
What Does the UN Convention on Corruption Teach Us About International Institutional Regulatory Harmonisation?

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Caveat Emptor

Three types of research:

Exploratory

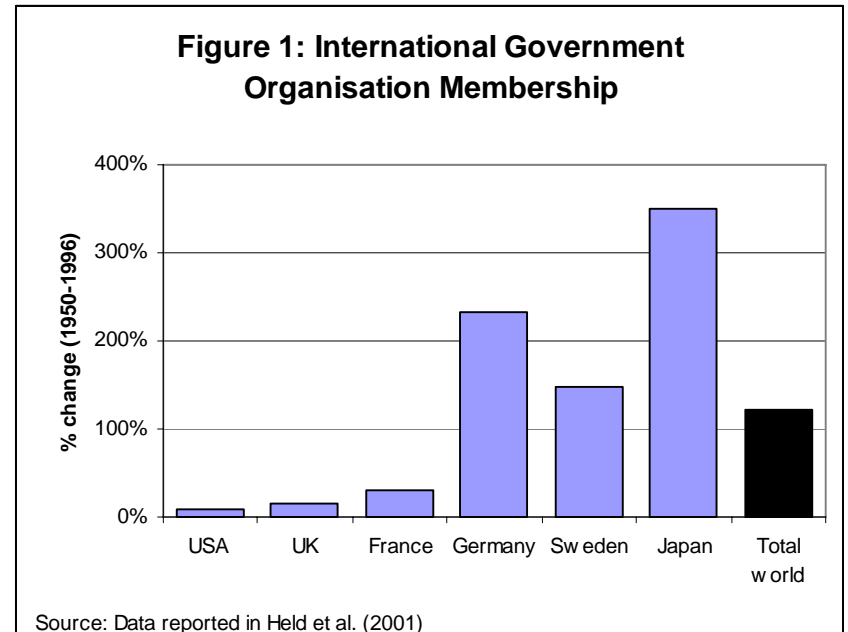
Descriptive

Causal

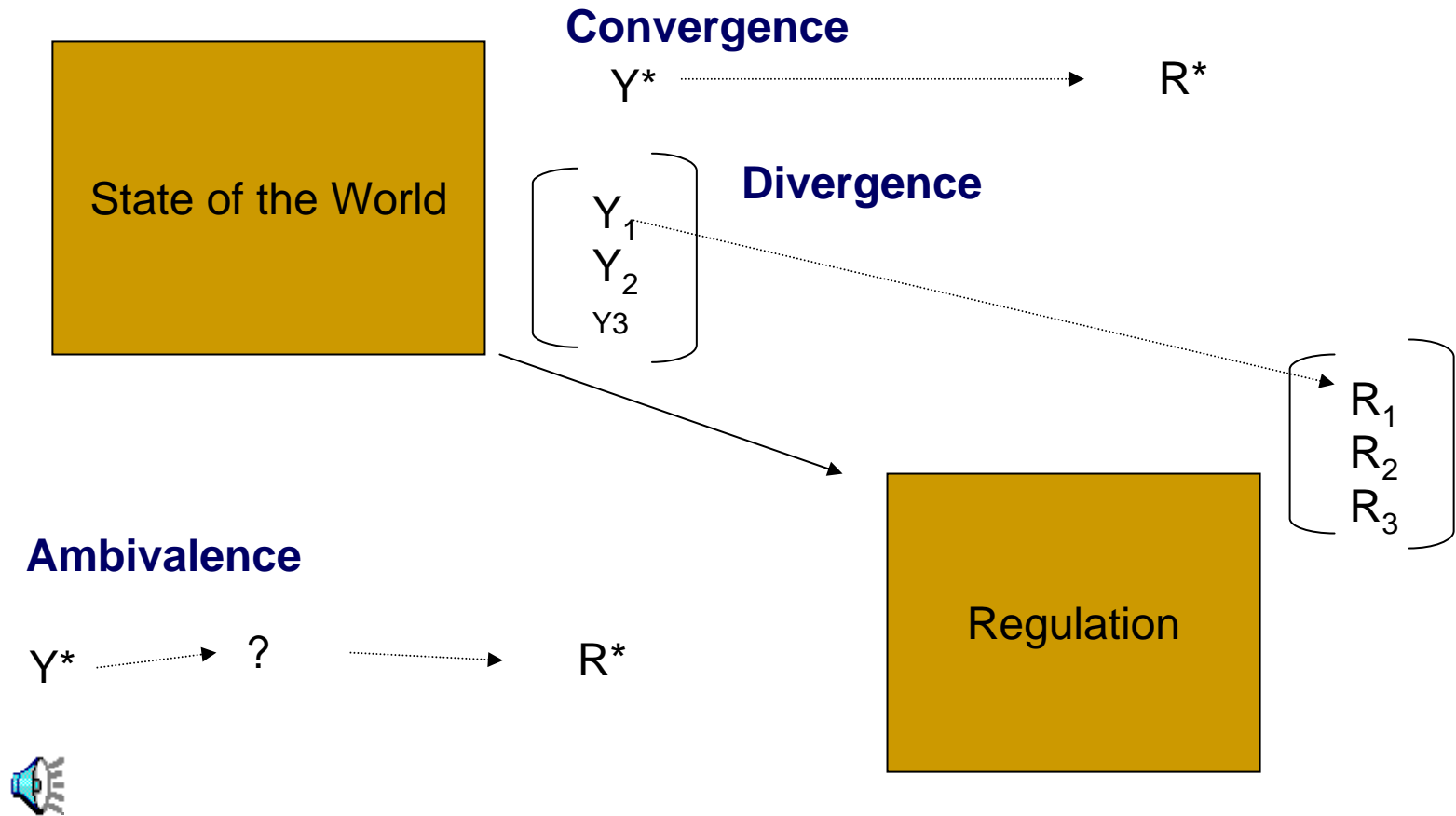


Motivation

- International organisations are increasing their role in national government?
- What should be the role of such intervention?



Contingency Based View



Economic Convergence

Effect	Regulatory Response
Globalisation bring economic growth and innovation (Ohmae, 1990).	Globally harmonised regulation for globally harmonised standard business
Globalisation represents US hegemony (Gilpin, 1987)	Global harmonisation set by hegemon
Regions will integrate into a system – even if it is “divergent” (Berger and Dore, 1996; Hall and Soskice (2001).	Loose global harmonisation encompassing divergence
Globalisation is the next stage of economic evolution – for better or worse (Friedman, 2000; Greider, 2001).	Global harmonisation as organic outgrowth of economic evolution



Economic Divergence

Globalisation brings outsourcing requires exploitation (Klein, 2000).	Global harmonisation needed to guarantee a universal minimum standards
No real globalisation, regions reign (Hirst and Graham, 2001).	Minimalist global harmonisation based on regional compromise or bargaining power
State as executive committee of the bourgeoisie (Pilger, 2002).	Global harmonisation based on interests of national capitalist classes
MNEs foster natural differentiation in the “world system” (Strange, 1997).	Global harmonisation promoting such differentiation



Ambivalent

Globalisation requires MNEs to organise for competitive advantage (Bartlett and Ghoshal, 2001; Hedlund, 1994)	Global harmonisation sets incentives for organisational strategy
Globalisation occurring with networks in global governance (Braithwaite and Drahos, 2000).	Global harmonisation dictated by powerful MNEs
Variety of MNEs (Stopford, 1998)	Global harmonisation as result of powerful MNEs or compromise
MNEs are another layer in multi-layered governance (Held et al., 1999).	Global harmonisation codifying and legitimising multi-layered government



Implications of Globalisation on Harmonisation

	Y	R	relation of Y and R
convergence	$y \rightarrow y^*$	$r \rightarrow r^*$	unique
divergence	$y \rightarrow Y$	$r \rightarrow R$	unique
ambiguous	Y	R	non-unique



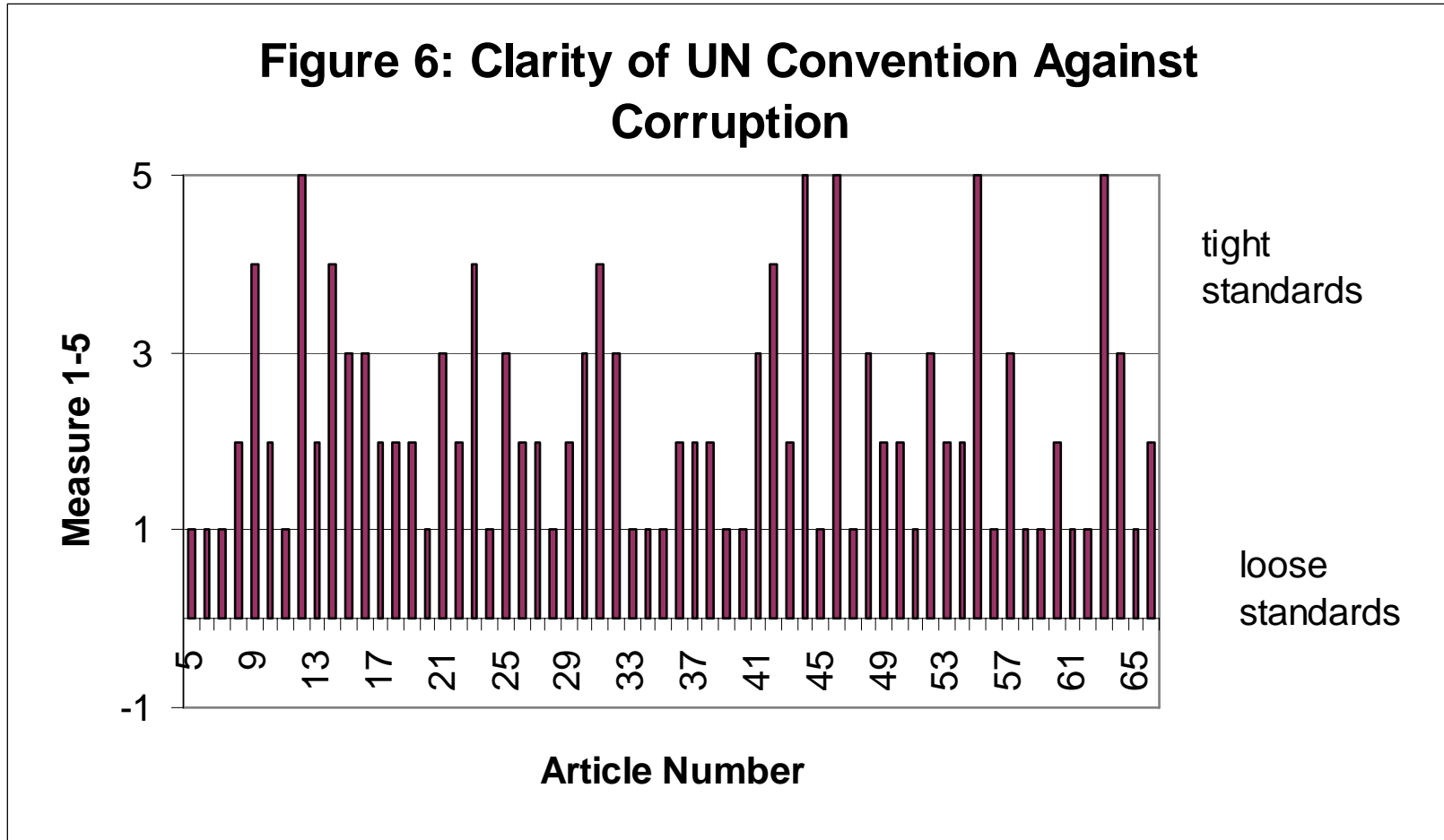
UN Convention Against Corruption

- Successfully negotiated in October 2003
- Adopted in early November
- 130 governments participating
- "Vienna Declaration" in April 2000

- criminalising bribery
- improving accounting standards
- preventing money laundering
- reducing bank secrecy
- return of illegally obtained assets
- promoting govt/ business co-operation

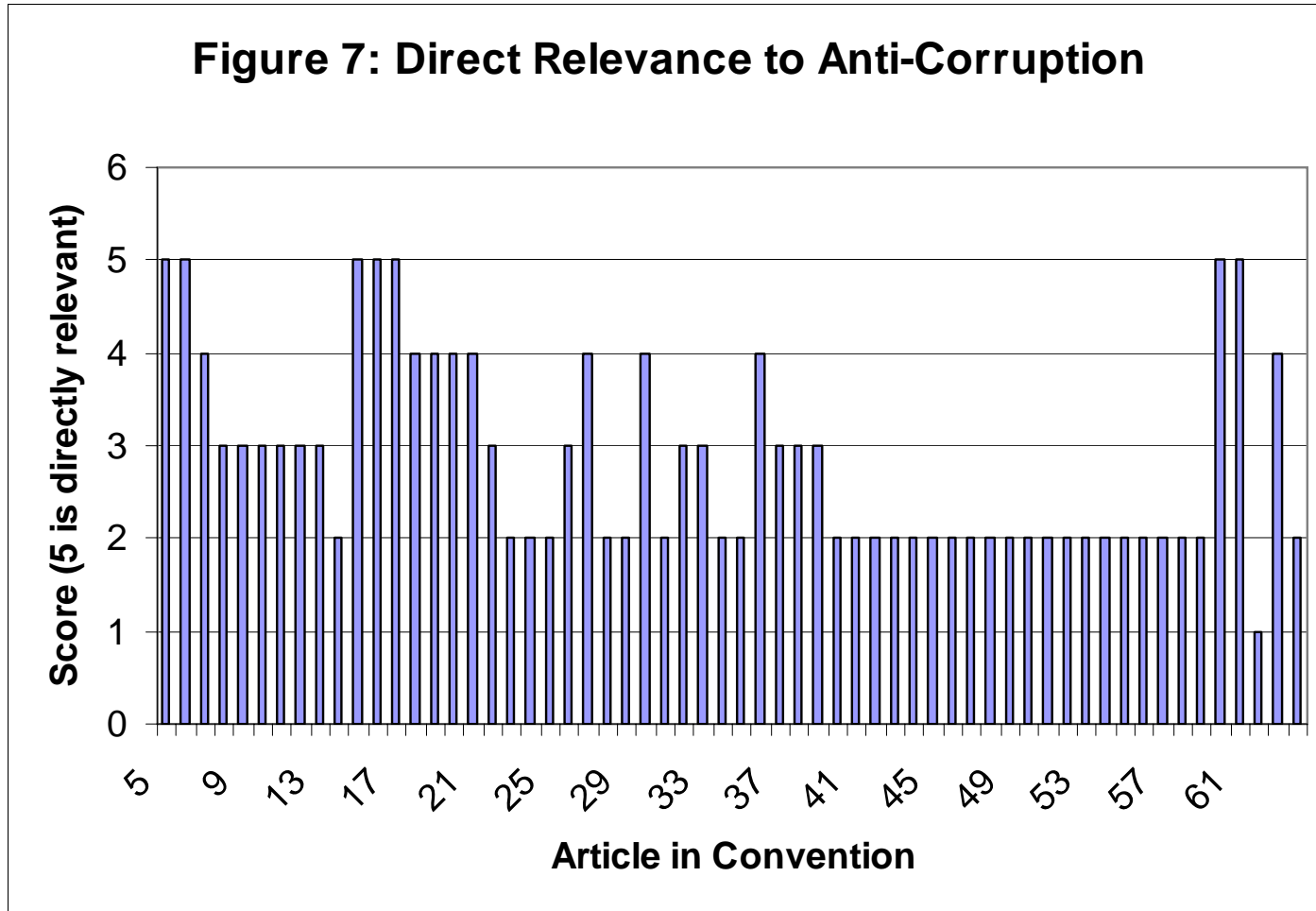


How “tight” is the Convention?



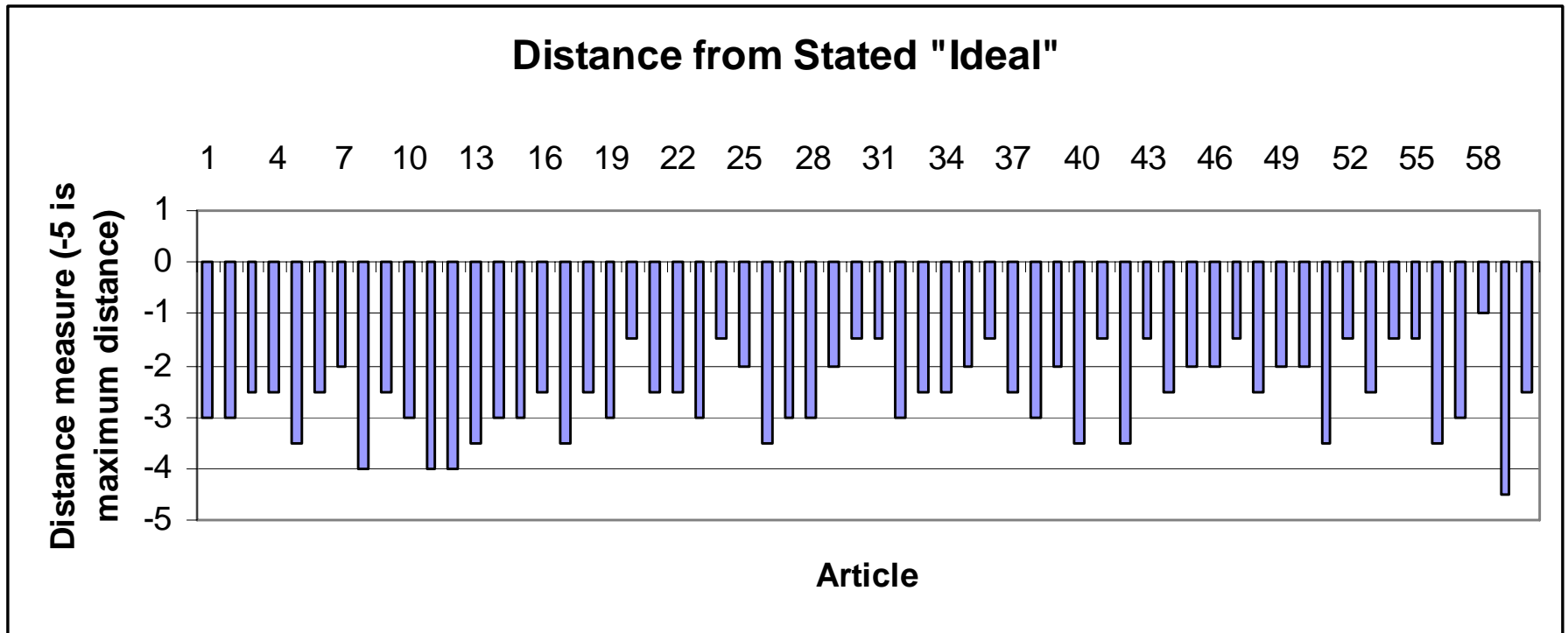
The Convention has differing degrees of “tightness”

How Relevant is the Convention?

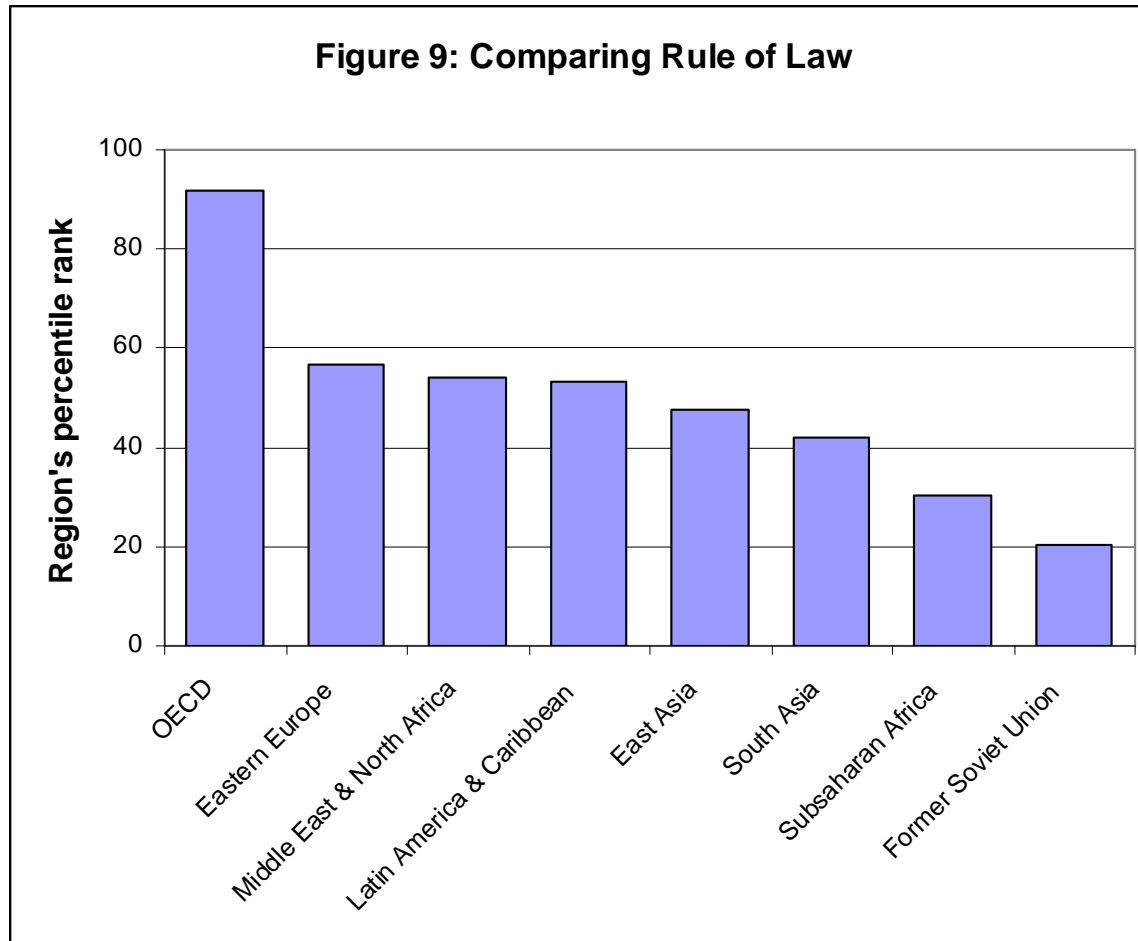


The Convention has differing degrees of “relevance”

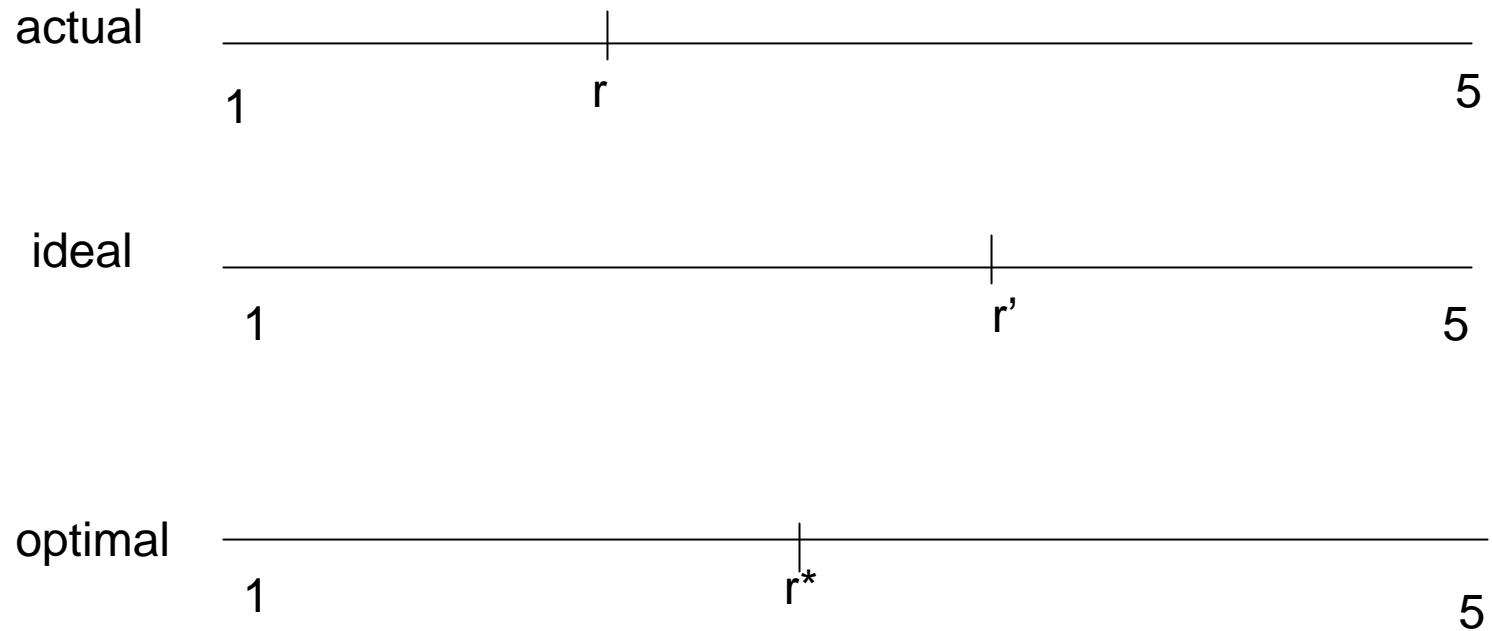
Distance from the Ideal



Is the ideal the optimal?



Relative “Tightnesses”



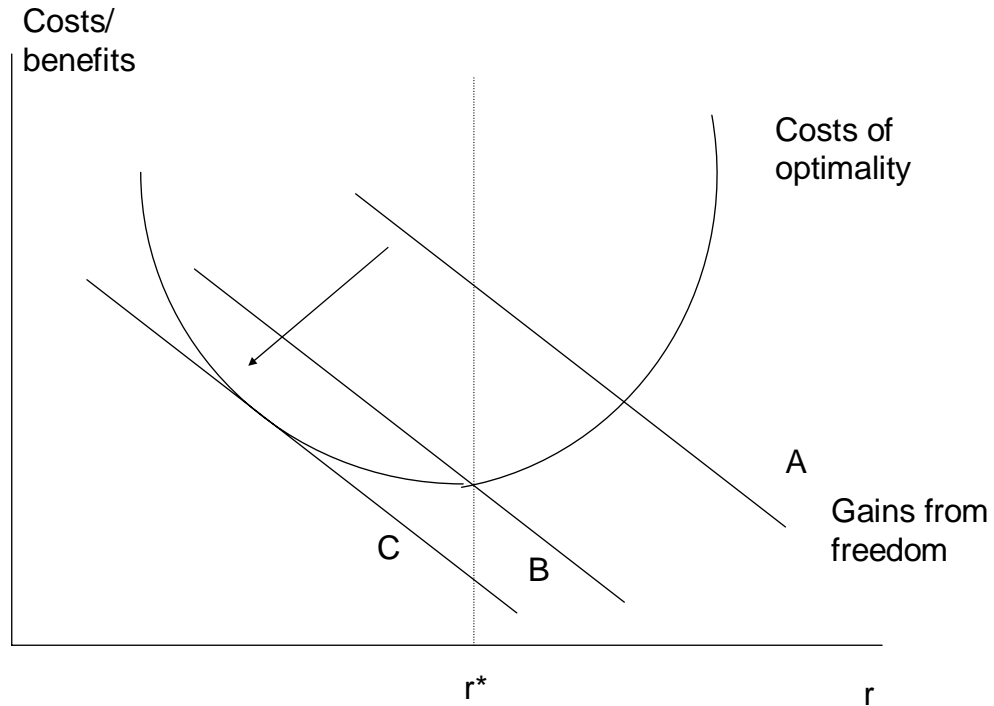
The Regulator's Dilemma

Figure 10: Comparing the ideal, the optimal and the actual

	$r' > r^*$ Panglossian world	$r^* > r'$ Machiavellian world
$r > r'$ Nominal over-regulation	Effective over-regulated	Uncertainty (is $r <$ or $> r^*$)?
$r < r'$ Nominal under-regulation	Uncertainty (r could be less than r' and r^*)	Effective under-regulation

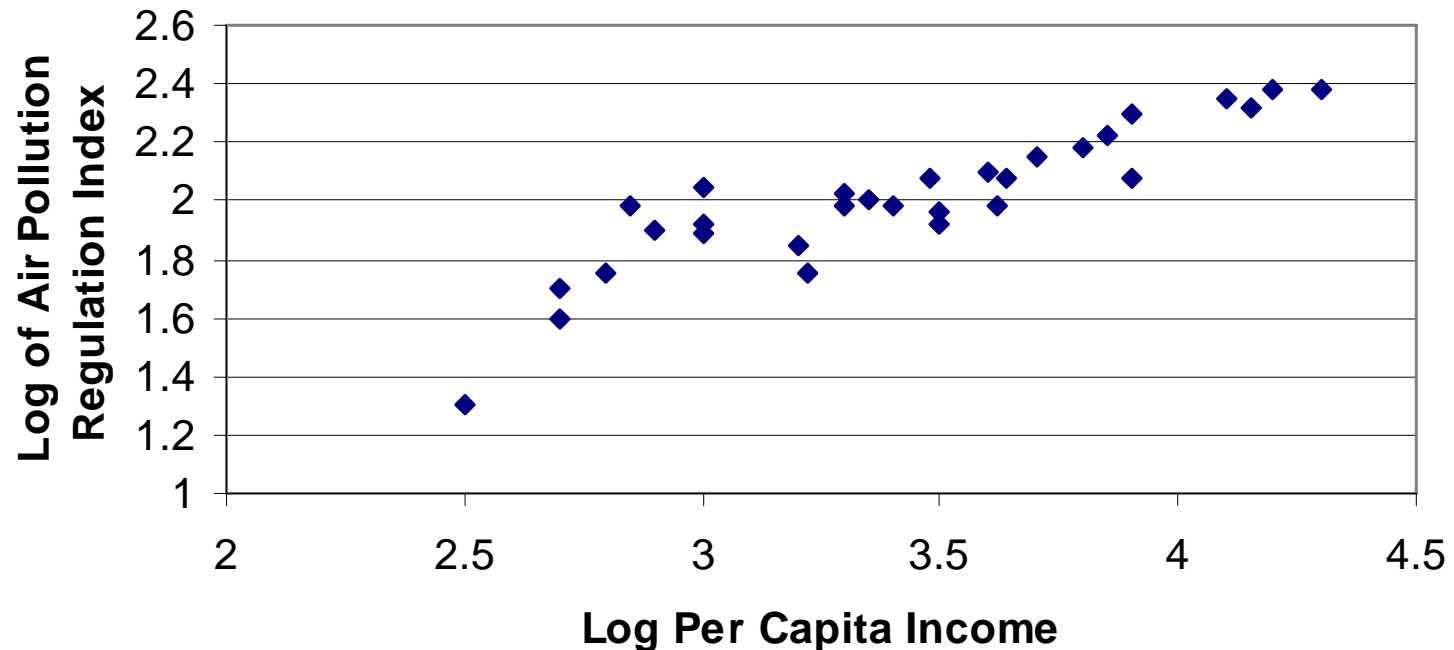
Choosing a regulatory regime

Figure 11: The regulator's problem



A non-contingency based view of regulation?

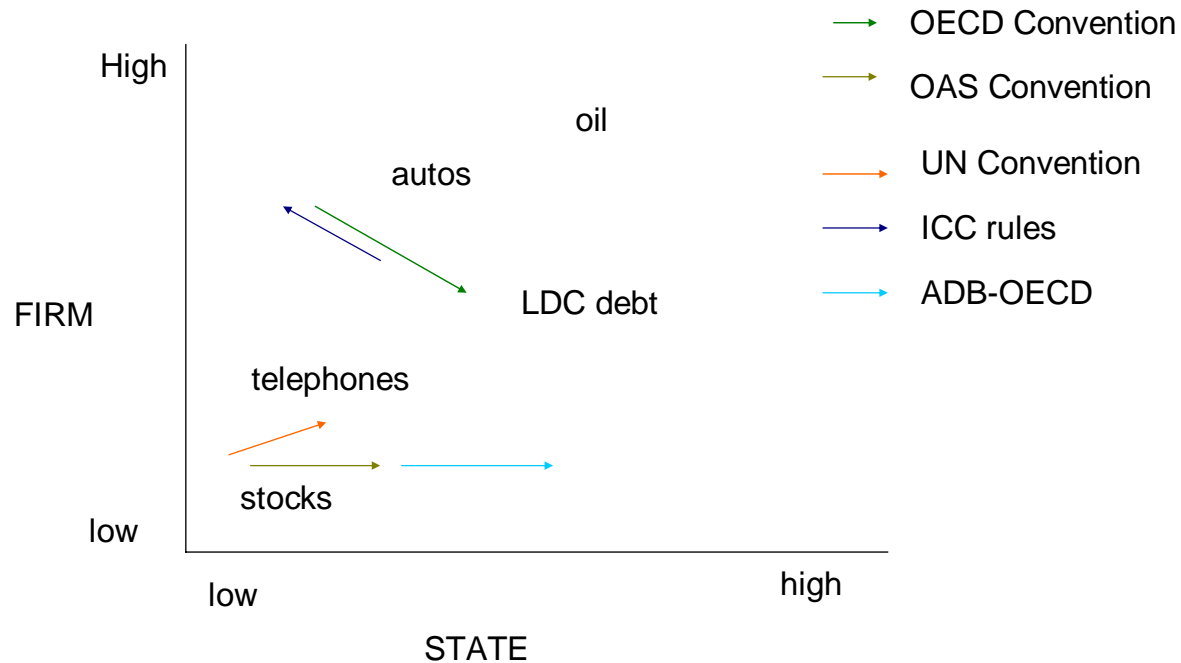
Figure 12: Regulation and Income



Source: Dasgupta, Roy and Wheeler (1995)

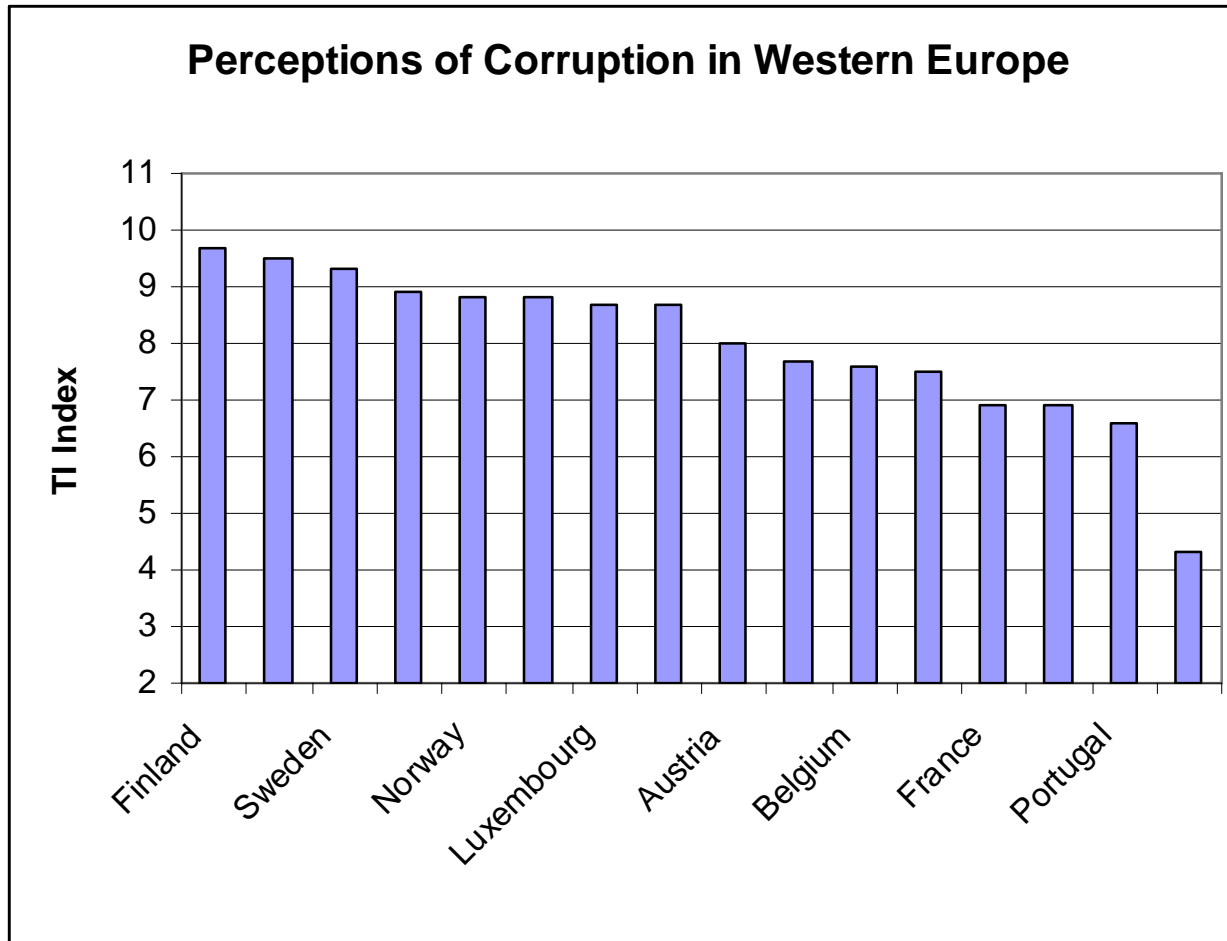
The dynamic evolution of “clubs”

Figure 12: International Governance Structures

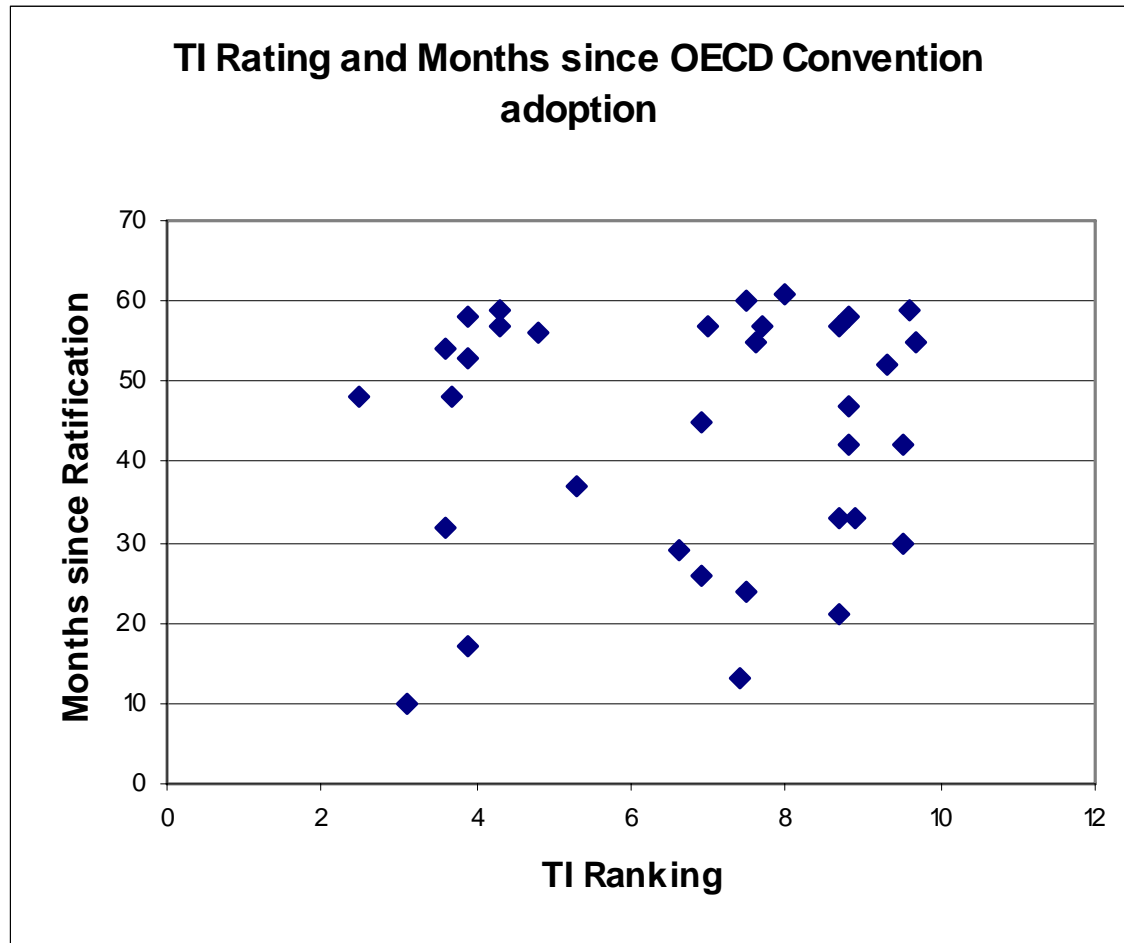


Adopted from: Eden and Hampson (1997)

Regulation's Consequences?



The Consequences of Regulation part 2



Conclusions

- The regulatory ideal is rarely strived for (and should be)!
 - The regulatory optimum is strived for (but rarely attained).
 - The actual degree of regulation may or may not depend on attempts at regulatory harmonisation
 - Institutional assimilation
 - Politicisation
 - Cultural interpretation
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