

## A2 6: FOCUS ON CORRUPTION



32

### SUMMARY SHEET

Chapter approved by the  
President of the GRECO



Corruption can be described as one of the greatest evils of society. It not only has a wide range of disastrous effects, it is also very prevalent: it exists in all countries, big and small, rich and poor. But what is corruption actually? And how can we know how corrupt a country is?



### IMPORTANT POINTS FOR TOPIC : Definitions, forms and cartography of corruption

Corruption has a wide range of disastrous consequences: political, economic, social and environmental consequences. Fighting corruption is therefore recognised as critical to achieving the United Nations (UN) Sustainable Development Goals. Despite widespread consensus on its highly negative impact, there is less consensus of what corruption actually entails. For the purpose of this module, corruption is defined as the abuse of entrusted power for private gain.



### TAKEAWAY MESSAGE

Corruption threatens democracy, the rule of law and human rights (e.g. distorting electoral processes, enabling organised crime, violating the right to a fair trial through bribery of judges), weakens the provision of basic public services (e.g. decreasing the revenue the state collects, overcharging people for basic public services), hinders economic development (e.g. creating business uncertainty, increasing costs of doing business, decreasing investments, reducing tax collection), contributes to growing inequality (with the few disproportionately benefitting while the many are disproportionately harmed by it) and can lead to environmental disasters (e.g. in the field of mining or logging when public officials turn a blind eye to exploitation of natural resources in violation of environmental regulations in exchange for bribes). As such, corruption can result in a perception of lawlessness and lack of trust in public institutions, thereby endangering the foundations of society. While corruption affects everyone, it impacts the poor disproportionately: people are overcharged for or deprived of essential public services, such as health care, sanitation and education. Therefore, in the UN's 2030 Agenda for Sustainable Development, corruption is recognised as a serious and urgent problem, and that fighting corruption is a necessary pre-condition for achieving other Sustainable Development Goals.

Despite widespread consensus on the need to fight corruption, most people have a rather vague idea of what it is and where to draw a line between corrupt and non-corrupt behaviour. There is no universally agreed definition of corruption. Usually bribery is the first thing that comes to mind when people think of corruption. Bribery has an active side, whereby someone is offering, promising or giving an undue advantage (which could be money or any other kind of favour), and a passive side (which is a rather confusing terms, as this person can be very active in trying to get a bribe), whereby someone requests or accepts such an undue advantage in order to act or refrain from acting in the exercise of his or her official duties. When the person requesting or



# UCA 2

FOCUS ON  
CORRUPTION



## TAKEAWAY MESSAGE

accepting a bribe is a public official, this is called public sector bribery, but bribery may also occur in the private sector, whereby someone gains a business advantage in exchange for a bribe. Corruption is however broader than just bribery. It can take the form of abuse of office (the misuse of a person's position for private gain), trading in influence (whereby a person misuses his/her real or supposed influence over decision-making for the benefit of a third party in exchange for a favour), embezzlement (appropriating or using resources entrusted in someone's care for personal benefit) or extortion (the use of threat or force to extract money or other services). With the latter two forms of corruption, only one side benefits. Corruption may also entail favouritism or cronyism (unfair preferential treatment of or support to a person or a group, for example giving jobs to friends even if they are less qualified than other people), nepotism (a special form of favouritism involving family members) and/or clientelism (whereby a patron unfairly distributes various resources in exchange of political support, for example votes). Corruption is a collective name, which can include a number of illegal activities. One frequently used definition of corruption, which includes all of these activities, is "the abuse of entrusted power for private gain". When talking about corruption, a distinction is often made between grand corruption, referring to the involvement of high-level officials in large-scale corruption benefiting the few and harming the many, and petty corruption, referring to corrupt conduct of lower-level officials in their interactions with ordinary citizens, which may be "petty" but has serious adverse effects on ordinary citizens. Extreme forms of corruption include state capture, a type of systemic political corruption by which powerful individuals, firms, groups or other entities shape and influence a country's legislation, policies or economy to their own benefit, and kleptocracy, an extreme form of state capture, in which the people and natural resources of a state are exploited to maximise the personal wealth of corrupt leaders (kleptocrats).

While no society can claim to be free of corruption, there are noticeable differences in the levels of corruption and also in the levels of acceptance of corruption. Given corruption's hidden nature (actors engaged in a corrupt act will do their utmost to keep it concealed) and its diverse forms, it is incredibly difficult to say how much corruption there really is. The United Nations (UN) estimates, on the basis of research of the World Bank, that more than \$1 trillion is paid in bribes every year, with the global cost of corruption being estimated to amount to at least \$2.6 trillion, or five per cent of the global gross domestic product (GDP). The International Monetary Fund (IMF) calculates that curbing corruption would deliver an additional \$1 trillion in tax revenues annually across the world. Despite the scale of the problem, corruption is not always easy to see. For instance, in some countries where bribery is very rare in day-to-day access to public services, more insidious forms of corruption, such as cronyism, or more sophisticated forms, for example involving big corporations unduly influencing government decisions, might very well occur and be more difficult to spot. Official figures such as number of court sentences only present one part of the picture, but do not say anything about the number of corrupt acts that have never come to light. Most assessments rely therefore on indirect measures such as perceptions of experts or those conducting business in a country or public surveys. Such assessments need to be interpreted with caution though. The Corruption Perception Index (CPI) of Transparency International, which ranks countries according to their perceived levels of corruption, as determined by expert assessments and opinion surveys, is for instance a well-known example of measuring perceived levels of corruption. People however often forget that the CPI only covers perceptions of corruption in the public sector and does not necessarily cover all forms of corruption or the measures countries take (or do not take) to counter it. Notwithstanding this, the CPI can be a useful tool in raising awareness of the problem corruption and in highlighting how much trust citizens have in the system at any point in time.



# UCA 2

FOCUS ON  
CORRUPTION



## TEST YOURSELF: 10-QUESTION QUIZ

### 1. Is corruption good or bad for the economy?

- a. Corruption is bad for the economy, because companies which engage in corrupt conduct get more resources than the government, leading to inequality between the private and public sector;
- b. Corruption is bad for the economy, because it siphons funds from the state economy, increases the costs of doing business, stifles competition, reduces tax collection, creates business uncertainty and leads to decreasing investments;
- c. Corruption is good for the economy, as it greases the wheels of the state machinery (thereby increasing efficiency), saves time and provides extra income to civil servants, thereby saving state funds.

### 2. Why has corruption been included in the United Nations Sustainable Development goals?

- a. Because fighting corruption is critical for achieving sustainable development;
- b. Because corruption makes some politicians very rich;
- c. Because corruption gives too much power to private companies.

### 3. Which one of these would be a good definition of corruption?

- a. The promising, offering or giving by any person, directly or indirectly, of an undue advantage to any public official;
- b. The abuse of entrusted power for private gain;
- c. An act whereby a public official breaks a rule for private gain.

### 4. Which one of these activities can be considered passive bribery?

- a. When you promise a police officer that s/he will receive 200 EUR, if s/he does not give you a fine for speeding in your car;
- b. When you give a gift to your doctor for treating your pneumonia;
- c. When your teacher asks you for money to let you pass an exam that you would otherwise have failed.

### 5. What does the term trading in influence mean?

- a. Trading in goods entrusted in one's care;
- b. Petty corruption in health care or education;
- c. Being rewarded for improperly swaying the opinions of a decision-maker.

### 6. When a public official appoints his/her friend as a judge in one of the courts, even if there are many other much better qualified persons for this position, this can be called:

- a. Cronyism;
- b. Extortion;
- c. Embezzlement.

### 7. What is a characteristic of embezzlement?

- a. It is an act of corruption in which only one side benefits;
- b. It always involves large amounts of money;
- c. It always involves low-level public officials.

### 8. What is the meaning of the term "grand corruption"?

- a. Corruption involving large sums of money
- b. Cross-border corruption involving many countries
- c. Large-scale corruption involving high-level officials and their private interests

### 9. Why is it so difficult to measure corruption?

- a. Many courts do not keep statistics, so it is not possible to say how many convictions there have been for corruption;
- b. Corruption is a secretive act, in which the people involved have no interest in it coming to light, and it takes many forms;
- c. The proceeds of corruption are often transferred to an opaque financial country, which makes it unclear in which country to measure corruption.

### 10. Which are the characteristics of the Corruption Perception Index by Transparency International?

- a. It is perceptions-based, focuses on corruption in the public sector drawing on expert assessments and surveys.
- b. It is perceptions-based, focuses on multiple forms of corruption in the public and political sectors.
- c. It is perceptions-based, focuses on local level corruption in all its forms from the point of view of ordinary citizens.



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## USEFUL WEBSITES

You can access the sites directly by clicking on the links.

- The UN's 2030 Agenda for Sustainable Development: <https://sustainabledevelopment.un.org/post2015/transformingourworld>;
- The UN on the costs of corruption: <https://news.un.org/en/story/2018/09/1018892>
- U4 Anti-Corruption Resource Centre (including as regards the glossary of terms): [www.u4.no](http://www.u4.no);
- Transparency International (including as regards the Corruption Perceptions Index): [www.transparency.org](http://www.transparency.org).



You can find the answers and explanations on the answers sheet.



UCA 2  
FOCUS ON  
CORRUPTION