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Artificially high prices and low quality (of products and services)

Corruption in the way deals are made, contracts are awarded, or economic operations are carried out, leads to monopolies or oligopolies in the economy. (See: Economics Basics: Monopolies, Oligopolies and Perfect Competition.) Those business owners who can use their connections or money to bribe government officials can manipulate policies and market mechanisms to ensure they are the sole provider of goods or services in the market. Monopolists, because they do not have to compete against alternative providers, tend to keep their prices high and are not impelled to improve the quality of goods or services they provide by market forces that would have been in operation if they had significant competition. Embedded in those high prices are also the illegal costs of the corrupt transactions that were necessary to create such a monopoly. If, for example, a home construction company had to pay bribes to officials to be granted licenses for operations, these costs incurred will, of course, be reflected in artificially high housing prices.

Inefficient allocation of resources

In best practice companies choose their suppliers via tender processes (request for tender or request for proposal) which serve as mechanisms to enable the selection of suppliers that offer the best combination of price and quality. This ensures the efficient allocation of resources. In corrupted economies the companies that otherwise would not be qualified to win the tenders, are oftentimes awarded projects as a result of unfair or illegal tenders (e.g. tenders that involve kickbacks). This results in excessive expenditure in the execution of projects, and substandard or failed projects etc., that lead to overall inefficiency in the use of resources. Public procurement perhaps is most vulnerable to fraud and corruption due to the large size of financial flows involved (OECD). It’s estimated that in most countries public procurement constitutes between 15% and 30% of GDP.

Uneven distribution of wealth

Corrupted economies are characterized by a disproportionately small middle class and significant divergence between the living standards of the upper class and lower class.(For a profile of the middle class in the US, see article: *Are We Losing the Middle Class*?) Because most of the country’s capital is aggregated in the hands of oligarchs or persons who back corrupted public officials, most of the created wealth also flows to these individuals. Small entrepreneurs are not widely spread and are usually discouraged because they face unfair competition and illegal pressures by large companies who are connected with government officials.

Low stimulus for technology advancement

Because little confidence can be placed in the legal system of corrupted economies in which legal judgments can be rigged, potential innovators cannot be certain that their invention will be protected by patents and will not be copied by those who are not afraid of being subject to punitive measures by the authorities, because they can bribe these authorities. (For related reading, see: *Patents Are Assets, So Learn How To Value Them*.) There is thus a disincentive for innovation, and as a result emerging countries are usually the importers of technology, because such technology is not created within their own societies.

Shadow economy (or shadow market)

Small entrepreneurs tend to avoid having their businesses officially registered with tax authorities to avoid taxation. As a result the income generated by many businesses exists outside the official economy, and thus are not subject to state taxation and are not included in the calculation of the country’s GDP. (See: *The GDP And Its Importance*.) Another negative effect of shadow businesses is that they usually pay their employees lower wages than the minimum amount designated by the government and they do not provide acceptable working conditions (including appropriate health insurance benefits) for employees. (For related reading, see article: Countries With The Largest Shadow Markets*.)*

Low attractiveness for foreign investors and international trade

Corruption is one of the disincentives for foreign investment. Investors who seek a transparent and fair, competitive business environment will avoid investing in countries where there is a high level of corruption. Studies show that there is a direct link between the level of corruption in a country and measurements of the competitiveness of its business environment. The following table features a small sample of countries and shows the relationship between their ranks in competitiveness and their corruption index.

Low-quality education and healthcare provision

A working paper of the International Monetary Fund (IMF) published in 2010 shows that corruption has an adverse impact on the quality of education and healthcare that are provided in countries with emerging economies. Corruption increases the cost of healthcare and education services through illegal and unofficial payments that are made in countries where bribery and connections play an important role in the recruitment and promotion of teachers. As a result, the quality of education decreases. Also, corruption in the designation of healthcare providers and recruitment of personnel, as well as the procurement of medical supplies and equipment, in emerging economies results in inadequate healthcare treatment and a substandard, or restricted, medical supply, and thus lowers the overall quality of healthcare in these countries.

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腐败促使许多巨型资本、行业垄断（互联网巨头），中小企业的发展受限，腐败使得在大型企业单位中科研力量受限，比如原本在小型企业转型、科研是为了生存，而在大型企业中科研很可能只是为了指标

政府的腐败使得有些行业违背市场规律（该被淘汰的无法被淘汰，该生存的无法很好地生存）

中国政府稳定性强（因此有些文章中不稳定导致的经济因素不能施加），但效率性差

私人部门受限，依然是经济增长减缓甚至下降的重要因素；而政府是使得私人部门发展的必要条件，如合理的税收、法律保护、环境等

人口增长明显，意味着促进消费增长，可能带来产值等的增长；而人口数量增长平缓，则意味着中产阶级的部分财富可能横向转移，带来社会不公；社会不公又会使得有益的经济发展不可持续，遏制经济增长

政治稳定，腐败与政治稳定应当是相对独立的；腐败会影响政治稳定，但政治稳定的情况下也可能滋生腐败

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原有政策是否有效，可以判断合适的腐败是否能够增加或是减少行政效率；原有政策的有效，很可能与国家的发展状况有关。制度依赖的。

腐败会弱化产权保护，使得企业减少无形资产的投资，更加偏好固定资本投资，因为该部分不易被侵犯。因而腐败扭曲了资本配置，遏制了创新、研发活动，也阻碍了长期经济活动。