

Systematic Corruption, Causes and Economic Effects

Dr. Vicente Humberto Monteverde *

Faculty of Economics and Business, University of Moron, Argentina

**Corresponding Author: Dr. Vicente Humberto Monteverde, Faculty of Economics and Business, University of Moron, Argentina, Email: vhmonte@retina.ar*

ABSTRACT

This study investigates corruption as a topic, the first article tries to locate, frame and locate corruption, starting with its conceptual framework, the advantage of the conceptual framework is knowing what we are talking about, understanding the phenomenon of corruption itself, its mutations over time and its potential for advancement and its technology, classifying and describing acts of corruption legislated or not, in developed and developing countries.

Then the timely description of the causes and economic effects of corruption, we know that the causes are diverse, from cultural to the over-regulation of economies, but the economic effects are devastating, from the diversion of public funds, to deaths, from accidents in public services, through bribes and overpricing of repairs and maintenance.

Ending with the formulation of the hypothesis about corruption, dealing with the truth, the ax does not kill, someone manipulates it, money does not corrupt, it is human beings, is corruption for money?, it will be for other factors, it is a paradox In herself.

The conclusions after focusing on these concepts help us understand this worldwide phenomenon, which is corruption, which has existed since man stepped on this land, with the first documents on corruption are located in Egypt, in the reign of Ramses IX, 1100 ac., so since our origin corruption lived with us, but today in some countries, especially Latin Americans, it is a disease.

Keywords: *Corruption, Conceptual framework, Hypothesis, Causes and Economic Effects*

CONCEPTUAL FRAMEWORK

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.²

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.

On the contrary, in some cases corruption is common and recognized by the authorities and by society as something normal. When this happens, and the same entities responsible for investigating, prosecuting and punishing acts of corruption, have been affected by the problem of Political co-optation, budgetary delays and

¹Some historians date back to the reign of Ramses IX, 1100 BC, in Egypt. One Peser, a former official of the pharaoh, denounced in a document the dirty business of another official who had partnered with a band of grave robbers.

²Johnston, Michael (1997)-"Fighting Systemic Corruption: Social foundations for Institutional Reform" -Department of Political Science, Colgate University, Hamilton NY

political speculation are defined as systemic corruption³.

In this type, decomposition works within justice, being one of the most damaging and dangerous types of systemic corruption, using cover-ups, delays, disarming legal times, a cocktail of legal impunity.

Those societies that suffer systemic corruption suffer from a cultural environment of general acceptance and even exaltation of this practice. For this reason, it is ensured that a generalized environment of corruption has a cultural background.

Although the weakness in the legislation in the penal system, the system of controls and the bad practices in hiring, favour the appearance of corruptive perversion in a society, the high propensity to commit these acts, determines that we are facing a cultural problem.

In Argentina, the issue of corruption in recent years also generates cross-cutting relationships, through networks and real nodes of corruption, legal activities sometimes resulting in the growth of organized crime and illicit activities, such as importation by parts of the laboratories of "ephedrine"⁴, not to manufacture remedies but to sell it to producers and drug dealers, generating business niches, where members of the Argentine state have participated.⁵

Some societies manage to develop a high level of self-regulation, so that citizens, even in the absence of controls and sanctions, show aversion for the corrupt portent. It has been found that citizens with high levels of self-regulation, even in scenarios of absence of control and punishment, they continue to act self-regulating⁶

On the contrary, a society with a high propensity to corruption, will very commonly find a way to, even when complying with the law, divert and misuse public resources.

In the short and medium term, most anti-corruption strategies recognize the need to adopt measures aimed at increasing the possibility of investigating, prosecuting and punishing the corrupt, as well as increasing the level of transparency and publicity of information on the administration. Public, through the adoption of more efficient and effectively temporary accountability systems for budget execution decisions.

However, in the long term, any anticorruption policy must indicate guidelines tending to generate cultural changes, especially in those societies in which the levels of self-regulation are minimal, the favourable scenarios for corruption are prolific.

Only the incorporation of practices aimed at generalized compliance with the law and the recognition of corruption as a crime, allows a society to structurally reduce levels of corruption.

We will list the different types of corruption with their current definitions and interpretations:

- Cronyism: Tendency to favour friends and like-minded people with positions and prizes. Usually paying past or future political favours.
- Despotism: abusive intrusion of a person or an authority in certain matters. System in which the influence of the caciques in a town or district rules the country outside the written law.
- Kleptocracy: system of government, tending to theft, of pathological origin.
- Clientelism: Care or protection, with which the powerful defend or favor those who accept them.
- Close friendship: Kinship that contracts with the parents the godfather of a child.
- Cooptation: Election of a person as a member of a society or body through the vote of the members, co-opting it by favours or personal gifts.
- Organized Crime: Legal or illegal activities that increase the income of criminal mafias or groups, national or international.
- Despotism: Absolute authority not limited by laws or by any constitutional control. Abuse

³Klitgaard, Maclean, Abaroay and Lindsey (2001) "Corruption in the cities, a practical guide for the cure and prevention", La Paz: Editorial Aguilar.

⁴<http://www.pagina12.com.ar/diario/sociedad/3-202563-2012-09-04.html>

⁵Cause ephedrine: Daily Page 12 link: <http://www.pagina12.com.ar/diario/elpais/1-252164-2014-08-03.html>

⁶Fisman, Raymond y Miguel, Edward (2006)-"Cultures of Corruption , evidence from diplomatic parking tickets"-NBER-working papers serie 12312-Cambridge: National Bureau of Economic Research.

of power or force in dealing with other people.

- Tax Evasion: Resource to avoid or avoid paying taxes. Fraud or concealment of property made in order to avoid paying taxes.
- Extortion: Obtaining by force or intimidation someone's thing.
- Fraud: Deception that is done by circumventing legal obligations or usurping rights in order to obtain a benefit.
- Illegal gambling: Illegal gambling activities, with an impact on the social structure, as addictions, gambling addiction, a real epidemic in modern societies.
- Money laundering: The process by which black money is transformed into legal money.
- Embezzlement: Undue use of foreign funds, especially if they belong to the public treasury or are committed by an official.
- Nepotism: Tendency to favour relatives and related people with positions and prizes.
- Sponsorship: Amparo, protection, economic or other aid, generally for advertising or tax purposes. It is granted to an entity to promote the activity to which it is dedicated, privileged with public funds usually.
- The Prevarication: Offense committed by public officials by knowingly or inexcusably ignoring their obligations and duties.
- Illegal Prostitution and / or trafficking in persons: Activity in which a person admits sexual contacts in exchange for money. The trafficking of adults, youth and children to be used in trafficking networks.
- Electoral Fraud: Electoral fraud that consists in altering in different ways the result of the vote counting in an election.
- Bribery: When a person gives money or gifts to another, to get a thing or favour, action or omission. Sum of money given to official or officials for the favour of an action, procurement bid or public work. Sum of money given to official or officials for the favour of an omission in the claim of the state, for compliance with rules or laws, whether regulatory or fiscal.
- Drug Trafficking: Trade, negotiate illegal substances.
- Illegal Influence Trafficking: Unlawful or unethical use of relationships or power to obtain your own benefit or interest groups.
- The illegal sale of weapons: Traffic or Sale of illegal weapons, for the benefit of people or groups of interest.

The concepts mentioned above are clear, I must point out some comment on the historical mutations of these forms of corruption, case despotism, close friendship and cronyism, given that the cacique of yesterday can be the political pointer of today, in the close friendship and the cronyism, the sponsor mutates in the relative of today and in cronyism, mutates in the friend of before, in the relative, lover, boyfriend or girlfriend of today.

In the end it is necessary to comment on the social impact of gambling and prostitution, be it legal or illegal because of the impact of its possible social effects, as harmful as gambling⁷ and human trafficking⁸.

Today's fight against, organized crime, arms sales, drug trafficking and mafias, is a main point of the fight against corruption, to avoid major evils where states are, in part or totally co-opted, by interest groups, especially illegal.

To have a current vision of the types of corruption, we find in a work of the World Bank of 2014⁹, Tina Soreide as "Glossary of Corruption", where defines the types of corruption as the following

- Capitalism of friends: Success in the business that depends on a close relationship between businessmen, government officials and politicians. It is associated with favouritism in the distribution of legal permits, government subsidies, excise exemptions and other forms of state intervention.
- Embezzlement and / or stealing state funds: It implies the misuse of public authority. The misappropriation of state funds (i.e., theft) is sometimes facilitated by corruption. When the provision of public services is restricted with the intent to ensure the payment of bribes (ie, some form of extortion), is sometimes called the corruption of theft, and this blurs the distinction between embezzlement and corruption.

⁷The pathological gambling consists of a disorder in which the person is forced, by a psychologically uncontrollable urge, to play, persistently and progressively, negatively affecting personal, family and vocational life.

⁸Trafficking in persons or trade in persons is the illegal trade in persons for purposes of reproductive slavery, sexual exploitation, forced labour, organ harvesting, or any modern form of slavery.

⁹ Tina Soreide – "Drivers of Corruption" – World Bank Group 2014

Systematic Corruption, Causes and Economic Effects

- Extortion / Extortion Corruption: The demand for a bribe payment in exchange for a decision of a governmental institution that makes possible a service, license or approval that is offered free of charge at low cost. They may also refer to a bribe demanded in exchange for the "opportunity" to avoid an undeserved disadvantage, such as paying a fine.
- Payment facilitation: Additional payment for services that must be offered free of charge or at a low cost. The distinction between a facilitation payment and extortion, although it is blurred, depends on the circumstances. In contrast to extortion, a facilitation payment can serve as an informal price that erases the market (that is, it makes the supply of services conform to the demand). However, compared to an official price, it can cause distortions because its character is informal, very often making the price size unpredictable. The degree of distortions will also depend on the substantial form and additional costs that are in the personal economy of most customers.
- Kickback: Payment in secret to a buyer or seller who has directed a contract or facilitated a transaction or appointment unlawfully. It can also refer to the way in which a person in a supervisory position takes a part of a worker's salary in exchange for a certain advantage, since a supervisor can organize the task or obtain the job itself.
- Cleptocracy: An informal system of government according to which state institutions are controlled by a network of allies who use their authority to increase their personal wealth and political power over the general population. The term is associated with substantial embezzlement of funds status and unfair allocation of contracts and rights controlled by the government.
- Lobbyism / Campaign Finance: Refers to the act of trying to influence the decisions made by government officials, most are often legislators or members of regulatory bodies. When combined with payments to political parties, it is called campaign financing. Lobbying can be legal; It is not a form of corruption, if it is legislated.
- Patronage: Public officials and politicians who, in the exercise of their authority, favor ethnic groups, family members, or citizens of the same area of the country, instead of acting with neutrality. That corruption is not necessarily motivated by greed; often, it is expressed under the recognition of the formal structures of the State and loyalty to the allies.
- Tail corruption: Bribes offered by a better position in the waiting line. It causes the unfair allocation of rights, such as access to health services or obtaining some type of license or contract.
- Regulatory capture: The act of advancing the special concerns of merchants or of another nature of a particular interest group, through a regulatory body in charge of regulating the industry or sector, in which that interest group operates. Agencies that operate under these circumstances are called captured organisms.
- The search for rents: Obtaining "inputs not produced or advantages", that is, economic rents, such as those obtained by market distortions created by a regulatory agency. The term refers to efforts to manipulate the social or political environment and to obtain such benefits, instead of investing time and / or money in productive work and the creation of new wealth.
- The Capture of the State: A form of political corruption in which a private interest significantly influences a state of decision-making processes to obtain an advantage within the illicit channels. Although similar to the capture of the regulator, it differs due to the wider variety of organisms through that can be exercised.
- Systemic Corruption: Corruption so frequent that it is part of the daily structure of society. It reflects substantial institutional weaknesses, not only because of the integrity defects of some individuals. When the task of working against corruption is too high for individuals, and even administrators, in governmental institutions, adapt, instead of reacting to the situation.
- Soft Corruption: Bribes that are offered to influence the outcome of public contract competition. Bribery involved in government procurement is not associated exclusively with the tender; It can also be carried out at the stage of budget planning or agreed before the tender, and later combined with renegotiated contracts or poor quality

Systematic Corruption, Causes and Economic Effects

controls. Sometimes it facilitates collaboration through cartelization.

- To end the chapter in front of the types of corruption as an example, let's read Emile Zola¹⁰, where he says in his book "the money", "everything to act commercially, whose profit is based on the trafficking of arms, drugs or the promotion of smoking, alcoholism and pornography, or gambling, activities of ethological harm or even in the promotion of consumerism, its rate contravenes a moral requirement"

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 Kybalion¹¹

ECONOMIC CAUSES OF CORRUPTION

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.

¹⁰"The Money" -1899-novel writer Emile Zola French- (1840-1902) -

¹¹ The Kybalion is a 1908 document that summarizes the teachings of hermeticism, also known as the seven principles of hermeticism

- 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 behavior of the citizens themselves functions as an anti-corruption instrument.

ECONOMIC EFFECTS OF CORRUPTION

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 (Tanzi¹²), 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 taxes¹³) 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 favor 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.

¹² Vito Tanzi - *Income Distribution and High-Quality Growth*, (Cambridge, Mass., MIT Press, 1998), with Ke-young Chu.

¹³ Corruption is taken as "hidden tax".

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 corruption reduces economic efficiency and consequently social welfare.

HYPOTHESIS ON CORRUPTION

Corruption can be analysed from the economy, as a rational behavior. 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 savor 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...

THE TRUTH

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.

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.

CONCLUSIONS

"The past should be a springboard not a hammock" -Edmund Burke¹⁴.

When the past is a hammock, we come and go within a short distance, but without going too

far, we do not solve the problems, after a while, we find them again, and more aggravated. Corruption has existed in the past, exists in the present and will exist in the future, the question is to decrease its level, not increase it.

The process of freeing ourselves from this social prostitution implies that we do not "sell ourselves" for crumbs or for supposed fortunes. Let us take prudential distance from those who do not allow us to be who we really are, honest and hardworking people.

To fight corruption, don't let what you can't do interfere with what you can do to fight it.

Let us reflect on the smoke curtains that the authoritarian spreads and with this he intends to submit to society, because his insecurities torment him at every moment.

In those societies in which being corrupt is not perceived as incorrect behaviour, corruption appears as a generalized phenomenon, it is the rule, not the exception, normality is corruption, not being reprehensible.

Systemic corruption is that widespread corruption that in a society affects the bases of the institutions and the institutions responsible for investigating, judging and punishing corruption.

I firmly believe it is the type of corruption that affects the world, such as systemic corruption, people do not reproach it, on the contrary they praise it, functioning as a machine oil or wheel oiler of the economy, but in the end, it works as a Great cancer that affects the whole society.

This phenomenon has been transformed into a collective mandate dilemma, this has changed into a morbid and organic rarity, in the field of companies' policy

Change the habits and behaviours of our society, in the position of confusing the barrier between the lawful or the illicit.

There is no suspicion that the decomposition and the capacity for corruption have been transformed, as in our country or in Latin America, 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 like a simulation, the citizen once he has a vote has no

participation or control over the elected politicians, so politics has formed a special class of people with great privileges, where the common citizen must pay taxes without a squeak, comply with the law and have no way of controlling their chosen ones.

Not only have they succeeded in legitimizing the phenomenon of corruption, but they have encouraged and continued to transform it, in its evolution, into a systematic process.

The economic results of corrupt portent are gigantic. It is estimated that they represent between 8 and 10% of the GDP of a nation and that investors, through the Corruption Perception Index, measure, as an evaluation parameter, to make foreign direct investments in a given country.

Companies that operate in a totally corrupt environment increase on average 25% less than those that do not act in such a medium. Corruption modifies the entrepreneurial struggle and favours the concentration of wealth in companies or groups of companies that operate, in the corruption market, thus bureaucrats, rulers, operators of their membership groups, pressure these companies and groups.

Government, collective and social costs cannot be valued economically. Consequently, a political regime, subjected by systemic corrupt portent, such as that of our country, attacks our freedoms and our democratic system.

For practical results, the candidates for political candidates, or the candidates themselves, who raise funds through a corrupt armed system, to build their plot of political dependents (reporters, informants, prosecutors, operators, judges) have a priority and superiority regarding "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.

¹⁴Edmund Burke (1729-1767) was a writer, philosopher and politician, considered the father of British conservative liberalism, a tendency he called old whigs, as opposed to the new whigs, who, unlike

the old whigs, supported the French Revolution, of which Burke He was a staunch enemy.

Therefore, there is no legality, or fairness in justice, or social equality, when the rights of citizens to reach the fruits that come from the actions 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 reach some positions, jobs, representations, businesses or activities of the state, it is convenient to place, among the litter of depraved and predators, that normally Acknowledgments: I thank the University of Moron-Argentina, my university.

REFERENCES

- [1] Ackerman Susan Rose (1999) – “Corruption and Government” – Cambridge University Press.
- [2] Ackerman Susan Rose (2006) – “International handbook on the Economics of Corruption” – Edward Elgar Publishing.
- [3] Ackerman Susan Rose and Carrington (2013) – “Anti-Corruption Policy” – Carolina Academic Press.
- [4] Ackerman Susan Rose and Soreide Tina (2011) – “International Handbook on the Economics of Corruption, volume two” - Edward Elgar Publishing.
- [5] Dimant Eugen – “The nature of corruption. An Interdisciplinary perspective”- Discussion Paper Nro. 2013-59, November 7-2013, economics-ejournal.org.
- [6] Emile Zola French--"The Money"- 1904
- [7] Fisman, Raymond y Miguel, Edward (2006)- “Cultures of Corruption, evidence from diplomatic parking tickets”-NBER-working papers series 12312-Cambridge: National Bureau of Economic Research.
- [8] Johnston, Michael (1997)-“Fighting Systemic Corruption: Social foundations for Institutional Reform” -Department of Political Science, Colgate University, Hamilton NY.
- [9] Journal Page 12-Argentina:<http://www.Pagina12.com.ar/diario/sociedad/3-202563-2012-09-04.html>
- [10] Klitgaard, Maclean, Abaroay and Lindsey (2001) "Corruption in the cities, a practical guide for the cure and prevention", La Paz: Editorial Aguilar.
- [11] Monteverde Vicente Humberto-“Corrupción y Transparencia”-Edicon-2016.

Systematic Corruption, Causes and Economic Effects

- [12] Monteverde Vicente Humberto-“Economía Corruptiva”-Editorial Académica Española-2019.
- [13] Monteverde Vicente Humberto-“Economía de la Corrupcion” -Edicon-2015.
- [14] Tina Soreide – “Drivers of Corruption” – World Bank Group 2014.
- [15] Treisman, Daniel 1999 "The causes of corruption: a cross - national study", UCLA, California.
- [16] Vito Tanzi - Income Distribution and High-Quality Growth, (Cambridge, Mass., MIT Press, 1998), with Ke-young Chu.

Citation: Dr. Vicente Humberto Monteverde, “Systematic Corruption, Causes and Economic Effects”, *Open Journal of Economics and Commerce*, 2(4), 2019, pp.8-17.

Copyright: © 2019 Dr. Vicente Humberto Monteverde. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.