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Opportunism or Corruption:
A field experiment.

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Abstract

This research study the effects of Corruption in Brazil, having a field experiment design in social media platform, to explain the causal relationship between two prevalent concepts throughout humankind's history, opportunism, and corruption. To measure individual believes, decision-making, and willingness to act. First, I start with a literature review and economic model; continue with the proposed experimental design, channels, mechanisms, intervention, and expected effects, suggesting future avenues for research. Then conclude that bureaucracy and incentives promote corruption, but lack of accountability perpetuates an opportunistic culture, where corruption is an acceptable social norm, thus I suggest actions for corruption no longer be a social norm in Brazil. More details of the experiment are available in the appendix, including pertinent information in the original language Portuguese.

Keywords: Brazil, field experiment design, economics, corruption, bureaucracy

1. Introduction

People pursue their self-interest, and one way is to exercise their political rights, by forming a political coalition to pursuit of mutual advantages. (Calomiris & Haber, 2014). ***Fragile by Design*** explains the Brazilian Political Economic system and highlight 'Jeitinho,' as part of the Brazilian culture, ways to circumvent the rules. According to Professor Thomas Coleman², there is a distinctive difference between corruption behavior versus fallible action, (when a person makes a mistake without knowing the consequences, motivated by self-interest, incentives, counterproductive but legal).

Adam Smith's Theory of Moral sentiments treats corruption in layers: "The disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect person of poor and mean condition, is the greatest and most universal cause of the corruption of our moral sentiments." Thomas Jefferson³ said: "If a law is unjust, a man is not only right to disobey it; he is obligated to do so."

Trust is declining in the Government and institutions; one of the reasons is the 'revolving door'; between industries and regulatory agencies, it is the movement of public sector employees from private-sector jobs and vice versa. According to the open secrets organization⁴ currently, near 500 former congressmen, became lobbyists for corporations, to influence the government they served, using their prior knowledge to influence legislation, causing a conflict of interest, because government employees exist to limit company's power, preventing anti-competitive behaviors. It is important that citizens should question when public money crosses between the Public and Private Sectors.

² Lectures notes on History of the Financial Crisis

³Thomas Jefferson: <https://www.monticello.org/site/research-and-collections/when-injustice-becomes-law-resistance-becomes-duty-spurious-quotations>

⁴ Open Secrets Organization: <https://www.opensecrets.org/revolving/top.php?display=Z>

Firms hire ex-regulators as a lobbyist to educate and advocate on their behalf to influence decision makers. Although, revolving doors provides transferable skills from both sides, regulators, and industries. Overall society pays for the cost of lobbying, as firms pass the cost into the products and consumers will end up paying more for goods with less benefits.

Professor Kathryn Ierulli⁵ explained that If companies cannot vote, as individual, they should not be able to contribute with more dollar amounts than individuals. Most contributions are done via Political Action Committee (PAC), which by law requires disclosure, but there is no cap amount for donations. Because in 2010 the US supreme court decided in the case Citizens United v Federal Election Commission, to allow corporations to spend unlimited amounts of money on company contribution and political activity, so unless that is reverted companies have much incentive to continue lobby.

Senator Warren⁶ advocates for reforms “to take power..., away from the wealthy, the powerful, and the well-connected, who have corrupted our government, ...back in the hands of the ...people”. In her opinion, the currently system is unethical, but legal, so companies and public servants will continue to benefit, unless changes in the legislation happen and regulations are enforced, its challenge, as the law is inadequate.

This paper argues that the interpretation of corruption varies, depending on the settings and social norms, and a gray area can be a slippery slope.

Corruption is as old as the dawn of humanity, known as power abuse, to achieve benefits in easy and quick ways, often non-legal, but in my opinion legally also, which, contributes to social inequality.

⁵ Lecture notes on Economics of Regulations

⁶ Senator Warren: [https://www.warren.senate.gov/newsroom/press-releases/warren-delivers-speech-on-comprehensive-plan-to-end-corruption-in Washington](https://www.warren.senate.gov/newsroom/press-releases/warren-delivers-speech-on-comprehensive-plan-to-end-corruption-in-Washington)

My research focus is on Brazil, and it subscribes to the primary and powerful idea that *opportunism* leads to corruption, of some economic agents, if the incentives are poorly designed, combined with limited law enforcement, as individuals seize the opportunity to take advantage of others, behaving selfish, driven by ego, a motivation for a significant part of humans, especially in politics. This considers two channels:

(1) Bureaucracy:

Circumvention of the Law

(2) No Consequences

Lack of enforcement, accountability & Limited oversight, penalty

Understanding the relationship between individual perception of corruption and politics provides insights for policies, lobbying, political strategy, and election campaigns helping individuals understand the financial of them.

Hence this study becomes a crucial behavioral economics question applied in politics. Thus, the research question: is an *individual decision of opportunistic behavior perceived as corruption?*

2. Literature Review

To understand individual behavior and preferences, I focused on behavior economics existing literature. Social Preferences derived in three waves, first focus on altruism, second on inequality, trust, cooperation, and third focus on a social image, social pressure, norms, and social signal.

A vast literature related to corruption, ego, politics, *peer pressure*, *self-interest*, (Bertrand et al. 2007) corruptibility in India, cheating game (Gneezy et al., 2018), social constraints (Mani et al., 2013), interventions to minimize it, like using an instrument, a social norm prompt for intervention on behavior (Frey and Meier, 2004; Goldstein et al., 2008; Schultz et al., 2007; Thaler and Sunstein, 2008).

However, few experiments measure corruption in Brazil; so, this paper will contribute to the literature, this experiment, to be implemented in the future, using a novel approach in natural field experiments in social media to examine the motives and mechanics of corruption in Brazil. Inspired by behavior economists' professors John List et al. 2016. "Voting to Tell Others" (Show off, political ego) and Leonardo Bursztyn et al. 2020. "From Extreme to Mainstream: The Erosion of Social Norms" (Social Image, Peer pressure).

2.1. Theory: Bureaucracy Social Structure

Sociologist and philosopher Max Weber initially associated bureaucracy with legitimate authority; after the term has acquired derogatory implications among the public and the media: against red tape and obstructiveness. First, Bureaucrat's motives (Huczynski and Buchanan, 2007) are a) Power, the need to manipulate others or drive superiority, over others (Adler, 1927) b). Status is how the person ranks in a group, organization, or society. Second for inefficiencies in the bureaucracy to co-exist for the existence of corruption. (1) have discretionary powers, with authority to design the regulations, (2) economic rents associated with these powers, such that the specific groups can capture those rents, (3) the judicial or legal system would offer a low probability of being caught, creating incentives to act dishonestly.

Max Weber's theory of the ideal State, a bureaucrat's behavior in public and decisions are no personal and efficient. Overtime, as the Government of states grew more

prominent during the modern period, modern bureaucracies arose, especially following the Industrial Revolution; authoritarian regimes became bureaucratic with hierarchical authority in the social structure, constructing perception, power, status, leadership, and shaping individual's motivation.

The most common type of corruption is due to bureaucracy, "Bureaucratic corruption" refers to public servant's act in "corrupt dealings" (Rose-Ackermann, 1998), bureaucrats demand bribes from the public to speed up a bureaucratic procedure, (Kaufmann,1997), or a service that is not supposed to be available but might be with a bribe. Especially if a government bureaucrat acts as a monopolist of the good, say a license or to provides permit (Shleifer and Vishny 1993), because the agent experiences are influenced by one perception (Sah, 1996); so, this mechanism can be an incentive for a corruption behavior, leading to a social norm that tolerate corruption.

Although the government tries interventions to correct market failures (Verdier and Acemoglu, 1998); the incidence of corrupt dealings in government process and the market structures (Ackerman, 1975) have long negative consequences. According to Kyyrönen, corruption is detrimental to economic, political, and social development⁷ (Armantier & Boly 2011, Beylis, Finan & Mazzocco 2012), with lasting adverse effects, as the tax on investment limiting growth and increases poverty (Runde, Hameed & Magpile 2014), and decrease business (Olken & Pande 2011).

Once a country gains the reputation for corruption (Tirole, 1996); it will diminish investments, negotiation power, reduces people's trust, weak property rights and limit tax enforcement (Acemoglu and Verdier, 1998). It is pervasive (Shleifer and Vishny 1993), around the world, yet a corruption matrix differentiates attitudes towards, influenced by cultural bias, varying across countries (Paldam 2002), ranging from criminal to widespread tolerated regarded as a part of life. **Figure A: The corruption matrix (Appendix)**

⁷ Kyyrönen, Risto. "Corruption as a field of economics: Experimental approach and design." (2014).

Using the public office for personal gain (Jain, 2001) is a corruption act, classified in (1) Discretionary power: public official to have control over public resources, (2) Economic rents: the discretionary power, allowing rent extraction, a private agent's incentive for a corrupt agreement, (3) Weak institutions: the incentives embodied, induce officials to exploit their power to extract rents. Flawed systems are advantageous for corrupted officials, as efficient corruption relies on economic inefficiencies.

However, corruption can be efficient, by specific channels, increasing: (1) the speed of bureaucracy (greasing the wheels), (2) resource competition creates a more efficient allocation (Aidt 2003). But overall, the general attitude towards corruption is without exception negative.

Reform mechanisms must be consistent with rewards for good behavior and punishments for destructive behaviors, associating the behavior with the consequence, this is the idea of Skinnerian, created by psychologist Burrhus Frederic Skinner (1904-90). The most controversial behavior modification method depends on the occurrence of undesirable behavior that involves the deliverance of an unpleasant consequence dependent upon such behavior (Huczynski and Buchanan, 2007). Yet the lack of it, means no consequences for actions.

Existing regulatory policy influence companies' behaviors, as the current rules of the game are manipulable and will continue, legally, unless the legislation is changed in the supreme court. For instance, having companies to limit interest groups scope, and establish guidelines to maximize profits while promoting social welfare benefits. Regulators must work with legislators to safeguard society and with companies to make them accountable.

Economic reforms like market liberalization and privatization lead to a rise in corruption. These reforms often respond to the vested interest of the corrupt elites; however, the absence of well-implemented economic reforms leads to more significant corruption.

Robert Leiken said that market and administrative reforms can be counterproductive when corruption is systemic. Economic activity can lead to the loosening of government controls, due to new 'fees' in other areas, bureaucrats compensate for lost revenues (Kaufmann, 1997).

2.2. Incentives Without Consequences

The existing framework result in much unproductive behaviors, as the legality has incentives. By allowing unlimited lobby spending, revolving doors between government and firms. The legal means of lobbying and other potential bad behaviors like implicit threats, are unproductive and socially, a wasteful activity, preserving monopoly profits, but lacking the social optimum, resulting in higher costs for consumers and a welfare loss.

Monopoly firms have incentives for bad behavior, such as mechanisms to influence existing legislations, hypothetically, like threatening to leave the state and move its operations, unless the state provide incentives for the company, so the politicians impacted would be more willing to voting in beneficial legislation for that company.

2.3. Corruption In Brazil

Brazilian Political Economic system evolved since the country became independent, but the mechanism of inequality remains similar since Colonial Times, scarce access to credit and economic dependency of government banks to finance business and households, which still exists nowadays.

A complex bargain made between politicians, banks, debtors and taxpayers, a system which depends on the political institutions to balance and limit how coalitions of these various groups influence and often intrude in government regulations (Calomiris & Haber, 2014).

In 2014 a Brazilian corruption scandal was exposed. The Lava Jato⁸ translated as 'car wash' investigation. The National Economic and Social Development Bank (BNDES) was a key funder of many projects. Loans for 25 projects in nine countries totaling \$7 billion (U.S.). Brazil's economy, crippled by Lava Jato, continues with income inequality and poverty.

In the Brazilian way of doing things, corruption in Brazil is a crime⁹ with three definitions. **Passive:** A public agent requests bribery to act. Suppose the police catch a driver without a license and ask for money to forgo a fine. **Active:** A bribery to influence another party to act. Often people offer money to pass their driver's license test from DETRAN, the Brazilian Department of Transportation, without passing the tests. The crime is to provide bribery, regardless of the acceptance of the other part. **Passive active:** Two parties participate in the corruption, bribery is offered and accepted.

Universidade de São Paulo¹⁰ studied three types of local corruption. **Gray** occurs when social actors evaluate a determined controversial behavior. **White** occurs when a social behavior is unapproved by law but tolerated or even approved by the population, without recognizing the morally questionable behavior. **Black** occurs when the law and social norms disapprove behavior. In other words, it means that the law punishes it, and society agrees.

⁸Lava Jato/Car Wash, economic effects: <https://www.theglobeandmail.com/news/world/brazil-odebrecht-lava-jato-explainer/article35231409/>

⁹ Modes of corruption in Brazil: <https://thebrazilbusiness.com>

¹⁰ USP Study: http://www.revistasusp.sibi.usp.br/scielo.php?script=sci_arttext&pid=S0080-21072009000200002

In Brazil, it is easy to observe how bureaucracy entangles with corruption theories¹¹ income hunters and kickback bribery. **Income hunters** display the primary motivation for economic agents; the maximization of their financial conditions, through privileges with corruption, a way to get more profit than through legal activities, such as purchases of goods without invoices; discounts concession without the payment of taxes; products commercialization with specifications differing from the advertised, inferior quality, or fake goods. **Kickback or bribery** considers a conflict between private and public assets. If any financial incentive (kickback or bribery) breaks the impersonality, corruption prevails in companies also, if the efficiency diminishes, or in exchange for an illegal "favor."

Still, bribery is an individual decision of shortcuts, like payments to inspectors for special services. Corruption behavior can be in tax evasion, money offers to avoid fines; bribery to establish agreements with government representatives, or even between private companies. Informality and secrecy avoid detection of implicit trading favors, leading to intangible bribes, not nominated in any currency, but in subjective matters, like political power, votes, or prestige.

2.4. Bureaucracy Free 'Jeitinho'

Brazilians tend to use 'Jeitinho', the circumvention of the law, to bypass bureaucracy. An opportunistic behavior for personal advantage, often perceived not to harm others, fallible individual actions, resulting in negative consequences, regardless of the intentions. Therefore, causing harm to others is a form of corruption, if the action can have a legal justification, it is probably a soft corruption.

¹¹ [Types of corruption in Brazil](#)

For instance, use an accessible parking space without the right to do so, regardless of the justification, it is an opportunistic behavior, popular in Brazil, because there is limited law enforcement, therefore often individuals do not have personal accountability. Portuguese lacks a proper translation of Enforcement and Accountability, closer words are execution and responsibility, respectively, which explains the limited oversight 'Fiscalização' and the penalty 'Penalização'.

Opportunism, combined with selfish actions, can lead to soft corruption, i.e., taking advantage is named Gersons¹² Law in Brazil. Justifying that everyone does and copying the behavior of others because it is acceptable by social norms does not diminish the act.

There are possible justifications for corruption acts:

- *Peer pressure*
- *Opportunism: Self-interest egoism.*

Public servants can be affected by peer pressure. For instance, if an environment most take bribes and one does not, one is likely to be judged, becoming vulnerable, if most act dishonestly.

The experiment is designed to study the effect of corruption on society, in this study Brazil and the perception of individuals and their behavior. By exploiting the bureaucracy in Brazil and the incentives that create an encouraging environment to circumvent the law, a common practice known for Brazilians as 'Jeitinho'. This study is an experiment design that outlines pilot testing experiments to help identify an underlying mechanism through which opportunism can lead to corrupt behavior. The first mechanism would be too tested is the channel through which bureaucracy affects corruption behavior.

¹² Gerson's law is an adage that reflects the way Brazilians behave towards themselves, immortalizing concepts such as Jeitinho. In short, Gerson's Law is taking advantage of everything and everyone and having no concern for ethics.

This expression came into use in a T.V. commercial starring Brazilian footballer Gerson, in 1970, a cigarette better than others, ever since his name is synonymous with unethical behaviors, for one benefit, in many cases also circumventing the law. Gerson said, "I like to get an advantage in everything...." (Lei de Gerson).

https://en.wikipedia.org/wiki/G%C3%A9rson%27s_law

Whether a public servant is seeking monetary compensation to circumvent the law, or a citizen is willing to pay a bribe to expedite service. Alternatively, even if there is no monetary compensation, an individual chose to take advantage of a circumstance as a misuse of the priority line to save time, which also qualifies as a circumvention of the law to reduce the bureaucracy. In addition, we also test the mechanism of lack of accountability. If individuals believe what they are doing is justifiable, there will be no enforcement, which will not promote individual accountability.

2.5. Legal Corruption

There is a distinction between forgoing a fine versus receive bribery; the monetary incentive differs from expediting a process to reduce bureaucracy. Although if an individual receives or pays a benefit without reporting it, this is an act of corruption. A government entity may create a fast-track service to expedite the inevitable process.

Having less bureaucracy can reduce the incentives for corruption. Poupa Tempo is an excellent example of less bureaucracy in São Paulo, a fast-track environment to expedite documentation. However, reducing bureaucracy or having specific processes expediting using a service like Poupa Tempo can help reduce corruption but is not the solution to solve this issue. Corruption can still exist without any bribery or monetary incentives. For instance, an individual might still try to use `Jeitinho` to circumvent the law, even if there is limited bureaucracy in a service like Poupa tempo.

A simple example often showcased on Poupa Tempo, where services are expediting, is Brazil's abuse of priority lines. For context, in Brazil, specific individuals have an additional fast line to have preferential, faster services, elders aged 60 and older, pregnant women, parents with kids at the age of two or younger, disable, and obese individuals.

Lei do Atendimento Prioritário ([10.048/00](#)). Conselho Nacional do Ministério Público¹³ translation "National Council of the Public Ministry": The priority service provided in Law comprises individual services that ensure differentiated treatment and immediate service. Often parents take their children when heading to an appointment, to be prioritize in line, because it is a common practice for individuals not entitled to take advantages.

2.6. Economic Model of Corruption

Economic agents often participate in behaviors that benefit them, preferring choices with a low opportunity cost or high value, utility. This model¹⁴ (Amar 2012) explains preferences and how an individual's choices shift with monetary incentives, an equilibrium model to establish the dynamics of bureaucratic wage rates.

First, we identify agents' behavior as we increase bureaucratic wages rates, with the lowest possible bureaucratic wage rates needed for honest bureaucrats; even if the Government is paying the lowest possible wage rate, it is impossible to maximize this wage rate net private-sector output. Hence the idea of maximization of net private-sector output is not compatible with maintaining an honest bureaucracy.

Bureaucrats' economic incentives are the basis of this model. Thus, we consider a static economy of continuum 1 of risk-neutral agents. Agents have different motivation levels (added payoff received when working in the bureaucracy), the is motivation(θ), so $\theta = 0$ represents non-motivated agent. The level of motivation is uniformly distributed over $[0, 1]$ and is private information.

¹³http://www.cnmp.mp.br/portal/images/guiaOrientacaoAtendimentoPrioritario_2014_Rebecca.pdf

A proposta tramita em caráter conclusivo e será analisada pelas comissões de Seguridade Social e Família; e de Constituição e Justiça e de Cidadania. Fonte: Agência Câmara de Notícias

¹⁴ Model developed by Amar https://etheses.bham.ac.uk/id/eprint/3281/2/Amar_12_MPhil.pdf

N is the mass (fraction) of bureaucrats in the public sector. X is a set of bureaucrats relative to the total population acting honestly and the most motivated ones. W_b is the wage rate paid, determined endogenously.

Each bureaucrat has control over an exogenous amount of resources g . These resources could be diverted by the bureaucrat increasing the utility by g . In this case, it would not contribute towards the output from bureaucracy. Q ($0, 1$) is the exogenous probability of detecting the opportunistic behavior of the bureaucrat.

When detected, the employer would dismiss the bureaucrat. G is government expenditure that $G = n(g + w_b)$, g of these resources the Government allocates to each bureaucrat $n g$ are total resources allocated to the bureaucracy, and $n w_b$ is the total wage bill.

Preferences

All agents are assumed to be risk-neutral with the utility function (from the private sector and the bureaucracy) and uniformly distributed motivation; this equation represents the utility of the bureaucrat (1)

$$\text{utility}(b) = \max [(w_b + \theta), (w_b + g + \theta)(1 - q)] \dots \quad (1)$$

The first equation explains that the bureaucrat can either be honest or dishonest. If the agent is honest and motivated, he gets a payoff of $(w_b + \theta)$. If the agent is dishonest and works in the bureaucracy, he would get an expected payoff of $(w_b + g + \theta)(1 - q)$.

The payoff of the dishonest agents is $(w_b + g + \theta)$ if not caught; hence the utility of the dishonest agent is $(w_b + g + \theta) - q(w_b + g + \theta)$.

Order

The Government sets a public sector wage rate w_b , n the size of the bureaucracy, and g are the resources allocated to each bureaucrat. Then determines $G = n(g + w_b)$ the size of government expenditure. Finally, the limit on G is given by G^* such that it satisfies $G^* = n(g^* + w_b^*)$, where g^* is the maximum resources allocated to each bureaucrat, and w_b^* are the wage rates at which all bureaucrats are honest.

If the agent decides to work as a bureaucrat, he can either be honest or dishonest. If the agent is honest, the payoff of the agent is: $\Pi_{\text{honest agent}} = (w_b + \theta)$. If the agent is dishonest, the payoff of the agent is: $\Pi_{\text{dishonest agent}} = (w_b + g + \theta)(1 - q)$.

Switching Point

θ_h is the cut-off the point for an honest motivated agent to work in the bureaucracy. For the market to be in equilibrium, an agent with lower than θ_h should prefer working for wages, and agents with higher motivation should prefer bureaucracy.

Proposition: When the opportunistic behavior of the dishonest bureaucrat goes undetected (i.e., the probability of being caught is zero), no one working in the bureaucracy will be honest.

Proof

We first establish results on the number of agents.

Bureaucrats would work honestly in the bureaucracy when the utility from being honest and motivated is greater than what the agent gets if he is dishonest and works in the bureaucracy, i.e. $(w_b + \theta) > (w_b + \theta + g)(1 - q)$

If $q = 0$ (the probability with which the opportunistic behavior of the bureaucrat is detected) then this would fail to hold $(w b + \theta) < (w b + \theta + g)$ (for any $g > 0$). Hence, $(w b + \theta) > (w b + \theta + g) (1 - q)$ (Substituting for $\theta = 1$). $q (w b + 1 + g) > g$

For $q < g$ $w b + 1 + g$ no-one is honest. Hence for $0 < q < g$ $w b + 1 + g$ no honest agent would work in the bureaucracy. Segment A: $x b = 1 + w b + g - g q n$ So $\partial x b / \partial q = n g - 1$ $q > 0$

This model proposition explains that a slight change in the wage (such that we do not have all bureaucrats, to be honest) will save in the cost of employing bureaucrats than a loss from some bureaucrats being corrupt.

Although a higher wage can decrease the motivation of a corrupted behavior it is not sufficient, therefore this paper claims that in addition to monetary incentives, Brazil needs a less bureaucratic environment and enforcement to build a culture of accountability. In my experiment design, I will ask Brazilians how the lack of enforcement, or the fact they can get away with 'Jeitinho' motivate them to consistently behave in the same way.

3. Experimental Design

This study uses a Natural Field Experiment design to answer the research question. The questions will focus on a choice task, considering decisions under uncertainty, risk aversion decision, loss aversion, irrational behavior according to the prospect theory (Kahneman & Tversky 1989).

3.1. Brazil: Setting & Sample

The experiment is set to take place in various areas of Brazil. We chose Brazil because it is a significant corrupted country. According to the most recent *corruption index*¹⁵

There are two parts of the experiment design. First a survey using Mturk in Portuguese, asking participant questions about what they consider to the corruption acts and Second Facebook posts about corruption and politics.

For the Mturk pilot of the experiment, the sample will consist of around 500 participants. Participants will be drawn from various areas to compare if individuals have homogenous or heterogeneous views regarding corruption. States of Rio de Janeiro, Sao Paulo, and Brasilia, known for corruption behaviors regarding Lava Jato, will have 100 participants each.

In addition to states less known for Corruption, Rio Grande do Sul and Rondônia. According to the Brazilian National ranking - Nacional da Transparencia Ministerio Publico Federal.

For the Facebook experiment, it is likely, that we will have less participants, depending on the level on engagement of individuals regarding the posts. Hence why, I decided to combine both experiments as part of design.

¹⁵ Corruption Perception Index (CPI) : <https://www.transparency.org/en/cpi/2020/index/>

3.2. Treatment

The main idea is to test if Facebook's users are more likely to express their opinion about corruption, and if it is triggered by peer pressure or show off. For the actual experiment the treatment, F.B. users will see a corruption-related post on the Facebook wall, where any reply is public (**Figure 1**), to see if they reply to the post or not.

Although this is a design only and the final experimental results will not be analyzed in this paper. This study sustains to the prior belief that people react in public settings to express their political opinion, in this case related to corruption and feed their egos by showing they are smarter and believe they have a more advantageous position.

In the control group, people will be exposed to the corruption post on the Facebook story, where a reply is private (**Figure 2**), to see if they reply to the post. This study has the prior belief that people who react in private are not motivated for their ego since not all the people will see their reaction (only the post author).

Because information-sharing drives vary depending on circumstances, risk appetite, social preferences, and prior beliefs, individuals will reply in public to show off; holding the belief, that it is not corruption.

These individuals tend to justify that their action is a result of what the majority do. Like paying a bribe to have a service expedite or taking advantage of a priority service, which they are not initially qualified for, these individuals somehow used connections to take advantage of it, an opportunistic behavior.

However, if we ask individuals about their opinion on individual behavior using 'Jeitinho'. Somehow many think their own behavior is justifiable because 'Jeitinho' is not really a hard corruption, compared to a politician stealing money. 'Jeitinho' is the means to deal with bureaucracy, it is part of the social norms.

On the other hand, individuals in power should be scrutinized, especially politicians, involved in corruption scandals.

A famous phrase in Brazil is “Eu roubo, mas faço” translated “I steal, but I do more (take actions to help citizens)”, first said by Adhemar de Barros, previous governor of the State of Sao Paulo, but it gained popularity with politician Paulo Maluf¹⁶, justifying his accusations.

If this experiment concludes that ego triggers people to express their political opinions in public settings, we wonder if this process is exclusive to politics. Because, individuals accused, most justify their behavior, holding the belief that is normal, some might admit the wrongdoing action in public, if caught, like politicians such as Maluf while most individuals are less likely to admit in public and might not even admit in private the wrongdoing action, as internally they believe it is not wrong, or corruption, the author believes.

For this research design, I would use a within-subject design, stealth¹⁷ approach to maximize individual responses (List 2021, Experimental Economics), having the following advantages: i) Autonomy from random assignment to achieve internal validity because we can observe both potential outcomes for each unit; ii) a substantial boost in statistical power; and iii) closer alignment to theories.

Nonetheless, it has some disadvantages, such as the time-varying factor and causal transience, which are less relevant to this experimental design, but I will be address later in the limitation section.

For this experimental design, political posts and nonpolitical posts must be randomized across F.B. accounts.

¹⁶ Brazilian Politician: <https://fernando-averdade.blogspot.com/2014/06/paulo-maluf-e-suas-melhores-e-piores.html>

¹⁷ Professor John List lecture on Experiment Economics, experimental design

With that in mind, we are using two within design experiments within a Randomized Control Treatment, RCT. To analyze the Potential channels previously mentioned.

- peer pressure
- opportunistic egoism.

Facebook channels do not require monetary incentives. Individuals have other beneficial utilities.

- Treatment to estimate mechanism.
- Treatment posts are public.
- Control posts are private.

Public servants, who work in bureaucratic environments, with a corrupted culture, where the majority or corrupted and following the corruption is part of the social norm, even if in disagreement, might be suffering from peer pressure, therefore they might be willing to share the information in private without judgment.

My hypothesis is that Individuals that prefer to comment in public are likely to exhibit self-centric behavior, potentially more egoistic and willing to find an opportunistic way to circumvent the law; using 'Jeitinho' and the philosophy of Gerson's Law, they seize the opportunities, driven by ego, and certain behaviors, which might be perceived as a soft corruption by most of the population. Still, for these self-centric individuals, it is not perceived as corruption at all.

On the contrary, they might be proud of taking advantage of a situation and are more likely to showcase in public, to show off. **Figure 3 presents the principal channels of this study.**

Individuals can choose to participate in public, private, or not respond, like the "utility of talking about Politics" (List 2016). Individuals' preferences to comment about corruption in public instead of private is more likely to represent a showoff behavior.

Yet with intervention in private, their motive is to relieve their peer pressure and less show off to others (in general, feed their ego), the treatment consists of comments on public posts; and further comments indicate the craving for recognition.

This experimental design would completely randomize political posts and nonpolitical posts across F.B. accounts, with a treatment to estimate the mechanism, then it would measure the outcome by simply counting the number of comments, as participants cannot reply, reply in private, reply in public. **Figure 4** resumes the research design.

This study would be a new contribution in the field; it could affect how political parties organize their strategies in an election campaign on social media. For instance, if someone who belongs to a specific political party (community manager) expects that people react negatively to public political comments, she should not comment in public because it would have many negative reactions.

To disentangle peer pressure and the social gains versus social pains of behavior like the peer group. My experiment design proposes a pilot, asking opportunistic questions on a crowdsourcing platform, such as Mturk. The questions come from an article (unknown author) related to Sergio Moro's anticorruption beliefs.¹⁸ Article about Corruption in Brazil. **Figure 5: Corruption Survey, translation (Appendix)**

This trigger mixed emotions and reactions among participants, an exciting experiment to stir the pot and get multiple responses to test our mechanism, channels,

¹⁸Sergio Moro is a Brazilian jurist, former federal judge, and college professor who served as Minister of Justice and Public Security for President Jair Bolsonaro from 2019 to 2020. In 2015 he gained fame in Operation Car Wash, a high-profile scandal of corruption and bribery involving government officials and business executives.

and interventions. Regardless of their views, it is a powerful message about personal accountability and ownership to mitigate corruption and diminish fallible actions, as part of the existing social norms.

3.3. Measure of corruption

In order to measure a corrupted behavior, we would use an individual willingness to act. Created by a bureaucratic environment, led by opportunism, and finalized by the individual certainty that the lack of accountability or the enforcement of rules and regulations will ensure no punishment will occur.

To reveal an individual willing to act for a specific condition of the situation, this would employ various methods, whereas individuals have a series of choices between a monetary reward in exchange for circumventing the law.

For instance, one of the choices shown in the following.

R\$ 200	Getting a driving license without passing the test.
R\$ 100	Not fining a citizen committing an infraction.
R\$ ¹⁹ 50	Expediting a process, like issuing an identification card.

Participants know that one of their selections will be random and with a monetary reward for participation regardless of their choices.

¹⁹ Dollar to Reais approximately exchange rate, \$1 = R\$ 5

This design goal is to measure what participants perceive as corruption and in what scenarios individuals would be willing to take a bribe if they were public servants. Or if individuals would be willing to pay a bribe to reduce bureaucracy to have a service that would benefit them.

3.4. Limitations

Some of the following features of this study facilitate (or not) its external validity. First, participants or units only need to have a social media account, Facebook in this case. However, the rest of the population might behave differently, therefore hard to infer how transportable results are. Still, in my opinion, this research design, I believe is an idea worth pursuing, as an economics experiment for a future paper

Due to the sample selection, the setting, and the use of Facebook accounts to post corruption comments in Portuguese, the participants responses and individual engagement might be limited. Using a within-subject design would increase the statistical power of the responses and the other limitations such as time-varying and causal transience would not impact this experimental design as much. For this design become as successful experiment in the future, my goal is to create new accounts, not related to my personal Facebook profile.

The account would start with not many followers until the reputation builds. The engagement strategy would consist in Post comments in political groups pages with similar beliefs to the desired sample target groups to trigger engagement, traction, reputation and overall increase the chances of having more individuals' responses. However, the main Empirical challenge would be to minimize the confounding of Ego/Recognition with show-off and peer pressure.

3.5. Future research

For further consideration, it would be helpful in future research to consider the link between social norms and corruption behavior. By randomizing between keeping participants' decisions private and making their decisions public, an experiment could determine what social norms drive extent corruption behavior. Studies on willingness to act in a more ethical matter can be repeated buy with an experimental design to help isolate the effects of social agreeability and how people are incentive to follow the law, instead of been penalized or feel like a fool for following what is right, when most are not penalized for wrongdoing.

It is interesting to understand why certain countries like Brazil are more likely lenient towards accepting corruptive behavior than countries less likely to accept corruption like the United States.

Moreover, hint at the underlying mechanisms of such a benefit of social accountability behavior. The problem with Brazil is that people who make the laws must enforce them. The positive-sum game hypothesis believes that the efficient mechanisms for competitive markets are the government intervention's incentives to achieve through industry policy objectives.

4. Conclusion

As a born Brazilian, my experience is that individuals have no rewards for following the rules because of the accommodating, and lenient culture of acceptability towards being late, justifications, and bending the rules, making the environment very complacent but not compliant to the law.

Although, I am not actually running this experiment, I would like to state, that if my hypothesis is correct, regulations should employ a different strategy, focus on educating others about the opportunity costs of individual architecture choice, showing the effect of individual decision making in the corruption overall, the domino effect, creating personal accountability and ownership, instead of relying on politicians, As suggested by Senator Warren in the introduction. In addition, disseminating corruption's financial impact and making it clear that offenders will be penalized, to build the culture of personal accountability that can reduce corruption in Brazil. Because corruption consistently diminish the chances of a country to grow, corruption increase uncertainty, it acts as tax investments, limits the growth.

Thus, daily situations without common sense create significant harm, precisely what legislation sought to prioritize. These examples showcase that been on time in Brazil or obeys the rules leads to no benefits because most will often find ways to circumvent the law, using 'Jeitinho'. It continues to exist because many Brazilians perceive their actions regarding circumvention of the law as non-corruption acts. Daily soft corruption acts intrinsically in the Brazilian culture are driven by social signaling and the misperception that using Jeitinho for personal benefit is not a corruption act; it is a social norm because the system is corrupted and does not work. Lack of individual accountability results in a snowball effect, creating a perpetuate culture of social acceptability towards corruption in Brazil.

This experiment can hint at how individual behavior is affected and which channels and mechanisms are most important in affecting corruption behavior. They could also determine how much bureaucracy and lack of enforcement play a role in the decision-making process for individual actions. The results can also provide insights ho how to approach and tackle corruption prevention in the future by creating incentives and an encouraging environment to promote individual accountability and legal grime work punishing circumvention of the law and enforcing legislation on every citizen.

This discussion makes clear the need for economic reforms.

4.1. Choices of Actions (fight corruption)

Macroeconomic stabilization essentially includes policy reforms like broad market liberalization, constituency build-up that favors competition, removing the discretion to provide soft credits and subsidies (Kaufmann, 1997). Microeconomic liberalization like creating a moderate, uniform, and simple tax rate, regimes with determined enforcements and without exemptions; reforms in the budget and the Government, which includes establishing financially sound and transparent expenditure and revenue mechanisms; institutional reforms like eliminating redundant agencies and ministries; reform, given the reforms are competitive and transparent. In civil service and legal reforms. “Setting up an improved civil service pay system, with adequate salary incentives and enforceable penalties for malfeasance, is also critical. Countries that have established a system of rewards for civil servants that is competitive with the private sector have also reduced corruption” (Kaufmann, 1997). Hence, this ends with a successful case study in Brazil, that is helping fighting corruption.

According to FGV²⁰ Ethics, there are ways to fight Corruption in Brazil with success. In 2004, the Departamento de Recuperação de Ativos e Cooperação Jurídica Internacional (DRCI), translated as Department of Asset Recovery and International Legal Cooperation, was founded, subordinated to the Secretaria Nacional de Justiça do Ministério da Justiça e da Segurança Pública, translated as the National Secretariat of Justice of the Ministry of Justice and Public Security. Its primary attribution is to integrate government bodies (executive, judiciary, and prosecutors) to fight corruption, money laundering, and organized crime and enable asset recovery and international legal cooperation. DRCI promotes the cut in the financial flow of criminal organizations by blocking and recovering funds sent abroad from Brazil. Despite having created a framework to streamline the process, there is still a delay in the transfer of resources blocked by repatriation (see the FGV Ethics graph regarding the example of Lava Jato). International cooperation is a crucial tool to allow the return of illicitly obtained resources to the injured country (Costa 2020). Ethics study details in the appendix.

²⁰ Fundacao Getulio Vargas, educational institution, Costa, Ligia Maura. Uma Forma de Combate a Corrupcao https://gvpesquisa.fgv.br/sites/gvpesquisa.fgv.br/files/arquivos/uma_forma_de_combater_a_corrupcao.pdf

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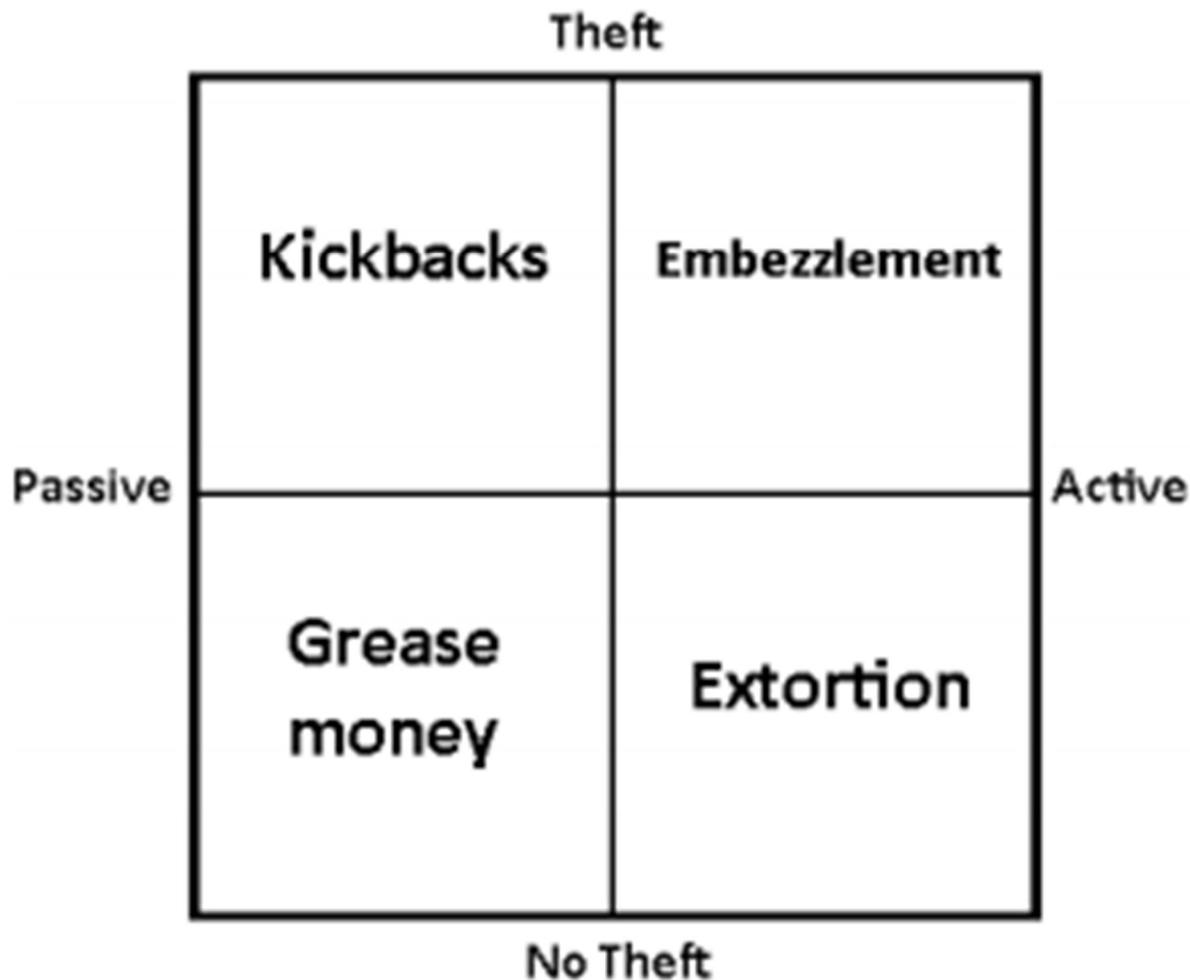
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Valor devolvido pela Lava Jato já ultrapassa os R\$ 4 bilhões. 2019.

Link: mpf.mp.br/pr/sala-de-imprensa/noticias-pr/valor-devolvido-pela-lavajato-ja-ultrapassa-os-r-4-bilhoes

Appendix

Figure A: The corruption matrix²¹



Matrix of corruption

²¹http://epub.lib.aalto.fi/en/ethesis/pdf/13745/hse_ethesis_13745.pdf

Pilot Experiment: Survey questions for Mturk

Quando você tem oportunidade de roubar R\$ 0,50 (cinquenta centavos) tirando fotocópia pessoal na máquina Xerox do trabalho, você não perde a oportunidade.

Quando você tem oportunidade de roubar R\$ 5,00 (cinco reais) levando para casa a caneta da empresa, você não perde a oportunidade.

Quando você tem a oportunidade de roubar R\$ 25,00 (vinte e cinco reais) pegando uma nota mais alta na hora do almoço para a empresa reembolsar, você não perde a oportunidade.

Quando você tem a oportunidade de roubar R\$ 50,00 (cinquenta reais) de um artista comprando um DVD pirata, você não perde a oportunidade.

Quando você tem a oportunidade de roubar R\$ 250,00 (duzentos e cinquenta) comprando uma antena desbloqueada que pega o sinal de satélite de todas as TV's a cabo, você não perde a oportunidade.

Quando você tem a oportunidade de roubar R\$ 469,99 da Microsoft baixando um Windows craqueado num site ilegal, você não perde a oportunidade.

Quando você tem a oportunidade de roubar R\$ 2.000,00 (dois mil) escondendo um defeito do seu carro na hora de vendá-lo enganando o comprador, você não perde a oportunidade.

E você não perde nenhuma oportunidade, devolve a carteira, mas rouba o dinheiro, sonega imposto de renda, dá endereço falso para adquirir benefícios que não tem direito etc.,

Bom, se você trabalhasse no Governo, e caísse no seu colo a oportunidade de roubar R\$ 1.000.000,00 (um milhão) com certeza, como você não perde uma oportunidade, iria aproveitar mais esta oportunidade.

Tudo é uma questão de acesso e oportunidade.

O povo brasileiro precisa entender que o problema do Brasil não são só a meia dúzia de políticos no poder lá em cima, pois eles, são apenas o reflexo dos quase 200 milhões de oportunistas aqui embaixo.

Os políticos de hoje, foram os oportunistas de ontem

Translation

When one has the opportunity to steal

R\$ 0.50 (fifty cents) by taking a personal photocopy on the Xerox machine at work, do you take the opportunity?

R\$ 5.00 (five reais) by taking home the company's pen, do you take the opportunity?

R\$ 25.00 (twenty-five reais) by getting a higher bill at lunchtime for the company to reimburse, do you take the opportunity?

R\$ 50.00 (fifty reais) from an artist by buying a pirated DVD, do you take the opportunity?

R\$ 250.00 (two hundred and fifty) by buying an unlocked cable that picks up the satellite signal from all cable T.V.s, do you take the opportunity?

R\$469.99 from Microsoft by downloading a cracked Windows from an illegal website. Does one take the opportunity?

R\$ 2,000.00 (two thousand) hiding a defect in your car when selling it, deceiving the buyer, do you take the opportunity?

Return a wallet but taking the money, evade income and property tax, give a false address to get benefits.

If one worked in the Government and have the opportunity to steal R\$ 1,000,000.00 (one million) comes to you, do you take the opportunity? Would one take this opportunity and more? It is all about access and opportunity.

The Brazilian people need to understand that the problem in Brazil is not just the half-dozen politicians in power; they are just a reflection of the nearly 200 million opportunists in the country. Today's politicians were yesterday's opportunists.

Main Experiment on Facebook Social Media

Figure 1: Treatment in which any reply to the post is public.



Figure 2: Control in which any reply to the post is private.

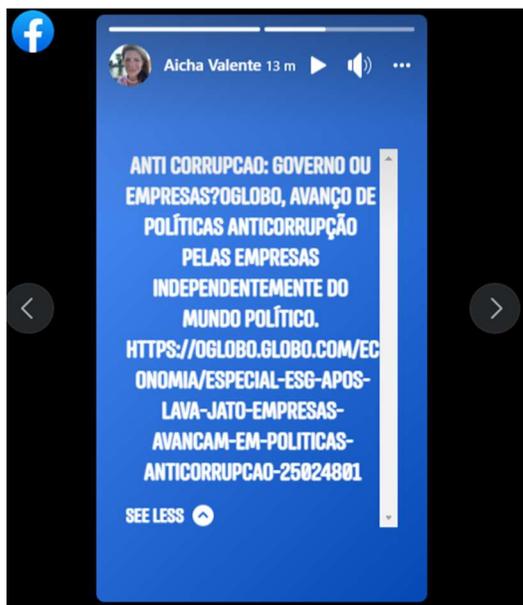
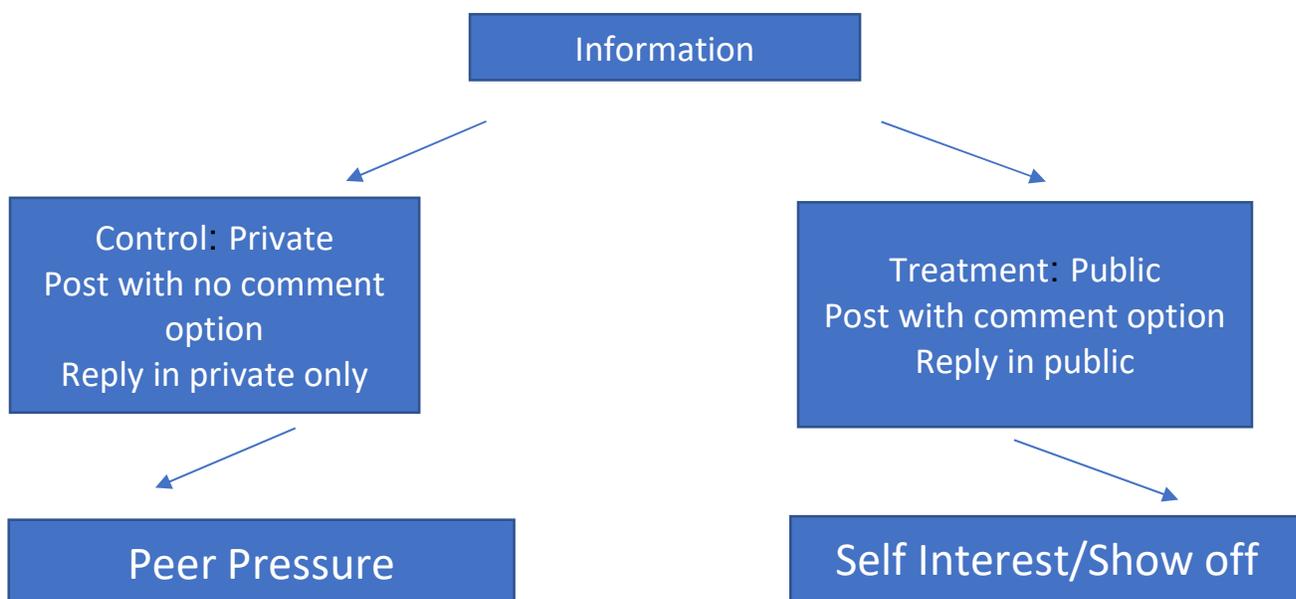


Figure 3: Channels, treatment, and outcomes

Conditions	No reply	Reply private control	Reply <u>public</u> treatment
Post	Do not care	Peer Pressure	Show off

Figure 4: Research scheme



Appendix Model

Proposition: When the opportunistic behavior of the dishonest bureaucrat goes undetected (i.e. probability of being caught is zero), no one working in the bureaucracy will be honest. For $q < g$ $w_p > g$ as there is an increase in q , the number of honest agents in the bureaucracy will increase, for $q > g$ $w_p > g$ (where $q \in [0, 1]$), as there is an increase in q the number of honest agents in the bureaucracy will remain constant. Proof: We first establish results on the number of agents. Bureaucrats would work honestly in the bureaucracy when the utility from being honest and motivated is greater than what the agent gets if he is dishonest and works in the bureaucracy, i.e. $(w_b + \theta) > (w_b + \theta + g)(1 - q)$. Lemma 1: We now prove the private sector wages that for $q < g$ $w_p > g$ as there is an increase in q , the private sector wages will increase for $q > g$ $w_p > g$ as there are an increase in q private sector wages will be constant.

Proof: Segment A : $x_b = \frac{1 + w_b + g - gq}{n}$ $w_p = \frac{1 + w_b + g - gq}{\alpha \lambda g (1 - n)^{\alpha - 1}}$
 $\frac{\partial w_p}{\partial q} = \frac{g}{2 \alpha \lambda g (1 - n)^{\alpha - 1}} > 0$ As we increase q private sector wages will increase.

We also explain in our proofs that $w_p > g$ $1 - q > q$ for $\frac{dx}{dq} = 0$, the inequality for private sector wages will not hold true for $q = 1$

Appendix of Brazilian Ethics study from FGV

EVEN IF CORRUPTS ARE CONSENTED TO PUNISHMENT DEPRIVING LIBERTY, THIS PUNISHMENT MAY BE LESS THAN THE BENEFITS OBTAINED IF THE VALUES ACHIEVED WITH THE PRACTICE OF CORRUPTION ARE NOT SEIZED²².

RECUPERAÇÃO DE ATIVOS NA LAVA JATO: BENS E VALORES BLOQUEADOS E REPATRIADOS (EM US\$)



QUESTIONS ABOUT WHICH THE DESTINATION OF THE RECOVERED RESOURCES SHOULD BE A NATURAL DEPLOYMENT OF INCREASED EFFECTIVENESS IN FIGHTING CORRUPTION AND, INSTEAD OF DIVIDING CIVIL SOCIETY, THEY SHOULD BE THE BASE FOR A CONSTRUCTIVE DIALOGUE.

DESTINATION OF RECOVERED RESOURCES

Where should resources from recovered corrupt practices go, whether in Brazil or abroad? Some maintain that fate would be the victims. Others argue that the injured

²² FGV Ethics study: https://gvpesquisa.fgv.br/sites/gvpesquisa.fgv.br/files/arquivos/uma_forma_de_combater_a_corrupcao.pdf

companies would have the right to receive the amounts stolen from them to pay bribes. There are still those who understand that the amounts should go to the Tesouro Nacional, translated to the National Treasury. Under Brazilian law, it is exclusively up to the judge to determine the destination of the recovered illicit resources, considering the general and flexible provisions provided by the Código Penal, Código de Processo Penal e pela Lei de Lavagem de Dinheiro, translated as the Penal Code, Code of Criminal Procedure, and the Money Laundering Law (Law No. 9,613/98).

The money recovered from the Corruption of Lava Jato has compensated for injured individuals and legal entities. For example, in the case of Lava Jato Curitiba, returns of more than 1 billion reais to Petrobras were authorized because the company was considered a victim of corruption crimes committed. In Lava Jato Rio de Janeiro, 250 million reais were assigned to the State of Rio de Janeiro and served to pay thousands of pensioners and retirees with the 13th salary/arrear (additional bonus salary, generally paid at the end of the year).

Also, at Lava Jato Rio de Janeiro, the same judge decided to give a different destination to other recovered resources, signing a technical cooperation agreement with the Ministério da Educação, o Fundo Nacional de Desenvolvimento da Educação e a Secretaria de Educação do Rio de Janeiro, translated to Ministry of Education, the National Education Development Fund, and the Rio de Janeiro Department of Education to reform the schools in the state of Rio de Janeiro.

The most recent controversy involved part of the billion-dollar indemnity paid by Petrobras to the U.S. government, which returned to Brazil because of an unprecedented agreement signed between the Ministério Público Federal, translated as the Federal Public Ministry, and the United States government, now managed by a private-law foundation, the bottom of the Lava Jato. According to the Federal Public Ministry, the fund's objectives were to pay compensation to Petrobras shareholders in Brazil and, alternatively, promote activities that would strengthen the fight of Brazilian society against corruption. The first instance decision was appealed and, after a long impasse involving

the Lava Jato task force, a Procuradoria Geral da República (PGR), o Congresso Nacional e o próprio Supremo Tribunal Federal, translated as the Attorney General's Office (PGR), the National Congress, and the Federal Supreme Court of Brazil.

On September 5, 2019, a decision was that part of the 2.66 billion reais of the fund would go to the Amazon and the other to education. On March 22, 2020, this determination changed. In response to the request of the Attorney General's Office (PGR) with the consent of the presidentes da Câmara dos Deputados e do Senado, translated as the Speaker of the House and Senate, the 1.6 billion then allocated to education were reallocated to the Ministério da Saúde, translated as the Ministry of Health, for the financing of actions to contain and mitigate the Covid-19 pandemic. Given the uncertainties arising from the allocation of such ample resources recovered from illegal practices, Brazilian Senate Bill No. 765/2015 provides for the creation of an exclusive fund to fight corruption, fueled with resources from fines applied to companies involved in the scandals, however so far this bill has not prospered.

Ethics conclusions:

Expanding the alternatives for detecting and punishing corrupt practices is a fundamental need for the State. Moreover, the possibility of recovering illicit assets alters the incentives linked to corruption. If this will be a reality, it is an open discussion; the fate of the diverted resources is uncertain. Does the injured, legal entity have any primacy? Should the resources be allocated to the general budget, or a special fund created or already existing? Such questions are a natural consequence of the increased effectiveness in the fight against corruption and, instead of dividing civil society, they should be the basis for constructive dialogue and for advancing the mechanisms of ethics and integrity in the State. Corruption exists, has always existed, will continue to exist, and no one is free from it, but diminishing the economic advantages resulting from corrupt behavior by improving the options for recovering illicit assets increases the chances of a better future for the generations to come.

Word Count: 9324