

The Corruption Taboo

Economic, Political and Moral Narratives in UNGA Speeches

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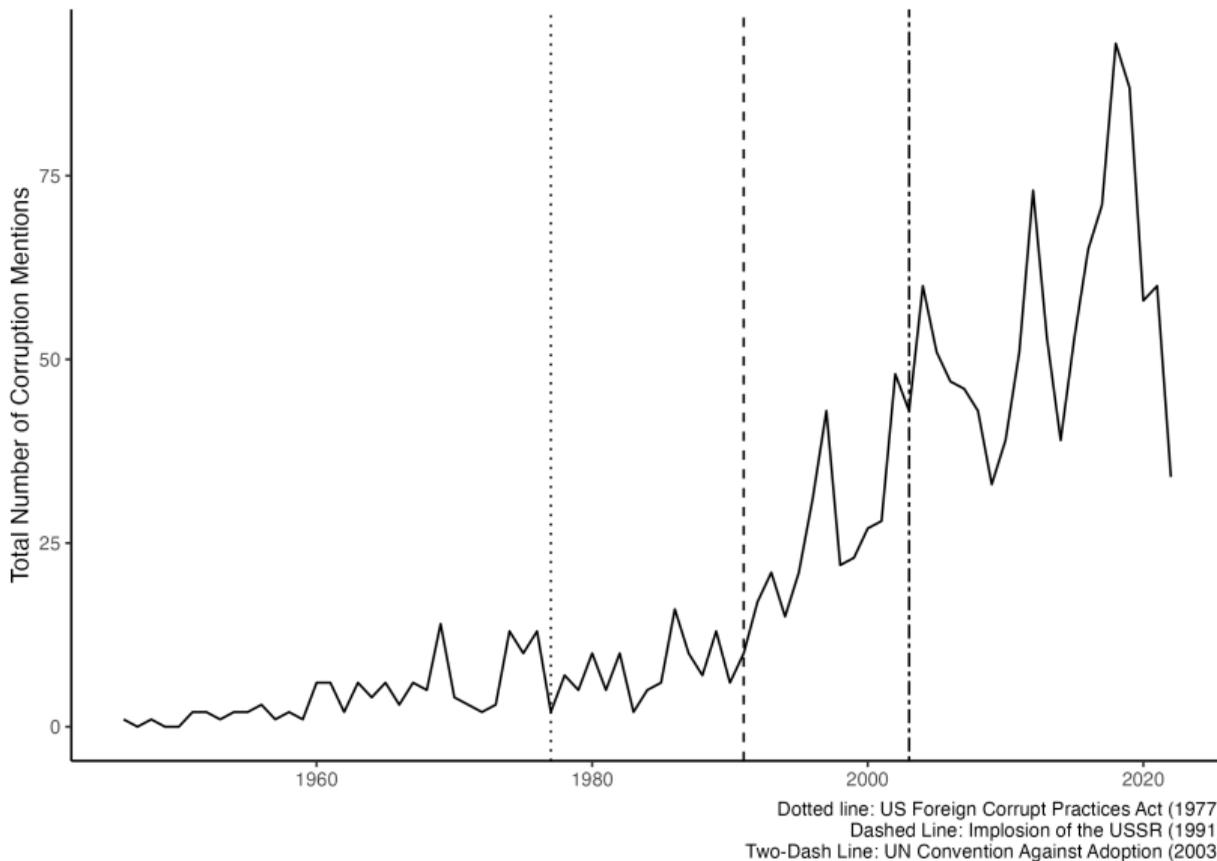
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Introduction

Empirical Puzzle



The Corruption Taboo in UNGA Speeches





Why did the Corruption Taboo break in official circles during the 1990s?

Main Arguments

H1: There is a qualitative and quantitative shift in how corruption was discussed at the UN following the collapse of the USSR.

H2: Mentions of *debt* are robust predictors of mentions of *corruption* in UNGA speeches both before and after the fall of the USSR (post).

H3: Higher levels of corruption are associated with a higher likelihood of mentioning the term in UN speeches in the post period.

H4: Higher levels of economic development are associated with a lower likelihood of mentioning the term in UN speeches in the post period.

H5: Countries with higher levels of *de jure* financial globalization are more likely to mention corruption.

Historical Background

- ▶ The 1977 Foreign Corrupt Practices Act was “derided as misguided American moralism”.(Brademas and Heimann 1998)
 - “for the Communist bloc, capitalism was corruption; for the African group, racism was corruption; for the Arab states, Zionism was corruption, and so on; and that all these concerns had to be acknowledged in the [1970s UN draft] document”. (Sharman 2017)
- ▶ Some advanced economies such as Germany and France infamously allowed bribes to be deducted as business expenses (Sharman 2017). By the early 1990s, the OECD began working on an Anti-Bribery convention.
- ▶ On October 31st, 2003, the United Nations General Assembly (UNGA) adopted the Convention Against Corruption. It helped bring the topic into the international agenda; in Kofi Annan’s words: “the word corruption was hardly ever uttered in official circles.” (Joutsen 2011)

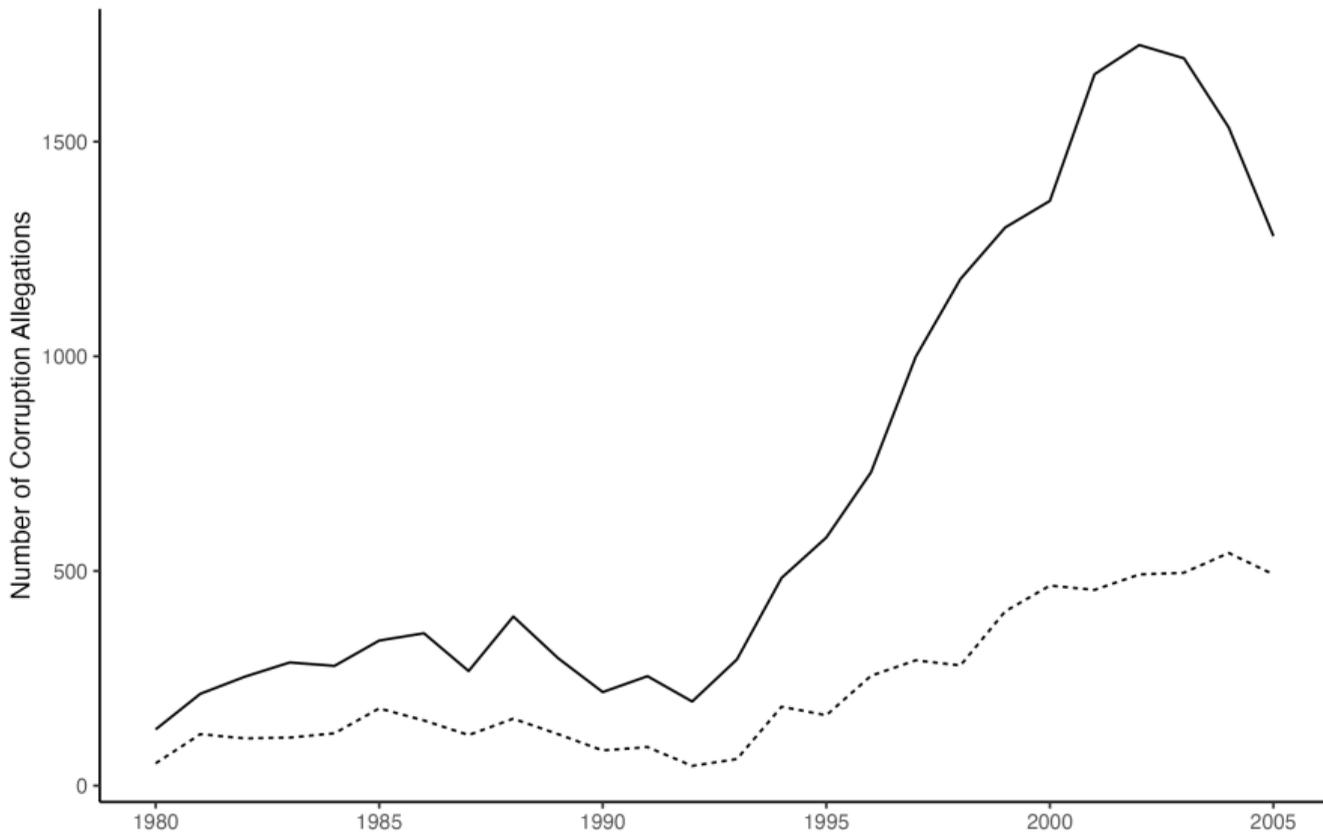
Movement Against Kleptocracy and the Fall of the USSR

- ▶ Kleptocracy is an international issue insofar as it requires a domestic kleptocrat and an allied financial institution in a core economy.
- ▶ The regime against kleptocracy goes against the doctrine of sovereign immunity.
- ▶ The emergence of the anti kleptocracy regime opened powerful and rich countries up to scrutiny, rather than allowing them to lay the whole blame on poor governance in victim countries.
- ▶ The incremental process of building a policy consensus concerning why measures designed to foster growth in poor countries had failed.
- ▶ The sudden end of the Cold War undermined the security rationale for the United States and other Western powers to support kleptocratic client governments in the Third World.

Salience of Corruption



Corruption Events Trend (GDELT)



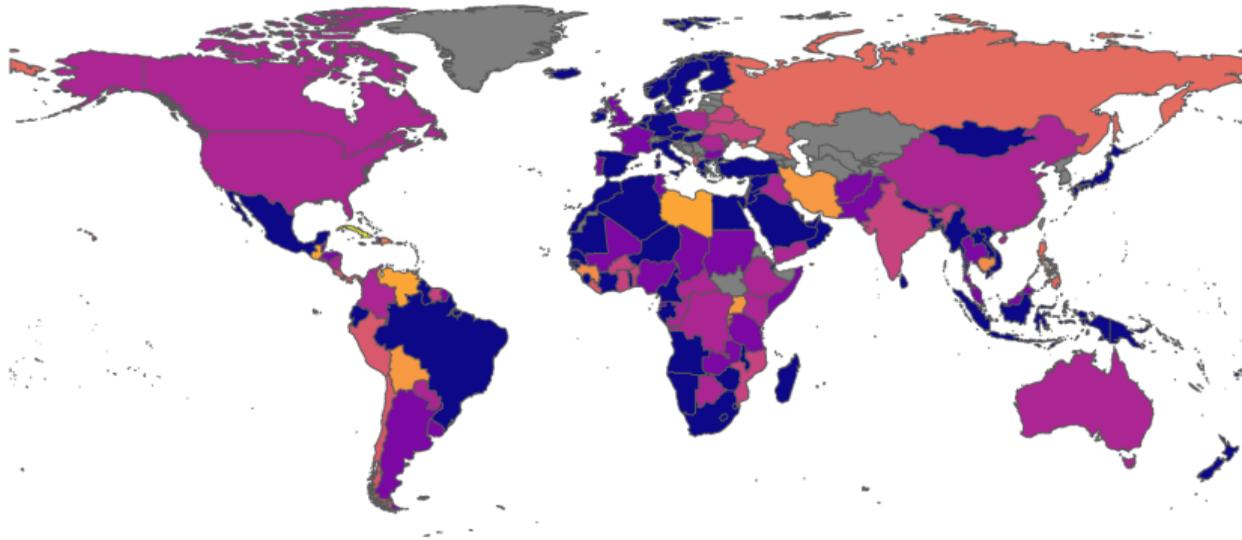
Corruption, Poverty and Growth

- ▶ Endemic corruption was seen mostly as an issue that affected developing economies and that did not threaten rapid economic growth ([Brademas and Heimann 1998](#)).
 - There were debates that corruption can improve market efficiency by removing bureaucratic *red tape* and thus lead to economic growth ([Leff 1964](#)).
- ▶ Corrupt public actors expropriate value from domestic and international markets by indebting the State and making taxpayers liable for their leader's lavish lifestyles ([Sharman 2017](#)).
 - Cooray, Dzhumashev, and Schneider ([2017](#)) “concluded that with higher levels of corruption, the ratio of public debt in a country rises.”
 - Ibrahim ([2020](#)) finds that “corruption increases the debt-to-GDP ratio and that the interactions between corruption and public revenues and between corruption and public spending have a positive influence on public debt in the long run”.

Who Says Corruption?

UNGA Corruption Mentions (log)

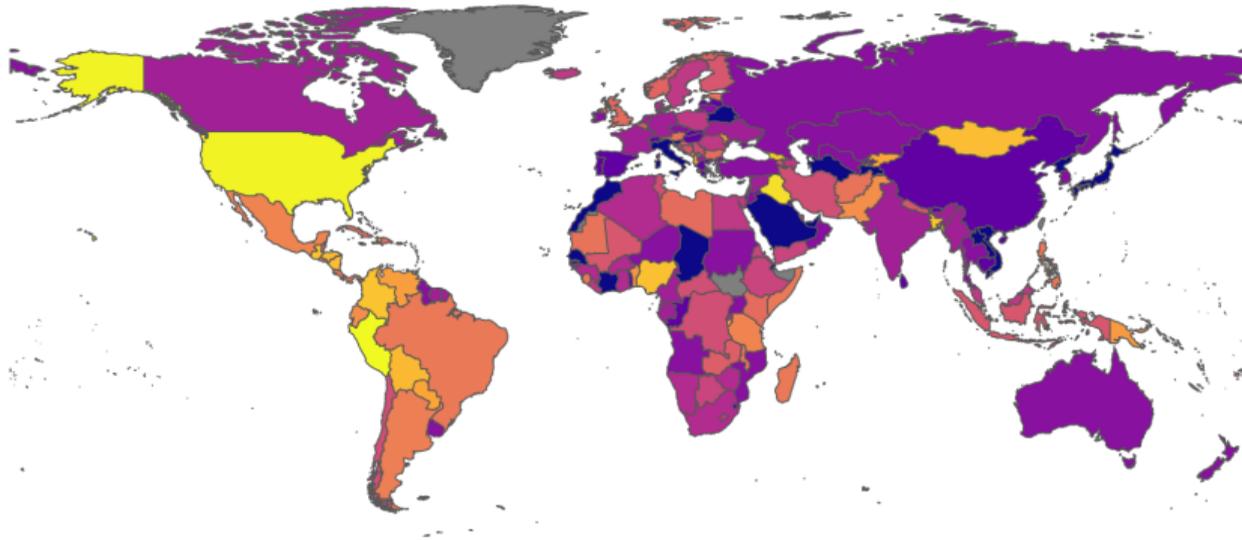
1946 to 1990



Who Says Corruption?

UNGA Corruption Mentions (log)

1991 to 2022



What do they say?

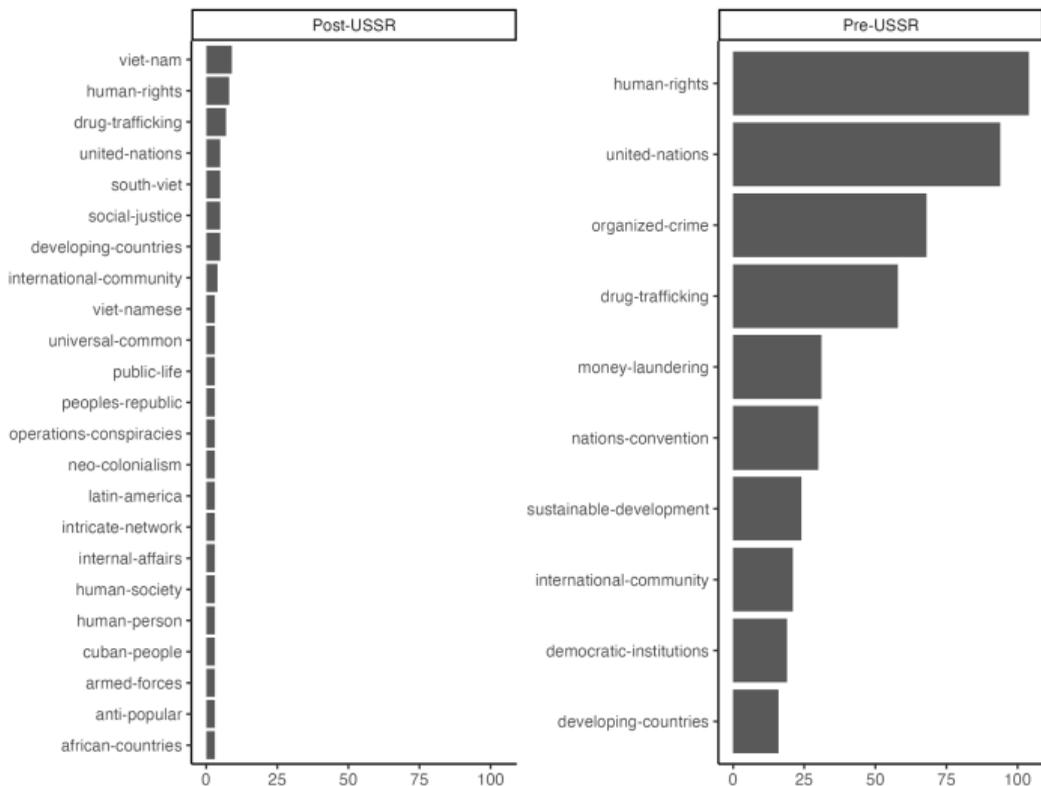


Figure 5: Top 10 bi-grams in UNGA speech paragraphs that mention corruption. Source: (Baturu, Dasandi, and Mikhaylov 2017).

- ▶ The main response is the number of paragraphs in which a term related to *corruption* is mentioned in a UN speech. The binary response variable takes the value of 1 if a country i in a year t mentions the term *corruption* and 0 otherwise.
- ▶ All models are fitted as OLS with two-ways fixed effects. LPM with binary response and predictors are included as robustness tests.
- ▶ Due to co-variate data availability, the regression time period cover 1980-2002.
- ▶ Separate models for pre and post the collapse of the USSR are included alongside a pooled model.

Results (OLS FE)

Table 1: Response Variable: UNGA corruption mentions (FE OLS)

	1970 to 2022	1980 to 1990	1991 to 2002
LOG_DEBT	-0.003 (0.01)	0.004 (0.01)	0.01 (0.01)
LOG_GDP	-0.01 (0.02)	0.03 (0.05)	0.02 (0.05)
LOG_DOMESTIC_C		0.01 (0.01)	-0.01 (0.01)
LOG_IMPERIALISM	0.03*** (0.01)	0.02* (0.01)	0.01 (0.03)
LOG_INTERNATIONAL_C		-0.002 (0.01)	0.04*** (0.01)
LOG_GDPPC	-0.01 (0.01)	-0.001 (0.02)	-0.001 (0.03)
INFANT_MORTALITY	-0.001*** (0.0003)	0.0002 (0.001)	-0.001 (0.001)
KOFGI	0.001 (0.001)	-0.0003 (0.003)	0.0001 (0.003)
<i>Observations</i>	7,591	1,553	1,854
<i>R-squared</i>	0.15	0.16	0.24
<i>Adjusted R-squared</i>	0.12	0.07	0.15

Notes:

*** p < .01; ** p < .05; * p < .1

Variables included but not shown: Region, Country, Year

Results (LPM FE)



Table 2: Response Variable: UNGA corruption mentions (FE LPM)

	1970 to 2022	1980 to 1990	1991 to 2002
DEBT_BINARY	0.001 (0.01)	-0.01 (0.01)	0.03* (0.02)
LOG_GDP	-0.02 (0.02)	0.03 (0.05)	0.05 (0.06)
DOM_BINARY		0.01 (0.02)	0.002 (0.02)
IMPERIAL_BINARY	0.03** (0.01)	0.03 (0.02)	0.002 (0.04)
INT_BINARY		0.003 (0.02)	0.04** (0.02)
LOG_GDPPC	-0.01 (0.01)	0.001 (0.02)	-0.01 (0.03)
INFANT_MORTALITY	-0.001** (0.0003)	0.0002 (0.001)	-0.0001 (0.002)
KOFGI	0.002* (0.001)	0.0003 (0.004)	-0.0003 (0.003)
<i>Observations</i>	7,591	1,553	1,854
<i>R-squared</i>	0.13	0.17	0.23
<i>Adjusted R-squared</i>	0.11	0.07	0.15

Notes:

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Variables included but not shown: Region, Country, Year

Discussion

- ▶ Coefficients, even when significant, have small predicted effects. This is in part due to the model specifications (OLS/LPM FE), more robust models (e.g. panel probit) may correct for under-estimations.
- ▶ Mentioning the term corruption (as a binary response variable) may not be a robust proxy for the salience of corruption. Non-parametric time series models may provide more theoretically relevant insights into why countries change how much they discuss the term at the highest level.
- ▶ Mentions of terms related to *imperialism* seems to be a consistent predictor of mentions of corruption in the pre period, suggesting that, indeed, there was a shift in the use of the term from indictment to governance issue.
- ▶ Surprisingly, developmental variables are not consistent predictors of the mention of *corruption* either in the pre or post periods.

The main lesson of the UNCAC negotiations is perhaps best encapsulated by one participant: “You should not approach the negotiations from the point of view that I am right and you are wrong, that you should listen to me because I know better. It is better to try to accommodate the different general concerns of the state parties. We are all equals and we all have an interest in the implementation of the Convention.” ([Joutsen 2011](#))

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