Dear Members of the House of Lords Select Committee on the Bribery Act 2010,

We are both tenured professors in the United States, conducting research on the impact of anti-corruption laws on business bribery. Your staff contacted us about our recently published work. We are honored to submit a summary of our study for evaluation of the effectiveness of the 2010 Bribery Act.

Our work, published in a top peer-reviewed journal (International Organization) tests how anti-corruption laws affect bribery behavior among foreign firms investing in Vietnam. Vietnam is an important case of both a country with high levels of business bribery and large numbers of foreign investors from states with both strong and weak anti-bribery laws. This variation allows us to compare the impact of strong anti-bribery laws on actual bribery behavior in a developing country with one of the highest rates of foreign direct investment (FDI) in the world.

We specifically examine how the OECD-Anti-Bribery Convention affected business bribery in Vietnam. The OECD-Anti-bribery Convention is an international agreement that now includes 43 signatory countries. Key to this convention is the passing of domestic anti-bribery legislation, along with enhanced monitoring and enforcement of these laws. The 2010 Bribery Act is a prominent example.

We find that this convention, and more importantly the underlying domestic laws such as the 2010 United Kingdom Bribery Act, are very effective in reducing bribery behavior relative to countries that haven’t enacted bribery laws. In short, strong domestic laws that criminalize bribery and enforce these laws, reduce bribery.

There are two major caveats however. First, we find increased bribery behavior by countries that didn’t join the convention. Second, we observe no change in bribery for countries that enacted bribery laws but did not effectively enforce them. Together, these two caveats imply that firms from countries with weak bribery laws may be increasing their bribery.

In sum, anti-bribery legislation across the world generally has positive effects. Additional countries have continued to join the OECD Anti-Bribery Convention and existing signatories have begun to strengthen their laws. As this convention expands to more countries and early signatories strengthen enforcement, we believe this is an effective step in reducing business bribery. Although central to this effectiveness is to encourage additional countries to enact and enforce anti-bribery laws.

The UK is a leader in this area and the 2010 Bribery Act is in many ways a model piece of legislation. The Convention’s working group identified the United Kingdom as one of the top enforcers and noted that the United Kingdom has continued to
make strides in improving domestic laws and enforcement. The details and recommendations of the working group are beyond the scope of our own research. However, our work strongly suggests that the 2010 Bribery Act is an exemplary version of exactly the type of legislation that is effective in deterring extraterritorial bribery in developing countries.

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