

Corruption is a significant issue and persistent all over the world and, particularly, in developing countries. It has been noted that governments and various organisations, such as the International Monetary Fund (IMF), the World Bank and the Transparency International, have set the fight against corruption as one of their primary goals along with the struggle to overcome the financial crisis.

What has
corruption got to
do with **climate**
change??



Climate change is another critical issue and has also been gradually incorporated into the plans of economic development of several governments and organisations around the globe. Significant efforts have been made to mitigate emissions and employ strategies that protect both the environment and the natural resources. Additionally, we as humans are concerned with the protection of the environment and more prone to the consequences of the climate change..



MOTIVATION

Although it is difficult to define and measure corruption, it is widely recognised as harmful and detrimental to economic activity and, in particular, pollution. Especially in developing countries, it is regarded as one of the major causes of environmental degradation. Thus, the need to explore the relationship between corruption and air pollution has never been greater.

RESEARCH AIMS

The research contributes to the theory of environmental economics by capturing and exploring the relationship between corruption and pollution since the problem of under-reporting emissions is severe in many countries. It identifies the parameters that affect the incidence and persistence of corruption as well as those that have impact on the environmental quality. Also, it attempts to examine why some firms go green and embrace ecologically friendly practices while others do not even comply with the existing laws. Finally, it highlights the importance of developing procedures to increase transparency in data reporting.

THE MODEL

The proposed model is a theoretical framework with bureaucrats, entrepreneurs and government acting as key players. The following list illustrates the timing of events.

TIMING OF EVENTS



- The government imposes tax on emissions
- The entrepreneurs offer bribes to the corrupted bureaucrats to report low emissions in order to avoid high tax
- The air pollution increases and the government loses revenues

FINDINGS & CONCLUSION

The results of this model show a positive relationship between aggregate pollution and corruption. In particular, if corruption increases, aggregate air pollution is increased as well. Additionally, it appeared that government revenues are reduced due to the tax evasion. Finally, it was found that actions to mitigate climate change should occur simultaneously with those to reduce corruption.

Lack of action on corruption threatens climate change!

