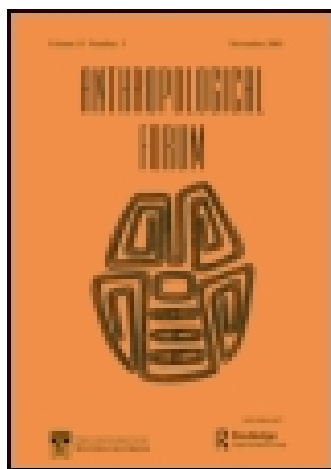


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Informal Payments in Ukrainian Hospitals: On the Boundary between Informal Payments, Gifts, and Bribes

Abel Polese

This article suggests that money payments are central to the persistence of informality in Ukraine because they are more complex than simple bribes—they cement social obligations and even reciprocity. We will use the case study of informal payments in Ukrainian hospitals to illustrate the blurring of boundaries between gift exchanges and bribing. This, in turn, will question the relevance to this case of the Maussian concept of the gift as personal and inalienable to point at a possible new phenomenon: the monetarisation of the gift. Money, it will be shown, may, in certain cases, generate the obligation to receive and reciprocate, even if not necessarily using the same currency. By questioning legalistic views of payments as bribes or corruption, this article problematises the discourse on corruption to suggest that other commodities, or services, could play the role that money has in economic exchanges, is, to create dependency, alliances, or indebtedness without being formally associable with illegal actions.

Keywords: Bribe; Gift; Hospitals; Informal payments; Ukraine

Introduction¹

Few issues in the social sciences have received more attention from a wide different range of disciplines, and have possibly been more demonised, than corruption. Works exploring governance and state management (Acemoglu and Verdier 2000; Kaufmann et al. 2010; Kaufmann et al. 2006; Langbein and Knack 2010; Rothstein 2011) often see it as a major hurdle to good governance, a concern that is shared by those engaging with development studies (Jong-Sung and Khagram 2005; Bhattacharyya and Hodler 2010). As a result, economists and analysts from national and international institutions, including the World Bank and the IMF, have extensively engaged with research on corruption, in an attempt to find a way to defeat it.

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Whilst agreeing that there is a wide range of practices that endanger state survival, this article starts from a Maussian framework, considering a gift something that could not happen but between the two concerned individuals, to prompt a discussion on the transformation of the gift in the twenty-first century and point at a possible new phenomenon: the monetarisation of the gift. Money, it will be maintained, may have in certain cases a Maussian function as a gift, generating the obligation to receive and reciprocate, even if not necessarily using the same currency. In this respect, it will be suggested that money payments are central to the persistence of informality in Ukraine because they are more complex than simple bribes: they cement social obligations and even reciprocity.

By questioning legalistic views of payments as bribes or corruption, this article problematises the discourse on corruption and suggests that the boundary between what can be seen as a bribe and a gift depends largely on the context. This means that, before being classified, every transaction needs to be considered against at least two variables: (i) the power relationship between the two, or more, individuals engaging in the given transaction and (ii) the role, or lack thereof, of the state in the two individuals' lives and in that very transaction.

The first variable is intended to complicate the definition of bribing, viewed as a payment or gift made with an expectation of reciprocation (Tanzi 1998). While being an acceptable working definition, it denies the anthropological definition of gift. In this respect, it is possible to point at a substantial difference between a case where reciprocation is expected or even demanded, albeit implicitly, in the short term and the case where reciprocation is possible, although not demanded, in the long term.

The second variable refers to an overarching entity—in most cases the state, its structures or institutions, but in general any entity supposed to regulate the relations between the actors involved in a transaction—that has been invested with the task of regulating citizens' lives. If we exclude the Weberian basic concept of a state, most modern states are entrusted with the task of acting as connectors between citizens. In many countries, the state plays a crucial role in the provision of fundamental services, such as education and healthcare, from which the central case studies of this article are taken. Normative approaches to the role of the state assume, by default, that services and welfare are fairly distributed. Nevertheless, a growing body of empirical research has demonstrated the existence of countries, or areas, where uneven access to state resources is the norm. Starting from Scott (1984) a number of anthropologists have interpreted informal practices as a way to renegotiate policies or to seek participation in policy processes some individuals might be excluded from (Gupta 1995).

This situation occurs when the coordinating authority does not link up citizens and services in a satisfactory manner. A citizen needs a doctor but the doctor is not available because the ratio citizens/doctor is too high in a city; a company needs to register but the process is too costly or long (see de Soto 2000); someone wants to get a university degree but there are no available places in that country's universities.

The privatisation of services has been one effect. In Australia, one may attend a public hospital as a public patient (at no cost) or as a privately insured patient (with

cost) able to specify a particular doctor, which is not considered corrupt.² By contrast, in countries like Ukraine, public hospitals are not always equipped, or allowed, to accept private payments but there is a demand for extra services and extra salaries. Doctors need to be paid directly but such payments are classified as bribes, contributing to the Ukraine's reputation as a corrupt country.³

Transactions between individuals are not necessarily monetary. While 'informal payment' refers to a monetary transaction, a gift, inspired by Mauss (1966), refers to an item charged with symbolic and economic power that cannot be offered but from individual A to individual B. Previous studies have pinpointed the weaknesses of this distinction. First, as Parry and Bloch (1989) have suggested money, rather than corroding community relations and depersonalising human relationships, can, in some cases and depending on the ways in which it is symbolically represented in a given culture, transform the nature of social relationships. As a result, money, in certain situations and conditions, might still fulfil the function of a Maussian gift. After all, the meaning of an object, loosely defined, changes depending on the function it plays for the giver and the receiver (Thomas 1991). Second, there is a category of gift springing from what Parry (1986) calls the 'Indian gift', elevating the giver or receiver spiritually rather than materially. Studies on its sub-categories have come to focus on non-traditional gifts (Carter 2008; Kato 2014; Simpson 2014). Finally, previous research in the post-Soviet world has identified some specific items that may have a double function. 'Chocolate and cognac' are seen by Patico (2002) as an alternative way of offering money since they can be resold to the shop (Wanner 2005) or recycled as gift to a third person. Particularly in the nineties, chocolate and cognac were appreciated as culturally symbolically important gifts. Their increased availability meant that monetary offers have become more widespread (Polese 2008). In some cases, informal payments take on the social function of creating a relationship between two individuals. Both informal payment and gift refer to a transaction that the state does not mediate (in contrast, for instance, to an official payment, which is recorded by the state) or might not even be aware of. In both cases, also, there is not a single but multiple reasons why two persons might want to engage in such transaction.

Material for this article has been collected during long-term stays between 2003–2006 and 2008–2010, when the author worked in several universities in Odessa and Kiev. The starting point has been informal conversations with colleagues and students about health services in Ukraine. Because of long-term residence in the country, the author was able to establish trust with several key informants, all of whom were either doctors (30%) or patients (70%) with whom over hundred informal interviews were conducted. This was complemented by participant observation in public offices and both private and public healthcare institutions.

Do Free Gifts Exist?

There is a tendency to consider informal payments in the developing world as something that will decline as soon as the country reaches a fair level of economic and

administrative effectiveness. Positions vary from the ultra-liberalist, seeing corruption as a necessary evil, as a way to overcome the problems ascribable to cumbersome bureaucracy or ineffective mechanisms (Palmier 1983; Chafuen and Guzman 2000; Meon and Weill 2010) to the interactional model (Haller and Shore 2005), providing an individual-centred account of corruption as result of a choice that follows social or economic reasoning. Whilst anthropologists have tended to highlight the social embeddedness of such actions and minimise their economic, or at least monetary, aspect (Malinowski 1921; Sahlins 1978; Mauss 1996; Hann and Hart 2011), economists have sometimes opted for a rational choice framework even for the study of social relations (Becker 1976; Andreoni 1988; Egbert 2006).

Resting on Gudeman's (2001) distinction between the market and the society, the economy may be seen as composed of two realms: the community and the market where 'The market realm revolves about short-term material relationships that are undertaken *for the sake of* achieving a project or securing a good. In the communal realm, material goods are exchanged through relationships kept *for their own sake*' (2001, 10). Starting from this position, some scholars have tended to minimise the role social relations have in a transaction; some others prefer to look at the way cultural embeddedness influences transactions (Round, Williams, and Rodgers 2010; Polese 2009; Polese and Rodgers 2011) and how apparently senseless transactions may have a sense if considered from a socio-cultural angle (Geertz 1979). This position can go as far as to reject the essentialist view that certain rituals and rules are universal and are present, perhaps in different forms, in most if not all societies (Hann 2006). In this direction, there are works emphasising the non-material benefits of a gift or an exchange (Parry 1986), the importance it can acquire in the long term (Humphrey and High-Jones 1992), the question of respectability (Pardo 1996).

When looking at industrial societies, one can note a tendency to devote more attention to non-money-oriented transactions and their significance also in the Western world (Williams 2005). A growing body of literature builds on Gibson-Graham's feminist critical approach on capitalism (1996) to show the symbolic importance of certain transactions engaging with non-materialistic functionalism of long-term relations (Ledeneva 1998, 2006; Morris 2012, 2013; Kovacs 2014; Morris and Polese 2014a, 2014b; Yalçın-Heckmann 2014). This has also fed to a growing amount of literature, in post-socialist spaces as in other world regions, on the blurred boundaries between gifts, commodities, and bribes (Millington, Eberhardt, and Wilkinson 2005; Holmes 2006; Komtr 2007; De Sousa 2008; Polese 2008; Negru 2009; Li 2011; Stan 2012).

When dealing with short-termed transactions three main tendencies are visible, which may be discussed according to their goal: the first is aimed at solving a problem that might not be solved through legal means, for instance, when one needs certificate A to get certificate B, but without B cannot get A—or an attempt to break a monopoly artificially created to favour some few people (Polese 2006a, 2013); the second occurs when a payment is made to solve a problem that a state officer has contributed to create, such as to speed up bureaucracy, or when a

policeman finds something allegedly irregular in one's car; the third happens when money is paid to allow someone to do something unlawful, such as dumping toxic refuse into a public area.⁴

Transactions one and two largely depend on the existence, or lack, of a coordinating entity such as the state. What the state claims to be and what the state actually does, does not necessarily coincide, as Migdal (2001) has shown, for a state may claim to be a redistributor but fail to do so in a proper or equitable way or even suggest a redistribution that is in conflict with local rules and norms (Gill 1998; van Schendel and Abrahams 2005; Urinboev and Svensson 2013; Polese et al. 2014). This is extremely important when dealing with corrupted practices, since reactions to the suggestion of building a universal approach to fight corruption have come mostly from anthropology and human geography scholars. Whilst their position has sometimes been understood as 'defending corruption as a socially embedded phenomenon' (see Rose-Ackerman 2010, 128) they have also highlighted the necessity of a more critical approach to the study of diverse economic systems (Gibson-Graham 1996; de Soto 2000).

The tension between legal and social norms is even more visible when illegal practices turn out to be acceptable by a community, or a larger share of a society. In a recent edited volume, Haller and Shore (2005) have provided a number of case studies prompting a reflection on underexplored issues. In particular, they have started from the question on what happens when corrupted practices become widely popular so that the person acting corrupted is not the exception any longer and corruption becomes the norm in a society; they have also pointed at the case where or when someone is able to change legal codes to transform illegal practices into fully legal (or legalised) ones. In the light of their, and further, reflections, the normative distinction between public and private, legal and illegal, becomes here increasingly difficult to maintain. A possible alternative approach could be to propose a classification depending on the distinction on whom the transaction is harming directly: (i) the state and thus, indirectly, the society; or (ii) fellow citizens and, as a consequence, the state. Payments of a bribe to be allowed to sell hard drugs or engage with trafficking harms in a first instance those who are victim of such acts—the person trafficked or those who will buy hard drugs, but fiscal fraud or smuggling of clothes damages state revenue primarily, as the case studies presented below illustrate (Table 1).

With regards to informal payments and reciprocity, it is possible to spell out two main attitudes. One is to see informal practices as a hurdle to a functioning system and in general condemn it arguing that it should be liquidated, the other is to consider it on a case-by-case basis and try to contextualise it. Anthropologists have been particularly sensitive to this last approach and suggest that 'anti-corruption measures should take local perceptions of morality into account' (Werner 2002, 203). This has been contrasted by more catastrophic visions suggesting that in the post-Soviet world the routine practice of 'giving and taking' under communism has often turned into institutionalised, widespread corruption (Miller, Grodeland, and Koshechkina 2000; Temple and Petrov 2004).

Table 1 Origins and effects of informal transactions

Reason to pay	Harm citizens	Harm state (society)
Excessive red tape	Pay for a document denying property of another citizen	Pay for receiving document A that needs document B
Solve an invented problem (by a civil servant)	Not fighting such behaviour normalises it; it becomes impossible to escape extra payments	A police officer claims you have run a red light. Bribe a police officer (no taxable revenue, encourage corrupted practice)
Being allowed to do something that goes against legal codes	Pay to dump toxic refuse into a living area; pay to sell heroin	Fiscal fraud

There are various ways in which informal payments have been debated. Some have noticed that a 'little corruption' does not hurt anyone (Rasanayagam 2011); others have looked at collective perception on corruption with locals who blame the system (Karklins 2005; Stepurko et al. 2013 and 2015). This suggests the existence of a double standard applied in most transitional societies and the former USSR is no exception, with subjective and (allegedly) objective morality often in conflict (Lonkila 1997; Ledeneva 1998; Wanner 2005; Polese 2013; Williams and Onoshenko 2014).

Mauss (1996) defined a gift as a fundamental structure of the relationship between people in a society, which always retains an element of its giver. According to this definition, a given gift exchange could not happen but between the two concerned individuals and generates an obligation to give, to receive, and to reciprocate. What follows is an analysis of situations that create the premises for a blurred boundary between gift and bribe and where monetary transaction does not always, or necessarily, mean corruption.

Such questions ultimately start a dialogue on the transformation of the gift in the twenty-first century and underline a main change that has become possible across geographical and cultural settings: the monetarisation of the gift. It has been shown (Parry and Bloch 1989) that the value of money across cultures differs and that money can come to be considered as an object with social significance. However, this was ascribed to primitive or developing societies. This paper shows how money can be used as a commodity in an industrialised country in the twenty-first century. Previous research on post-Soviet societies has shown that the use of money or not was a choice on whether to consider the transaction merely economic or a social one with long-term commitment (Ledeneva 1998; Humphrey 2002; Patino 2002). In the next section it will be shown how money may be used as the equivalent of commodities to start up a relationship.

Half-Private Hospitals

A frequent situation in Ukrainian hospitals is that someone needing treatment is brought to a hospital or to an emergency centre. The doctor or nurse checks the

patient and prescribes a cure or some medicines. Leaving the room, the patient or the person accompanying slips a bill into the doctor's or nurse's pocket or leaves the money on the table, thanking them. Sometimes, when receiving the money, the doctor will just open their pocket, refusing to touch the money while still accepting it. Payments in hospitals are, according to many reports (from NGOs and social research centres) on Ukraine, a very serious issue and a constant fight is in place trying to eradicate such practice. Medical assistance in Ukraine, the constitution states, is free of charge, so technically this payment to a public worker could be classified as a bribe. However, the macro context may help understand why such practice is so popular among doctors. An informant reported:

My basic salary is 1000 hr. per month (around 100 Euro), of which 100 go on taxes. If somebody comes to the hospital and needs assistance I will give it, but also I will expect him or her to thank me afterwards. I have studied 10 years to get this position, those patients get specialized help, but we do not get enough to live on from the state.

When preparing to give birth, women might want to go to a hospital and agree with a particular doctor that he or she will supervise them throughout the whole process. Normally, in such cases a fee is agreed and the money received will be distributed proportionally amongst all those having a role in the process, from the nurses to the cleaning lady with the biggest share going to the doctor, who coordinates the whole thing. If you have no time or money to get a deal with a doctor, you can still go to the hospital but, in the word of an informant: 'I will not be able to secure in advance assistance from a good doctor. In the end, I shall come and give birth, hopefully, with the help of an uninterested [in money] doctor.'

Informal payments seem to be expected by both patients and the hospital personnel and Ukraine is not a unique case in former socialist spaces (Lonkila 1997; Gaal 2006). In some cases there is the belief that in other countries, even like Germany, offering presents may ease things, as one informant reported. I found this a less naive observation after another informant told me the following:

I pay my gynaecologist some extra money, that could simply be 10–20 hryvnia (1–2 euro) but I tend to pay for her service even if I am entitled to them for free. This makes me feel less guilty to bother her at late hours or simply call her to ask for her advice on the phone. We both know that I will pay extra the next time we meet and, in the long run, this relationship has gone beyond economic convenience. I cannot say she is my friend but I can say that we have very nice conversations when we meet and we talk more than a standard doctor and patient would normally.

In the case above, money had *de facto* a Maussian function as a gift. It generated the obligation to receive and reciprocate, though not by the same currency since the doctor pays back in advice, longer consultation times, and wider availability. However, money in the case above, has created the basis for a long-term relationship embedded in the relations that determine the sporadic economic exchanges.

The range of cases is very wide and payments, although accepted, are not always mandatory. One informant reported to be asked for money for blood analysis. He first protested that medical assistance is free of charge in Ukraine, and then that he had no money that month. As a result, he did not pay. Unexpectedly, his analyses were processed and he received medical treatment for free. Informants, when asked, reported that basic items are missing and often patients are expected to bring their own (from pens and paper to sheets for the bed). What kind of equipment is available for patients and the ratio of doctors to patients are two major issues. However, the main one seems to remain how to retain doctors when salaries are low.

The gap between the demand for treatment and the offer by state structures and facilities has generated a niche that private hospitals are trying to occupy. A growing number of people are now going to private hospitals and a number of jobs with private companies provide employees with a private insurance and access to private hospitals. However, the majority of the population cannot take advantage of institutes where prices are much higher than in a public hospital, especially if one thinks that in public hospitals there is still a chance to be treated free of charge. Those unable, or unwilling, to go to a private hospital might want to offer some reward to the doctor, depending on which situation they are in.

Situation 1: the patient knows the doctor or is in a relationship of mutual dependency with the doctor

Situation 2: the patient knows someone who knows the doctor

Situation 3: the patient does not know the doctor

Situation 1: depending on how well the patient knows the doctor, this latter might not expect anything from them. The exchange, in such cases, is based on a 'gift' from a doctor that will visit you for free, with the understanding that the patient will pay back at some point or that that doctor has accumulated a 'credit' that might be used relatively soon, given that they are in a relationship of mutual dependency. A patient might want to offer a small gift or payment. The doctor is more likely to decline the gift if there is an ongoing exchange of favours and more likely to accept it if they wish to 'close the deal' with that person, that is, to stop the relationship of mutual dependence. Partial or total inalienability in this case is secured by the fact that the patient knows the doctor. If it is a gift, it is more likely to be slightly personalised; if it is a payment, it will be accompanied by some words of esteem and friendship that will make it more personal.

Situation 2: the patient comes to see a particular doctor because a mutual acquaintance recommended him. In such cases, the patient might get more attention than the usual patient but still has to offer something depending on how close the mutual acquaintance is to the patient or to the doctor. The patient might also act as messenger, bringing a present from the mutual acquaintance who wishes to continue the relationship with the doctor. It does not matter who has paid for the gift, but the patient might

be seen as receiving a free treatment, since the gift they brought is consolidating a relationship in which the patient now has some sort of role.

Situation 3: the patient offers a gift or money, depending on what they have been advised to do by other patients, to make up for the lack of other instruments to be given a preferential channel of service (knowing a doctor, having a common acquaintance with the doctor, being a good or convincing communicator, being able to attract sympathy or attention). Attendance with no payment is still possible. For instance, retired and poor people may be treated for free depending on the doctor. In such case, a reward for the doctor may be spiritual, like in the Indian gift (Parry 1989), that is, the doctor might be rewarded by their feeling of being generous, helping someone, or earning a reputation as a good person.

The discourse becomes more complicated if a doctor needs to perform a serious operation. In such cases, they will need assistance and, even if not keen on money, their assistants will expect to receive some extra money for performing the job. In addition, when certain equipment is scarce and the demand of services outnumbers the supply by several thousands, it is likely that those willing to pay extra money will have easier access to certain services than those unable to offer money. Nevertheless, stating that all the above-mentioned transactions are an expression of corruption and need to be eradicated is, at best, inaccurate. There are three things that need to be taken into account: one is the official version of the state ideology, stating against all evidence that medical care is free; second, this reflects on the amount of expendable budget for health care, which keeps salaries low and equipment insufficient. The third one is the level of centralisation in healthcare management, which makes it sometimes difficult for hospitals to generate extra income. If a hospital lacks a system, or at best incentives, for recording payments, doctors won't be able to declare extra income even if they wanted to. Some years ago the director of a sanatorium in Mirgorod (Poltava oblast') was able to 'transform' bribes into legal payments by simply placing a cashier at the entrance. If a patient wanted an extra service, in addition to the package bought, they could simply pay an extra fee that would then be divided between the doctor and the sanatorium. This practice enabled the sanatorium to make its workers happier whilst retaining a part of the payment, generating an income that can be reinvested into the structure.

In Ukraine, the income public workers receive from the state is meagre. Once the state fails to reward them, a public worker has two options. He or she can either 'leave the game', that is, to move to the private sector, or to enter a circle of transactions and exchanges generating mutual dependence, that has been deemed to undermine the system from inside (Gaal and McKee 2004), but that will also complement their income at the end of the month. Those transactions occur on a personal, or quasi-personal, basis; both sides have the option to negotiate what to give and how. The doctors decide themselves how much extra care they can devote to a given patient—or can choose not to start any interdependence relationship, as Rivkh-Fish documented (2005). Patients offer something proportionate with the extra service they are getting. In many cases, it is possible to access an informal list with various doctors'

prices for taking births or other complicated operations, a thing that may be seen as making the transaction impersonal, since doctor and patient agree on the price in advance. In many cases, for instance, when the payment is done after the service, the social significance of the transaction lies in the degree of trust between the parts. However, even in the case when a doctor requires an advance or 'trust' in the patient, this can be seen as an oral contract. A state can be considered a state if it fulfils its functions, not if there are just legal documents confirming its existence. A hospital is public if it can guarantee, thanks to state support, certain standards; otherwise, they can be seen as *de facto* private, but state subsidised (Polese 2006b). The different prices of doctors may be seen as the result of their prestige and ability, so that a real demand-supply graph can be traced.

The situation is not very dissimilar to countries where public hospitals do guarantee basic needs, often with limited attention and care, but any special attention needs to be paid for. There are, however, some major drawbacks. First, money spent on private healthcare might be claimed (from taxes, insurance) if there is an official proof of payment, whereas money informally paid cannot be claimed. Second, money paid informally will only come to cover (some) personnel costs but no share of it can be used for anything else (repairs, overheads, renovations).

Perception of such transactions is less clear in reality than in civil and legal codes. Whilst all this may fall under the category of corruption, informants were less categorical in their judgement. They would form their opinion on a given doctor by looking at the regularity of this service; was this a regular habit or they did it 'only' once or twice? In the words of informants, those doctors with the worst reputation were despised even by their colleagues for strongly soliciting payments or gifts. In contrast, it seemed socially acceptable to accept presents sporadically or even regularly, as long as those were spontaneously given by the patient. Another criterion for distinguishing a socially acceptable transaction from a non-acceptable one was whether the counterpart for the 'service' was given before or after the 'service' itself. Finally, one informant came up with a definition that made me smile and think at the same time, 'If I receive it, it is a gift. If I demand it, then it is a bribe.'

Conclusion: The Thick Grey Zone

This paper has demonstrated the difficulty of drawing a line between a gift and an informal payment since the boundary might be more blurred than one thinks. Both gift and bribe may generate a long-term relationship as well as a social contact between two individuals. The dividing line is the relationship with an overarching entity (in this case the state) that is entrusted with creating a definition and perception of illegality, ultimately defining what is a bribe.

Research on shadow economies has preoccupied an increasing amount of policy analysts from international organisations showing that, at least for OECD countries, fiscal fraud is a result of lack of control and of the citizens failing to see or understand the advantage in playing correctly (Bovi 2003). If the state fails to value the taxpayers,

why one should deliberately choose to come out instead of keeping on acting in the shadow?

From the point of view of the gift, this paper has considered a particular category of gift-giving and receiving that produces obligations. Even though those obligations are not necessary monetary, nor visible, they still apply to some transactions. This may prompt the reader to ask how voluntary is the gift in the context of informal payment? Why do some people engage with such practices while others do not? This ultimately leads to two more issues. First, in addition to gift giving and receiving, one can also witness rejection of a gift because an individual does not want to enter into a relationship with another person (Rivkin-Fish 2005). Second, one can observe a monetarisation of gifts, since most informal payments are made using money or items that are easily liquidable or recyclable. Such payments may also become the basis for a relationship that continues to function with no further payments. This means that reciprocity, or lack thereof, and the context, need to be taken into account when trying to distinguish a gift from a bribe.

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Notes

- [1] I wish to thank the four anonymous reviewers and the editors of this special issue for their continuous feedback and guidance throughout the whole submission process.
- [2] I owe this observation to one of the anonymous reviewers, to whom I would like to express my gratitude here.
- [3] Private hospitals have been spreading in the past years but their prices make them out of reach for large portions of the population.
- [4] I would like to thank Hans Gutbrod for the discussion we had in this regard and who suggested the 3 level classification of corrupted acts.

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