

UNIVERSITY OF MORON-ARGENTINA

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ITS IMPACT ON
THE ECONOMY

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MONTEVERDE



CORRUPTION AND ITS IMPACT ON THE ECONOMY

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University of Moron-Argentina



Published by:

Global Academy Publishing House

Cover & Design: Global Academy Publishing House & Erhan Karaman

ISBN Number: 978-625-8284-24-9

Publishing Date: October 26, 2022

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Certificate No: 64419

Adress: Konutkent 2955. St. Oyak 1 No: 8/6 Cankaya / Ankara / TURKIYE

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e-mail: globalyayinlari@gmail.com

Place of Publication: Kaplan Ofset

Adress: Davutpaşa caddesi, Güven iş Merkezi, C Blok No:279-280 İstanbul

Certificate No: 44367

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Dedication:

To Almighty God.

To Ulises, my son the reason of my life.

To Father Manuel Acuña, my great friend.

To Francisco Cuesta Gutiérrez, my great friend.

To Mariana E. Quaizel, my cousin's soul.

To Mariano, my great friend

To my teachers and students

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I-Introduction

"Man loves his chains"

Phrase of a sage from India-Sri Aurobindo

The corsairs were private sailors. Who were hired and served in private ships, with a license to attack ships from an enemy country.

Corruption can often be a practice of systematic looting or banditry, as ancient as crime itself and older than piracy., as crime itself and older than piracy.

The corrupt steal the disposable income from various sectors , and society becomes a slave to these practices, since this corruptive activity becomes common, like life itself, following the example of the meaning of words, bribery, means bribery, in Spanish it becomes a rascal, a person who cheats or steals, this play on words shows us that in addition to piracy (pirate fishing in Thailand, Somali pirates, etc.), it is repealed today. In analogy, corruption assumes its role, through the performance of its networks, as a game of rascals, people who associate in groups to obtain benefits, from the private sector, public or political, through the practice of acts of corruption.

As we will see in the following chapters, sometimes the intentions are not economic, some acts of corruption, are produced by avoiding rules, jump regulations, and / or circumvent regulations, but what is important and majestic, is the convergence towards an "art of corruption "that society observes and supports daily.

It is a multi-causal phenomenon, today with the sophistication of transactions, off shore bank accounts and with the participation of

"facilitators" of operations, the corrupting cocktail is complete, as well as the possibilities of managing money electronically. Obtaining perks, contracts, or paying lower taxes, we see that corruption becomes an art.

The book redefines three areas of origin of corruption, the political sphere, with full influence in the

Public sector and private sector.

Continuing the globalization of phenomenon corruptive, and the appearance of interest groups in the degradation phenomenon, we develop the theory of networks, within it, we will see the characteristics of networks, open and closed networks, reaching probable "micro- corruptive worlds, or small worlds of corruption, these worlds emerge, in response to legal and illegal lobbyists.

What is the basis for the emergence of corruption networks, social networks, the comparison of the aforementioned networks and their differences is developed, their breeding ground is systemic corruption or "Corruptocracy".

We will review the corruption in the history of the world, through some empires, which were degraded, until being engulfed by corruption itself.

The hypotheses about corruption will serve us, to determine the difference between the paradox as belief and the truth, to distinguish between the false and the true.

In the chapter on the cost of corruption, data from journalistic investigations are used, and the percentages are refined based on the reality of these reports, in the bribe rate and the public works surcharge rate.

Moreover, in economics it is important to model this phenomenon, in this chapter, we will analyse the economic models that best represent the economy of corruption.

So far we have made the theoretical approach to the subject, with its definitions, types, models, mainly these subsequent chapters

will serve us to observe the effects of corruption, investment, economic increase of live level, the allocation of expenditure, economic efficiency, as hidden tax, as an externality and as a natural phenomenon.

As checking and conclusions we see two chapters of application and economic demonstration, of effects of the corruption on the economic and fiscal variables. As conclusion lets not ask for permission to fight against corruption, let's do it, we need action, not just observe, television shows, or punish us, asking us why this phenomenon happens to us.

Culture is a fundamental element in corruption, corrupt people come from our own society, let's make a self-criticism, without flagellating ourselves, but let's begin to fight against the serious corruption phenomenon, and work in all areas: private, public and political, through punishment, prevention and education, and in a few years, things will change.

II- Corruption and its Structural Theory

"In a corrupted spirit there is no honour" -

Tacitus-Roman Historian (55-155)

In all research define its conceptual framework, allows us not only to determine by clarifying itself, in addition to analysing the most common types of corruption and named by the literature, investigate and delve into broader issues.

The advantage of the conceptual framework is knowing what we are talking about, understanding the phenomenon of corruption in itself, its mutations over time and its potential for advancement and its technology. Several authors have drawn attention to the need for differences between isolated corruption and systemic corruption. Being the type of important difference when contrasting what kind of corruption a country faces. When there are few individuals, those who commit acts of corruption in a society, this is strange and relatively easy to identify.

In countries where corruption is an exception, not the rule, reformers have many advantages.

Anti-corruption laws, agencies and organizations work as they should and enjoy broad support, as do independent courts, auditors and the media.

II.1.- Analysis of the act of corruption, its elements.

"No one thinks, where everyone profits, nobody dreams where everyone swallows"

José Ingenieros-Argentine writer- (1877-1925)

Ali Baba¹, was a poor woodcutter from Persia who witnessed the visit of a band of forty thieves to the hiding place of his treasure in the forest, in which he cut wood. The treasure of the thieves, who were forty, was in a cave whose mouth is magically sealed; It opens with the words "Open, Sesame!" and closes with "Doorstep, Sesame."

Ali Baba enters the cave and takes part of the treasure to his house after the thieves had abandoned this. A corrupt does the same as Ali Baba enters his "cave" and takes the money produced by the act of corruption, are so common and normal these actions that occur permanently in a state of systemic corruption. One of the objectives of the book is to advance in more complex corruptive phenomena, the formation of corruption networks, national and global, show that there exists in some countries, a type of corruption called "systemic"².

Anthropology considers the conventional definitions of corruption as too narrow and, for a full understanding of the phenomenon, insists on its sociocultural contextualization. Bear in mind that the corrupting portent is an endemic and almost ubiquitous evil in all ancient and contemporary societies. In short, corruption is a social pathology; the connotations of disintegration and decomposition

that accompany the term, only allow the conclusion, that the consequences of corruption are ominous.

In anthropology, corruption is considered a complex social practice with its local variations, intermingling practices such as nepotism, abuse of power and misappropriation of public funds, with particular structures of reciprocity and local powers.

That is, corruption does not exist in the social vacuum; to understand it, we must (re) contextualize it:

"What is considered corrupt from a point of view (political, social, economic or moral), can be considered as more or less legitimate from another point of view. A certain degree of tolerance can be given to forms of corruption that are considered a necessary or inevitable evil "-Pardo 2004-

The Social dynamics or social dynamism is the movement of the duty, practices and presumption of a society. More than that, it is the mechanism that governs the behaviour of the masses in response to certain stimuli and in certain circumstances, always responding to the social conditioning to which the individual has been exposed during the course of his life, his own experience and the subconscious (emotions and instincts included). Each individual is forming its specific identity against the corrupting phenomenon, with interaction with the other members, accepting or not, this practice, and even participating or not, in networks, this produces a permanent change, the corruptive phenomenon sophisticated. Therefore, this phenomenon has its own dynamics, growing in its methodology and accompanying the evolution in the use of technology, regulations, laws, advances in the management of money and banking, in itself.

Let's analyse the act of corruption, its elements as a phenomenon, in itself:

II.-2- Analysis of the act of corruption, its elements

"Nothing rests, everything moves, everything vibrates" -

The Kybalion.

-Your elements:

a) Corruptor: It is the person who corrupts, who has the interest that the act occurs, who benefits from the act or omission of the act.

b) Accomplices: If the person who corrupts does not act alone, the accomplice or accomplices appear, they have different roles as contacts in the corruption network or in small corruption worlds.

c) Corrupt: That is left or allowed to bribe, pervert or vitiate. Who performs the act of corruption, whether to do or not do?

d) Benefit of the act of corruption: The money or privilege, which receives the corrupt and / or corrupt group.

e) The matter of the act of corruption: The fact, act of action or omission of norms and / or existing laws or privileges before the rest of the citizens.

f) The social impact: The psychological, sociological and cultural impact of the phenomenon are identified in society as "corruption patterns"; "Arts of corruption" or "culture of corruption".

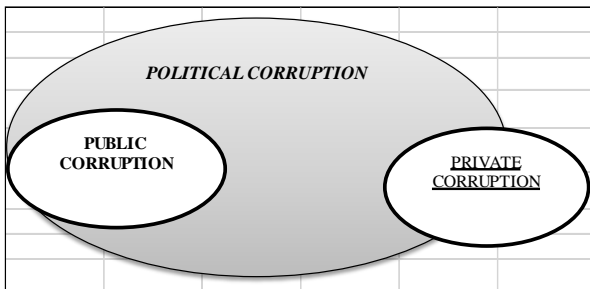
The act of corruption exists, outside of the delivery of money or not, the issue is the materialization of the act itself, today in this dynamic we do not speak of isolated events, but of network activities, truly of illicit associations, of "small worlds" of corruption ", these figures have a sophisticated operation, in addition to the characteristic of crossing legal activities with illegal ones, adding the performance of interest groups as real mafias. Where some members of power, are part of these networks, making

it difficult to identify the protagonists of these pockets of corruption.

Corruption requires interaction between two actors, one of which plays a role within the political, public and / or private system, generating political corruption, public or private, Every time an official employee, official, legislator, member of the judiciary, has discretionary power regarding distributive actions that affect the private sector, risks, vulnerabilities and opportunities for bribery are being created " .

The definitions of corruption involve cases of violation of some laws, for example when public employees receive bribes or charge "commissions" for executing some action. However, in other cases there may be corruption without laws being violated. For example, actions whose effect provides benefits to some people and to the detriment of others, through affecting social welfare, for example: when a public employee assigns a contract to a friend, co-partner or relative, without charging a "commission" or receive a bribe, and comply with the formal requirements stipulated by law. The same happens when an import license is given or a price is fixed, etc., actions of favouritism, in principle without consideration, we know that these decisions, suppose later conducts of "returns", to those that produced the favour.

Graphic no. 01- Areas of Corruption³

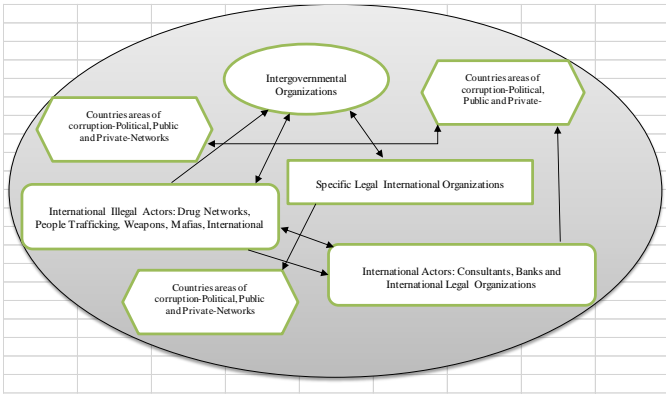


³ Book "Economy of Corruption-Costs of Corruption in Argentina" - Edicon- April 2015- Monteverde Vicente Humberto.

This analysis has a limit, its small dimension, since the scope of corruption is international, through the action of corrupt networks and associations, which manoeuvre in various countries, through international organizations of all types and areas, sports, private activities, public, industries, various sectors, etc.

The globalization of corruption is exemplified in the following graph:

Graphic no. 02- Globalization of Corruption⁴



The gravitating elements in the globalization of corruption, is the manoeuvre of networks or small worlds of corruption⁵, the actors are diverse:

-International Illegal Actors: Networks of drug trafficking, human trafficking, arms trafficking, international terrorism through of illegal organizations, Corruption Networks.

-Facilitators of activities, actors such as Consultants, banks, some illegal organizations with legal facade.

⁵ (These topics are developed in the next chapter).

- Intergovernmental organizations, civil associations, NGOs, with illegal activities.

- Specific Legal International Organizations, here they can be legal, example (UN, FIFA), with corruption networks acting, of different activities, sports, united nations, etc.

As globalization has come to corruption, it is important to remember the types of basic corruption defined by the author Francesca Recanatini, the types of corruption are identifiable, in the political sector and the public.

II.-3-Corruption Areas

"Ubi est mea"

Famous phrase in corruption "Where is mine"

The globalization of corruption implies that it transpires countries, societies and international organizations, to study, analyse and prevent, it is necessary to investigate areas, activities or areas of corruption, where they exercise, governments, companies and / or international organizations, legal or illegal, in this way, we can identify channels of corruption and combat them.

Here we can follow Transparency International, which emphasizes various topics or areas, where each one denotes its vulnerabilities to the corrupting phenomenon.

Sports

We see that in sport, when millions of dollars are handled, this lends itself to corruptive phenomena, such as football, the case of FIFA, perhaps in this case more transparency leads to better management. In tennis the sport management by the mafias where several tennis players were controlled, the betting was influenced, the ATP began to neutralize this phenomenon.

In 2007, a great scandal also broke out in the NBA, by arrangement of matches and bets. Bear in mind that the management of millions of dollars, representatives, bets, mafias and other accessories, makes sport a powerful private corruption focus, Solutions must come within professional associations, through transparency, strict application of codes of ethics, punishments and correct behaviours.

Report Irregularities

It is important that governments and the private sector facilitate the investigation of corruption in different sectors, public or private, in order to detect any corrupt conduct in certain areas of activity,

Let's see an international example:

Poverty and Development

Poverty and its help can be a focus of corruptive behaviour, aid for development, whether food, medicine, clothing, behind that help, can be corollaries of contracts, work and services as a channel of corruptive phenomena hidden Education.

The implementation of educational programs sometimes involves contracts in arrangement of schools, services, in examinations, in academic accreditations, facilitating the appearance of corruption phenomena.

International Conventions

Whether it is the anti-corruption program of the OECD, the Inter-American Anti-Corruption Convention (CIACC) of 1996 and the United Nations Convention against Corruption (UNCAC), as well as the Group of States against Corruption (GRECO) of the European Union; they imply not only international pronouncements and pacts against corruption, but models and recommendations to the countries, to follow for them, so that these conventions rule in their plenitude, the countries must fully apply the technical tools suggested by the conventions.

Water

Water, a fundamental human right, can be the source of corrupt practices, through obtaining resources, contracts and location of works, their location and treatment.

Private sector

It is very important to be able to legislate about corruption in the private sector, there are already regulations that oblige the company to prevent the issue of corruption.

Health

The health sector, being a very sensitive sector to the human being, the attention of sanitary issues have social sensitivity, here the bribes, the overprices and the usurious contracts, are some phenomena but in this sector some corruptive facts can lead to death directly , specifically in the falsification of medicines being of great human negligence.

Public procurement

In this area, it is one of the most sensitive of corruption, bribes, overpricing, assignments of work contracts, and tax evasion, are an explosive cocktail in corruption, being of considerable losses for the country.

Forestation

Another key sector, such as water, since it is a pillar of the environment and sustainable development, afforestation lends itself to illegal businesses.

It is difficult to guarantee the preservation of tropical forests, the non-promotion of indiscriminate felling and the right thing is transparency in forest management.

Access to Information

Access to information is a key instrument of transparency in the management of governments.

Climate Change

There must be integrity in decisions on climate change, honesty in the management of natural resources and the climate, have a permanent interrelation, "The quality of climate governance - the degree of participation, accountability, transparency, inclusion, response and respect for legality in the decisions on policies and their development- will allow to determine if there is an effective response to the inherent corruption risks ", says Transparency International's report on the area.

Power of Attorney

Corruption in the judiciary could take various forms and involve a broad spectrum of actors. For example, there could be room for bribes in all instances of interaction of the judicial system, as the judicial power is the guarantee of punishment for the corruptive phenomena.

Oil and Gas

Natural resources can generate huge profits for a country, however, certain conditions must be met so that these resources benefit all citizens. A contributing factor is a greater disclosure of certain key aspects in the reports presented by the companies. This transparency helps to ensure that the value created and obtained from a country's oil and gas sector is distributed more fairly among all the stakeholders.

Humanitarian Assistance

Corruption in humanitarian aid, diverting funds or aid for the benefit of certain organizations, governments or people, is a shame for the human being, to profit from the need of someone poor

The victims of natural disasters and civil conflicts- of essential resources needed to save lives.

Corruption also affects humanitarian assistance, so instead of saving lives and alleviating the suffering of people in times of crisis, money or aid is diverted.

Politics and government

There are less than 1,000 days until the 2015 deadline set to meet the Millennium Development Goals (MDGs). If we take into account the progress made so far, it is possible that many objectives cannot be met. Transparency International considers that one of the key reasons that have not been successfully achieved is the lack of governance and the corruption that this generates.

Defense and Security

The Security Program Manual of Transparency International Spain promotes integrity and seeks to reduce corruption in Defence and Security, with its 20 practical reforms. The self-assessment questionnaire of the manual focuses mainly on practical performance, rather than on legislation, and deals with the risk of corruption in the main areas of the defence and security sectors.

As a conclusion, the corruption phenomenon has become globalized, national corruption areas are only used for their geographical description, not for their prevention or control. With new transnational actors acting in networks, corruption activities have expanded to business areas, whether they are private, public, or the interrelation between the two.

III-Psychology, Sociology and Culture of corruption

"If you were not greedy, they would not steal from you, even if you paid them to do it" -

Confucius-Chinese Sage (551-479-ac)

III-1--Psychology of Corruption

"It's time to wake up from the dream we suffer" -

The Bible- Romans (13:02)

Human action is the deliberate attempt to move from one situation to another more satisfactory.

The science of human action is praxeology⁶.

Every human action means a difference between present value and future value (original interest). Human action implies, trying to move from a satisfactory situation to a more satisfactory one. Therefore, in every action there is a new situation that one tries to reach and a situation that one tries to abandon. The value attributed to the abandoned situation. It is called cost (opportunity cost). If the situation that is sought is achieved, we have obtained a profit. Otherwise we will incur a loss. They are subjective gains and losses, because they are implied in the subjective value, of the ends of the subject's action.

⁶ It is the science that studies the logical structure of human action.

To act is not simply to prefer something, it is to choose and try to achieve the chosen goal, it is to try to achieve something by sacrificing other things. Because we refer to human action, we will analyse the relationship between the human being and the Money, since the acts of corruption are mostly for money, favours, contracts, etc.,

In the end it is a privilege of action or omission, obtaining or saving money.

When analysing the human action, explained above, we look for psychological reasons through the analysis of the behaviours of the individual, their distortive and even addictive behaviours, given by the addiction to money, concepts that through the etymology of words, we analyse their origin.

- Money: from the Latin *denarius*, *ancient Roman coin, currency, in economy it is the good of change.*

-Covetousness: Latin, *having or showing a strong desire to possess*

-Avarice: from the Latin *avarice, greed for wealth or gain.*

Let's review the thoughts of some authors about money, greed and greed:

Sophocles⁷ said *for money one would sell the soul.*

Aristotle⁸ analyses that the life dedicated to money, *is an unnatural genre, because it is evident that wealth is not the good we are looking for, given that it is useful but with a view to something else. It also distinguishes between the economy, which is the domestic administration, and wealth, which implies affliction for the money itself.*

Seneca⁹ already spoke of pressures, *social pressures influence the depths of the psyche, thus, for example, in the promotion of*

⁷ Sophocles - Greek Poet - (496ac-406ac).

⁸ Aristotle- Greek Philosopher- (384-322ac).

⁹ Seneca - Roman Philosopher - (04ac-65dc).

exaggerated susceptibility in terms of honour, in the promotion of anger and violence linked to sexual jealousy, in the desire to cause evil or excessive love of money. Such "errors" of the soul, absorbed since childhood, would only be eradicated through a life demanding self-examination.

Nicolas Machiavelli¹⁰ in his book "The Art of War", written in 1520, analyses the desires, *the desire to have power part of some and the fear of losing what has been conquered in others, the fear that inspires the desire that causes fear, they converge and complement each other, originating discord and wars.*

Baruch Espinoza¹¹, he sees it as an imprisonment of the senses, *all captivity, whether it be a captivity of the senses, of the mind or of the vital force, cause distress. All limitation torments and life then resembles a tie that squeezes our necks. The miser who thinks only of profit, and money, the ambitious, occupied only in glory, is not believed to delude [...] nevertheless, in reality greed, ambition, lust, are delirious but not he tells them, among the diseases.*

Heinrich Heine¹² poet defined *money is the god of our time.*

Benjamin Disraeli¹³ defines, *that the only thing that has maddened men more than love has been the question of money.*

Emile Zola¹⁴ deepens in the human appetites in his book "the money", *for there are no ties or barriers, he goes right to the achievement of his appetites with the unchained instinct of those who know no more limits than his own importance. He had come to share his own wife, with his son, sold that son, sold to his wife, sold to all those who had fallen into his hands, had sold to all those who fell into his hands, had sold well, hearts and their brains [...] Ah, the money!.*

¹⁰ Nicolás Machiavelli - Italian diplomat - (1469-1527).

¹¹ Baruch Spinoza - Dutch Philosopher - (1632-1677).

¹² Christian Johann Heinrich Heine - Romantic poet - (1797-1856).

¹³ Benjamin Disraeli English politician - (1804-1881).

¹⁴ Emile Zola- French writer (1840-1902) -novel "Money".

Without speculation, the existence of large companies, living and fertile, would not be possible ... money, poisoner and destroyer, is at the same time the ferment of all social proliferation, it serves as a fertilizer for those great works whose realization will bring peoples closer together. yes and pacify the earth [...]. All good is born of him that is at the same time that produces evil.

Georg Simmel¹⁵ through his philosophical analysis deepens tenure, *as it occurs in every possession is a sphere of objects in which the possessor influences his personality by allowing his will to be manifested in it. When we say that property equals freedom that my freedom, that is, submission to my will, increases with the amount of what belongs to me, that alone. It happens in fact up to a certain limit from which I can no longer exercise a potential domain over things or enjoy it. Thus the pleasures of the miser must be similar to the aesthetic ones, since in the same way they are situated beyond the impenetrable reality of the world and adhere to the appearance and reflection of it, which are completely penetrable to the spirit insofar as It is given to them without hesitation.*

Otto Fenichel¹⁶ adds *that greed could be an attempt to regain the childish illusion of narcissistic omnipotence.*

Edmund Husserl¹⁷ delves into the moral ethics of the individual, *where the individual moral conscience has awakened and become a determining instance of the will in some individuals.*

Helen Dunbar¹⁸, specialist in the affections, *there is a psychosomatic illness, like the stress caused by the obsequious preoccupation of the economic benefit.*

¹⁵ Georg Simmel - German philosopher and sociologist - (1858-1918).

¹⁶ Otto Fenichel - Austrian Psychologist - (1897-1946).

¹⁷ Edmund Gustav Albrecht Husserl –Philosopher Moravian - (1859-1938).

¹⁸ Helen Flanders Dunbar - Medical expert in psychosomatic medicine - (1902-1959).

Albert Camus¹⁹ defines *that life is worthless, since money is everything.*

Anthony Giddens²⁰ says money itself is an inherent part of life. *What is money? Economists have agreed to answer this question.*

Javier Marias, contemporary analyses the internal gaze, what we do not want to see. *I already told you that the biggest problem is that we do not usually want to see. Or we do not dare. Almost nobody dares to really look, and even less to confess or tell each other, what really, because often what is contemplated or glimpsed with that look that is not deceived is often not pleasant [...] It is thus generally so much to the others like oneself, and most of them need to be deceived and not optimistic to continue living with something of confidence and calmness.*

Antonio Muñoz Molina²¹ relates, *the land was lavish and grateful for honest and careful work, only some rapacious men turned it into a hell poisoned by need and usury. Sometimes, in the future, just as in the first days of humanity, the only noble task would be the work of the hands or the mind, and that of intelligence, and money and the exploitation of man by man. I would have forgotten.*

There appears the exchange value.

What is the relationship between money, covetousness and greed?

Money circulates as an energy, linking people who offer and people who demand, who through their offers and demands, express their needs or desires for something, get something; object, action or inaction, or more money.

The money itself is neutral, should be analysed what is the value of money that people have:

Through questions we can infer, how people relate to money:

¹⁹ Albert Camus Sintes - French novelist - (1913-1960).

²⁰ Anthony Giddens - English Sociologist - (1938-today).

²¹ Antonio Muñoz Molina - Spanish writer - (1956-today).

- What value do you give to money more than to other goods in your life?
- Do you buy what you think is necessary?
- Do you use the money to manipulate others?
- Do you donate part of your income, such as the biblical example of tithing²²?
- Do you feel superior to people with fewer resources?
- Do you feel you have enough to live enough for your current life?

Answering the questions, we have the profiles of greed or greed of the people, and their position in front of the money, but if we approach it like illnesses; greed and avarice are both disturbances of character, with little or no awareness of disease.

However, the person who has greed and greed can present symptoms apparently disconnected from money or complain of bad relationships with the environment, originated in that area, be it one or the other, therapy should be considered as a remedy.

Let us turn to Sigmund Freud²³, *"in the aetiology of the neuroses act in a complementary way the predispositions of the individual, that is, their constitutional features, plus their childhood experiences and the triggering circumstances.*

*We believe that the scheme of normal development also applies"*²⁴

We recover to a phrase that would summarize the psychology of corruption, it is in the bible:

²² Example: Ecclesiastical tithing, which historically, was initially a private and voluntary Christian practice among them, and that later, in the sixth century, moved to a concessional privilege, granted to this estate, to be collected officially in the Christian kingdoms.

²³ Sigmund Freud - Austrian Medical Neurologist - (1856-1939).

²⁴ Sigmund Freud - (1943) - "Introduction to psychoanalysis in complete works" - Complete works - Editor Americana.

"Your money perish with you, because you have believed that with money the gift of God is reached" - Acts (08:20).

III-2-Sociology of Corruption

"We know the reality if we know its causes" -

Aristotle- Metaphysics-

Homo sapiens has not used until the present but a small part of the possibilities of his brain [...], we are far from having exhausted the intellectual, affective, cultural, civilization, social and political possibilities of humanity.²⁵

In the case of sociology, there is a work by María Olivera Prado²⁶, on the sociology of corruption, where the factual and theoretical problems of corruption, and proposes that corruption occurs on two levels, the factual and the theoretical, the first in its quantitative and qualitative progress in the world with the serious consequences that it entails, and the theoretical.

To the serious limitations that exist in its scientific treatment.

At the factice level, we can take into account some aspects:

- The generalization of the corruptive phenomenon: there are cases of corruption in countries, in the first world, in developing countries, in rich and poor nations, in structured or unstructured societies.
- Its variety and plurality: the forms of corruption are diverse and multiply.
- Rooting in society: Corruption does not remain at the level of governments and areas of visible power, but it is reaching social organizations and collectives, all types of

²⁵ E. Morin and A.B. Keen- (1993) - Book "Tierra-Patria" - Editorial Nueva Visión.

institutions of society, political corruption and interest groups.

- Its globalization: Corrupting power and economic power corrupt global companies, some international organizations, due to the multiplying effect that it entails.

At the theoretical level, we can take into account some aspects:

- The corruptive phenomenon is very intertwined to be analysed only in terms of positive or negative social normativity.
- The corrupt portent is related to the institutional: if it is positive in this, to greater institutionalist, less possibility of corruption, by citizen controls.
- The decision of corruption is ideological: No, it can be done from any position, some rulers hide behind political positions, to only achieve the action of acts of corruption, it is a simulation.
- Corruption is a delinquent behaviour: It is an individual psychopathology or personal immorality, it is all of this and much more because it is not so individual, in corruption networks, it is proven that interest groups act with monetary benefits.
 - It has to do modernization in the current profusion of corruption, facilitated modernization through bank accounts and financial operations, facilitated by technology, sometimes to erase traces of illegal activities.
 - The major or corruption with the greater power or less power relation, the modern theory of democracy, is that a government administers "with justice and social balance" the interests of the "legal" interest groups, for the benefit of the population. In general, when this is not fulfilled and interests are mixed with illegal interest groups, in addition, acts of corruption and states "co-opted" for the crime occur.

Social anomie may clash with the capacity of society to "endure", the acts of corruption, when it finds out, but may also not favour social and institutional changes, for anti-corruption policies.

We end this point of the social question of corruption, with a thought of a French philosopher, André Comte-Sponville²⁷.

"Nobody is worth what he owns or what he covets. It only goes through what is given and everything that is not given is lost and it loses us"

III-3--Culture of Corruption.

"Every culture will be judged in relation to the dignity of the treatment given to the weak, the elderly, children and the sick"

Dr. Abel Albino (2010) - "Governing is People " - Editions Lago-
Foundation Conín.

Hong Kong experienced one of the most important stages of systemic corruption in the 70s, which is why I created the ICAC²⁸ in 1974, as an anti-corruption agency, and attacked corruption on three fronts: punishment, education and prevention. Where they warn that the most important field of fight against corruption is the school, not the courts or the companies, with cartoons, videos, and video games the ICAC interacts with the school and the kindergarten. The children do not teach laws, they teach values, they are internalized these values when they grow up, it is an anti-corruption work to twenty years.

I firmly believe that this work of changing culture on corruption is the correct one; but what we do, today with the society we have, apart from working for the next few years, we must analyse what are the values transmissions in our society, we know that we are in a time that the identity of modernity is liquid, the author that define is Zygmunt Bauman²⁹, where liquid modernity is the only

²⁷ Andre Comte-Sponville - French philosopher - (1952-today)

²⁹ Zygmunt Bauman - Polish sociologist - (1925-today).

referenced value, being the need to acquire a flexible and versatile identity.

Where the crucial uncertainties underlie the motivations of consumerism. Institutions and social organizations do not have time to solidify, they cannot be sources of reference for human actions and for long-term planning. Individuals are therefore led to carry out immediate, short-term projects, giving rise to episodes where the concepts of career or progress can be properly applied, always willing to change strategies and forget commitments and loyalties in pursuit of fleeting opportunities.

As we commit the individual to be convinced that corruption is an endemic evil, and we must fight it with all the forces of society.

Using the paradox to define truth and appearance on the subject of corruption is a challenge, where we will use these existential paradoxes to deepen the theme.

Statement: "Of all the corrupt people of today, none is for money."

How many people can corrupt the money?

The same ax as many human beings can kill?

Everyone says "many". We do not see that the bills oblige men to take it, nor axes that on their own initiative, stick in someone's body.

That's why neither money corrupts nor does the ax kills. Both money and the ax are instruments, mere means. In no case are they grounds for human action. From the point of view of the values, the two have a neutral value. The use of them will be good or bad depends on the destination that gives, who uses them.

Having money in quantity and being a good person, are irreconcilable conditions?

With this approach, prosperity and economic progress are incompatible for an honest person?

That is why the person who corrupts does so in terms of their devaluations and by ignoring their conscience, by evading their responsibility as a person and by lacking an adequate scale of values. But not for the money.

It is because of his impoverishment as a human being, the one that gets corrupted the more money he accumulates and the more he becomes impoverished.

True wealth is in being, whoever is corrupted is obviously degrading his being.

How can you enrich yourself, who goes against yourself and your essential and most valuable aspects?

Impossible, so whoever accumulates more money or material goods in a dishonest way is miserabilized.

Every honest action has the brightness of wealth, when money is earned in a degrading way and also when it is spent in a devalued manner, it impoverishes our being.

Every honest action has the brightness of wealth, when money is earned in a degrading way and also when it is spent in a devalued manner, it impoverishes our being.

Everything that is achieved or bought with money is cheap. The expensive is its triple sense of valuable, expensive and lovable, there are stadiums, situations or values that are not acquired with money.

In summary, economic expectations are formed with past and present culture, but the psychological, sociological and cultural ingredient of corruption helps us to combat it and see how other countries attack it with education and values, we have to propose it.

Finally, we see a phrase from the Talmud, which summarizes what this chapter developed.

"Get used to doing well, before much will become the greatest delight. Do not honour man only for his possessions. Honour it more by the use that it makes of them. Happy is he who understands the poor "- The Talmud.

IV-Networks of corruption or small worlds of corruption

" The very definition of the Procusto syndrome already makes clear its negative consequences:«He who cuts off the head or the feet of one who excels.» "

Theseus and Procrustes, Greek myth (470 b.C.)

To begin this chapter, I highlight a paragraph from the book "Cleptocracy - So we stole our money" from Iván Carriño, which refers to corruption networks in Argentina:

"Sensation of corruption" - "If the rich of a society become rich because they receive the gifts, the protection, the friendly contract, the opaque tender or directly money in exchange for lending their name to figure as frontmen of those who administer the state, the gap between rich and poor begins to lead to a problem of profound injustice "

"In a system of friends' capitalism, the source of the wealth of some is the contact with some official. This is mainly because the government has the power to change or operate freely on the rules of the game.

The text gives us an overview that networks's corruption in our country, these can result in real labyrinths or pockets of corruption, the facilitation of armed networks and the performance of its members without punishment in the horizon, they make think about pacts of concealment in ascending levels of the power, and also of impunity in its detection and punishment.

Its namesake, social networks, have their origin in community relations, with the technological ingredient, millions of people connect, talk, buy, sell, know each other, have sex, and even

criminals observe the networks, where they watch and are watched. Everything has two sides, one positive and one negative, in the use of networks, as an example one end for solidarity and the other end for criminal purposes, therefore, to analyse a network of corruption, we must first analyse its namesake that are social networks.

IV-1- Theory of social networks

"A man is as big as his dream, his ideal, his hope and his plan. Man makes the dream and fulfilling it is the dream that makes man "

Anonymous.

what are the communities and their connections?

A social community is a set of relationships (lines, links or loops and nodes) and their links.

Each relationship equates to a different network. Thus, the movements of a soccer ball between the players of a team, would constitute a network, while the movements of the ball between the two teams or the mistakes committed, for example, would constitute different networks despite being all of them measurements of a same phenomenon.

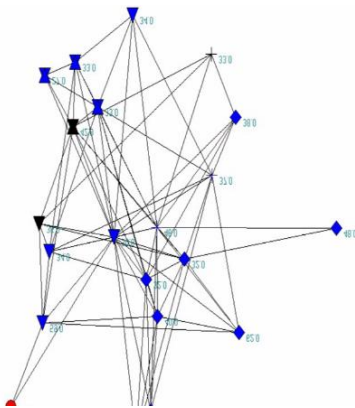


Illustration of an illustration of a friendship network in an organization.

What is a Social Network: The characteristic of a social network is its connectivity.

Connectivity = nodes + links

Nodes:

- People.
- National or international organizations.
- Companies.

Links:

- Operations.
- Calls / emails and exchanges.
- Transactions.
- Relationships, friendship.
- Affiliations.
- Common membership.

What is the value of a social network: Two attributes, its geographical extension and its number of members.

Why the value of a social network is more phenomenal than the total of its pieces.

It is therefore a complex system.

Example of Social Network structure:

Social Networks have a rich structure:

- "Small world": the diameter of a social network is small compared to the number of nodes.
- Heterogeneous: not all nodes in the network have the same local structural or properties. An important part of the nodes connect automatically

□ In the form of a cluster: in the short and medium range, social networks present a high density due to the existence of communities, and greater transitivity, etc.

Existence of Communities

Groups of nodes that have a different density of connections within it.

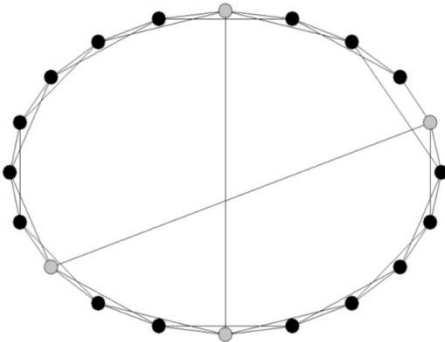
Nearest neighbours show a correlation in public connectivity, nodes that are very connected tend to be surrounded by nodes with low connectivity.

What happens if networks are transformed into small worlds? Let's analyse:

A little planet about corruption

The structure of a small world model is developed in mathematics and physics, here the importance is the connection of the nodes how neighbours to each other, and yet most, can be reached from any source node through a relatively short number of jumps among them. The social networks, where the nodes are people and the links are the knowledge / relationship between them, it can be said that it captures many of the phenomena of small world networks.

Soon it would begin to see that small world networks are more frequent than is assumed and soon other networks appeared under this category: a very clear example is the topology of the Internet.



The Structure of a Small World model, by the original physics authors Watts and Strogatz, serve these corruption networks.

We can infer that social networks are complex structures with an important extension, where their activity transpires, communities, organizations and countries, with the possibility of transforming.

IV-2-Theory of Corruption Networks, or Small Worlds of Corruption themselves into small worlds, or networks of small worlds.

"The manipulator always seeks to satisfy their needs and impose their will, without taking into account what the other person feels or needs, the manipulator is an abusive being"

Book "The trap of the manipulators" -Gloria Husman and Graciela Chiale- Editorial of the New Extreme-2008.

In the case of research on corruption, we can elaborate theories, suppose crimes, suppose about the phenomenon, but having the possibility of formulating a theory, based on elements of reality, is sadly a miracle, in this case, if It is the reality of our country, this produces a deep feeling of disappointment.

For me as an author, researching and developing a theory is an intellectual and research challenge, but taking as an example, the reality of our country in recent years, let me confess that at the beginning of this chapter a feeling of sadness and disappointment pervades me, I must transform these negative feelings, in will and enthusiasm, that encourage me to keep moving forward Research in the economy of corruption, theorizes, through formulas, about bribery, overpricing, the cost of public works.

Research in the economy of corruption, theorizes, through formulas, about bribery, overpricing, the cost of public works.

Corruption networks are based on adaptation of the Theory of Social Networks to the corruptive phenomenon, the reality that has

occurred in Argentina in the last twelve years, its analysis and study of the corruption events that have taken place, is its theoretical basis.

If we go to economic history, there are examples of the formation of corruption networks, such as the real events that happened in Peru, for example: in recent years the Montesinos Network, in the Fujimori government (1990-2000)

The internal network of patronage and corruption during the government of the Viceroy Manuel Amat y Junyent (1761-1776)

The network of the military leader Agustín Gamarra, president of Peru from 1829-1833-1839-1841, where evidence provided by confidential correspondence proves the existence of this Network.

In our country, there were railroad businesses and financial assaults, in the years 1864-1872, evasions and tax privileges in 1821, 1823, 1833, 1907, 1909.

As we can see, the functioning of corruption networks throughout history is not new; nowadays they are becoming more and more sophisticated, let's see their basic elements:

- *Nodes of Corruption: Contacts, Points of origin of the ramifications, extreme nodes and intermediate nodes, person that establishes relations with others.*
- *Links: Relations between the nodes, the people that make up the network.*
- *Corruption Act: the objective of the relations of the nodes or contacts.*

Components of the Corruption Networks:

1. Elements of the Network.
2. Actions of the Network.
3. Characteristics of the Network.
4. Effects of the Network.

1-Elements of the Network

Here we define the contacts and their possible tasks within the corruption network:

- **Attorney:** Who has powers of another person | to represent it and proceed on its behalf.
- **Collector:** Person who has the office to collect, receive a due amount.
- **Counsellor:** Person who advises or advises.
- **Fraud:** A person who abuses trust or infidelity to their own obligations.
- **Featured:** People, notorious, relevant and notable.
- **Specialist:** Person with skill.
- **Companies:** Companies that act, or are plants of apocryphal invoices or special activities.
- **Facilitator:** Person who facilitates a task or process.
- **Family:** Person who has frequent and trustworthy treatment with someone.
- **Official:** Person who works in the State of any level, national, provincial or municipal.
- **Judicial Officer:** Person working in the judiciary, national or provincial, Judge, Prosecutor, Defender, Judicial Employee, Expert, or person acting in the sector.
- **Player:** He has special ability and is very skilled in the game.

2. Actions of the Network

The main action of a corruption network is through the illicit association of its members to obtain a benefit through an act of corruption, which may be of action, obtaining rents or omissions of legal compliance, or regulation. (Avoid fines, penalties,

obligations to do, evasion, or obtaining perks, privileges, contracts or obligations to make that contain a benefit).

There may be other types of actions such as:

- Obtain protection from the detection of acts of corruption.
- Achieve distraction, deceive in the detection of acts of corruption.
- Areas of immunity, functional areas of action (purchases, public works, etc. or geographic (municipality, province, etc.), where acts of corruption are not detected by protection of local, provincial or national authorities.

3. Effects of the Network.

The effects of the Corruption Network are:

1. Evasion of taxes, in cases of bribery through invoices apocryphal or power of these invoices.
2. Public works surcharges, for example: advances requested from provincial governments that functioned as a percentage of their value. (example 15%)
3. Bribes, undue commissions, through the advance payment to operators or commission agents.
4. Non-compliance with regulations or legal regulations by individuals or officials, bordering on illegality, true omissions.

The historical conjunctures of high corruption, or systemic corruption, are complemented in the formation of networks for the appropriation of public resources for economic or political benefit.

These networks articulate political ambitions willing to reach and maintain power by licit or illicit means, feeding insatiable particular ambitions through venal favours and rewards.

They are not permanent, thank God, they are formed and deployed, adapting to an institutional and economic level of relaxation of controls or complicity of the political or public structure, adaptable

and changing to facilitate, protect and conceal different forms of corruption.

Barbed wire is a major obstacle to the implementation of institutional reforms favourable to economic and administrative development, the predominance of high corruption distorts the rules or structures of social incentives, impacting the ethics of society and their moral behaviour.

The "fences" of corruption and their political leadership are inherited from one generation to another: corrupt agents learn from their elders, in a generational historical process.

If the perverse ingenuity that develops in the formation of these networks and their mechanisms of corruption, would have been devoted to the constitution of efficient institutions, I would not be writing this book.

To observe the structure of these palisades of corruption, we will graph the scheme that exemplifies them, in their different degrees of complexity.

- Corruption network scheme - Simple Corruption Network.

The contacts are elements of the network with their respective activities to motorize it:

Contact Task: Representative, Receiver, Counsellor, Defrauder, Outstanding, Companies, Specialist, Facilitator, Family Member, Official, Judicial Officer, Player, Washers, Maecenas, Negotiator, useless employee, Politician, Supplier, Simulator, Substitute, Treasurer.

- Corruption network scheme - Complex Corruption Network.

Contact Task: Representative, Receiver, Counsellor, Defrauder, Outstanding, Companies, Specialist, Facilitator, Family Member, Official, Judicial Officer, Player, Washers, Maecenas, Negotiator, useless employee , Politician, Supplier, Simulator, Substitute, Treasurer.

- Corruption network scheme - Complex Corruption Network with coverage.

Contact Task: Representative, Receiver, Counsellor, Defrauder, Featured, Companies, Specialist, Facilitator, Family Member, Official, Judicial Officer, Player, Washers, Maecenas, Negotiator, Gnome, Politician, Provider, Simulator, Substitute, and Treasurer.

Characteristics of the Network, or Small Worlds of Corruption:

- Not all contacts are known.
- Not everyone has the same objective, depends on their links or their relationships in the direction of the purpose of the act of corruption
- Not all contacts perceive the same amount of money, for the act of corruption.
- Money is not always perceived for the act of corruption, the objective of obtaining benefits, favors, perks, contracts, or regulatory and / or legal exception.
- The corruptive phenomenon can lead to activities of concealment and the need for apocryphal invoices, in order to freely dispose of the money resulting from corruptive activity. We have more extensive networks there.

If we see different Networks of Corruption, and these are intertwined, they can form true, small worlds of corruption.

To deepen the study of networks, we must confront networks of corruption in parallel to social networks, establishing similarities and differences, because in comparison.

CORRUPTION NETWORKS ARE IN THE SOCIAL NETWORKS PRINCIPLE

The analysis will be based on a work of the Institute of Knowledge Engineering of Spain, specifically a work on Social Networks.

IV-3-Social Networks and Corruption Networks, their analysis and comparison, their path

Critical.

" Do not worry so much about outward adornment... but about inwardly adorning the heart with the unalterable beauty of a peaceful spirit"

Pedro 1: 3-3.

About origin of the Corruption Networks, are the social networks, it is important to investigate their differences, to identify the corrupting networks and prevent them.

- In the corruption network, the nodes are what we call "contacts".
- In the corruption network, links are what we call, relationships and actions, to execute acts of corruption.
- In the network of corruption the value of the network is the sum of its parts as necessary and some essential contacts, all the participants are necessary to materialize acts of corruption
- In the corruption network, the measurement would be given by the economic impact and the number of acts of corruption in a given period of time. .
- In the corruption network, contacts are not homogeneous, because they have different functions, networks of corruption intertwined, form small worlds of corruption.
- The relationship between the globalization of the corruption phenomenon and the networks, lead to new actors, as small worlds of corruption at a global level.

Critical Path of a Corruption Network

Critical path of the activities of the contacts, through their links and relationships that aim to materialize the act of corruption.

Corruption networks, or models of small worlds, have a breeding ground, a cause is not simply the generation of social networks to commit a crime, its origin is more complex.

IV-4- Theory of systemic corruption and / or "Corruptocracy". Origin and generation of Corruption Networks and small worlds about Corruptocracy.

Systemic Corruption in the Government: It is the generalized corruption that in a society affects the institutional bases and the same entities in charge of investigating, prosecuting and punishing corruption.

Corruptocracy: Maximum condition of corruption , where the private sector has to act under "patterns of corruption", and where methodologically there is an "art of corruption". The influences of the political system, private and public, generate a true "market of corruption", where everything is negotiable: public works, concessions, licenses, flexibility of controls, and an endless list of unimaginable possibilities, accompanied by a wide range of corrupt behaviours, as a corollary investigations into corruption and causes are non-existent.

There is a relationship between norms, punishment and generation of corruption networks. If we investigate this relationship we must resort to the concept of trade-off, as an opportunity cost, I lose a type of quality, but I gain another type of quality.

This implies that a decision is made taking into account its pros and cons (points in favour and points against).

In the absence of norms and punishment of corruption, it is a breeding ground and generation of corruption networks, or in higher stadiums like "small worlds of corruption", there is an exchange between fewer norms and more corruption, generating "exchange zones" ", These are born networks or small worlds of corruption.

Given the trust in corrupt exchanges and the lesser application of norms, "zones of trust" are formed where the soil that germinates the seed of high corruption is born, given broad and secure areas of impunity or non-punishment.

As we can see there is a trade-off between rules and corrupt exchanges, which is the opportunity cost or the trade off of this situation, of more rules and less exchanges, in a high quota of trust and an important level of corrupt exchanges, there is a high level of generation of these networks.

Systemic corruption or another higher stage such as corruption, generate high levels of corrupt exchanges, by not responding with rules of prevention and control.

Within social rules, lack of norms, anomie, and the co-optation of control organisms, derives in the absolute lack of confidence in the power of the state before this phenomenon.

Through education in the medium term, we can observe self-regulated behaviour with respect to this portent, functioning as a mesh of social containment to the corrupting monster.

In conclusion, globalization and systemic corruption and / or corruption are the breeding ground they generate through a relationship between corrupt exchanges and "zones of trust", corruption networks and small corruption worlds.

**V-Political Corruption, Causes and Consequences,
Corruption in political parties, Interest and pressure groups,
Modern theory of democracy.**

"Many judges are incorruptible, no one can induce them to do justice" –

Eugen Berthold Friedrich Brecht - German writer (1898-1956)

Iker is a 9-year-old boy who has jumped into the fray for the story he invented in a language test. The test question asked to invent a story in which the protagonists were extra-terrestrial beings and this is what the child wrote:

"One day some aliens came to Earth to leave the Earth worse than it was. The extra-terrestrials abducted (sic) all the politicians and important people, like those of the PP or the PSOE, etc. People were very happy and the aliens did not understand it, and people said: outside the crisis. In the end, the aliens were left in space because the politicians stole the fuel and left with another rocket"

It is the story of a Spanish child published on 04/7/2014, in the Spanish portals, if it is true bravo for the child, the important thing is not, if it is true or not, for sure that when reading the story, we replace the name of politicians, for some of our country, and it's really believable and fun.

But it is the image we have of the political class by comparison, let's go to what Gandhi believed, an indisputable political and historical figure.

What the Pope believes, *"The problem today is that politics is discredited, devastated by corruption, the phenomenon of bribes, corruption is unfortunately a worldwide phenomenon, there are even heads of state who are imprisoned for that reason"*

The impact of political corruption on society is devastating, and if it grows until it reaches to a systemic corruption, it endangers the values bases of society itself.

Let's review the different definitions of political corruption and their authors, to determine what their elements are:

Ernesto Garzón Valdés, defines *"Political corruption consists of the violation of an obligation on the part of a decision maker with the purpose of obtaining a personal"*

Jorge F. Malem, defines *"the breach of a positional duty in exchange for obtaining a benefit that has manifested itself as the core of corrupt practice, where it is possible to distinguish Basque between bribery and extortion"*

Manuel Jiménez Para, defines *"Political corruption is, above all, a matter of social ethics"*

Ramón Soriano, defines *"Political corruption consists in the breach of a rule made by a person who develops a public function, in order to obtain a social or institutional benefit"*

Carl Friedrich, defines *"It can be said that there is a pattern of corruption when a holder of power is in charge of performing certain acts (a responsible official or officer in charge) is induced, through money or other benefits that are not provided legally, to carry out actions that favor those who provide the benefit and incidentally generate harm to the public and their interests "*.

VI-Private Corruption

"Insanity is doing the same thing over and over again expecting different results"

Albert Einstein- German Physicist - (1879-1955)

With the appearance of capitalism and marketing superfluous needs are created, considerably increasing the need to accumulate fortune, resulting in the unrestricted adoration of a kind of modern and virtual golden calf without a "Moses" that contains it.

Unfortunately, money and the mythical power of gold have completely aligned man.

Those less fortunate in the activity of earning money dream of being favoured by a paternalistic state, while murky souls often resort to the delict to satisfy their ambition.

The ruthless competition for the accumulation of money often strongly activate the predatory part of the human being, causing dire consequences such as speculation, usury, exploitation, corruption, crime, insensitivity, selfishness, loss of the human condition, hardening of the soul and loss of meaning of the life. And it is not that money is cursed in itself, but that it has the power to enslave with its tenure, and for its cause, both capitalists and dispossessed, lose their freedom to be bound by the inclement need that dominates them.

The addiction to money and the things that this purchase drowns the possibility of development of being, opening the door to the conviction that life has no meaning.

As an example of history, we turn to Manuel Belgrano, who faced the corrupt acts of merchants of the colony, among them was his

father, also a merchant, let's review his sayings in front of the private activity:

"They were all Spanish merchants who knew nothing but their monopolistic trade, buying for four to sell for eight (...). They were individuals for whom there was no more reason or more justice, no more utility, no more need than their commercial interest"

"The merchant knows no more country, no more king or more religion than his own interest"

"I see businessmen soaked with greed, who turn to smuggling, accelerating the destruction of the state. The states have never been able to exist after the corruption has arrived ", We see that the vision of private corruption comes from the time of independence.

Today we find that private activity must be complemented with the state, and to define what the role of entrepreneurs is today, we turn to Enrique Szewach who very clearly develops it:

"The main role of the entrepreneur is to use the resources obtained from the environment in the most efficient way possible, to maximize their profit, and with it, the society as a whole, to the extent that the rules under which they obtain these profits guarantee the existence of competition, defend the environment, protect consumers and, in general, prevail adequate regulations on tax, financial, commercial, etc. The state has to guarantee a policy framework that "obliges" employers to fulfil their primary responsibility: to be efficient and maximize their profits, which is the way an entrepreneur has to contribute to the welfare of society"

It should be added within the role of employers, to maximize their profits within a framework of business ethics, within the company and towards society with a Corporate Social Responsibility highlighted in its actions.

In the first place, corporate governance must guarantee the ethical behavior of the organization ... in short, the incentives and (sanctions) so that its members, who are the decision makers, are the guarantors of this ethical behaviour.

Obviously we are not innocent, companies move within a sphere, geopolitical and business, if corruption is generated in society, in a chain, there would be a breeding ground for institutional and organizational corruption.

In a system of institutionalized corruption, a kind of frontier morality is usually present, assumed to be inherent in the business world, and which presents the criminal act as an inevitable practice, generalized, known and tactically tolerated by all.

The punishment would be arbitrary, unjust; and the offender a fungible victim of chance, perhaps, of hidden political manoeuvres of his adversaries.

These we see as white collar crimes, people of high economic status, often exposed to a system of immunities and effective criminalization, which can take advantage of the helplessness, disability, indifference, complicity or fear of those to whom he directs his performance

Private corruption has three areas:

1. Facts of corruption within the organization: (example the Purchasing Manager of an organization charges 10% of bribery of all purchases, Chief of Finance participates in commissions for operations of the company, Warehouse manager draws the final inventory, because it trades products outside of the organization, etc ...)

2.-Facts of corruption with association with other private organizations, towards society: Oligopoly of works, connivance in oligopolistic prices, unfair competition, etc., embezzlement, price scams, consumption or savings.

3.-Facts of corruption with the state or against the state: At this point you have to divide into two parts, the first practice of bribery, extortion, overpricing of contracts for purchases, services or public works, and the second, tax evasion, Money laundering and currency leakage.

In case 1, corruption affects within the organization and is paid by its employees and shareholders, also by society itself.

In case 2, corruption is paid by society, through its prices, competition and deception.

In case 3, it is paid by society as a whole, through surcharges and the economic cost of corruption, and in the second part by the state for what is not collected, opportunity cost and society as a whole.

That is why we remember that society permanently pays for private corruption and public corruption, through different mechanisms, be it private overpricing, lack of competition, cheating, or higher taxes, or deficient state services.

The concentration of power within the organization also leads to the conglomeration, division and discretion of power in spheres outside the organization.

It is important to define within the organizations very clearly who takes the steps and who assumes responsibility for their actions, which may have to do with corruption: contracts, permits, etc. In many occasions it will be necessary to elevate the responsibility to the highest levels of the organization.

It is interesting to go down in detail some recommendations in the organizational structure that multinational companies have adopted by adapting their operations to these measures:

- Germany-Bribery Law -2009

These measures refer to the performance of companies in the country and in the world, for that reason it is convenient to detail some recommendations to take into account in organizational behavior, to include in company bylaws and internal codes of ethics:

- Contributions to political parties must be made in accordance with the law of each country.
- Same criteria must be followed for donations of any other type.

- Absolute prohibition of gifts, payments, tips, services, privileges that exceed a certain amount, that can be interpreted as a violation of honesty and independence of judgment of those who receive them or may endanger the good name of the company.
- Acceptance of the collection or payment of commissions, which are legal and normal in intermediation operations.
- Authorization, where appropriate, to accept small gifts, for reasons of courtesy and for the normal development of business relationships.
- Prohibit "facilitation payments" - tips for public officials to expedite the circulation of a file.
- Limitation to business development or management by managers or employees outside the company that may involve competition for it.
- Limitation of anonymity; managers and employees must always give their name to the people with whom they are related on behalf of the company.
- Strict criteria must be established regarding the approval of expenses and support of the necessary documentation.

As an example, of the way to combat private corruption in the world, we detail the reform to the penal code of Spain, recently sanctioned in 2007:

BASIS FOR THE DELIMITATION OF THE TYPICAL SCOPE IN THE CRIME OF PRIVATE CORRUPTION

Contribution to the analysis of art. 286 bis of the Criminal Code according to the Reform Project of 20071

Of the corruption between individuals, the new art. 286 bis provides:

1. Whoever, by himself or through a nominee, promises, offers or grants to executives,

employees or collaborators of a commercial company or of a society, association, foundation or organization a benefit or advantage of any nature not justified so that it favours him or a third party over others, breaching his obligations in the acquisition or sale of goods or in the hiring of professional services, will be punished with imprisonment from six months to four years, special disqualification for the exercise of industry or commerce for a period of one to six years and a fine of up to three times the value of the benefit or advantage.

2. With the same penalties, the manager, employee or collaborator of a mercantile company, or of a society, association, foundation or organization that, by itself or by interposed person, receives, requests or accepts a benefit or advantage of any nature will be punished. not justified in order to favor third parties to whom it grants or who expects the benefit or advantage, breaching their obligations in the acquisition or sale of goods or in the contracting of professional services.

3. The Judges and Courts, in view of the amount of the benefit or the value of the advantage, and the importance of the functions of the guilty party, may impose the penalty lower in degree and reduce the penalty to its prudent discretion.

As we see in other countries, the reforms on corruption are advancing, by leaps and bounds, not in Argentina, where in the two legislative chambers, we will not find anti-corruption projects.

But to end the chapter I will highlight two crimes of private corruption, which may involve three in total, which today are very untouched:

1.-Tax Evasion.

At this point, there are discussions because some doctrinal positions take evasion as an infraction and not as an act of corruption.

But if I ask you as a citizen, public officials a public ethic in the management of their actions and public money, we ask companies for business ethics, the mirror where we look as a society is important, I think that evasion is a degree of private corruption, since they generate less services of the state, what we must add, is to insist on the candidates for elections, be they national, provincial or municipal, that use the money efficiently and try not to take the collection of taxes, like barrels Without bottom, go to more competitive economies with lower taxes.

2.-Illicit financial flows

Illicit flows, products of corruption, money laundering and evasion, already entered the agenda of developed countries, it is estimated that Latin America and the Caribbean lost almost 3.5% of their GDP each year, between 2002 and 2011 for illicit financial flows, the data was provided by Global Financial Integrity, an NGO, member of a powerful Coalition for Financial Transparency (FTC), composed of civil society entities.

It is impossible to estimate how many of the illegal funds that correspond to tax evasion, commercial manoeuvres of multinationals with their subsidiaries, corruption of officials under-invoicing of exports, over-invoicing of imports, or covert operations of multinationals, or criminal drug funds or other activities illicit.

There are discussions today in the OECD about the subject of tax havens and the dynamics of the exchange of fiscal and financial information, among the countries of the world, to reduce the flight of foreign currency and the manoeuvres of tax evasion.

The corruption network is made up of "facilitators" of global capital flight, banks and financial operators, audit studies, and entities specialized in taxation and auditing, which provide platforms with crossed companies and numbered accounts in tax havens.

Finally we will see that there is also private corruption in multinational organizations whether they are intergovernmental or not, there are two very interesting examples in the world:

-United Nations.

With the passage of time, the UN became one of the centres of corruption in the Western world, according to a report by the Institute for Global Ethics, there is a video of corruption in humanitarian programs of the UN, as well as a very interesting site of corruption in the UN, by Nelson Iriñiz Casas, to finalize the book of "UN HISTORY OF CORRUPTION" by Eric Frattini, where he relates with names and surnames 60 years of fraud, corruption, cronyism, swindles, sexual harassment, rapes, torture, pedophilia, bribery, mismanagement and catastrophic administration by the UN. The issue of corruption has a great media impact. It is a journalistic style book, very clear and direct. Its publication coincided with the 60th anniversary of the United Nations Organization.

As we can see from corruption, there are no organizations that, within their ranks, create international anticorruption conventions, but do not apply them to themselves.

-FIFA.

We all know the international organization of associated soccer, but there were always reports of bribes, inside it, and the handling of immense funds, turbid television rights, obtained by paying bribes (ISL case), the FIFA Ethics Commission I closed it in 2013, but always acts of corruption have their consequences, for the above-mentioned complaints and some more, left five sponsors: Sony, FLY Emirates, Johnson & Johnson, Castrol, Continental, this caused a loss of 1, 5 trillion dollars, it may be that the remaining companies demand from President Blatter, greater transparency in their actions.

The Inter-American Development Bank has a system of sanctions against private companies and the World Bank also applies the

same methodology and publishes more than 300 sanctioned companies.

Perhaps the most significant instrument established within the framework is the Mutual Implementation Agreement of Disability Decisions signed by the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the World Bank Group and the Group of the Inter-American Development Bank. The agreement, which now applies to all signatories, lays the basis for the mutual recognition of certain sanctions imposed by any of the institutions to firms and individuals who have engaged in prohibited practices.

In addition, in some countries they have begun to measure the transparency of companies in the private sector, an example Transparency Colombia:

"Transparency for Colombia, in its mission to lead strategies to prevent corruption, motivates entrepreneurs to be an active part of prevention and fight against corruption through self-regulation actions, which is based on a voluntary nature, where each actor deliberately defines standards to regulate their business practices. In this case, the Corporation provides tools to encourage the voluntary commitment of the private sector in the fight against corruption and in the promotion of probity in business. "

Where in Colombia agreements are made with the private sector and SMEs for business transparency, based on the signatures of an agreement in these points:

- No to bribery.*
- No to facilitation payments.*
- No to political contributions in exchange for obtaining advantages in their commercial transactions.*
- No to charitable contributions, gifts, sponsorships, entertainment and hospitality expenses that are used as a subterfuge to bribe.*

Likewise, they defined measures in terms of policy to reduce the discount band to reduce the manoeuvrability that promotes bribery, distribution schemes and transparent contracts and established prevention mechanisms on issues such as the responsibility of the legal representative of each of the companies, internal controls and audits, human resources and communications.

The companies established mechanisms to monitor compliance with the Agreement, which includes the creation of an Ethics Committee, the definition of a sanctions policy and a set of indicators to monitor compliance with the Agreement.

VII-Public corruption, public officials, money laundering and illicit enrichment.

"The government has not been made for the comfort and pleasure of those who govern" –

Count of Mirabeau - Politician, writer, and French speaker (1749-1791)

Are simulators politicians, legislators and officials?

Let's follow Alejandro Katz in "El Simulacro", *"For the government, the main objective is win the elections to conserve power. Two reasons, at least, move him to it: continue accumulating spurious riches and enjoying illegitimate perks"*

If this is demonstrated, we have a legion of simulators, transforming democracy into "Mediocracy", the government of the mediocre, where these reflections fit:

"In certain periods the nation sleeps inside the country. The vegetative organism; the spirit becomes sleepy. Appetites beset ideals, becoming dominant and aggressive. There are no stars on the horizon, no standard in the belfries, no clamour of people is perceived, no resounding echo of great cheering voices.

Everyone huddles around the official tablecloths to reach some crumbs of the snack, the states becoming "Mediocracies."

-The simulation and the lie, transform into Mediocracy, all forms of government, where lies and deception are normal in this form of government, reducing the public faith of the population at almost zero.

A society is a network of reciprocal and shared expectations, at least in those essential issues that allow us to maintain our identity and belonging. Every society feeds its integration in the public

faith, in that confidence that each one of its members will do, from the role that they have played, what others expect them to do.

Public corruption has to do with the quality of government, its transparency and its responsibility in the management, registration and rendering of accounts.

Transparency in public sector accounts involves broad coverage, alternative registration bases, a realistic and complete valuation and a classification with analytical content. The fight against corruption must be waged by the institutionalized profession, carried to all levels of society.

This requires promoting the commitment of the government and the existence of a legal framework, regulations, control system and disciplinary measures that combat corrupt acts and prescribe severe penalties for those who are found guilty.

The classic model of political corruption is not that of a person or small group of people, here we find chain corruption, where it reaches the extremes and becomes organized and even institutional corruption. A succession of corrupt people, who may not know each other, all of them, example:

- the politicians.
- Intermediaries from outside and inside the party.
- Assistants of intermediaries.
- the businessmen.
- the clients.
- The beneficiaries.
- Representatives of legal interest groups.
- Representatives of illegal interest groups.

When chain corruption persists and remains over time it can turn into organized corruption.

Whose responsibility is it-

Who, and to what extent is he responsible in the chain of corruption?

How is the criminal act and the hierarchy that each one occupies known?

D. F. Thompson, reflects:

"While the immorality of a policy can be determined, it is impossible to find someone who has produced it on its own"

The tenacity of corruption in the country is shown by the fact that the promise to eradicate it is a constant of any political campaign. However, many times the corrupt behaviour appears as the individually most profitable. This type of behaviour extended to Institutions make the behaviour chosen by rational individuals is often contrary to the growth of social welfare, but such choice is far from irrational. It is certainly a myopic rationality, whose value is conjuncture, but which is motivated by the existing social situation.

Appealing to the rational action of the isolated individual is counterproductive, since everything drives them to act in a corrupt way.

Max Weber, said *"While corruption is as old as the government itself. Corruption is universally shameful, there is no country that does not treat corruption, as criminal in legislation"*

Corruption has effects on the value structure of society, the behaviour of individuals, ethics and economics. In this last point, it is interesting how corruption has full economic impacts, which are not noticed while the government carries out its management, except when, due to extreme situations, the same endemic corruption of the system takes human lives (transport accidents, policy easing security, etc.)

Through these regrettable events, society reacts to this disease, called corruption, which is undermining the structure of society, in the management of a government.

But not all governments or their members are corrupt, to have the management of government, three levels, national, provincial and municipal, every peso that is spent on these three levels, should be properly controlled, in a timely manner.

Businesses made on the basis of bribes are riskier than legal projects because there are no illegal property rights. Therefore, the investment portfolio of the economy has higher levels of risk than the economy's optimum. If business is obtained through connections or illegal payments, the entry of potentials is discouraged entrepreneurs to markets -in particular-, foreign investors.

The quality of potential investors deteriorates because the only ones interested are those who have greater skills for corruption and not the most efficient ones, that is, business "friends" of the government. Revenue-seeking activities become relatively more attractive than efficient productive projects, which mature more slowly, end up being displaced, if there is no reward through bribes or gifts.

The other side of corruption is transparency, in English it is called "accountability" and it is the political responsibility of the accountability of governments, public officials and politicians, to citizens.

This leads us to study the role that the public, political and legal administration systems have in inhibiting corruption. In general terms, the following elements favour the appearance of corruption and are present in a large number of developing countries:

- The lack of a clear delimitation between public and private,
- The existence of a legal and institutional order inadequate to the national reality.
- The practical inoperativeness of public institutions.

The legal culture of a society is an important form of delimitation of the public and the private. The existence of a culture of generalized illegality or reduced to social groups that know that "the law does not count for them" encourages corruption and social tolerance towards it. In turn, the existence of a broad social tolerance towards the enjoyment of private privileges allows a morality of private profit over civic morality to prevail.

It is possible, on the other hand, that governments where there is greater corruption tend to place greater restrictions on the freedom of information or that corruption is corrupted directly to the journalists themselves.

Let us turn to history as an example: The Atlas lived under a government that had the character of a limited monarchy. Its official system recognized an emperor (whose office was never hereditary elective) and its ministers, known by a name that meant "The council of the nineties", and also as the "Princes of the Kingdom". All these officials held their position for life, except in cases of embezzlement, and whose period was strictly defined and their provisions severely applied, and the law worked in these cases without taking into account the position to ensure the exemption of offenders.

Nicolás Machiavelli defines some interesting political conceptions:

-How to get to the government:

"One can arrive from a private person to a prince in two other ways, not entirely attributable to fortune or virtue, and equally worthy of being treated here, although one of them can be discussed more carefully where the Republics are studied. It is about the rise to the principality in a criminal or nefarious way, and when a private person becomes prince of his country with the favor of his fellow citizens"

-How the Ruler should behave:

"A prince must behave with his subjects so that no circumstance, good or bad, leads him to make them change their disposition"

towards their master, because when difficulties come in adversity, you do not arrive in time to do the evil and the good that you do, considered forced, it does not benefit you nor does it suppose any gratitude "

-Also some self-criticism of the behaviour of the rulers:

"Whoever studies the actions and the life of the prince will hardly see things that are attributable to fortune, because here it is a matter, according to what has been said, that he arrived at the principality not by any means, but through the different military ranks, won with a thousand difficulties and dangers, and that I manage to keep it with so many decisions, courageous and risky. But you cannot call virtue to murder your fellow citizens, betray friends, be a man without loyalty, or piety, or religion"

-In addition, it raises government actions:

"That is why it is noteworthy that those who usurp a state must take into account all the necessary grievances, and commit them suddenly so that they are not on the agenda, and reassure their subjects and win them with favours"

"Whoever acts otherwise, out of weakness or error, will always be in need of having the knife in his hand, and will never be able to rely on subjects lacking security because of their continuous and recent insults."

To close this point, we must bear in mind that sometimes politicians end up having more than impunity, in the face of their acts of corruption, the extreme of immunity.

Immunity: Privilege of a person who exempts it from certain charges and penalties in certain circumstances. Example: parliamentary immunity, diplomatic.

When we talk about the corrupting portent, the public official comes to mind always receiving a bribe, prime example in the study of the phenomenon, but we should investigate what is the origin of the types of responsibilities of the official.

As in recent times this crime has been modernized in an interesting way, which It is no longer an isolated fact, but there is a more complex type of corruption.

If we refer to public officials, first of all we should stop at the question of representativeness and responsibility, which happens, when people are not clear that their representativeness emanates from votes, in elective positions, or from the decision of an authority, and this is transitory to the political cycle of the ruler, if they depended on it.

VIII-The corruption in the history of the world

"When you see an honest man, try to imitate him, when you see a man who is not honest, examine yourselves [examine if you have the same faults]"

Confucius-Chinese Sage (551-479-ac)

The first documented act of corruption goes back to ancient Egypt. This is recorded in a papyrus dated in the Twentieth Dynasty, during the reign of Ramses IX (1142-1123 BC). There are detailed the vicissitudes of Peser, an official of Pharaoh, who dared to denounce the dirty business of Pewero - another high-ranking bureaucrat close to Pharaoh - who, associated with the desecrating tombs, had forged an immense fortune that it was difficult to justify. Any reference to current officials?

But Aristotle³⁰ went for more. He needed to brand them with fire and denounce his ways of acting. In its Constitution³¹, the Athenians refer to a certain episode that Solon.

, one of the seven Greek sages, carried out. Dracon, his predecessor, had, with his errors in the handling of the economy, put at risk the existence of Athens. To correct them, Solon³², after a long meditation and consultation, decided to abolish the debts contracted by the peasantry and less affluent citizens. There were those who learned about this measure before it was put into effect

³⁰ Aristotle philosopher and Greek scientist, (384 BC to -322 BC.), Detailed in his writings on "Metaphysics" and Ethics Nicomachea), where he refers to the corruption of society

³¹ The Constitution of the Athenians is a work of a working group led by Aristotle. It is the first of a series of 158 constitutions that the Greek philosopher would have in writing to encyclopedically reflect the legislative culture of his time.

³² Solon (c.638 BC-558 BC) was an Athenian poet, reformer, legislator and statesman, one of the seven sages of Greece.

and they immediately applied for loans to buy land, which was very cheap.

Who gave them the information that allowed them to enrich themselves so perversely?

Without a doubt, someone who was very close to those who decided. It is no coincidence that the Greeks have coined the word "kleptocracy" (from "kleptes" = thief, and "kratos" = power) to define those governments exercised by criminals who get rich using privileged information.

Needless to say, this regulation did not eradicate the virus of corruption, which we find centuries later equally rooted in classical Greece. Even the most illustrious figures of the Hellenic civilization were splattered by scandals of this kind. Like Phidias³³, the architect who built the Parthenon, who condemned his contemporaries to keep part of the funds for the works.

The great orator Demosthenes³⁴, accused of crimes as varied as blackmailing wealthy young people with whom he had relations or keep the money deposited in a court as evidence of a crime.

In Rome the Lex Acilia Repeundarum (123 BC) was established permanent courts (quaestiones perpetuae) to sanction the crime of concussion³⁵ of provincial magistrates (repetundae).

Cicero, for example, gained his popularity as an orator by denouncing the corruption of Verres³⁶, the governor of Sicily, and extended his accusations to the rest of the Empire.

³³ Phidias - (Athens, around 490 BC - Olympia, 431 BC) was the most famous of the sculptors of Ancient Greece, as well as a painter and architect.

³⁴ Important Athenian politician - (384-322 BC).

³⁵ Unjustified and arbitrary collection made by a public official for his own benefit.

³⁶ Cayo Verres or Cayo Licinio Verres (120 BC - 43 BC), was a Roman politician, known mainly for his tyrannical government of Sicily.

He himself wrote: "They all stole, they all plundered. And then riches began to be considered an honour, poverty an opprobrium and honesty synonymous with malevolence"

Although the Roman emperors suffered different forms of physical disorders and mental, they had something in common, an absolute power. That power allowed Tiberius³⁷ and Nero³⁸ acting as tyrants and Caligula³⁹, Commodus⁴⁰ and Heliogabalus⁴¹, proclaiming themselves Gods.

But power is like a drug: those addicted to it become slaves, since it feeds back. Then the vision of the emperors was clouded, their judgments were distorted and their perception was dulled, with all the disastrous consequences that had for the subjects of all the corners under the dominion of Rome.

The emperors intimidated the senators to obtain their submission, emptied the coffers of the treasure and persecuted, tortured and killed innocent men and women.

³⁷ Tiberius Julius Caesar Augustus, born with the name of Tiberius Claudius Nero (in Latin, Tiberius Claudius Nero, November 16, 42 BC - March 16, 37 AD), was emperor of the Roman Empire from the 18 of September of year 14 until its death, the 16 of March of year 37. It was the second emperor of Rome and belonged to the Julio-Claudia dynasty. He was the son of Tiberio Claudio Nerón and Livia Drusilla, a member of both the gens Claudia.

³⁸ Nero Claudio César Augusto Germanicus (Latin: Nero Claudius Cæsar Augustus Germanicus, December 15, 37-9 June 68) n. 1 was emperor of the Roman Empire between October 13, 54 and June 9, 68, last emperor of the Julio-Claudia dynasty.

³⁹ Gaius Julius Caesar Augusto Germanicus, in Latin Gaius Julius Caesar Augustus Germanicus (August 31, 12 - January 24, 41), also known as Gaius Caesar or Caligula, was Roman Emperor from March 16, 37 until his assassination, January 24, 41

⁴⁰ Lucius Aurelius Commodus Antoninus (August 31, 161-31 December 192), commonly known as Commodus, was emperor of the Roman Empire between 177 and 192. Son of Marcus Aurelius and Faustina the Lesser, was born in Lanuvium and was the last member of the Antonina dynasty.

⁴¹ Heliogabalus (Emesa, Syria, c.203 - Rome, March 11, 222) was a Roman emperor of the Severan dynasty who reigned from 218 to 222.

The aforementioned emperors exercised an absolute power that was one of the causes of their mental disturbance, in an environment of generalized corruption.

Rome, uncontrolled. The traditional version of the end of the ancient world was that the political and military disintegration of Roman power in the West brought the ruin of its civilization.

The Empire was in the hands of psychopaths, corrupt and weak, who wasted their necessary resources in endless intrigues and waste, even selling the office of emperor by Denarius and / Sestertius⁴² of the time.

English medieval kings were formed in a different setting, marked by Christian tradition, and their authority was limited by local monarchical customs and the oath imposed on their coronation. In spite of the deficiencies and incapacities in general, they were clear about their obligations, they were great warriors and knew how to administer justice. The majority of medieval English kings faced economic and political problems according to the style of the time, with local characteristics of corruption especially in the collection of taxes, through officials of dubious honesty, they collected in part for them, they dictated through the Council of Military Orders, in some serious cases, in others they cut off their hands and also executed them, those who robbed the crown.

An example of corruption of time, in 1388 Charles VI's⁴³ uncles reigned in reality, since he was a minor, but the royal council disagreed with the policies adopted by the monarch's uncles, in favour of the king taking the reins . In the council there were honest and talented men for the administration, a group of advisors who

⁴² The Denarius and the Sestertius were the Roman coins of the time.

⁴³ Charles VI of France (Paris, December 3, 1368 - October 21, 1422), known as Carlos the Well Beloved or Carlos the Madman, was the son of Charles V and Juana de Borbón. He succeeded his father on the French throne at the age of 11 years.

wanted to revitalize the virtues of the government of Carlos V⁴⁴ and eliminate the corruption that proliferated during the ducal regency.

The illness of politicians at the time when the monarchy was the dominant system of government in the world, the personality and health of the king were fundamental, because the kind of man he was and the political decisions he made had direct consequences in the welfare or discomfort of his people.

On the other hand, democracy and constitutional monarchy prevail at the time, there is no longer any place for autocratic governments, the authority of the king is limited and the personal issues of the rulers are not so relevant.

The real power has passed into the hands of presidents and dictators, prime ministers and politicians pressured by economic groups among others. In democratic countries there are usually constitutional rules that regulate the term of the electoral processes or mandates, for example, they serve as a guarantee against abuses of power and the deterioration of the mental and physical health of the leaders.

In short, there are rare cases of politicians who suffer nervous breakdowns or show signs of dementia, because in general they are asked to resign before they have the opportunity to cause harm.

As an example of anti-corruption policy in the world, we list in American history the anti-corruption laws sanctioned in the 19th and 20th⁴⁵ centuries:

- Postal Fraud Act (1872). Federal and state covered officials criminalize the use of fraud mails, including,

⁴⁴ Charles V, the Wise, in French Charles V le Sage (Vincennes, January 21, 1338 - Nogent-sur-Marne, September 16, 1380), was the third king of France of the Valois dynasty. Firstborn son of King John the Good and Bona of Luxembourg.

⁴⁵ Zephyr Teachout (2014) - "Corruption in America" – Harvard University Press.

controversially, defrauding the public. Performed in 1927 to criminalize the theft of postal services.

- Tillman Act (1907). Corporations are prohibited from contributing money to federal campaigns. In the 1920s, in response to the tea dome scandal, Congress passed laws that require disclosure to allow compliance with corporate tax laws.
- Hatch Act 1939 - The regulation promulgated by the Congress of primary. Limited contributions and expenses in the elections to Congress. All federal employees are prohibited from requesting campaign contributions. Modified in 1940 to put limits on how much an individual can give a candidate and a limit on how much a national party committee could spend.
- Hobbs Act 1946-Covered state and federal officials. The use of an official position to obtain funds is penalized.
- Taf-Hartley Act 1947 - Delimit both unions and corporations from make the expenses and contributions in the federal elections.
- Statute of federal bribery Act 1962 -The granting or receipt of something of value in exchange for actions or as a reward for a prior administrative action is criminalized.
- Federal election campaigns Act 1974 - The system of contributions around the elections is regulated and the system of public financing for the presidential elections was created.
- Federal Bribery Statute Act 1984 - Bribery of state and local officials was explicitly criminalized.
- Electoral Campaign Reform Act 2002 Act - Prohibits national committees of political parties from collecting or spending funds that are not subject to federal limits.

When will we learn from the past?⁴⁶

⁴⁶ Phrase of Samuel Taylor Coleridge -Founder of romanticism in England- (1772-1834).

"If men want to learn from history, what master classes they would give us! but passion and partiality blind us, and the light that experience offers is a torch located at the stern of the ship that illuminates only the waves that we leave behind "-by Samuel Taylor Coleridge

"It is terrible that even today, as in classical Rome, the people are willing to accept and applaud the superficial promises that their leaders present to them. Perhaps individually men do not understand what issues part of their genuine interest are and if they did, they may not have the power to take the measures that tend to favour their materialization. There are indications that in some aspects perestroika has not been as effective as it seemed.

It comforts the fact that an attentive and educated electorate will be able to question the false idealism of certain politicians, self-centered and to avoid that those politicians, who do not deserve, with their gadgets to occupy government positions deceive the peoples with florid rhetoric "- excerpt of madness in power⁴⁷.

Remember that Judas gives Jesus for thirty pieces of silver.

Finally, the Biblical references to corruption are listed here:

Daniel: 13, 53: Judges are condemned to condemn the innocent and absolve the guilty.

- Psalm 10, 7: The wicked are condemned whose mouth overflows with fraud and folded.
- Psalms 101, 7: Whoever commits fraud will not dwell in my house.
- On the fraud of the merchants we find many texts (a sign that it was a fairly widespread practice)

⁴⁷ Vivian Green (2006) - "The madness in the Power-From Caligula to the tyrants of the twentieth century" - Editor el Ateneo.

- Leviticus: 19, 35: They will not give unjust sentences, nor will they commit injustices in pesos and measures. Have scales, weights and exact measurements.
- Amos: 8, 5-6: The rich are condemned to shrink the measure and increase the price.
- Proverbs: 11, 1: The Lord abhors false scales and likes accurate weights.
- About bribery (buying an official) the following is said:
 - Deuteronomy: 16, 19: You will not be partial or accept bribes, that the bribe blinds the eyes of the wise and falsifies the cause of the innocent.
 - Deuteronomy: 27, 25: Cursed who is allowed to bribe to kill an innocent.
 - Isaiah: 33, 15: The one who shakes his hand is rejected, rejecting the bribe.

IX-Hypothesis on corruption.

"Do not hurt"

The Bible-Exodus (20:15)

Corruption can be analysed from the economy, as a rational behaviour. In the case of large-scale corruption, the actors require knowledge of the public administration sector where they commit acts of corruption. For this reason, corruption can be studied as a rational behaviour that, from a certain scale, requires planning and is established in constant systems and, therefore, not sporadic. Thus, whoever commits an act of corruption is a rational agent who plans the violation of certain rules with the aim of maximizing their profits in the short, medium and long term, and at the same time reducing the probability of being detected and sanctioned.

The economic approach focuses the analysis on the individual and forgets the moral considerations related to people harmed by corruption, assumes that individuals try to maximize their profits without taking into account the loss of well-being of others, therefore the economic theory assumes that the corrupt are "perfect egoists" commonly, the corrupt do not see their victims, unless corruption leads to deaths, either in public services or public works, there they see their victims, for example the accident of eleven , which took 50 dead and 676 injured.

When the corrupt do not see their victims and therefore do not include them in their cost / benefit evaluations.

One of the problems predicted by economic rationality is that a few "highly rational" individuals placed in positions in the state, who are always trying to increase their profits, can cause a profound decrease in the quality of life of a society. When this happens, resources for drinking water do not reach their destination,

vaccination campaigns are not carried out, road construction is delayed and in general it diminishes the welfare that the state must guarantee to the whole society.

Human beings are machines to evaluate, we evaluate everything that happens to us. We have a coffee and, while we savour it, a corner of our brain is wondering: Is it good? Wakes me up? Do I enjoy this rest? Will I repeat the experience? ... We cannot stop doing it. In fact, we evaluate so consistently that practically, we do not realize it, it's like breathing.

Let's evaluate the truth...

IX-1-The truth

"Judge not according to appearance" -words of Jesus

The Bible-John (07:24)

When analysing hypotheses about corruption, we must delve into various concepts, such as what is the truth about corruption, the game between appearances and truth, how we decipher this, how we identify truth through seeing.

Many times we use the term paradox, which is an opinion, belief, therefore it means that it is next to, outside, beyond or directly that is contrary to the common opinion that a subject has. Then opinion is always an appearance. Of what seems to be, but that is not always how you think it is.

With the passage of time, many of the paradoxes that this book contains can be converted into common opinion. So we can say that: **The paradox of today is the common opinion of tomorrow.**

It must be emphasized that the appearance can be totally removed from the truth. The common opinion when getting carried away by the appearance also distances itself from the truth when it thinks to approach. The paradox, on the other hand, is closer to the truth when it seems to move farther away. Since the paradox never gets carried away by what seems to be, it is beyond and contrary to the common opinion when it is unfounded, to align in the direction of what it is. **The truth.**

The paradox and appearance are almost always in dissimilar and conflicting positions.

It seems that paradox and opinion are destined to be disconnected. While the paradox does not take care of appearances, the common opinion does not like paradoxes.

While the paradox has the appearance of improbability and, in reality, it is true. The appearance has traces of verisimilitude and, in truth, is often false.

The paradox transcends appearance, always goes beyond it. With his sharp, critical and penetrating gaze, he accesses the always mysterious and revealing background of the truth and not to drink sips of its pristine and crystalline waters.

The paradox has its roots in the most fertile and nutritious terrain of truth. And so, it stands firm, holding the attacks of appearance with integrity. The paradox is a faithful and loyal herald of the truth.

The paradox is that the farther away from the truth is the common opinion, the more it is the appearance of a lie that the paradox possesses and, nevertheless, closer to finding the truth.

It turns out, then, that the paradox of the paradox is the one that most affirms the truth when it seems to deny it the most.

Socrates affirmed *"If one stubbornly resists the paradox, it always persists. And suddenly, in more or less imminent time. Voila! It was true! I was right! And although one admits it uneasily the bottom discovers the truth gladdens the heart"*

As the paradox points and has as reference the truth is indispensable to establish some mentions about it.

For Heidegger truth discovers the authenticity of being. And it can occur only in the phenomenon of *"being in the world"* proper to existence. The discovery of the veiled is one of the ways of being is to be in the world.

Ortega y Gasset defines truth as a *"coincidence of man with himself,"* and man as *"the being who deals with knowing the being of things."*

Julián Marías says that *"the truth is discovered and achieved by looking, that is, letting reality penetrate the mind; it is the result of an activity that is both insistent and respectful."*

Insistent, because reality does not surrender easily, and above all it has innumerable aspects or facets that are only given to a tenacious search; respectful, because the one who seeks truth feels veneration for reality is overwhelmed by its richness and its mystery, and does not dare to disfigure it. "

The paradox, despite its apparent arrogance, is respectful of the truth. It opens a window to the immeasurable firmament of the mystery and, through it, one can contemplate in ecstasy the magnificent spectacle of reality. Surprised by its most delicate aspects and with particular brightness.

The wise man loves the paradox because he bows reverently before the TRUTH. He discovers it, feels it, experiences it, palpates it and incorporates it as something sacred.

The paradox transports him to be in communion with the truth and to it he gives himself with solicitous devotion. Thus, it deciphers and honours the principles that sustain life. Thus, too, it transits with sacred fidelity to these principles. The wise man is always guided by prudence, which is the faculty that allows us to approach, see and apprehend reality as it IS. **And the meaning of this is that the knowledge of reality becomes a measure of action; Let the truth be manifested as the rule of action.**

What is the paradox of corruption?

*"When society does not fight corruption from its root, as a multi-causal, political, economic, cultural and social phenomenon, networks of corruption are interwoven, transforming most of the economic activities of society into different labyrinths, with public and private mafias. That co-opt, connivance of governments in turn and very strong knots between legal and illegal activities, society produces a type of corruption unclassifiable academically, is a society **SICK OF CORRUPTION**"*

The Master Jesus said "you will know the truth, and the truth will set you free", to distinguish appearances from reality, it is fundamental to identify the countries with systemic corruption.

What is the truth? Pilate asked two thousand years ago.

Truth is perfection, and what is not perfect is not true!

Enter the temple of truth and discard the veils of subterfuge and deceit, both subtle and apparent.

Man "creates" his own gods, modelling them with the substance of thought and feeling, and finds comfort in clarifying his own creation, which thinks, acts, feels and responds to the stimulus of his own imperfect conscience.

The seeker of truth is willing to renounce his "self-created" deity, to reject the lower expressions of divinity and to rejoice in the presence of reality.

The sensible man opens his heart, soul, spirit and his very being to the cosmic spirit of truth, and in a total self-redemption he comes to know the truth, that partial truth will never come.

When a man receives the truth, then he becomes an open door to the presence of truth for many men

X-The cost of corruption and undue advantage: Two hidden faces of the same mirror

"The corrupt usually persecutes unconsciously and is so irritated by this self-persecution that projects it to others and self-persecuted becomes a persecutor"

"Corruption and Sin" - Cardinal Jorge M. Bergoglio-Editorial
Claretiana-2013

Through daily news, whether local, regional or global, appear in the media, corruption scandals, such as people with bags full of money, properties, high-end cars, dollars, euros, jewelry and sometimes until drug.

Presidents interrelated by their congresses, vice presidents who resign, officials, ex-employees, friends, trade unionists, prosecutors, judges, congressmen, etc., the philosophical doubt, is what circle these corrupt people will be, according to the Divine Comedy⁴⁸.

X-1-Introduction

Is the cost of corruption calculable?

What happens in the world with the cost of corruption?

Let's take a tour of different countries and notes in their recent media, and we will see reflected the effect of these acts:

⁴⁸ The Divine Comedy-Dante Alighieri-1321-
<http://www.ladeleratura.com.uy/biblioteca/divinacomedia.pdf>

Mexico: *"Three out of 10 companies participate in acts of corruption. The figure issued is comparable to 0.56% of GDP"*⁴⁹

*"In 2016, businesses and companies of all sizes in Mexico had to pay \$ 1.6 billion for acts of corruption in making payments, procedures, requests for public services and other contact with federal, state or municipal authorities, revealed the first National Survey of Regulatory Quality and Government Impact on Companies 2016 ".*⁵⁰

*" Corruption is one of the greatest costs that the Mexican population has to assume since, according to estimates by specialists in the subject, only in 2015 it is estimated that it reached 906 billion pesos, that is, an average of five percent. percent of GDP that year "*⁵¹

Peru: *"It is estimated that the total cost of corruption is equivalent to more than 5% of the global GDP (2.6 billion dollars), which is equivalent to almost 14 times the GDP of Peru (192 billion in 2015). (World Economic Forum) "*⁵²

⁴⁹ <http://contenido.com.mx/2017/09/el-costo-de-la-corrupcion/>

⁵⁰ <http://noticieros.televisa.com/ultimas-noticias/nacional/2017-07-03/revela-inegi-costo-corrupcion-negocios-y-empresas-mexicanas/>

⁵¹ <http://www.elfinanciero.com.mx/economia/el-costo-de-la-corrupcion-en-mexico-en-graficas.html>

⁵² <http://www.puntoycoma.pe/economia/el-costo-de-la-corrupcion/>

Colombia: " *Transparency International estimated the cost of corruption in Colombia at close to 1% of GDP per year, before the recent scandals. And, in addition, it placed us in 2016 in the little exemplary position 90 among 176 countries analysed by it to tabulate its Corruption Index*"

IMF : "*Corruption continues to make headlines in Latin America,*" say David Lipton, Alejandro Werner and Carlos Gonçalves in an article published a few days ago on the IMF website. And Argentina, clearly, is not an exception. Enumerate Lipton, Werner and Gonçalves: "*The cases range from schemes to hide assets that were revealed in the 'Panama papers' to the scandals of Petrobras and Odebrecht that have transcended the borders of Brazil, through the eight former governors of states Mexicans who are facing charges or convictions.*" ⁵³

Spain: "*Without a doubt, the world's parliaments are always scenarios of intense debates and rich exchanges of ideas, generally characterized by logical and educated argumentation, without insults or prosaic locutions. We recently had the opportunity to hear one in the Spanish Senate between Mr. Pablo Iglesias and Mariano Rajoy, who started with Iglesias asking his opponent: "Have you counted how much it costs the Spaniards the corruption of their party?" What followed was an intense debate between the two in which, as expected, there was never a clear answer to the question posed*"⁵⁴

Bribes in Catalonia: "*The*" donations "*to the CatDem Foundation have not been the only method used by some businessmen to pay commissions to CDC, the Author Mas party.*

⁵³ <http://www.eleconomista.com.ar/2017-09-fmi-la-corrupcion-america-latina-sigue-siendo-excesiva>.

⁵⁴ <http://www.elpais.hn/2017/07/27/costo-la-corrupcion/>

At least three construction companies that participate in the largest public works executed in Catalonia, the Segarra Garrigues Canal, have used a network that elaborated false invoices to give legal coverage to the transfer of money presumably destined to the payment of commissions.

This procedure would have served to conceal the payment of more than 637,000 euros to Convergence or to high-ranking officials of this party, for the awarding of contracts linked to the pharaonic irrigation project that is being executed in the province of Lleida"⁵⁵

Germany: *"Siemens, Daimler, Rheinmetall, the industrial flagships that have contributed to the reputation of the German economy, are immersed in large-scale corruption in Greece, a country to which Germany never fails to expose its fraudulent practices"⁵⁶*

United Kingdom : *"Roberto Saviano:" The United Kingdom is the most corrupt country in the world, when we talk about money laundering "⁵⁷*

USA : *"MIAMI.- The team of prosecutors and federal agents of the United States who are investigating Petr oleos de Venezuela (PDVSA) are working on 23 cases of corruption orchestrated by the company's subsidiary in Houston, where they have discovered that a scheme was erected to plunder millions of dollars "⁵⁸*

⁵⁵<https://okdiario.com/investigacion/2015/10/25/pagaron-otros-637-000-euros-sobornos-facturas-falsas-mayor-obra-publica-de-cataluna-13485>

⁵⁶<http://www.prensalibre.com/efectivo/empresas-alemanas-implicadas-en-casos-de-corrupcion-en-grecia>.

⁵⁷<http://es.euronews.com/2017/04/04/roberto-saviano-el-reino-unido-es-el-pais-mas-corrupto-del-mundo-cuando>

⁵⁸<https://www.diariolasamericas.com/america-latina/en-eeuu-investigan-23-casos-corrupcion-pdvsa-houston-n4123507>

Russia : *"Corruption eats a third of the Russian GDP every year. What has never been seen is that it literally swallowed an infrastructure. A senior official has been arrested in Russia accused of stealing 50 kilometres of a highway. It has happened in the remote region of Komi, in the North of the country"*⁵⁹

China: *"China judged 45,000 cases of corruption in 2016, a third more than the previous year. The Chinese Supreme Court has indicated in a report that last year 45,000 cases of corruption were prosecuted in which 63,000 people were involved, the Chinese Justice itself reported this Sunday, which would mean an increase of one third of cases with respect to the statistics of 2015 "*⁶⁰

Brazil: *"Brazil: the biggest corruption cases and politicians involved- Lava Jato - Petrobras - Odebrecht"*⁶¹

Chile : *"The first case of government fisheries corruption of 2017 is consumed-Despite being banned, within a few hours of the end of 2016, the Undersecretary of Fisheries authorized by exempt decrees the operation of a fleet of factory-owned vessels of the Del Rio family (PDC) in the Chilean Patagonian waters "*

Uruguay : *"Uruguay has serious problems of corruption and lack of controls" We are serious about mobilizing the country to fight corruption. "At a time when investigations such as the Lava Jato in Brazil or the K-money route in Argentina are shaking the This is the question that the Uruguayan political and judicial systems must ask themselves, according to the president of the Transparency and Public Ethics Board (Jutep), Ricardo Gil Iribarne, according to Gil, although Uruguay is highlighted as*

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<http://www.elmundo.es/internacional/2016/01/16/56994bbf268e3e94758b4646.html>

⁶⁰ <http://www.europapress.es/internacional/noticia-china-juzgo-45000-casos-corrupcion-2016-tercio-mas-ano-anterior-20170312052149.html>.

⁶¹ <http://www.europapress.es/internacional/noticia-china-juzgo-45000-casos-corrupcion-2016-tercio-mas-ano-anterior-20170312052149.html>

the country of the region with the best levels on the issue, "has serious problems with corruption"⁶²

"The resignation of the vice president opens a crisis in Uruguay-Raul Sendic moved away from the charge for the investigation of the improper use of funds of the state oil company; Mujica's wife could take on his replacement"⁶³

Argentina: *"Our Minister of Economy, Mr. Nicolas Dujovne⁶⁴ - The Hidden Cost of Corruption: "The crime that destroys public money has a high impact on the macroeconomics of countries, as it becomes a brake on investment and, therefore, an obstacle to development and the growth "*

As we see in the world tour we see how corruption and its cost corrode public budgets and fatten private wallets.

X-2-Costs of corruption

Corruption is like a two-sided mirror , it can facilitate or hinder its reproduction as a whole, as a perfect analogy, the Roman God Janus⁶⁵ had two faces, traditionally the two faces of Janus represent his faculty to see back and forth, then as the two faces of Janus, are the cost of corruption and the undue benefit.

Following the two faces of Janus, on one side we can see the damage to the National , Provincial or Municipal State, which produces acts of corruption, and the other side is the undue benefit to the private sector arising from the corruptive phenomenon , example:

⁶² <https://www.elobservador.com.uy/uruguay-tiene-problemas-serios-corrupcion-y-faltan-controles-n1047352>

⁶³ <http://www.lanacion.com.ar/2061477-la-renuncia-del-vicepresidente-abre-una-crisis-en-uruguay>

⁶⁴ <http://www.lanacion.com.ar/1891201-el-costo-oculto-de-la-corrupcion>.

⁶⁵ <https://sobreleyendas.com/2008/04/10/jano-dios-romano-del-pasado-y-del-futuro/>

A- Public Sector: *Tax costs plus additional costs of state responsibility.*

B- Private Sector ⁶⁶: *Benefit undue- benefit obtained by the company, a well - crafted or service rendered to the state, the organization caused by an act of corruption.*

In this diptych mirror ⁶⁷ , where we can observe the corruptive phenomenon, we will calculate theoretically and practically, these two faces of the phenomenon, and establish some conclusions for its calculation methodology.

To methodologically identify this calculus, we must first recognize the acts of basic corruption to measure their impacts, we can summarize the facts of corruption in three types and see its meaning.

-Bribery: Bribery is "private" collection, because it goes to the pocket of the recipient, you can use whitening funds, in the formal economy or not.

-Observation of goods and services: Cost overrun of purchase of goods and services with respect to market prices and the same quality of goods and services rendered.

-Overall cost of public works: Overpricing to build public works, in this line it is more complex to try the overprice, but you can compare international works of the same type, or prices in international tenders in other countries, or other continents⁶⁸

X-3-A- Cost of corruption in the case of bribes, in the public sector

⁶⁶ There are other costs in the private sector, which does not analyse this work, costs of the impact of corruption events, on image, reputation, credit rating, share price, loss of clients, etc., excellent analysis in: <http://iaef.org.ar/img/ppt/serrano.pdf>: Annual IAEF-2017 Convention.

⁶⁷ Picture or bas-relief formed with two boards that close on one side, like the covers of a book.

⁶⁸ <https://www.infobae.com/2013/09/29/1512287-el-kilometro-carretera-america-latina-cuesta-7-veces-mas-que-europa/>

In the case of bribes, its characteristic is "private" collection, because it goes to the recipient's pocket, so that the example is clearer, we will focus the analysis in the case of bribery by approval of a rule, for example, presentation of an affidavit of import, to avoid a fine, a review or inspection, and cases that we imagine...

If the bribe is a private collection that has an impact on the State, let's develop the components of the formula:

Tax evasion rate of bribery

Opportunity cost of the bribery tax evasion rate Social cost

μ

Theoretical foundations of the components:

Tax evasion rate of bribery

The perceived bribe is private collection, the person who receives it, does not invoice it, does not incorporate it into the circuit of the economy in white, paying the taxes, those taxes do NOT enter the state, so I must calculate the cost of tax evasion as a prejudice for the state.

Example the sum of the general VAT rate and the income tax rate for companies or individuals.

Opportunity cost of the bribery tax evasion rate

If the bribe is not incorporated into the formal circuit of the economy, or invoiced, in addition to the rate of tax evasion, the state loses its collection, then must replenish these funds through taking them in the market, in any government is the cost of opportunity of non-collection of taxes originated in bribery.

The debt issuance rate in national currency can be applied, for example, the rate of treasury bills.

- Social cost

When bribery as an act of corruption, generates accidents or deaths , there is a human cost that must be calculated, being terrible to prove that corruption generates deaths, directly or indirectly, for example the perceived bribes and the not correct repair of the service of a line of trains, generates an accident that produces 51 deaths and 789 injuries⁶⁹ , the interesting thing is that five years go by and no one is imprisoned, or the other end a Chinese railway minister condemned to death for bribery ⁷⁰

- μ

The error or omission that must be in all formulas. Formula:

Cost of bribery corruption = bribery tax evasion rate + opportunity cost of bribery tax evasion rate + social cost + μ

<p>Cost of corruption Bribe = tax cost of bribery + Co opportunity sto fiscal cost of bribery + social + error (1)</p>

X-4-B- Cost of corruption in the public sector, in the case of overpricing of public works

In the case of public works, we include the bribery element and the cost overrun of the work. As we explained in the previous point, bribery is "private" collection, because it goes to the person who receives it. But the cost overrun of Public Works is paid by all, in this case it has been paid with tax collection.

Developed components of the formula:

- Public cost overrun.

⁶⁹ <http://www.europapress.es/internacional/noticia-china-juzgo-45000-casos-corrupcion-2016-tercio-mas-ano-anterior-20170312052149.html>

⁷⁰

https://elpais.com/internacional/2017/04/13/actualidad/1492093759_064110.html

- Tax evasion rate of bribery.
- Opportunity cost of the bribery tax evasion rate.
- Opportunity cost of the public works surcharge.
- Social cost
- μ

Theoretical foundations of the components:

- Public cost overrun

Overprice of Public Works: Applied as a cost overrun, hides monetary participations of corruption networks, which act on this fact, the mechanism is developed, through higher costs, recognition of price differences or direct allocations without bidding, often based on addendums⁷¹ in contracts, price changes, updates, condition changes, materials, etc.

- Tax evasion rate of bribery

The perceived bribe is private collection, the person who receives it, does not invoice it, does not incorporate it into the circuit of the economy in white, paying the taxes, those taxes do NOT enter the state, so I must calculate the cost of tax evasion as a prejudice for the state.

Example the sum of the general VAT rate and the income tax rate for companies or individuals.

- Opportunity cost of the bribery tax evasion rate

If the bribe is not incorporated into the formal circuit of the economy, or invoiced, in addition to the rate of tax evasion, the state loses its collection, then it must replenish these funds through taking them in the market, of any government as a cost of opportunity of non-collection of taxes originated in bribery.

⁷¹ Addenda is a term derived from addenda, a Latin word that refers to that which must be added. The notion of addendum, in this way, refers to the appendix of a book or any other addition that is made to a text.

The debt issuance rate in national currency may be applied or the Treasury bill rate in national currency may be applied.

- Opportunity cost of the public works surcharge.

If the extra cost of public works, is not covered by a tax increase if debt is taken, the opportunity cost of the premium is efficient in allocating expenditure or the cost of borrowing premium.

- Social cost

When bribery as an act of corruption, generates accidents or deaths, a human cost is generated that must be calculated, being terrible to prove that corruption generates deaths, directly or indirectly.

- μ

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-The cost of corruption in Public Works:

Cost of corruption of the Public Works = % of cost overruns of the Public Work + Tax evasion rate of the bribe + (Opportunity cost of the bribe + Cost of opportunity of the cost overrun of the Public Work) + social cost + μ

$$\text{Cost of corruption of O. Public} = \text{So public works cost} + \text{Tax evasion rate of bribery} + [\text{Opportunity cost of the bribery tax evasion rate} + \text{Opportunity cost of public works overpricing}] + \text{Social cost} + \text{error} \quad (2)$$

X-5-A- Cost of corruption in the public sector, practical demonstration

TO) Cost of Bribery Corruption in Argentina, in 2018

First, we calculate the cost of bribery corruption, taking into account the following details:

$$\text{Cost of corruption Bribe} = \text{tax cost of bribery} + \text{opportunity fiscal cost of bribery} + \text{social costs} + \text{error} \quad (1)$$

Definition of concepts:

Tax evasion rate of bribery: the rate of tax evasion, we simplify it with the sum of the VAT rate ⁷² general 21% and the income tax rate ⁷³ for companies of 35%, a total of 56% tax evasion.

Opportunity cost of the bribe: The opportunity cost is also the cost of an investment that is not made, in the case of the state, for the amount that it stops collecting for the bribery evasion rate, it could issue debt at a general rate, for Argentina in 2018, represents the LEBAC rate ⁷⁴ (Letters from the Central Bank), the BCRA regulates monetary expansion, today its rate is 27.24% per month

Social cost: Is the cost if the act of corruption has an effect on society, either in the deaths of people and / or material accidents, in this case we will not calculate it, if it were to happen unfortunately, it should be calculated.

μ : concept of error

-Cost of bribery corruption in Argentina: We apply the formula in (1)

$$(1) \text{ Bribe corruption cost} = 0.10 \times 0.56 + 0.2724 (0.10 \times 0.56) + 0 \\ = 0.0712 = 7.12 \%$$

⁷² Rate of the current VAT law decree 280/97, article 28-Title IV, with the law reform 27430: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/40000-44999/42701/txact.htm>

⁷³ Rate arising from the law on income tax and its reform law 27430, effective 2018: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/305000-309999/305262/norma.htm>

⁷⁴ http://www.bkra.gov.ar/PublicacionesEstadisticas/Principales_variables.asp

In conclusion, in the case of the perception of a bribe of 10% for public officer or the cost of corruption to the Argentine State it is 7.12%.

B) Cost of Corruption of Public Works in Argentina, in 2018

Cost of corruption of Public Work = Public cost overrun + Tax evasion rate of bribery + [Opportunity cost of bribery tax evasion rate + Opportunity cost of public works overpricing] + Social cost + error (2)

Definition of concepts:

Public cost overrun: is the percentage of cost overruns on the normal market values of the work, square kilometer of route, bridges, buildings, sewers, large infrastructure works, here it is complex in some works to determine it, it is worth comparing with works carried out in other countries, especially in Latin America, within a comparable universe, here we will assume an additional cost of 25%.

Tax evasion rate of bribery: the rate of tax evasion, we simplify it with the sum of the VAT rate ⁷⁵ general 21% and the income tax rate ⁷⁶for companies of 35%, a total of 56% tax evasion.

Opportunity cost of the bribe and Opportunity cost of the public works overprice: The opportunity cost is also the cost of an investment that is not made, in the case of the state, for the amount that is not collected by the tax evasion rate. Bribe, could issue debt at a general rate, for Argentina in 2018, represents the

⁷⁵ Rate arises from current VAT law decree 280/97, article 28-Title IV, with the law reform 27430: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/40000-44999/42701/texact.htm>

⁷⁶ Rate arising from the law on income tax and its reform law 27430, effective 2018: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/305000-309999/305262/norma.htm>

LEBAC rate ⁷⁷(Central Bank letters), the BCRA regulates monetary expansion, today its rate is 27.24% per month.

Social cost: Is the cost if the act of corruption has an effect on society, either in deaths of people and / or material accidents, in this case we will not calculate it, but we should calculate μ : concept of error

We apply the formula in (2)

$$\begin{aligned} \text{Corruption cost premium public} &= 0.25 + \text{work} (0.10 \times 0.56) + \\ &[0.2724 (0.10 \times 0.56) + 0.25 \times 0.56] + 0 = 0, \\ 4612 &= 46.12 \% \end{aligned}$$

As a conclusion, in the cost of corruption of public works, based on the perception of a 10% bribe, and a public works surcharge of 25%, the cost of corruption for the Argentine State is 46.12%.

This is the cost of national corruption, I suggest you also calculate it in the case of provinces and / or municipalities, it is possible, I have developed it in my second book-Corruption and Transparency⁷⁸ .

For readers of this article that belong to other latitudes, I suggest you calculate the theoretical cost of corruption based on their tax and costs of opportunity for financing their respective states laws, and they will surprise as slowly but surely not we perceive as the corruptive phenomenon, it is drilling public money, like the drop⁷⁹ on the stone.

X-6-Cost of corruption in the private sector the undue benefit

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http://www.bcra.gov.ar/PublicacionesEstadisticas/Principales_variable_s.asp

⁷⁸ Book-"Corruption-Transparency and prevention for economic development" -EDICON-November 2016-Vicente H. Monteverde

⁷⁹ "The drop of water pierces the rock ... not because of its strength, but because of its constancy" - Anonymus

All business, basically consists of satisfying needs and desires of the client, selling a product or service for more money than it costs to manufacture it. In this way the price of a product or service is defined, which is used to cover costs and obtain a profit.

The purpose or objective of a company is to obtain utility is, but what happens when this benefit was obtained through an act of corruption, in a public-private transaction, either through bribes or overpricing of goods, services or public works, it is an undue benefit.

The benefit is undue⁸⁰, first the operation itself, the economic fact was generated through an act of corruption, be it privilege, bribery, overpricing of goods, services or public works.

Legally in different countries , there are confiscation laws ⁸¹of goods products of corruption, in Argentina is in the legislative process ⁸² , in Latin America, we have several examples of application of this confiscation legislation, Mexico ⁸³ government initiative, Colombia ⁸⁴ , Brazil and Paraguay through the BIDAL Project ⁸⁵ and Article 51 of the United

⁸⁰ BISCAY, P. "Criminal Justice and the control of economic crimes and corruption", in Systems. Judicial, No. of an undue benefit that results in their own benefit or that of another person, with.... They are different, free commercial competition in the case of private bribery and the owner's equity in the..

⁸¹ In Argentina, there is a preliminary draft promoted by the Anticorruption Office:

https://www.argentina.gob.ar/sites/default/files/oa_proyecto_de_ley_extincion_de_dominio.pdf

⁸² https://www.clarin.com/politica/congreso-posterga-ley-clave-corrupcion_0_rJLOQhYQZ.html

⁸³

http://www.senado.gob.mx/comisiones/puntos_constitucionales/docs/Corrupcion/Iniciativa_PRI.pdf

⁸⁴

Decree

793/2002:

<https://redjusticiaambientalcolombia.files.wordpress.com/2012/09/ley-793-de-2002.pdf>

⁸⁵

<http://www.justica.gov.br/sua-protecao/lavagem-de-dinheiro/projeto-bidal-brasil-1/arquivos-bidal/diagnostico-situacional-espanhol.pdf>

Nations Convention against Corruption Article 51 - *"Restitution of assets (...) is a fundamental principle of the present Convention and the States Parties will provide the widest cooperation and assistance to each other in this regard"*

In short, when the act of corruption is detected, the state should go one to produce legal fiction, it is what trial, after due process complaint, investigation, presentation of evidence, prosecution, and sentencing; the judge fails through a conviction against the company that received the undue benefit, where the company must return this benefit to the State.

The technical question for the judicial authorities or the Judge , is what is the calculation of that benefit, such as carrying out a procedure or a technical path, which allows simple calculations, taking into account the passage of time and inflation, so that what must be restored is the right thing.

We must determine a path of certainty at this point, where the authorities can rely, simply, without theories or delegations on the part of the legal defenders of the companies.

In the recent Argentine legislation law 27.401⁸⁶ (official bulletin, December 01, 2017) - criminal liability law of legal persons, in its article 7, details the penalties applicable to private legal persons for acts of corruption detailed in the law:

ARTICLE 7 - Penalties. The penalties applicable to legal persons will be the following:

- 1) *A fine of two (2) to five (5) times the undue benefit obtained or that could have been obtained;*
- 2) *Total or partial suspension of activities, which in no case may exceed ten (10) years;*
- 3) *Suspension to participate in public tenders or bids for public works or services or in any other activity related to the State, which in no case may exceed ten (10) years;*
- 4) *Dissolution and liquidation of the personality when it was*

⁸⁶ Link: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/295000-299999/296846/norma.htm>

created for the sole purpose of committing the crime, or those acts constitute the main activity of the entity;

- 5) *Loss or suspension of state benefits that you may have;*
- 6) *Publication of an extract of the conviction at the expense of the legal entity.*

In its article 8 it talks about graduation of the sentence, but we deepen the concept of the first paragraph of article 7 , of course it is not the objective of this article the analysis of the Argentine law , but to take the example of the definition and precision of concepts.

What is the undue benefit in acts of corruption?

How undue benefit calculated?

What is the path of certainty, in the calculation of undue benefit, first all public-private transactions are made through a process, which can be: private, public or direct award bidding.

In all cases, there are contracts for goods, services or work, the value of the contract, its clauses and considerations, gives us the first panorama of calculation.

Here we must deepen the issue of the calculation of operating costs of the company, in a first definition we have two types of costs: variable costs assigned to the operation and fixed costs, these belong to the entire operation of the company, operate or not.

I detail three alternatives on the calculation of the undue benefit:

- t) The judge can determine an arbitrary amount of historical profits adjusted or not, depending on the severity of the corruption and its good knowledge and understanding.
- b) Methodology for determining the undue utility at nominal value, according to the following formula:
- c) Revenue from improper operations (nominal value)
direct costs improper operations (nominal value)

Marginal contribution from improper operations (nominal value)

Because we define it as a marginal contribution.

"It is called" marginal contribution "or" contribution margin "to the difference between the Sale Price and the Unitary Variable Cost. It is called "contribution margin" because it shows how "the prices of the products or services contribute to cover the fixed costs and generate profit".

The foundation of the marginal contribution, is the identification of the operation, its income and its direct costs of operation, is a more accurate calculation, and also more fair with respect to other operations of the company, that have nothing to do with the fact of corruption , for the various activities that it carries out.

b) In the third alternative, inflation is taken into account and the benefits and their direct costs are adjusted, thus reaching the adjusted undue benefit of the operation.

Income from adjusted improper operations Direct costs of adjusted improper operations

Marginal contribution of adjusted improper operations.

Then how to calculate it:

- 1-Adjust for inflation the income from improper operations, apply evolution of consumer prices or wholesale prices, the date of adjustment will be the time of receipt of income.
- 2-Adjust for inflation the direct costs of these undue operations, apply evolution of consumer prices ⁸⁷ or wholesale prices ⁸⁸ , the date of adjustment will be the time of payment of direct expenses of these operations.

⁸⁷ What is the Consumer Price Index in Argentina:
https://www.indec.gob.ar/ftp/cuadros/economia/ipc_que_es_06_16.pdf

⁸⁸ Wholesale Prices in Argentina:
https://www.indec.gob.ar/nivel4_default.asp?id_tema_1=3&id_tema_2=5&id_tema_3=32

3-We obtain the adjusted undue marginal contribution.

4-Why do we take the adjusted marginal contribution?

First the determination of the undue benefit, part of an act of corruption, then the determination must be simple, to be able to confiscate that amount.

For that reason my opinion is that the fixed costs of operation of the company should not be calculated, and I promote the marginal contribution adjusted for inflation, simple and of rapid calculation, in the line of costs there may be some difficulty in the determination, but if assign direct costs, we have a very clear and simple process to determine.

I firmly believe that the adjusted marginal contribution would solve the determination of the adjusted undue benefit.

Finally, the judges can navigate the following alternatives, in order to the seriousness of the fact of corruption occurred and its detriment.

a) Arbitrary amount of company profits, at nominal or updated value, depending on the severity of the corrupting phenomenon.

b) Amount that oscillates between, several times, the undue income of the adjusted operation and the indebted or adjusted gross profit (Argentine law suggests two to five times).

c) An arbitrary amount suggested by the Judge, based on his / her good knowledge and understanding.

With these three possibilities we theoretically cover the rationale, in the case of the return of benefits obtained by private companies, arising from acts of corruption.

X-7-Conclusions

Like Janus ⁸⁹ (the bifonte), the god of the portals, the entrances or the beginnings, the one who gave his name to the month of January and was the first god mentioned in the Roman religious ceremonies, invented the money, that is why the The first coins minted in Rome carried his image.

⁸⁹ Janus (in Latin Janus, Ianus) in Roman mythology, is the god of doors, beginnings and endings. That is why he was consecrated the first month of the year and he was publicly invoked on the first day of January, the month that derived from his name (which in Spanish passed from the Latin Ianuarius to Janeiro and Janero and from there to January).

XI-Causes and Economic Effects of Corruption

"Every cause has its effect; every effect has its cause; everything happens according to the law; the luck is not more than the name that is given to the unrecognized law; there are many planes of causality, but nothing escapes the law"

The Kybalion

XI-1- Economic causes of Corruption

"Because the root of all kinds of evil is the love of money, to which some aspiring, have deviated from the faith and himself, have pierced themselves with many pains"

The Bible- 1Timothy (06:10)

We know that in a capitalist economy, all economic agents seek to maximize their individual utility, and their personal well-being (wealth). In this sense the selfish interest of economic agents is the basic motive for economic transactions between them. Resources are allocated to the activities that provide the greatest benefits of that investment (allocation decision). People in any condition behave in rational terms.

But rent can be created in very different ways, but the largest income producer is the state, sometimes with its interventions, behind the "equitable distribution of income" pipeline, it generates income with origins in various measures:

- Regulations.
- Protections.
- Subsidy.

- Subventions.
- Assignments.
- Contracts.
- Acquisition of goods.
- Compliance with standards
- the non-compliance with standards.
- Rents generated by the government for its activities, usual or not.
- Public Works.
- Transferences.
- Financing political parties
- Financing political activities
- Low salary level of public officials.

There are many cases of negative government intervention, I firmly believe that the state must intervene, but if the economic, permanently regulates, enlarges its size inefficiently, and does not improve its services, is creating a great national disaster difficult to control, which we will pay all...

The state activity is taken as a hunting ground or activities where networks of corruption, armed to obtain these rents, work kindly and without any obstruction in this regard.

In short, the search for rents will make the economic agent, is hunting for them, with a corrupt government in addition to a systemic and organized corruption, creating a chain corruption, with e difficult and inefficient in their responses, with cultural causes not attacked, what remains is to observe quietly as the facts of corruption appear, without having the power to fight them and watching them grow permanently, to our surprise.

There is not also culturally, self-regulation in the acts of corruption, some developed societies, have mechanisms of self-regulation, where the behaviour of the citizens themselves functions as an anti-corruption instrument excessive regulation, the size of the state being an elephant.

difficult and inefficient in their responses, with cultural causes not attacked, what remains is to observe quietly as the facts of corruption appear, without having the power to fight them and watching them grow permanently, to our surprise.

There is also culturally, self-regulation in the acts of corruption, some developed societies, have mechanisms of self-regulation, where the behaviour of the citizens themselves functions as an anti-corruption instrument.

XI-2--Economic Effects of Corruption

"You must know how to distinguish the false from the true, you must learn to be true in all circumstances, in thought, in word and in deed"

Annie Besant and C.W. Leadbeater (2005) - "At the feet of the Master" - Serapis Bey Editores S.A.

Regarding the economic effects of corruption, it should be recognized that bribery itself is nothing more than a redistribution of income. In other words, bribery is not a loss of well-being on the scale of social well-being - the social welfare scale does not change, but only its distribution. While this is true, placing emphasis only on the distributive aspects of corruption is one of the main fallacies in the investigation of the matter, let's not forget that the collection of the bribe is "private".

As noted, corruption is an illegal contract, and therefore its transaction costs are massive. And transaction costs are real costs: the opportunity costs of resources involved in the transaction

activities. According to some estimates (Tanzi⁹⁰), top executives in countries with widespread corruption spend around twenty percent for their work time negotiating corruption and in the application of corruption contracts; this is the sum of transaction costs in terms of the opportunity costs of highly qualified work.

There is a fairly generalized notion that corruption revenue from corrupt officials provides compensation for their low wages. Therefore, there is no need to increase wages or increase the tax burden. In other words, the burden of corruption is a sort of "tax burden" that, according to this view, allows the tax burden to be reduced. However, the appropriate taxes (along with the efficient (administration of taxes⁹¹) reduce uncertainty and transaction costs. That is, the burden of corruption is lower in terms of economic efficiency.

In addition, it has been demonstrated that the activities of search for rent are closely linked to corruption. The origin of the search for rents are public policies that stimulate government intervention that disable the operation of the market. These public policies can be specifically deliberately pursued because they create income, that is, these policies can be influenced (beyond being done through legitimate lobbying or through illegitimate corruption of "state capture") by groups with hidden interests, in the creation and appropriation of income. While these public policies are in favour of these interest groups, they are absolutely wrong about maximizing economic efficiency and social welfare, that is, they are not in favour of the public interest.

Corruption violates the rule of law, and the rule of law is a prerequisite of the market economy. If there is no rule of law, there is no protection of private property rights or compliance with contracts.

Since there is no specialization, an important source of increased economic efficiency is absent. This is the indirect way in which

⁹⁰ Vito Tanzi - *Income Distribution and High-Quality Growth*, (Cambridge, Mass., MIT Press, 1998), with Ke-young Chu.

⁹¹ Corruption is taken as "hidden tax".

corruption reduces economic efficiency and consequently social welfare.

XII- Effects of corruption on investment, economic growth and the allocation of public spending.

"Men are perverted not so much by wealth, as by the desire for wealth"

Louis de Bonald- French writer, philosopher and politician - (1754-1840).

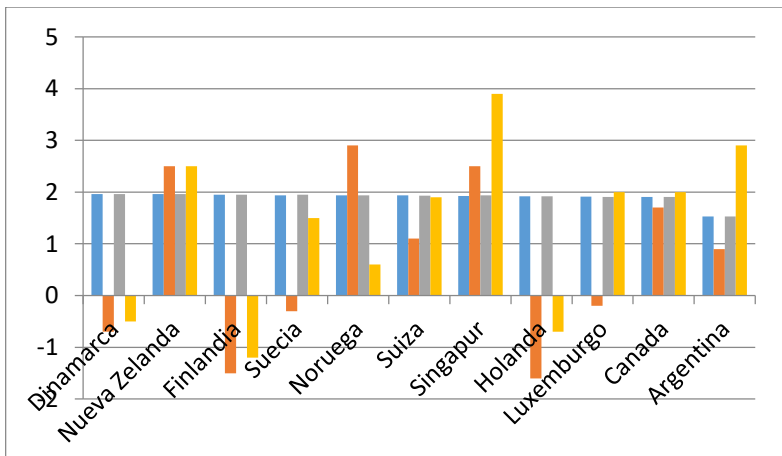
Although the perception of corruption has a negative impact on the image of a country, and in advance we can think that it affects the growth and development of a nation, there is no empirical evidence that leads to a final conclusion. Some authors and researchers say that the relationship between corruption and economic growth depends fundamentally on the context. There are others who affirm that in countries where institutions function efficiently, corruption would help to speed up investment processes and contribute to growth. However, they all conclude that the macroeconomic effects of corruption in the long term are pernicious. For the vast majority of current authors, corruption affects as follows:

- Distort the market, its objectives, incentives and interests.
- It generates an inadequate distribution of resources.
Divert resources from productive activities to lucrative activities.
- Add an extra tax to companies.
- Decreases the quality of the services provided.
- It generates inefficiency in public spending.
- Distorts decision making, making government actions inefficient.
- It produces a decrease in the productivity of capital.

Table No. 05-In the following table we can see for Argentina and the ten countries with the best Perception Index of Corruption (IPC), the values of the same and the percentage variation of the Gross Domestic Product (GDP), for the years 2012 and 2013:

	2012		2013	
	IPC	% PIB	IPC	% PIB
Dinamarca	92	-0,70	91	-0,50
Nueva Zelanda	91	2,50	91	2,50
Finlandia	89	-1,50	89	-1,20
Suecia	87	-0,30	89	1,50
Noruega	86	2,90	86	0,60
Suiza	86	1,10	85	1,90
Singapur	84	2,50	86	3,90
Holanda	83	-1,60	83	-0,70
Luxemburgo	82	-0,20	80	2,00
Canadá	81	1,70	81	2,00
Argentina	34	0,90	34	2,90

Graph No. 06-Here we see the graph of the logarithm of the CPI vs the variation of GDP for the years 2012 and 2013.



Clearly, these data do not give preliminary conclusions about the relationship between the Corruption Perception Index and economic growth, since among the countries studied, we have that Denmark, Finland and the Netherlands have had declines in their GDP, while the rest have had economic growth. Our country, although its CPI score has been very low, has had similar growth to Singapore and Norway, showing that economic growth would not depend on corruption (neither in a beneficial nor negative way), but there are other factors in game when it comes to increasing a country's GDP.

In terms of investment, corruption affects both local and foreign investors, although the latter are more affected since locals know how to deal with the reality of the country. However, it has been noted in studies conducted that countries with a high perception of corruption, such as China, Brazil, Thailand, Argentina and Mexico, have received large amounts of foreign investment in recent years.

These investigations carried out by Mohsin Habib and León Zurawicki, have reached the following conclusions:

1. Foreign investors are more sensitive to corruption than their local colleagues.
2. The local countries interested in Foreign Direct Investment respond differently to the corruption of the host country.
3. Corruption is one of the dimensions of the psychological distance that separates the host's country of origin. For this reason, Foreign Direct Investments are affected by the differences in corruption between the country of origin and the host.

Some authors, however, believe that corruption in some countries would work like fat in the gearing of the investment process. Suppose an investor arrives to build a large production plant. Clearly, before starting to build it, you must go through a long bureaucratic process of authorizations of work, ratings, etc. The beginning can also be delayed if that plant is about a dam or public work that is undergoing a bidding process. An entrepreneur could unblock the process by bribing one or more public officials, which

would generate a better investment process, impacting growth with the Keynesian multiplier.

However, another group of authors argues that corruption is sand in the gears of investment. Although at the beginning it would generate benefits for those who invest in a certain region, streamlining the process, in the long term the effects of corruption are harmful. The bribes that these investors will have to pay to the officials will increase the investment costs, decreasing the returns of the same, making it less attractive.

Table no. 06-In the following table we can see the net foreign direct investment as a percentage of GDP, and the perception index of corruption of the countries with the best score and ours, for the years 2012 and 2013:

	2012		2013	
	IPC	FDI (%PIB)	IPC	FDI (%PIB)
Dinamarca	92	1,4200	91	1,730000
Nueva Zelanda	91	2,1700	91	-0,000270
Finlandia	89	0,1210	89	0,915000
Suecia	87	0,8770	89	-0,009000
Noruega	86	0,1510	86	0,522000
Suiza	86	2,8000	85	-0,120000
Singapur	84	22,9100	86	21,400000
Holanda	83	0,5750	83	3,760000
Luxemburgo	82	285,1400	80	375,730000
Canadá	81	0,0520	81	1,000000
Argentina	34	0,1450	34	0,075700

In the same we can see that for 2012, all countries had net inflows of positive capital, while in 2013, New Zealand, Sweden and Switzerland had negative net inflows. Likewise, in most of the

countries studied, there was an increase in the net inflow of foreign currency, while Singapore had a slight decrease in the same, as than our country.

-Index of Global Competitiveness

It measures competitiveness based on macro and microeconomic data and has been prepared since 2005 by the World Economic Forum. Competitiveness is understood as the set of institutions that determine the productivity of a country.

"It comprises 12 categories, that is, the " pillars "of competitiveness that together offer a comprehensive picture of a country's competitiveness prospects.

They are calculated from data available to the public and from the Executive Opinion Survey, that is, an annual exercise carried out by the FEM together with its network of associated institutes.

The 12 pillars are the following: Institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, efficiency of the goods market, labour market efficiency, financial market development, technological preparation, market size and sophistication of business and innovation.

Table no. 07- Showing the ranking according to the competitiveness index of the 10 countries with the best score and ours, for the year 2014:

Position	Country	Score
1	Suiza	5,7
2	Singapur	5,6
3	Estados Unidos	5,5
4	Finlandia	5,5
5	Alemania	5,5
6	Japón	5,5
7	Hong Kong	5,5
8	Holanda	5,5
9	Reino Unido	5,4
10	Suecia	5,4
104	Argentina	3,8

Table no. 08-Here the same table but for South America (except Ecuador):

Position	Country	Score
33	Chile	4,6
57	Brasil	4,3
65	Perú	4,2
66	Colombia	4,2
80	Uruguay	4
104	Argentina	3,8
105	Bolivia	3,8
120	Paraguay	3,6
131	Venezuela	3,3

One effect is to reduce the incentives to invest, if the procedures that are needed to carry out private investments are multiple and complicated, in order to create opportunities to receive bribes, people will be discouraged. This is equivalent to a tax that ends up in the hands of corrupt officials.

There is also a disincentive to long-term investment in favour of short-term investment. This is because more than one company obtains a beneficial treatment through corruption, it does not know if it will have that same treatment when the government changes (many public officials change), so high profits are sought in the short term and long-term investments are not made. The stability of a bribe "contract" is low.

The empirical evidence presented by Mauro (1995) shows that an improvement of a standard deviation in the Corruption Index prepared by Political Risk Services is associated with an increase in investment of almost 3 percentage points of GDP.

Wei (1997b) in another empirical study finds that, for an average level of corruption estimated by Business International, an increase in the level of corruption in Singapore (0.64) at the level of Mexico (1.32) would be equivalent to a rise 32% in the tax rate for investors; while if it reached the level of Colombia (1.75), the equivalent tax increase would be 54%.

In relation to the economic consequences of corruption, there is a diversity of emphasis. There are some that concentrate on the macro economic impacts of this illicit activity, distinguishing those who find adverse effects as well as those who argue that it can have positive effects on the functioning of the economy. According to the economic theory, one would have to suppose that corruption reduces economic growth by decreasing the incentives to invest.

Corruption reduces economic growth by reducing investment incentives? , is the answer we seek in the hypothesis. Wei (1999), on the other hand, finds evidence that corruption reduces foreign direct investment, acting as an equivalent tax of up to 20% on the return of a project.

-Assigning public spending.

Corruption tends to lead to distortions in the allocation of public spending in several ways. One of them due to the approval of public projects based on the ability of the corrupt official to extract benefits from it and not his social need.

The greater the probability of receiving bribes, the greater the number of public investment projects may be made than is reasonable, the latter being larger than the optimum - as this maximizes the probability of obtaining illegal payments in the form of incentives, over-invoicing, use of poor quality materials, etc. - and that the projects are delayed as a result of public officials that increase their processing to encourage said payments. Additionally, governments must spend more to detect and inhibit corruption.

The example of the reduction of incentives to invest, as a private initiative, since the degree of corruption acts as a hidden tax. In this way there would be less economic growth, it produces a diversion of highly qualified human resources towards income seeking activities instead of definitively productive activities.

The opportunity cost of corruptible activities is shown higher than the productive ones, it could reduce the effectiveness of aid flows by diverting resources from their initial allocation, it can affect the tax collection when it takes the form of tax evasion or when there is an inappropriate use of discretion in the granting of tax exemptions. The existence of corruption in public tenders may bias the approval of them towards lower quality works with the consequence of said decision: accidents, disasters, greater need for maintenance, etc.

XIII- Corruption represented as a hidden tax and economic efficiency.

"In many companies, silence is not gold, silence is an envelope"

Jaume Erich Escala - Spanish Humorist - (1941-1955).

Bribery increases transaction costs and uncertainty in an economy (Soto, 2000). It diverts talent towards income capture activities and distorts sectoral priorities and technological choices⁶.

The available data refute the argument of bribery as an accelerator by demonstrating a positive relationship between the extent of bribery and the time managers spend negotiating with the public officials involved (Kaufmann and Wei, 1999).

Corruption distorts the incentives in which private business operates by reducing economic efficiency. When the possibility of corrupting a public official is perceived, there is a diversion of resources from purely productive activities to those denominated rent seeking, which do not increase the welfare of society. The most productive businesses would not depend on the competitiveness of the companies but on their ability to influence those responsible for making decisions about the regulation or destination of public funds.

Likewise, corruption can affect the structure of public spending, leading to inefficient allocations of public resources given that the allocation will depend on the possibility of charging a bribe. The distortions introduced by corruption in incentives thus affect both the volume of investment and the relative valuation of the different projects to which it is destined.

At the same time there will be a diversion of resources towards less innovative forms of production and relative efficiency if many

procedures must be carried out in order to be able to use the new methods.

In general in the latter are activities that must be authorized since they did not exist before and because of the risk involved for example to start producing a new line in a factory.

The negative view of corruption regarding economic efficiency highlights the loss of resources in the economy destined to the search for rents due to corruption.

This can respond to efficiency losses is referred to the extent that there are different degrees of coercion and corruption in different sectors of the economy, this can lead to arbitrary deviations in the allocation of resources with respect to what would be an optimum.

In Kaufmann and Wei (1999) they point to the negative externality of the cost of the time that entrepreneurs spend dealing with public officials. The cost of time varies in proportion to the sum of the bribes, the greater the bribe, the cost of the transaction time was added, this makes the cost of doing business grow, is substantially higher, both by the exaction itself which means corruption as by the fact that more resources must be devoted to non-productive activities.

Corruption also favours the development of monopolistic or oligopolistic structures, this may be that the businessman who benefits from corruption is going to pretend to have as much market as possible and public officials to obtain the greatest possible bribe.

J. Salinas Jimenez (2006) studies the effect of corruption on productivity and efficiency for a sample of OECD countries during the period 1980-2000 "the estimates made point to a negative impact of corruption on productivity levels, since there is a positive relationship between the indicators of corruption (where greater corruption and lesser levels) and productivity levels ", in the same paper, he points out that corruption also negatively affects the growth of productivity.

- *Hidden tax.*

Among other impacts, corruption acts as a tax given the need to keep the bribe secret and the uncertainty as to whether the bribed will fulfil their part of the bargain. Corruption reduces growth by lowering the quality of infrastructure and public services, as it is the reason why talented people dedicate themselves to seeking rents rather than to participate in productive activities and because, as the public servant behaves like a monopolist which maximizes its income, decisions are produced that distort the composition of public spending.

It is usual to find economic analyses that equalize corruption to a tax. While both taxes and corruption impose higher costs on the producer, the collection of the latter is "private" and, therefore, the potential use of said resources in socially more productive purposes. Corruption is costly for society for the very fact of being illegitimate. On the one hand there are resources destined to avoid corruption and sanction it, and on the other hand, those who participate in corrupt acts must allocate resources to avoid being discovered.

It is useful to find economic analyses that match corruption to a Soto tax (2000):

-If both taxes and corruption impose higher costs on the producer, the collection of the latter is "private" and, therefore, potential use of these resources in socially more productive purposes is lost.

- Corruption is costly for society due to the fact of being illegitimate. On the one hand there are resources destined to avoid corruption and sanction it, and on the other hand, those who participate in corrupt acts must allocate resources to avoid being discovered.

XIV-Corruption represented as a natural phenomenon and positive externality.

"The corruption of the soul is more shameful than that of the body"

José María Vargas Vila- Colombian writer- (1860-1933).

Externalities are defined as the consumption, production and investment decisions made by individuals, households and companies, which affect third parties that do not participate directly in those transactions. Sometimes, those indirect effects are minuscule. But when they are important, they can be problematic; that what economists call "externalities."

Each decision of consumption and investment produces externalities, which are seen as effects of these decisions, some effects harm the society that cohabitates in the space, of the decision, example the environment, case the pollution, in other cases case the time of travel from one point to another in the city, these externalities can be measurable or not.

In the case of positive externalities, they are the positive effects of consumption or investment decisions, in the case of the effect of works carried out on the community by companies through corporate social responsibility. There are positive externalities, an example research and development activities are widely considered as generating positive effects, since research and development contribute to discoveries and advances for society.

In the case of corruption, it has a mirror effect, that is if I need the "bribe" to move the regulated economy, it works first as a cost, negative externality, but then as it is the only way to move the activity, it would be positive externality, oiling the wheel of activity.

Within social costs, corruption leads to a suboptimal situation from the social point of view.

Pigou promoted that the government compensate with a tax the generation of negative externalities of the companies, and compensate the damage caused to society.

In a first stage corruption appears, as a negative externality, as transactional cost overrun, to dodge and / or facilitate economic operations, in a fully regulated economy, tends to become a positive externality, without it the economy would not have its dynamics, in one end of regulation.

Corruption would allow "oiling" the functioning of the economy when excessive regulation stifles the actions of private companies or when standards have been poorly designed. Corruption would appear as a way to avoid the costs of mistakes made by the regulatory state. Under these conditions, corruption is a positive externality insofar as it allows markets to allocate resources in a better way (Leff, 1964; Huntington, 1968).

This argument attempts to associate corruption with the element of negotiation to the Coase that allows efficient allocation of resources in a market. However, it is first of all forgotten that distortions are frequently imposed to obtain rents in the form of corruption and are not exogenous and, secondly, that as a mechanism for allocating resources, waiting lines and corruption are not necessarily more efficient in a dynamic context. For example, the alleged advantage depends on whether the agents involved in the corruption are sufficiently "honest" not to defraud their counterparty once the payment is made. However, since corruption "contracts" cannot be taken to a court of law if they are not complied with, there are asymmetries and inefficiencies that make Bribe payments can not be considered as an efficient payment to the Coase (Shleifer and Vishny, 1993).

Osterfeld (1992) extends the previous argument by pointing out that in a too-regulated economy corruption takes two forms. Expansive corruption (which includes activities to increase the

economy's flexibility and competitiveness) and restrictive corruption (which limits the opportunities for exchange and social benefit). While the second is directly the cause of inefficiencies and distortions in the economy that reduce welfare, the first would be positive by "greasing the wheels" of the economy.

-Natural phenomenon

Some authors point out that corruption is a natural consequence, arising from the process of political and economic development of the country.

When the economies begin to get rich, the rents that justify corruption first appear and, later, when the alternative cost is very high, institutions that prevent and punish corruption develop (Bayley, 1966).

An interesting vision is also that of Julián Sanz Pascual, who as a natural phenomenon corruption in the social body is as necessary as disease in the physical body of each living individual.

Without the disease real life would not be possible, if it would be in an ideal life, something very similar happens in the social body, everything ends up paralyzing losing its natural dynamism, a vision of corruption, as a necessary evil of existence, so that operate society.

XV-Corruption represented by different economic models

"Be doers of the word, and not only hearers"

The Bible- Santiago- (01:22)

Microeconomics studies the economic decision making of companies and individuals in the market, in addition to its impact on the allocation of resources.

Here I develop, the two microeconomic tools that describe, with greater precision, the theoretical foundations of the economy of corruption, the rent seeking model and the model of the principal-agent relationship.

-Model of Focus of search of rents (rent seeking)

The perspective of self-enrichment is a strong motivation for most people. Self-survival and competition for resources have shaped human nature and, without a doubt, the inclination to secure benefits for oneself and one's clan is still a basic human trait.

In fact, since natural selection would be expected to favour selfishness, including dishonesty and illegal acts such as theft and corruption, from the perspective of evolutionary psychology, evolution is a disinterested behaviour difficult to explain.

However, most societies seem to have reached a balance in which the mutual benefits obtained by trade favour other members of society, including the recognition of property and other rights, are recognized. In general, this balance sometimes implies recognition within the structures of the State as a way to facilitate the framework conditions for the survival, production and reproduction of acts of corruption.

This evolutionary perspective on individual motivations is consistent with theories that explain corruption as the result of rational choice. The theory of the individual maximization of utility simply postulates that an individual will be involved in corruption if the benefits associated with the act are expected to outweigh the costs.

The relevant literature describes the relevant factors in the equation; that is, the factors that constitute the costs and benefits in the mind of the individual. The expected benefits, obviously, include monetary gains, as well as positions and power of oneself, family or one's allies.

The list of possible costs consists of the payment of bribes, moral "costs" of rules and regulations that violate, efforts to conceal crime and money laundering, as well as the perception of the risk of detection and the consequences of the persecution and punishment. Indirect consequences could be the cost of reputation if corruption is disclosed, including a loss of status and future income, for example, as a result of the inability to work in positions or bids, or for incorporations in public tenders.

In some cases, these indirect costs outweigh the direct consequence of a phrase.

The concept of utility maximization (that is, the balance between benefits and costs) is based on rationality assumptions in informed players who know their own preferences and are able to predict and classify possible outcomes

Also by their own preferences, they are able to predict and classify the possible outcomes of alternative options. Even if such assumptions may seem naive, given that it shows, much more intellectual shortcomings, the concept is much more useful than theories that otherwise assume that making more random decisions or decisions under the conditions of work .

On the other hand, it coincides with the fundamental role of rationality, the assumption in criminal justice systems. The placement of guilt and condemnation does not make sense if people

were not assumed to direct their own decisions, and some degree of conscious goal targeting must be assumed.

Although the answer depends on the people, contexts and forms of crime, it can reasonably be assumed that corruption is the result of rational decision-making, and more than many other forms of crime. Most literature assumes that corruption is more or less the result of strategic planning of highly competent and informed players who are representatives of companies and government institutions and who are able to assess the likelihood of the various outcomes of their crime.

In a society in search of profit (profit seeking), not because people are "submerged in greed", but because people obtain their resources through free trade exchanges that maximize relative efficiency and minimize scarcity, producing this is a virtuous circle of greater incentives for saving, investment and the consequent development.

In a "rent-seeking" society, the incentives for the gains are different. The way to obtain income is no longer through the market, but through subsidies and / or monopolistic privileges on the part of the government.

In a market economy being free and voluntary associations, here they become "pressure groups" Why pressure? Because their way of obtaining income is to "press" on the government on which they depend for their income.

It is a quasi-corporate system, however the government becomes the arbiter of the mutually opposed interests of the various groups that get used to this game of struggle against each other and the legitimation in the language "I defend my interests".

This approach, which appears as the one with the most history, has as pioneering contributions the works of Bhagwati (1982), Rose - Ackerman (1978), among others. In general, it is pointed out that since the true origin of the rent-seeking behaviour is the given their availability, corruption occurs when restrictions and State intervention result in the existence of such abnormal benefits.

The initial literature of rent seeking emphasizes restrictions on international trade: import licenses, administrative controls on imports, high tariffs, etc., as the first example of government-induced sources of income. . In an opposite sense, but which reaffirms the previous statement, other authors find that open economies, measured by the sum of imports and exports as part of GDP, are significantly associated with lower corruption indexes. They also point out that government subsidies can be a source of income, finding a correlation between corruption rates and the presence of subsidies for manufacturing (as a proportion of GDP).

Similarly, the existence of multiple exchange rates and foreign currency allocation quotas lead to the generation of income, an example of the exchange rate in Argentina.

Price controls appear as another source of income insofar as there is a public authority with discretionary capacity to approve or disapprove authorization files for readjustment in prices. According to the World Bank, employers may be encouraged to bribe government officials, for example, to keep their supply of inputs at prices below their market value while struggling to have their file approved to raise the price of their products, final products.

Some rents may arise in the absence of state intervention; such is the case of natural resources, which is a natural example of a source of income from the moment such resources can be sold at a price that far exceeds their operating cost. Sachs and Warner (1995) argue that economies rich in natural resources are more likely than those that are not to fall into rent seeking behaviour and, consistent, source of corruption.

The existence of low salaries among public servants compared to those of the private sector is a potential source of a certain level of corruption (low intensity).

If these servers have low salaries but have a monopoly on certain functions, they use this monopoly to raise their total income through non-legal complementary income. Around this discussion

is the issue of efficiency wages, as a wage setting policy above its equivalent in the market to make the punishment more visible - the loss of said salary - if the dismissal occurs due to incurring non-legal practices

As we see in this point in Argentina, the discretionary nature policy leaves open a front of decisions of officials, on private rents, prices, import permits, public works, etc.

-Model of the Institutional Approach (principal - agent)

The institutional approach allows identifying those factors that encourage the appearance of corrupt acts in organizations. From this perspective, institutions determine the rules of the game of human interaction. The institutional analysis of corruption reveals that if there are no mechanisms that generate the right incentives, it will be more difficult to avoid corruption.

One of the most important restrictions that agents face is the set of rules that regulate their behavior. The decisions of the agents are also affected by the information, their capabilities and the resources available to them.

This situation can be analysed in the so-called "principal agent" problem 1.

These relationships are studied using the premises of the economic theories of the agent - principal relationship and crime (Becker, 1968, and Becker and Stigler, 1974). Corruption can be interpreted as a deviation from the actions of the agents of the interests of the principal. Moreover, it can be visualized as a chain of relationships between agents that can commit corrupt acts, and main chains that can detect and punish these acts. Margit and Shi (1998) introduce the possibility that the principals are also corrupt. In that case, negotiation and collusion between agents and principals is possible to commit the illegal acts. It is based on the idea that the rulers are agents of citizens, elected to represent their interests through the formulation and execution of public policies.

When the institutional design does not generate a set of rules or incentives that align the interests of the principal with those of the agent, the latter (the public servants), acting rationally for their own benefit will not necessarily perform the level of effort committed to the principal, not acting to maximize the benefit of citizens but their own.

That corruption that undermines the rules of the game and the institutional framework ends up devastating political and economic development. It is what is called systemic corruption. Thus there are those who distinguish between systemic corruption and behavioral corruption (Joan Prats, Barcelona Governance Project). The first -the systemic- refers to failures of the system that predispose to corruption and the second to the opportunistic behavior of isolated individuals. If the problem of corruption facing a society is that of isolated cases, a punitive strategy from the judicial point of view has feasibility. But if corruption is systemic, because the economic and political rules of the game facilitate the development of corruption, the judicial route is ineffective, because even when the corrupt is prosecuted and condemned, the system will prevent the corrupt from being punished and reproduced the problem.

An orderly way of modelling the theme is from the following equation of compatible incentives (Alcázar and Andrade, 1999), defined as follows:

$$\bullet I = (1 - q) (w + c) - q F, (1)$$

- Where I: Total expected income of the agent if he commits an act of corruption
- w: legal income of the agent
- q: Probability of detection
- c: corruption income
- F: punishment (effective penalty)

Thus, if $w < I$, (the agent's legal income is less than the expected total income if corruption is incurred), the agent will have an incentive to commit corrupt acts. Within the definition of I , the probability that the corrupt act is detected is included, and the punishment once this corrupt act is detected.

Q and F represent the effectiveness of the control and sanction mechanisms in the environment in which the public servant performs his tasks.

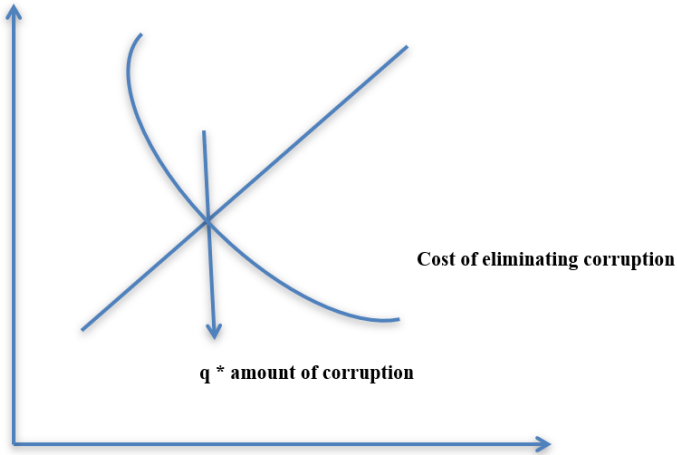
With a low q or F , I increases, and with it the probability that it is greater than w , so that said server will have more incentives to incur in corrupt acts. On the contrary, with a high q and F , the I will be lower, which reduces the incentive to commit corrupt acts. This is conditioned to the level of w . With a low w , the probability that $w < I$ increases, and with it the incentive to commit corrupt acts.

To reduce corruption, seeking the convergence of objectives between the principal (the citizens) and the agent (the public servant) the model in question suggests the following responses (incentives and sanctions): wages above their opportunity cost (salaries of efficiency), high probability of being detected the act of corruption and drastic sanctions for the corrupt.

Another approach, is if we know the amount of corruption that exists in the economy, based on analysis of marginal social costs and the costs of eliminating corruption, we can graph the optimal amount of corruption in the economy.

Graph 02-The optimal amount of corruption

Social marginal Cost



Graph No. 02 - Optimum theoretical amount of total corruption

The intersection of these curves indicates the combination of lower cost of corrupt activities and efforts to reduce corruption this point is identified in the situation at hand the optimal amount of corruption (with the label Q^* in Figure 1) the form exact of the curves are not crucial for the qualitative point of view.

Corruption can show the constant marginal social costs, and a different curve for the marginal social cost that the reduction of corruption could bring. For most combinations for such curves, the optimal amount of anti-corruption will not be infinite and the optimal amount of corruption will not be zero. This measure leads us to determine what is the remedy for corruption, transparency, greater transparency, less discretion, better accountability and better management and allocation of government expenditures.

Klitgaard (1990a) provides a fairly operational approach to analyse systemic corruption and make recommendations on how to control it.

Its approach is described by the following relationship:

- $C = M + D - R$.
- Corruption equals monopoly, more discretion, less accountability or transparency.

This relationship indicates that corruption problems will be more likely to arise if the activity in question has a monopoly character, if the official has greater discretion and if its function is exercised with little transparency. The implications of the analysis are clear: try to reduce monopoly situations, adjust the discretion of the official to what is really necessary and increase transparency.

When we talk about rationality or irrationality, we analyse individual decisions:

- If the assumption of rationality holds, that corruption could be predicted fairly well by theoretical models, especially if the underlying assumptions of the theory about the issues to a real investigation. There are two potentially corrupt decision makers, in corruption, offers useful results that explain how different compensation schemes matter to the inclination of an individual to solicit bribes
- If the position in the corruption market determines such matters as determining the result.
- How corruption requires mutual trust among those involved.
- The importance of reward structures and the choice between capturing rents and productive jobs.
- The choice of a partnership between campaign financing and corruption when seeking to influence politicians.
- How perceived levels of corruption influence the propensity to offer bribes,
- How far can such a theoretical prediction rely on near individual decision making?

- However, models to be able to explain patterns of corruption will always be obstructed by variation in the perceptions of individuals about the associated costs and benefits of participation in the forgiveness of corruption, as well as various levels of rationality; Everyone sometimes makes decisions that depart from what is expected and rational.

XVI-Effects of corruption on fiscal and economic variables

XVI-1-Introduction

The impact of corruption on economic variables was studied by different authors, especially in the last twenty years with greater intensity.

It is difficult to measure the footprint left by corruption in our lives, when evaluation is a mathematical or econometric game, or simply guided by causality, sometimes collisions between different variables are difficult to measure. They begin by analysing the academic background of the literature on the impact of corruption on economic variables, then specifically on fiscal variables. The areas of national corruption, the private sphere, the political sphere and the public sphere are defined. Then acts of corruption are established where work is focused: bribes, overpricing and overruns of public works.

The question of the measurement of corruption is explained, through quantitative basic measurement precepts, two theoretical measurement schemes, bribes and cost overruns of public works are developed, with the consequent percentage of fiscal damage.

Some corruption measurement indices are exemplified and the Corruption Perceptions Index for Argentina is developed, published by Transparency International, in the period 2003-2015, where descriptive statistics of quantitative and graphical analysis are established, choosing this for the demonstration of the hypothesis. A set of fiscal variables of Argentina is established, during the period 2003-2015, chosen for the demonstration of the hypothesis, where the official data of the Fiscal Bulletin are selected, specifically in the section on Results of the Cash-based Public Sector, and the data from the National Direction of Investigations and Fiscal Analysis of the Ministry of Economy. Then the work hypothesis is stated. Beginning the stage of

demonstration and testing of this hypothesis, I develop the theoretical foundation of it, through a diagram of consequences.

Then the impact of corruption is demonstrated, through the path described in the consequences diagram, the period is determined, the demonstration of systemic corruption, and then in each fiscal variable chosen. The impacts are established, the variability of the variables, their movement, and consequently if the hypothesis is met econometrically.

Finally, the general principles of taxation derived from our National Constitution are enumerated and explained, which principles are affected by the hypothesis. Finally the hypothesis is demonstrated in its theoretical and practical way.

XVI-2-Academic Background.

XVI-2-1-Academic Background of the impact of corruption on economic variables.

The literature of this first point, is based mostly on studies of the impact of corruption on economic development, let's see and analyse below some lines of research, their conclusions, with their characteristics and authors.

The link between corruption and economic performance - especially growth and development- has been studied in its theoretical side from various points of view and through different approaches, more or less rigorous in terms of formality and more or less satisfactory to explain intuitive knowledge and empirical evidence.

However, we can basically find two schools within which the theory of linkage has been developed, between corruption and economic growth. On the one hand, some authors have studied the question through the search for rent or rent-seeking, understood as the search for profit on the part of private agents through interaction with public agents. In this vision, the corruptive phenomenon starts fundamentally from the initiative of the private

agent - typically the entrepreneur - who finds in the link with the State, the possibility of obtaining a greater profit than the one reported by the execution of his productive activity.

A second vision of the subject, equally old, began to regain strength in the decade of the '90s. This vision or framework of interpretation, known as principal-agent, is based on the existence of a principal -the Government- and an agent -the public employee- where the latter has the possibility of obtaining an illegitimate profit through the provision of private sector of goods produced by the public sector.

A pioneering work was that of Mauro (1990), (it develops the 1990 model of Barro's economy) uses a production function that has two equilibria, one of "low corruption" where it impacts on two factors, especially capital and labour and another of "high corruption" colliding in all factors, especially in public spending, through deviations from unproductive spending, reaching satisfactory conclusions of positive impact of corruption on economic growth.

Another of the pioneering works is that of Shleifer and Vishny (1993), who perform their analysis, explicitly point out the validity of the theoretical framework of principal-agent. This acceptance of the support of the principal-agent, has some flexibility to the definition of agent, including the private sector, this framework was common to most of the literature generated since then about the link corruption-economic growth, confirming the fertile nature of that job.

A work that analyses the Asian countries is that of Shang Jin Wei (2001) in his conclusions, determines while one can think of examples in which some companies / people have progressed either paying a bribe or having the opportunity to pay a bribe, the overall effect of corruption on economic development is negative. There are several channels through which corruption hinders economic development. These include the reduction of national investment, the reduction in foreign direct investment, the disproportionate increase in government spending, the distortion of the composition of government spending away from education, health and

maintenance of infrastructure, towards less efficient public projects that have a greater scope for manipulation and opportunities for obtaining bribes.

While culture plays an important role in determining what is considered a bribe versus a gift, the differences generated by education itself seem small.

On the other hand, Professor Jean Jaques Laffont (2002), elaborates a large number of corruption measures available, produces a regression of the measurement of corruption by transactions and GDP per capita.

Keith Blackburn, Niloy Bose and Emrwul Marque (2003), developed an article where incentives to be corrupt, the development process, and how corruption affects the allocation of resources are worked on.

Professor Johann Graf Lambsdorff (2003), in a work of the World Bank, establishes the relationship between corruption and productivity, corruption and net inflow of capital, against Transparency International's Perception of Corruption Index, demonstrates that there is a positive correlation between High corruption and low corruption through regressions and identifies the channels of influence with two stylized models. Taking into account basic issues, how to define corruption is developed in Svensson (2005) and how to measure it, and in another paper also by Svensson (2003) it explains a precedent framework of basic definitions.

The Central Bank of Peru, published a paper in 2007, which establishes a review on corruption and development indicators, is very interesting, where it reviews the measurement of corruption, its comparison with GDP per capita, Stability, Volatility of GDP, Expenditure on Education, Infant Mortality, Military Expense, Tax Revenue, Surplus / Fiscal Deficit, Indicators of Inequality, Investment, ending with the results of the estimates and their conclusions. There are other jobs such as Salinas Jiménez (2007), where corruption and GDP per capita are developed, with

economic and efficiency results, relating the variables with other economic costs of corruption.

Aidt (2010) establishes two visions of corruption, a bureaucratic corruption and another greaser of the wheels of commerce, with micro evidence and macro evidence, the relationships between corruption and genuine investments, corruption as an obstacle to sustainable development, establishing what role institutions play in the accumulation of real wealth and sustainable development. Very interesting is the thesis of Panagiotis Arsenis where indexes of corruption are correlated, especially of bribery and economic development. The conclusion was that corruption and growth must be evaluated on a different basis. New indices must be designed and new development proxies must be built.

The links between corruption and economic growth should be reviewed under this new framework, much more the need to check the robustness and validity of the results. On the side of methodologies for measuring corruption, and as we pointed out in a timely manner, one of the most obvious weaknesses of the indices used is their ordinal nature, which makes their use in regressions difficult. However, we also highlight the efforts that economic and econometric theory has been making to provide, with diverse success, quantitative indexes of corruption. To conclude, there is a work by Transparency International - Working Paper No. 01/2013 - "Governance as a solution for development - Millennium Development Goals (MDG) Statistical Annex, where the relationship of different measures of corruption is studied as a Barometer Global Corruption and the Global Integrity Index was applied a simple linear regression analysis of public data on specific Millennium Development Goals, related to achieving universal primary education (MDG 2), improving maternal health (MDG 5), access to safe drinking water (MDG 7) and access to basic sanitation infrastructure (MDG7), indicators for 150 countries, period 2010-2013, seeing and proving the impact of bribery on the levels of health development, potable water, basic infrastructure.

Concluding, it is imperative that the academic and political part of society, develop new measurements, adjusting to the changes taking place around the world, on the side of economic growth and corruption.

XVI-2-2-Academic Background of the impact of corruption on fiscal variables.

One of the most recent works in the analysis of corruption and expenditure with a fiscal deficit stands out, that of Michael Brogan (2014), which uses a regression model to demonstrate the relationship between corruption, budget, and the competitiveness of the economy.

Some authors consider that corruption is inefficient because it causes a great investment of resources in the search for rents created by the public sector and not in productive activities, Bhagwati 1982, or Pedersen 1995.

Where the low quality of public spending in a system of widespread corruption, works as a tax, which affects unevenly in economic sectors, causing a distortion of relative prices, in Shleifer, Andrei and Vishny, Robert W. (1993).

Or in the work of Jorge Mauricio Oviedo, where he works optimal tax models, with a function of social welfare, an optimal tax model with exogenous evasion, where he determines *"When tax evasion exists, taxpayers will be subject to higher levels of tax rates to collect a certain amount", and adds "higher levels of evasion in progressive taxes (income -incomes) translate into a greater tax burden towards regressive taxes (consumption-VAT), considerably affecting the level of welfare of the community of each country"*, so we see that the greater the degree of evasion is exogenous or endogenous, there will be a shift of tax burden from direct taxes to indirect taxes of easy collection.

Another very interesting work is the Effect of Corruption on Middle East tax revenues, Patrick Amir Imam / Davina Jacobs, work a regression with elements of evasion, tax administration, and warning to interest groups to increase pressure on the indirect taxes

of easy collection by the degree of evasion in the countries of the Middle East, given their income for the Oil.

An interesting work is that of Transparency International, in its Working Document 03/2015 - "Tax Systems: A path to corruption or a mechanism to combat it? One of the conclusions of this work:

"Corruption can subvert the entire system, by weakening responsible institutions, tax compliance controls, collection itself and the proper use of tax revenues, such as determining which public services are provided and how. These problems, individually or together, often translate into taxpayers in all sectors being more reluctant to pay their taxes to finance a system that is corrupt. This results in the emergence of informal economies, a distorted tax structure, higher rates of tax evasion and lower confidence in public institutions"

Where emphasis is placed on tax administration, and transparency of institutions.

The author Víctor Mauricio Castañeda Rodríguez (2015) brings us closer to a concept that we will take into account for the demonstration of the hypothesis of this work. This study starts from the premise that corruption is a determinant of tax morale, which is in line with a large part of the literature that analyses from a macroeconomic perspective the relationship between tax pressure and corruption, in this work uses multiple regression, with tax variables, perception of corruption, perceived degree of public corruption, working a function of utility with diverse elements, conditions of the taxpayer, labour status, trust in the government, specifies the variables in a multiple regression model, with data from Latin barometer, for Latin American countries and data from ECLAC, reaching interesting conclusions about the impact of corruption on tax morale. To conclude a very interesting work, it is Fernando Bardales, "Effect of Corruption on tax revenues in a selection of developing countries in Latin America", where the author develops the impact of corruption on tax revenues in a disaggregated manner in selected developing countries of Latin America. The results suggest that the low level of collection is

partly caused by corruption and certain taxes are more affected than others. Work with a multiple regression model with the following variables:

The effect of corruption on the income generated by: Total taxes, Income taxes, profits and capital gains, Individuals, Payment by companies and other companies, Taxes on property, Taxes on goods is observed and services, Taxes on consumption.

Taxes on international trade and transactions, Customs and other import duties and social contributions; where he works with a variable model Tax / GDP, where a greater corruption, Mays tax evasion, using a data panel for the years from 2001 to 2014 and eight countries: Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Peru and the Dominican Republic.

In its conclusions, for example, the per capita income affects taxes in general and specifically direct taxes such as income -in general and individual-, while for the consumption tax it does not have any significance, compared to factors such as agriculture that affects the tax of international trade and does not affect taxes such as income.

This indicates that for certain taxes, some of the "repressors" explain much of the dependent variable while others do not.

XVI-2-3-Measurement of Corruption

To begin to analyse the process of measuring corruption and its various interpretations and indices, we should stop at the basic concepts of a measurement process.

The measurement processes have three stages:

1. What to measure.
2. The calculation.
3. The analysis.

1-Every time we decide to measure something in particular (a perception, a level of quality, a time, a cost) it is because previously, it has been considered that this measurement assigned some benefit.

Every measurement must begin with the definition of the purpose it pursues:

The questions:

- What to measure?
- Does the measurement contribute to the objective that has been set?
- Is the cost generated by the measurement process correct?

What is the characteristic of what one wants to measure, is that it is a variable:

"A variable is a concept capable of assuming different values".

In addition, a variable can be divided into parts or sub-variables in order to obtain greater depth in the measurement process.

We must remember that always the process of identifying variables and sub-variables that we want to measure begins the process of decision and analysis prior to the actual measurement process.

- What are the aspects to analyse in the variables?
- From which sources can information be obtained about the variable or sub-variable that one wishes to measure?

Answering and analysing this question well is fundamental to advancing the measurement process.

- What is the cost-benefit relationship in building a source of information that has not existed until now?
- How is the variable or sub-variable to be measured accurately defined?
- What is included within the variable?
- What is excluded in the measurement of the variable?

- What is the process that must be instrumented to measure with a certain frequency the one that wants to be measured?

The measurement process must be formalized by establishing the keys to the measurement:

- -Why to measure.
- -What to measure.
- -Where you get what you want to measure.
- -What is included and that is excluded from what is to be measured.
- -Who is responsible for what is going to be measured.
- -Who is responsible for obtaining, calculating, and controlling the information.

In the metrics and indicators, we answer the key points of the measurement:

- What to measureVariables.
- Measurement Data.
- InterpretationJudgments.
- Actuation Changes in reality.
- Temporary perspective Past, Present and Future.

In summary, not only is it important to know what to measure, the measurement process itself, the collection of data and the interpretation of its results should be useful for the observer or analyst, these details must be analysed in the different measurements of the corruption.

XVI-2-3-1-Measuring Indices of Corruption

According to what was stated in the previous point, we must first define, is to measure in general, that is, we identify the typology of the basic acts of corruption, in facts that we must measure:

- Bribery: Exchange of money for a corrupt favor (payment to obtain some benefit of doing or not doing).
- Extortion: Extraction of payments through the use of violence or threat
- Misalignment of funds: theft of public or private resources.
- Customise, Favouritism and Nepotism: corrupt distribution of resources, products or services, (contracts, positions, etc.)
- Fraud: manipulation, falsification or retention of information.
- Theory of capture: influence of interest groups on the rules of the game and its interpretation (laws, regulations, etc., political, administrative and legal decisions)
- Collusion: agreements between companies to fix prices, divide markets, etc.

The complexity and nature of corruption make measuring it a problematic and complex task.

Basically, we have two options to approach the measurement of corruption.

- Direct: Surveys on perceptions and experiences of corruption (victims) - subjective data
- Indirect: Objective and / or subjective measurement of institutions of good governance.

-Direct Measurement

- If they are surveys, the most important thing is:

What is the questionnaire?

If they are telling the truth?

Who are we asking?

If the universe to be surveyed is correct and representative?

- The key is to separate, between indices that measure the perception of experts.

- What are the experts who say?

- Indexes that measure the perception of citizens.

- Which citizens we ask?

- How do we divide the universe?

- Is it representative?

- Indirect Measurement

- Establish the existence of formal institutions, and if they are important in reducing corruption risks.

- Measure both the existence and activity of the institution (legal) and its degree of impact on the mitigation of corruption (in fact).

Risks of indirect measurement:

These institutions improve transparency, participation, accountability and efficiency.

- But the de jure existence of all the institutions identified as important to reduce corruption risks and their de facto implementation to 100%, does not guarantee the absence of corruption.

- They tell us that "everything possible" has been done to mitigate corruption risks.

The Index that we are going to use in this work, is the last one, the Transparency International Corruption Perceptions Index, which is the one that reflects Public Corruption especially.

-Corruption Perception Index (CPI)

The independent agency Transparency International, began to conduct year after year surveys to experts and companies, since 1995. Based on them, generates a composite index that measures the degree of corruption of the public sector worldwide.

The CPI gives a score and classifies countries according to perceptions about the degree of corruption that exists in their public sector. It is a composite index composed of a combination of surveys and evaluations on corruption carried out by various prestigious institutions. The CPI is the most widely used indicator of corruption in the world

It is called the Perception of Corruption Index, and as of 2012, its value ranges from 0 (higher perception of corruption) to 100 (lower perception of corruption).

The score of a country / territory shows the perception about the level of corruption of the public sector on a scale of 0 to 100, where 0 implies that a country is perceived as extremely corrupt and 100 means that it is perceived as very transparent.

This does not mean that the countries with the lowest value are the most corrupt, but that they are the countries where businessmen and people who influence their economy perceive a greater corruption in public officials.

XVI-3- Impact of Corruption on Economic Variables

The only way to analyse the relationship of corruption and the variables of the economy, in Argentina is to see the impacts on the ratio of the incentives of each variable and the types of basic corruption, since there are no statistics of criminal acts.

By identifying the incentives of variables and types of corruption, we see the forms of impact, such as increase, decrease, or neutral, to the incentive of the variable.

What are the types of basic Corruption?

- Briberies.
- Overview of goods and services.
- Outside of Public Work.

Comparative matrices are elaborated by crossing these types of corruption and the incentives of each variable, quantifying their effect, through the impact on each incentive.

-Impact of corruption in investment incentives:

Investment incentives are defined:










-Income of activities or sectors.

-Time of return on investment.

Rate of return on investment.

- Interest rate of the market.

Impact Matrix:

Investment Incentives	Bribes	Price premiums	Overprice of public works
Income from activities Other sectors			
Investment return time			
Investment return rate			
Interest rate	-----	-----	-----

We see that the bribe is of "private collection", but it has negative effects on the income of activities, the time of return of the investment, it can be faster through bribery, and the rate of return is lower, since the bribe it is a cost to the investor, and the effect is neutral in the case of the interest rate.

In the case of "overpricing", the impact on profitability is positive, because more investors will seek this activity, the return time is faster, and the rate of return may be higher, being a more "sought" activity, in the interest rate the effect is neutral.

In the case of "public works cost overruns", it is positive for the first three incentives, and neutral for the interest rate, since entrepreneurs "struggle" to do public works.

In the case of surcharges and cost overruns, we should bear in mind that the effects are positive for companies, because they "move" to the taxpayer, through more public spending and also higher taxes.

-Impact of corruption in the incentives to economic growth:










Incentives for economic growth are defined:

-Capital accumulation

-Technological progress

-Productivity of the Economy

-Impact Matrix

Sources of Economic Growth	Bribes	Price premiums	Overprice of public works
Capital accumulation			
Technological progress			
Productivity of the economy			

We see that bribery is "private collection", but it has negative effects on the accumulation of capital, technological progress and productivity of the economy, the negative impact is given by being a "private cost".

In the case of "overpricing", the impact on capital accumulation is positive, because the cost is transferable by higher public spending or higher taxes, in the case of technological progress and productivity, the price premium is negative for the opportunity cost.

In the case of "public works cost overruns", it is positive for the accumulation of capital, because it transfers this extra cost through the greater expense or higher tax, but negative in the technological progress and productivity, due to the opportunity costs.

-Impact of corruption in the allocation of public expenditure.




Here there are no incentives, because the allocation is a public policy decision, if we analyse the allocation of expenditure based on the Theory of Decision:

Most decision theory is normative or prescriptive, that is, it concerns the identification of the best decision that can be made, assuming that a person who has to make decisions (decision maker) is able to be in an environment of complete information, capable to calculate with precision and rationality.

The practical application of this prescriptive approach (of how people should make and make decisions) is called decision analysis and provides a search for tools, methodologies and software to help people make better decisions.

These three types of decisions are not made in an environment of efficiency.

-Impact Matrix

Incentives	Bribes	Price premiums	Overprice of public works
Assignment of public expenditure			

As seen in the matrix in the three basic acts of corruption, the impact is negative on the allocation of public expenditure.

XVI-4-Impact of corruption on Fiscal Variables

Fiscal Policy is a discipline of economic policy focused on the management of the resources of a State and its administration, which is in the hands of the Government of the country, who controls the levels of expenditure and income through variables such as taxes and public expenditure to maintain a level of stability and meet public needs.

Through fiscal policy, governments try to influence the economy of the country. Controlling spending and revenues in different

sectors and markets in order to achieve the objectives of macroeconomic policy.

This is a great responsibility, since the decisions taken in this area have a considerable impact on daily life, employment, prices ..., that is, fiscal policy is the most important way to maintain or improve the so-called Welfare State.

It is also remarkable the responsibility that is acquired when it comes to controlling and redistributing the wealth of a state through the allocation of spending, public services and tax management.

Its complementarity, coordination and coexistence with monetary policy will be key to the country's progress and the welfare of its citizens.

Fiscal policy has a prominent role because of its stabilizing effect on the fluctuations of the economy, through its expansive or contractionary impact on aggregate demand via the management of public revenues and expenditures (and therefore, the amount of deficits or public sector surplus).

Depending on the different decisions taken at the time of directing fiscal policy, it can be classified as expansive, contractive or neutral. This differentiation has much to do sometimes with an ideological question or economic thought, because according to the ideological profile of the government of the moment will take a kind of measure or another. However, what really defines the application of an expansive or contractive fiscal policy is the situation of the economic cycle in which it finds itself. There is also a third way known as neutral posture. In this case, fiscal policy is based on equilibrium, by equating the level of public expenditure with that of public revenues. What happens in a context of systemic corruption, where the areas of corruption, explained above, the political sphere and the public sphere, where these mechanisms of corruption are generated, and acts of corruption are normal to operate in the economy and especially with the state, there is no other way than that of systemic corruption.

I detail the main fiscal variables that we will use in demonstrating the hypothesis of this work:

-Income and Public Expenditures

The State, in its main role in modern economies, needs resources to be able to develop its activities. The sources of financing of the State can be classified in general, in current and non-current. The first are common, the collection of taxes, while the second, may be to take public debt, either short or long term, or income from privatizations or economic activities of the state with positive results.

-Public revenues

The most significant income is obtained through taxes, its definition, according to the different manuals of Public Finance is: *"The taxes are public law income consisting of mandatory cash benefits, imposed unilaterally by the State, required by an administration public as a consequence of the realization of the taxable event to which the law binds in the duty to contribute. Its primary purpose is to obtain the necessary income to sustain public spending, without prejudice to its possibility of linking to other purposes"*

Specifically by means of taxes "They are taxes that the State receives, to satisfy indivisible public needs", the present work is going to be demonstrated based on the collection of taxes and then we will expand it in the classification of taxes.

-Public expenditure

Once the taxes have been collected, the State applies that income to the activities planned in the National Budget Law, which is approved in September of each year, according to law 24156.

In the composition of public expenditure, there we have, salaries, pensions, subsidies, activities of public companies (in the budget only transfers to these companies), purchases of the state, public works, in this work we establish a relationship especially with the

acts of corruption that refer to the overpricing and overruns of public works.

-Results Primary and Financial Result

In the execution of the budget, whether in the collection of public revenues and the execution of their expenses, there are two recording methodologies: the accrued and the perceived. In the work we will take certain records of the execution of public income and expenses, produced by the National State. , especially the cash basis, the records for the perceived.

These methodological differences between the execution of the accrued base budget and the cash basis are:

Accrual basis: Registration criteria reflect the allocation in the corresponding fiscal year regardless of when the payment occurs.

Cash Basis: Criteria of registration reflects the allocation in the corresponding fiscal year with independence of the moment when payment occurs.

At this point, we will use a set of fiscal variables and we will study their behaviour with respect to Transparency International's Corruption Perception Index for Argentina, which measures the degree of greater public corruption.

-Tax pressure

The tax pressure is a quantitative percentage indicator that relates the tax revenues of an economy and the Gross Domestic Product (GDP).

-Progressive Tax.

The principle of progressivity, in tax law and public finance, implies that the tax rate is an increasing function of the tax base: that is, as the economic capacity of the subjects grows, the percentage of their wealth or income increases that the State demands in the form of tribute.

The principle of progressivity, which is predicated on the tax system, refers to the distribution of the tax burden among the different parties obliged to pay it, according to the tax capacity available to them, that is, it is a criterion for analysing the proportion of total contribution of each taxpayer in relation to their tax capacity.

In this order of ideas, the system that conserves the relative differences between contributors of greater and lesser contributory capacity is neutral; it is progressive that reduces them; and it is regressive that increases them.

In this same measure, a broader dimension of the principle of progressiveness of the system, relevant in this process, invites us to assess the fate and effects of public expenditure financed with the resources collected.

In this sense, the impact of public spending on the relative situation of taxpayers and, in general, of the inhabitants of a country is relevant. The neutrality, progressiveness or regressiveness of the system in this broader perspective would be appreciated by comparing the economic conditions of the different members of society after the public expenditure was made.

As the tax burden is distributed, it will give me the regressive or not of the taxes, and of the tax classification, in direct or indirect, the "direct" ones are the taxes that burden the patrimony and the income, in Argentina the tax to the earnings and personal assets, according to their ability to pay, in this case their assets and income.

On the other hand, the indirect ones, affect more those who have less tax capacity, such as consumption taxes, such as the Value Added Tax, whatever the taxpaying capacity of the person who buys is charged.

For this reason, basing tax collection on indirect taxes is increasing fiscal regressive, developed countries have a proportion of almost 70% direct taxes and 30% indirect taxes.

XVI-4-1-Hyphotesis

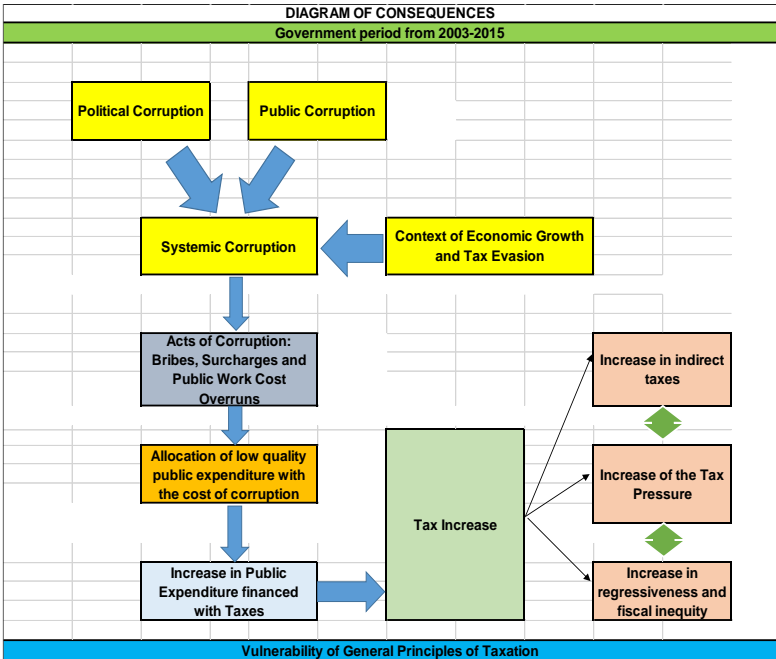
In an environment of systemic corruption, political corruption and public corruption, within a context of economic growth and tax evasion, the corruptive phenomenon impacts on the fiscal variables of the country, increasing the low quality of public spending, and consequently, the tax burden and fiscal regressive, violating some general principles of taxation.

XVI-4-2-Consequences Diagram

In each demonstration and testing of a hypothesis, first I must travel the theoretical path, and then apply the quantitative demonstration.

This theoretical demonstration will be based on a cause-effect relationship, and as the main cause, it is political corruption and public corruption, generating systemic corruption, as a true transactional system of the private sector with the State.

The chosen path in this work is based on the following consequences diagram:



Analysis:

First, the analysis period is determined, which is a period of government, 2003-2015.

In an environment of public corruption, within the context of political corruption, they generate the consequence of systemic corruption, where the system entails corruption as the activity being systematic and generalized use of the public institution to obtain a private benefit, reducing the quality and quantity of the services provided.

In this case, there are patterns of ascending corrupt behaviours, which make the system dependent on the corrupting phenomenon for its own survival.

Corruption levels reach high-level public officials who make decisions on public contracts or large projects. Corruption extends

as a rule in the system and impunity protects the entire corrupt institution.

This system occurs in a process of economic growth and tax evasion.

Through the three basic acts of corruption: bribes, surcharges and cost overruns of public works, these have a theoretical fiscal cost, that is, the state needs more funds to carry out its task, for the execution of its expenditure.

This implies an allocation of public expenditure of low quality, demonstrated in the chapter of the impact of corruption on economic variables, it is negative in the incentives to Investment, and in the incentives of the sources of economic growth and the allocation of public expenditure.

Therefore there is a greater dynamics of tax increase to finance this gap of increase of expenses, for that reason there are three effects of impact of the corruptive phenomenon on the fiscal variables.

This trident is possible because "systemic corruption" generated a tax in itself to finance the corrupt system.

There is an increase in the collection of indirect taxes of easier collection, an increase in tax pressure and to close "the virtuous circle", an increase in fiscal regressively, since this occurs in a context of economic growth.

Finally, this entire system produces the vulnerability of the General Principles of Taxation.

XVI-5-Conclusions

The corruption impact on economic and fiscal variables in different ways, but in the same direction, reduce the margin of error of economic policy, distorts objectives and results.

XVII-General Conclusions

"The people who walked in darkness, saw the great light, those who dwelt in the land of the shadow of death, the light shined on them"

The Bible

Corruption is a moral problem that has social and economic dimensions, it mentions it, Plato⁹² in the Republic, making it possible to understand the meaning of justice and individual human ethics, and Aristotle⁹³ in Politics, expresses that research on ethics necessarily follows in Politics, and therefore the two works are often considered as parts of a broader treaty, which delves into the "philosophy of human affairs."

In chapters XV, XVI and XVII, research development of the impact of corruption on the different variables of the economy: as investment, economic growth, allocation of public spending, in economic efficiency, as a hidden tax, as a positive externality and negative, we see that according to the data extracted from corruption measurement indices, there is no evidence that shows a relationship between investment, growth and development and levels of perception of corruption.

There are clearly other factors that influence the time of growth and development, especially in the short-medium term, although a long-term study could lead to different conclusions, where if corruption in a country is harmful in terms of investment, growth and development. Of course corruption is not neutral to economic

⁹² Plato - Greek Philosopher - (427-347ac)

⁹³ Aristóteles - Greek Philosopher – (384-322ac)

events or their variables, they are sensitive to identify the impacts, but difficult to quantify, although real in money.

The only way to analyse the relationship of corruption and the variables of the economy is to see the impacts on the ratio of the incentives of each variable and the types of basic corruption, since there are no statistics of criminal acts.

By identifying the incentives of the variables and the types of corruption, we see the form of impact, of increase, decrease, or neutral, to the incentive of the variable.

What are the types of basic corruption?

-Briberies

-Overview of goods and services.

-Outside of Public Works.

"The increase in GDP of an economy with low corruption is greater than the increase in GDP of an economy with widespread or systemic corruption, by inefficient use of public resources, low quality of public spending and its opportunity cost"

Conclusions for Argentina.

Magical Thinking and Critical Thinking.

Many times we put the car in front of the horse and we make prevail the "explanations" that best fit our desires, desires, expectations and even our fears, rather than seeking a more objective view of the things that happen to us.

Magical thinking is a double-edged sword that sooner or later ends up turning against us, making us lose time, health or money, or the three things.

The cultural change to combat corruption cannot be done overnight, and it is convenient that it be made intergenerational, through politics, education and culture.

For Howard Gabennesch⁹⁴, who delves into critical thinking, consists of the use from our rational aptitudes ideas, and values to approach the truth as much as possible.

What are the rational aptitudes to consider?

Analyse, synthesize, interpret, explain, evaluate, generalize, abstract, illustrate, compare and recognize logical fallacies.

Critical thinking is a powerful tool to unmask lies, fallacies (incorrect reasoning), cheating and cheating.

The work of thought resembles the drilling of a well, the water is cloudy at first, more than clarified.

We are impervious to critical thinking, and sometimes we fall into a vicious circle, which we have adopted, as an ideology that in turn causes us to discard what we do not like and see what is in favor of our deepest convictions.

In those societies in which being corrupt is not perceived as an incorrect behaviour, corruption appears as a generalized phenomenon, it is the rule, not the exception, normality is corruption and this is not reprehensible. Systemic corruption is that widespread corruption that in a society affects the bases of institutions and the same institutions responsible for investigating, judging and punishing corruption.

I firmly believe is the kind of corruption, which affects Argentina today, sometimes it happens that in systemic corruption people do not reproach it, on the contrary they praise it, functioning as an engine oil or wheels oiler of the economy, but in the end, it works like a great cancer that affects the whole society.

This phenomenon has been transformed into a dilemma of collective mandate, this has changed into a morbid and organic rarity, in the field of politics companies and the administration of the state, witness corruption as a persistent element in the life of

⁹⁴ <http://www.csicop.org/author/howardgabennesch>

our country. Changes the habits and behaviours of our society, in the position of confusing the barrier between what is lawful and what is unlawful.

We ask ourselves if the Argentine public system has the desire to transform the nucleus, of the administration's action and that also participates, in the fight against corruption, sometimes the public system is defeated by the corrupting portents, obvious or not manifest, taking away the possibility of transforming himself. There are no suspicions that the decomposition and the capacity for corruption have been transformed, in our country as an element of social benefit, political acquiescence and its legality, achieved and preserved on the principle of corrupt exercises: rulers, officials, bureaucrats, union representatives, etc.

We see that democracy seems a simulation, the citizen once he votes has no participation or control over the elected politicians, then the policy has formed a special class of people with great privileges, where the common citizen, must pay the taxes without saying , comply with the law and has no way to control their elected.

To analyse the simulation in Argentina, we can explore the thinking of José Ingenieros⁹⁵, which refreshes and clarifies these behaviours: *"There are two groups of simulators: congenital and acquired. In the first, the individual temperament predominates; in the second, the influence of the social environment. In other cases, the tendency to simulate arises on a pathological background. Due to the combination of its fundamental character with other secondary ones, the simulators can be classified into three groups.*

The meso logical simulators ("astute" and "servile"); the simulators by "fumiest" and "refractory" temperament and the pathological simulators ("psychopaths" and "suggested").

The meso logical simulators determined by the environment, exaggerate a normal way of fighting for life, the cunning and

⁹⁵ José Ingenieros (1917) - "The simulation in the struggle for life" - Editorial Losada - 1985

servile are very numerous. Simulators by temperament and pathological constitute a minority, simulation is not, for them, a means of adaptation to the conditions of the struggle for life, but the exponent of a special psychic mode ".

It is clear that the simulator must fight for his life and adapt to the environment through these behaviours, it is his survival.

Not only have they managed to legitimize the phenomenon of corruption, but they have encouraged and continued transforming it, in its evolution, into a systematic process. Governmental, collective and social costs cannot be valued economically. Consequently, a political regime, subjected by the corruptive systemic portent, like that of our country, attacks our liberties and our democratic system.

For practical results, candidates for political candidacies, or candidates themselves, who raise funds through a corrupt armed system, to build their network of political dependents (reporters, informers, prosecutors, operators, judges) have a priority and superiority with respect to "honest and honest men". This democratic debt generated by corruption breaks, in addition and mainly the fundamental democratic legacies and liquidates the genesis of transparency.

Therefore, there is no legality, nor equity in justice, nor social equality, when the rights of citizens to reach the fruits that come from the action of the state, are framed in a practice with significant concentration of decomposition derived from corruption, where injustice, abuse, bias. And the unexpected and unforeseen, equivalent to normal situations, do not obey the rules of the rule of law.

To get to some positions, jobs, representations, businesses or activities of the state, it is convenient to be placed, among the litter of depraved and predators, who usually exercise acts of corruption, from both sides of the counter, corrupt and corrupting. It is always necessary to activate cross-relationships, biased, confused and

commercial exchange links, with tangled diligences of negotiators and multiple actions of "contacts".

Almost always, it is due to deeply hidden corrupting portents, which from time to time stick out to the outside. Concluding, is illegality, crimes with diffuse social costs, with a large number of victims, in their totality of the situations, the corruption facts leave no visible, clear, or obvious, it is very difficult to discover the criminal matter, for this reason, the judicial censuses of these crimes give very partial numbers, almost imperceptible, reveal only the end of an iceberg, where the generality of the situations of corruption, are perpetuated with the characteristics of being concealed, camouflaged and well-guarded, under the visible surface.

Then strange and specific phenomena result, when the Argentine judicial power pursues the acts of corruption, penalizing them, and also exposes itself at times, the institutional simulation of the "persecution" of the corrupt portent.

Explain the amount of convicts for acts of corruption, it would be understood as a ghost movie, disappear in the air, nor lose anything of their heritage, except honourable exceptions.

The impression of immunity of those involved is absolute, the closed and self-sufficient regime protects, protects and welcomes them efficiently. Continuing with our own theatrical work, corruption in Argentina, also has many cast actors: substitutes, mediators, negotiators and postulants, which multiply in quantity, I would call them "hunters of public revenues"⁹⁶ who roam and hover the monies public, always ready to please the appetites, economic, family and even sexual partners. Argentina, due to works, smoke screens, distractions, forgetfulness or pleasure, the reality of the enormous patience, understanding and social endurance of its citizens, in the face of corrupting portents, is

⁹⁶ <http://www.pagina12.com.ar/diario/elmundo/4-260013-2014-11-17.html>

remarkable. We live, in a community where corruption, is free, free, exempt and immune, in a sceptical, suspicious and suspicious environment towards our ruling class, corrupt and depredating "corrupt system specialists", move freely, with some dexterity.

The operators of the corrupt system, sometimes, act with ineptitude and very little "expertise", they try to refine and try to transform into elegant, the devices of Corruption, they administer their riches, with patrimonies abroad, in fiscal orders, of course in the name of societies, masking money, where they transfer the fruit, that is, the utility of corrupt "businesses", use the shadows, and the substitutes, their "shareholders", are true holograms.

In addition proliferates and grows the activity of some consultants who act, assist and work with national governments, provincial municipalities and state organizations, sharing corrupt "businesses".

Sometimes before the evidence, there is a real temporary delay of illicit services, to distance the assumption of anomalies, the acceptance of fictitious charges, in the form of payment, people of painted cardboard, as an example: lovers, friends, spouses, acquaintances, children, relatives, ascending, descending and collateral, in jobs or public positions.

In some situations the "art of corruption" is refined and transformed, where the corrupt and the corrupt are the same person, where "illicit brokerage" has its own characteristics, money does not pass from person to person, but falls in the same wallet, where acting as a public servant and owner of private sector interests are the same person, for example when a minister gives a tender to a company that he owns through frontmen.

Almost always the corruptive phenomenon decant in a systemic situation: the resolutions, the devices, the machinery, the behaviours and the forms respond more to televised or theatrical scripts copied, and repeated in all cases, and traced through almost institutionalized precepts.

In Argentina, the "corruptive system" is a standardized system, with precise codes and predetermined rules of conduct, generating the immediate identification of facilitators and / or friends, as well as discouraging and punishing individuals who are reluctant to enter the corruptive system or that they are honest people. Almost everything is a negotiable trade exchange: concessions, licenses, public works, permits, authorizations, speed of procedures, secret information, and malleability of controls and a wide range of unthinkable probabilities. Associated with a wide spectrum of behaviours, admissible behaviour and automatic devices for the redistribution of surplus value, the result of corruption, separating negotiations that lead to risky results for the system.

There is an established, exact methodology, even to distribute the percentages of participation in the corruption and precise rules of what, you cannot talk, mention and say and must be silent, permanently ensuring the concealment, secrecy and immunity. The participants of the systemic corruption mechanisms know and discern immediately, who to go to, in what form and which channel to go, what are the commissions and how are they distributed, the rules of money transfers and changes of companies that act as partners and co-partners of the system.

As if it were a theatrical dish, the relationship of corrupt exchanges co-opted most public decision processes.

In this way, the normal state of things or situations is illegality, where the way of guaranteeing "compliance" with the rules of the game, which its performers have, sometimes uses political means, pressures, economic stimuli and punishments, those who administer the system: the adviser, the union, the counsellor, the ministry official, of high level and the businessman with crossed relations, the banker, the political conductor, and sometimes the mobster with territorial domain.

These celebrities mentioned above, guarantee the fulfilment of the assumed commitments, the impenetrability of the corrupt system, attacks and the resolution of occasional internal disputes.

They are the "regulators" of the corruption market, who subject all those involved. When there are short circuits, or the codes are not respected, sometimes there are rebels, they are subjected by providing a metered punishment, eye, which sometimes reaches unimaginable levels, becoming news from police pages. The generality of the Argentine ruling class has allowed this kind of behaviour and corruption legitimization principles that are unacceptable to us, promoting situations, and in some cases, admitting, consenting and compromising with the culture of corruption, which reigns undaunted among us.

Making this situation worse, sometimes citizens have become accustomed, acclimated and adapted to this corruptive culture, often out of resignation.

It is important to empower citizens, through citizen control and accountability.

Can we give credit to those who now, late and badly, stage theatrical exhibitions of transparency, or promise legal reforms in favour of democratic regeneration?

I believe that citizens deserve a new pact from all political forces, an anti-corruption pact, so that we can find together, the ruling class and civil society, the way out of this disease, since we do not want "Corruptocracy" to be the system of government that prevails in our country.

To conclude, this book, I have written it by two people who have influenced, and influence my life, one is my father, I was straight and fucked up, but a very honest man, and his teachings took them permanently in me, and the other It is my son, the future, in which I see hope for the children and young people of this country.

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