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Synonyms

Corruption and Ethics, Corruption Perception Index, Transparency International, Transnational Governance

Definitions

Corruption: an activity that misuses entrusted power for private gain by reducing the public value of a public good to compensate that private gain.

Introduction

Researchers and experts view corruption, especially the international variety, as a crime of fraud and abuse of public office that generally occurs "over there" and not in their own backyards. However, recent media reports of widespread corruption at the international level, both in developing and developed nations, demonstrates that international corruption is at the same time both a local and global phenomenon. In fact, corruption on the international level reaches all countries and all facets of public life. It is evident in the highest

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offices of the capitals around the world, from the Ex-President of Brazil, who was recently sentenced to serve 15 years in prison for corruption charges, to a current sitting U.S. President and his administration under investigation for conspiracy with a foreign power, and where several of his cabinet officials are under investigation, or have resigned their posts due to ongoing corruption investigations.

Corruption on the international level undermines not only democratic institutions but also the institutions built to protect those democratic efforts domestically and abroad. For example, the New York Times reported that corruption degraded the capacity of Ukraine military to protect its governmental institutions. At the same time, the Wall Street Journal reported that NATO stood up a task force to root out corruption that its own military operations created in Afghanistan. Other media reports described how the pervasiveness of international corruption extends even to international tennis, soccer, and the Olympics committee.

With the large variety of examples of global corruption, researchers and practitioners should focus on identifying and dealing

with the major issues presented by having to manage international corruption. These issues include understanding the multiple ways the international community defines corruption and the issues this creates, understanding the challenges of corruption to transnational governance, understanding the impact of international corruption on developing and developed nations, and knowing what the latest tools are used to deal with international corruption. Studying these issues from these perspectives will provide a comprehensive and up-to-date overview of main issues in managing international corruption.

Issues with Defining Corruption

The definition of corruption most often cited in the research literature comes from the international organization, Transparency International (TI), and describes corruption as the misuse of entrusted power for private gain. The definition is both simplistic and elegant. It both distinguishes the context (entrusted power), and indicators (private gain), in one statement. This makes the allure of studying corruption all the more appealing as compared to the often ambiguous study of ethics. However, its simplicity is both an advantage

and disadvantage when studying corruption at the international level of analysis.

Terms used to define corruption internationally include a spectrum of definitions like "petty" and "grand" or "low forms" and high forms" (van Schoor, 2017, pp. 17–18). This highlights the main issue in defining international corruption. To define it at the international level of analysis, one has to define what corruption means in diverse contexts across various nations and cultures. TI's simple definition is susceptible to criticism that it emanates from a western developed nations' contextualization of corruption. Thus, it has been disparaged as "monochromatic" and too focused on endogenous reasons for corruption in developing nations, such as poverty, disease, tribalism, and other ails of underdeveloped nations such as bureaucratic pathologies or the breakdown in the rule of law (de Maria, 2008). It averts attention away from the exogenous causes of corruption stemming from inter-national business centric causes and overweighs international business welfare above indigenous human rights welfare.

Further, the Corruption Perceptions Index (CPI), published by Transparency International and based on its definition of corruption focuses attention on corruption from a political perspective that conduces to western business interests and is non-supportive of the home country's anti-corruption efforts. For example, the World Bank and Transparency International both assess China and South Korea poorly on the rule of law and control of corruption. However, Seoul Metropolitan Government can demonstrate high rates of online citizen participation (Holzer and Kim 2007). And the Guangzhou Municipal Government leads the region in government information disclosure rules, citizen participation law, and administrative regulations. Even in nations with less developed economies than South Korea or China, the common structural networks of law and democratic institutions may not exist that help makes the payment and delivery of government services as transparent as it does in more developed nations. Thus, what may appear as corruption from a western viewpoint, may be a necessary process to governing for nations given their current level of development.

Consideration needs to be given for nations with under-developed economies that do not have the structures in place to exhibit or the capacity to demonstrate the levels of transparency expected in more developed nations. Just as the western bureaucrat who receives personal compensation legally for delivery of public government service is legitimate, so too should the delivery of governmental services by tribal, or other organizational mechanisms, be viewed as legitimate as long as the greater value of the action contributes to the public good. Thus, researchers of international corruption should understand that the determination of the level of corruption should be based on what value the personal gain detracts from the public value of the activity in question, not merely on private gain or a lack of transparency alone.

Challenges to Transnational Governance

International corruption represents a challenge to transnational governance. One reason is the distinction made in the international definition of private gain based on compensation for public good deliveries versus the public value gained based on societies payment for that private gain to exact the public good. Because the calculation of

the personal gain versus public value is not easily derived, perpetra-

tors of corruption at the international level can circumvent easy

identification and disrupt preventative efforts across international

borders. At the same time, private to public transactions executed in

environments where weak institutions exist do not automatically

lead to corruption. Whereas the definition of corruption as provided

by TI implies strong institutional contexts, this is not always the case

in all context at the international level where transactions occur

transnationally.

Some achievement of basic governmental assumptions is neces-

sary to operationalize the definition of corruption at an international

level. To wit, Matten and Moon (2008) identify three underlying

assumptions: a functioning political-economic market that allows for

corporate discretion over responses to economic, social, or political

factors; functioning governmental and institutions that guarantees,

define, and administers the market and acts on behalf of the public

good and interest; and finally, that these governmental institutions

are not captured by private interest for private gain. Thus, there is

an inherent difference between how international business and donor

transactions occur across international borders in the transnational socio-economic spaces and how the international community describes its expectations for the transparency of such socio-economic transactions.

As the number of social, economic, and political transactions occurring across national borders increases, the capacity of any one nation's government to administer such transactions decreases and the ability to ascribe accountability becomes harder. The authority to govern such transactions is more diffuse at the international level, precisely because of a lack of common contextual understanding of the cost and benefits of such transactions. Therefore, there exists a need to understand the meaningful differences of corruption in differing contexts and to research how these differences are diffused, adopted, and implemented in different international settings. Researchers should also study how international institutions, national and local governments, and relevant stakeholders play in this process. Understanding the impact of transnational corruption is essential so that the problem can be properly defined. The transna-

tional characteristics of international corruption exemplify the challenges presented when trying to deal with it at the international level.

Corruption's Impact at the International Level

Internationally, corruption affects the trade between and the prosperity of countries, the governance capacity of both developed and developing nations, and the level and quality of international security. Corruption has a statistically significant and negative relationship on a country's Gross Domestic Product and significantly impacts the corporate liquidity of both international and national firms (Chen, 2011). For example, the Christian Science Monitor reports that corruption takes up one third of Russia's GDP, approximately $318 US dollars. Additionally, Egypt's level of international trade could be much higher if the international perception of corruption in Egypt was more on par with developed nations (Shirazi, 2011, p. 442). However, beyond the impacts to the public and private domains, international corruption is not the only factor impeding international trade. Nationalistic policies on tariffs, corporate tax rates, and capi-

tal control, as well as geographic location, labor costs, and transportation infrastructure are significant factors impacting international trade (Shirazi, 2011). This is not to say that international corruption is not relevant, or that the international community should not develop anti-corruption regimes. It does point out, however, that international corruption may not be the sole issue impeding international trade, and therefore should not be the sole focus. Especially, since it is so reliant on contextual interpretations that are susceptible to cultural biases. Still, the research indicates that reducing international corruption will have as much, if not more, of a favorable effect on stimulating international trade as trade laws, lower tax rates, and international currency control measures (Shirazi, 2011).

Beyond economic impacts, international corruption severely constrains both the decisions of international donors, and flexibility of developing nations to access the resources necessary to build the social, economic, and political structures of governance to combat corruption. The perception of corruption by donor states about developing states often dissuades donor states from investing in economic and social programs (Persson Anna, Rothstein Bo, & Teorell

Jan 2013). This creates a donor-client dilemma scenario where the donor wants evidence of anti-corruption structures to be in place, so they can confirm to their constituents that their money will not be ill invested, and yet the client state first needs the capital resources that donor nations could provide to install the very protections that the donor states expect. This, in turn, causes developing nations to go to illicit markets to find the resources to establish anti-corruption governance regimes, which delegitimizes the effort of anti-corruption efforts of the international community, such as the U.S.'s Millennium Challenge Account (Brazys, 2016).

The conflict in Afghanistan provides examples of how this dilemma plays out in the international arena. In that conflict, international donors established requirements for broad goals of governance capacity building and institutional reform at the 2008 Paris Conference to resource international stability efforts in that country. By focusing on solely on governance and institutional reform, the efforts of the international donors miss the political causes of corruption the ravaged the war-torn country (Forsberg & Sullivan, 2016).

With the rise of globalization and the interconnectedness of cyberspace, international corruption has even more of a direct impact on the international system from a security perspective. For example, corruption facilitates international security threats derived from interdependent relationships between state government officials and transnational crime networks, or the facilitation of terrorist organizations (Chayes, 2014). The complete lack of borders and specific international security regimes in cyberspace only compounds the problem.

In a domain, such as cyberspace, where there is little to no recognition of international borders, the lack of governance capacity only strengthens illicit actors and weakens legitimate state authority (Hughes & Miklaucic, 2016). Thus, this creates an environment that is highly susceptible to all forms of corruption and serves to only increase the risks to international security. Moreover, while media coverage of potential cyber-attacks usually focuses on the risks posed by foreign governments, terrorist, and internet activists, the

most likely source of security risk stems from corrupt public and private employees who abuse their place of trust and privileged access by selling information for personal gain.

Another area where corruption directly affects international security is within the military institutions that were built to provide the very protections against the destabilizing effects of corruption. Interestingly, while there has been much research on corruption in other international sectors, there has been relatively little done on the military and international security sector (Pyman, 2017). However, the defense and security sectors are particularly vulnerable to corruption in five areas: political corruption issues, financial corruption issues, personnel corruption issues, operational issues, and procurement issues (2017, p. 515). With regard to corruption reforms within the militaries of several countries, some cases of reform have proven successful more because of administrative rule changes, that adjust career patterns and power structures of high ranking military officials, than to changes in the rule of law to criminalize such activity (2017, pp. 522–523).

Tools to Deal with International Corruption

Efforts to root out corruption at the international level exist despite the lack of a coherent definition or understanding of the transnational and true impact of international corruption. This lack of a coherent definition and understanding of international corruption has led to some blunt tools such as the CPI, as established by Transparency International. However, three main efforts consist of the development of compliance-based measures of anti-corruption policies, technologic efforts, and the establishment of the international rule Law. Compliance-based measures consist of internal national initiatives such as civil-service reforms that protect against political influence over bureaucratic careers outside of the due processes of civil service administration (Nistotskaya & Cingolani, 2016). While compliance-based measures are viewed in the literature as insufficient (Stevulak & Brown, 2011), they are nonetheless, a starting point for the establishment of a baseline of anti-corruption policies that transcend both national and international levels.

The emergence of several information-based technology tools is pushing forward an era of anti-corruption efforts that is predicated

on revolutionized methods of corruption detection, prevention, and analysis. This technology includes systems for the accumulation of big data and the development of software to detect collusion and fraud in transnational activities. Fields such as public health, trade, and taxation are employing big data to root out corruption. While previously, corruption could hide within massive amounts of data, like a needle in a haystack, new data management techniques developed to handle big data have reduced the inconspicuous nature of corruption hiding in plain sight. Accountability and oversight are being enhanced by new processes and tools of data mining. These processes are being incorporated at the international level into e-government and e-procurement activities to identify high-risk transactions for fraud and susceptibility to corruption. Lastly, with the ubiquitous availability of mobile devices, the development of mobile apps is occurring so that the public and governments can easily gather data, analyze it, and assess and detect corruption in electronic transactions. A specific example, from media reports is the use of QR tags to assess the stage projects are at and provide specific information on the cost and timeline until completion.

Lastly, the most widely used tool to circumvent international corruption are the regimes of international laws that make up the conventions against corruption. Foremost among them is the United Nations Convention against Corruption. According to the U.N., the convention against corruption is the only legally binding universal instrument available to counter international corruption. To do this, the convention addresses five areas surrounding corruption: preventive measures, criminalization and law enforcement, international cooperation, asset recovery, and technical assistance and information exchange. Signed by 140-member states, the convention is a unique tool in the fight against corruption, in that it outlines a policy for asset recovery and return to the rightful owners. Despite its expansive nature and legally binding articles, this convention also has been criticized as too vague in some aspects such as non-mandatory criminal prescriptions for domestic laws of signatory nations (Rose, 2015).

Conclusion

The lack of a truly international definition of corruption and an understanding of challenges due to its transnational nature leads to a

North-South and East-West bias in the perception of what constitutes corruption. For instance, surveys of bribery, often used as an indicator of corruption, take into account the bribe taker in developing countries, but not the briber-giver. This misses both the causation and level of impact such corruption incurs. An endogenous perception of corruption is that it is due to a lack of institutional reforms needed by developing countries to enter into legitimate membership with developed nations. However, this perspective completely discounts the impact that exogenous factors of predatory international businesses exhibit in intentionally dampening the efforts of underdeveloped nations to instill such necessary institutions.

Thus, the true impact of international corruption is the sustainability of the status-quo that circumvents regulation simply because it can evade agreed upon definitions. The current research into this aspect of international corruption falls short of providing real empirical estimates of international corruption. This article contends that researchers and practitioners should define levels of corruption according to how much it detracts from the public good to serve pri-

vate interests, instead of its contribution to or detraction from the international level of global productivity. Developing realistic models of impact, based on contextual definitions of corruption are important to developing international anti-corruption efforts. This will lead to a better understanding of corruption's true impact at the international level, and the development of realistic tools that are necessary to combat it.

Cross References

Administrative Corruption; Compliance versus Ethical Capacity Corruption; Cybersecurity as Social Policy; Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges; Ethical Dilemmas in International Development Nongovernmental Organizations; Ethics and Sustainability in Local Government; Governmental Accountability; Legal Vs. Ethical

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