

Corruption – A Challenge for the Americas

For the Americas, corruption still presents a huge challenge. A definition of the topic is needed to introduce corruption as a challenge for the Americas more precisely by means of the global Corruption Perceptions Index.

Definition

Corruption is a complex phenomenon which presents itself in various forms within societal, political and private relationships. Academic disciplines underlie the term with connotations from the relevant subject area. From a historical legal perspective, corruption is described as a complex process in which a certain behavior of a function owner and holder of power exists in the public sphere or in the economy. The sociological perspective presents corruption as a pattern of deviant behavior which can occur as an effect, a suffering or an omission. It contradicts formal and / or informal norms of behavior and damages ethical and moral standards of the relevant social system (e.g. society, organization, group). In political science, the focus is on the decay of political systems in their entirety. The secret and non-documented contract of bribery is considered from the legal perspective. The object of legal protection damaged is the common good; the welfare of third parties is damaged. The definitions of the individual disciplines can overlap and add to each other. Existing and recurring characteristics of definition portray the abuse of power, corruption as a form of deviating behavior, mutual benefit, damage of the general public and secrecy.

In general, corruption is described as the informal abuse of a public, institutional or commercially granted position or power in order to gain an unjustified benefit or advantage; to put it briefly: corruption is "der Missbrauch von anvertrauter Macht zum privaten Nutzen oder Vorteil" (TI 2005).

Important Distinctions

Corruption is mostly associated with the public sector. However, corruption is being discussed more and more in the private sector due to a succession of detected cases. The boundaries between public and private authority are in many cases flowing. Furthermore, one can distinguish between active corruption (e.g. bribery or the granting of advantages) and passive corruption (e.g. acceptance of bribes or utilization of advantages). When determining active and passive corruption it is decisive whether or not due advantages are offered or demanded. This distinction makes it possible to comprehend the perspectives of the giver and the receiver (Rose-Ackerman 1999b). The extent of the corrupt behavior can be divided into 'petty corruption' and 'grand corruption'. As already implied by the adjectives, 'petty corruption' deals more with smaller amounts around local sleaze or survival strategies of badly-paid public officials. In this context, facilitation and grease money or corruption of poverty are also common. 'Grand corruption', on the other hand, encompasses the payment of commissions or larger sums of money with the aim of gaining influence on the political decision-making elite. It basically includes transactions of larger sums of money between multinational companies, heads of state and ministers. The term 'political corruption' is used for the acquisition of political influence. In this case, the inclusion of a holder of office in the political system is required. As soon as fixed tariffs for giver and receiver, informal rules, go-betweens or long-term relationship structures have been established, one would speak of systematic corruption.

The most recognized system for measuring corruption in an international comparison is still the Corruption Perception Index, published annually since 1995 by the international non-governmental organization Transparency International Corruption Perception Index (CPI). This does not measure the corruption itself, but the perception of the level of corruption. Despite a number of criticisms, it is used as the starting point for international comparisons as it provides the most complete approach to be stable over time.

Corruption and the Americas

Latin America is the continent with the highest rate of corruption. As such, Transparency International emphasizes that the perception of corruption is still significantly high in most countries of the Americas. In 2010, out of 28 countries examined, nine attained a score of less than 3; this attributes a proliferating and unrestrained corruption to those countries. Eleven countries reached a score between 3 and 5. This portrays a level of corruption in public administration considered as alarming. Only eight nations achieved a score above 5. Already in 2007, Transparency International reported, "this is alarming considering the obvious links between corruption and the high levels of poverty, inequality and violence in the region." (Transparency International, CPI 2007). A ranking of countries in the Americas carried out by the CPI in 2010 allows for a more precise ordering of the individual countries¹.

The constantly and stably low level of corruption in Chile, Barbados and Uruguay should be highlighted. The value recorded for Chile in 2010 has overtaken that of the United States (2007: United States: 7.2, Chile 7.0). The poor absolute value of Mexico should also be noticed; it lies on a similar level to that of India and China in an international comparison. A negative diagnosis is given for Argentina with a score of 2.9, presenting a perception of corruption which is only slightly better than that of Russia. In a current study by TI on party and election financing (Transparency International, Crisis Project 2010), Argentina - along with Colombia, Costa Rica, Guatemala, Nicaragua, Panama, Paraguay and Peru - were examined. All countries display large deficits in the accountability of their party and election financing systems. The main problem is recognized as being that there is no existing overview of private financial donations to parties and that party financing is not published. Reports of the parties to the electoral controlling bodies mostly only reflect public funds. In the four Central American countries and Paraguay, the electoral controlling bodies do not receive reports of private party donations. Thus, corrupt and spheres (something wrong with the order of words) of influence on politics marked by patronage are highly likely.

The Fight Against Corruption

In recent times, politically relevant coalitions have been formed to fight against corruption. Corruption can basically be fought on two levels: firstly, on the international level through multilateral conventions, and secondly on the national level through legal foundations in the individual nations. On the international level, e.g. The United Nations (UNO), the World Bank, and Organizations for Economic Cooperation and Development (OECD) have developed international conventions or guidelines. On the level of continental regions, e.g. the EU, the Organization of American States (OAS) and regional development banks have drafted guidelines and ratified conventions.

The OAS declared the "Inter-American Convention Against Corruption" in March 1996. The first of its kind, it calls upon its member states to punish both national and international corruption and to agree on extradition. Furthermore, it contains recommendations for a range of preventative measures including reporting systems, internal checks for companies of the public authorities and the inclusion of the private sector in the fight against corruption. With the exception of Barbados, all nations of the Americas have ratified the convention and delivered corruption reports. The United Nations Convention against Corruption of the UN took effect in 2005. It obliges the contract parties to prosecution of various forms of corruption with respect to holders of office and to international cooperation. This contract places a major focus on the prevention of corruption. With the exception of Barbados, which has only signed the convention, all countries of the Americas have also ratified this convention.

¹ http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results

Conclusion

Corruption, patronage and nepotism can be seen as important causes both of political instability and economic underdevelopment of the nations of the Americas. The development of the countries is influenced both by modernization and the preservation of patrimonialism. The unequal access to the means of production forms the basis for corrupt and patronage-based criminal activities. A lack of transparency, exclusion of the majority of the population, low participation in civil society and a failure to prosecute corruption are the effects of the political system and complete the cycle making corrupt dealings easier. The increasing professionalization of politics and the lacking transparency of financing leads to election campaigns becoming more and more expensive, and to politicians becoming increasingly dependent. Corruption therefore also has immanent effects on the political system. All varieties of corruption are represented in the Americas, although the systematic corruption is alarming in many nations. Canada, Chile and Uruguay have made the most progress in the fight against corruption.

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