



Approaches to Corruption in the Developing Countries

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Abstract: This article mainly seeks to provide a framework to help us reach a better understanding of the nature, causes and grounds of increasing administrative corruption in developing countries. In this regard, the author identifies six approaches to administrative corruption and surveys issues related to the rise of corruption within these context. These approaches include cost-benefit, relative deprivation, rent-seeking, principal-non-agent, patron-client, and moral approaches. Each of these approaches is able to explain part of corruption in developing countries (like Iran). According to the author, administrative corruption in these countries is a kind of institutional deficiency related to the institutional arrangements and political structure of their economy rather than bureaucratic moral hazards. It also emphasizes that the fight against corruption cannot be independent from the reform of public sector structure. In conclusion, the author enumerated the characteristics of an effective strategy against corruption in developing countries.

Keywords: Corruption, Rents, Rent-Seeking, Institutional Arrangements, Political Structure, Developing Countries

Introduction

Corruption is not a new phenomenon. But, in recent years, it has attracted a great deal of attention. In the last 20 years corruption in the developing countries became a problem of serious economic concern. Also, the past 10-15 years have seen an increase in anticorruption initiatives that are based on the belief that corruption may be reduced if proper incentives are implemented and focused towards politicians, bureaucrats, and civil

society. These initiatives reflect a growing academic and policy consensus that corruption is high in developing countries and is costly (Olken & Pande: 2011).

The economic analysis of corruption was introduced with seminal paper by Rose-Ackerman (1975) that considers relationship between market structure and corrupt dealings in the contracting process. Then, various models of corruption and extortion were presented by Shleifer and Vishny (1993),

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Groenendijk (1997), Hindriks et al. (1999), Aidt (2003), Choi and Thum (2004), Hunt and Laszlo (2005), Rose-Ackerman (2006), Lambert-Mogiliansky et al. (2007), Lambert-Mogiliansky et al. (2008). Also, cross-country analysis of corruption was a fruitful field of research: the useful surveys of relevant studies are given by Jain (2001), Lambsdorff (2006), and Pellegrini and Gerlagh (2008), Mitra, and Banerjee (2011). Werner (2000) tries to explain the difference between bribes and gift on Kazakhstan example. Treisman (2000) discovers three significant factors of corruption: economic development, federal structure and former British rule. Montinola and Jackman (2002) argue that the corruption affects countries with low political competition and under-paid officials. Argandona (2005) describes gifts as “facilitating payments” and argues that they are the weakest form of corruption. Bohara et al. (2004) show that democracy and citizens’ repetitive participation in competitive elections increase control of corruption. Glaeser and Saks (2006) use a data set of federal corruption convictions in the U.S. to investigate the macroeconomic causes and consequences of corruption. A study by Mendez and Sepul-

veda (2006) indicates that optimal level of corruption is non-zero. Chiu et al. (2007) show evidence of gift corruption in Taiwan healthcare system.

Corruption (especially administrative corruption) is a phenomenon that now has gripped all countries; developed or less developed, democratic (weak or strong) and non-democratic. In other words, there are not any non-corrupt countries in the world. The reports of the Transparency International (TI), which ranked countries according to the prevalence of corruption includes all countries, except that the statistical information about the corruption indicators is not present. However, the developing world indicates severe cause for concern¹.

Generally, administrative Corruption is a phenomenon related to public sector and especially to the monopoly power of the executive agencies. In fact, wherever there is government, administration corruption also there will be more or less. Administrative corruption is byproduct of government intervention in the economy that abolished as Gray Backer (1994:18) pointed out only by abolishing the big government. Also, some believed that members of society must to be

1. According to the annual survey by the Berlin-based organization Transparency International, Myanmar, North Korea, and Somalia are perceived to be the most corrupt. In fact, the world’s poorest countries rank the lowest. Congo ranked at 2.0, Sudan at 1.6, Afghanistan at 1.5 and Somalia finished last at 1.0. In Central Asia, Turkmenistan and Uzbekistan both ranked at 1.6, with Tajikistan at 2.3 and Kyrgyzstan at 2.1.

Also, Bangladesh and Indonesia are ranked among the world’s most corrupt countries, according to an annual survey by German-based Transparency International. Furthermore, South Asia remains one of the most corrupt regions on earth. India ranked at 3.1 in 2011, a fall of four points from 3.5 in 2006. This now places it below Sri Lanka in the region, a country which has moved fractionally up from 3.2 in 2006 to 3.3 in 2011. Bangladesh remains severely corrupt by world standards, with a ranking of 2.7. This is, however, a considerable improvement from the 2.0 ranking it held in 2006. Pakistan is now the most corrupt country in the region at 2.5, albeit an improvement from 2.4 in 2006 (having dropped to 2.3 in 2010).

Of the other emerging markets, Brazil was ranked at 3.7 in 2011, a position now held for three years. That said, it is only a slight improvement from the 3.5 ranking it received in 2006. China ranked at 3.6, a position it has hovered around for the last five years. Russia ranked at 2.4 – poor for a country at its level of development and up 3 points from 2010 – but only up 1 point from five years ago.

In Sub-Saharan Africa, there is little cause for cheer. Nigeria ranked at 2.4 for the second year running, a drop of 1 point from 2009 and 3 points from 2008, although 2 points up from five years ago. On the other side of the continent Kenya struggled with a derisory 2.2, only 1 point up from 2006. More positively, Ghana ranked at 3.9, up 2 points from 2006 but down 2 points from 2010. Sierra Leone registered a tremendous improvement. The former failed state now ranks at 2.5, having ranked at 2.1 in 2006.

choosing between market failures and economic corruption. (Acemoglu & Verdier, 2000:194-211) On this basis, most communities (especially in developed countries) by assuming corruption as a inevitable problem, decided to establish the political structure and institutional arrangements so that to have the lowest corruption. Experience has shown that countries with the democratic political structure and competitive economic arrangements experienced lower levels of corruption. The reports of TI can confirm this. Also, the Statistical evidence of TI and the realities in developing countries will realize that despite the expansion of norms and moral statements in countries such as Iran as well less propensity to corruption in these countries, but they has wider corruption. Now, the question is how we can to explain these seemingly contradictory images, and why some political systems (which are often included developed countries) are less corrupt than others (which are less developed). In this article the author tries to provide a framework to allow the reader to answer such as questions.

Negative Externalities of Corruption

Corruption is means the abuse of public power for private interests (Rose-Ackerman, 1999:91; World Bank, 1997). In this incident a bureaucrat (or an elected official) breaks a rule for private gain (Banerjee et al., 2011). It indeed appears when the public servants fail to make a distinction between personal and public interests in executing their public powers. In administrative corruption, official rules allocating public resources is violated by government employees in response to the proposed money or political support (Khan& Jomo, 2000:8). However, the abuse of public power can be to benefit of the political party, class, tribe, friends and family, etc. (Tanzi, 1998:564).

Although economic corruption is merely a kind of redistribution of wealth from a person (or group) to another person (or group) and GDP pie leaves unchanged, but it's negative effects for a society, especially in the long run, would be very risky. Most modern economists view corruption as a major obstacle to development (Aidt, 2009).

Several studies have shown that corruption has a negative effect on economic development (Shleifer&Vishny, 1993; Sarte, 1998; Khan & Jomo, 2000). It is seen as one of the causes of low income and is believed to play a critical role in generating poverty traps (e.g., Blackburn et al., 2006, 2008; Andvig and Moene, 1990).

Corruption is a symptom of deep institutional weaknesses and leads to inefficient economic, social, and political outcomes. "It reduces economic growth, retards long-term foreign and domestic investments, enhances inflation, depreciates national currency, reduces expenditures for education and health, increases military expenditures, misallocates talent to rent-seeking activities, pushes firms underground, distorts markets and the allocation of resources, increases income inequality and poverty, reduces tax revenue, increases child and infant mortality rates, distorts the fundamental role of the government (on enforcement of contracts and protection of property and causes unequal distribution of land"(Akçay, 2006).

According to the World Bank (1997) corruption is "the single greatest obstacle to economic and social development. It undermines development by distorting the role of law and weakening the institutional foundation on which economic growth depends. The Transparency International (2011) takes it as, "... one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public poli-

cy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor”.

At the 1996 World Bank and International Monetary Fund (IMF) Annual Meeting, World Bank President James Wolfensohn broke a longstanding taboo on discussing corruption in the development sphere, openly bringing the issue to the top of the international development agenda in his ‘cancer of corruption’ speech (Bracking and Ivanov 2007). In the forward to the UNCAC, Kofi Annan describes corruption as an ‘evil phenomenon’ going on to highlight its particular impact on the poor and disenfranchised:

[I]t is in the developing world that [the] effects [of corruption] are most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a Government’s ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a key element in economic underperformance and a major obstacle to poverty alleviation and development.(*ibid.*)

The hypothesis of negative correlation between corruption and income is supported by a large number of studies like Ugur and Dasgupta (2011), Brown, et al. (2005), Kunicova and Rose- Ackerman (2005), Lederman, et al. (2005), Braun and Di Tella (2004), Chang and Golden (2004). A negative relation between trade openness/economic integration and level of corruption is strongly recommended by various studies like: Gurgur and Shah (2005), Brunetti and Weder (2003) and Knack and Azfar (2003) where as a positive relation between these two is also supported by the findings of Graeff and Mehlkop (2003) and Paldam

(2001). The negative relation of corruption with democracy, press freedom and share of population affiliated with particular religion is strongly recommended by various studies; like Kunicova and Rose-Ackerman (2005), Lederman, et al. (2005), Braun and Di Tella (2004), Brunetti and Weder (2003), Herzfeld and Weiss (2003). But some studies also proved the positive relation between these variables which includes Braun and Di Tella (2004) and Frechette (2001). Also, the positive relation between corruption and income distribution is supported by the findings of Paldam (2002) and Amanullah and Eatzaz (2007).The positive relation between corruption and share of population affiliated with particular religion is also found in the studies of Paldam (2001) and La Porta, et al. (1999).

Corruption is a social impediment to development, which has a devastating effect on developing countries. This in turn, has undermined social welfare and also investment in the public services, thereby eroding the quality of life and producing a decline in average life expectancy (Otusanya, 2011).

Modern research has shown that corruption perpetuates low incomes and generates poverty traps (Aidt, 2009) undermines the rule of law and produces systemic failure to provide for equitable distribution of resources (Khemani, 2011).

Sen (2001:3-7) argues that unfreedoms are sources of tyranny and oppression which limit the economic, social and political capacities of individuals and communities, acting to reduce their ability to achieve key development outcomes such as good health and basic education. Viewed in this way, corruption constitutes one of many unfreedoms persisting in developing countries as a cause of social deprivation.

Corruption is a global phenomenon found in all countries – but evidence shows it harms poor people more than others, stifles economic growth and diverts desperately needed funds from education, healthcare and other public services. An estimated one trillion US dollars get siphoned off through bribes every year according to the World Bank. “Corruption is a global threat. It is a serious roadblock to economic development,” said the Executive Director of the United Nations Office on Drugs and Crime (UNODC), Yury Fedotov. “Corruption aggravates inequality and injustice, and undermines stability, especially in the world's most vulnerable regions.” Mr. Fedotov will address the opening session of the conference (OECD, 2011).

Corruption can provide an environment that lead to fall political regimes (Tanzi & Davoodi, 2001:89). Also, corruption has a negative effect on the provision of public services. Theoretical literature identifies three channels through which this occurs (Gupta & Davoodi and Tiongson, 2001:111). First, corruption may increase the price of public goods and services and decline the amounts of them. Second, corruption can decrease investment in human capital. Third, corruption can curtail government income, which in turn, this also can bring down the quality of public services. When the government cannot offer high quality services propensity of citizens to pay taxes would be reduce resulting to raise the phenomena of tax evasion and tax avoidance. These behaviors, in turn, lead to the unfair distribution of income as well to decline high-quality public services and hence rising public discontent.

Furthermore, corruption makes relations between the government and people strongly peaceful opposed. Usually, corrupt official tried to keeping secret their corruption from the public. But this may be very risky and

lead to fallen the regime. Because people who finally aware of realities would be distrusted to government, reducing its legitimacy and undermine effectiveness of government policies severely. Corruption is a type of moral hazards as well a kind of free riding behavior. Therefore, its density (intensity and range) undermines the social capital and can be prevented to its accumulation. Gradual erosion of social capital in a society, causes to impossible and costly collective decisions and make difficult the national consensus on different collective issues. Also, corruption causes to violation of the rules (i.e. institutions) and expansion of transaction costs. Expansion of transaction costs in a community makes disadvantage investment and entrepreneurship activities and will cripple the economy.

Approaches to Explain the Administrative Corruption

More generally, corruption in developing countries can be explained based on six approaches that include: 1) cost-benefit approach, 2) relative deprivation approach, 3) rent-seeking approach, 4) principal-agent approach, 5) patron-client approach, 6) ethical approach. Each of these approaches plays a specific role in explanation of causes and grounds of corruption in executive agencies, also they have policy implications. Of course, these approaches somewhat overlapped with each other that author informed of it.

1. Cost Benefit Approach

Cost-benefit approach is based on the idea that people in any positions always evaluates costs and benefits of their actions. They take an action when the benefits to weigh its costs. Corruption is an illegal action and it is costly for those who are engaged it. Costs are detention, suspension or separation from public

service, fine, and declining the dignity of public servant. The amount and intensity of these costs depends on various factors including: The judicial authority in dealing with corrupt servants, efficiency of monitoring and inspection mechanisms to identify cases of corruption, the media and public opinion sensitivity to corruption, the quality of job opportunities in the private sector, and the ugly of corruption in the public view. If the judicial system is easygoing and lax in punishing administrative corrupt, if oversight mechanisms necessary to discover the corruption cases have not effective, or that politicians shared in the occurrence of corruption, the costs of committing corruption will be reduce and the probability of corruption increases.

Therefore, based on the cost-benefit approach to corruption, the demand for corruption determines by its relative price. In other words, decrease in corruption costs will increase likely to commit it. Low salaries and wages in the public sector, biased and selective actions of judicial system in punishment of corrupt officials, respectability and moral based attitude to corruption in the public sector causes to reducing relative prices and hence cheaper corruption. According to Treisman (2007, 2000), the negative relationship between the incidence of corruption and income level is the strongest and most consistent finding of empirical studies on corruption

2. Relative Deprivation Approach

On the relative deprivation approach, corruption is a reaction from individuals and social groups to the political system that believed their interests and preferences is not covered, as it is expected. When part of the communi-

ty feel their preferences is not covered by the political system, will try to disregard of the accepted political processes and exploit of its weak points to benefiting themselves (Jain, 2001) Thus, programs and policies of government in the developing countries should be designed such that reduce the relative sense of political and social deprivation among people and social groups. In fact, it should be there the rationale justification for the inequalities and political and social deprivation in society. Any sense of irrational inequality and exclusion based on political, ethnic, linguistic and ideological considerations will be justify for corrupt and opportunistic behaviors from those are subject to inequality and exclusion. Creating an employment system based on meritocracy in the public sector, attention to individual abilities and functions in the appointments and promotions, allocating resources based on equating opportunities in society and eligibility entitlements can reduce the sense of relative deprivation among individuals and social groups. Decreased sense of deprivation and inequality, based on this approach, reduce corrupt and opportunistic behaviors

3. Rent-Seeking Approach

Rent-seeking approach is based on the idea that politicization of resource allocations and creating artificial scares by the government, through laws and regulations, provides opportunities of rent extraction for politicians, executives and people and administrative corruption is a method for achieving this rents. Economic regulation by the government provides some rents and paid bribes to regulator employees is a method to access this rents. (Mbaku, 1996) In fact, when the allocation of resources will be politicized, the

civil service and government employees become the principal mechanism of resources allocation. Consequently, individuals and groups that seeking to secure rights of profitable monopoly situations created by the regulative policies have to purchase these rights from politicized markets which are controlled by public employees. "Bureaucrats, aware that the permits provide their owners with significant monopoly profits, try to capture some of these rents by demanding bribes from entrepreneurs who request licenses." (Mbaku, 1998:201).

Vishny and Shleifer (1993) noted that artificial restrictions and their subsequent permits are created by the government officials provides rents for individuals and groups that capture them and bribes for government officials. Tanzi (1998) also believes that the artificial scares created by the government intervention are one of the main grounds of economic corruption in developing countries. He believes that regulations and permits give government officials monopoly authority that used to extraction bribes of individuals and business enterprises need to government permits. Therefore, they attempt to bribe bureaucrats to reducing the burden of regulations. As stated by Hall and Jones (1997), "a corrupt bureaucracy acts as a tax on the productive activities of the economy. Investors must spend some of their time and resources bribing officials in order to obtain permits and licenses necessary for the conduct of business." For example, it is impossible for contractors in developing countries to win a tender of public investment projects, unless at first paid bribes to government officials.

On rent seeking approach, rules, regulations and processes related to supply of public goods and services plays a crucial role in creating scares and hence bribing to public servants. Lack of transparency in the rules,

processes and procedures providing public goods and services is an appropriate ground for engaging to the administrative corruption. In developing countries like Iran, government often carries out its functions through the use of numerous rules and regulations. In Iran, for example, various sorts of permits, licenses, and authorizations are required to engage in many activities (such as engaging in foreign trade, obtaining foreign exchange, investing in an activity, borrowing money, etc). These specific documents that are often confusion and not transparent interpret by different public servants. Also, in many cases they changed without public announcement. Investor and economic actors are required various specific documents to doing business and begin an activity and therefore many government officials must be contacted to authorize the activity. Government officials can simply refuse the permits and authorizations or delayed a decision for months or more. Thus, those who needs to license and permits for beginning business required to bribing regulators for saving time. Tanzi (2000), Of course, pointed out that a high quality public sector must be have sufficient and clear rules for conducting economic activities, but not regulations that are ambiguous and very much so that give excessive and monopoly power to government officials.

In developing countries there are a lot of regulations for allocating public resources and supply of public goods and services. Interpretation of these regulations bring by government employees that run them in turn. To engaging in an activity and capture a license and authorization is required to meet with various officials and must to be taken their signatures. Monopoly power of government officials to authorize the activity, information asymmetric phenomenon, the relatively low transparency of administrative

rules and regulations, relatively low awareness of citizens about official functions, less accountability and low respect to applicants of public goods in public offices, etc., make golden the official signatures. So, achieving to those required to payment amounts of money to government officials.

Thus, based on rent seeking approach, corruption in developing countries is a rent seeking behavior that results from artificial scares creating by government intervention, excess rules and regulations and their fairly low transparency in the public sector. Accordingly, any effort to reduce corruption in these countries must be conduct at the following cases: 1) the adjustment and reform of extra laws and regulations about the supply of goods and services, so that to minimize administrative regulations related to economic activities as well as possibility of interpreting laws and regulations by government employees, and 2) to lead transparency in allocation procedures of resources, particularly in public investment tenders.

4. Principal -Non-Agent Approach

On principal-non-agent approach, bureaucratic corruption would be occur when the content of a contract between the politicians or top level officials (principal) and low level bureaucrats (agents) in providing public services is subject to the self interpretation and utilization of bureaucrats. In fact, in this approach, a bureaucrat who required to an agency relationship between he/she and politicians (or people indirectly), exploits of the public power for personal gains. This approach, referred to the recommendation that if you want a work to be done right do it yourself. Therefore, whenever decisions of allocating resources to delegate third party,

so possibility of moral hazards and risky behaviors there will be. Therefore, when the agency relationship is violates we should always expect some corruption in the public sector.

Relationship between politicians (or the high level of government) and government employees (agents) would be venture and lead to corruption that at least one of the following conditions are established: 1) There is asymmetric Information between politicians and agents. 2) There is less conformity between the objectives of politicians and bureaucrats. Politicians required agents to pursue public interests, but in practice they may follow their interests and intentions (Bailey, 1999:103) 3). It may be very costly for politicians to monitor performance of bureaucrats, so that effective oversight cannot do (Walker, 2000). 4) Bureaucrats had moral hazards behaviors. On these grounds, some following factors will lead to corruption: Declining in social capital among bureaucrats, their alienation with the type of work and their respective organizations, payments disproportionate with expenditures, the sense of injustice in the promotions and appointments system in public sector, the lack of a motivation system based on performance of bureaucrats.

In developing countries, the quality of the bureaucracy is relatively low and information about it is not transparent and update. These, in turn, not only cause to intensify information gap between politicians and their agents about bureaucrats performance, but also lead to extremely costly and difficult monitoring as well costly institutional and accounting controls. Therefore, following measures can be adjust agency problem and resulting in lower corruption in these coun-

tries: Downsizing the public sector and scaling down regulatory policies, creating the merit-based payments and wages, emphasis on competences and capabilities of bureaucrats in the public servants' recruitment and promotions, requiring the executive agencies to publish reports on their performance during the fiscal year, and appreciating of the bureaucrats that have better performance.

5. Patron-Client Approach

Based on patron-client approach, it is the political power structure that provokes corruption in the developing countries. In this approach, corruption is organized in relationship networks of patronage in which involved politicians, public employees, individuals and pressure groups. Thus, bureaucrats who supported by politicians and factions in power are forced to work them instead of serving the public interest. In other words, they are forced to exploit public powers and facilities to benefiting the supporters of politicians and pressure groups. Thus, allocating of resources and providing public goods and services are carried out based on political relations and special considerations.

Under the patron-client approach politicians and groups influencing in power will try to organize their followers surrounding themselves to consider more their programs and policies in the public sector. In such a power structure, allocating public resources and privileges would be based on the patron-client relationship. Therefore, economic actors (i.e. investors, importers etc.) that require to authorizations and their related rights (such as a license, permits, low-interest loans, subsidies, etc.) should be to meet the proposed conditions by politicians and factions in power. This may also require to financing the election campaigns and other assistances to politicians and groups in power. In fact, it

is formed a patron-client relationship between politicians (here client) and interest groups (here patron). Bureaucrats in the public sector will be asked by politicians to prefer their followers in granting tenders, permits and others privileges. In this sense, it may be interpret or violate rules and regulations by bureaucrats. Therefore, on this approach, the bribes distributes directly to politicians and groups influencing power as well their clients in public sector capture (indirectly and perhaps directly) part of bribes.

In Iran, for example, a large part of public sector employees protected by political groups in power, and their job security also very much depends on this support. Therefore, bureaucrats will be forced to considered suggestions and recommendations of politician and influencing groups in supply of public goods and selecting of eligible individuals for licenses and public investment procurements. In fact, allocating public resources greatly affected by a kind of fragmented patron-client mechanism. On this approach, the factors such as politicized public sector, relatively weak rule by law, relatively loose institutions, heavy restrictions on the activities of the press (as the overwhelming enemy without the cost of corruption in each country), biased and rather partial judicial, as the realities of most developing countries, plays a substantial role in expansion of corruption. Hence, any efforts to reduce corruption should lead to adjust disorders mentioned.

6. Ethical Approach

Under the ethical approach, administrative corruption can occur when government agents are not trustee and righteous in providing public goods and they subject to moral hazards behaviors. Therefore, in this approach we can prevent of corruption if appointee public servants were morally right

and honest. This approach is more based on the old idea that if the rulers and trustee agents could be appointed, the good system also will be established. This approach is individual-centered and the political system in which set up in accordance with it will be based on individuals rather than rules. Undoubtedly, this idea is widespread in developing countries that corruption has spread in them. Meanwhile, in the new thought that political system in developed countries is founded on, try to establish the system even if the non-righteous officials and rulers were in power, they could not harm much to the public.

Ethical approach to corruption is often prevalent in tribal and traditional orders. Corruption in such orders considered as a prestigious issue. In other words, as members of a family to conceal on the disadvantages and defects of each other to preserve of the family honor, government officials in a tribal orders also will be tries to preserve the honor of each other and avoid exposing corruption cases and dropping their prestige. In Iran, in which the regime emphasized on the religion and moral legitimacy and introduced its functions to protect the holy and morality values of the society, will be try to expose executive officials as a righteous and honest people and therefore try to censored news about corruption severely.

In this approach, strategies against corruption always will be vulnerable because of discretions and specific considerations of pressure groups and factions in power and therefore their effectiveness will be undermined severely. Also, any kind of phenomena and developments such as modernity, globalization, democracy and other import norms, etc. take negative reaction, under the

pretext of these phenomena caused to weaken the moral and religion norms.

Strategy to Fight against Corruption

As noted before, corruption exists in every country and in fact it was anywhere to delegate an authority. Corruption is the byproduct of government intervention in the economy and it occurs following regulating the economy under the pretext of correcting the market failures. Accordingly, even though the size of public sector to be down, corruption would be still there, but its volume definitely reduced. Thus, that necessary and important in developing countries is the way in which of the controlling and adjusting the bureaucratic corruption. In fact, the question is how to fight against corruption, and essentially what characteristics must to have a strategy to fight against corruption?

Undoubtedly, the type of related strategies depends on how we look at corruption. If corruption viewed as an institutional phenomenon, we must to examine the rules and institutional limitations and their efficiency opportunistic behaviors. In fact, it should be examining if we have established necessary restrictions and whether the current institutions have appropriate effectiveness? Also, we must to review adequacy of rewards and penalties system in the political system. In other words, we must to examine why bureaucrats do abuse of public power in self interest (or of party, family, friends, etc.) and what factors give them this ability? Strategy extract from this approach targeted at the essence of corruption. But if corruption viewed as an ethical subject, we look for the corrupt persons and their bribery (i.e. aspects of corruption). In this case, we punish corrupt official or give them guidance and

warns or established more controls that so costly for society.

Strategies against corruption in developing countries like Iran were more police oriented and they turn around external controls rather sound institutional controls. Some believe that the problem of corruption in the country stems of the negligence in the execution of the current control mechanisms and ways to fight against it are strengthen and restructuring these mechanisms. Some also believe that current control devices are older and control technologies must to be modernized. Some experts also argues that external control mechanisms do not efficient in eliminating corruption, and the only solution is reducing the volume of public sector and restrict it to certain frameworks and boundaries. There is no doubt that external control is required for eliminating and preventing the spread of corruption in the public sector, but the reality is that they haven't necessary efficient and have been vulnerable subject to discretions of political factions. Policed methods and external controls are more targeted at aspects of corruption, (i.e. bribery of bureaucrats), and not the core and essence of corruption. Essence of corruption is the ability of the public sector employee in taking personal advantage of the public authority (Jain, 2001:214). Therefore, a strategy to fight against corruption should be targeted the essence of corruption. In more developing countries like Iran the institutional frameworks are relatively inefficient and not formed strongly so that they do not adequately constrain the power of government officials. In Iran, rules, laws a processes are often confusing and not transparent, the free press does not exist. Furthermore, the institutions such as the judiciary system and police, which are supposed to control corruption by enforcement of the law, are subject to corrupt

activities. These shortcomings create a fertile ground for commitment of corruption in Iran.

Therefore, any attempt to clean up corruption in developing countries must involved and begin with institutional reforms, especially reforming public sector structure. The first five approaches that mentioned above are targeted at structural and institutional grounds in which reinforcing the ability of a public employees to utilize of the public authority for personal interest. Therefore, an effective strategy against corruption in developing countries should be involved a combination of policy implications of the approaches. In this regard, is worthy to have considered the following matters.

First, it should be emphasize that in the fight against corruption the main focus must be on politics. Politicized public sector in developing countries will undermine the clean ups against corruption.

Second, goals and programs of the political system should not be based on the ideal assumption that politicians, legislators and public employees will be stimulated and guided by the public interest. They will do this when the system knows how to preserve and guard of its interests. (Jain, 2001:218) Therefore, a political system in developing countries should establish the legal and institutional arrangements that make sure it to achieving the expected results following delegate authority and mandate. In other words, it should be established the mechanisms providing the expected results even if people with opportunistic behaviors to take power.

Third, requiring the public employees to honor of the rights of applicants for public goods and services plays an important role in reducing corruption. So, it should be considered as one component of the strategy against corruption. Studies show that civil liberties, citizens participation, free press and protect-

ing the rights of citizens cause to less corruption in the public sector (Saha et al. 2009; Billger and Goel, 2009; Pellegrini and Gerlagh, 2008; Treisman, 2007; Emerson, 2006; Goel and Nelson, 2005; Chowdhury, 2004; Bohara, Mitchell and Mittendorff, 2004; Brunetti and Weder, 2003; Johnson & Kaufman and Zoido-Lobaton, 1998, Jain, 2001). As noted in the relative deprivation approach, corruption can be a reaction of the parts of the society to political system they believe it not satisfied their interests and wants. Therefore, they may not accept passively the results of public policies and decisions of political system and influence its political and executive processes to meet their demands and interests. Therefore, under this approach, attention to civil liberties and protecting seriously the rights of citizens play a crucial role in curtailing administrative corruption. Rose-Ackerman (2001) pointed out that the political systems in which individuals and interest groups allowed to participate in politics would be more successful in the fight against corruption than those who restrict it.

Conclusion

In this paper, corruption examined with emphasis on structure of developing countries. At first, we showed some negative effects of corruption for a political system. It pointed out that corruption is byproduct of government intervention in the economy and there is more or less in every country. It indeed appears basically when the public sector employees fail to make a distinction between their personal and public interests in executing their public authority. In this study, corruption in developing countries mostly viewed as an institutional deficiency and analyzed its formation grounds in the context of

six approaches, including: 1) cost-benefit approach, 2) relative deprivation approach, 3) rent-seeking approach, 4) principal-non-agent approach 5) patron-client approach and 6) ethical approach.

Five first approaches will examine the political and institutional grounds in which to give a bureaucrat ability to exploit of the public authority in self interested. Thus these approaches targeted at essence of the corruption. Hence, it must be provide a combination of policy implications in a strategy to clean up corruption in developing countries. In these countries, the fight against corruption has concentrated on external controls and policed methods that targeted at bribing public employees (i.e. the signs of corruption). These very costly efforts have been low efficiency, because of their vulnerability against political discretions and other considerations. An effective strategy to combat corruption should be targeted at the essence of corruption, i.e. the political and institutional grounds in which strengthens the ability of a bureaucrat to exploit of the public power for personal benefit. First of all, this strategy must be eliminate or decrease the subsequent failures: 1) the frequency of ambiguous and not transparent regulations and authorizations necessary to begin an economic activity. The existence of these documents gives a kind of monopoly power to bureaucrats who must authorize or inspect economic activities they can abuse it to personal benefit. These monopoly authorizations in turn make golden the signatures of public official and provide them a monopoly surplus. 2) Lack of transparent procedures in allocating and managing public resources, particularly in subsidized credits and public investment tenders. 3) Weak respecting and protecting the rights of

applicants for public goods and lack of seriously legal and institutional shields to secure citizen's rights. 4) Severely Politicized public sector and the heavy shadow of patron-client relationships on its activities, 5) heavy restrictions on the activities of the press in most developing countries, in which brought down strongly the relative prices of corruption in the public sector, 6) low salaries of public servants and its disproportionate with living expenditures, and 7) instituting effective and merit-based rewards and penalties that conduct public employees toward honest behaviors.

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