**Demand and Supply of Corruption**

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**Abstract:** There is much talk about corruption today in poor, emerging and advanced societies. But what is the meaning of “corruption”? The word has many connotations and denotations, which is conducive to confusion. The Transparency Index (CPI) offers a way to measure the occurrence of corruption, but it is heavily skewed in favour of the advanced nations. It lacks essential conceptual distinctions, covering almost all kinds of economic crime against the public sector, leaving out corruption in the private sector. In a new approach, one must separate between the demand and supply of corruption as real bribery or illegal kickbacks.

**Keywords:** Semantics of the word “corruption”, Corruption Perceptions Index, demand and supply of corruption.

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**INTRODUCTION**

We hear daily about accusations of corruption in politics and economics. One may be led to believe that corruption is very widespread and impacts upon social outcomes in a broad manner. But what is corrupt behavior? And does it matter so much for outcomes everywhere?

The often cited index of transparency (CPI) is claimed to constitute the index of corruption. We cite: “Corruption takes many forms, but always involves the abuse of entrusted power for private gain.”(http://www.transparency.org/). This definition of “corruption” is both too broad, including all forms of government or bureaucracy abuse, and too narrow, excluding the private market sector. It is not a very telling index. We need to go beyond the conventional framework of analysis, based upon the Transparency Index, which actually is heavily skewed against poor countries, or the Third World.

First we need a concept of corruption that is specific and does not denote any crime or abuse. Second, we must revise the stylized and inherited picture that corruption is mainly a set of Third World phenomena. It is vital to distinguish between two types: petty corruption and big money corruption.

It should be acknowledged from the outset that data is sparse of obvious reasons. To find actual information about specific cases of corruption, one would need access to lots of legal rulings and processes comparatively. Thus, what follow below is mainly some theoretical notes and conceptual deliberations.

**MEANINGS OF “CORRUPTION”**

One may use various sources for a small scale enquiry into the semantics of “corruption”. Here, we go to a few standard dictionaries, like first the Oxford Thesaurus:


ANTONYMS: Honesty”

**Source:** [https://en.oxforddictionaries.com/thesaurus/corruption](https://en.oxforddictionaries.com/thesaurus/corruption)

Reading this long list, one immediately gets the impression of semantic chaos. “Corruption” has several and different meanings and the claim to synonymy is unclear if not unfounded. One may wish to separate between the following concepts:

a) Crime
b) Misconduct
c) Dishonesty
d) Fraud
e) Bribery (illegal kickbacks)
f) Unscrupulousness
g) Extortion
h) Malfeasance.

These concepts are definitely not the same or identical, reducible to one common foundation, i.e. corruption. A crime like manslaughter does not entail corruption, misconduct does not imply corruption, dishonesty neither nor fraud. On the contrary, bribery entails corruption. For unscrupulousness, extortion and malfeasance holds the same, i.e. no necessary link, only contingency. No small wonder that people write that if corruption is stopped, then big wonders arrive.

Corruption is a sufficient condition for crime, misconduct, dishonesty, fraud and malfeasance, but it is definitely not a necessary condition. In a definition, we would like to cite...
both necessary and sufficient conditions. Approaching the definition of the concept of corruption, one may travel along the broad route above, but it makes the concept too broad or hollow. Only bribery is an essential property of corruption, in my view.

PUBLIC AND PRIVATE SECTOR CORRUPTION

If the Oxford Thesaurus presents a too broad definition, the perhaps the Oxford Dictionary holds a too narrow definition. First, it presents the adjective “corrupt”:

Having or showing a willingness to act dishonestly in return for money or personal gain: ‘unscrupulous logging companies assisted by corrupt officials’;

Then the Oxford Dictionary goes on to present a definition of the work “to corrupt”:

Cause to act dishonestly in return for money or personal gain: ‘there is a continuing fear of firms corrupting politicians in the search for contracts’.

Source: https://en.oxforddictionaries.com/definition/corrupt

Here, the concept of the bribe is essential, but there is no reason to limit its use to the public sector, i.e. politicians and bureaucrats. The bribe or kickback knows no borders, public or private. But the bribe is the essence of corruption, establishing a link between the person who somehow pays and the person who in some manner receives, making both legally or morally culpable – a binary relationship.

Thus, corruption is a relationship, a binary word according to logic. One person supplies something valuable that the other person demands for a service or good. Thus, corruption binds two persons together in a quid pro quo, which is essential. Following this conceptual development, we must inquire into the definition of the term “bribe” to distinguish it from natural gift or ordinary payment, which actually is quite tricky.

THE BRIBE

Google has the following two entries on bride and bribing respectively:

“Bribing: persuade (someone) to act in one’s favor, typically illegally or dishonestly, by a gift of money or other inducement;”

“Bribe: a sum of money or other inducement offered or given in this way.”

Source:https://www.google.com/search?rls=aso&client=gmail&q=bribe&authuser=1

The bribe constitutes a dishonest or illegal quid pro quo between a favour and a payment or gift. To separate an honest or legal quid pro quo from a bribe as well as natural gift or ordinary payment from the bribe is at the heart of all accusations of corruption. Perhaps it can only be done inside the court—room, as outside of court it could be just an accusation. This emphasis upon:

a) Binary interaction
b) Dishonest favour
c) Illegal payment,

Makes it possible to identify a specific concept of corruption. And, importantly, one can distinguish the term from other terms, like the following.

i) Embezzlement
ii) Favouritism
iii) "Concubinage"
iv) Patronage
v) Cronyism
vi) Money laundering
vii) Tax evasion
viii) insider trading
ix) fake public job

All these phenomena may contingently involve the bribe, i.e. corruption, but it is not a necessity. Embezzlement falls under the concept of theft, whereas the other forms of may involve reciprocity between the favourite and the giver of favours, but it is not necessary. These relations may be one directional and involve no bribe. Having clarified the concepts of corruption and their differences, one faces the difficult task of measuring the occurrence of specific corruption as bribery, as contract “consideration” between two individuals or two organizations, represented by individuals.

MORAL AND LEGAL CONDAMNATION OF CORRUPTION

Instead of naming all kinds of bad economic behavior in the public sector “corruption”, it is better to focus upon the specifics in each case. If it is corruption and not solitary embezzlement or group patronage, then what is the bribe in question? If it is a matter of a general relation of symbiosis, like in cronyism or favouritism, then it is more clarifying to speak of these phenomena directly than place them under “corruption.”

Corruption has a strong illegal connotation, which is lacking in general favouritism. One may even argue that moral accusations of corruption can only be validated by court action. Yet, this would limit the application of the concept too much, because court systems in various countries possess different qualities in terms of the rule of law. Failure to punish corruption does not prove innocence, but it may merely be a matter of lack of evidence or court competence.

Bribes: Payments or Gifts?:
Corruption as bribery is nothing but a tacit contract between two parties where the key element of consideration is kept or must be kept secret.

In contract law consideration is concerned with the bargain of the contract. A contract is based on an exchange of promises. Each party to a contract must be both a promise or and a promise. They must each receive a benefit and each suffer a detriment. This benefit or detriment is referred to as consideration. We cite again:

“Consideration must be something of value in the eyes of the law - (Thomas v Thomas) (1842) 2 QB 851. This excludes promises of love and affection, gaming and betting etc. A one sided promise which is not supported by
consideration is a gift. The law does not enforce gifts unless they are made by deed.”

**Source:** [http://e-lawresources.co.uk/Consideration.php](http://e-lawresources.co.uk/Consideration.php)

In a corrupt deal, the consideration is neither explicitly written down nor is it kept open to others. And following Kant’s publicity rule, that what is not capable of being revealed publicly is most probably illegal or reprehensible. A consideration binds both parties to deliver something agreed upon. Thus, there is a binary relation involving a *quid pro quo*. The promisee pays something of value and the promisor delivers a service.

Now, this is a narrow concept of corruption, but it is certainly not restricted in its application to the public sector. The crux of the matter is that the consideration involves the buying and selling of something that is not legally for sale. When proving corruption, it is vital to show that there was consideration about something that cannot be sold, which is not always easy to find evidence for.

Now, how widespread is corruption according to this strictly defined and narrow concept? I would suggest that it is hardly as widespread as claimed, although culture and legal tradition matters. Of course, poverty would be a strong motivation to supply corruption. Poverty may also be a factor on the demand side, but corruption may be expensive. In an economic approach to the demand and supply of corruption, one must start from the benefits and costs of the individuals involved in this binary transaction, the bribe. In addition, the cost of being caught in the act has to be taken into account.

Interesting cases of corruption arises when the accused of supplying a service defends himself/ herself that it was only a matter of a gift without consideration. Consider the examples of Giscard d’Estaing and Olmert.

Gifts as bribery is tricky, as the quid pro quo may be released a long time after the transaction. Payments as bribes may be negative, as when the consideration involves buying a good (e.g. property) as a much lower price than going market price.

**The Ambiguity of the Gift in Politics and Public Administration:**

The gift may be an invitation to corruption in the sense of bribery here, but it could also just be a token of sympathy. To prove corruption, one must show the quid pro quo, actual or expected. We are here on the demand side of corruption as a binary relationship, and the gift may constitute a legitimate expectation of some counter offer from the supply side of corruption. When a major politician like the French president or the Israeli Premier receives large valued gifts, then that calls for corruption inquiry. To whom belongs the gift? Is it personal or public? Is there any consideration involved, now or in the future?

In Singapore, known for its stern fight against corruption, gifts to public officials are not really allowed, due to the fact that giving may raise expectations. The regulations about corruption include a strict awareness of the problematic of the gift – one-sided or two-sided. Let us quote about corrupt intent and gift restrictions:

**“Quid pro quo:**

Under Singapore law, on satisfaction of the “public body” test, there is no need to prove that the receipt of gratification was an inducement for a specific corrupt act. It is sufficient for the gratification to be given in anticipation of some future corrupt act. However, the accused must have corruptly accepted the gratification i.e. believing that it was offered as an inducement, before this presumption is triggered. Case law refers to the sense of obligation the receipt of the gratification must create in the recipient. The relationship has been characterised by the courts as the purchase of the recipient’s “servitude”, establishing a “retainer” relationship and the accused being “beholden to” the giver.

**“Gift thresholds:**

Although there is no specific guidance on monetary thresholds of gifts in Singapore law, practical guidance can be found in the approach of public bodies. The Instruction Manual, published by the Singapore Government, which applies to all Singapore public officials, details when gifts and entertainment can be accepted and when they must be declared. As a matter of practice, all gifts need to be approved by a permanent secretary and only gifts under S$50 can be accepted. Any gifts valued at more than S$50 can only be kept if they are donated to a governmental department or independently valued and purchased from the Government. Taking a slightly different approach, Tey’s case revealed that the NUS Policy on Acceptance of Gifts by Staff requires consent to be sought for all gifts over S$100.”


**The Politics of Corruption:**

The broad definition of “corruption” lends itself very well to political gaming. In some countries, accusation of corruption are legion, but one does not know whether it is corruption as bribery or corruption as any crime against the state, like embezzlement, favouritism or patronage. Often these accusations are merely politically motivated and enter into a blame game, where corruption accusations are traded among opponents.

Not many accusations of corruption end up in court, and even fewer result in punishments or incarceration. Proving real corruption, one has to give evidence about the parties involves, the consideration at the centre of the interaction and the following quid pro quo realization. Often, in these political debates about “corruption”, what is meant is favouritism or embezzlement. This seems to be case for Brazil, where giant firm Petron as is said to have provided gifts.

**STYLISTED HERALDED VIEW OF CORRUPT PRACTICES**

In the literature on corruption (See Holms, 2015), one finds the following standard tenets:

i. There is massive corruption over the whole world, causing lots of negatives;
The corruption in Third World countries is much higher than in the First World, counting the Second World to the Third World;

Public sector corruption is more wide-spread and dangerous than private sector corruption.

I suggest that we scrutinize these hypotheses and move to question these beliefs. There is not much data available on corruption, but theoretical deliberations point to a different view compared with i)-iii) above, if we model corruption in a demand – supply framework. The well-known Transparency Index targets perceived (!) corruption, which is a quite different entity compared with real corruption, according to the more specific concept above. CPI will include whatever the experts in the panel asked state. Thus, it is likely that these expert estimates cover most of the above listed abuses under the heading “perceived corruption”.

Perhaps this is the only research approach possible, when it comes to country comparisons? The CPI states the following definition of “corruption”:

“Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.”

Source: http://www.transparency.org/what-is-corruption/

This amounts to a most wide concept of corruption, but focusing only upon government and its bureaucracy. Perhaps it is both too wide and too narrow as a definition? This is not the place to question the individual country rankings, but some scores are a little stunning, like for all countries in the Balkans, Latin America in general and Tunisia. Both the validity and the reliability of the transparency index may be criticized. How to know whether one African or Asian country is more corrupt than another?

This concept of corruption covers all forms of abuse of public power for private gains – see the above list. Thus, it would be more appropriate to speak of CPI as an index of “economic crimes in government”.

The perceptions of average economic crimes come form a panel of experts with some international organizations. We read in Wikipedia the following:

“Transparency International commissioned Johann Graf Lambsdorff of the University of Passau to produce the Corruption Perceptions Index (CPI).[4] The 2012 CPI draws on 13 different surveys and assessments from 12 different institutions.[5] The institutions are the African Development Bank, the Bertelsmann Foundation, the Economist Intelligence Unit, Freedom House, Global Insight, International Institute for Management Development, Political and Economic Risk Consultancy, Political Risk Services, the World Economic Forum, the World Bank and the World Justice Project.”

Perhaps the country rankings from 0 to 100 were averaged out for these expert groups? We do not know what materials they employed for the rankings, from much corruption to no corruption

THE CPI

Let us look at the average continent scores for 2015 (Table 1):

Table 1. Amount of transparency in the public sector = Average lack of corruption numbers

<table>
<thead>
<tr>
<th>Continent</th>
<th>Average CPI Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU &amp; Western Europe</td>
<td>67</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>33</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>43</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>39</td>
</tr>
<tr>
<td>Americas</td>
<td>40</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>33</td>
</tr>
</tbody>
</table>


Actually, these average scores do not say much, as the group categories are extremely wide. The span within some of the groups is quite large, meaning that the category continent explains little. “Americas” comprise both North, Central and South America, although their scores vary much. Let us try affluence first and foremost. The same applies to “Asia Pacific”.

Figure 1 shows instead in a clear fashion that these CPI scores are linked with affluence as GDP per capita.

![GDP per capita – Absence of corruption](GDP per capita / Constant value 2010 USD)

Figure 1. CPI and GDP globally: \( y = 0.0008x, R^2 = 0.68 \)

The finding in Figure 1 is an asymptotic curve, meaning that over a certain threshold of affluence, the lack of corruption is established and transparency not augment with more GDP. This magical threshold seems to take place at 4000-6000 US dollar per capita, which is maybe an income that makes a person less eager to supply corrupt services – see the demand – supply model below.

Examining Figure 1, one is inclines to argue that the CPI measures government abuse in general, and not merely corruption. If one includes all kinds of personal abuses by politicians and bureaucrats, one arrvies at the conventional view that public sector criminality is higher in the Third World countries than in the First World countries. But is this really specifically corruption as bribery, covering the entire society, also the market sector? Or is it merely the occurrence of general crime against the state in poor countries?

**RULE OF LAW**

Is the standard inherited view on crime correct? One may consult other indices that tap the respect for the law and contract enforcement in general, like the rule of law index in the big World Bank Governance project. In the major WB Governance project, the authors make a distinction between the rule of law on the one hand and control of corruption on the other hand. They state:

“Rule of Law (RL) – capturing 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.”

“Control of Corruption (CC) – capturing 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.”

(Kaufmann, Kraay and Mastruzzi, 2010)

The CC index is evidently very much the same as the CPI, i.e. extremely broad, covering all kinds of public abuse for private gain. The WB Governance project state that they made use of the Transparency Index when calculating the CC index.

However, what is troublesome is that the RL index in reality turns out to be much the same the CPI index, i.e. measuring the backwardness of the Third World. Figure 2 shows the link between WB’s rule of law index and Transparency International’s CPI. They measure the same phenomenon, namely the link between economic criminality and poverty.

Perhaps then, the RL index by the WB Governance project is also a Third World index? Look at Figure 3 for the same curvature, very low scores in poor nations and then an augmentation up to a certain level, an asymptotic curve. But the CC or CPI was measured independently of the RL index!
One may pursue this finding one step further, by looking at the link between the GDP scores and the so-called World Justice index. It is calculates thus: “The WJP Rule of Law Index relies on over 100,000 household and expert surveys to measure how the rule of law is experienced in everyday life around the world. Indicators are grouped around the following nine factor:”…”Performance is measured using 44 indicators across eight primary rule of law factors, each of which is scored and ranked globally and against regional and income peers: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice.” Source: http://worldjusticeproject.org/rule-of-law-index

The World Justice Project out of Washington DC covers not only corruption or rule of law but criminality at large arrive at the picture as the CPI index, namely:

Source: Corruption Perceptions Index from Transparency International, www.transparency.org; World Justice Project, worldjusticeproject.org/

TOWARDS A NEW APPROACH

The image of global corruption typically rendered on the basis of the index of transparency is too blunt, placing most corruption with Third World countries under a most general definition of “corruption” as public sector abuse for private gain. Targeting the concept of corruption as bribery, one may construct a more nuanced picture where corruption in the First World is fully recognized on the one hand and corruption in the Third World is better understood as mostly petty corruption on the other hand.

Opaqueness of Private Sector Corruption:
The Transparency Index deals only with the abuse in the public sector. This is a major limitation, because in the private sector the opportunities for abuse are more numerous and much more difficult to spot and correct. Two reasons for this may be identified:
- The rules are less clear and enforceable;
- The spirit of collusion typical of private sector governance often hinders full scale revelations of abuse.

In the market sector with huge multinational enterprises and financial institutions, there is plethora of remuneration types that can be employed the grey-zone between legality and
illegality. The amount of money for compensation is often staggering, with so-called bonuses reaching over 100 per cent of normal salary. Another opaque concept besides the ambiguous “bonus” (for what?) that may invite corruption is the “commission” in market dealings.

The CEO may often count upon support from the board of his firm for large salary increases, regular or ad hoc, because he/she may suggest at the same time huge augmentations of board members’ remuneration – perfect collusion against shareholders or stakeholders.

**Principal-agent Gaming:**

Some forms of corruption adhere to the principal-agent model, where an employee uses corrupt practices to go behind his/her principal to get extra revenue in an illegal manner, more or less tacitly. As public employee is bureaucracies in the Third World have a very low income in general, the supply of services or goods for bribes is huge. Similarly, as the quantity and quality of public services is low in poor countries, there is a large demand for improvements that may be the quid pro quo of a bribe.

**Big versus Petty Corruption:**

Poverty feeds crime. That is the conclusion one draw from the above Figures. But one knows not much about corruption in its more strict meaning as bribery. Theorizing corruption in a more strict definition as a binary relationship concentrated upon the bribe, one cannot assume that it occurs much more often in poor than in rich countries. It is vital to separate petty corruption from big corruption.

Petty corruption is often occurring in Third World countries. Why? Poverty! Often salaries of public officials are low, or they may not have been paid full salaries for some time. One can analyse petty corruption as a market phenomenon, where the buyer and seller meets, given their ambition to maximize expected value. The bribe has an additional cost or benefit, namely the risk of disclosure and loss of work or punishment.

The occurrence of corruption in Third World countries reflects their poverty and it is mainly a matter of petty bribery of low paid officials. The difference between the Third World and the First World may be visualized in a demand and supply framework (Figure 5).

Some may question the ambition to subject corruption to a demand and supply type of analysis. It could smack of economic model imperialism, as with G. Becker’s framework (2013) or like the ideas of an economic analysis of law with R.A. Posner (2004). Yet, the aim here is just conceptual, i.e. to pin down a more precise concept of corruption and offer a reasonable theory of the difference between First World and Third World corrupt practices.

It is of course possible to speak of demand and supply of corruption, since there is the typical element in a contract between two parties, viz. the consideration. On the one hand, the promisor offers something and the promisee receives something and on the other hand there is the contra exchange of something valuable. There may be defection, but it would have to be settled outside of court, by means of retaliation.

One has to add the potential legal costs to the calculation of benefits and costs in corruption. It is a probability assessment that lies at the core of offering and taking bribes, but it is a question of subjective probabilities that may be completely wrong. In petty corruption, the probability of a incarceration must be taken into account somehow, whereas in big corruption the reputational costs could be enormous for a business.

![Figure 5. Demand for and Supply of Petty Bribes in Poor Societies (Q2) and Rich Societies (Q1)](image)

The supply of petty bribes will be highly restricted in rich societies, because officials are paid decent remuneration and fear much the legal consequences of revelation. The demand curve is the same.

**Omnipresence of Big Corruption:**

When it comes to big corruption, then each society comprises a clientele who dares to engage in such activities, focussing upon millions or billions of dollars. Here it is the
demand curve that differs between the poor and rich country.

Big corruption is not often of the principal-agent gaming kind, but involves organisations, buying for licences or contracts. Kickbacks often take this form, where an organization promises to do some extra favours for the state, if awarded the deal. A firm may also pay an employee an astonishingly high bonus, if he/she can get hold of the contract in question. Sometimes firms operate a whole system of bonuses that far outweighs the normal salary in order to create inducements. Whether this is legal or not is a question for the grey zone, but the temptation for the individual employee to fix the deal may become too tempting.

One has recorded several cases of firm corruption in defense procurement as well as in the competition for e.g. telecom contracts or defense procurement. Rose-Ackerman (2016) argues that corruption has increased, but are we talking about big or petty corruption, corruption as bribery or kickback or merely economic crimes against the state? Rose-Ackerman presents an analysis along Chicago School Economics of corruption as resulting from the incentives of public officials. Shesuggests numerous reforms to 'reduce the incentives for bribery and increase the costs of corruption', reminding of Becker’s famous analysis of crime – “three strikes and you are out”.

Yet, why care about petty corruption? Big corruption is different, violating for instance the World Trade Organisation’s rules for public procurement. In petty corruption like in Nigeria, bureaucrats often simple try to stay alive, sometimes not paid or paid properly. Big corruption occurs in the summit of states and markets, but it is not the same as e.g. embezzlement, patronage or money laundering.

An accusation of big corruption must provide evidence of mutual consideration, involving some form of bribery or illegal kickback.

Figure 6. Demand for and Supply of Big Bribes

Comparing Figure 2 with Figure 1, we arrive at the conclusion that petty corruption would be expected to occur mainly in poor countries, whereas big corruption would expectedly take place predominantly in rich countries. Big corruption cases receive lots of attention, because they are important for market ethics and state integrity. But accusations of big corruption are not always validated by a court – see for instance the many cases in Israel! Big corruption typically involves the market sector with private firms seeking illegal favours in some quid pro quo. The limitation in the CPI to the public sector is arbitrary!

**Petty corruption dynamically:**
Using the demand and supply framework for the analysis of corruption as a binary relationship, one may add a few dynamic remarks to the static pictures above. The demand curve shifts outward when a society faces a crisis, economically or politically. People find that the normal ways of getting goods and services do not function smoothly, which is why they may try to offer an extra payment, monetary or non-monetary ones. There will be more corruption for a higher price in poor societies. If there is a coup d’etatchanging the regime towards less institutionalization, the supply curve shifts outwards, as corrupt officials need supplements to their unsafe income, or salaries. The price of corruption goes down and the quantity increases in poor societies.

**IS SOCIAL TRUST THE REMEDY?**
A few scholars regard corruption is the “cause” of all evil, almost as in a religious theory. They take the reliability and validity of the corruption rankings in Transparency Index for granted, and they correlate these numbers (low for Third World, high for First World) with all bad phenomena. They conclude, like religious believers: Eliminate corruption and the world is saved from evilness! They even go on to suggest a basic remedy, viz. social trust (Hallelujah). The problem with the concept of social trust is the same as with corruption in the Transparency Index: too many different connotations and no validated unique denotation. It has even been proposed that the R. Inglehart (1999) individual indicator: “Survey question: “Most People can be Trusted”
(interpersonal trust or generalized trust) can measure the amount of resistance to corruption in a whole society. This is merely an ecological fallacy (Burnham et al, 2008, p. 41), as it may be the people who answer YES who engage in corruption! I believe that generalized trust may not be a rational strategy in an environment of infested terrorism. The entire framework of social trust or social capital is a conceptual muddle (Guinnane, 2005; Durlauf, 1999; Stirrat, 2004; Franklin, 2004).

CONCLUSION

When the concept of corruption is theorized in a more precise manner as a binary relationship, and modelled according to demand and supply, then it is to be found in both poor and rich countries, but it is not the same type of corruption that dominates – petty against big corruption. I hope this argument contain a more nuanced view of corruption than the CPI.

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