

Who are the suppliers of corruption services?

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I wrote this blog post in January 2007, during a visit to Chile. My relationship with TI has changed since then, as they have developed their thinking, but the essence of what it says is at the core of [my earlier blog on tax and the UK honours system](#) and so it remains relevant.

Having mentioned 'suppliers of corruption services' in my blog '[Pause for thought: Santiago](#)' I guess I should be explicit as to what I mean.

Current definitions of corruption, largely promoted by Transparency International and heavily used by the World Bank as it suits Paul Wolfowitz's style to focus on a definition of corruption that highlights only those who use such services, are demand focused. In other words, they look at those, particularly in the public sector, who abuse the trust placed in them by the public.

The supply side of the corruption debate focuses on those who let this happen. These include:

1. Those governments who supply the secrecy spaces in which corruption can take place, which include (but by no means exclusively) the recognised tax havens;
2. Those who supply the services that allows such corruption to happen including the bankers, lawyers, accountants and trust companies who set up and operate such arrangements;
3. Those who undertake illicit transactions related to capital flight and tax abuse;
4. Those who ignore such transactions the course of their duties.

I do not for one minute condone the petty (and not so petty) demand side corruption which dominates the current world view of corruption. But an abuse of public trust need not take place only in the public sector. It can extend to the private sector, where the public are as much a stakeholder as they are in the public domain, and pay a higher price as a result of that corruption, just as they do when tax revenues are stolen. In addition, all tax evasion and (I think) all tax avoidance is corrupt, the latter precisely because it seeks to avoid the obligations of the law.

Part of my reason for being in Chile is to deliver this message. When we redefine corruption we'll change its geography and will recognise that within our own communities as well as that which takes place elsewhere. Corruption is a cancer eating the credibility not just of governments, but the credibility of the market system as well. If you believe in either, or as I do in both, then to accept a definition of corruption that extends to the supply side as well as the demand side is essential.