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RESEARCH ON CORRUPTION

POTENTIALLY USEFUL INSIGHTS

TINA SØREIDE

IOEA. CORSICA. THURSDAY 25.05.2017.





Upon this lecture, you should better understand...

- Corruption characteristics
 - Theoretical approaches
 - Data and empirical research
 - Policy world
 - Law enforcement
-

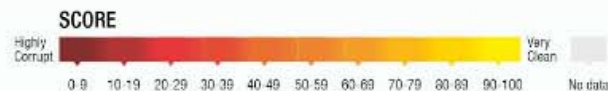
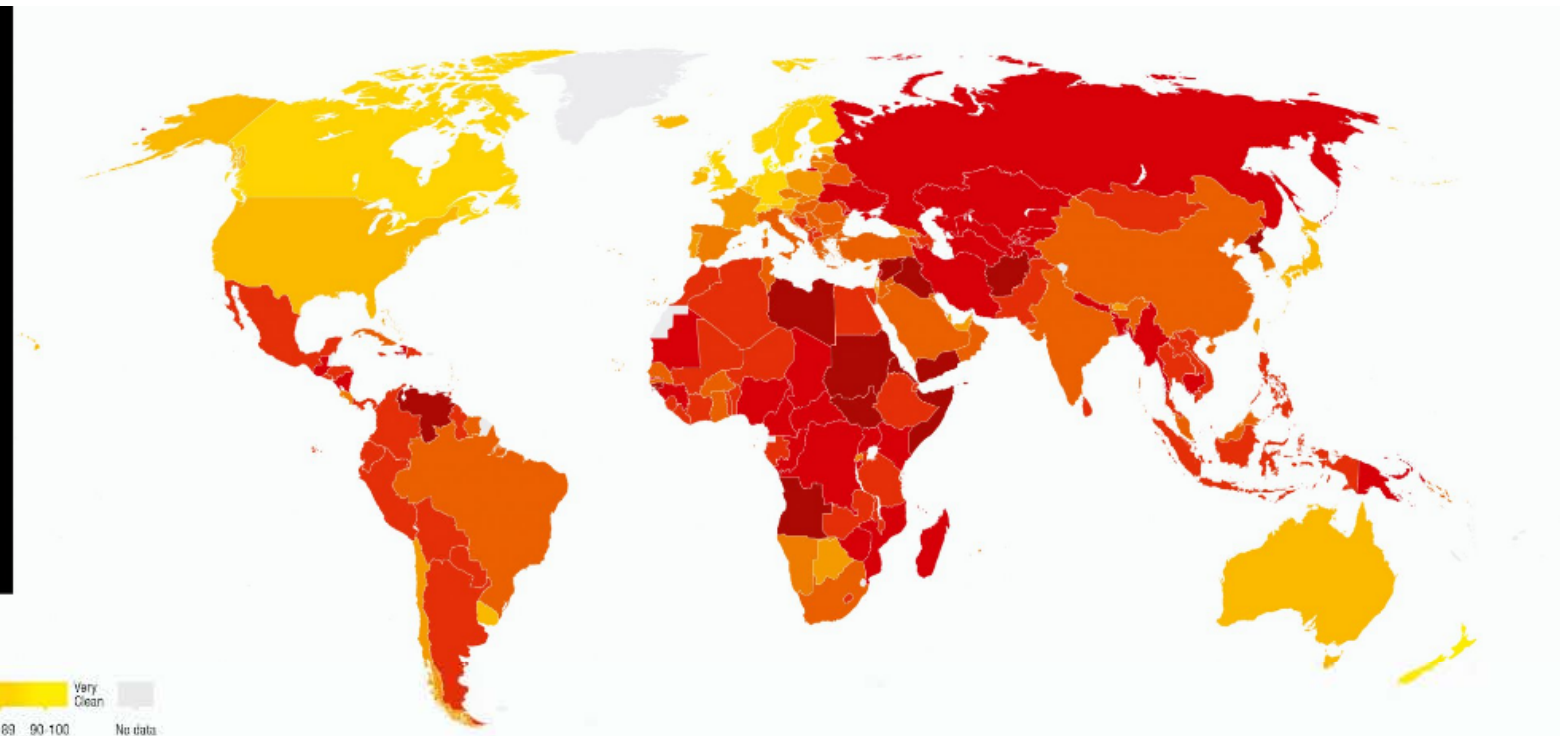
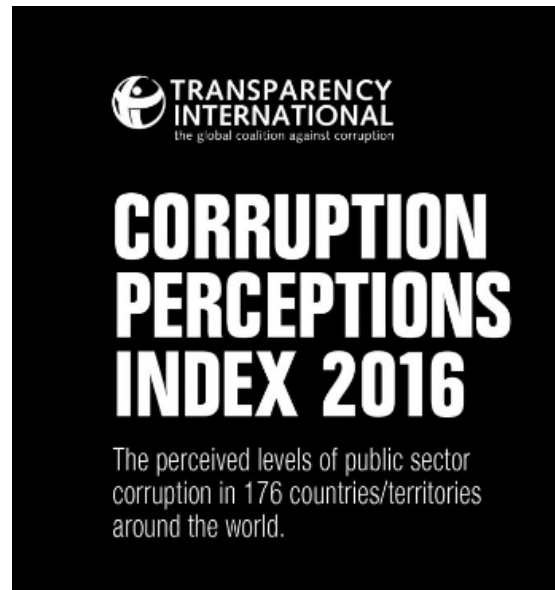


Empirically. Problem unobservable. Are there good reasons to assume corruption is a big problem?

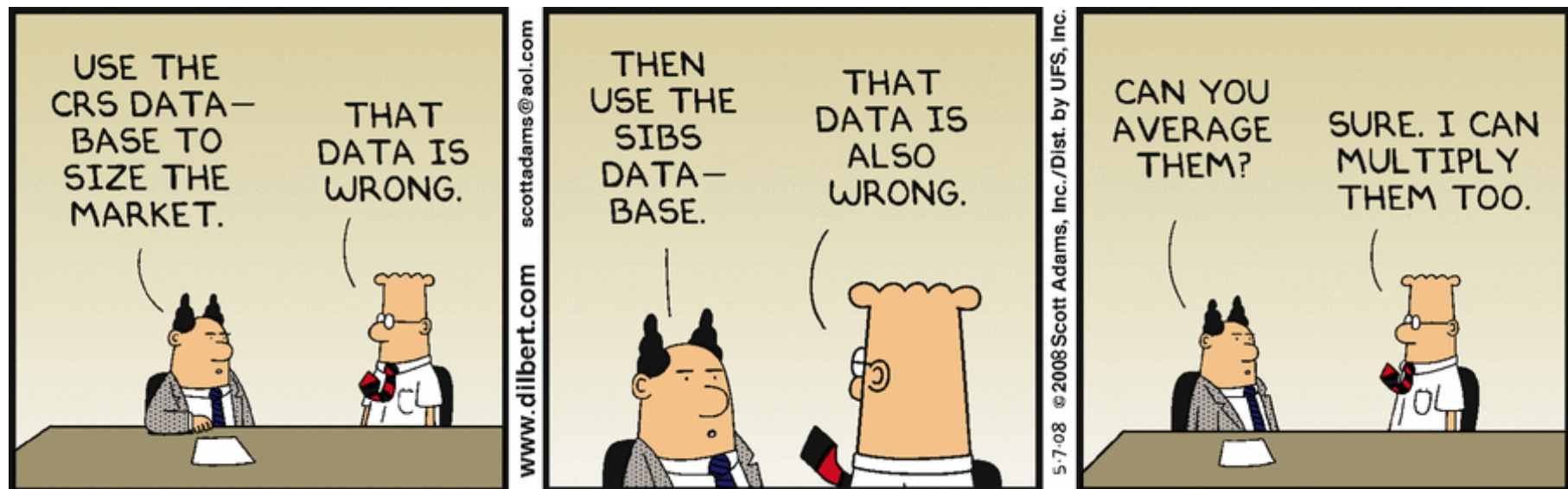
- *What is corruption anyway ?*

Magnitude of the problem? “Misuse of authority for personal gain”? Criminal law definitions? Rank/score? Estimate of the perception of ...governance problems? Corruption versus legal ways of making influence?

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RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	
1	Denmark	90	21	Uruguay	71	41	Brunei	58	60	Italy	47	95	Sri Lanka	36	136	Myanmar	28	
1	New Zealand	90	22	Estonia	70	41	Costa Rica	58	62	Seo Tome and Principe	46	101	Gabon	35	136	Nigeria	28	
3	Finland	89	23	France	69	41	Spain	58	62	Saudi Arabia	46	101	Niger	35	136	Papua New Guinea	28	
4	Sweden	88	24	Bahamas	66	41	Georgia	57	64	Montenegro	45	101	Peru	35	142	Guinea	27	
5	Switzerland	86	24	Chile	66	44	Latvia	57	64	Oman	45	101	Philippines	35	142	Mauritania	27	
6	Norway	86	24	United Arab Emirates	66	44	Grenada	56	64	Senegal	45	101	Thailand	35	142	Mozambique	27	
7	Singapore	84	27	Bhutan	65	46	Cyprus	55	64	South Africa	45	101	Timor-Leste	35	145	Bangladesh	26	
8	Netherlands	83	28	Israel	64	47	Czech Republic	55	64	Suriname	45	101	Honduras	30	145	Cameroon	26	
9	Canada	82	29	Poland	62	47	Malta	55	69	Greece	44	108	Laos	30	145	Eritrea	18	
10	Germany	81	29	Portugal	62	47	Mauritius	54	70	Bahrain	43	108	Mexico	30	145	Iraq	17	
10	Luxembourg	81	31	Barbados	61	50	Rwanda	54	70	Qhana	43	108	Moldova	30	145	Venezuela	17	
10	United Kingdom	81	31	Qatar	61	50	Korea (South)	53	72	Burkina Faso	42	108	Paraguay	30	145	Madagascar	26	
13	Australia	79	31	Slovenia	61	53	Namibia	52	72	Serbia	42	108	Sierra Leone	30	145	Nicaragua	26	
14	Iceland	78	31	Taiwan	61	53	Slovakia	51	72	Morocco	37	108	Iran	29	151	Tajikistan	25	
15	Belgium	77	35	Botswana	60	54	Croatia	49	75	Algeria	34	113	Armenia	29	151	Uganda	25	
15	Hong Kong	77	35	Saint Lucia	60	55	Malaysia	49	75	Côte d'Ivoire	34	113	Bolivia	29	153	Comoros	24	
17	Austria	75	35	Saint Vincent and The Grenadines	60	57	Hungary	48	75	Egypt	34	113	Nepal	29	154	Turkmenistan	22	
18	United States	74	38	Cape Verde	59	57	Jordan	48	75	Ethiopia	34	116	Russia	29	154	Zimbabwe	22	
19	Ireland	73	38	Dominica	59	57	Romania	48	79	Tanzania	32	116	Ukraine	29	156	Cambodia	21	
20	Japan	72	39	Lithuania	59	60	Cuba	47	79	Kosovo	36	116	Guatemala	28	156	Kyrgyzstan	28	
										95	Brazil	36	116	Togo	32	136	Democratic Republic of Congo	21
													116	Lebanon	28	136	Uzbekistan	21



We do have data (2nd best)

Sources of information for assessing the extent of corruption

Relevant sources

- (aggregated) perceptions-based corruption indices
- surveys of self-reported incidents (business surveys, household surveys..)
- country and system assessments
- consultancy report on risk?
- field experiments?

(not so useful for learning about the mechanisms at play)

Less relevant

- court cases
- cases in the media
- complaints from victims
- illegal capital flight
- reported suspicious financial transfers
- lab experiments

(still useful for learning about the form of problems)

Several conceptual challenges in “counting corruption”



Counting observations?

Example

A pays **B** a bribe \$ x y times for the benefit z

What is the magnitude of corruption...?

xy ?

yz ...?

consequences?

Conceptually, difficult to tell how to assess "the magnitude of corruption"
- even if all data is available

Corruption can be some form of “**informality**” - weak understanding of what *conflict of interest* entails.

Fransesc Trillas this morning: “The institutional endowment is different across countries.”

Saudi Arabia: “Zero tolerance” to corruption & contracts to friends and family



Not always greed. Informality in terms of pragmatic flexibility

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"I understand you gave it all to the poor,
but do you have any receipts?"

State administration out of function/overwhelmed by other problems

The Fragile State Index



Low political priority (for multiple reasons)

Norway –mentioning corruption in local governance will not help collaboration for other political aims



Constraints on the press and civil society. Human right violations. Government produces unreliable facts.
Corrupt?

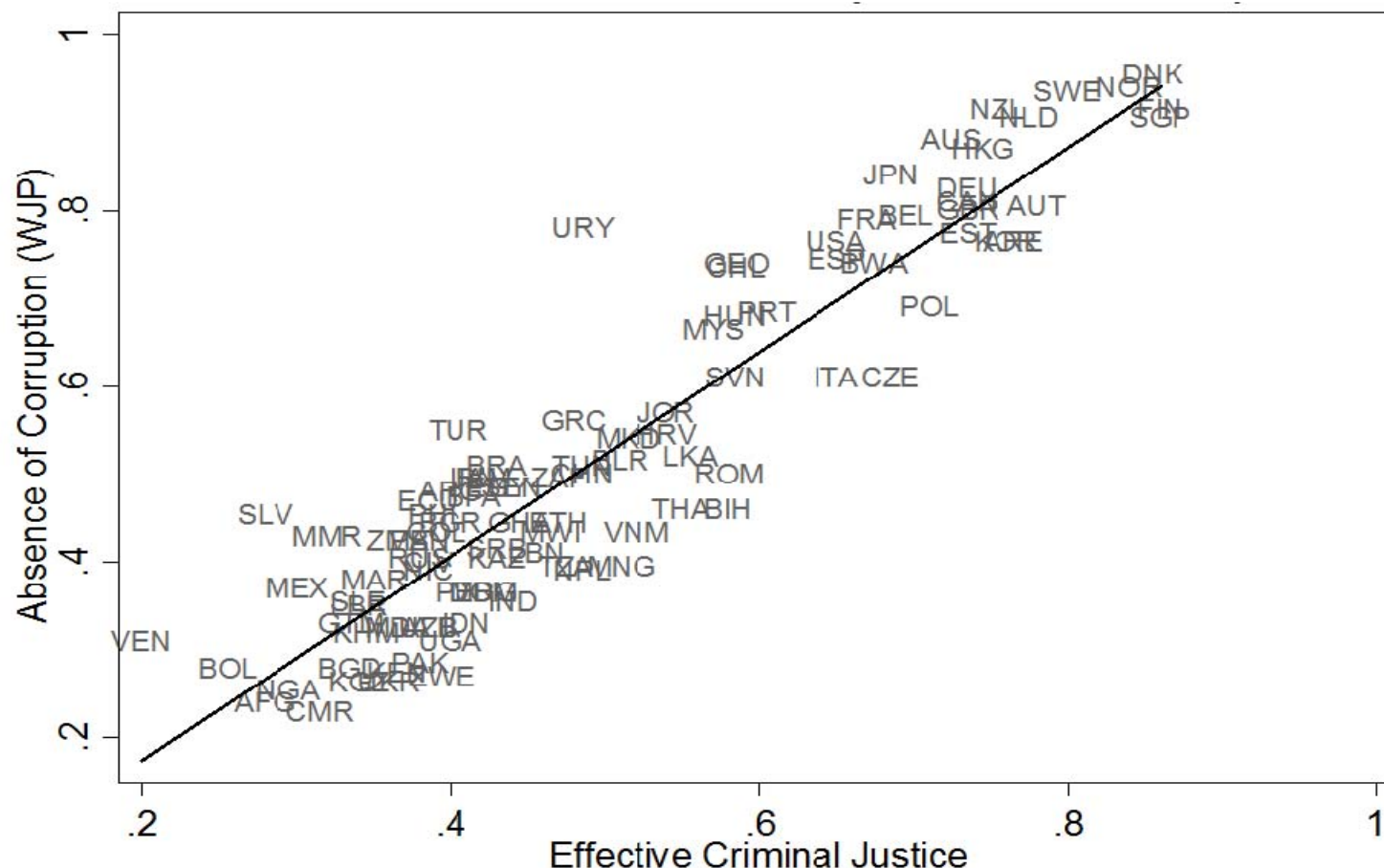


Strong correlation – absence of corruption and efficient criminal law system (not the case for all forms of crime)

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Societies with efficient law enforcement *also* manage to control corruption. Causation uncertain.



Effective criminal justice system and corruption control, all data from the World Justice Project 2014. The figure shows the correlation between effectiveness of the criminal justice system and the absence of corruption.



Strong correlation between reactions and perceived challenges.

World Justice Project.

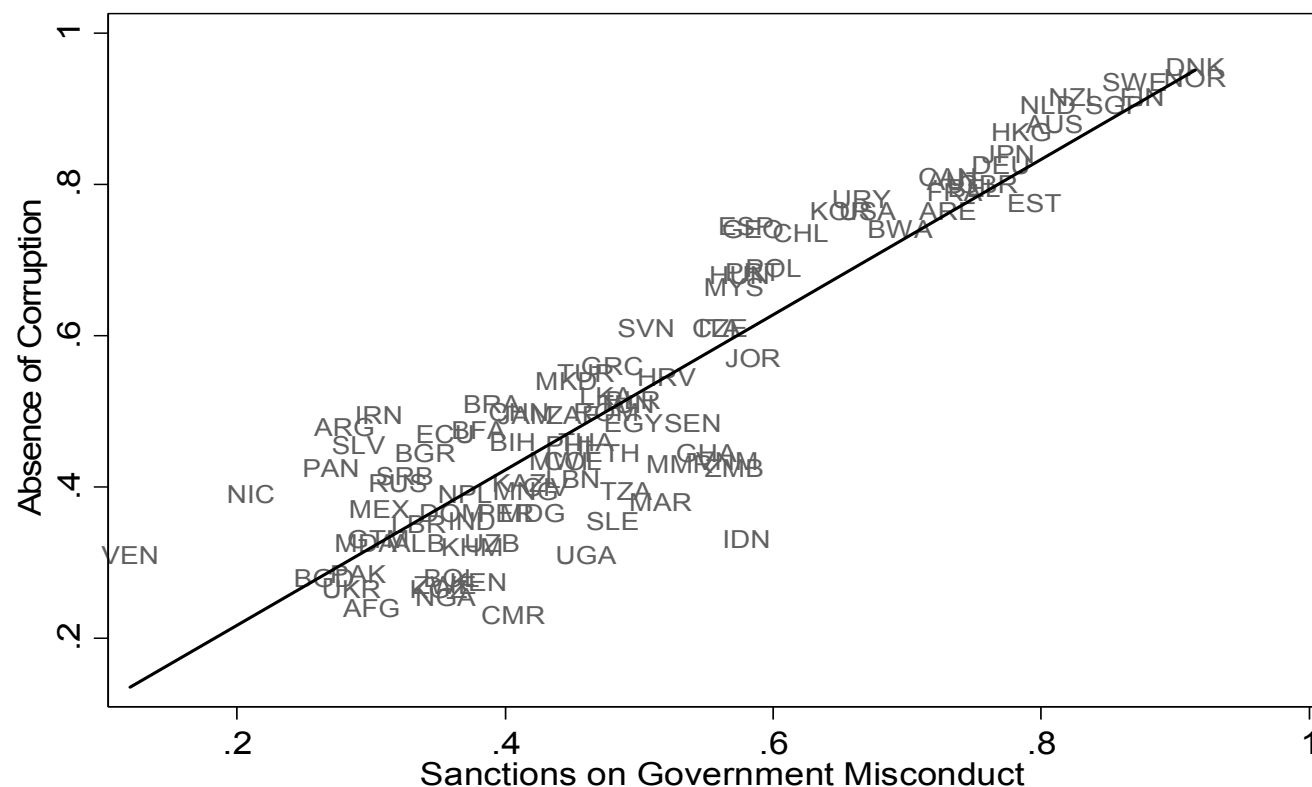


Figure 2. Correlation between corruption control and the likelihood that government misconduct is sanctioned when disclosed. Source: World Justice Project (WJP) 2014 Rule of Law Index. The horizontal axis presents the WJP factor “Government officials are sanctioned for misconduct” (sub-factor 1.4 in the 2014 WJP Report). The vertical axis presents “Absence of corruption” (WJP factor 2 in the 2014 WJP Report). The correlation’s slope is 1.03. The WJP Rule of Law Index is constructed on the basis of survey information from 100,000 citizens and experts in 99 countries. The respondents answer a large number of questions referring to examples and cases, and these responses feed into an index consisting of nine main factors.

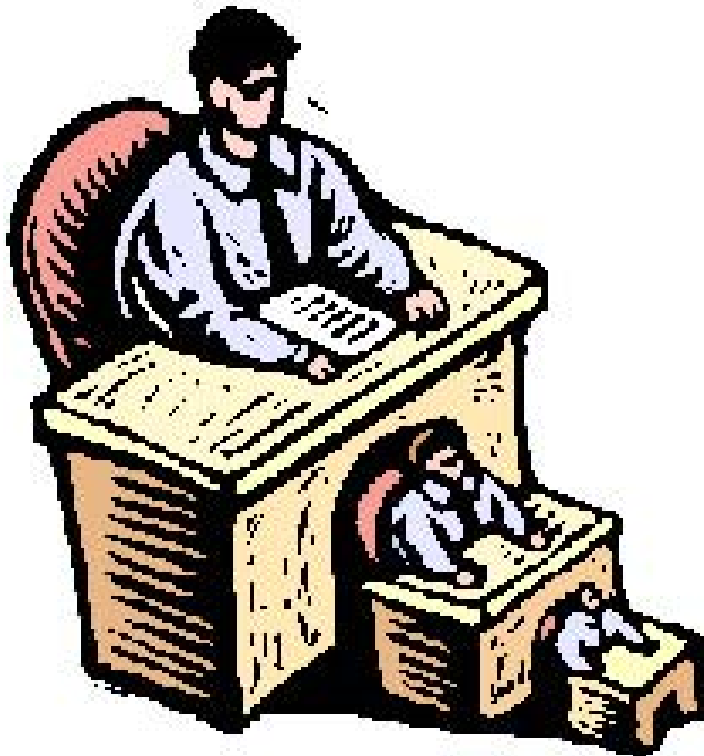
For details about the WJP Rule of Law Index, see their webpage: <http://worldjusticeproject.org/rule-of-law-index>. We thank Elias Braunfels who helped preparing the graph.

Theoretical argument for corruption problems -- *more convincing?*

Efficient bureaucracy: delegation + discretion

Authority must be allocated in a hierarchy

- Control: increasing marginal cost
- Efficient state bureaucracy *implies* risk of corruption
- Corruption; deviation from what one is supposed to do ... in exchange for a bribe
- Demand /supply / price /asymmetric information

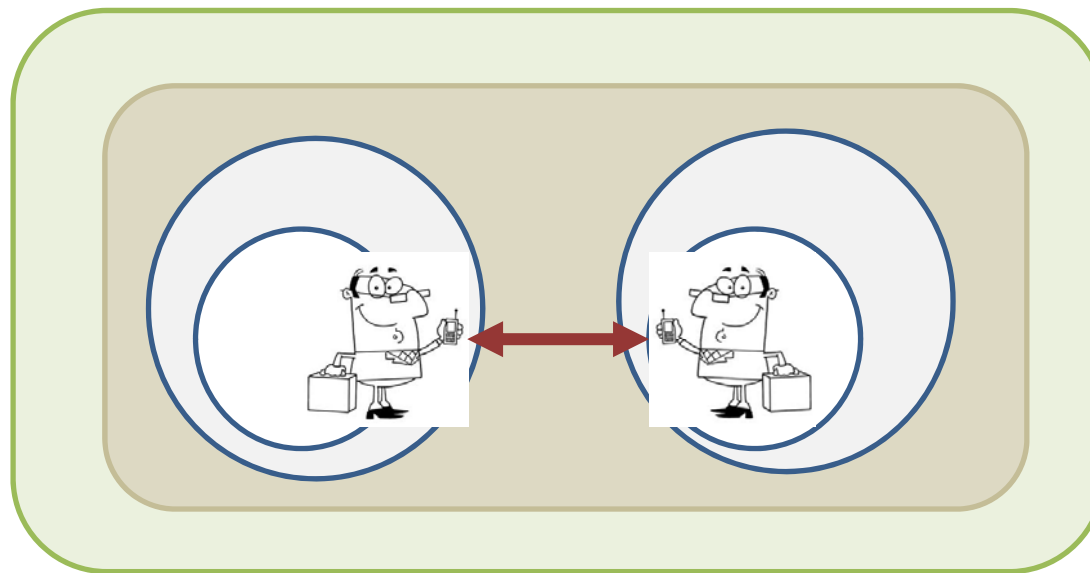




Economic theory - approaches for understanding corruption and strategies against it

- Cost-benefit studies/individual choices (+ behavioral economics)
- Aggregated impact of choices. Multiple equilibria models.
- Principal-agent relationships; bureaucracy + corporate governance
- Public procurement/markets (bidding)
- Markets and bribery (big/small players, technology, entry, cartels..)
- Rent-seeking/lobbyism + the value of connections
- Political economy (autocracy + power games)
- Geopolitical games /coordination between countries
- Law & economics (deterrence)

Why we need to understand corruption as a deal/bargain between two players?



Three reasons: Recruitment of corrupt decision makers, degree of distortions, how to deal with the problem

Corruption as a deal between players. The deal is the crime. A higher bribe can compensate for a higher risk of detection + consequences

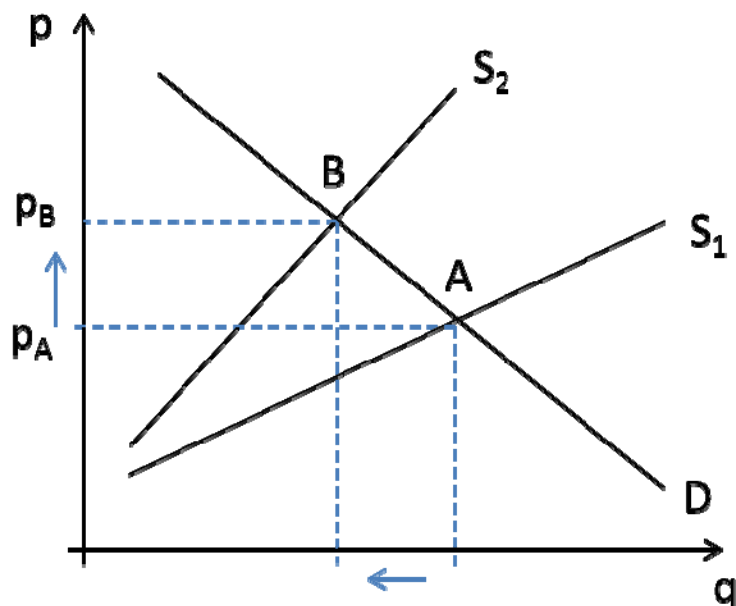


Figure 1.a

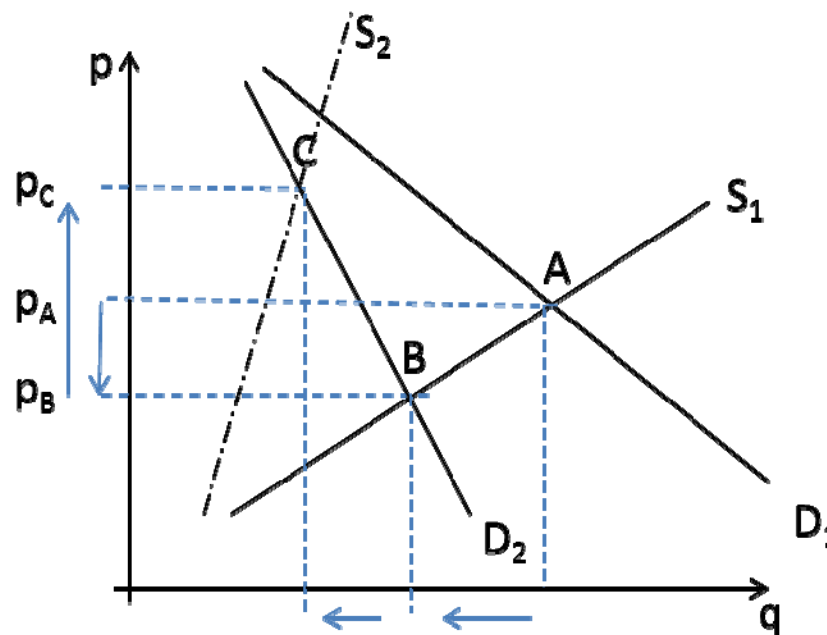


Figure 1.b

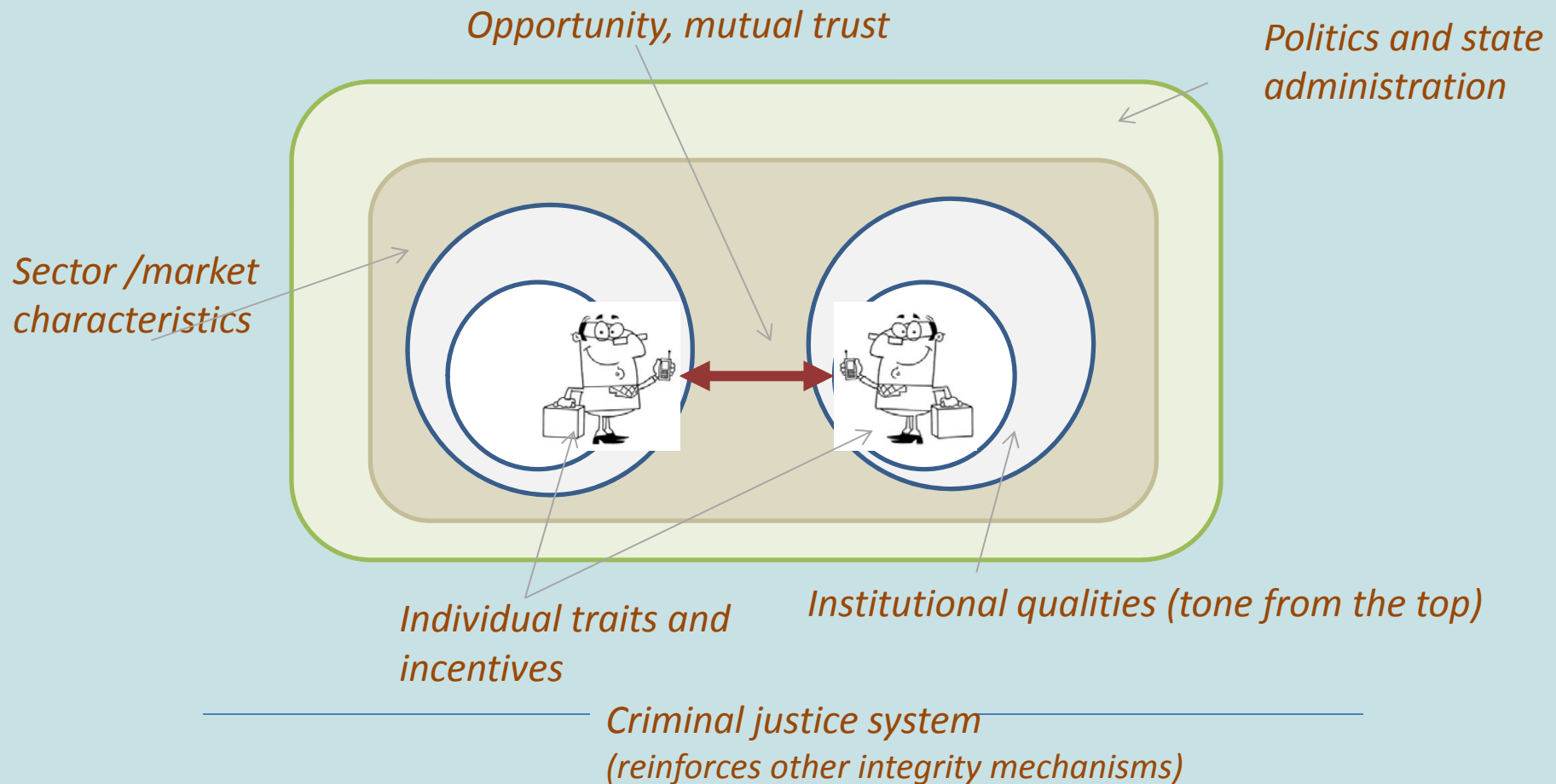
Figures – supply and demand for corrupt decisions.

One-sided strategy; lower q but higher p means corruption decreases while incidents with high willingness to pay may continue

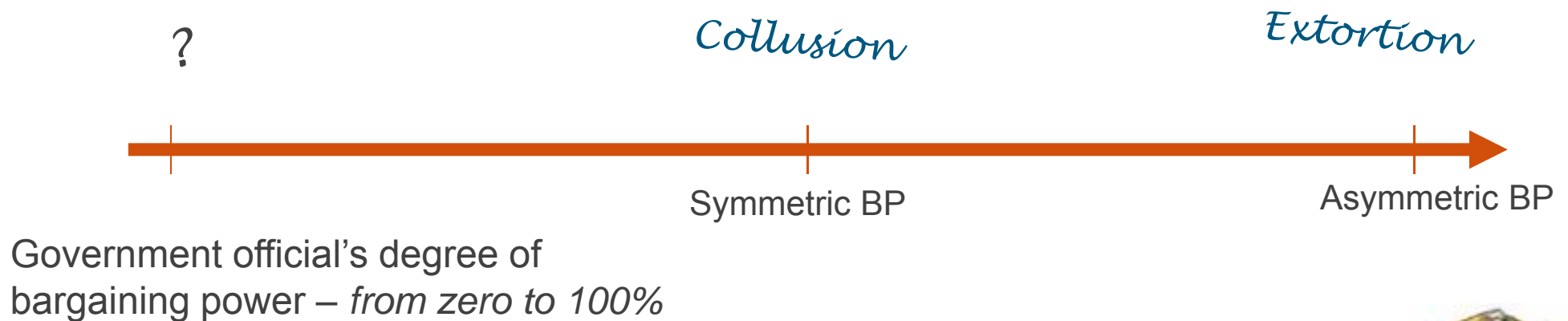
Two-sided strategy; still a problem but higher impact on corruption frequency

TRADE IN DECISIONS (*that should not be for sale*)

- A bargain -> bargaining powers matter
- Asymmetric allocation of bargaining powers -> the degree of extortion vs collusion



Asymmetric allocation of bargaining powers: why it matters for understanding the degree of *extortion* versus *collusion*



Bargaining power of corrupt decision makers depends on what authority they have

What factors increase “values” and “discretionary authority”?

i) **Scarcity** (values): Government officials allocate resources according to certain rules (deviate from rules can be paid for, result depends on supply/demand and allocation of bargaining powers)

- *Create shortage* (reduce accessibility to public benefits)?
- Government official in monopoly situation? (bribe = willingness to pay)

ii) **Qualification-based allocation** of benefits

- Government officials' own judgment affect official decisions?
- Decide to impose a **cost** on firms and citizens (a tax/a fine, instruction to operate differently)?

Classifying both risks and distortions



In a given setting, find out:

How abundant are the benefits?

- i. **Limited:** ex: public procurement contracts, government appointed positions, tickets for transport, vaccination programs ...
- ii. **Plenty:** ex: customs clearance, access to public schools, access to electricity

The more scarce/limited the benefit, the easier for decision makers to demand bribes. Corruption more likely to distort decisions.

- **Benefits made limited/scarce** to drive up the price (i.e. the size of bribes).

How are benefits allocated?

- i. **Qualifications-steered:** ex: public procurement contracts, government-appointed positions, customs clearance,
- ii. **Available for all:** vaccination programs, access to public schools, access to electricity

The more qualification-steered, the easier to demand bribes. Corruption more likely to distort decisions.

Examples

Discussion: Which box in the table is associated with the more damaging forms of corruption?
Distinguish between allocation effects and cost-effects.

		TYPE OF ALLOCATION	
		QUALIFICATION-STEERED	AVAILABLE FOR ALL
DEGREE OF SCARCITY	LIMITED	A <i>Examples:</i> Public procurement contracts Building permits in a city Surgery involving organ transplants Government-appointed positions	B <i>Examples:</i> Tickets for public transport Routine public hospital services Public parking (such as berths for boats in a city-administered port) Vaccination programs
	PLENTY	C <i>Examples:</i> Customs clearance Tax benefits Drivers' licenses and various diplomas Access to credit	D <i>Examples:</i> Access to public schools Access to electricity and water supplies Basic health services Passport renewals

Policy relevant?

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Consequences of Corruption at the Sector Level and Implications for Economic Growth and Development

Published on March 25, 2015

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This report provides an analysis of the impact of a range of corrupt practices on economic growth and development in four key sectors: utilities and infrastructure, extractive industries, health and education. As quantification of the impact of corruption on economic growth at a macro level remains challenging, this report presents evidence at the micro and sectoral level to capture the various consequences of this phenomenon. Prepared by the OECD as a contribution to the G20 efforts to fight corruption, this report aims at increasing the understanding of the channels by which corruption inhibits economic growth and assist countries in further integrating anticorruption in their efforts to foster inclusive, sustainable growth and development. Drawing lessons from the cross-cutting analysis, the report encourages countries to develop a More

	EXTRACTIVES	INFRASTRUCTURE	HEALTH	EDUCATION
Misallocation of state revenues	Budget skewed away from services for the poor. Resource dependency common.	Over-investment and mis-investment in infrastructure facilities	Budget cuts. Health and pharmaceutical subsidies. 'Corruption-friendly investments' (construction, building, consultancy services)	Lower value for money (education is one of the bigger posts on national budgets).
Wasted resources	Illicit financial flows may reflect stolen state revenues. Inefficient sector governance hampers production and revenue potential.	Too expensive subsidies. Over-inflated costs in construction cause losses for tax payers	Ghost workers and absenteeism facilitated by corruption.	Leakage of funds allocated for education. Ghost workers and absenteeism.
Inflated prices	Framework conditions for industrial development in other sectors of the economy largely neglected – resulting in uncompetitive prices for individuals and firms	Bribes demanded for access to water and electricity. More expensive power supply.	Inflated prices of medicines and services.	Extra (informal) payments for textbooks, certificates/ grades and teacher salaries.
Reduced quality	Few consequences if services are inferior. Lower quality of basic service delivery, incl. health and education	Low quality roads and other constructions Poorer utility service provisions (like power cuts)	Substandard and fake medicine. Lower quality of health services offered	Inferior teaching. Lower quality school facilities. False diplomas (grades not reflecting qualifications)
Scarcity	"Scarcity" of competitors if tenders for oil licenses are manipulated.	Network services not necessarily provided to all districts - despite contractual commitments.	Lack of medicines (non-availability, sub-standard, or fake/not working).	Teaching not taking place. Insufficient supply of teaching services and school supplies
Unfair allocation of benefits	Political corruption causes income inequalities	Poor segments more exposed if there is government failure behind the provision of electricity, water and sanitation.	Health care allocated to those who pay bribes, and less upon needs.	Good grades to those who pay. Private schools not available for poor segments.
Other negative consequences	Conflict/civil war, terror attacks, bunkering (stolen oil), illegal mining, environmental damage, lack of safety in production (causes health damage and deaths).	Tax/accounting-related fraud. Theft of electricity supply. Embezzlement in construction. Low quality construction takes life.	Fake medicines – sold by help of corruption and linked to organized crime. Lack of treatment takes life.	Embezzlement of public funds – on the way from central level to each single school.

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Consequences of corruption in the sectors - *main features*

Extractives: **Political** corruption implies loss of state **revenues** (financial secrecy) and **neglect** of other sectors. Cuts in spending for health and education. Indirect consequences for state functions and legitimacy. Damaging **framework conditions** for business.

Infrastructure: Distorted utility **regulation**, expensive subsidies and entities privatized with **market power** intact. Maintenance ignored. Less targeted investment. **Construction** contracts are highly exposed. Services (electricity, water, ports) more expensive.

Health: Health **services** more expensive or not available. **Facilitates other offences:** fake medicines (sometimes supplied by organized crime) and severe insurance fraud. High level corruption in large-scale public **procurement** affects selection and quality of services and products.

Education: Bureaucratic corruption reduces value for money: **facilitates** embezzlement (funds don't reach the schools) and teacher absenteeism ('ghost teachers'). Grades & certificates incorrectly reflect competence; **distorted recruitment** to jobs.

G20 High Level Principles on Corruption and Growth

- Corruption damages citizens' confidence in governance institutions and their supporting integrity systems, and weakens the rule of law.
- Corruption impacts the costs of goods and services provided by government, decreasing their quality and directly increasing the cost for business, reducing access to services by the poor, ultimately increasing social inequality.
- Corruption discourages foreign investment by creating an unpredictable and high risk (financial and reputational) business environment.
- Corruption reduces healthy competition through deterring the entry of additional market players, thereby lowering incentives for innovation
- Corruption distorts decision making at the highest level and can cause severe economic damage through the ineffective allocation of public resources, particularly when diverted to benefit private and not public interests. The laundering of corruption proceeds can impact the national economy and the integrity of the international financial system.
- Corruption may reduce the impact of development assistance and hinder our collective ability to reach global development goals.
- Corruption facilitates, and is fueled by, other forms of criminal activity including transnational organized crime, money laundering and tax crime which may represent significant threats to global and national security and to national budgets.



So how do we deal with the problem?

Corruption as old as governments.



Economics. Normally focused on the effect of individual tools/strategies. Step-by-step better enforcement of laws (law & econ)

Incentive-based strategies inspired by economics (collusion vs extortion)

- Information on performance placed with those with incentives to act on it
- Competition in various contexts
- Deterrent-based sanctions (the total amount of consequences)
- Sanctions proportional to the gains from corruption
- Leniency/reward those who speak out
- Reward whistleblowers

Economic perspectives

Criticize inadequate regulation – f ex ...

- public procurement (incl debarment),
- corporate liability (incl corporate structure),
- inefficient sanctions (such as retribution),
- weak coordination between institutions/reactions (narrow mandates)



Applicable tools?

Economists – good at developing tools that match a given problem

Martin Cave – citing colleague who says “*economists should think of themselves as dentists*”

The discipline – narrow-minded...? No comparative advantage in evaluating landscapes of institutions (and this is okay)

For the sake of making markets perform well, there are a number of institutions – and we need to know about them

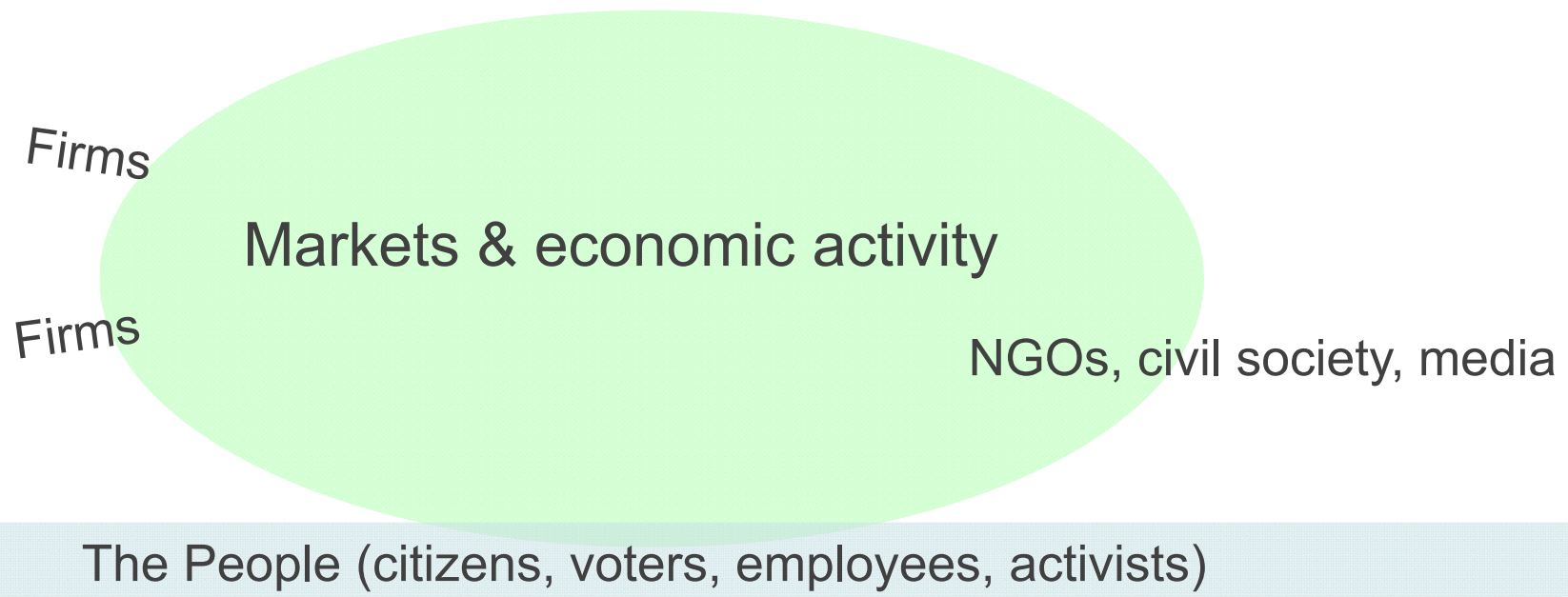


Main elements of a country's governance integrity system

The Judiciary
(court system)

Government
(executive branch)

Parliament
(legislative branch of government)



Main elements of a country's governance integrity system

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*The Constitution
and human rights*

checks and balances

The Judiciary
(court system)

Government
(executive branch)

Parliament
(legislative branch of government)

Recruitment

Law enforcement system

*Rules on law development,
implementation, enforcement and
reaction*

Rules regulating the allocation of state benefits

Gvm/state financed services

Firms

Rules regulating business activity

Markets & economic activity

Firms

Firms

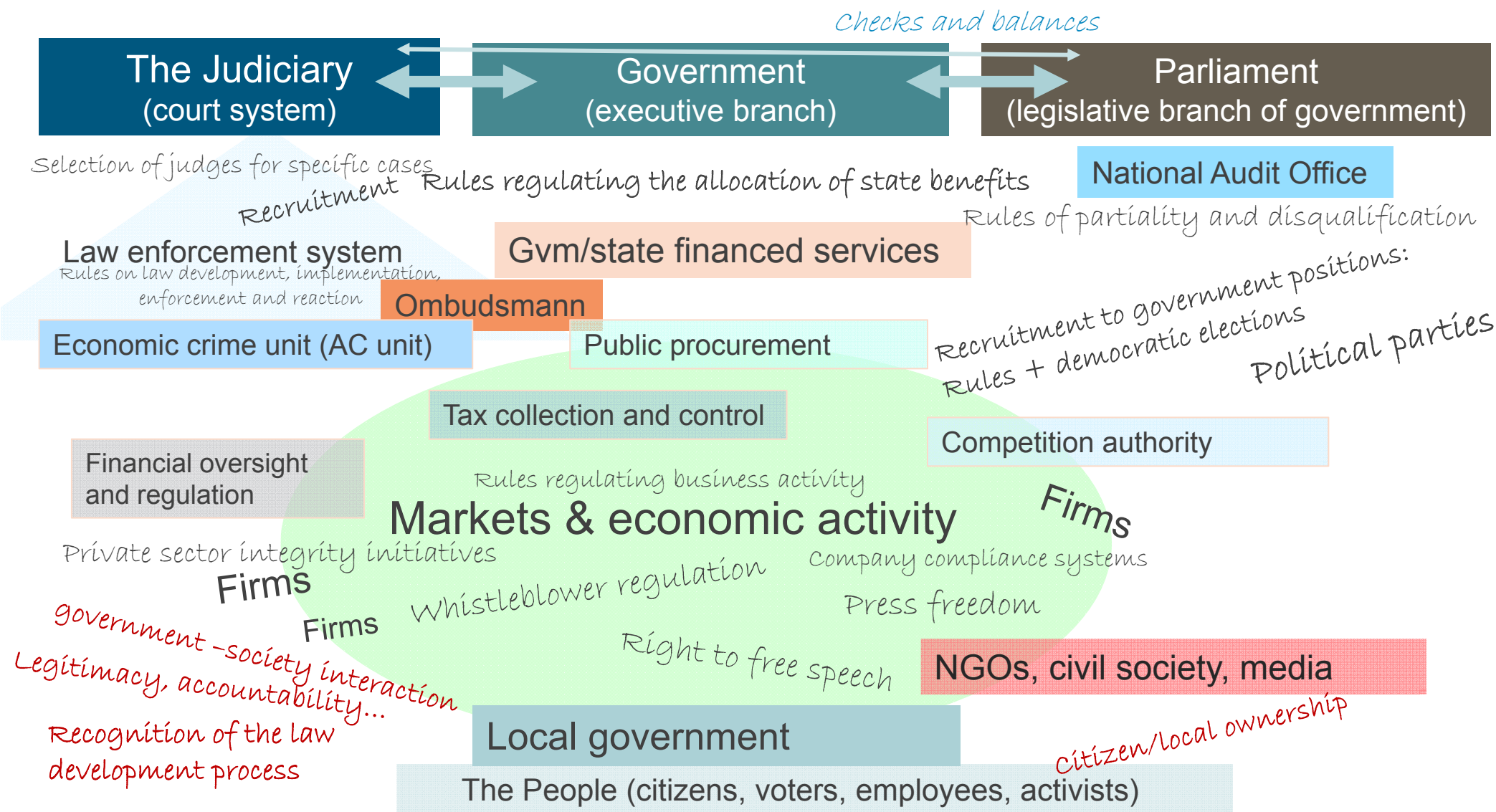
*Recruitment to government positions:
Rules + democratic elections
Political parties*

NGOs, civil society, media

The People (citizens, voters, employees, activists)



The Constitution and human rights



Internationally?

Automatic exchange of financial account information

Mutual legal assistance

Conventions. Public and private international law, trade agreements

Inter- and supranational commitments and collaboration (EU, IMF, UN, NATO, WB, OECD...)

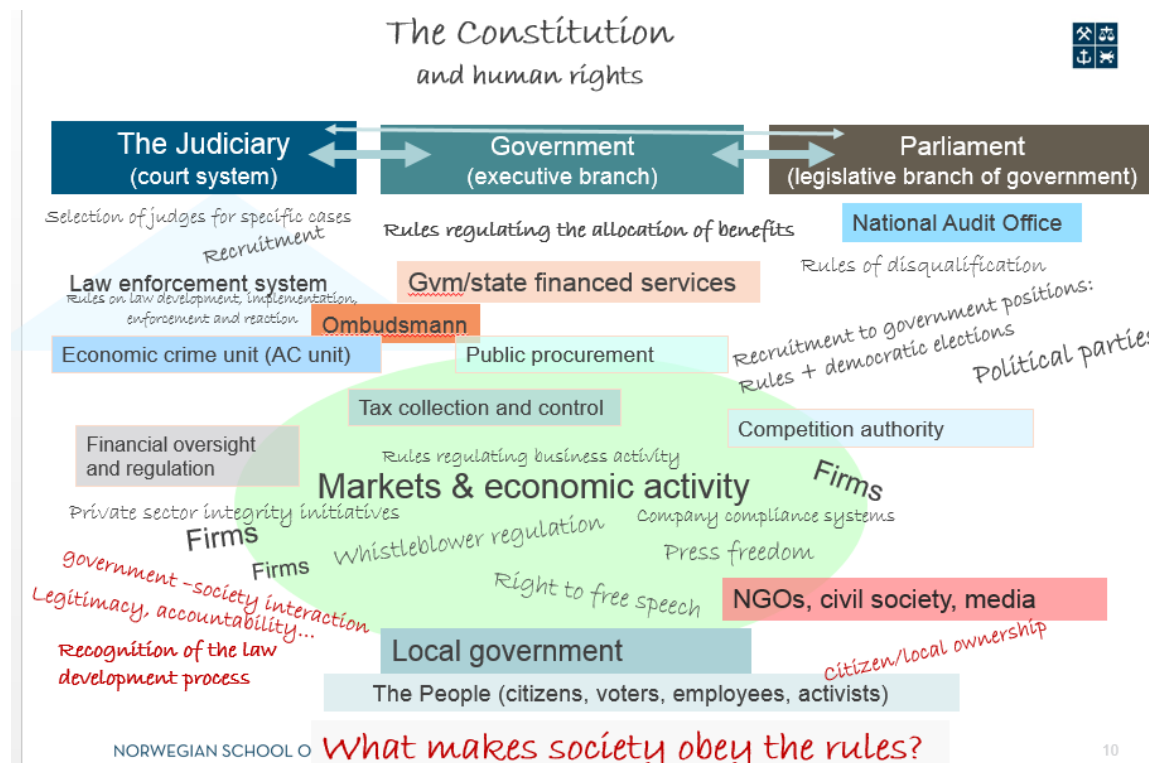
Development support conditioned on integrity mechanisms

Collaboration between powerful: G20, B20, C20...

Country assessment by multilateral organizations

Initiatives for solving international trade disputes

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Corruption and institutions in selected countries

From Moene & Søreide 2016

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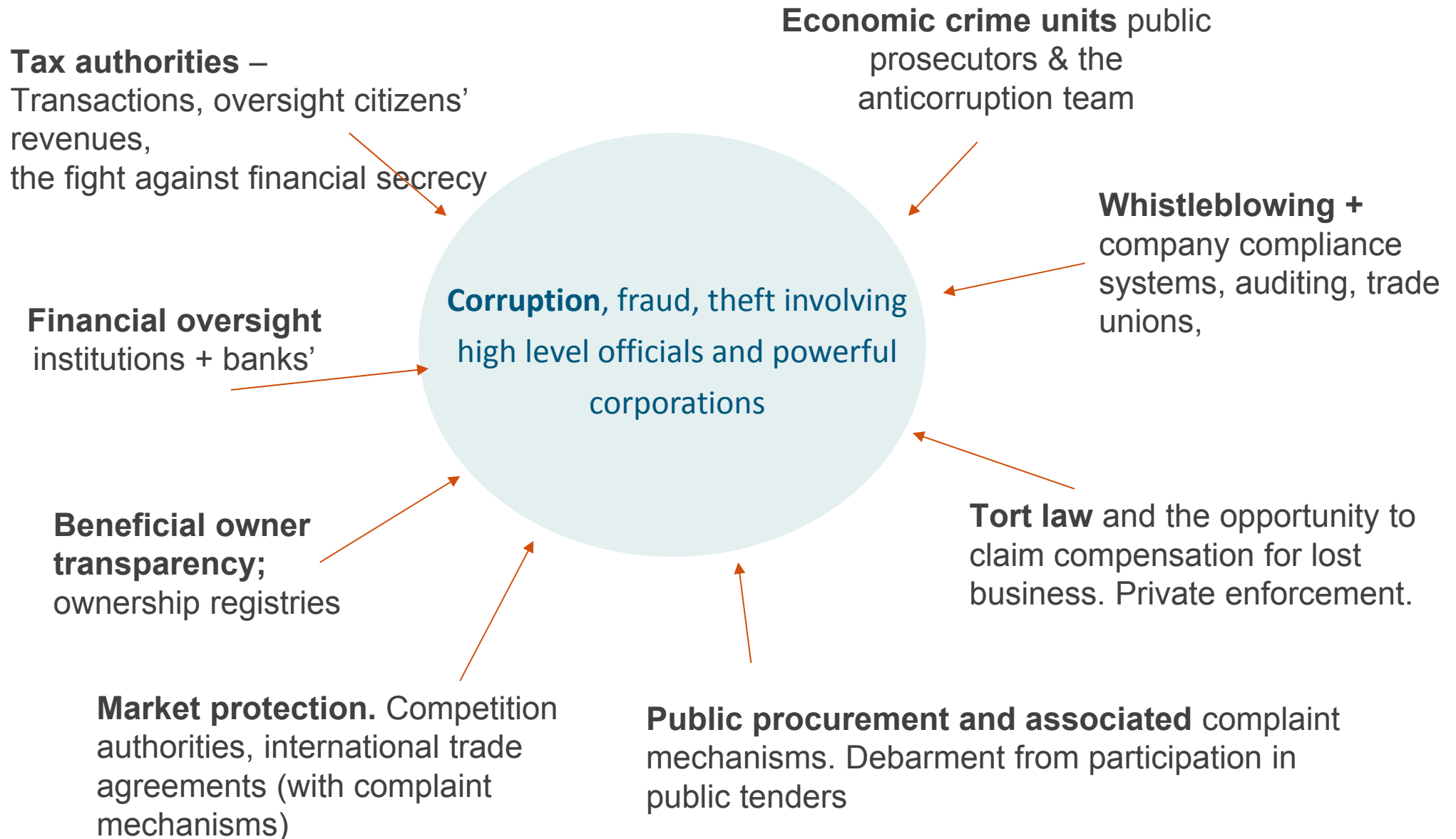
Table 1 Corruption and institutions in selected countries

Country	Corruption regulated by penal code	Democr. elections	Ombuds-man function	Audit inst.	Access to information law	Rule of law	Perceived corruption	Corruption in the judiciary
Lower-middle-income economies (\$1046 to \$4125)								
Ghana	V	V (49)	V	V	V (2015)	34	56/47	0,58
Myanmar	V	V (–)	-	V	-	92	147/22	0,19
Georgia	V	V (35)	V	V	V (97)	29	48/52	0,66
Senegal	V	V (29)	V	V	v*	38	61/44	0,48
Guatemala	V	V (21)	V	V	X (94)	85	123/28	0,36
Upper-middle-income economies (\$4126 to \$12,735)								
Albania	V	V (54)	V	V	V (69)	53	88/36	0,29
Botswana	V	V (67)	V	V	v*	31	28/63	0,79
Ecuador	V	V (55)	V	V	V (73)	77	107/32	0,41
Iran	V	V (–)	V	V	V (50)	88	45/53	0,45
South Africa	V	V (71)	V	V	V (109)	36	45/53	0,66
High-income economies (\$12,736 or more)								
New Zealand	V	V (8)	V	V	X (94)	6	4/88	0,91
Spain	V	V (16)	V	V	X (73)	24	36/58	0,78
Argentina	V	V (35)	V	V	X (66)	54	107/32	0,63
Italy	V	V (29)	V	V	X (57)	30	61/44	0,74
Japan	V	V (21)	V	V	X (65)	13	18/75	0,92

Democr. elections refers to whether main political leaders are appointed by democratic elections. Details include democracy rank in parenthesis. *Rule of law* – refers to overall performance (rank out of 102 countries; 1 = best). *Corruption in the judiciary*: the higher score, the less corruption (see the appendix for details and sources)

K. Moene, T. Søreide

THE ARSENAL OF LAWS AND INSTITUTIONS IN PLACE TO PREVENT AND DETECT BUSINESS-RELATED CORRUPTION. *Impressive set of institutions, but what do they sum up to in terms of crime deterrent effects?*



How functional is this arsenal of laws and institutions when it comes controlling corruption?

1. **Desistance?** To what extent will this set of laws and institutions stop ongoing corruption and corruption-resembling practices?
2. **Detection?** Will the crime be detected?
3. **Deterrence?** Is the reaction on cases sufficiently severe to prevent future crime?
4. **Compensation?** To what extent will these institutions secure compensation for victims?
5. **Cost-efficiency?** Is the system efficient in terms of resource allocation? Do the different institutions have the resources they need to control corruption?
6. **Legitimacy?** Are citizens ensured that the problems are under control and handled “properly”?



Concurrences

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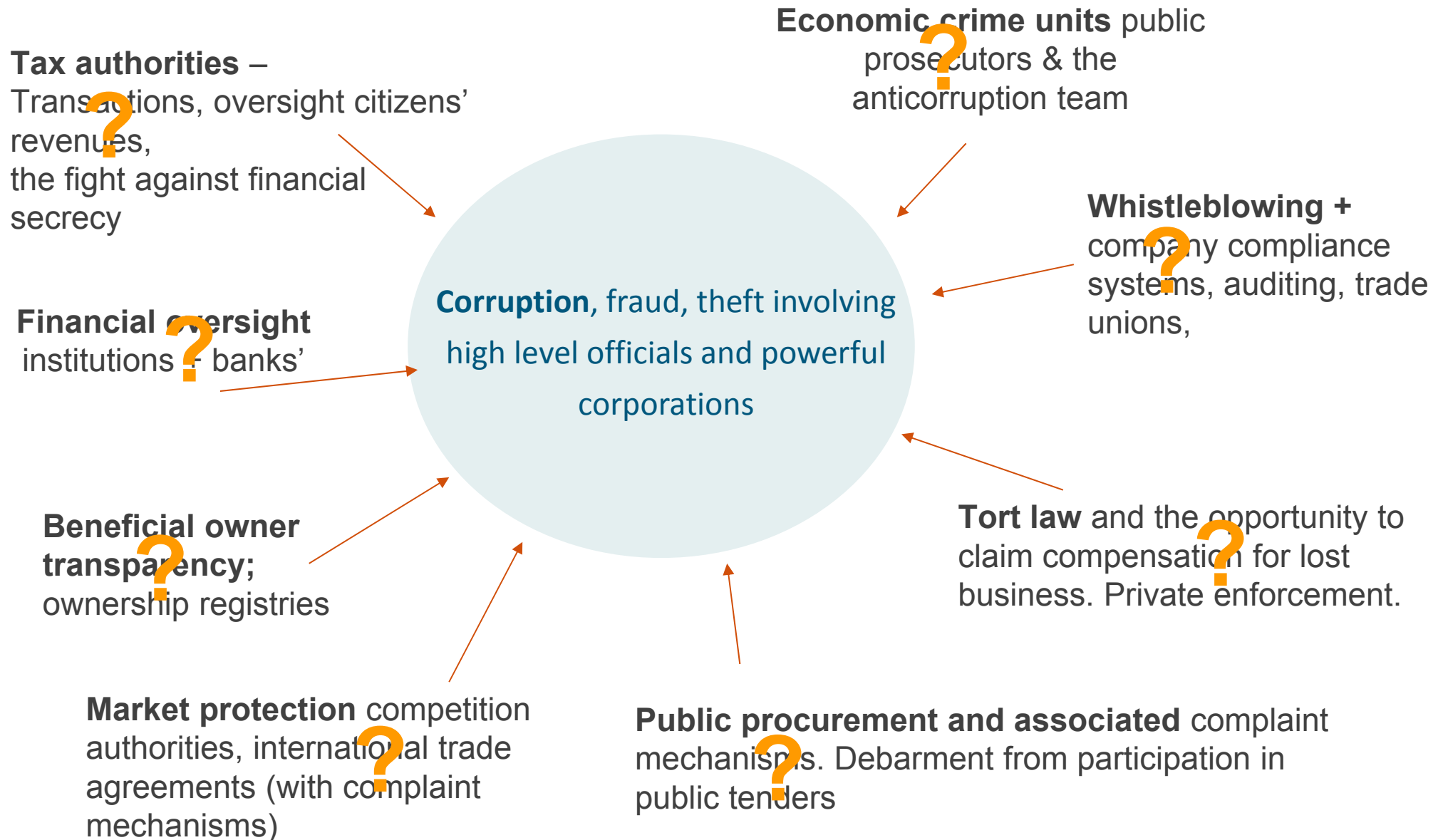
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Consider each institutional arrangement; to what extent will it contribute to control business-related corruption? What is the mandate of each institution?



Why not appreciate *the efficiency gain* in small specialist law enforcement entities with a clear mandate?

They may have been introduced without a clear understanding of how they function vis-à-vis each other

- Financial oversight institutions (no teeth)
- Competition authorities (narrow mandate)
- Public procurement (false security)
- Tax authorities (secrecy jurisdictions impede their function)
- Whistleblowers (few incentives to speak out)
- Criminal law (burden of proof)

Risk associated with sub-optimal law enforcement organization: only a part of the picture exposed and reacted upon?

Considering a company that gains business benefits by help of corruption; what are the incentives to take part in/stay away from other forms of crime?



The lack of a coherent approach 'makes the sum less than its parts'

a) Competition law

Purpose. Protection against corrupted industry regulation. Prevent and react upon constraints on fair competition. Prohibits a range of acts that harm the function of markets. Supervising /advising on mergers and acquisitions.

Progress in law enforcement (EU law)

- Leniency upon self-reported cartel collaboration
- Negotiated settlements with demands on compliance & monitoring

Complex cases and risk of **corruption**

- Competition law too narrow mandate
- Leniency for violation of competition law only (not criminal law)
- Catch 22 for criminal law prosecutors (stay away or react?)

Problem

- Settlement with one law enforcement entity closes the case (while other offences are the responsibility of other law enforcement units)



The lack of a coherent approach ‘makes the sum less than its parts’

b) Public procurement

Progress in law enforcement (EU law); harmonized across countries

- Sophisticated procedures for public procurement
- Competition in markets; a well-established ambition (entry to the market should be possible)

What if corruption?

- Procurement procedures can be manipulated in multiple ways (two main categories)
- Debarment? Excluded from bidding? Reaccepted (“self-cleaned”) as supplier if agreed on negotiated settlement (NPA/DPA) with criminal law public prosecutors
- In practice; the risk of debarment is taken into account in criminal law settlements
- The result; both “sanctions” are watered out: criminal law milder and debarment no real threat for those who collaborate (*Ref. Rolls Royce*)

The lack of a coherent approach ‘makes the sum less than its parts’



c) Criminal law

Impressive progress globally towards criminalization of corruption in both public and private spheres

Criminal justice system: *the* institution with the mandate to tackle corruption

In practice

- “Impossible” to prove involvement and intent at the level of proof demanded by criminal law
- International markets; transactions and ownership can be kept secret
- Criminal justice systems, inadequate resources, and too often, inadequate independence (more on law enforcement in practice, lecture 15)

What if suspected corruption?

- Collaboration encouraged
- Flexibility in negotiations
- Company: more inclined to “accept the facts of the case”, the less the impact on future opportunity to secure contracts
- If no court case, on what basis should victims (firms and individuals) claim compensation?
- Asset recovery as part of the deal; what asset can be regained *without harming an innocent party*
- Assets to be recovered under criminal law; must follow *directly* from the criminal act (by proof)
- Civil asset recovery in negotiated cases; will come, far from straightforward
- Negotiated deal under criminal law; automatically considered eligible for bidding on public tenders (ref previous slide)



Problem: Some players not in reach for criminal law reactions. Financial secrecy service providers prevent the detection of grand scale corruption – using the whole tool box of “legal strategies” with little risk of being charged as complicit in crime

Tax Justice Network. Paper by Sophie Lemaître (a French PhD candidate)

“Among the mechanisms provided by the various national legal frameworks, corporate entities or vehicles, such as **shell or offshore companies, trusts and foundations** are the most favoured to hide proceeds from corruption. They are **not illegal in themselves**. They can be a logical choice for some business transactions and may have a legitimate purpose, e.g. for mergers and acquisitions or estate. **It is the way they are used that makes them illegitimate and illicit.** Having recourse to nominee shareholders or directors, to bank accounts abroad and to complex ownership and control structures do not breach national laws. However, in most cases, these vehicles and mechanisms are being **diverted from their original purpose** to conceal proceeds of corruption.”

http://www.taxjustice.net/wp-content/uploads/2013/04/Sophie-Lema%C3%A9tre_paper_hiding-corruption-through-the-abuse-of-law.pdf



The lack of a coherent approach ‘makes the sum less than its parts’

d) Tort law

Tort law principles are well established

- Private enforcement complements government/public regulation and reaction
- Brings to light the damages caused by illegal business practices
- Stronger incentives to desist unlawful practices

What if corruption and collusion combined?

- What are the incentives to self-report if there is also a potential claim for compensation?
- Self-reporting; should it remove/reduce or not affect victims’ claims for compensation?
- EU procurement law: self-cleaning may depend on compensation to victims...
- *Unless*, already self-cleaned upon a settlement under criminal law
- How can tort law contribute to control corruption if these questions remain unanswered?



Sum up: Current challenge wrt institutions

Institutions with a narrow mandate and weak communication, (ii) the crime might be nobody's mandate, (iii) lack of a coherent approach makes the sum less than its parts), (iv) public procurement can be manipulated in multiple ways, (v) debarment rarely works, (vi) possibly a need for institutional re-organization

In sum; markets weakly protected against corruption



Convincing research strategy?

Corruption requires a combination of theory and empirical results. The transactions must be understood.