or a company, and the agents who represent it, politicians and officials, also pursue their private interests such as prestige or wealth, which makes them susceptible to conflict interest and abuse, also because, unlike companies, the incentive of ownership is absent in the state.

Given this premise on the phenomenon of corruption, which is absolutely general and widely shared, different positions emerge among economists. A first approach, followed by the followers of the public choice school (Public Choice) and the 'University of Chicago' who believe that the State should be held as more far away as possible from the economy because the regulation of markets and still subject to "capture" By organized interest groups[2], corruption is a pathology that arises from an excess of public intervention. According to some of the most radical exponents of this school, who coined the term "toll booth theory" to denote the behavior of politicians who deliberately create unnecessary and harmful obstacles and regulations for the sole purpose of
obtaining bribes and favors from companies forced to pass through[3] by minimizing the role of the state and letting the market mechanisms operate, the negative characteristics of corruption would disappear, indeed this can, in some circumstances, be considered "efficient".

2. Proposals to fight corruption

Even without having a unitary interpretative framework, also because the incorporation of traditionally non-economic concepts and variables in the models is quite recent, the economic theory on institutions nevertheless provides some interesting and precise indications of anti-corruption policy, sometimes in contrast with common sense.

In general, it is difficult to propose recipes against corruption that are valid in any context: the same measures that are effective in a particular country can fail in another, not because they are wrong, but because the institutional, economic and relationship framework changes interpersonal between individuals. On the other hand, it is the combination of policies that intervene on several factors that can be the winning element. In any case, in authoritarian countries with a substantial democratic deficit, measured by the level of freedom of the media, corruption appears to be more rooted and less easily eradicated because the information asymmetry, which is at its base, continually regenerates the incentives to collude and bribe. Here the obligatory path is a change in the political-institutional framework.

Increasing salaries to public officials seems, in general, to constitute an effective deterrent to corruption, because it is an incentive correctly addressed to the agent, which reduces the motivation to be bribed. In Western countries this link seems to be established, especially when combined with a public administration reform that eliminates excesses of concentration of power.

Svensson[4] shows that in Sweden, today one of the least corrupt countries in the world, in the 17th and 18th centuries. public officials were poorly paid and the country was considered among the most corrupt in Europe. An increase in the pay of public officials and an effective administrative reform then changed the picture.

Contrary to the idea, widely spread among economists, that corruption reduces as competition exists in the markets where firms operate, the latter appears to be a secondary factor.
The reason is that competition is necessary and desirable not between firms that ask for corrupt favors, but between officials-producers who allow themselves to be bribed. The greater the extent of the power of bureaucrats, more easy for them to demand, or stimulate the offer of bribes. The policy indication that emerges on this point is therefore to reduce the degree of monopoly existing in the exercise of a specific administrative function, of which the costs and benefits of exclusivity in its exercise must always be carefully evaluated and, where possible, create forms of competition or in any case of joint exercise of functions. The transparency and responsibility are probably the factors most important to counter corruption. Other key elements for this are the integrity of the elections and a system of accountable and transparent political party financing. Effective criminal prosecution against corruption, fair trials and strict enforcement of dissuasive sentences for corruption-related offenses are indispensable to promote deterrent action. A protection effective legal informants (whistleblowers) and the presence of a company calendar and the press independent are essential components of an effective anti-corruption framework.

Law enforcement must be accompanied by a sound prevention policy, which can only be implemented in a context of better quality of institutions and governance in the public sector. Appropriate policy measures vary from country to country. The measures specified in this section are necessary, but are not exhaustive and do not guarantee the elimination of corruption. An essential condition for the success of any policy is the political will of the leaders (both elected politicians and appointed officials). There must also be an independent and impartial judiciary that is willing to investigate, prosecute and sanction corruption and has the capacity to do so.

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[1] A recent and comprehensive review of the literature on corruption and regulation is F. Boehm, Regulatory Capture Revisited - Lessons from Economics of Corruption,
Anti Corruption Training & Consulting (ACTC), and Research Center in Political Economy (CIEP), Universidad Externado de Colombia, working paper, 2007.

