

The spreading corruption virus

Corruption index (CPI) since 1995

Growing perceived corruption

In spite of the noisy anti-corruption buzz generated at international (United Nations, World Bank, OECD) and national levels, the actual perceived corruption in the political and public circles does not cease to grow, as indicated by the downward trend of the annual Corruption Perceptions Index (CPI) developed by Transparency International (TI). The index name is misleading, because it actually measures the perceived level of probity — a low index meaning high corruption, and a high index meaning probity. The chart (Fig.1) shows the maximum (green), median (blue) and minimum (red) parameters of the index, and the corresponding trend lines for the years 1995 to 2013.

The index distribution has shifted towards the lower end of the scale along the 19-year period in the chart, exposing the generalized sliding towards a more corrupt environment. The shift affects all countries, including the least corrupt ones (the regression line slope of -0.04 corresponds to an average annual change rate of -0.27%), revealing an ongoing albeit slow moral deterioration. The long term trend of the median index (annual average change rate of -2.15%) heralds loud and clear

the triumph of corruption and the decay of probity across the planet.

Should we worry ?

Decent and well-meaning souls in the developed world may feel reassured by learning that the nations with the lowest index (higher corruption) are destitute, developing countries of Africa and Asia, whereas those with the highest index (lower corruption) are the customary northern European nations and New Zealand. Why should one worry ?

To be true, it seems that poor, southern countries are facing the double curse of an unfair income distribution and the aggravation of high corruption. However, it would be mistaken to believe that corruption is a concern only for far-away, backward nations, not for "us, the civilized ones". The fact is that the wolf is in the sheepfold. The least corrupt nations are far from immune to the corruption virus; not only do they breed corruption, they also export it and play the part of the anti-corruption police officer.

Widespread fraud in non-corrupt nations

While bribes and selling of favors are perceived as lower in developed countries,

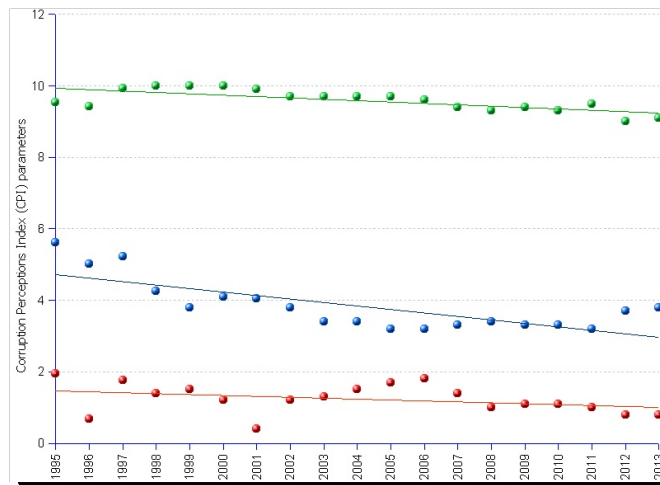


Fig.1: Corruption Perceptions Index (CPI) maximum, median and minimum, 1995 - 2013.

other forms of fraud are actually quite common — a poor prerequisite for preventing the establishment of corruption.

- Trying to promote one's own career by forging academic diplomas and titles is more than silly, it is pathetic. But when politically prominent dunces tamper with their scholastic achievements with a view to fast-track their climbing to power, then all alarm bells should ring. In Germany, two ministers, two European deputies, and another high-ranking politician have been recently stripped of their degrees obtained through plagiarism, another politician and a member of the parliament have been fined for fraudulent use of academic titles, and a parliamentary group president is under investigation — all belonging to the main governmental German parties (SPD, FDP, CDU, CSU). In France, hot controversy surrounded the dubious academic performance of former president Sarkozy, who claimed a Political Science degree that he did not earn, and of former minister of Justice Dati whose MBA was a fake.
- Scientific fraud in the context of collusion between business interests and public offices plagues such sensitive branches as the pharmaceutical and the food industries. Surveys (1) show that 2% of scientists carrying out clinical research admitted to having fabricated, falsified or modified data or results at least once, and up to 34% admitted other questionable research practices. It is feared that nothing can stop the influence of drug company money. Hospitals and universities will not do it.

Regulatory and overseeing bodies decline to do it. Peer pressure, caught in conflicts of interests, is unable to do it (2) (3). Spectacular cases, such as Hwang Woo-suk in South Korea, are therefore just the tip of the iceberg.

- The US\$3.2 trillion global food industry has been shaken by recurrent scandals of fraud, regulatory oversight failure, and concealment of vitally critical information. Notable examples are the devastation caused by toxic adulterated rapeseed oil in Spain, fake "bio" eggs in Germany, outdated meat in Switzerland, rotten Mozzarella from Italy, horses used in medical experiments and unfit for human consumption sold at the butcher's in France. The 1980-1990 mad cow disease is a textbook case. It directly caused 280 human deaths, and resulted in millions of slaughtered animals during the eradication program. The epizootic was caused by the business decision to feed herbivore cattle the leftovers of the slaughtering process and the carcasses of sick and injured animals in the form of meat and bone meal. According to the official UK inquiry (4), overseeing authorities opted for "a total suppression of all information on the subject" of BSE, for reasons of "the possible effect on exports and the political implications". Even after scientists demonstrated that the disease was transmissible between species, UK government hushed up the findings, stood by their line that the beef was perfectly safe and that BSE was not transmissible, until the disaster was consummated.
- Food fraud with state administration

connivance is a sort of non-written rule. The current incumbent of fisheries in the government of Norway has the high-hand on all supposedly "independent" Norwegian laboratories responsible for the control and quality supervision of the fish industries. But she also holds financial interests in several fish raising sea-farms, directly or through relatives. This helps understand the reasons why the nightmarish conditions prevailing in Norwegian salmon sea-farms are subject to a strict information gagging, namely as regards the hazardous pollution resulting from the fish over-population in the farms, the intensive use of antibiotics to keep the fish alive, or the massive use of ethoxyquin — a pesticide strictly regulated for agricultural use, not tested by the European Food Safety Agency for its effects on human health, and unauthorized in the European Union for animal use — as an additive directly incorporated in the fish food pellets, which are by the way manufactured in the probity-champion Denmark (5).

Corruption thrives in the non-corrupt nations

Alleged non-corrupt countries, although keen to pose as role-models, keep foul-smelling skeletons hidden in their closets:

- Illegal corporate financing of political parties and individual candidates is an widespread poison. Take Finland's 2007 election scandal. Nova Group, a now-bankrupt real estate development company was accused of channeling large sums of money to another real estate development company, KMS, which passed the cash on to several

parties, primarily the Center and the National Coalition, for the benefit of nine government ministers and many parliament members. One of Nova's main defendants pleaded that "politicians asked for money on their knees." According to Transparency International the Finnish political financing compares to that of Belarus. Other supposedly model democratic countries have been raked by similar scandals: see the Telekom-Austria and Hypo Alpe Adria scandals in Austria, or the long list of corruption affairs that have been marring French political life for decades.

- Misappropriation of public funds in large government contracts became almost trivial. US military contracting epitomizes the vast fraud and waste of taxpayer's money that tend to sprout in private-public business dealings. According to the US Congressional Commission on Wartime Contracting report of 2011 (6), federal government had lost between \$31 and \$60 billion to contractor fraud and waste since the wars in Afghanistan and Iraq started. At a smaller scale Serco, one of Britain's largest companies, is currently under investigation for fraud after police was called to examine irregularities in records kept for its £285 million prisoner escorting contract. Price fixing and bid-rigging are rampant. In 2013, several European telecommunication operators, such as Deutsche Telekom, Orange and Telefonica have been placed under investigation for alleged price fixing and market allocation. In December 2008, the New Zealand Commerce Commission filed legal

proceedings against 13 airlines, indicted on the grounds that the carriers "colluded to raise the price of [freight] by imposing fuel charges for more than seven years".

- Influence peddling by former top politicians seeking a sinecure became a lucrative business. Tony Blair Associates is a lobbying, consulting and influence peddling organization set up by former UK prime minister Tony Blair with clients such as the rulers of Kazakhstan, Kuwait, United Arab Emirates and ... Libya, before Gaddafi turned into a pariah and was ousted and killed by the Anglo-French led coalition. Former president Clinton's charities (7) use celebrity as the main currency, while handling streams of money. Donors include figures such as the Saudi royal family, the king of Morocco, the governments of Kuwait and Qatar, but also embarrassing acquaintances like the British Victor Dahdaleh, pursued for bribing a Bahraini company, the Canadian Frank Giustra, who often made his luxury jet available to Clinton and enrolled the latter in a visit to Kazakhstan's ruler, after which Giustra secured a huge uranium-mining deal in the country, or the Italian swindler Raffaello Follieri, who eventually landed in jail.

Exporting corruption

High-probity nations are to a large extent the culprits of the sad performance of the corruption-ridden ones. Developed nations have been and still are corruption pushers: they do not just turn a blind eye on corrupt networks, but actively purvey the necessary fuel to feed corruption, and they are ultimately beneficiaries of corrupt practices in less

developed countries. Some examples:

- Consider Afghanistan, one of the most corrupt nations according to the index. The country is in the hands of a gang extending from the ruling Karzai family to a tight net of local warlords, all of them installed and kept in power by the NATO military, including virtuous Danes, Norwegians and New Zealanders. Huge inflows of money taken from the coalition taxpayer's pockets irrigate local accomplices, and eventually filter back to the balance sheets of a myriad of mercenary services, construction companies, base maintenance providers, food suppliers, arms dealers, weapons and ammunition manufacturers, private intelligence outfits and a number of private consultants, all of them residents in "clean" nations (8).
- In August 2012 the giant drugmaker Pfizer and its subsidiary Wyeth agreed to pay \$60.2 million to settle foreign bribery cases involving paying off officials, doctors and healthcare professionals in Bulgaria, China, Croatia, Czech Republic, Indonesia, Italy, Kazakhstan, Pakistan, Russia, Saudi Arabia, and Serbia. "These improper payments were variously made to influence regulatory and formulary approvals, purchase decisions, prescription decisions, and to clear customs", according to a complaint filed by the SEC. Pfizer is by no means alone in the black list (9).
- Practically all wealthy nations export corruption through bribery and kickbacks in order to foster their business abroad. The paragons of virtue are not immune. In Denmark, a

big corporation has been found guilty of foreign bribery including Oil-for-Food cases violating the UN embargo against Iraq. Other cases of bribes paid in Hungary, Iraq and Russia are under investigation. In New Zealand, four allegations of involvement in bribery of foreign public officials in Asian and African countries have surfaced. New Zealand shell companies have also been implicated in an ongoing bribery case abroad (technology business). Two New Zealand companies were named by the Independent Inquiry Committee for bribery in the U.N.'s Oil-for-Food program. In Finland, local corporations have been recently investigated and charged for paying bribes in Kenya (to win a tender to build a power plant), in Costa Rica (to support health care business deals), and in Croatia, Egypt and Slovenia (to win contracts for armored vehicles, guns and other armament). A senior Serious Fraud Office official from New Zealand publicly stated recently that "[we] must be paying bribes... New Zealanders were doing business in the same jurisdictions as US and British organizations where people were 'pinged' for bribery. How can we, organizations and individuals, operate in the same jurisdictions and not be paying bribes... it doesn't make any sense." — these words are extensible to the other players (10).

The arsonist turned chief-fireman


Although nations reputed to be above all suspicion have promoted international efforts to curb corruption worldwide, they also have taken seats in the executive bodies of the organizations entrusted with that mandate,

and have performed a sad show of abuse, self-dealing, deception and wholesale corruption.

- The United Nations (UN) adopted in their 2003 General Assembly a Convention against corruption. The ink was barely dry and already the UN was shaken by a string of scandals involving rape, murder and billions of dollars in fraud and embezzlement on a global scale. The above-mentioned infamous Oil-for-Food relief program in Iraq is only the most obnoxious scandal. In its seven years of operation it became a vehicle for billions in kickbacks, payoffs, embezzlement, and sanctions-busting arms traffic, directly involving senior figures in both the international body (including the very son of a former UN Secretary general) and government members and high ranking officials of several nations. This has been by no means an isolated case. The disappearance of UN funds earmarked for tsunami relief in Indonesia or the exposure of a transnational network of pedophile rape by UN peacekeepers in Africa are other conspicuous instances of fraud, corruption and abuse.
- Another champion of anti-corruption, the World Bank (WB), has been serving for almost two decades streams of rhetoric deploring fraud and corruption, without being able to walk the talk. Wolfensohn, the WB's president from 1995 to 2005, while waving the anti-corruption banner on the one hand, forcefully silenced staff members who tried to warn investors that an international criminal was hijacking a privatization scheme in Azerbaijan. His successor, Wolfowitz, someone who

could earnestly state that "corruption is often at the very root of why governments don't work", while touring Africa preaching anti-corruption, quietly suppressed a report showing that Kabila, the President of the Democratic Republic of Congo, allowed his girlfriend to feather her nest with WB's money, more precisely with funds intended to finance airlifts to transfer Congolese children from war zones, while at the same time moving his own sweetheart to a new WB executive position with an extremely high salary, short-circuiting the regular review committees (11).

Corruption seems to be a historical legacy likely to remain alive and prosperous for a long while. The contemporary reader of Tacitus'

chronicles of the Roman empire, or of the anonymous 14th century Chinese novel Jin Ping Méi, will experience a feeling of *déjà-vu* and could easily substitute contemporary names to many of the characters presented therein. The much heralded anti-corruption initiatives by national governments, the UN, WB, OECD and others focus exclusively on ethics or on legal and bureaucratic governance procedures, instead of fixing the social, economic and political structures that foster inequality, dependency and oppression of the weaker, and which are the breeding ground for corruption. At best, they can deliver lukewarm, short-range, transient results, thus reinforcing the impression that their objective is to build an alibi to silence critics and to avoid bringing about actual, but politically controversial change. 

References:

1. *Fanelli, D. How Many Scientists Fabricate and Falsify Research? A Systematic Review and Meta-Analysis of Survey Data, Public Library of Science 2009: 4 (5).*
 2. *Seife, Charles. Is Drug Research Trustworthy? in Scientific American, December 2012.*
 3. *Goldacre, Ben. Bad Pharma: How Drug Companies Mislead Doctors and Harm Patients, Fourth Estate, 2012 (UK).*
 4. *The BSE Inquiry,*
<http://webarchive.nationalarchives.gov.uk/20060715141954/http://bseinquiry.gov.uk/report/volume1/toc.htm>, retrieved on 4 January 2014.
 5. *Élevage en Eaux Troubles, Envoyé spécial France 2, 7 novembre 2013,*
<http://www.youtube.com/watch?v=27HVmJ1huJM>.
 6. *Wartime Contracting Commission, Report CWC_NR-49, 2011 ,*
http://www.wartimecontracting.gov/docs/CWC_NR-49.pdf.
 7. *MacGillis, Alec. Scandal at Clinton Inc., New Republic, 22 September 2013.*
 8. *Wartime Contracting Commission, Report CWC_NR-49, 2011 ,*
http://www.wartimecontracting.gov/docs/CWC_NR-49.pdf.
 9. *Schoenberg, T. and Armstrong, D. Pfizer Agrees to Settle Foreign Bribery Case With U.S., Bloomberg News, 7 August 2012.*
 10. *OECD, Exporting Corruption Progress Report 2013. and OECD, Phase 3 Report on Implementing the OECD Anti- Bribery Convention In New Zealand, October 2013.*
-

11. Among other sources: http://www.fpif.org/reports/world_bank_corruption | <http://www.forbes.com/forbes/2012/0716/feature-world-bank-robert-zoellick-too-big-to-fail.html> | <http://www.globalissues.org/article/590/corruption> | <http://www.economist.com/node/4267109> | <http://www.judicialwatch.org/blog/2008/10/more-united-nations-corruption/>.

Corruption Perceptions Index ¹ Median, Maximum & Minimum scores 1995 - 2013			
Year	Median	Maximum	Minimum
1995	5.6	9.6 New Zealand	1.9 Indonesia
1996	5	9.4 New Zealand	0.7 Nigeria
1997	5.2	9.9 Denmark	1.8 Nigeria
1998	4.3	10 Denmark	1.4 Cameroon
1999	3.8	10 Denmark	1.5 Cameroon
2000	4.1	10 Finland	1.2 Nigeria
2001	4.1	9.9 Finland	0.4 Bangladesh
2002	3.8	9.7 Finland	1.2 Bangladesh
2003	3.4	9.7 Finland	1.3 Bangladesh
2004	3.4	9.7 Finland	1.5 Bangladesh
2005	3.2	9.7 Iceland	1.7 Bangladesh
2006	3.2	9.6 Finland	1.8 Haiti
2007	3.3	9.4 Denmark	1.4 Myanmar
2008	3.4	9.3 Denmark	1 Somalia
2009	3.3	9.4 New Zealand	1.1 Somalia
2010	3.3	9.3 Denmark, New Zealand, Singapore	1.1 Somalia
2011	3.2	9.5 New Zealand	1 Korea DPR, Somalia
2012 ²	37	90 Denmark, Finland, New Zealand	8 Afghanistan, Korea DPR, Somalia
2013	38	91 Denmark, New Zealand	8 Afghanistan, Korea DPR, Somalia
Average annual change	-2.15%	-0.27%	-4.80%
Slope of the regression line	-0.1	-0.04	-0.03
¹ The Corruption Perceptions Index ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The country with the lowest score is the one where corruption is perceived to be greatest. Browse the complete Corruption Perceptions Index lists from 1995 to 2013.			
² The scale 0 to 10 became 0 to 100 in 2012. For charting and computation purposes, data points from 2012 onwards have been adjusted by dividing by 10.			

Data source: Transparency International [<http://www.transparency.org/>].

Reference: http://stats.areppim.com/stats/stats_cpixparam.htm.