



## La corrupción como factor geopolítico

### Resumen:

Los recientes escándalos de corrupción internacional ponen luz sobre un fenómeno cuya solución no puede alcanzarse únicamente en clave nacional a la vez que alertan sobre la necesidad de mantenerse vigilantes. El mundo globalizado, líquido y dominado por flujos, se ha hecho pequeño y la vida local se ha entrelazado con estructuras, procesos y eventos globales. Ahora bien, la globalización también internacionaliza cosas tan indeseables como la corrupción. Este fenómeno, complejo y diverso, debilita al Estado y hasta puede propiciar su colapso. Los procesos en cuestión tienen lugar principalmente en entornos regionales, por lo que obligan a soluciones del mismo signo, que además deben ser integrales. Estas pasan por el reforzamiento de los Estados – y con ello de sus instituciones - desde sus propias referencias culturales, así como también por una mayor información y transparencia.

### Palabras clave:

Corrupción, Seguridad, Transparencia, Corrupción Sistémica, Crimen Organizado.

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In the early 1990s, the then president of the World Bank, Robert McNamara, highlighted the international interest in corruption, something unthinkable just a few years earlier. It was during the first half of that decade that a chain of international scandals with global consequences had exposed major flaws in democratic systems. Since then, scandals of this kind have only increased.

Political, economic and administrative mechanisms have been unable to adapt to the pace of development of international society. This, together with the rigidity and predictability of institutions, has led to the emergence of large areas that are beyond the reach of legislators and rulers.

The word corruption derives from the Latin verb *corrumpere*, meaning to rot, referring to an internal process of degradation that leads to a loss of integrity, of being. Its essence is a deviation from what should be, from what is right. Therefore, legal or not, and even if there is no punishment, corruption will tend not to be admitted, remain under a mask of normality or, even worse, be trivialised.

For its part, the *Royal Spanish Academy* defines *corromper* as "to alter and disrupt the form of something" and "to spoil, pervert, damage, rot". Corruption goes beyond the concept of *corrumpere* towards a deviation from impartiality, implying unequal treatment, a divergence.<sup>1</sup>

This term began to be applied to public activity when states started to become bureaucratised. However, there is no common definition of the term, which itself covers a wide spectrum of activities. It is a complex phenomenon, which varies according to who formulates it, and its very indefiniteness contributes to the difficulty of its treatment and solution.

It is a term of a cultural nature. And precisely because it operates differently across cultures, the range of corrupt activities varies regionally, despite having a common core; activities considered corrupt in some places are not considered corrupt in others, depending on the culture<sup>2</sup>.

Its main material characteristic is the existence of illegal or illegitimate benefits and remuneration, in a flow that simultaneously links supply and demand. It is also linked to decision-making processes and results in harm to a usually anonymous third party.

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<sup>1</sup> SASS MIKKELSEN, Kim. "In murky waters: a disentangling of corruption and related concepts" *Springer Sciences+Business Media*, Dordrecht 2013.

<sup>2</sup> HOOKER, John "Corruption from a Cross-Cultural Perspective". Carnegie Mellon University, October 2008.  
<http://web.tepper.cmu.edu/jnh/corruption08s.pdf>

For the *Royal Academy*, when referring to organisations, and especially public ones, corruption is "the practice of using the functions and means of an organisation for the financial or other benefit of its managers". The *World Bank* defines it as an abuse of public power for private gain.

This meaning, initially linked to public authority, has been transferred to all nodes of civil society with the capacity of resolution. *Transparency International* defines it as the abuse of delegated power for private gain<sup>3</sup>. It should be clarified that this benefit does not necessarily have to be of an economic nature, although the economic element is always present, even if it does not cause direct harm.

Delimiting a translucent concept is difficult, and this is always difficult when measuring social concepts. To define corruption in terms of perception is to accept a mistake; to do so on the basis of the public interest requires defining what the public interest is, involving a separate debate. It can also be defined in terms of legality, with an operational definition embodied in an *ad hoc* list of associated activities. These legal and administrative constraints are at odds with the broad moral nuances of the concept and has led to a proliferation of increasing complex rules that are<sup>4</sup> almost impossible to harmonise.

We find ourselves in grey areas that allow for conceptual boundaries to be shifted at will to enter into nominalist debates through which to slip. What cannot be avoided is the moral sanction associated with advertising.

The term corruption encompasses a range of activities with different meanings and valuations in each society: bribery, misappropriation of funds, nepotism. It takes many forms depending on the complexity of the society: patronage, misrepresentation of scientific information, violation of the principles of truthful information, exchange of gifts and favours, and so on.

Corruption, moreover, is an additional factor associated with other illicit activities; in fact, it is often the necessary condition for them to flourish. By way of example, in Germany one third of criminal acts committed in 2009 involved corruption offences. And in structurally weak developing countries, corruption adds to the myriad of ills that make up their state of prostration. There is a relationship between corruption and weak States. As we will see, it is obvious when comparing the maps of one term and the other

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<sup>3</sup> Transparency International (<https://www.transparency.org/>) came into being in 1993, precisely because of the failure of various policies promoted by the World Bank against corruption in Africa.

<sup>4</sup> BYRNE, Elaine. *The Moral and Legal Development of Corruption: Nineteenth and Twentieth Century Corruption in Ireland*. PhD Thesis, University of Limerick. 2007

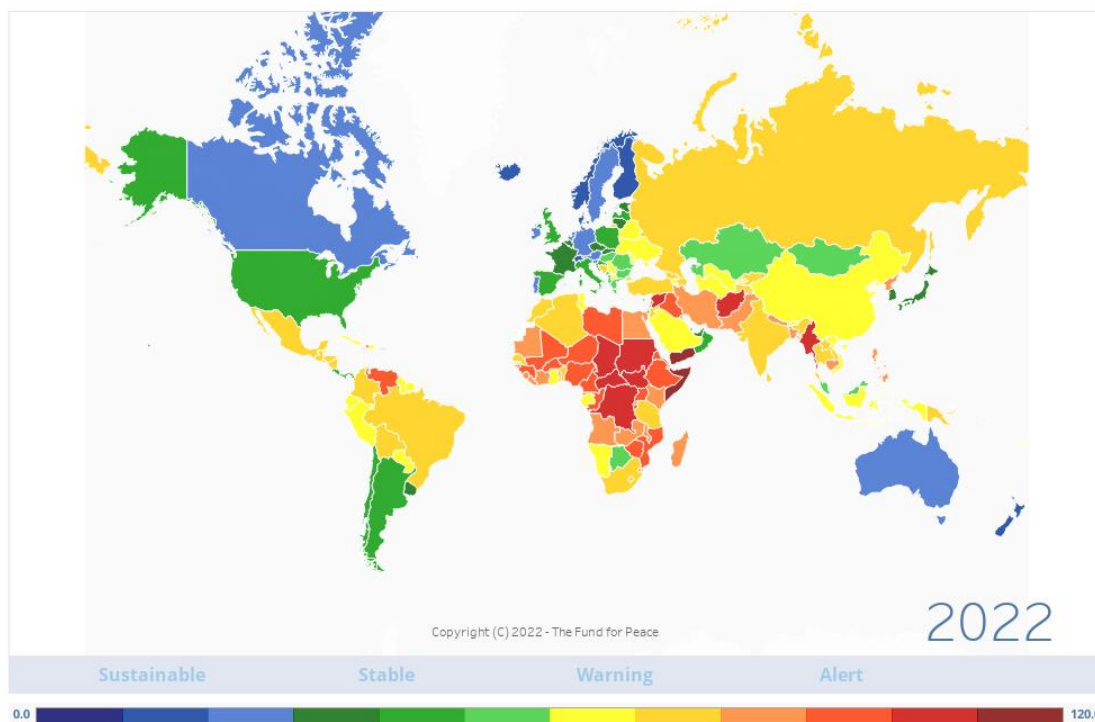


Figure 1. Fragile State Index 2022

Source: [951 22 Report REV.pub \(fragilestatesindex.org\)](https://www.fragilestatesindex.org/951-22-Report-REV.pub)

What is clear is that corruption is linked to a lack of transparency in decision-making processes, either because of excessive leeway for decision-makers, or because of the complexity of the process, or for reasons inherent in regulations. Another factor directly related to the phenomenon is impunity, which is why institutional quality is a key element in measuring or predicting the existence or persistence of corruption.

Measuring corruption in terms of the fight against it, i.e., trying to do so on the basis of crimes detected and punished, is not entirely correct either since a greater sanction may be associated with an improvement in the ways of fighting it, or with greater political will, rather than with a greater commission of crimes.

For this reason, indexes such as *Transparency International's Perception Corruption Index*<sup>5</sup>, the *World Bank's Control of Corruption Index*<sup>6</sup> and the *International Country Risk Guide's Government Index*<sup>7</sup> are used. Corruption can also be measured indirectly by means of the transparency with which organisational structures operate, since their opacity is closely related to corruption.

<sup>5</sup> <http://www.transparency.org/research/cpi/overview>

<sup>6</sup> <http://info.worldbank.org/governance/wgi/index.aspx#home>

<sup>7</sup> <http://epub.prsgroup.com/products/international-country-risk-guide-icrg>

However, whatever the case may be, we must be very cautious with such classifications. Transparency International, and sometimes the World Bank, like to rank countries according to their degree of corruption and then give way to the media when the cultural component distorts the results.<sup>8</sup>

This paper aims to focus on systemic corruption, and to do so we must begin by defining it. We understand that there is systemic corruption when it constitutes an integral and essential element of the economic, social and political system under consideration; when there is a situation in which the main institutions and processes of the state are routinely controlled and used by corrupt individuals or groups, with whom most citizens have no choice but to deal<sup>9</sup>.

Systemic corruption - which takes advantage of the incomes generated by economic barriers and privileges to control and perpetuate a closed and clientelistic political-economic system - must not be confused with so-called venal corruption - which occurs when the aim is to obtain economic benefit by corrupting certain public officials - and which corresponds to the most widespread concept of corruption in today's news discourse. However, "in terms of welfare and economic growth, venal corruption is a trifle compared to systemic corruption<sup>10</sup>".

## CAUSES OF THE PHENOMENON

Various explanatory factors can be categorised in four groups: cultural, political-institutional, economic and conjunctural. The difficulties inherent to a classification of this kind must be emphasised because the various factors are interrelated and feed off each other to form a multi-faceted whole.

### a) Cultural factors

In analysing corruption as a concept, we have already pointed to the fact that some activities may be seen as corrupt in some places and not in others because they are associated with culture.

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<sup>8</sup> BHAGWATI Jagdish. "Understand corruption well". Project Syndicate. December 2010 <http://www.project-syndicate.org/commentary/getting-corruption-right/spanish#qGeSWLbmRi2DEPkx.99>

<sup>9</sup> JOHNSON, Michael. "Fighting systemic corruption: Social foundations for institutional reform". *The European Journal of Development Research*. Volume 10, Issue 1, 1998 p. 85-104

<sup>10</sup> WALLIS, John Joseph. "The Concept of Systematic Corruption in American Political and Economic History". *National Bureau of Economic Research*. Working Paper 10952 <http://www.nber.org/papers/w10952>

As a first step in the analysis, we must recognise the existence of cultures based essentially on rules and cultures based on relationships; the latter form the majority, although not in the West<sup>11</sup>. In the former, people tend to trust the system, organising their business around agreements guaranteed by the legal system.

In contrast, the backbone of relationship-based cultures is trust in family and friends. Their businesses may be organised on the basis of personal honour, filial obligation, friendship or long-term mutual duty. Loyalty and favouritism to family, friends and acquaintances may be seen as suspect in the Western world, but a prominent moral quality in many other parts of the world. Such a distinction is not trivial and has an indisputable impact, as rules-based cultures tend to be universalist in their conception of corruption and how to combat it.

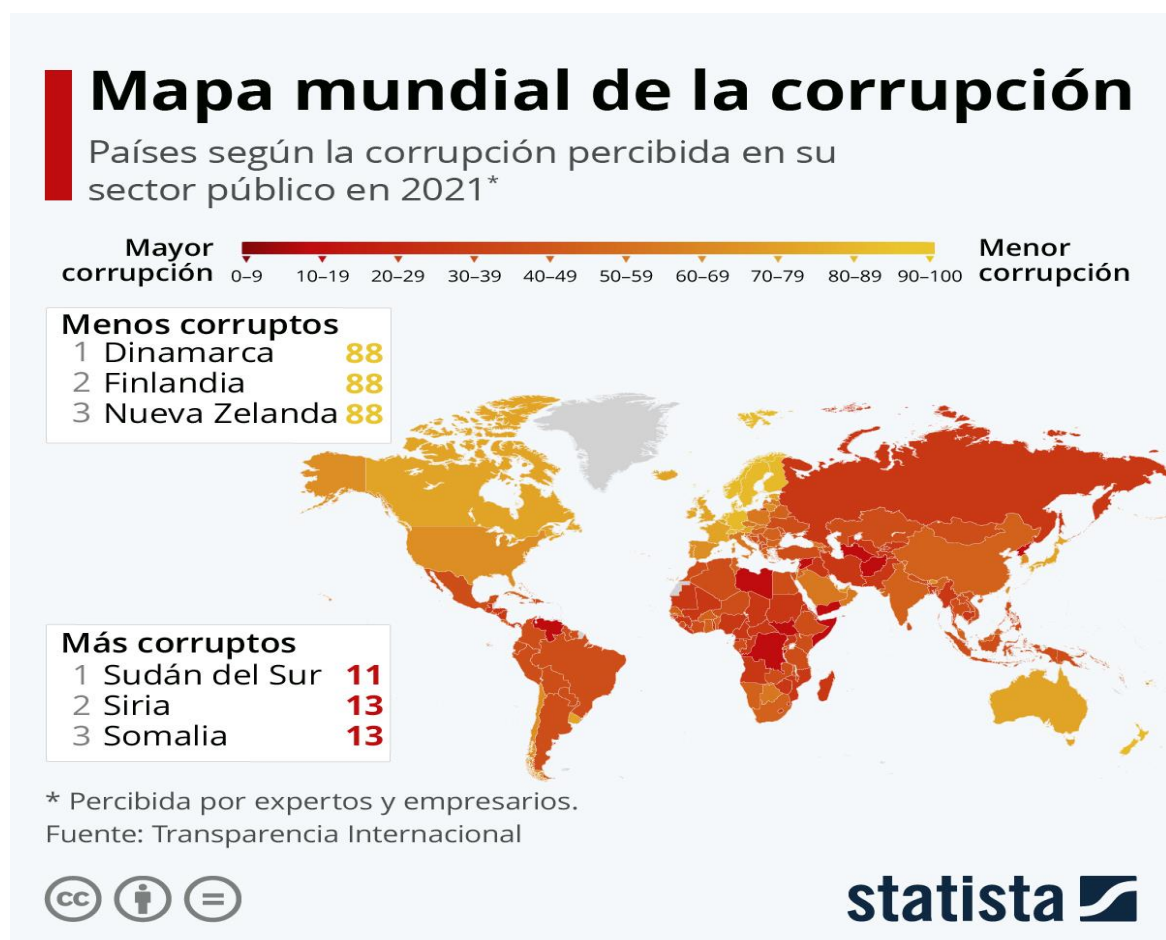


Figure 2. Map of international corruption  
Source: Statista: <https://es.statista.com/grafico/7857/el-mapa-de-la-corrupcion-mundial/>

<sup>11</sup> HOOKER, *op. cit.*, p. 2.

In this regard, the mismatch between the cultural and institutional model in terms of political project and code of values may explain the endogenous persistence of this malady at both the country and regional levels, something that tends to be very widespread. Corruption would thereby be an expression of this differential between the cultural and the institutional.

Examples include a patronage system like those in Mexico and southern Italy, the Mafia's support in the 1990s for much of the Italian parliament, a history of secret organisations, a public opinion that considers corruption normal, and the public perception of criminals as "*men of honour*".<sup>12</sup>

Notable as an example, in cultural terms, of this detuning is the North African *Makhzen* system, which has predominated for centuries, wherein the "position pays the man" based on custom (*urf*), according to which the position served to remunerate the civil servant. Likewise in societies based on communal identity, marked by the existence of large informal networks, by introducing a person into the administration one is in fact letting in a tribe or a clan, given their loyalty to their group, favouring the development of nepotism, clientelism, and so on, and even the capture of the entire sector by tribal elements.

At the same time, it also helps to explain the survival of the state and even, in some cases, its success, when corruption is well managed from its cultural variables and the rules are different from those enacted but are known by the environment and respected by decision-makers. This gives the system predictability and stability, a security that is different from legal security and is to some extent typical not only of authoritarian regimes but also of institutionally weak countries with well-established informal socio-economic mechanisms.

The case of China in this sense may be paradigmatic. This country has been able to sustain high growth rates while maintaining high levels of corruption. President Xi Jinping has championed his fight against corruption, which has served to strengthen his position. In the last 10 years, 5 million members of the Chinese Communist Party were investigated for corruption; and formal charges have been filed against 553. Similarly, 207,000 officials have received some type of punishment for such conduct, although only 11% of those

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<sup>12</sup> VV.AA. "Examining the links between organised crime and corruption" Working Paper, *Center for the Study of Democracy*, 2010.



punished it was the first time they had committed such offenses in the last five years<sup>13</sup>. Thus, China has improved its Corruption Perception Index from 100th place in 2014 to 66th in 2021.

The case of China in this respect may be paradigmatic. The country has been able to sustain high growth rates while maintaining high corruption rates that are difficult to estimate, but range from 10% to 14.9% of its annual GDP, according to various studies. However, with its universalist vocation, the Western vision in dealing with this problem has more often than not forgotten the historical, cultural, geo-economic and conjunctural particularities of the countries, proposing homogenous solutions to a diverse and highly fragmented reality.

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<sup>13</sup> ASOCIATED PRESS. "China: 5 millones de personas investigadas por corrupción". <https://www.sandiegouniontribune.com/en-espanol/noticias/story/2022-10-17/china-5-millones-de-personas-investigadas-por-corrupcion>

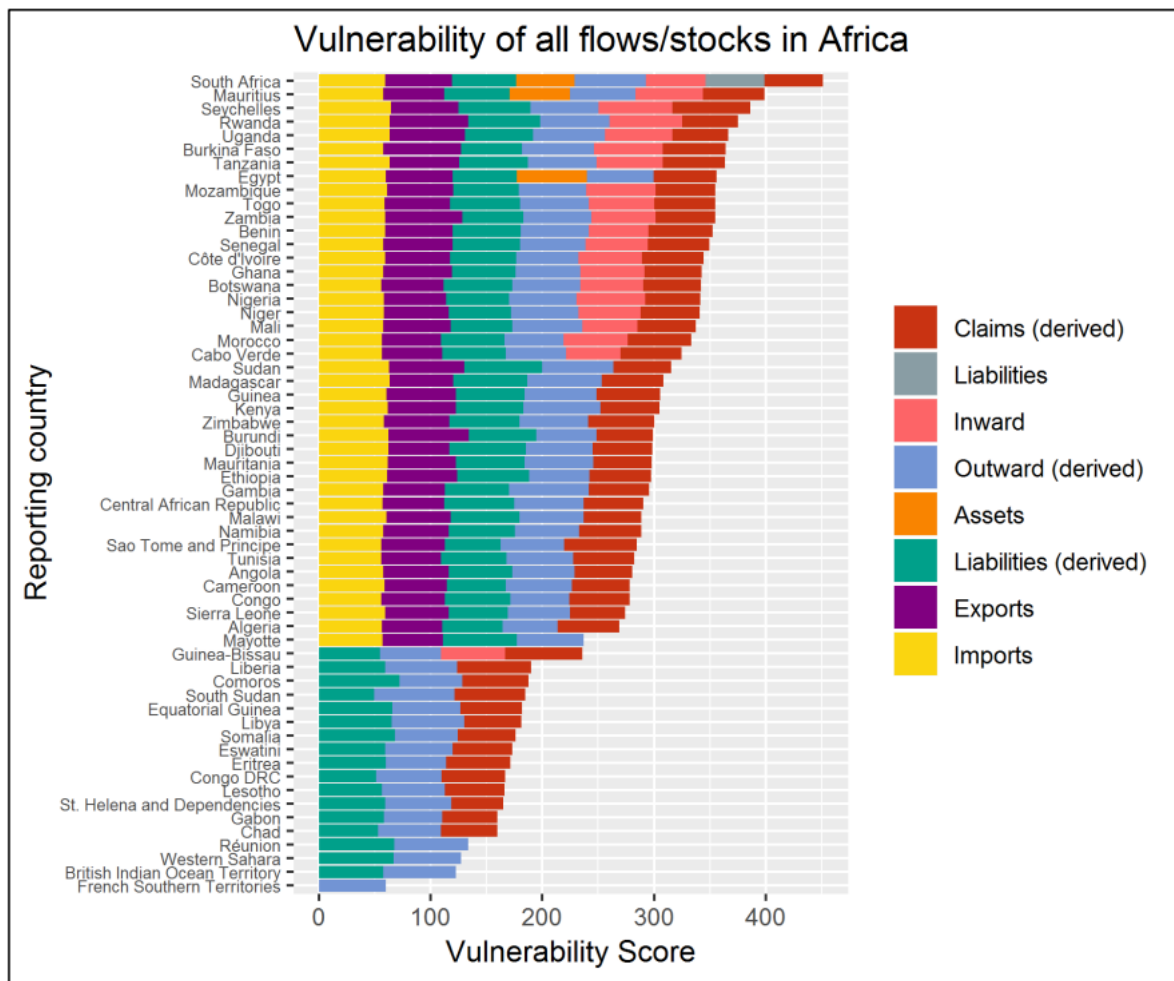


Figure 3. Aggregate vulnerability of Africa to illicit financial flows in different channels, 2008-2018

Source: [Vulnerability And Exposure To Illicit Financial Flows Risk In Africa - Global Tax Justice](#)

The results are plain to see, and Africa is a glaring example: despite having received more than a trillion dollars in development aid over the last five decades, its growth has yet to take off. In the 1940s and the 1950s, the *Marshall Plan* involved an investment of around \$20 billion (\$13 billion between 1948 and 1953), although the basis of the problem was different, so the model cannot be extrapolated. Moreover, the problem may even lie in the very nature of the aid itself. The *Marshall Plan* had well-defined long-term objectives, a limited duration of 5 years and a concentration on infrastructure without spilling over into other areas, leaving economic reconstruction to the public and private initiative of each country. Moreover, transfers accounted for 2.5% of countries' GDP, not 15% as has been the case in Africa.

African countries were unable to use aid due to a lack of institutional and productive capacity, with the World Bank finding that up to 85% of aid was being diverted.

### Political-institutional factors

The question of the relationship between political system type and corruption is also interesting. Very stable or very unstable regimes have high corruption rates, with the relationship between the two factors forming a U-shaped figure. An unstable regime invites corruption to take advantage of current opportunities (horizontal effect); while a stable regime invites higher bribes as a form of penetration (vertical effect).

Countries such as Brazil (in the early 1990s) and Pakistan have low stability and high corruption. Mexico in the PRI era and Suarto's Indonesia were stable countries with very high corruption. There are also processes of translation, countries like Mexico, which reduce corruption and increase instability.

By failing to deal with political reshuffling and change, authoritarian regimes are more vulnerable to systemic corruption. Contrarily, the establishment of political cycles of change<sup>14</sup>, characteristic of democracy, helps to combat corruption, as the new government often exposes the crimes or malpractices of the previous one, breaking the relationship between politicians and the administration. However, as time goes by, this spirit of inquiry diminishes, as the new government assumes greater responsibility in the eyes of the public, whether by action or by omission. Different authors consider eight-year cycles as a maximum time frame.<sup>15</sup>

In any case, the rotation of exposed staff (and their control), together with increased transparency, accountability and responsibility, and the existence of (and adherence to) codes of ethics have proven to be effective tools against corruption.

Some authors point to excessive regulation as a cause of corruption since it makes economic activity particularly burdensome and "forces" recourse to alternative instruments for its development. To this effect, they promote less regulatory burden. Other researchers have denounced precisely the opposite, blaming the lack of systemic regulation, citing as an example what happened in 2008 with *Lehman Brothers* and the subsequent global crisis, although in this case the boundaries between corruption and profit are blurred. These authors, however, tend to overlook the fact that in the paradigmatic era of so-called "financial deregulation", the complete rules of the US

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<sup>14</sup> "Corrupt Exchanges: Empirical Themes in the Politics and Political Economy of Corruption" in DI TELLA Rafael, SCHARGRODSKY *Political and Economic Incentives during Anticorruption Crackdown*. Nomos Verlagsgesellschaft, Bade, Baden.

<sup>15</sup> R. CAMPANTE, Filipe. CHOR David. DO, Quoc-Anh. "Instability and incentives for Corruption" in *Economics and politics* 21(1); *Harvard University* 2008, pp.42-92.

*Securities and Exchange Commission* (SEC), aimed at delimiting market activity and protecting investors and consumers, exceeded 9,000 pages.

In addition, year after year governments accumulate countless state regulations, recommendations and partial standards. One only need look at the US economic legislation listed in the 2014 edition of the *Ten Thousand Commandments*<sup>16</sup> or the entire regulatory framework governing financial services in the European Union<sup>17</sup>, not counting the purely national provisions of its member countries. In 2016, a simple SEC guide to *securities* regulations<sup>18</sup> ran to 1,400 pages. In Spain, if we count all central government regulations (such as organic laws, decree-laws, etc.), regional government regulations (regional laws, regional legislative decrees, etc.) and local regulations (at provincial and municipal level, including foral decrees, municipal ordinances, etc.), we reach a grand total of 364,267 regulations published in the period 1979-2018<sup>19</sup>. And that number has been growing ever since: the total number of pages published by the state and regional Official Gazettes reached 1,088,249 pages in 2021. This is the highest number in the last 10 years, 10% higher than the annual average<sup>20</sup>. The question is, does this translate into greater effectiveness in the fight against corruption? There are good reasons to doubt it. Faced with such overabundance and disparity, the economic actors of corruption likewise adapt, leading to so-called "regulatory arbitrage": activity simply moves to where regulatory resistance is least. The overall risk is thereby not reduced but redistributed and often increased, creating gaps that can be exploited, and leading in turn to unexpected, unwanted and enormously costly effects. These effects instil new rules, and it's back to square one.

Generally and in direct relation, greater economic freedom corresponds to lower levels of corruption. The willingness to jump barriers favours different forms of corruption. However, freedom can also encourage the pursuit of improper advantages. There are different types of corruption depending on the norms and traditions of each society. Corruption and economic freedom are multidimensional phenomena.

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<sup>16</sup> COMPETITIVE ENTREPRISE INSTITUTE (CEI). "Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State". 2014

<http://cei.org/sites/default/files/Wayne%20Crews%20-%20Ten%20Thousand%20Commandments%202014.pdf>

<sup>17</sup> European Commission. Banking and Finance [http://ec.europa.eu/finance/topics/index\\_en.htm](http://ec.europa.eu/finance/topics/index_en.htm)

<sup>18</sup> US Security and Exchange Commission (SEC): <http://www.sec.gov/>

<sup>19</sup> The volume of regulation in Spain and its economic consequences. 2020

<https://www.hayderecho.com/2020/07/09/el-volumen-de-regulacion-en-espana-y-sus-consecuencias-economicas/>

<sup>20</sup> CEOE. 2022 <https://www.ceoe.es/es/sala-de-prensa/notas-de-prensa/la-produccion-de-normas-en-espana-en-2021-fue-la-mas-alta-en-los>

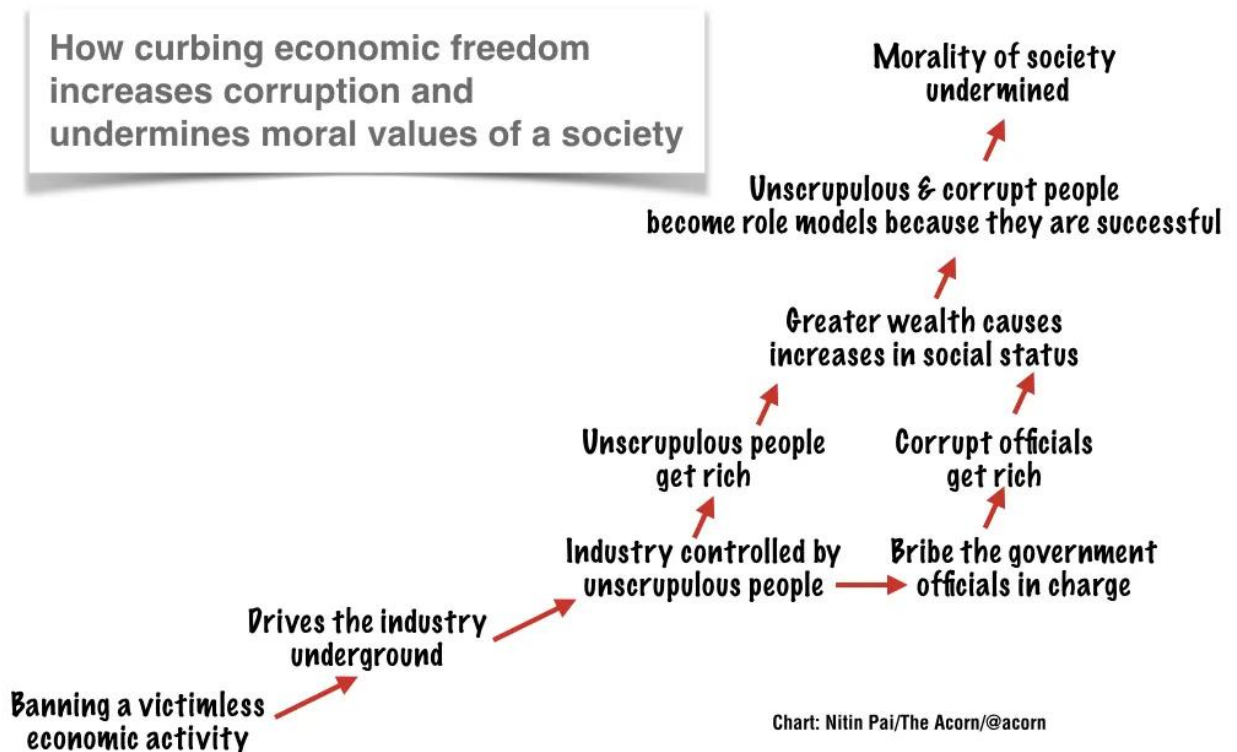


Figure 4. Economic freedom and corruption

Source: [What causes corruption and erosion of moral values? | by Nitin Pai | Indian National Interest](#)

The size of the administration is another major issue. Intuitively, size favours corruption. However, several empirical studies conclude that both very small and very large administrations have higher levels of corruption<sup>21</sup>. This phenomenon is related to the aforementioned lesser or greater stability (in terms of political turnover) of these administrations. Nonetheless, many developed countries have large administrations with low levels of corruption.

In this regard, one of the key elements, in addition to the purely cultural, is that of institutional quality and, above all, the enshrinement of the principle of legal certainty, of the reign of justice. To this effect, Acemoglu frames institutional quality as a set of regulations capable of providing an open and fair playing field for all economic agents, in which the right economic incentives are in place to encourage people to invest, innovate, save and solve their problems collectively, in a stable environment, and which also ensures efficiency in the provision of public goods and services<sup>22</sup>.

<sup>21</sup> R. CAMPANTE, Filipe. *Op. cit.*

<sup>22</sup> ACEMOGLU, Daron and ROBINSON, James A. *Why Nations Fail*. Crown Business Publishers. New York, 2012.

To paraphrase Adam Smith, justice is the pillar that upholds the whole institutional edifice. Economic freedom means nothing in countries where rules are not respected because of a lack of institutional capacity.

Conversely, where laws are respected, obstacles to individual and entrepreneurial initiative can be conducive to corruption. The key, therefore, lies not in the size of the government but in the quality and efficiency of the administration and its ability to prosecute and punish corruption.<sup>23</sup> Let us not forget that corrupt activities very often act and legitimise themselves as substitutes for ineffective laws and stagnant bureaucratic systems that are incapable of responding to citizens' demands.

This threat is also asymmetric: the mere failure of one institution makes the whole system vulnerable. The state can be said to be as strong as the weakest institution. This tends to be at the local level, where the pressure is great in developed countries, and even more so in underdeveloped ones, making this a relevant factor in designing robust and resilient systems.

Last, the existence of elites and inequality cannot be forgotten. The corruption of these elites triggers corruption downwards, contributing to its normalisation in the social context and distorting the system as a whole. Inequality is a driver of corruption insofar as high inequality challenges the legitimacy of the existing regime and weakens its institutions. There is also, as with fragile states, a correlation between the inequality and corruption maps.

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<sup>23</sup> GRAEFF, P. Mehlkop. "The impact of economic freedom on corruption: different patterns for rich and poor countries" *European journal of Political Economy*. Vol 19 (2003) 605-620.

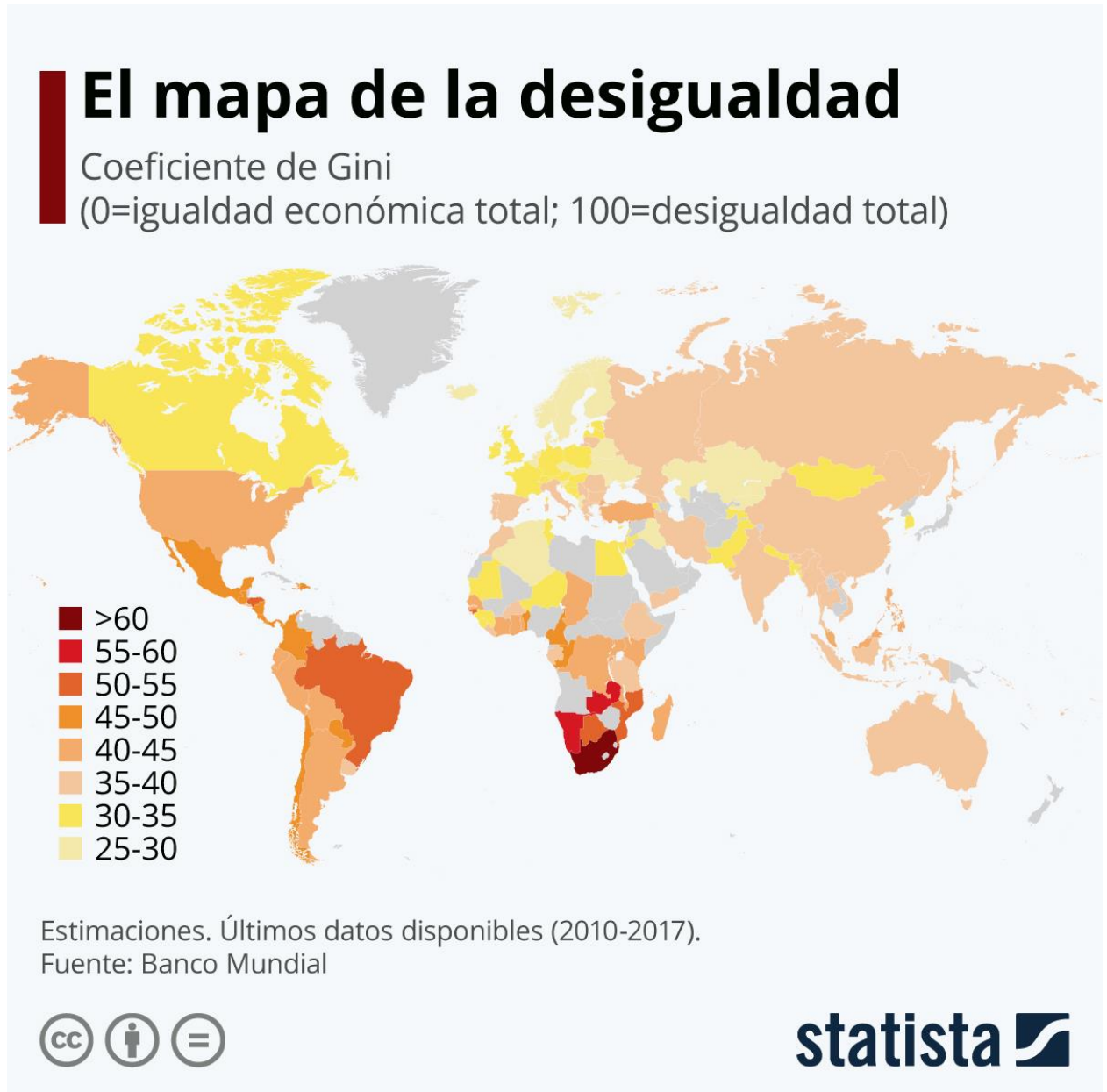


Figure 5. Inequity map

Source: Statista <https://es.statista.com/grafico/20545/las-sociedades-mas-desiguales-del-mundo/>

## b) Economic factors

Corruption has economic origins. However, it is difficult to explain the relationship between corruption and the wealth of nations. Data mining demonstrates the correlation between the rankings of countries with lower corruption and those with higher economic

development. The current cluster of least corrupt nations consists of the most developed nations on each continent.<sup>24</sup>

At the domestic level, the greater the state intervention in favour of the creation of public or public-private monopolistic structures, the greater the possibility of corrupt practices.

At the global level, it is worth highlighting the role of transnational forces, and in particular that of multinational companies. Their economic size exceeds many countries' GDP, giving them an influence that often renders the countervailing power of states ineffective.

These companies can concentrate this power over individuals in positive (corruption) or negative (coercion) ways. It can be argued that illicit trafficking is a good indicator of an underlying governance problem that is often combined with weak institutions.

Corruption and money laundering are symbiotic phenomena. Through laundering, illicit flows are incorporated into the licit trade. Laundered money is hidden in the financial system, split up to disguise its origin and integrated into normal flows by taking advantage of the interconnections between economic systems.

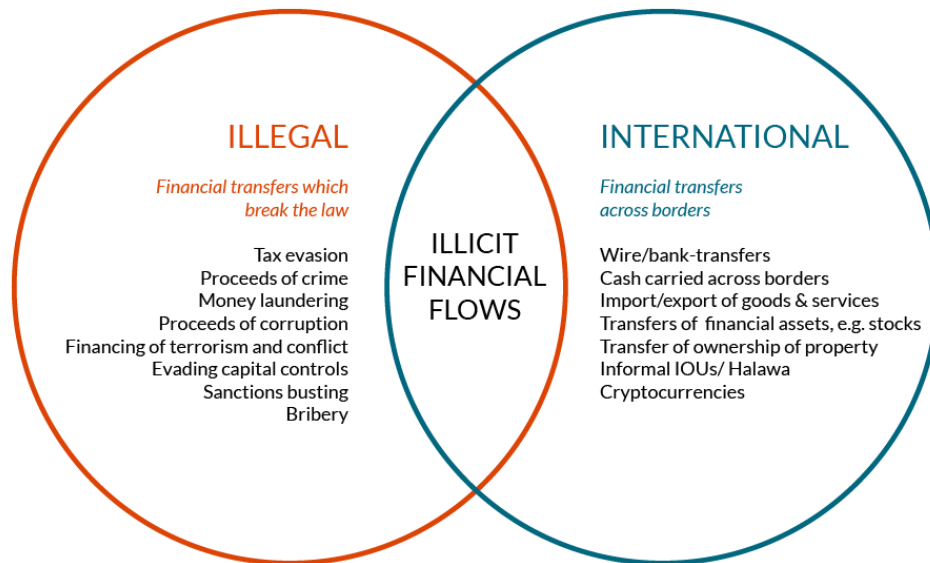


Figure 6. Illicit Financial flows conceptual  
 Source: Pinning Down Illicit Financial Flows: Why Definitions Matter | Center for Global Development | Ideas to Action ([cgdev.org](http://cgdev.org))

<sup>24</sup> VV.AA. "Data mining reveals a global link between corruption and wealth". *Emerging Technology From the arXIV*. <http://www.technologyreview.com/view/535081/data-mining-reveals-a-global-link-between-corruption-and-wealth/>



In the period 2003-2012, illicit flows amounted to \$6.6 trillion, an annual increase of 9.4%; in 2012 alone, they amounted to \$991.2 billion. Official Development Assistance in this period was \$809 billion, of which \$89.7 billion was in 2012, almost 10 times less than the illicit flows in that year. On the other hand, foreign direct investment (FDI) in the period 2003-2012 totalled \$5.7 trillion. This figure added to the Development Assistance in the period amounted to \$6.5 trillion, which is less than the amount of illicit trafficking.

In this period, Asia was the developing world region with the highest volume of illicit flows, 40.3%. This was followed by developing Europe with 21%; the Western Hemisphere with 19%; MENA countries with 10.8%; and last, Sub-Saharan Africa with 8%.<sup>25</sup> The top five capital exporters over the last 10 years were China, Russia, Mexico and India. The top ten countries accumulate \$4.4 trillion.

African countries only get 17% of their GDP from taxes, and in sub-Saharan countries this percentage is even lower, far from the 20% set by the Millennium Development Goals. In 2007, the African Union estimated that 25% of African countries' GDP was lost to corruption, and researchers have even argued that Africa is a net creditor to the rest of the world, precisely because of the scale of illicit flows<sup>26</sup>. These flows deprive states of the possibility of providing basic public services of minimum quality (education, health, security, justice), weakening public and private institutions and even the very viability of the state.

To combat these systemic failures, the affected countries require a functioning legal framework and, above all, a strengthening of institutions. In many countries, legal and substantive difficulties persist in achieving this reinforcement, with corruption acting as a debilitating strategic factor<sup>27</sup>.

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<sup>25</sup> KAR, Dev; SPANJERS, Joseph. "Illicit Financial Flows from Developing Countries." *Working paper Global Financial integrity*, December 2014.

<sup>26</sup> REED, Quentin; FONTANA, Alessandra. *Op. Cit.* p. 9.

<sup>27</sup> OECD "Illicit financial flows from developing countries: measuring OECD responses", *OECD 2014* [www.oecd.com](http://www.oecd.com)

## HOW CORRUPT ARE DIFFERENT INSTITUTIONS AND GROUPS IN SOCIETY? - GLOBAL AVERAGE

- GLOBAL AVERAGE

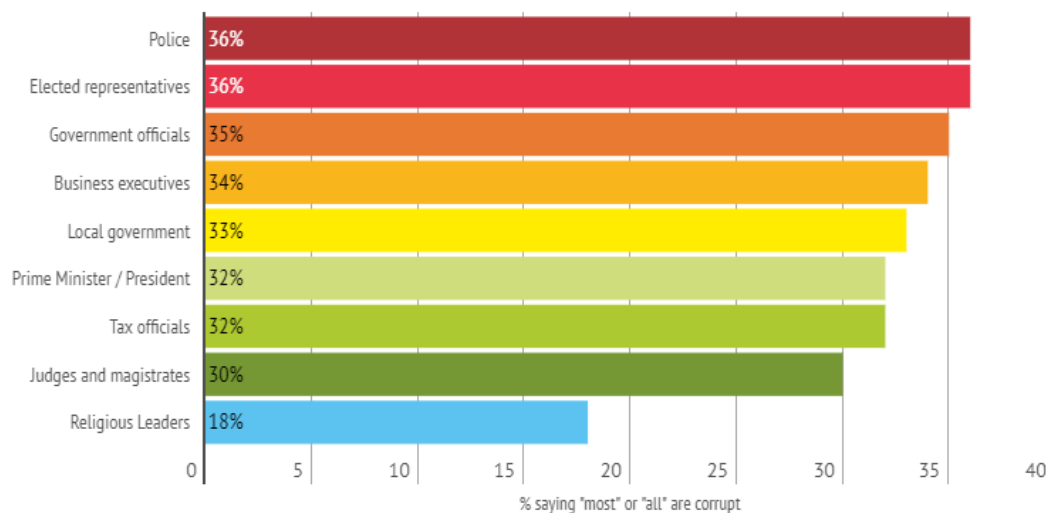


Figure 7. Global perception of corruption by institutions and groups (2018).

Source WEF [How bad is the global corruption problem? | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/how-bad-is-the-global-corruption-problem/)

To this effect, weakened state structures in turn contribute to the perpetuation of corruption. The existence of informal, grey economies and their size are a breeding ground for corrupt activities, not least because of the ease with which illicit flows can be inserted into them. As we have noted in previous sections, this is a vicious circle that is very difficult to break.

Likewise, the increasing dependence of the protagonists of violence on the "*economic network of the global underground economy*"<sup>28</sup> is an essential factor for the development of intense cooperative relationships with pronounced synergy effects of the protagonists, wherein corruption is an enabling factor.

Münckler calls the protagonists of the new violence "*war entrepreneurs*"<sup>29</sup> because they see wars as a means to generate income and ensure survival, a "*commercialisation of violence*"<sup>30</sup> representing the supra-regional spread of conflicts and the abundant links to organised crime.

<sup>28</sup> MAIR, Stefan. *Die Globalisierung der privaten Gewalt*, SWP-Studie, Berlin 2002, p.24.

<sup>29</sup> MÜNCKLER, Herfried. *Viejas y Nuevas Guerras*, Siglo XXI de España, Madrid 2005, p. 1.

<sup>30</sup> Ibid. 22.

### c) Conjunctural factors

Conjunctures also explain corruption. For example, transition processes in which not only a political model is changed but a whole cultural model is violated, generate a process of anomie which, associated with the loss of legitimacy of institutions and the lack of rules and references, increases corruption.

Let us not forget that the transition periods to democracy in the East were made without laws and with a state that controlled 90% of the power. An interesting case study is Russia.<sup>31</sup> The heirs of the criminal organisations of the tsarist period had become a kind of guild, led by the "law thieves" (*vory v zakone*), austere men who spent most of their lives in prison or in Soviet labour camps, where they reigned supreme among their people.

In the 1970s and 1980s, a strong alliance had already been consolidated between organised crime groups and the suppliers of raw materials and services, the state apparatus; the elites themselves protected the criminal groups. The Brezhnev era, with its black market and grey market economic system, was undoubtedly the period that institutionalised and cemented corruption in the USSR. Gorbachev's economic reforms produced a situation of scarcity, favouring the development of criminal organisations in the parallel economy indispensable for the subsistence of the population - at the cost of further delegitimising the system and contributing to its downfall.

After the fall of the Iron Curtain, the "thieves in law" became heads of transnational criminal organisations, incorporating former members of the intelligence and security services. Consequently, a sort of anarcho-economy was generated, the fruit of economic structural reform and political liberalisation, which in turn benefited criminal structures and those who were already strong in some sectors. This breeding ground led to an exponential increase in organised crime. After the partition, large enterprises came under the control of the communist *nomenklatura*; organised crime served as an enforcer, gaining control of part of the economy in competition with other forces.<sup>32</sup>

The "Russian Mafia" has experience of power relations and political, social and economic penetration as a strategic factor that can even lead to systemic destabilisation. This is not to mention its transnational operations, with which it tries to reach democratic structures by both legal and illegal means.

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<sup>31</sup> LOPEZ MUÑOZ, Julian. "Organised crime. The Russian Mafia and its expansion strategy". *Instituto Español de Estudios Estratégicos*. [www.ieeee.es](http://www.ieeee.es)

<sup>32</sup> Ibid.

Another example is the so-called *Arab Spring*, when the kleptocratic regimes established in Arab countries were unable to withstand the process of change in the context of a severe economic crisis.

## **CORRUPTION AS A FACTOR OF STRUCTURAL WEAKNESS OF THE STATE. THE CONSEQUENCES OF CORRUPTION**

Corruption has consequences of all kinds. This is an element with cultural and economic roots that delegitimises and weakens the state to the point of destabilising it, and is closely linked to the use of power, by either action or omission.

And so, without being Marxian and reducing the political to the economic - as Engels proposed in his *Anti Dühring* - the political consequences of these economic costs are obvious. In addition to undermining the rule of law and even civil society itself, separating the latter from the state apparatus and undermining social cohesion by calling into question the morality of the group, corruption increases ethical and political dilemmas, favouring the establishment of criminal groups hanging on to the structures of the state they parasitise because this also serves to associate illegal activities with the formal economy. Corruption is essential for criminal groups to operate.

Given that the state, and especially democracy, in the 21st century tends to make a residual use of its power due to the cost this entails in terms of legitimacy, it can be asserted that the misuse of this power, together with its economic costs, incorporates an additional surcharge in political terms and in terms of legitimacy, threatening its very roots. This is because any political system assumes that it is governed from the highest levels of ethical integrity, something that corruption radically contradicts.

In any case, corruption is a factor of state weakness which, following the logic outlined above, is added to and superimposed on others who accentuate it, further calling into question the system as a whole. Moreover, systemic corruption is an auto-immune disease, becoming a culture with a web of unions and clientelistic networks resulting from the sclerotisation of the system and the fracture between society and state, and associating crises of legitimacy, political stability, national integration, inequity in the distribution of resources, the rentier nature of the state, the breakdown of bureaucratic government, political alienation and a crisis of values.<sup>33</sup>

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<sup>33</sup> W. COLLIER, Michael "Explaining political corruption: an Institutional -Choice Approach" *International Studies Association*, 1999.

It is, moreover, a recurrent phenomenon in history. The existence of extractive institutions, key to the survival of systemic corruption, is based on a powerful logic: they can generate some prosperity while at the same time distributing wealth in the hands of a small elite. This requires a powerful centralising apparatus which, under the guise of the state's legitimacy and using its ordinary processes of functioning, ensures the maintenance of the system. The problem is that such a system is not sustainable in the long term as it carries with it the seeds of its own destruction. This is why the prosecution of corrupt activities becomes ineffective from the point of view of state security unless the institutional foundations that protect and sustain them are reformed.<sup>34</sup>

Within the parameters of structural weakness that corruption introduces, the economic one is essential. Corruption generates losses to the EU economy of around €120 billion per year, 1% of its GDP, and causes the distortion of the internal market.<sup>35</sup>

In developing countries, the situation is worse still. Let us take Chad as an example, where the informal sector accounts for 40% of GDP, representing more than half the economic activity in cities and almost 75% of non-agricultural activity in rural areas.<sup>36</sup> Many companies that bid for public contracts disappear once the contract is awarded, and 27% of government spending does not appear in the budget.<sup>37</sup>

This economic impact is undoubtedly asymmetric, due to the size and degree of development of the different economies. Although the estimates are indirect and vary considerably among studies, given the illicit nature of the activities analysed, it is estimated that the cost of corruption is equivalent to 5% of global GDP, some \$2.6 trillion according to the *World Economic Forum* (WEF), with the annual amount paid in bribes standing at \$1 trillion, according to the World Bank<sup>38</sup>. However, a huge 50% of this amount is accounted for by 105 countries, which account for only 22% of the world's GDP<sup>39</sup>. Many of these countries are affected by up to 25% of their GDP due to corruption<sup>40</sup>. It is also estimated that this represents an average 10% increase in the cost of doing business and up to 25% of public contracts.

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<sup>34</sup> ACEMOGLU, Daron and ROBINSON, James A. *Why Nations Fail*. Crown Business Publishers. New York, 2012, p. 149.

<sup>35</sup> Communication from the European Commission. "*Fighting Corruption in the EU*", 6 June 2011 p.3

<sup>36</sup> SÁNCHEZ DE ROJAS DÍAZ, Emilio. "*Sahara Sahel 2035: from the eco-frontier to the three 't's*" in VV.AA. *Africa: risks and opportunities in the 2035 horizon*. Monograph No. 134. CESEDEN, 2013.

<sup>37</sup> Ibid.

<sup>38</sup> OECD, "The rationale for fighting corruption". *CleanGovBiz*, 2014 <http://www.oecd.org/cleangovbiz/49693613.pdf>

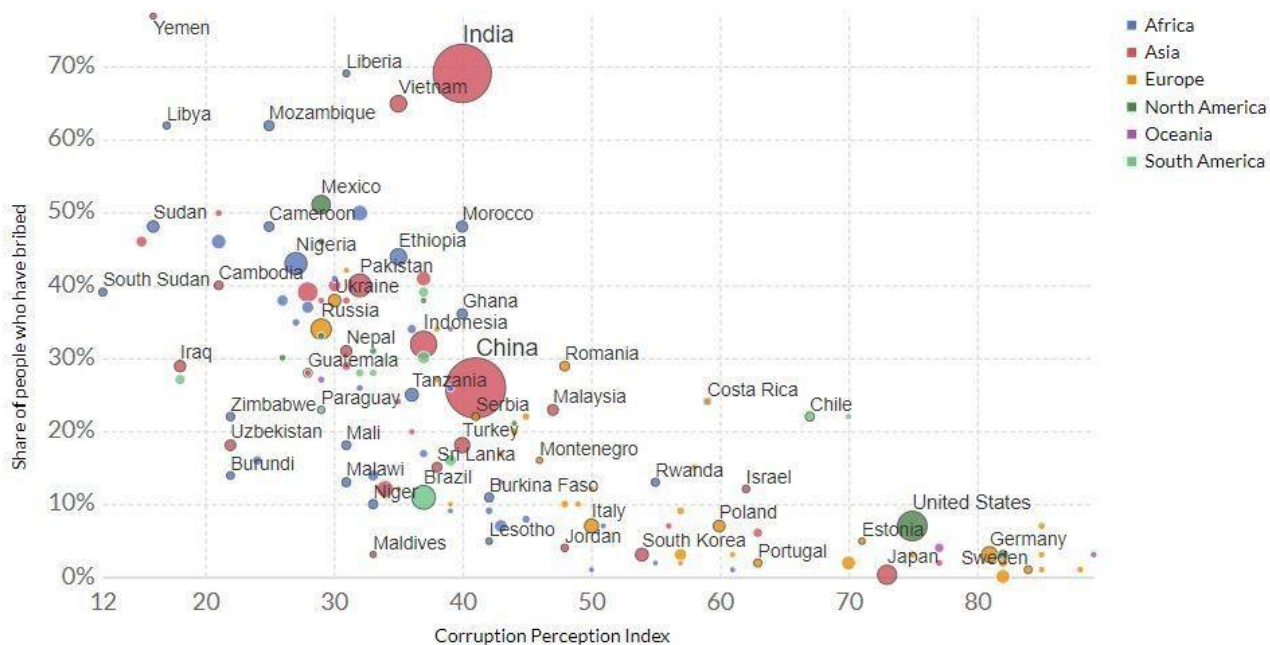
<sup>39</sup> F. RUNDE, Daniel et al "The Costs of Corruption" *Center for Strategic International Studies*, January 2014.

<sup>40</sup> REED, Quentin; FONTANA, Alessandra. "*Corruption and illicit financial flows. The limits and possibilities of current approaches*" Anticorruption Resource Centre, January 2011, issue 2.

### Corruption Perception Index vs. Share of people who have bribed, 2017

Our World in Data

The horizontal axis shows scores in the Corruption Perception Index (lower values reflect higher perceived corruption). The vertical axis shows the percentage of people who report having paid a bribe to access public services in the last year.



Source: Transparency International (2018), Transparency International - GCB (2017) CC BY

Figure 8. Corruption perception Index vs Share of people who are bribed, 2017.

Source: WEF [How bad is the global corruption problem? | World Economic Forum \(weforum.org\)](https://www.weforum.org)

To cloud the picture further, the above estimates do not account for the factors that are a direct consequence of corruption, such as the misallocation of resources; the promotion of misguided and insensitive policies and regulations; reduced levels of investment; reduced competitiveness and efficiency; reduced public revenues for essential goods and services; increased public spending; reduced productivity and discouragement of innovation; increased transaction costs that act as a tax on businesses; reduced levels of growth; reduced levels of private sector employment; reduced levels of quality public sector jobs; worsening poverty and inequality; and the hindering of market-oriented democratic reforms.<sup>41</sup>

This in turn has a huge social impact. The establishment of a culture of corruption leads to demoralisation of the population, a breakdown of trust in the state and civil disaffection, all of which creates a breeding ground for revolutions and armed conflicts.

<sup>41</sup> SULLIVAN, John; SHKOLNIKOV. "The Cost of Corruption" in *Journal USA December 2006. US Department of State*, pp. 16-18.

Moreover, some authors establish a covariance relationship between GDP, the *Failed States Index* and the Corruption Indices (either *Transparency International's* or the World Bank's) that coincides with the political risk maps<sup>42</sup>.

Not unrelated to this close relationship between corruption and systemic risk is the fact that in many developing countries, high levels of corruption are associated with high military spending relative to GDP<sup>4344</sup>.

Since defence is a state monopoly characterised by secrecy and discretionary spending, it is not surprising that large financial resources are diverted via corruption to high-ranking military officials, who are often the dominant power group.

In short, the systematisation of corruption creates a powerful and resilient vicious circle, which feeds back, keeping the state in a situation of structural weakness. In extreme situations, this can even lead to the collapse of the state.

However, the correlation between corruption and economic damage, for example, is not absolute. There are countries such as China with high corruption but high growth (the sustainability of which is questionable<sup>45</sup>) and others which, having contained corruption, have failed to take off economically. Numerous factors play a role in the outcome of the final equation. Again, the field of study here is very broad.

## THE FIGHT AGAINST CORRUPTION

The problem with the fight against corruption is that from the outset, it is unsolvable: one can only aspire to degrade it, which implies accepting a differential.

Whatever the case may be, the response to it must encompass all available policy space. However, in this regard there are methods that do not work: public awareness programmes not linked to reforms; reforms without public awareness programmes; lack of long-term approaches; recommendations not based on data collection and research; and donor-led programmes perceived as such. In short, a lack of integrity in the proceedings.<sup>46</sup>

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<sup>42</sup> AON. 2015 "Political Risk Map". <http://www.aon.com/2022politicalriskmap/2022-Political-Risk-Map.pdf>

<sup>43</sup> AGOSTINO G., DUNNE J.P and PIERONI L. "Corruption, Military Spending and Growth". [Carecon.org.uk](http://carecon.org.uk/DPs/1103.pdf)  
<http://carecon.org.uk/DPs/1103.pdf>

<sup>44</sup> GUPTA, Sanjeev; DE MELLO, Luiz AND SHARAN, Raju. "Corruption and Military Spending". International Monetary Fund, Fiscal Affairs Department. February 2000.

<sup>45</sup> ACEMOGLU, Daron and ROBINSON, *op. cit.* P.151

<sup>46</sup> KETTLE, Donald F. "Shedding Light on Corruption: Civil Service Transparency Act and Freedom of Information Act," in *Journal USA December 2006. United States Department of State* pp. 13-15

A holistic approach is essential. This need is reflected in the *Sustainable Development Goals* of the *2030 Agenda*. In particular, objectives 16.3 (referring to the rule of law and access to justice), 16.4 (illicit financial and arms flows), 16.5 (corruption and bribery) and 16.6 (effective and transparent institutions)<sup>47</sup> touch on all the elements outlined in this paper.

While there is no "one size fits all" approach to corruption, defining effective indicators is key to making progress<sup>48</sup>. This has been understood by international organisations such as the OECD which, with its *CleanGovBiz* initiative,<sup>49</sup> aims to support governments, businesses and civil society in building honesty and fighting corruption. The aim is to integrate and optimise pre-existing anti-corruption tools, strengthen their implementation, improve coordination between actors and monitor their progress. To this end, it offers a flexible, multi-purpose, multi-domain "toolbox" that<sup>50</sup> covers precisely the three areas mentioned above: prevention, correction and detection/awareness.

In the field of prevention, good governance is essential. The OECD identifies regulatory policies, competition, judicial practices, public finance and co-operation between actors as substantial areas for action. In turn, it defines specific preventive actions for the public sector, public procurement, tax transparency, export credits, lobbies, private sector and civil society. In the area of correction, the focus is on the criminalisation of bribery and asset recovery. Last, in terms of awareness and detection of corrupt practices, there are four main areas of action: money laundering, tax administration, whistleblower protection and investigative journalism. In short, it is an approach that fits perfectly with a multi-faceted vision of the phenomenon.

Starting with the administrative environment, the fight against corruption rests on identifying and regulating bad practices. But institutions, especially democratic ones, tend to be reactive rather than proactive. This means that enforceable laws and regulations must be in place. Clear, coherent and non-intrusive sets of moderately sized regulations, backed by an effective judicial system, can support positive cultural changes in the medium to long term by discouraging corrupt behaviour. On a practical level, corrupt activities would need to be classified as a crime, which is sometimes not the case even in the most advanced countries.

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47 Strategy 2030: <https://estrategia2030.es/objetivo-16-paz-justicia-e-instituciones-solidas-2/>

48 COBHAM, Alex & JANSKÝ, Petr. (2020). Estimating Illicit Financial Flows: A Critical Guide to the Data, Methodologies, and Findings. 10.1093/oso/9780198854418.001.0001.

49 OECD *CleanGovBiz*: <http://www.oecd.org/cleangovbiz/about.htm>

50 <http://www.oecd.org/cleangovbiz/toolkit/>



Internal controls must of course be in place, as well as mechanisms to implement the resolutions of these controls. However, external criticism is also very necessary, as are independent monitoring and citizen participation in audit and accountability mechanisms. This is the basis of democracy: checks and balances. It is about ensuring that no institution is too powerful to dominate the levers of state power and regulate public life as it pleases. The role of national and international civil society organisations, such as *Transparency International*, has been crucial for the purposes of awareness-raising and monitoring.

Nonetheless, the purely normative approach is insufficient. Information and mechanisms for its exchange and distribution are also required. Transparency in decision-making opposes the opacity of corruption. It breaks the vicious circle between potentially corrupt people and corrupters by allowing civil society and economic operators to better understand the criteria for decision-making. Publicity allows for equal opportunities and common benefit.

The fact is that "nipping impunity in the bud automatically modulates behaviour. This does not require additional staff and/or expenditure. Only transparency" and the fact that "the awareness of being under the scrutiny of others at any time (now or in the future) modulates behaviour as much or more than the explicit presence of a watchdog or a code of conduct"<sup>51</sup>. Moreover, with the explosion of social networks and the immediacy of information, there is no longer any way of escaping this intensive and global scrutiny; what must happen is that it is managed properly and according to fair rules that are known to all the actors involved.

Similarly, the opacity of financial transactions and banking secrecy, which are unacceptable in the 21st century, put a brake on the eradication of corrupt practices, aggravated by the lack of knowledge and insufficient supervision (non-regulation) of political leaders and even of economists themselves, and overtaken by the enormous expansion of communications and the globalisation of financial flows.

In the world of information economics<sup>52</sup>, it is often impossible to distinguish the entity or entities responsible for a transaction, or to understand the mechanics of a given event or

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<sup>51</sup> GONZÁLEZ DE LA RIVA, Simón. *Open book companies: A system to combat bad behaviour?* Sintetia, 23 October 2014. <http://www.sintetia.com/empresas-de-libros-abiertos/>

<sup>52</sup> HENDERSON, Hazel. *Re-defining Economic Growth and Re-shaping Globalization Towards Sustainability*. International Conference on Concerted Strategies to Meet the Environment and Economic Challenges of the 21st Century. Club of Rome. Vienna, 16-17 April 2009. P. 9-10. Available at:

[http://www.hazelhenderson.com/editorials/redefining\\_economic\\_growth.html](http://www.hazelhenderson.com/editorials/redefining_economic_growth.html)

the complex interactions between different financial instruments. Neither are the motivations associated with many economic movements and their correlation or otherwise with corrupt practices usually within our grasp. This confusion is compounded by the lack of transparency in the markets and the deliberate concealment of the true originators of transactions. All initiatives aimed at eliminating this opacity are important steps in the fight against corruption. They must also be addressed in a comprehensive and coordinated manner if they are to be effective.

Influencing relationships between the political power of citizens, businesses and their stakeholders must also be properly articulated. The more power and economic resources a government wields, the greater and more potent resources society will devote to trying to influence it. In this regard, the availability of effective and transparent mechanisms such as the Anglo-Saxon (and especially the American) lobbying system, even with its imperfections, makes it possible to satisfactorily channel the very varied interests of millions of citizens, who are deeply involved in the public affairs that concern them. The alternatives are nepotism and corruption.

From a social point of view, the generalisation of individual corruption can lead to the collapse of the system. This is an expression of the mismatch between the institutional and cultural frameworks of society, or worse, of the lack of density and fragility of the latter. In this case, corruption would be a symptom but not the main problem; its treatment would require a prolonged pedagogical effort to strengthen the institutional framework and even society as a whole, which is where the corrupt would be located.

In this regard, references are required. Let's take the example of Northern Nigeria, where Christians supported the re-establishment of *Sharia* law as a way of having an otherwise inexistent benchmark for behaviour.

Thus, there is a need for persuasive exemplarity that promotes lifestyle reform and generates a new civic consciousness. Ethics is a particularly important factor, since the fight against corruption implies not only a legal (institutional) but also a moral (behavioural) sanction. While the former is always relevant, the latter is very effective in curbing so-called "*petty corruption*" (the so-called "corruptelas", as distinct from "*grand corruption*" at the highest decision-making level), which is the result of trivialisation processes.

From the point of view of detection, the fight against corruption requires investigation. The costs of anti-fraud policies and the necessary controls need to be studied. According to OECD estimates, for every dollar spent on investigating corruption, twenty are prosecuted

and monitored. But at the same time, millions of dollars are wasted every year on ineffective, uncoordinated and merely testimonial control and prosecution mechanisms. While the creation of specialised anti-corruption units is essential, efficiency also requires harnessing the work of the government agencies whose direct knowledge of economic activity makes them well suited to this task, including tax agencies, central banks and market and competition regulators, not to mention intelligence organisations. Public-private cooperation, the academic community and networking are key to this joint approach. Neither can we forget, as the OECD stresses, the critical role of the media in alerting the public, promoting integrity and detecting and reporting corruption.

Advances in data mining<sup>53</sup> offer extensive scope because large amounts of economic and financial data can be processed and analysed to identify patterns of activity. Interesting initiatives for the application of artificial intelligence (AI) are also starting to be developed<sup>54</sup>.

It is precisely the ability of AI to work with large amounts of data that enables corruption to be detected where previously it was almost impossible. In addition, AI-assisted procedures can replace processes that were previously prone to corruption, making systems more resilient.

However, such developments require the resolution of relevant ethical challenges related to privacy concerns, surveillance issues and possible opaque decision-making processes.

Last, in the field of prosecution and correction of corrupt practices, it should be noted that corruption crimes are by their nature very difficult to prosecute, due to the complexity of proving their criminal nature. Developing the concept of illicit enrichment would undoubtedly help in this regard, but it is difficult to implement judicially and is difficult to fit it into the rule of law.

Impunity is generally defined as the absence of punishment (*impunitas*), either due to a lack of regulation, a lack of punishment procedures and mechanisms, or even the lack of punishment itself for the case in question. Sovereign is what decides the exception. The key to impunity often lies in the conceptual management of the boundaries between the

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<sup>53</sup> IENCO, Dominic A. "How We Can Use Data Mining to Fight Corruption". Dataconomy, January 2015  
<http://dataconomy.com/how-we-can-use-data-mining-to-fight-corruption/>

<sup>54</sup> AARVIK, Per. "Artificial Intelligence - a promising anti-corruption tool in development settings?", U4 Report 2019:1 CM/U4 Anti-Corruption Resource Centre <https://www.u4.no/publications/artificial-intelligence-a-promising-anti-corruption-tool-in-development-settings.pdf>

licit and the illicit, between the nominal and the real, between the concept and its actual expression. Controlling the border, being capable of managing it, is to remain unpunished. Paradoxically, correcting corruption could be associated, at least in the short term, with losses of efficiency, effectiveness, accountability and even legitimacy. This is why it is so necessary to maintain the intensity of efforts over time, over and above electioneering or self-interested visions. Moreover, there is the added difficulty of assessing an organisation's increased cleanliness or auditing improvements in its integrity, given the multiplicity of parameters involved and the lack of international standards.

It is precisely because the anti-corruption activities of national and international bodies are neither coordinated nor harmonised, and have different instruments, that the fight against corruption is significantly hampered. International society must be involved in the fight.

## **INTERNATIONAL SOCIETY IN THE FIGHT AGAINST CORRUPTION**

A look at any map of corruption reveals its regional character, even if each country has its own singularities; it is not a local problem. To this effect, there has been notable progress at the global level, especially after 1996, with the creation of multilateral mechanisms and spaces for concerted action that have made the problem an object of interest for the international community, above and beyond bilateral action or the political will of a specific state.

International organised crime is a dynamic phenomenon, articulated in the form of trafficking. And there is a notable link between corruption and organised crime, since it needs to parasitise the structures of the administration and establish links with political elites to ensure its persistence.

The fact is that the protagonists of violence need partners from legal structures to ensure their ability to operate. Organised crime exploits corruption to inject illegal financial flows into the capital market, to commit and cover up crimes and to influence at the political and judicial levels. It infiltrates their structures to establish and consolidate its power. Corruption thereby becomes part of criminality by ensuring the interconnection between illegal activities and legal requirements.<sup>55</sup> These corrupt structures, although created by

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<sup>55</sup> GAYRAUD, Jean Francois. *The G9 Mafias in the World*. Ediciones Urano, Barcelona, 2007, pp. 257 ff.

illicit actors, are "implemented by a legion of lawyers, accountants, bankers, middlemen, administrators and others".<sup>56</sup>

With globalisation, local criminal groups expanded the spectrum of their illicit activities as this process destroyed the watertight compartments of our societies. In fact, the new spaces gave rise to new organisations that merged with the old ones, broadening the range of activities. These organisations are currently diversifying their location and activities, trying to take comparative advantage of the territories in which they are established and of the spatial and material fragmentation of their activity, becoming vital actors due to their size, influence and capacity for distortion.

Cyberspace, the *global commons* of the 21st century, together with the multiplying effect of new technologies, exceeds the capacities of states when, in addition, they pose a regulatory challenge due to the delay of regulations that are fifteen years coming when the technology is implemented in seven.

Notable in this regard is the absence or variety of regulations concerning cryptocurrencies and interest groups among nations; the existence of anonymous/pseudonymous peer-to-peer transactions in a digital universe totally beyond the reach of any country; and the out-of-control universe of the dark web. The tracing, seizure and confiscation of cryptocurrencies pose particular challenges for the law enforcement community and prosecutors<sup>57</sup>.

Drugs, arms and human trafficking, terrorism, tax evasion, money laundering, smuggling and counterfeiting are major generators of financial flows, which are very difficult to monitor and quantify. Since the end of the Cold War, the illicit economy is estimated to have grown at twice the rate of the legal economy<sup>58</sup>. Its protagonists have become more prominent, both in the economic-financial and the political spheres, constituting "well-financed networks of highly dedicated individuals".<sup>59</sup>

We are dealing with globally connected, adaptable and atomised organisations that exercise their dominance without territorial or state aspirations; a certain threat,

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<sup>56</sup> RICKARDS, James. "Economics and Financial Attacks". 24 March 2009. Unrestricted Warfare Symposium Proceedings 2009. Available at: [http://www.jhuapl.edu/urw\\_symposium/proceedings/2009/Authors/Rickards.pdf](http://www.jhuapl.edu/urw_symposium/proceedings/2009/Authors/Rickards.pdf)

<sup>57</sup> BLEY, Sebastian. "Economic Crimes and Corruption in Cyberspace". INTERPOL/UNDOC [https://www.unodc.org/documents/treaties/UNCAC/COSP/session7/SpecialEvents/Economic\\_Crimes\\_and\\_Corruption\\_in\\_Cyberspace.pdf](https://www.unodc.org/documents/treaties/UNCAC/COSP/session7/SpecialEvents/Economic_Crimes_and_Corruption_in_Cyberspace.pdf)

<sup>58</sup> Cited by several authors: NAIM, Moses. *Illicit: How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy* Anchor Books. New York, October 2006. Also: GLLMAN, Neils, "The Global Illicit Economy". Conference available at:

<http://video.google.com/videoplay?docid=3173247273890946684#>

<sup>59</sup> NAIM, Moses. "The Five Wars of Globalization". *Foreign Policy*. No. 134, January/February 2003. p. 28-37.

determined by the magnitude of the resources managed and the violence that is normally associated with their activity.

The result has reached pandemic proportions. The annual turnover figures estimated by the UN for some criminal markets during the first decade of the 21st century are very significant: cocaine trafficking, \$88 billion; opiates, \$65 billion; human trafficking, \$32 billion; arms trafficking, \$1 billion. The money laundering business alone is estimated to be between 4 and 12% of global GDP.

In 1998 a General Assembly Resolution created a committee to study possible solutions to globalised crime. After two years of work, in Palermo in 2000, 124 countries signed the *UN Convention against Transnational Organised Crime* and its three protocols on trafficking in people, migrant smuggling and the manufacture and trafficking of firearms. It is worth noting that the major instruments for fighting organised crime and corruption have been negotiated in no more than two years.

The convention is a novel tool in the fight against global crime, an important milestone in the dynamics of international collaboration to respond to the self-serving use of space by criminal organisations. It aims to establish a common basis for dealing with certain crimes, to combat them effectively and to establish standardised mechanisms and procedures that will make it possible to improve collaboration and mutual assistance, and the technical and structural capacities for police and judicial cooperation.

In this regard, the signatory countries reached a consensus on their positions, accepting the coincidence of similar criminal offences. Governments undertook to consider as serious crimes participation in cross-border organised criminal groups; corruption or intimidation of public officials, judges or witnesses; money laundering; and obstruction of justice (punishable by sentences of four years or more).

One of the main problems facing international society is the one caused by so-called failed states, which allow activities to take place that are contrary to the rule of law and to the umbrella of sovereignty and non-interference.

Consequently, they may end up exporting instability to the region as a whole by providing sanctuary for criminal organisations from third parties. It is a sovereignty that international law (and national law, too) forces us to accept, despite being non-existent or fictitious, constituting a material and legal brake.

Notably, there are different degrees of fragility as the result of a convergence of problems that also feed on each other. And not infrequently their common factor is corruption. The ultimate expression of this fragility is failed states.

If a simile can give us an idea of the phenomenon of systemic corruption and organised crime, it is that of a large balloon filled with water which, when you squeeze one edge, causes a bulge at the other. Any solution therefore involves diagnosis and treatment at least at regional level. And as in the vast majority of cases it affects a plurality of levels, by the same logic forcing us to adopt comprehensive solutions, which are almost always very complex.

Recognising that the key to the problem is largely regional, the response must be commensurate. In the words of Kofi Annan in his foreword to the Palermo Convention, "The international community demonstrated the political will to address a global problem with a global reaction. If crime crosses borders, so must law enforcement. If the rule of law is undermined, not just in one country but in many countries, those who defend it cannot limit themselves to using only national ways and means. If the enemies of progress and human rights seek to use the openness and possibilities of globalisation to achieve their ends, we must use the same factors to defend human rights and defeat crime, corruption and human trafficking".

Regions with high poverty rates and weak state structures provide ideal conditions for alternative formulas for enrichment, acting as a kind of "captive state" that serves as a base for markets that are usually in the developed world.<sup>60</sup>

A paradigmatic example of all the above is the Sahel. Notably, this area is not just a succession of failed states, but a disjointed but coherent territory in its diversity, wherein the state is part of the problem because of its weakness; and also part of the solution, because of the need to strengthen it as the only valid option for overcoming all regional problems. In this regard, we could understand the Sahel as the world's largest failed territory.

The region has endemic corruption problems, commensurate with the weakness of its states; Niger ranks 124th in the Transparency International Index, Nigeria 154th, Mauritania 140th, Mali 136th, Chad 164th, Sudan 164th, South Sudan 180th and Burkina Faso 178th. With the exception of Sudan and Burkina Faso, all the other countries have worsened their positions in recent years<sup>61</sup>.

What is important about the small-scale trafficking characteristic the region is that it trivialises law enforcement and introduces those who take part in it to the culture of crime.

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<sup>60</sup> VV.AA. "The era of globalization: States under pressure. FRIDE Foundation, 2008, p. 12.

<sup>61</sup> [2021 Corruption Perceptions Index - Transparency.org](https://www.transparency.org/en/cpi/2021) <https://www.transparency.org/en/cpi/2021>

The concurrence of licit and illicit activities is a place where the barriers between the two can be broken down.

There is a high level of connivance, of collusion, among both the political class - sometimes even in the name of state interests; sometimes as a form of payment for co-opting this or that ethnic group or clan into their fight against another terrorist or insurgent; or as a way of rewarding a like-minded militia - and the security apparatus, and also in the customs services whose performance is tainted by tolerance and proximity to traditional practices. Moreover, the revenues from illicit trafficking far exceed their usually low payoffs.

Notably, the COVID-19 pandemic, after an initial lull, served to trigger new traffic dynamics or accelerate pre-existing ones. They include increased shipments of illicit drugs; increased use of land and sea routes for trafficking; increased use of private aircraft for drug trafficking; and an increase in non-contact methods of delivering drugs to end users<sup>62</sup>.

The cocaine trafficking route between South America and Europe, the second most important in the world, is changing. Supply chains, once dominated by a few organised criminal groups, are undergoing changes with the involvement of many more groups. Much of the cocaine entering Europe was imported through well-established channels, in particular by Italian organised criminal groups and through alliances between Colombian and Spanish groups. However, organisations from the Balkans are now increasingly involved in trafficking and supply, with some of them sourcing cocaine directly from production areas in the Andes region, bypassing middlemen.

The dark web is also becoming increasingly prominent. Dark web drug markets emerged less than two decades ago, but the largest ones are already worth at least \$315 million in annual sales. Although this amount is only a fraction of total drug sales, the trend is increasing, quadrupling between 2011 and 2017 and between mid-2017 and 2020.

Rapid technological innovation, combined with the agility and adaptability of those using the new platforms to sell medicines and other substances, can lead to a globalised market in which all drugs become more available and accessible everywhere. This, in turn, could trigger accelerated changes in drug use patterns and have implications for public health<sup>63</sup>. All the above clearly exemplifies the global connectivity of the phenomenon. Far-flung areas of the globe end up linked through regional hubs and increasingly sophisticated

<sup>62</sup> World Drug Report 2021, UNDOC, Ibid.

<sup>63</sup> World Drug Report 2021, UNDOC, Ibid.



markets where the rule of law is almost non-existent and the distribution of illicit trafficking is part of the system's substratum, acting as a driver of corruption, both in the countries of origin and destination. It is the recognition of this phenomenon that has prompted, as we have seen, greater international coordination.

In this regard, for example, the 1977 US approval of the Foreign Corrupt Practices Act was prompted by evidence that 400 US companies had made payments to foreign politicians and officials of more than \$300 million.<sup>64</sup> While it even used to be possible in some countries to offset bribes made to officials of another state against tax bills (Australia, Belgium, Germany, France, Switzerland, the Netherlands, etc.), this is now unthinkable.

Furthermore, not only have multinational investigation agreements been reached for the joint establishment of sanctions and the prevention of corruption in the public sector, but follow-up mechanisms have been established at regional level for this purpose. Special mention should be made of the UN *Convention against Corruption*, which entered into force in December 2005. However, there is still a long way to go.

Although the various UN Conventions against Corruption, Organised Crime and Terrorism have laid important normative foundations, there are still too many states on the sidelines; not all ratifying countries are adopting domestic implementation measures. The UN is an effective legislator, but is poorly equipped for implementation and with limited capacity to enforce it.

The UN is, above all, a body for political consultation (not operational or tactical); its action is legitimising, facilitating the creation of a common culture, having contributed to establishing a language and standardising the meaning of words, thereby making understanding possible, which favours its adaptation to the legal body of each country, generating procedures and principles of action. This, in turn, leads to a further expansion of regulation, as it requires the generation of additional protocols. This is precisely the positive feedback that is pursued at international level: from the global to the regional to the local framework, which in turn generates new needs for coordination and integration, putting pressure on the international environment to improve its mechanisms of political interaction.

Key to solving the problems of organised crime is the prosecution of corruption and money laundering, as very difficult areas to regulate. Undoubtedly, the best-known UN

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<sup>64</sup> UROFSKY, Philip. "Promoting Global International Transparency" p.19

agency is the United Nations *Office on Drugs and Crime* (UNODC), which has offices worldwide. It is built on three pillars: technical cooperation on the ground; research, analysis and understanding of crime; and normative work with the signing of national and international agreements. Its areas of work are varied and include, among others, corruption, trafficking, money laundering and organised crime.

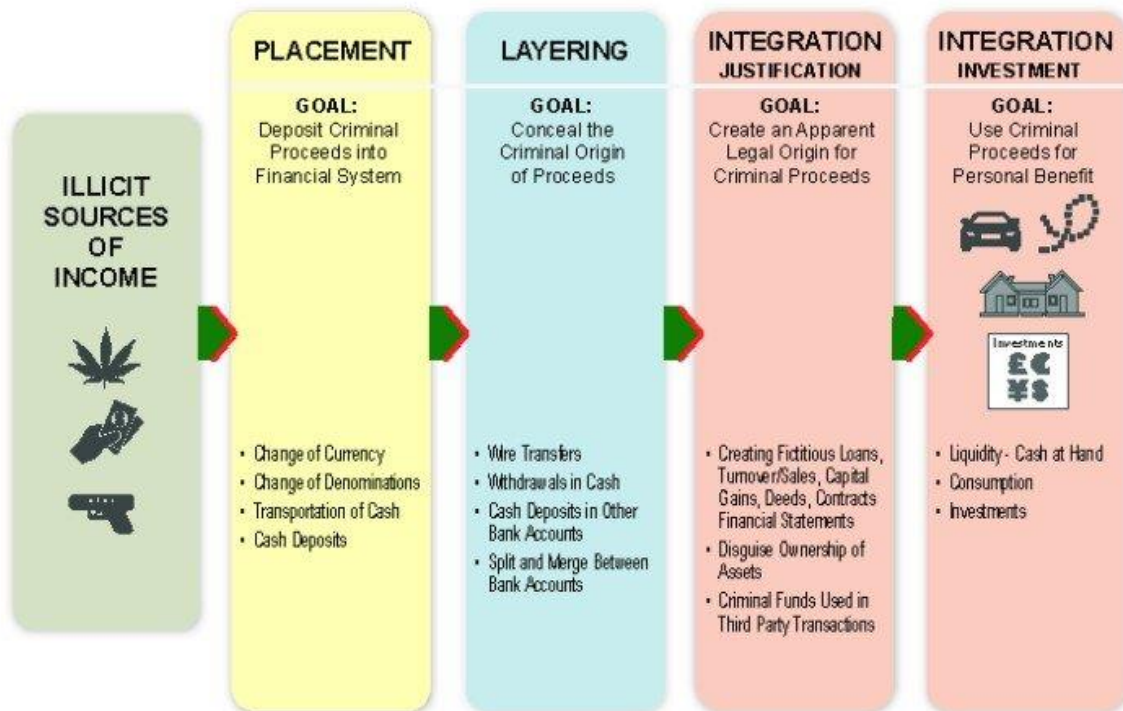


Figure 9. Process of money laundering.

Source: OECD

In addition to the initial 40 anti-money laundering recommendations, the *Financial Action Task Force* (FATF) agreed on 40 recommendations. The FATF assesses compliance with the recommendations in force and establishes a system of sanctions, providing technical assistance to countries in setting up Financial Intelligence Units.<sup>65</sup>

On a second level are regional initiatives mostly dedicated to prosecuting high-level corruption, denying asylum to corrupt officials, prosecuting money laundering, recovering illicit funds and supporting transparency. In Europe, initiatives undertaken by the EU or the Council of Europe (including mechanisms to monitor the implementation of resolutions) are worth highlighting. In Latin America, the 1996 Inter-American Convention

<sup>65</sup> Ibid.

against Corruption, and a few years later - an indication of the difficulty of the proposal - its subsequent monitoring mechanism was created to make it operational. In Asia, the ADB/OECD Action Plan against Corruption in Asia Pacific and the Anti-Corruption Action Programme adopted in 2004 by APEC (Asia-Pacific Economic Cooperation) leaders. And in Africa, the African Union adopted a Convention on Preventing and Combating Corruption.

At global level, the G8 and G20 have also spoken out on this issue, urging the strengthening of anti-trafficking and tax evasion controls, promoting transparency and information exchange, and identifying improved governance as a key aspect. The World Bank and the IMF, for their part, also intervene in the fight against corruption through loan conditionality, policy advice, economic monitoring and investigation. Last, as described in previous sections, organisations such as the OECD develop specific initiatives to prevent and fight corruption, as well as to build institutional capacity. Neither can we forget the work of Interpol and its Global Programme on Anti-Corruption, Financial Crime and Asset Recovery<sup>66</sup>.

This does not preclude problems of interpretation of the concepts at regional/international level. Another added and relevant difficulty is the dispersion and fragmentation of the actions of the UN and other bodies, as a result of the numerous agencies involved. Better overall coordination is needed to avoid redundant or conflicting initiatives, the wasting of material and human resources, and the failure to exploit valuable sources of information scattered in heterogeneous and unrelated databases. All these weaknesses are quickly and effectively exploited by agile, motivated and well-resourced illicit networks.

## CONCLUSIONS

Corruption is a complex and diverse phenomenon, a consequence of the vulnerabilities and contradictions of equally diverse and complex societies. Its causes are varied and difficult to identify, since they are interrelated and feed off each other to form a multifaceted whole that is often part of the very foundations of society.

To this effect, the question of the relationship between political regime type and corruption is a subject of debate, as is the relationship between corruption and the wealth of nations. Indeed, some authors point to a covariance relationship between GDP, the Failed States Index and Corruption Indices.

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<sup>66</sup> INTERPOL <http://www.interpol.int/es/Crime-areas/Corruption/Corruption>

The mismatch between the cultural and institutional model, in terms of political project and code of values, may explain the persistence of this malady. Its systematisation, given the cost of legitimacy it embodies for the system, creates a powerful and resilient vicious circle, sustained by a feedback loop, that keeps the state weak and can lead to its collapse. And since the mere failure of one institution makes the whole system vulnerable, it can be said that the state relies on the strength of the weakest institution, which is usually at local level.

This problem requires a holistic approach. It is essential to maintain a state with a robust and functioning institutional architecture, but this requires an equally robust and vigilant society. Strong states are products of equally strong societies; it is a two-way relationship. The existence of an international community proclaims the existence of common elements and shared responsibilities. But this idea is contradicted by the levels of integration achieved by countries and markets and the lack of an equivalent regulatory and institutional framework. A certain lag of the law behind the events it seeks to control must be accepted, but the law has not even come close to keeping up with globalisation. Strengthening the state is not about increasing its size, but its effectiveness. And to strengthen the state is to strengthen the society it serves, which is the real axis of value. Moreover, attempts have sometimes been made to react by piling rule upon rule, creating a massive, burdensome, rigid and inefficient body of regulations. This problem is multiplied when it comes to articulating coordinated action at the international level.

As Susan Rose-Ackerman<sup>67</sup> puts it, "Widespread corruption is a symptom, not the disease itself. Eliminating corruption is meaningless if the result is a rigid, unresponsive, autocratic government. Instead, anti-corruption strategies should pursue government efficiency and fairness, as well as private sector efficiency".

This is part of a non-linear risk-benefit equation. Therefore, any active anti-corruption strategy must increase the risks and costs of engaging in corruption, limit the structural incentives for corrupt behaviour (such as political cycles of change) and reduce the discretionary power of the administration. This also requires the strengthening of transparency, open information networks, economic intelligence units, academic research and the dissemination of the phenomenon.

Similarly, international efforts must focus on achieving a more open and comprehensible institutional and economic environment, where all actors are identified; where the

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<sup>67</sup> ROSE-ACKERMAN, Susan. "The Political Economy of Corruption". *Institute for International Economics*, p. 46  
[http://www.piie.com/publications/chapters\\_preview/12/2iie2334.pdf](http://www.piie.com/publications/chapters_preview/12/2iie2334.pdf)

information available is broad, homogeneous and shared, and where there are clear, acceptable regulations, agreed at global level, adaptable to the changing environment and in accordance with the ethical proposal of each society and its reality.

This requires integrating and simplifying the many existing initiatives against corruption and organised crime, delimiting responsibilities, eliminating redundancies, ensuring their effectiveness and pooling resources. The aim is to globalise information, resources and programmes, taking advantage of the pre-existing normative umbrella of the UN and the existence at international level of a common language and spaces to use it.

The multidisciplinary "toolbox" concept developed by the OECD is perfectly suited to this since the approach must necessarily be flexible and holistic. Not all these tools will be used in the same way or with the same intensity. The approach should also be selective, directing the greatest intensity of effort towards nodes of strategic weakness, which may pose regional or global threats to economic and political stability or security, such as failed states.

Institutional strengthening must be done from within, since solutions, even if their inspiring principles are universal, must be adapted to the cultural and institutional framework in which they are implemented. Time, pedagogy and realism are needed. And it must be done by nationals themselves as a form of empowerment and support for the development of genuine citizenship. Exemplarity is essential here.

The factor that often prevents isolated corruption from becoming systemic is the determination of rulers and social leaders not to let it happen<sup>68</sup>. For this very reason, sanctions against high-level corruption must be more severe and effective than those against petty corruption. It is imperative that these non-exemplary attitudes do not become models by contributing to the questioning of the administration as a whole; the example must go from the top down.

Moreover, we are in the information century. The influential power of the Internet and social media places a critical value on the image and reputation of leaders and leaders. The work of civil society and the media remains a key pillar.

We must stress the material impossibility of eliminating corruption; indeed, to try to eradicate it completely would be too costly and inefficient, and could lead to unacceptable situations of restriction of freedoms and rights. We must therefore aim to achieve acceptable levels of integrity and honesty that prevent corruption from evolving into

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<sup>68</sup> KHAN, Feisal. "Understanding the Spread of Systemic Corruption in the Third World". *American Review of Political Economy*, December 2008, Volume 6(2), pp. 35

systemic corruption, a real cause of structural weakness and a threat to the security of states. This, in turn, will help to reduce petty corruption, creating a robust virtuous circle, which is the key to it all.

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