

Master-Thesis Summary

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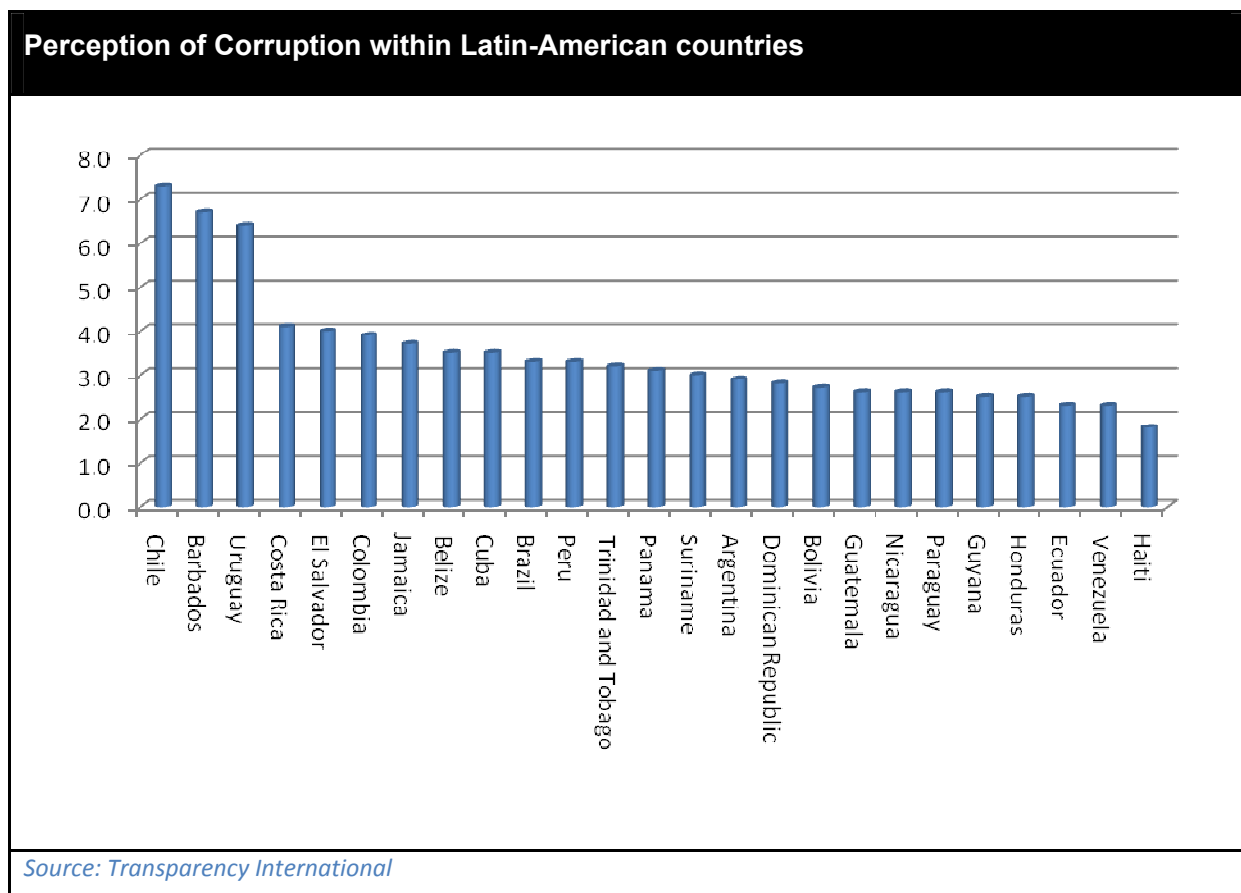
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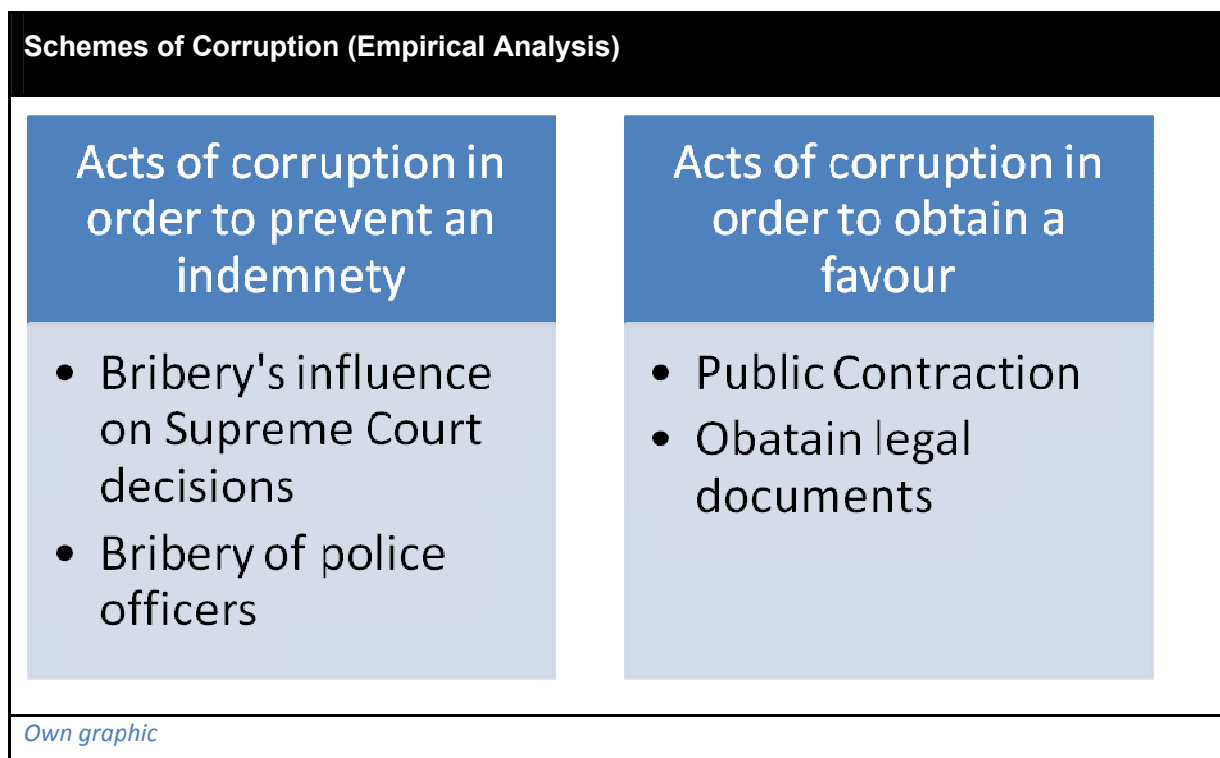
Corruption in Ecuador, „fifth power of the state?“

This thesis elaborates on the specific topic of corruption in Ecuador. It is strongly focused on empirical evidence, third party statistics as well as self-conducted interviews with locals and corruption experts. Although this paper, in its first part, has a mainly analytical appearance, its second part focuses on practical measures against corruption, tailor-suited for the case of Ecuador.



Ecuador's high degree of corruption is not exceptional within the Latin American landscape. However, some research conducted by the NGO "Transparency International" demonstrates that, even in this problematic area, Ecuador carries a tremendous burden with respect to the issue of bribery, making it difficult to face the typical challenges of Latin-American countries, such as the surging poverty and inequality in their societies.

Given the results of international comparisons and a detailed analysis in the first part of the thesis, the aim of the further chapters is to elaborate on schemes of bribery from the Ecuadorian daily life. For this reason, the interviews which were conducted together with locals were particularly helpful in order to provide an empiric insight into this delicate matter.



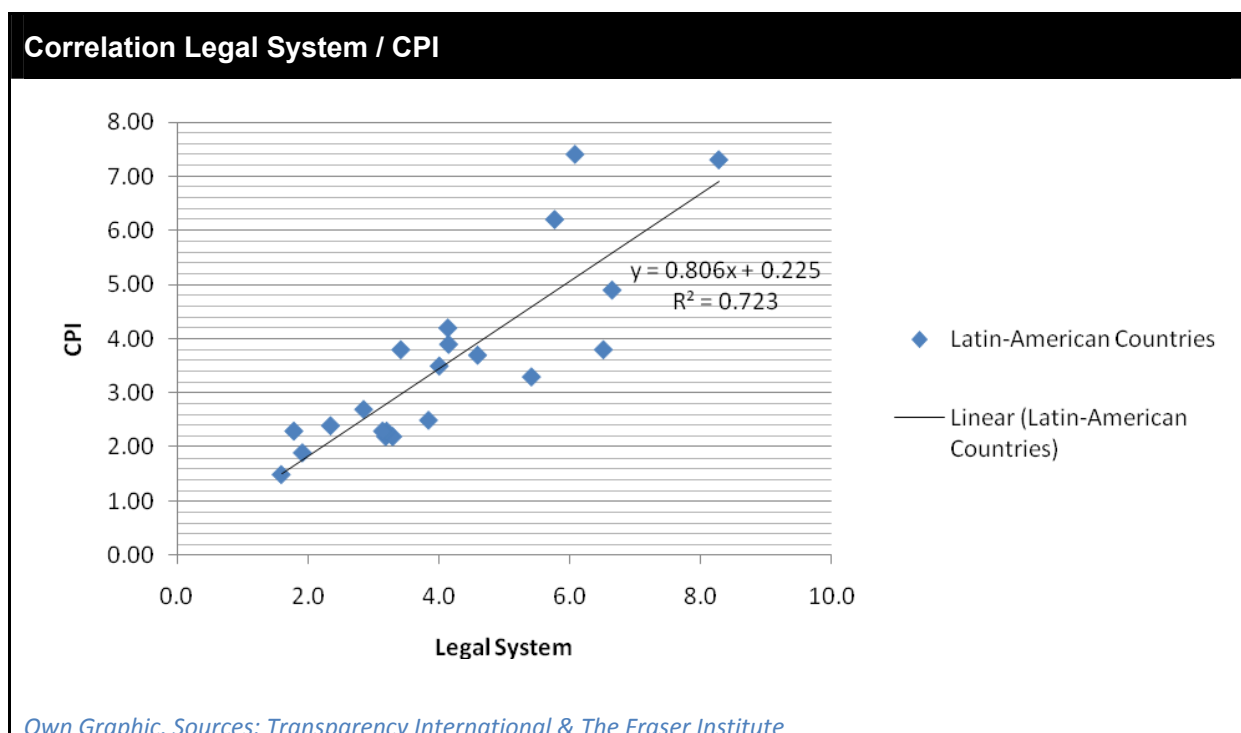
In light of the results of the empirical analysis, it is concluded that, particularly in Ecuador, a partial justice system is to be considered as the main promoter of corruption.

On the basis of this conclusion, a separate chapter analyses the role of the judiciary system within the social institutions and for their actors. A microeconomic approach,

commonly used in the field of “Law & Economics”, hereby provides some theoretical tools in order to explain the connection between partial courts and the level of activity with regard to bribery.

It is assumed that, given the principles of economics, rewards and punishment both influence the decisions of individuals. Hence it is argued that the poor justice system on the one hand prevents corrupt officials from being captured and punished (negative incentive) and on the other hand, it is very probable that in absence of a severe investigation, the obtained funds can successfully be reintroduced into the economic circle (positive incentive). Having considered this, the argumentation leads to the conclusion, that a sub-optimally working judiciary system delivers incentives to officials to the rules of behavior and obtain illegal advantages.

This main thesis of the paper is supported by some empirical evidence. As the following graphic states, there is a significant correlation between the functionality of legal systems and perception of corruption within Latin American countries:



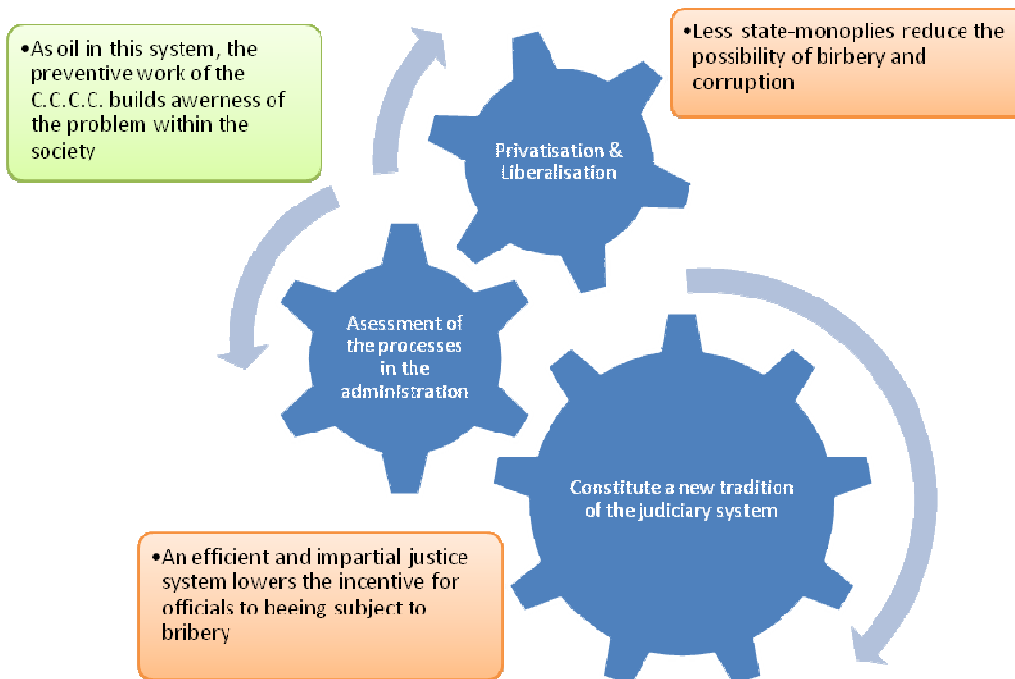
Not surprisingly, in the case of Ecuador the previously presented thesis holds and various examples emphasize to what high degree the judiciary is affected by corruption and partiality.

In the last chapter on fighting against corruption, the improvement of courts, particularly the penal system, is considered Ecuador's main challenge. A short analysis on the anticorruption measures shows that officials are aware of the problem and have already taken measures, however, sustainable effects remains wishful thinking.

Although in 1999, after the rule of a despot and highly corrupt regime, the C.C.C.C., a commission against corruption, was funded, the authority thereof remains weak. As a positive point, it can be mentioned, that this commission is able of independently investigate suspected cases of bribery within the government and judiciary system, however, measures have to be taken by the latter. Given the fact that the courts represent the main issue to tackle, they cannot be regarded as a possible solution to the problem at the same time.

Finally, having considered the main promoters of corruption within the system, the thesis proposes the following measures to be taken into account:

Possible Measures Against Corruption



Own Graphic

As previously mentioned, the judiciary system should be the first point of attack, since it appears to promote corruption throughout the entire state. It is therefore proposed that the competencies of C.C.C.C. should be enlarged so that it can investigate independently cases of abuse of power within the judiciary system and, more importantly, define consequences as well as sanctions for the responsible actors.

It is recommended that this measure should be accompanied by a general assessment of the administrative processes, since the interviews have also shown that an inefficient administration represents the soil in which corruption may grow substantially.

In addition, as experts of corruption mentioned in interviews, monopolies increase the probability of more bribery due to the absence of opportunities for citizens to reject an illegal demand. Hence, monopolies should be reduced to the main functions of the state, such as police or defense. For this reason, the author opposes the current development

of several leftwing Latin American countries towards a more state-controlled private sector.

As a final conclusion, the paper considers corruption in Ecuador a phenomenon, which has been institutionalized within all social levels as well as within the different powers in the state such as Government, Parliament and Justice. In response to the question in the topic, it appears to be superficial to describe corruption as the fifth power in the state. It rather affects the traditional three ones substantially and paralyses them up to a point. In this sense, corruption may be considered an acid which is attacking the contemporary democratic institutions of the Ecuadorian state.