

ANALYZE AND PREVENTION WAYS OF THE ECONOMIC AND POLITICAL CORRUPTIONS IN ENGINEERING OF DEVELOPED STATES MANAGEMENT SYSTEMS AND INTERNATIONAL COMMERCIAL ARBITRATION COURTS AS AN EFFECTIVE MECHANISM OF ANTI CORRUPTION TO INCENTIVE FOREIGN INVESTORS

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Abstract:

Today corruption and fighting with corruption is one of the most important fundamental points in states around the world. Also, the economic and political corruptions are known as a crime forms. Crime is the action that violates law. In other word, any action which it is prohibited and cause to penalty by law is crime.

International organizations called the financial and political corruptions as state management worriness and one of the most important reasons concerning lack of development in a state. As much as the political and economic corruptions rise up, the level of national security of a state decreases.

The most fundamental economic and political anti corruption activates are:

- Creating employment options and decreasing unemployment;
- Fair distribution of opportunities and fighting against bribery;
- Preparing minimum standard level of life for all people of a state;
- Fair judicial system.

This article is titled as the “Analyze and prevention ways of the economic and political corruptions in engineering of developed states management systems and International Commercial Arbitration Courts as an effective mechanism of anti corruption to incentive foreign investors”. Therefore, plan of the article will be as follows:

- Entering to the legal conceptual literatures, then explaining the economic and political corruptions that stops development and they are bases of other corruptions;
- Pointing to the types, levels and definitions of the corruption in some countries;
- In summery explaining the effective reasons of the economical and political corruptions;
- By comparing corruption levels in developing countries, we explain you the consequences and the effective ways for fighting this destructive phenomenon;
- International Commercial Arbitration Courts in summery;
- How the International Commercial Arbitration Courts may be as an effective mechanism of anti corruption.

Key words: crime, economy corruption, political corruption, development, International Commercial Arbitration Courts, effective mechanism of anti corruption.

Introduction:

Today, corruption is one of the common words in economic and political modern literatures. This word first of all used by the Aristotle and later on used by the Cicero. Corruption is illegitimate use of public power to benefit a private interest.

The main reason and subject of the economic corruption (it is related to public sectors) is among state administration managements and this type of corruption is because of trade limitations, industrial subsidy, controlling prices, different currency rates, low level of state and trade employees' salary while the government has natural resources. Generally, economy corruption may cause decreasing of investment, slow economy development and finally it lacks economy development targets of a state also, state tax incomes and public servicing.

The main politics of fighting and reforming economical corruption are forming anti corruption organizations; increasing public sectors salaries, limiting government in economy activities, accrue accounting and auditing in governmental sectors, independence of media, independence of judgment system, citizen cooperation in public activities, decentralization and changing society culture by providing new healthy codes. These factors may help to stable state economy and finally cause economical growth and prosperity. International organizations called the financial and political corruptions as state management worriness and one of the most important reasons concerning lack of development in a state. As much as the economic and political corruptions rise up, the level of national security of a state decreases.

The International Commercial Arbitration Court (ICAC) is the main instrument in for fighting with corruption in dispute resolution areas and as much as the ICAC of a state is developed, foreign investment chance increases.

The economy and political corruptions are the main barriers of stabilizing a state in developing countries. In continue we explain this subject more widely.

➤ **The meaning and concept of corruption:**

The corruption in word means ruin. The corruption came from Latin word "rumpere" that in English language means "break". Thus, in corruption something breaks or violate. This thing may be a moral behavior way or a law or even an official rules. The World Bank defines the corruption as; "the illegitimate use of public (government) power to benefit a personal interests". According to this definition, any kind of corruptions as small or big in economy or/ and political areas shows inefficiency of a government. The kinds and levels of corruption are different between states. Totally, incorrect connection between wealth, power and value cause corruption. Corruption is the result of economy and political illuminati collision.

The main reason of corruption is inefficiency of a government. As the corruption is at the opposite with development, countries which they are going to develop must move forward with out or at least with low level of corruption.

Always, there is reverse connection between right use of power and territory in a state and development of the corruption, as when ever government used the power right, the corruption level comes down.

Usually in corruption something violates, in a corrupted society, the political and social rights of people are violated.

The main reasons of the economy corruption are related to governmental posts in a state economy sector and includes of:

- Commercial limitations or sanctions;
- Industrials subsidiary;

- Controlling prices;
- Different currency exchange rates;
- Low level of state and trade employees' salary while the government has natural resources.

Generally, economy corruption may causes decreasing of investment, slow economy development and finally it lacks economy development targets of a state also, the economy corruption decrease state tax incomes and public servicing.

The main politics of fighting and reforming economic corruption are forming anti corruption organizations; increasing public sectors salaries, decreasing government in economy activities, accrue accounting and auditing, independence of media, independence of judgment system, citizen cooperation in public activities, decentralization and changing society culture by providing new healthy codes. These factors may help to stable states economy and finally cause economy growth and prosperity. International organizations called the financial and political corruption as state management worriness and one of the most important reasons concerning lack of development in a state. As much as the political and economic corruptions rise up, the level of national security of a state decreases.

In 20 century (1990) wide ranges of anti corruption economy methods provided to developing countries as; encouraging international trade; privatization of factories, governmental industries and companies; investment in public sectors like education but these countries did not developed fast and their national income was decreased. The main reasons of this subject (specially Privatization) was very high level of corruption in this countries an some parts of international financial helps were taken illegally by politicians and governmental organizations. Corruption crimes in all over the world do their best to survive themselves of law limitations like:

- Buying judges;
- Hiring professional and chaptered lawyers,
- If a journalist wants to bother them, they get of them from their way by different methods;
- They are careful that no intrusion agent get in their corruption activities;
- The most important one is that they connect politicians to themselves as the politicians may not do any activity for fighting with corruption.

The horrible situation is when corruption crimes take governmental power and in front of many cameras (mess media) reads a beautiful lecture about fighting with corruption!

In a general view we may say the law punishments of corruption are:

- For usual people:
 - Returning the embezzlement or bribery;
 - High amount of ticket;
 - Prison or even in some countries execution;
- For government employees:
 - It may be all as for usual people;
 - Dismissal of current position;
 - Disconnecting of governmental jobs for many years.

Any way, we must consider that the corruption action may deeply effects on economy and political current trends in a society.

➤ **Corruption Perceptions Index:**

The Corruption Perceptions Index (CPI) is a nongovernmental organization which established on 1993 in Germany (it has a branch in the UK) with the aim of fighting with corruption. The corruption perceptions index project first of all made by Mr. Lambsdorff on Jun 1995 and presented in CPI. In this index countries reviewed and evaluated according to the corruption levels and annually a list of countries considering to levels of their corruption.

This index shows corruption demands and, the result is combinational index that by different areas and documental exam (valuating) and view of some businessmen, economic analysts, politics and governmental sectors top management earns. It shows health index of countries from zero to ten and how much the rate be close to ten shows a country is healthier with low level of corruption.

CPI is an index for corruption and measure bribery. The CPI lately provided an index called Bribery Payers Index (BPI) that shows supply level of corruption at the opposite of the CPI index that shows demands of corruption. Generally, the BPI is an index of bribe payer and CPI is an index of bribe receivers.

➤ **Corruption and its consequences:**

Financial and economical corruptions are crime. The World Bank defines the financial corruption as the illegitimate use of public (government) power to benefit personal interests. The international organizations since 1990 have had special mention to the corruption matter and as the main actions may call the United Nation Anti Corruption Convention on the October 31, 2003 that signed by 133 states.

The index of corruption proof is deviation from social morality and accepted norms. Usually, economy crimes when happening by state sectors management collusion may be qualified as the administrative corruption.

Bribe, illegal payments, buying votes, illegal supports to electoral candidates, fraud, illegitimate use of governmental power and braking covenant, embezzlement and wasting government moneys are corruption activities. Many countries defined these corruptions as crime and there are public punishments.

The most vulnerable part of a society in any corruption is poor level of the society as by illegal withdrawal of governmental money or economy resources may cause lack of capital in public sectors like health care, education, public transportation, and police services. Additionally, corruption may cause decreasing investment or escaping capital from a state. This issue will create national or international development destroying problems like human rights violation, social and economical inequality, fraud and stealing the budget.

➤ **Corruption types:**

1- Corruption based on public opinion of society:

The cultural and moral value of each society is different with other society and in each society these values will change by passing time. In this regard, an action in the context of the administrative-governmental activities reveals corruption as people of society see it immoral and harmful.

2- Corruption based on public interest of society:

Some investigators consider administrative corruption as a set of measures taken by public officials and government officials to harm the public interest and, they know that, it has been beneficial to an agent or to the third party who hired the agent to do.

3- Administrative corruption based on the role of social and family affiliation in state employee decisions.

4- Corruption based on organizational level:

The corruption of the state top managements, the ministers and the high-ranking officials is called macro corruption and, government low level authority employees corruption called small corruption. Without controlling macro corruption controlling small corruption is impossible!

5- Systematic corruption:

Systematic corruption is a situation that amount and receiver of bribe are specified and paying the bribe grantees the corruption that ordered by payer of bribe. Some experts arguing that the systematic corruption may hurt society less because an oligarch interested in a specific profit of a organization and their interest is connected to organization growth.

➤ Corruption areas and reasons:

Occurrence of corruption is subject to existence of two factors intention and opportunity. Some of triggering factors that lead to formation of the intention to commit corruption are:

- 1- *Financial problems;*
- 2- *Conduct and attitude of group that may encourage corruption;*
- 3- *Dissatisfaction and disgust;*
- 4- *Pressure from colleagues.*

Government intervention in the free market is one of the corruption sources. How much a market environment is less competitive, level of corruption of encouraging government employees to take monopoly rents share via bribery will be high. Occurrence of poverty in societies has direct connection with interference of governments in economy of those societies. One of the fundamental ways of fighting with corruption is limitation of government economy action and encouraging private sector to take part in economy actions via economy liberation. Implementation of the economy liberalization program requires preconditions and reform of economic structures.

Reforms, privatization, creating competition areas, free economy, decentralization and engineering a planning government, may push the economy closer to potential capabilities and increasing production.

These reforms as a result of reduced taxes may reduce government revenues. Also, in an effort to maintain macroeconomic stability, the governments may reduce social spending or introduce new taxes that may have an adverse effect on poor people in society. Reducing high tariffs also may decrease corruption and contraband motivations. But, decreasing tariffs may cause decreasing government incomes.

Corruption is effect of poverty and discrimination in a state and, these two effects shows government inefficiency. Also, government legitimacy saves by government efficiency.

In states with high levels of corruption, the proportion of people living below the poverty line is also high. Poverty and insufficient (low) salaries may be called as the reasons of tiny corruptions in society. How much the comparative salaries in governmental sectors are higher, the motivation of employee to avoid corruption is more as they mention to the risk of loosing their job. Thus, the presumptive corruption expenses will be high and this point decreases level of corruption. On the other hand, if the corruption increases in a society, the level of government incomes like taxes decrease and government will be limited or unable to pay suitable salaries. Corruption and instability in a state system are both sides of a coin.

Undemocratic organs also increase potential capability of corruption in a state. How a state is developed and people may cooperate more with a government, level of corruption will be lower.

➤ **Corruption, politicians and political systems:**

In authoritarian regimes, corruption has directly relationship with human rights violations. Beside, the democracy requires responsibility. In a democratic system, there are two types of responsibilities:

- Political responsiveness;
- Administrative responsiveness.

Freedom of media will also be helpful in fighting with corruption. The existence of an independent, powerful and efficient judiciary system to fight against administrative, economic and political corruptions may clearly aims to provide a favorable environment for healthy economic activities, transparency for people economy activities. Also, it is imperative to protect the rights of people and prevent destruction of public property. A politician may resort to contaminated measures includes of corruption to achieve political goals. The political structure of a society determines the level of power and responsibility of politicians, also in this way may affect on benefits and costs of corruption for every politician.

In a society, how strong freedoms of expression and media, also people are are powerful in choosing politicians, the politicians to keep their political position and social image, will commit less corruption.

Other effective political factors to control or deployment of corruption in a society are the level of political determination of politicians and their support to fight with corruption.

Political parties have a special place to establish of democracy in a society and lack of them may compromise the democracy. Usually the political parties need to financial resources to continue their activities. One of the reasons that politicians contaminate corruption is their political expenses.

Today, corruption has become a new form in which oligarchs manipulate politics and policies in a false sense and design their rules entirely for their own benefit. Such behavior is conquering of government. The corruptions caused by conquer of government shows disability and inefficiency of a government. As the corruption is attempting to influences on shaping and approving of rules and regulations. The enterprises that pay for conquering of a government called hirer companies.

Usually, the epidemic of conquering of a government happens when the companies confront with violation of intellectual property, competition limitations, non economy liberation and etc.

The conquering of economy may cause relationship instead of meritocracy and influence instead of innovation in a governmental system. For example, corruption in governmental purchases and tenders.

Unfortunately, in states with high level of corruption statistics of children death and dropout are high, because the corruption may rise up the expenses of health care and education!

There is direct connection between government interference in economy and level of corruption. The European states experience shows that these countries after the I - II World War had started strong efforts for developing government ownership as nationalizing industries and services. The result of that nationalism was inefficiency of governmental companies to raise them up and finally the slogan of nationalism changed to non nationalism of industries and services and backing to privatization mechanism. But in developing states privatization mechanism has argued that, the price mechanism in these countries does not works well and, there is no good guide for optimal allocation of market capital or conceptualization and production factors or there is not essentially a modernized market system. These matters caused in most developing counties, the governments are responsible for broad-based activities across multiple networks through exclusive channels. The comparative

advantage of government in this mechanism is in activities that naturally are not done by market or out of market areas activities.

One of the reasons of tiny corruption is poverty. But this is not true in macro corruptions and naturally macro corruptions are reason of poverty. Thus, developing corruption causes increasing poverty and state income unfair distribution. Additionally, increasing of the corruption level may increase expenses and decrease investment motivations, this matter may increase unemployment rate and exacerbating of poverty. If the population in a state is high then the chart of the poverty rises up and employment slopes worryingly.

➤ **Major types of economical and political corruption:**

Corruption and economic crimes cause poverty, deprivation and lag in a society. The most important types of corruption and economic crimes or white collar crimes are:

- Receiving bank facilities in corruption ways;
- Non fulfillment of obligations after received baking facilities;
- Collusion and neglect in monitoring of the bank facilities and control over their corruption;
- Money laundering;
- Bribery;
- Embezzlement (governmental top managements);
- Interference in government deals, tenders and auctions;
- Collusion and fraud in customs duties payments;
- Receiving commission in state deals;
- Tax fraud;
- Failure to receive tax and other state interest from tax payer;
- Utilization of public sector information in favor of person economy interest;
- Illegal seizure of state properties;
- Collusion and fraud in opening of currency credit;

Most of these corruptions and crimes are committed by the owners of state power and wealth through leasing information and close relationship with those who they are responsible for the flow of the economy and government revenue.

➤ **Relationship between corruption and economic growth:**

Theoretical literature on the relationship between phenomenon of corruption and economic growth can be divided into two groups:

- First, theories that say: corruption is capable of bypassing the inefficient and inflexible laws and regulations imposed by the state (especially in less developed countries) and, will lead to increased economic growth;
- Second, theories that say: corruption is as a harmful force to market and may cause decreasing market growth.

Corruption control has a positive effect on the economic growth of countries with middle and high income and, corruption control has a negative effect on the economic growth of low-income countries.

Generally we may divide countries in three income categories:

- High-income countries are countries with 10066 USD and higher per capita income;
- Middle-income countries are countries with per capita income of between 10066 \$ and 825\$;
- Low-income countries are countries with less than 825\$ per capita income.

➤ **The relationship of financial corruption and inefficient bureaucracy:**

The Ducklass North said, institutions are the rules of game in a society and they are keys to understand historical changes, they have a strong impact on economic performance, and also the different performance of economies over time has been affected by the institution change. The key to understanding social-economic damages, such as corruption must to be found in the form of institutions. The Corruption in relation with governmental activities defined concerning the top managements with some monopolized rights.

Gary Becker the Nobel Prize winner believes that, if we remove the government, corruption will be eliminated, and the major share of corruption in a country is related to government or happens in government.

Where there is an inefficient and costly administrative bureaucracy, the economic rationality pushes economists to a less cost-effective way, and they try to choose a method that requires less cost. Here, the governmental corruption may be called as an alternative option instead of passing long and tedious administrative ways; and it will gradually become the game rule of the economic agents. This new and informal rule, do not considering cheap, passive and misleading points but it is more effective than legal ways, especially in countries that they are saddened by inefficient bureaucracy.

In states that they use simple and well-established rules, they have transparent, quick and inexpensive governmental administrative systems. The corruption acts as a barrier to economic growth and, controlling the corruption has a positive effect on economic growth. But the complicated and variable rules, ambiguous administrative processes, time-consuming and costly, may cause that the corruption reduce the costs of commercial and industrial sectors and also increasing production.

➤ **Corruption and anticorruption activities in other countries:**

Over the past two decades, many anti-corruption initiatives have been implemented among judiciary systems and others law enforcement sectors; also, subsequently corruption cases exposing have become more widespread. This issue has mentioned only in national levels of some states like Italy, Ireland, Japan, CIS countries and Spain; but, in some other states also mentioned in international and transnational levels for example, the EU's anti-corruption strategies in the Former Soviet Union.

After many years of searching by researchers, experts and politicians have come to the conclusion that corruption is a major obstacle to peace and stability; sustainable development; democracy and human rights around the world. Developing the corruption, threatens stability and security of societies, economic, social and political development and may weak the moral and democratic values of a society. Now, the world knows that, an efficient, justify and effective government depends on the level of fighting with corruption. In the following, we introduce you some anti corruption experiences in different countries:

A) China:

China should be at the top of the countries where corruption is widespread and punishable by severe executions, and sometimes the government use executions for prevention of the corruption. According to estimates, almost 35% of companies in China acknowledges that bribes or gifts have been paid to governmental top managements to advancement of their work and, the governmental top managements doing corruption in most of wealthy regions, and the capital as well.

The question is why with such a heavy punishment, there is still a high level of corruption in China and many government officials are violating anti corruption laws? The answer is that, there is lack of controlling or oversight on the governmental power and also, lack of democratic choices and weakness in freedom of expression.

B) Vietnam:

In recent years several Vietnamese bankers have been sentenced to death. One of them was the 57 year old director of the Development Bank of Vietnam, who received \$ 89 million in counterfeit loans. Another other case was a person who had been scammed for \$ 25 million; also Don Chi Dong was executed in December 2013 concerning this case. Executions in Vietnam are by firing squad. The Vietnam government wanted to use injection but the EU disagreed. Today for 29 types of crimes in Vietnam use the execution punishment, that 5 crimes out of these 29 crimes are related to economic corruption like fraud, embezzlement, smuggling, counterfeiting and bribery. Between 2003 to 2006, 12 bankers were executed in Vietnam [Coffey, 2014: 6].

C) India:

If someone in India takes possession of property illegally, they will be sentenced to two years imprisonment or compensation, or both of them. But if they are government employee and abusive their legal personality, they will receive up to 7 years imprisonment and compensation. In India the worst punishment for corruption crime is when they are in state job and committed embezzlement or money laundering in their governmental job areas; in this case the corruption crime in addition to pay compensation may be sentenced to life imprisonment.

D) Malaysia:

The Malaysian Anti-Corruption Committee is an independent and transparent on combating all forms of bribery-related to corruptions which it was set up in 2009 under the new Anti-Bribery Act of Malaysia.

Maximum of twenty years prison and compensation as a five times more than the amount of bribes or 10000 Ringgits are punishment of corruption crime in Malaysia. This committee in its research on the motives of governmental executives' corruption concluded that the low salary was not impact on this field and, the main motives are: to have a lifestyle beyond the facilities; to have greedy desires; suitable opportunities for bribery and weakness in trustee and honor [Transparency, 2014: 78].

E) Singapore:

The punishment for economic corruption in Singapore is compensation of 100,000 dollars; in addition returning of the embezzlement amount and maximum of five years imprisonment or both. In government jobs, this imprisonment may increases up to 7 years. The state employee corruptor is dismissed from their position; their salary and retirement also will be cut off and also, decreasing the corruption governmental degree [Cliford, 2014: 3]

F) South Africa:

On 2004 the law on the Prevention and Combating Corruption was ratified. According to this law, the corruption perpetrator could be sentenced for life imprisonment. Additionally, the corruption crime will be obligate to pay as compensation of three times more than the scam. According the amendment act of the South Africa criminal code ratified on 1997, if the corruption crime (prime suspect) amount of corruption will be more than 500 000 Rand violation and also, the corruption crime partner amount of corruption will be more than 100 000 Rand violation or a judicial in charge person take bribe more than 10 000 Rand may be in prison up to 15 years.

The Corruption Watch organization as an independent organization in South Africa announced that, in the first eleven months of its activities, totally received 1227 corruption and embezzlement complain cases which they were reported to the government in charge organizations, these information receive via email, SMS, fax, post, Facebook and etc. These complain was investigated

and the result was informed the applicants. From 1227 case, 34 percent was connected to the municipalities, 32 percent was connected to the provincial offices and 16 percent connected to the central government agencies [Nduku and Tenamwenye, 2014: 10].

G) Kenya:

According to the article 48 of the Kenya Criminal Code, person with the corruption of embezzlement case may be compensated up to 1000 000 Shilling and be imprisonment till 10 years. Also, the corruption crime must pay back the state two times more than the embezzlement amount as compensation.

Lately, submitted a law project of execution for embezzlement, the reason of such penalty was: 1- the punishment must be proportional with the crime that hurt public property; 2- the penalty must be deterrent for such corruption.

Amount of 1.2 million Shilling embezzlement of the Olive Communication Company concerning buying tender of lap top for Kenya schools; amount of 1.7 billion Shilling embezzlement in sale of the Kenya embassy in Tokyo; and amount of 60 million Shilling scam by a leasing company that according to the Goldenberg caused loose of 27 billion Shilling for Kenya economy, are only three samples of the Kenya corruptions in last ten years.

Some of governments have imposed heavy penalties for the economic corruption; however, their officials by receiving bribe or other reasons ignore embezzlement and fraud or release the cream before applying court or in court.

H) Hong Kong:

This country on 1960-1970 was involved with state corruption as for example police officers asked for bribe from people directly and government employee did not do anything without bribe. Therefore, an independent commission of anti corruption established contains of professional specialist from the Ministry of Justice, the Judicial System and the Law Enforcement System. The head of this commission was responsible to report and answer for the governor of Hong Kong.

The commission was contained of professional investigation unites and, detection of the corruption network in the Hong Kong police caused happiness and trust of people to this commission.

This commission continuing and up to dating the program of corruption fighting with people and always welcoming professional experts also, the Hong Kong government divided enough budget for development of the commission. All the results of actions of this commotion are available and clear for people due media.

➤ International Commercial Arbitration Court:

International Commercial Arbitration is a way of dispute resolution in commercial law which it is technique for the resolution of dispute in context of international commercial transactions outside the national courts.

The parties to dispute refer to international commercial court of arbitration according to agreement of arbitration or, annex to commercial contract (for instance sell, buy, servicing or etc) or, clause in their commercial contract which agreed before between the parties. The parties may agree about language, state law of arbitration and also, they specify quantity of arbitrator(s). Case may be heard by "solo Arbitrator" or "three Arbitrators". In fact all these points must be agreed by the parties.

The parties are granted concerning enforcement of commercial arbitration court award in their state by:

- The UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958);
- The European Convention on International Commercial Arbitration (Geneva, 1961).

Some other relevant international instruments are:

- The Washington Convention of 1965 (governing settlement of international investment disputes);
- The Washington Convention (ICSID) of 1996 for investment arbitration;
- The UNCITRAL Model Law on International Commercial Arbitration of 1985, (revised in 2006);
- The UNCITRAL Arbitration Rules (providing a set of rules for an ad hoc arbitration).

International commercial arbitration is not the same as:

- National commercial judicial proceedings;
- Alternative dispute resolution (ADR);
- Expert determination;
- Mediation as a form of settlement negotiation facilitated by a neutral third party.

Some of advantages of applying commercial arbitration court are:

• Parties often seek to resolve disputes through arbitration because of a number of perceived potential advantages over judicial proceedings:

• In contrast to litigation, where one cannot "choose the judge", arbitration allows the parties to choose their own tribunal. This is especially useful when the subject matter of the dispute is highly technical: arbitrators with an appropriate degree of expertise (for example, quantity surveying expertise, in the case of a construction dispute, or expertise in commercial property law, in the case of a real estate dispute) can be chosen.

• Arbitration is often faster than litigation in court.

• Arbitral proceedings and an arbitral award are generally non-public, and can be made confidential.

• In arbitral proceedings the language of arbitration may be chosen, whereas in judicial proceedings the official language of the country of the competent court will be automatically applied.

• Because of the provisions of the New York Convention 1958, arbitration awards are generally easier to enforce in other nations than court verdicts.

• In most legal systems there are very limited avenues for appeal of an arbitral award, which is sometimes an advantage because it limits the duration of the dispute and any associated liability.

It is often easier to enforce arbitration awards in a foreign country than court judgments. Under the New York Convention 1958, an award issued in a contracting state can generally be freely enforced in any other contracting state, only subject to certain, limited defenses. Only international arbitration awards are enforced pursuant to the New York Convention. An arbitral decision is international where the award was made in a state other than the state of recognition or where foreign procedural law was

used. In most cases, these disputes are settled with no public record of their existence as the loser complies voluntarily, although in 2014 UNCITRAL promulgated a rule for public disclosure of investor-state disputes.

Article V of the New York Convention provides an exhaustive list of grounds on which enforcement can be challenged. These are generally narrowly construed to uphold the pro-enforcement bias of the Convention.

There are several international legal documents on fighting with corruption but the main point is these documents may be effective by adoption and/ or ratification in each state anti corruption mechanism.

Accusations of corruption usually arise and are prosecuted in accordance with national law by law enforcement agencies of the state in national courts. Means and methods of combating corruption include measures of criminal, administrative, as well as material responsibility, which, of course, gives its positive result. Nevertheless, the main factor that excludes manifestations of corruption remains the factor that corruption is excluded when the very constitution of the state and society is free from corruption.

Accusations of corruption usually arise and are prosecuted in accordance with national law by law enforcement agencies of a state in national courts.

Any government interested to increase foreign investment level in its society. Today in modern societies International Commercial Arbitration Courts are as one of the instrument of fighting with national courts corruption.

The International Commercial Arbitration Court is a economy dispute resolution of a state and countries interested to develop foreign investment try to keep their regulation more up to date according to reformed laws.

Considering to the explained short summery about the International Commercial Arbitration Courts as, choosing arbitrators (citizen or from other countries), language, litigation, seat of arbitrator(s) by the Parties; and also, international laws that grantees execution of the award, it is clear that a dispute Parties are interested to resolve their dispute via international commercial arbitration courts; because there is very low level of corruption and Parties have freedom to choose under their own responsibility.

This is one of the main points that make foreign investors will be more interested to invest in a country.

Therefore, the International Commercial Arbitration Court may act as the one of the most important and best mechanisms of fighting with corruption and to incentive foreign investment.

➤ **Conclusion:**

As pointed, corruption in the word means ruin, disintegration and destruction; and, in the term means the illegitimate use of public (government) power to benefit a privet interest and, corruption mostly happen in public sector especially governmental sectors happen.

The economy and political corruptions are some shapes are crime and the crime is any action that violate law, on the other hand any action that according to exist penalty is crime.

International organizations called the financial and political corruptions as state management worriness and one of the most important reasons concerning lack of development in a state. As much as the economic and political corruptions rise up, the level of national security of a state decreases.

The International Commercial Arbitration Court (ICAC) is the main instrument in for fighting with corruption in dispute resolution areas and as much as the ICAC of a state is developed, foreign investment chance increases.

In 20 century (1990) wide ranges of anti corruption economy methods provided to developing countries as; encouraging international trade; privatization of factories, governmental industries and companies; investment in public sectors like education but these countries did not developed fast and their national income was decreased. The main reasons of this subject (specially Privatization) was very high level of corruption in this countries an some parts of international financial helps were token illegally by politicians and governmental organizations.

Some examples of corruption activities are like; bribery, illegal payments, buying votes, illegal help of election candidates, misuse of power and abjuration, embezzlement, liking of governmental founds. The criminal laws of many countries, considered penalties for corruption. Highest effect of corruption is on poor level of a society; illegal withdrawal of the government budget or economy resources may cause that national resources will not assign to public sectors like health care, education, public transport services and/ or law enforcement agencies. Additionally, the corruption may cause decreasing of foreign investment or even escaping investors from a state. These subjects may cause national and international development ability distractive problems like human rights violation, economic and social inequalities, fraud, embezzlement and financial jobbery.

Corruption crimes may be dividing to two types as; small corruption and macro corruption.

Small corruptions are like thieves, small smugglers, embezzlers of small amount and non professional crooks. Main reasons of small corruptions are unemployment, financial and cultural poverty; also they are none organized without professional plan and complexity.

In macro corruption levels, there are people or groups that, to achieve their illegitimate targets, use of economy and political deviant lobbies with governmental people and it cause deviation in economic resources.

Democracy with regulatory mechanisms, accountability, transparency, free information exchange, independent media and strong parties as an ideal and desirable example is benchmark and a measure for assessing corruption in countries. Whatever government is approaching this ideal model, the level of corruption will diminish; and, vice versa will the corruption increases. Corruption in a democratic system is coincidental; and, in undemocratic systems, it is systematic.

Theories about the relationship between corruption and economic growth may be divided into two groups: first theories that believe corruption may bypass inappropriate and flexible rules (especially in less developed countries) increasing economic growth. Second theories, they perceive corruption as a force that damages the proper market and decrease economic growth.

Wherever there is inefficient, costly, time-consuming and inordinate administrative bureaucracy, economic experts apply more cost-effective / less coast ways. Here, governmental corruption as an alternative option, instead of long and tedious administrative bureaucracy, will gradually become the game basis of economic agents.

These new and unofficial rules are worthless, but they are more promising than the traditional and legal rules especially in countries with weak bureaucracy.

National security means preservation of material and spiritual identity of a country, including national values against aggression and threat of aggression. These values include of national values retention; preservation of people's lives; preservation of territorial integrity; preservation of economic and political systems; and independence preservation. Today, the military security aspect changed to the economic security aspect. Some governments determinate heavy punishments and penalties for

economic corruption. However, economy corruption may happen as governmental employees forgive or release embezzlement and fraud crimes because of taking bribe or other reasons. In this way governmental employees provide a favorable environment for the corrupting activities.

Creating employment grounds and reducing unemployment; equitable distribution of opportunities; industrialization, fair distribution of income and providing minimum living conditions for all people are some of main decreasing corruption factors.

Accusations of corruption usually arise and are prosecuted in accordance with national law by law enforcement agencies of a state in national courts.

Any government interested to increase foreign investment level in its society. Today in modern societies ICAC are as one of the instrument of fighting with national courts corruption.

The ICAC is a economy dispute resolution of a state and countries interested to develop foreign investment try to keep their regulation more up to date according to reformed laws.

Considering to the explained short summery about the ICAC as, choosing arbitrators (citizen or from other countries), language, litigation, seat of arbitrator(s) by the Parties; and also, international laws that grantees execution of the award, it is clear that a dispute Parties are interested to resolve their dispute via international commercial arbitration courts; because there is very low level of corruption and Parties have freedom to choose under their own responsibility.

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