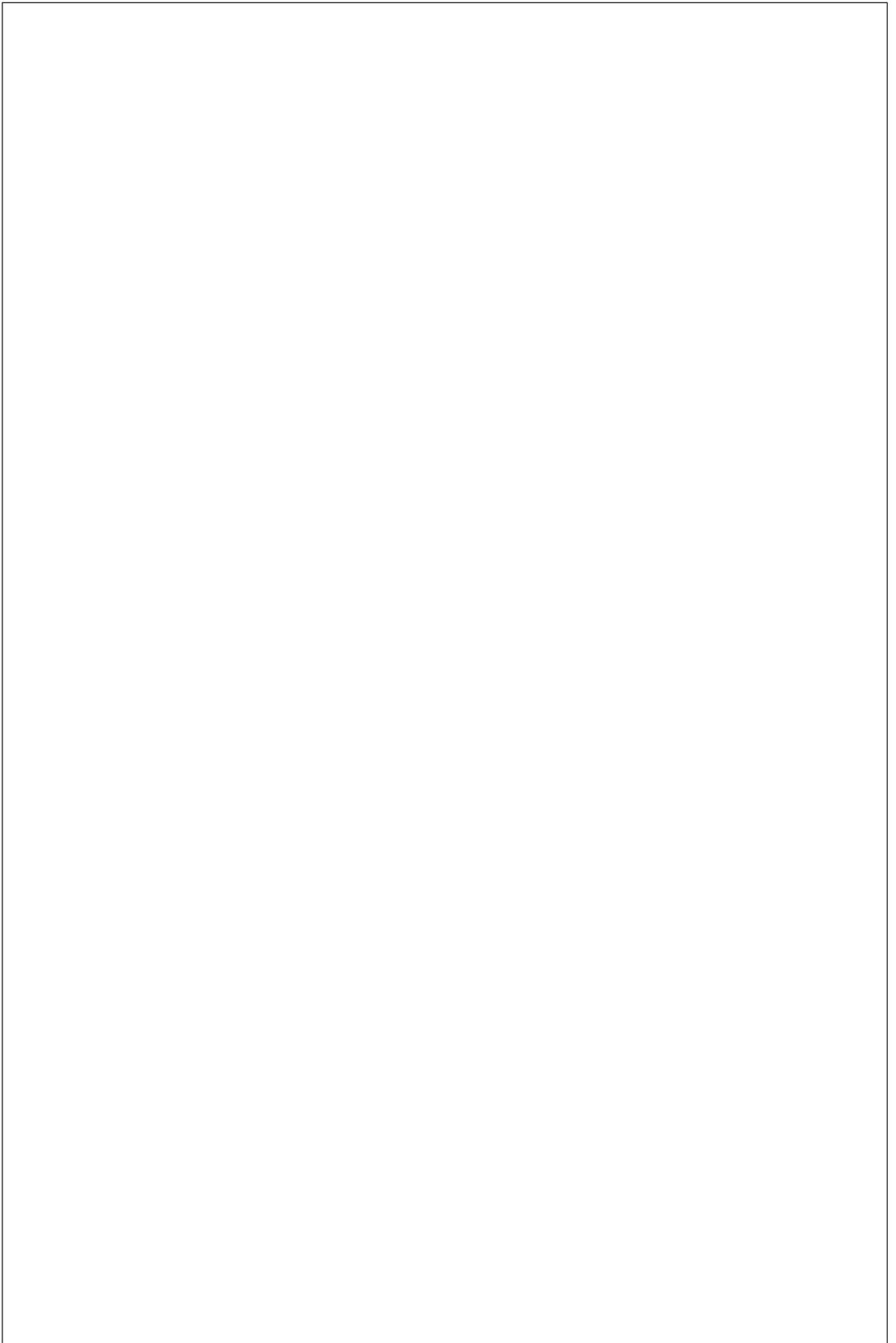


**Early Warning and
Risk Reporting for
Good Governance and
Against Corruption**



CHAPTER 14

The Risks of Corruption and Anti-Corruption Strategies

Wim van Meurs

Risk Reporting and Early Warning¹

Whereas in recent years UNDP has gradually expanded its “Early Warning” projects to most countries of Southeastern Europe (<http://earlywarning.undp.sk/Reports>), the Bertelsmann Foundation and the Center for Applied Policy Research are in the third round of their “Risk Reporting” series (<http://www.cap.uni-muenchen.de/bertelsmann/soe.htm>). The catchwords “Early Warning” and “Risk Reporting” seem to indicate diverging approaches. What the two projects have in common, however, is a fundamental concern with external interference and guidance at the detriment of regional ownership. National teams of experts are in charge of UNDP’s early warning reports and next to all authors in the Risk Reports are academics or NGO representatives from the states involved. Nevertheless, the term “early warning” - with its Cold War connotation of readiness requirements posed by nuclear deterrence policy (Schmid, 2000, pp. 37-39) and its broader definition as “the period before a situation in which tensions develop into a conflict” – implies a focus on the identification and analysis of national “risks” rather than a policy advice approach. Risk Reporting, despite its name, focuses on strategic answers to structural (regional) problems related to European integration rather than the in-depth analysis of specific risks and developments.

¹ This paper is based on research done in the framework of a joint project “Issues and Consequences of EU Enlargement” by the Bertelsmann Foundation and the Center for Applied Policy Research (CAP). I would like to thank Martin Brusis, Iris Kempe (CAP) and David Chandler (Leeds Metropolitan University) for suggesting some of the arguments in this paper.

Risk Reporting combines the future Eastern and Southeastern neighbourhoods of an enlarged, post-2004 European Union. The Stability Pact, more explicitly, the Presidency Conclusions of the Feira European Council have given even the countries of the Western Balkans a (long-term) perspective of EU accession, whereas Russia, Ukraine, Belarus and Moldova have been refused such a perspective (Kempe and Van Meurs, 2002). Nevertheless, for the time being some challenges and risks related to the EU enlargement process are common to both future neighbouring regions. Thus, on the basis of a general philosophy of tackling issues that will reach the top of the European agenda in a few years only, the first one, the 1999 Risk Report focussed on the accession states' relations to their Eastern neighbours rather than to their future European partners in the West (Kempe, Van Meurs and Von Ow, 1999). The second, two-volume Risk Report was published in 2001 under the title *Beyond EU Enlargement*, identifying risks both for the accession countries, for the current members and for the neighbouring states that are *beyond* enlargement, in a temporal, qualitative and geographic sense (Kempe and Van Meurs, 2001). For Southeastern Europe this year's Risk Reporting is focussed on the intended and unintended consequences of the massive international assistance, conditionality and robust mediation in an unstable European region, characterized by developmental and transition deficits as well as by weak states (Van Meurs, 2003).

The 2002 round of Risk Reporting for Southeastern Europe combines a number of perspectives usually treated separately: regional stabilization, diplomatic conflict-management, military crisis prevention and external assistance for the reform processes. The European Union is increasingly becoming a regional power and a guarantor of security and stability in the Balkans with a unique set of policy instruments, ranging from diplomatic and military crisis management (CFSP/ESDP) to regional stabilization (Stability Pact) and reform assistance with a long-term perspective of integration (Stabilization and Association Process, CARDS). The basic dilemma of the region, however, is the structural tension between the necessity for massive, multifaceted external "interference"² caused by the stability risks and backlog of reform in the region, on the hand, and the economic and political dependencies as well as deficits in democratization and regional ownership generated by this very external interference, on the other hand.

Currently, the European Union is increasingly accepting a leading role in the process of stabilization and reform for the Western Balkans. An insular region of instability would contradict the EU's self-identification as regional power and guarantor of security and prosperity in a Wider Europe. The perspective of long-term EU integration with the Stabilization and Association Process and, to a lesser extent, the Stability Pact as a credible road map leading to accession has become the key incentive

² The physics term "interference" – as an alternative to "assistance", "dominance" or "intervention" – denotes the complex interplay between external input and indigenous processes, with unintended side effects and with neither party in control of the entire process.

for reform and stability in the region. In the aftermath of September 11th, while shouldering the main burden for the region's future, Europe is also bound to prefer a self-sustaining model for regional stability (CEPS Europe, 2001).

Developmental or reform assistance is increasingly identified as a potential destabilising factor in weak or failing states. Therefore, the focus is shifted from *more* assistance and *more* policy prescription to self-sustaining development and regional ownership. In view of the complex architecture of international interference in the region and acknowledging that multitude does not equal pluralism, a review of the horizontal and vertical division of spheres of competence among organizations and sub-state, national, regional and international levels might reduce counterproductive duplication and competition among institutions as well as conflicting strategic principles and policy instruments. The diverging dimensions of interference - ranging from conflict management and regional stabilization to reform assistance and roadmaps of integration - highlight the need for screening criteria, risk identification and mechanisms of conditionality, which cover both acute crises and incremental reform policies. In sum, this round of risk reporting critically surveys the institutional architecture, policy principles and screening procedures of external interference in the Balkans.

In the past decade the region of the Western Balkans has been largely unable - due to adverse initial circumstances and structural deficits - to generate a process of reforms and development similar to that in East Central Europe and the Baltic states. Even in the current post-Milosevic window of opportunity with democratic governments dedicated to political and economic reform, regional cooperation, negotiated arrangements and Euro-Atlantic integration, which are in office in all states and state-like entities of the region, international resources, incentives and engagement are deemed essential for a regional catch-up process. The perspective of EU membership in a future Southeast enlargement (in a tentative 10-15 year timeframe) forces the individual countries and the region as a whole to leap to maturity and shake off the structural deficits, dependencies and the legacies of the past. As an insular region with a potential and a track record of instability within the Wider Europe, the Western Balkans are increasingly subjected to massive international and European interference on political, economic and security issues.

Structural deficits in institution-building and good governance are detrimental to the efficacy in the use of international assistance, whereas deficits in aid-absorption capability, aid dependency and misappropriation of resources weaken state's political authority and economic control. The need for legislative power and veto rights of the High Representatives in Bosnia and Kosovo contradict some basic requirements of democratization, civil-society consolidation and ownership in policy-making processes, but - then again - so would a democratic *carte blanche* for obstructionist political forces risking ethnic conflict and legislative inertia. The current window of opportunity for self-sustaining, legitimate processes in regional/national ownership underlines,

rather than negates, the pivotal role of the international community as the structural indigenous *weaknesses* and blockades in the reform processes persist.

Nevertheless, irrespective of the dire consequences an international disengagement would have, the international interference in national and regional processes has its own inherent *inadequacies* rooted in the externality of the assistance, guidance and control. External interference *eo ipso* contrasts to the imperative for indigenous capacity building and regional ownership of the process. Moreover, the intricacies of international interference and government deals are, by and large, exempted from democratic control and domestic transparency in policy-making. By inducing regional authorities to implement an agenda of reform priorities, external dependencies increase at the cost of domestic responsiveness, legitimization and accountability.

In view of the above catch-22 of indigenous weaknesses and international inadequacies, the “regional approach” and “regional ownership” have recently advanced to a cult status. The pooling of regional resources and the synergies of regional cooperation are identified as an alternative to both international interference with its potential negative side effects and to structural indigenous reform blockades. On a closer scrutiny, however, it becomes apparent that the regional level may be a pragmatic alternative for some policy issues rather than a panacea, as many structural problems have to be tackled on a national and/or international level.

Despite the experience in East Central Europe, and despite the far larger impact and potential side effects of external interference, the massiveness of international engagement and assistance for a relatively small region and even the formation of quasi-protectorates are often considered as causes for optimism on the national and regional reform process. Similarly, the stabilization of the countries of the region is often seen as a binary, irreversible process: once instability has been conquered, reform-oriented elites are expected to lead the way to stability, prosperity and Euro-Atlantic integration. In recent months, however, the Tetovo crisis in Macedonia forcefully demonstrated the fragility of stability: although it was the first country to meet the conditions for a Stabilization and Association Agreement at the Zagreb Conference in November 2000, a small number of rebels soon thereafter exposed the vulnerability and deficits of the Macedonian political and societal arrangements. Apparently, it is a fallacy to assume that the Balkans are currently at the crossroads between progressive stabilization and spiralling destabilization, or even that the region’s vicious circle has at long last been replaced by a virtuous circle. Rather, both trends are intimately and causally linked. Paradoxically, the trend towards stabilization thus entails new, heightened risks of destabilization. Last but not least, the international community is not an external actor, as appealing to the interests and provoking specific reactions from the international community has become an integral part of regional politicking.

Disparities in stability and prosperity are bound to increase along the future outer borders of the European Union - abortive reform processes in some of these

neighbouring states with their long history of inter-state, inter-ethnic and inner-state conflict create a stale-mate situation with substantial risks for Europe as a whole. Failing or weak states and state-like entities in the periphery are potential victims of “conflict economics” and its double disruptive effects: the proximity of the prosperous enlarged EU and the availability of EU assistance creates the preconditions for “aid-dependency”, a creeping criminalization of the economy in these states and state-like entities. Coterries of political and business elites create vested interests in simulated reforms and reduced state authority. A destabilizing potential may become its only asset in order to access international assistance. Nationalist mobilization becomes a key instrument in the discrediting of reform strategies and the consolidation of a high level of instability and conflict with maximum scope for profiteering. At the same time, state weakness and abortive reforms result in a progressive pauperization of the population, a precondition for nationalist mobilization. In a number of cases unresolved issues of status and sovereignty add to the weakness of small states and state-like entities, elite coterries and simulated reforms.

The argument above runs counter to many a perspective for the transition process - thus, national movements may originate from elite considerations of economic and political profiteering rather than “righteous” motives of national self-determination for the populace. Identifying specific groups (usually the “conservative” communist nomenclature) or persons as the key culprits of non-reform or simulated reform ignores the structural causes of the problems. In contrast to optimistic views of post-communist transition, the downward spiral does not make failing or weak states short-lived by default. Quite on the contrary, the societal and economic basis for profiteering consolidates, the basis for a belated reform effort dwindles as the relative reform gap and the social costs increase. More often than not, international assistance purposively prevents a collapse because of the ensuing stability risks. In a way, structural disadvantages - an economically or geo-strategically unfavourable position and burdening legacies obstructing post-communist transition - are aggravated by external interference and assistance. Faced with strictly limited resources and capabilities, indigenous elites are forced to capitalize on the ambiguous position vis-à-vis the European Union and the international community. The elites may be tempted to appeal to the international community’s interest in regional stability and highlight the assumed destabilizing effects of reduced assistance that would be the consequence of their failure to meet criteria of democratic or economic reform. In a parallel process, a thorough criminalization of the economy and the administration promotes a recurrence of political instability, ethnic conflicts and socio-economic crises. Following the failure to meet EU criteria, the potential to generate regional instability remains the only fallback position for weak or failing states.

Thus, there is tension between the different sets of policies and strategic principles, sometimes within one field (crisis management, regional stabilization, reform assistance and integration perspectives) of international interference, sometimes

between them. Official policy documents, more often than not, fail to address these concerns by prioritizing or harmonizing conflicting principles. These conflicts may be summarized in five dilemmas:

The dilemma of regionality and conditionality concerns the dichotomy between the general European principle of conditionality, which requires each individual country to meet a set of criteria on a bilateral basis, and the principle of regionality, which requires the countries of the region to create synergies in regional cooperation, making progress towards EU association and eventually accession a collective undertaking. Conditionality implies individual privileges based on merit and thus contradicts the altruistic concept of regionality. This dilemma is exemplified by the Stability Pact - based on regional cooperation once some basic conditions have been met - and the Stabilization and Association Process - based on individual progress in meeting fixed criteria, with readiness to engagement in regional cooperation ranking low as a non-enforceable condition.

The dilemma of aid and peace building concerns the distribution of assistance: at least in the perception of the conflicting parties and social/ethnic groups in a divided society, international assistance is bound to be seen as favouring one party/group or the other. Whereas humanitarian and reform assistance may exacerbate regional and/or ethnic disparities or promote aid dependency rather than regional ownership, external crisis management may undermine the domestic legitimacy and authority in weak states. Thus, international aid may invigorate rather than alleviate conflicts and tensions by providing resources as an additional incentive. The conditional input of resources links this dilemma to the next, where remuneration criteria and priorities are key.

In a heterogeneous region, the dilemma of stabilization and conditionality concerns the growing disparities between countries with the better preconditions and consequently a more reform-oriented elite, on the one hand, and countries in adverse circumstances. But for the overriding motive of stabilization, the conditionality of Eastern (and Southeastern) enlargement requires a preferential treatment in terms of assistance and privileges for the more successful states in the region at the cost of exacerbating the deficits and backlogs of those posing key stability risks for the region as a whole.

The dilemma of participation and control refers to the conflict requirements for the ultimate decision-making (or vetoing) authority in political and economic transformation processes and indigenous capacity-building: on the one hand, the international community needs the handles to interfere in escalating political conflicts and to curb nationalist tendencies, while, on the other hand, nationalist and conflict-oriented strategies may represent a democratic majority.

The dilemma of speed and sustainability refers to the predominantly economic problem of balancing the speed of the reform process with the much needed for the elites engaging in reform policies social and democratic sustainability. Again, consideration of stability or integration may accelerate the process beyond the limits of popular consent.

The multifaceted international (and most of all, European) interference in the

Balkans, ranging from crisis management and regional stabilization to reform assistance and integration perspectives, implies specific challenges in terms of screening and evaluation – both for the efficacy and goal-orientation of external interference and for the implementation *in situ*. The general evaluation problem concerns the combined tendency of uncritical laudatory evaluations created by the institutional dynamics of the assistance process. International organizations, agencies and NGOs tend to give their own efficiency and reform impact an (overly) positive evaluation as they too are in competition for resources and political influence. Recipients in the region for similar reasons evidently echo these tendencies. Thus far the search for an evaluation mechanism, which is both unobtrusive and critical, has proven elusive: simulated reform, misappropriation of funds and corruption accompany international assistance.

The evaluation problem has another dimension in the case of the long-term EU accession perspective. So far, the screening mechanism accompanying the Stabilization and Association Agreements has not been specified and implemented yet. Along the lines of the Eastern enlargement, a Stabilization and Association Council and Committee have been announced along with the more general progress report for the process as a whole. The cumbersome controlling procedures of the Stability Pact funding, apart from being criticised for delaying necessary reform measures, point to the same unresolved strategic question. The screening criteria for the Balkan region will have to be in sync with the Copenhagen Criteria, but whereas a detailed screening based on the *acquis communautaire* would be premature, diverging sets of criteria would lead to duplication on the roadmap to EU accession. It seems doubtful whether screening mechanisms designed for regulated assistance and reform support can be adequate for the detection of fundamental conflict potentials and stability risks. At this point, the seamless European strategy combining crisis management and reform assistance is obviously still on the horizon.

From a broader perspective, the inevitability and normality of international interference in transformation processes should be underlined. Even though the interference is inescapable and without alternative for the Balkan region, the optimization of its beneficiality and efficacy, as well as the minimization of pernicious side effects, remains a key challenge.

Corruption in the Transition and Accession Countries

The consequences of the informal economy and corruption as well as the policies of anti-corruption and good governance are part and parcel of the above dilemma of weak states and strong international support. Although corruption is as old as humanity, much has been said and done about this phenomenon in the East and Southeast European countries recently. In 1993, the Berlin-based NGO Transparency International was the first to highlight corruption as a key factor in economic and societal transition

(http://www.transparency.org/about_ti/history.html). By now, anti-corruption and good governance have become two recurring key issues in each accession country's annual EU Progress Report. Here is a quote from the 2002 Progress Report on Latvia (*Commission of the European Communities, 2001, p.19*):

The last Regular Report stated that corruption continued to pose a serious obstacle to the proper and efficient functioning of the public administration in Latvia. Since then, the government has remained committed to the fight against corruption. Some positive steps could again be noted, including at the conceptual level, in clarifying the institutional set-up and in implementing practical measures to counter corruption. After the adoption in 2000 of an anti-corruption programme and a conceptual document foreseeing legal and institutional changes, three working groups were established at the end of 2000 to draft legislation on political party financing and a new Anti-Corruption Law, as well as on the creation of a new anti-corruption institution. While the government decided in September 2001 to set up the Corruption Prevention and Combating Bureau, the respective Law still needs to be adopted by Parliament. The institutional set-up for the fight against corruption had already been enhanced with the creation of a Secretariat for the Corruption-Prevention Council in December 1999; however, many different institutions maintained responsibilities in the area of anti-corruption. In May 2001, the government adopted a revised Corruption Prevention Programme, which includes measures such as protection of whistleblowers, improvement of criminal procedures, internal audit and the system of financing of political parties.

Thus, anti-corruption tends to become shorthand for good governance and a litmus test for a country's qualification for EU membership in terms of the political Copenhagen Criteria. This long quote also illustrates the detailed prescriptions made for the national legislative and institutional framework for the fight against corruption and organized crime. Recently, with the main legal and institutional frameworks in place in East Central Europe and the Baltic states, a certain discomfort with the downright external imposition of these frameworks has induced a new approach. The terms "regional ownership," "sustainability," "public awareness," "codes of conduct" and "anti-corruption networks" have thus become fashionable.

In the states and regions of post-communist transition in Europe, links between corruption and organized crime are of great concern as they undermine democratic, social and economic reform, all the more so as state socialism implied the absence of public transparency and well-entrenched informal networks. No other world-region can match the conditionality and intensity of anti-corruption programs by international organizations and financial institutions. In the ten EU accession states, the current level of corruption does not pose a vital threat to the functioning of democracy, state

administration or the market economy. Indeed, after a decade of massive international input in the field of anti-corruption, implementing preventive and punitive strategies is now on the top of the agenda. The policy focus is on tightening control and regulations in corruption-prone “grey zones”, such as party financing, border and customs services and public procurement (Brusis, Kempe and Van Meurs, 2002, pp. 177-189).

Recently, the Council of Europe and the Organization of Economic Cooperation and Development (OECD) have provided more detailed normative templates as well as institution-building and policy implementation assistance. The Council of Europe, introducing a broad concept of corruption, has adopted Criminal and Civil Law Conventions on Corruption, a Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, as well as recommendations for the elaboration of codes of conduct for public officials. The Council of Europe’s Greco program establishes a framework for the implementation and monitoring of these conventions. The Octopus program provides advice to strengthen national institutional and legislative frameworks against corruption. Unlike the EU Progress Reports, Octopus country reports and recommendations are written by representatives of the same country. Octopus complements other activities of the Council of Europe in the field of standard setting (conventions and recommendations on corruption, money laundering, organized crime and cooperation in criminal matters), monitoring and evaluation. Well-founded critique and policy recommendations in Octopus or Greco country reports or in the framework of accession procedures for EU (and NATO) have often galvanized national authorities into action.

The fight against corruption begins with the creation of an adequate institutional framework, but it appears that informal institutions (e.g. business culture and its corruption-resistance as well as legacies of the past and the specifics of the transition period) have a significant impact on the success of anti-corruption measures. Despite (or due to) its aversion to market forces, the state-socialist economic system structurally entailed backroom deals and fraud – a legacy of the recent past, more present in some countries than in others. Administrative corruption has a strong tradition under state socialism, especially in specific sectors. These legacies of the past are inflated by the post-communist transition and certain consequences of the EU enlargement process. Under socialism the use of personal networks, bribery and corruption were a structural characteristic of economic and administrative dealings – “enticements” for administrative services were common practice, especially in monopoly positions with low-payment. Quite naturally, this legacy of the past has a high impact on corruption awareness and tolerance among civil servants as well as the public. Even if countries have similar formal institutions, corruption may differ because of differences in the informal sphere. Typically, the level of political corruption in East Central Europe and the Baltic states exceeds that in most of Western Europe, but the state functions reasonably well. In the period under review, cases of large-scale political corruption discrediting the legitimacy of key state institutions and democratic procedures or even

“state capture”³ have been rare. Despite this possible indication of a consolidation of democratic procedures and the effectiveness of public awareness, the region has witnessed some dramatic incidents of political corruption, involving conflicts of interest and corporate influencing. In the middle of the political transition, new institutions have to be created and rules of the game established – in the case of anti-corruption, without recourse to examples or experiences from the preceding era. A sustainable anti-corruption framework requires, furthermore, a broad political consensus of government and opposition. Typically, with the increasing sensitivity of the public on corruption issues, accusations of political corruption tend to become part of politicking, definitely so during electoral campaigns. The fact that election fraud remained below the visibility threshold in the recent polls, although party financing has occasionally aroused suspicions of political corruption and corporate favouritism, may be considered as an indicator of democratic consolidation.

The Risks of Corruption and Anti-Corruption Strategies

At first sight, the 1990s seem to have been a decade marked by a boom in corruption, embezzlement, cronyism and conflicts of interest – particularly in the states of post-communist transition. Conversely, some convincing arguments may be found to identify a boom in anti-corruption strategies and rhetoric rather than corruption as such (Kraštev, 2000 and Cisar, 2001). International organizations, such as the Council of Europe, OSCE and the IFIs, on the one hand, and surveys revealing high levels of public dissatisfaction with government corruptibility, on the other hand, have “domesticated” the fight against corruption, brought anti-corruption to the top of any policy agenda. Even utterly corrupt and reform-resistant politicians by now are forced to phrase their policies in the jargon of anti-corruption as an unquestionable norm and imperative.

Thus, in a classical pincher movement, each government of a transition state is compelled both by international organizations and the domestic civil society to adopt anti-corruption as a policy priority. Domestic civil society is mainly represented by NGOs with strong international ties and the relevant surveys are mainly conducted by international organizations and local affiliates. Whereas the European Union and other European organizations may favour an anti-corruption strategy based on institution building and checks-and-balances within the political and administrative system, US-based organizations tend to highlight the role of civil society and public transparency in controlling corruption and conflicts of interest in the administration and politics. Yet, while Americans demand “freedom of information” and Europeans “access to information”, the united front of anti-corruption is an undeniable political fact.⁴

³ “The efforts of firms to shape and influence the underlying rules of the game (i.e. legislation, laws, rules, and decrees) through private payments to public officials.” See Hellman et al. (2000, p. 14).

⁴ Observation at a workshop on democratization at New Europe College, organized by the Romanian Academic Society in Bucharest on May 6, 2002.

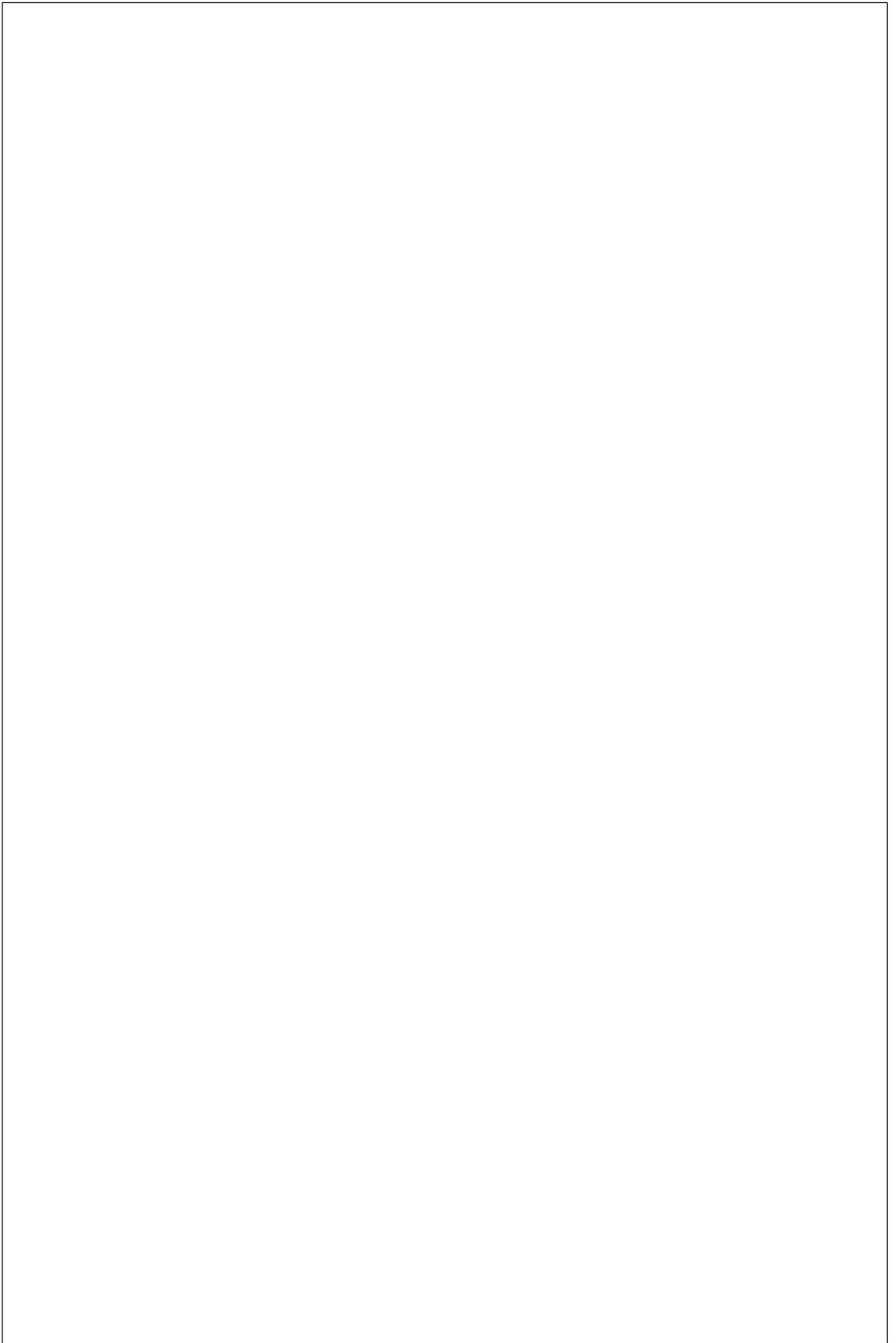
From the perspective of international strategies of political and economic transformation, the anti-corruption drive – i.e., the imposition of a universal norm as a short-cut solution to post-communist dilemmas - seems to be to some extent a corollary of transitology. As an independent variable with a high moral impetus, corruption came to represent an evil aberration hampering a successful completion of the transition or even – in the case of some countries – derailing the entire process. Thus, corruption – be it political or administrative, petty or grand – tends to become isolated from the broader picture with its complex intertwining of communist legacies, hardships of transition, weak states and disenfranchised citizens. Prior to the emergence of the economists' moral view of corruption in the 1990s, the informal economy had been given some credit for smoothening modernization and market mechanisms in post-colonial contexts (Kraštev, 1998). Currently, there is a drive for ever-more anti-corruption strategies and agencies, despite all reservations on effectiveness and unintended side effects (Lízal and Kocenda, 2000, and Hellman, Jones and Kaufmann, 2000).

The high proportion of citizens considering the national government, political parties and administration thoroughly corrupt in surveys legitimises the anti-corruption drive of international organizations and domestic NGOs (Global Corruption Report, 2001). More likely, the high rating of anti-corruption in surveys is a basic indicator for a whole range of democratic deficits, ranging from political cynicism and apathy to egalitarian leanings and frustrated expectations in transition. Whereas an iron rule seems to exist in Eastern Europe that reform governments are never re-elected, some unlikely politicians of dubious repute have played the anti-corruption card with much success in their electoral campaigns. Thus, studies investigating administrative corruption by recording citizens' personal experiences and confronting public officials in corruption-prone offices with the results to concretise motives and structural causes of corruption are more convincing than mere perception rankings and political declarations of intent. More often than not, corruption is in the end a flexible mechanism to cope with the failings of a weak state no longer (or not yet) willing or able to deliver.

In sum, what is perceived as corruption (for the lack of a better term) in the economies and government institutions of the states in transition is an integral part of the process, not one single evil generally explaining economic and political distress. Consequently, anti-corruption strategies by themselves cannot isolate or even resolve the problem of corruption. Ill-designed and uncritical anti-corruption drives may be characterized by detrimental unintended consequences rather than (seemingly) quantifiable results in fighting corruption. National anti-corruption strategies and institutions constitute only one specific aspect of the corruption “quagmire.”

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CHAPTER 15

Corruption or State Failure?

Alina Mungiu-Pippidi

Fighting corruption in Eastern Europe should be part of a comprehensive accountability-building strategy in order to succeed.

‘Culture of Corruption’ versus Unfinished Modernization

The post-1989 reforms produced uneven results in Eastern Europe. Explanations of success and failure vary from author to author and school to school, but both those who blame structural legacies and those who allow a greater role for transformation management acknowledge that corruption remains an important part of the picture, in successful as well as less successful transitions. The regional survey New Europe Barometer 2001 shows, for instance, that countries invited to join the European Union in the first wave, such as Lithuania or Slovakia, perceive in similar numbers their administrations to be corrupt with countries lagging behind, such as Romania and Bulgaria (Rose, 2002). From ‘plan to clan’ or from ‘nomenklatura to kleptokratura’ there was no shortage of catchy phrases depicting various features of this phenomenon, commonly referred to as ‘corruption’. But is ‘corruption’ the right word to capture societies that seem to operate alongside formal rules altogether? We call ‘corruption’ the use of a public position to seek personal gain, but when generalized at the level of ‘state capture’, and those corrupted are elected and reelected in free elections, is this still a meaningful word? Quite a few authors have tried recently to cast a more anthropological look at these societies in order to understand the prevalence of informal institutions over formal ones, by resorting to various concepts such as social capital (Rose, 2000; Rose-Ackerman, 2001), unwritten rules (Ledeneva, 1998) and even ‘a culture of corruption’ (Miller, Grodeland and Koshechkina, 2001). Pioneering work into the nature of communist patrimonialism was undertaken by Ken Jowitt (1992,1993),

and his followers developed further the model of 'neo-traditionalism' of communist societies (Waldron, 1996).

This paper follows these authors, arguing on the basis of survey evidence from three Eastern European countries (Romania, Bulgaria and Slovakia) that a different paradigm, broader than 'corruption culture', is needed to explain, not just describe, the 'informal' essence of post-communist societies and conceive a policy against it. The data comes from a Freedom House-Romanian Academic Society survey on corruption and government accountability, but its relevance goes beyond these phenomena, shedding some light on the nature of the relation between state and society in post-communist Eastern Europe. More specifically, the widespread practice of bribing in dealings with the public administration in this part of the world needs to be understood as part of a more complex design. Rural post-communist societies have never achieved the stage of fully modernized societies, and their administrations have never reached the impartiality, impersonality and fairness supposed to characterize modern bureaucracies. Therefore, corruption manifests itself often not just by use of a public position to seek personal gain, but more broadly as widespread infringement of the norm of impersonality and fairness which should characterize modern public service. Providing discriminative public service as a general rule may not be prompted by financial gain only, but be the norm in societies dominated by groups of uneven power status. A favor may be granted to acknowledge superior status or establish one's own without money being even involved. The superimposition of communism on traditional rural societies led to a sort of neo-traditionalist or *status societies* governed by unwritten rules more than formal laws (Jowitt, 1992). The explicit modernizing design of Communism was doomed from the start by the essential contradiction embedded in the communist power structure, the legitimating of status groups such as nomenklatura enjoying political and economical monopolies, and by the enforcement of this inequality against the ideology. The three countries I look at in this chapter – Romania, Bulgaria and Slovakia – exchanged a peasant variant of status society (their share of peasants from total population was higher compared to the rest of Central European states even before the advent of communism) with a communist variant. This reconstitution of the basic features of a status society hinders importantly the development of an open society and a free market. Such societies are characterized by *unpredictable patterns of distributing social and legal rights from a rational standpoint, but fairly predictable for whoever is acquainted with the patterns of authority generating unwritten rules of the game.*

Max Weber (1978, pp. 177-180) originally defined status societies as societies dominated by status groups and ruled *by convention rather than law*. "The firm appropriation of opportunities, especially of opportunities for domination always tends to result in the formation of status groups. The formation of status groups in turn always tends to result in monopolistic appropriation of powers of domination and sources of income...Hence, a status society always creates ... [the] elimination of individual's free choice ... [and] hinders the formation of a free market". Considerable evidence gathered

from studies looking at the black market during communism, or the underground economy in post-communist societies enforce the idea that uneven distribution of power according to status (as an apparatchik, a “director”, a party member, a civil servant or state salesman in charge of distributing resources always in short supply, a member of an official group, from the Union of Writers and Journalists to a sports club) was rather the norm than the exception. As other resources or forms of social stratification had been *de facto* annihilated by the Communism regime, *status* (conceptualized here as the distance of an individual from the groups or networks holding power) became the main provider of social hierarchy.

The slow, modest, often contradictory or ill-aimed reforms in post-Soviet or South-East European countries since 1990 have been unable to pin down this structural problem and address it fully; and this is the main reason why so many of them failed miserably to achieve any difference. Post-communist societies are complex societies: the legacy of communism often comes as this entangled mix of complicities in which victim and perpetrator have become difficult to tell apart. Unwritten rules prevail over written ones not only due to habit, but also to a less understood bounded rationality of their own. Widespread corruption is easier to understand if we see it as part of the more complex environment of an ‘informal society’, that is, a society in which informal institutions of power and power relationships are stronger and produce different outcomes than what one would expect by observing formal ones.

Method and Data

In line with this theoretical argument, this paper draws on surveys executed in three East European countries (Romania, Bulgaria and Slovakia) to, first, argue that we are dealing, although to different extents, with state failure, of which corruption is only a symptom; second, that business-related corruption is only a particular case of administrative corruption in general; third, that the public itself is part of the problem, being resigned to permanent administrative abuse and mistreatment; fourth, that despite this fact, institutional social capital lingers at a worrying level for the legitimacy of these political regimes, due precisely to the state failure to provide fair and satisfactory public services. Drawing on these findings, I will then advocate a set of recommendations to overcome this state of affairs, addressed to governments as well as international donors and civil society.

This policy paper draws upon a model of corruption in Southeast Europe based on empirical data. The source of most public opinion data used here is a survey of the Romanian Academic Society, sponsored by the Freedom House and World Bank Institute in Romania, Bulgaria and Slovakia, and measured in the spring of 2000 by national polling institutes in each country. The questionnaire was unique and the sampling technique identical. The sampling model was a two-stage random cluster sample. The sampling universe was the population of Romania, Bulgaria and Slovakia

aged 18 and over. The final sample included 1,237 respondents for Romania, 1,161 for Bulgaria and 1,011 for Slovakia.

I use two common measures of corruption in this paper. On the one hand, I asked people for their own assessment of corruption in society, which I call *subjective corruption*. On the other hand, I asked them to report their personal experience with corruption, which I call *corruption experience*. Both measurements are subjective, relying on one's ability to perceive, assess and report correctly situations that are not always clear-cut.

The first question (how wide-spread do you think corruption is in the public sector?) actually asks for a generalization from every respondent, regardless of his or her personal experience. From the point of view of survey theory, such a question is quite misleading, since it asks people to answer a query that they have little or no means to solve. Consequently, subjective corruption surfaces in models as associated beyond one's experience with social paranoia and should be regarded rather as a measure of institutional social capital. The second category of questions is not without problems either, since respondents are asked to report illegal behavior and there is practically no way to check their stories or to differentiate between an active party and a passive party (since corruption involves at least two actors). Two risks are obvious here, namely, that respondents would be tempted to underreport socially undesirable behavior, and that, while reporting it, they would attribute it to other sources than their own behavior, in order to avoid personal guilt.

Nevertheless, on the basis of a large number of regional and national surveys, it has been noted that the above-mentioned risks are smaller than one would believe. People seem to report corruption with no fear of consequences, probably as it is such a widespread phenomenon that prosecution becomes unlikely. Having said this, such risks are still present when addressing specific target groups, such as investors, since businessmen tend to be discrete on their own initiative and collaboration in acts of corruption. Furthermore, they often obscure the fact that the original motivation for bribing officials is not to defend some legal right of theirs, as with the ordinary citizens, but to obtain "favours", such as short cutting existing laws and regulations.

Corruption as the Grease of Public Service

The results display a picture of large-scale participation in bribe giving (see Table 1) as well as considerable lack of satisfaction with the administration and judiciary (Table 2).

While corruption experience varies considerably in the three countries, with Bulgaria doing better than the other two, subjective corruption, negative experience with civil servants and their low score of public trust, together with judges and MPs, are quite similar. Most of the respondents in the three countries report having been mistreated by a civil servant after the fall of communism; those who give a favourable assessment of civil servants, judges and politicians are well below a third of the total.

Recruitment of these groups in the three countries is done in a more or less similar way. Representatives are elected on party lists, not directly, as in majority systems, judges are appointed by a national authority and civil servants represent a mixture from the communist bureaucracy and new recruits. Public advertising of job openings in these sectors is exceptional: as a general rule, one gets a job as a civil servant by informal connections; open contests for jobs are organized only in order to create an appearance of competition (results are manipulated either by restricting information, inventing peculiar contest rules or at the stage of evaluation). Politicization of the administration runs deep, less from political interest in these low-key jobs, but because political parties are super-status groups, managing various influence monopolies and supporting a wide range of cronies.

TABLE 1: COMPARISON ACROSS SELECTED CEE COUNTRIES

	Romania	Bulgaria	Slovakia
Subjective corruption	69.5%	62.0%	64.3%
Experience with (frequency of bribe giving)	67.1%	29.1%	55.9%
Accountability index	1.75	2.64	1.51

Scale ranges from 0 – no response, to 5 - full satisfactory response (in terms of timeliness and content) at the request to provide the last year's activity report or an equivalent document addressed to all central government agencies. The country index is a simple average of the scores granted per national agencies queried. The index was built by SAR in 2000 in the framework of the same survey on accountability quoted.

TABLE 2: OPINIONS ON CIVIL SERVICE AND GOVERNMENT

	Romania	Bulgaria	Slovakia
Experience and trust in the civil service			
Mistreated by a civil servants after 1989	59.2	34.4	61.3
Members of Parliament work in the public interest	11.0	9.0	15.5
Judges work in the public interest	27.5	13.4	37.5
Civil Servants/Central Govt work in the public interest	16.5	15.1	25.9
Civil Servants/Local Govt work in the public interest	33.8	18.4	34.2

There is also a strong correlation between reported bribe and reported abuse by administration, which shows that bribe is often a consequence of mistreatment (see Table 4). People bribe because otherwise they would hardly get anything they need - in post-communist countries the dependence on the administration for an array of permits is considerably more extensive than in the West. Mistreatment is generally interpreted

as a signal to deliver a payment to the civil servant or public official. This works regardless of social status differences - the only variable which makes a difference is to belong to a minority status group or a network, which will connect you to the administration and turn the impersonal relationship into a personal one, which, on this particular item, includes 23 percent of the respondents (see Tables 3A and 3B). The likelihood that in this case one will get the service one needs done in a satisfactory manner is considerably higher.

TABLE 3A: SATISFACTION WITH SERVICE RECEIVED BY PERSONAL CONNECTION.

	Has a personal connection	Has no personal connection
Satisfied	77	62
Not satisfied	23	38
Total	100	100

TABLE 3B:

	Has a personal connection	Has no personal connection	Total
Satisfied	35	65	100
Not satisfied	19.6	80.4	100

Chi-square association test significant.

Source: Barometer of Opinion Romania 2001, Metromedia.

TABLE 4: ASSOCIATION BETWEEN ADMINISTRATIVE ABUSE AND BRIBE GIVING

Predictors	Non-standardized coefficient (Standard error)	
How often did you have to bribe?	.6410	(.2200) ***
Wealth	.4310	(.0300)
Age	2.504E-02	(.0340)
Size town	2.214E-02	(.0270)
Education	-3.605E-02	(.0440)

*Noted significance levels: * = $p < .05$, ** = $p < .01$, *** = $p < .001$*

Linear regression with dependent variable 'Have been mistreated by an official after 1989?'

The reason to exist of the public administration is to provide services to every taxpayer, but it fails to do so on a large scale in many East European countries. Corruption is the means by which the best networked and the well off (usually one and the same), manage to obtain what is more often than not *normal* treatment. The public sector should, of course, provide such treatment on a general scale to every tax-paying citizen, but it fails to do so, either from objective lack of resources (the case of health care), or from lack of effectiveness (police), accountability, or both. *Bribe is therefore a*

supplementary tax paid to obtain normal public service, and as such, it is an indicator of lack of institutional performance.

Moreover, when correlating bribe giving with consequent satisfaction with the service received the survey finds a *negative* association, meaning that people on one hand dislike bribing, and on the other that even bribing fails to make the administration more efficient, being inferior to having a personal relationship or belonging to the right network of people to make dealing with the administration easier (see Table 5).

TABLE 5: ASSOCIATION BETWEEN BRIBE GIVING AND SATISFACTION WITH SERVICE DELIVERED

Predictors	Non-standardized coefficient (Standard error)
Bribe giving	2.31 (0.35)***

Dependent variable: Satisfaction with service after bribing.

*Legend: * predictor significant at $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$*

Corruption is commonly defined as the grease of commerce. Evidence coming out of these surveys is that of *the grease of public service, not business*. In none of the three samples could I find any correlation between being engaged in business and bribing. It is not the reinvention of business, which prompted corruption in post-communist Europe; it is the survival of the communist times' organization and culture of administration. Business-related corruption may be the one involving the largest amount of money, but corruption related to everyday life and the public service, which the administration is supposed to deliver, is the one burdening people.

TABLE 6: CROSS-TABULATION OF 'ENGAGED IN BUSINESS' WITH 'HOW OFTEN DO YOU HAVE TO BRIBE?'

	BUSINESS		Total
	yes	no	
Always	13.5%	13.8%	13.7%
Varies	57.1%	52.9%	53.4%
Never	27.1%	28.2%	28.2%

* Romanian sample only.

Another poll of the World Bank in Romania reported encounters with corruption of 38 percent among civil servants (self-reports of being offered bribe), 42 percent of the public, and only 28 percent of businesses. Even if the businessmen in the sample played down encounters with corruption, thus playing down their own involvement, a clear sign of weakness of the instrument, it is clear that business-related corruption does not carry the bulk of the phenomenon.

The Abused as Part of the Problem

In this picture of generalized bribe in ordinary dealings with the administration it is obvious the public plays a large part. Despite having only a minority agree that you must always bribe to get what you need (Table 7), it is obvious that the public at large is not revolted by the system and fighting it, but rather resigned with its arbitrariness. Abusive treatment one by the administration is not general (Table 8), but simply arbitrary and unpredictable, as synthesized by the answer: "Depends on the civil servant you encounter". One never knows the treatment one will get from the administration, usually it turns bad if you do not have a personal "connection", so you have to bribe, it may not work even after that, but then it may work even without bribing if you are lucky. It is like the weather or God's will: one never knows where one stands. And arbitrariness confers power of the civil servant over the citizen, even more than in communist times. Most rules and practices in the administration, despite frequent changes of legislation, still originate in communist times, because legislation reform did not reach into micro-management of state agencies. And arbitrariness confers power to the civil servant over the citizen, even more than in communist times. Despite frequent changes of legislation most rules and practices in the administration still originate in communist times, because changes of legislation did not include all regulations for the state agencies. Even the philosophy stayed the same: in the new oath Romanian civil servants take according to the 188/1999 Law of the Civil Service, prompted and supported by the European Commission, there is no word of the public as being the consumer. Quite on the contrary, the civil servant swears allegiance to the country and to his superiors. No wonder, the combination of tight and uneven access to public services with the decrease of accountability, which followed the fall of the dictatorships, led to an increase of petty corruption. There was no other tool available to the ordinary citizen to make the administration work and be reliable.

TABLE 7: HOW OFTEN DO YOU HAVE TO BRIBE?

	Romania	Bulgaria	Slovakia
	%	%	%
Always, if you want things done	13.7	1.3	8.2
Sometimes	53.4	28.3	47.7
Never	28.2	66.2	39.8
No answer	4.7	4.1	4.4
Total	100	100	100

Nevertheless, only a minority is part of informal networks, connected to those, who can award public services as favors; in addition, not everybody has the resources to bribe. Where does this leave the rest of people? How do they react when they need something? Answers in Table 9 show that the majority simply accepts being abused by a civil servant

just like they would have acted under communism out of fear of political repression. Slovaks are the most self-assertive in asking for their rights, followed by Bulgarians. Romanians prefer to try to bribe more than to fight back, but the majority of people in all three countries is simply “letting it rest” when it happens as still the safest solution.

TABLE 8: WOULD YOU AGREE THAT THERE IS NO FAIR TREATMENT WITHOUT HAVING TO BRIBE SOMEONE?

	Romania %	Bulgaria %	Slovakia %
Definitely yes	14.1	10.8	7.7
Depends on the civil servant you encounter	53.4	34.2	57.2
Rather not	22.3	32.6	18.0
Certainly not	10.3	6.9	11.5
No answer	0.0	15.6	5.6
Total	100	100	100

TABLE 9: IF MISTREATED BY A CIVIL SERVANT, WHAT IS YOUR REACTION MOST LIKELY GOING TO BE?

	Romania %	Bulgaria %	Slovakia %
Complain to the proper authorities	12.5	25.4	35.2
Offer him something to get a fairer treatment	23.0	4.6	9.3
Let it rest	39.3	40.4	41.7
Other	5.4	3.3	
Does not apply	19.8	10.4	
No answer	0.0	15.9	13.7
Total	100	100	100

TABLE 10: DO YOU KNOW WHERE TO FILE IN A COMPLAINT IF MISTREATED BY THE FOLLOWING CATEGORIES OF PEOPLE ? (PERCENTAGE REPRESENTS THOSE WHO DO KNOW)

	Romania %	Bulgaria %	Slovakia %
Civil servants at the local government	60.6	49.1	63.6
Tax officers	44.1	39.5	50.0
Telephone company	57.0	28.5	73.7
Court	45.7	24.4	50.5
Mayor	37.6	36.0	55.6
Doctor/medical staff	54.9	51.6	73.7
Member of Parliament	18.8	17.5	28.8
Central government agency/institution	19.6	19.2	30.5

The reason people do not complain or fight back administrative abuse is that, on the one hand, channels of accountability are simply not there for the people to use, or they are inaccessible to the poor and least educated people. Most people know where to go to complain of local governments, but do not know of any channel for complaints against national government agencies, courts and the almost universally disliked members of Parliament, who enjoy the lowest trust of every professional category.

A competent and demanding public is needed, however, to take advantage of the channels of accountability when available, or ask for them when they are not. Abuse of the governed by governments persists due to the low civic competence and participation of the governed. By civic competence I mean a citizen's awareness of his or her own rights and the corresponding active attitude in making these rights respected. I created a correspondence analysis index of 'civic competence' made of:

- behavior when mistreated by a civil servant;
- attitude when witnessing bribe given or taken;
- awareness of accountability mechanisms the public can resort to if abused by the local government, local tax office, phone company, the courts, the mayor, hospital, Parliament and Government.

Two classes of individuals surfaced after correspondence analysis: individuals, who complain when mistreated, know where to complain in the case of most public institutions; they report corruption when encountered, try to talk out or avoid the persons involved (competent, 28, 4 percent), and individuals, who are unaware of accountability mechanisms and let the matter rest, when they encounter abuse or corruption (incompetent).

What determines civic competence? Individuals, who are generally young, educated, relatively well off, residing in urban areas and more competent politically (factor score made of self-assessed interest in politics, reading or watching political reports in the media, and discussing politics with friends and family) tend to be more competent. Considering the practice of giving gifts acceptable only as a token of gratitude completes the picture. For the rest, the three countries we surveyed differed. Romanians and Slovaks tend to attribute corruption to the low moral standards of the people, while Bulgarians are more likely to blame the institutions.

The final picture is clearly that of a population used to being abused by government, with less than a third exploring channels for defending their rights and dignity. The situation is enforced by state dependency, as the majority, which is not civically competent, is made of people living on state pensions or other entitlements, dependant on the postman who delivers the monthly paycheck, the local government official who would grant the approval to install gas in one's kitchen or distribute vouchers for domestic or agricultural work. This picture is confirmed when explaining subjective corruption.

A glance at a basic model of subjective corruption shows that the perception of widespread or general abuse is mostly encountered in less developed regions and more

in urban than rural areas (Table 11). There is also a strong correlation between subjective corruption and trust in the public sector (Mungiu-Pippidi, 2000). More than a measurement of corruption, it can be seen rather as an indicator of institutional social capital. High subjective corruption indicates low social capital. Institutional social capital is lower in cities than in villages and in poorer areas than in developed ones.

TABLE 11: DETERMINANTS OF SUBJECTIVE CORRUPTION

Predictors	<i>Non-standardized coefficient (Standard error)</i>	
<i>Village and small town</i>	-0.058	(.020)***
<i>Age</i>	-0.054	(026)**
<i>Education</i>	0.029	(010)**
<i>Regional development index</i>	-0.003	(.002)*
<i>Income</i>	-0.000	(.000)*

*Noted significance levels: * = $p \leq .05$, ** = $p \leq .01$, *** = $p \leq .001$*

Undermining Institutional Social Capital

Institutional social capital is conceptualized in this paper as simply the aggregated public trust in public sector and state institutions (Knack, 1999, Newton and Noris, 2000). This narrow definition does not include, therefore, any unwritten rules and the practices of citizens in their dealings with the administration. By making a distinction among the two, I try to stay clear of the usual causality problem of social capital theory and distinguish clearly dependent from independent variables in this complex picture. I side with those who warn that including everything under social capital renders the notion itself meaningless (Ostrom and Ahn, 2002). Equally, I resist the idea that self-serving networks which take advantage of the state and its resources should be seen as particular forms of social capital. On the contrary, the existence of such networks undermines social trust and makes people cynical towards the newly proclaimed and barely inaugurated rule of law. The general accepted norm of fairness and trustworthiness which serves as the framework for fostering collective action for potentially each and every person in any possible combination should be contrasted with closed status groups or informal networks acting at the expense of others. The former fosters trust, honesty and development; the latter perpetuates mischief, distrust and inequality of opportunity. The government and the class of administrators have an essential role to play in order to assure the passage from the status society inherited from communist times to the essentials of a modern society. The public is aware of the lack of fairness of the society and does blame it on the government (see Table 12).

TABLE 12: ROMANIAN PUBLIC OPINION ON LAW AND LAW ENFORCEMENT

<i>Variables</i>	<i>Yes</i>	<i>No</i>	<i>Don't know</i>
Laws are currently enforced and binding	12	85	6
All citizens are equal in front of the law	17	78	5
Laws are proper and fair	28	65	7

Source: Metromedia Barometer of Opinion.

With a notable exception (Della Porta, 2000), most of social capital literature, follows in the steps of Putnam to assume that basic or structural low interpersonal trust undermines public trust, collective action and development. Although a lengthy discussion is needed here to clarify these relationships, for the purpose of this paper I will only show that mistreatment of the administration, therefore direct negative experience, is undermining social capital even in a complex model testing also interpersonal trust, frustration with social disparities of the transition and residual communism. Negative experience with the administration predicts low institutional social capital in all the three countries surveyed.

The three models in Table 13 test, therefore, our hypothesis that administration or government behavior directly undermines social capital. Other causes of low trust in the public sector may be grouped according to three basic factors: frustration with the transition, measured by the comparison of one's current living standard against that under communism and envy towards those who did better; ideology and residual communism, which may still influence the perception of the public sector by the citizens; individual performance, as it was mentioned above that civic competence makes a lot of difference in the way a citizen handles his or her relationship with the administration. To avoid colinearity, I did not use the factor of civic competence created, but a factor score of political competence, one's inclination towards trust in others (interpersonal trust), and one's membership in various associations. The last two are widely tested in the social capital literature. Finally, we used the direct questions on mistreatment by a civil servant as a proxy for administration's performance.

Models varied slightly from country to country, but the state performance hypothesis remained stable across the three of them. Each of the hypotheses was validated or revalidated to some extent. Some degree of frustration with the socially painful transition is visible in all the countries, as is the personal factor. Individuals, who are more politically competent and higher on interpersonal trust, do tend to give more credit to the state as well. Those who score high on residual communism are more likely low on social capital in all the countries. Frustration with transition, including an association between poverty and low social capital, is stronger in Bulgaria; lower social trust in urban areas as compared to rural areas surfaced again in Romania as well as in Slovakia in simpler variants of the model. This finding goes against the bulk of traditional literature which states that peasants, not urban dwellers, are those distrustful,

TABLE 13: ASSOCIATION BETWEEN INSTITUTIONAL SOCIAL CAPITAL AND ABUSE BY ADMINISTRATION	
<i>Independent variables</i>	<i>SLOVAKIA</i>
	<i>BULGARIA</i>
	<i>Status</i>
EDUCATION	-0.041 (0.031)
WEALTH	-0.008 (0.008)
AGE	-0.000 (0.001)
TOWN SIZE	0.018 (0.051)
MALE	0.045 (0.051)
REGIONAL DEVELOPMENT INDEX	
	<i>Frustration with transition</i>
Subjective welfare	0.262 (0.097) **
Social envy	-0.071 (0.026) **
	<i>Individual civic competence and trust</i>
Civic membership	-
Interpersonal trust	1.312 (0.135) ***
Political sophistication	-0.050 (0.034)
Ideology and residual communism	
Self-assessed ideology	-0.022 (0.027)
Communism good idea	-0.072 (0.028) *
	<i>State performance</i>
Abused by a civil servant	-0.149 (0.051) **
Adjusted R ²	0.18

Significance level: * = $p \leq 0.05$, ** = $p \leq 0.01$, *** = $p \leq 0.001$
 OLS Regression with dependent variable 'Is the state to be trusted?'; Non-standardized coefficients with std. errors in parentheses.

but it is well in line with my general hypothesis. It is in the recently urbanized areas, where local governments face more complex tasks, where citizens are more self-assertive and rural and urban life styles meet, that the clash between the government and the governed is more likely.

Does it make sense to call this phenomenon “corruption” after all? The plain answer is no. Framing this as individual derailment from a general norm of impartiality and fairness can lead to the wrong anti-corruption policy, because it implies the accent should be put on repressing deviant individual behavior. But as this inevitably fails, as the same informal networks cut across judiciary and law-enforcement agencies, it means that the only people who can occasionally be touched by a repressive policy are those who, rather exceptionally, are not part of any network or status group.

Miller et al. (2001, pp. 289-299) have recently proposed a comprehensive and general set of solutions: downsize the state, improve openness and transparency, empower citizens, improve administrative efficiency, encourage officials by salary increases and impose tighter control and stricter penalties. Most assistance programs can claim they already cover some part of this vast program, but to little effect. More than general objectives, even those on which there is some agreement, concrete instruments seem to be missing. Some are emerging, however, from the best practice on ground and should be considered within the general framework of fewer regulations and better enforcement of those remained in place.

One Agency to Bind Together Administrative Ethics and Performance.

Too many pieces of legislation compete and overlap already on corruption and accountability, while crucial areas remain not addressed at all. The civil servants laws are lengthy, wordy and failed miserably to prevent cronyism and politicization. More often than not, they do not cover conflict of interest properly, not even while the person is in office, not to speak of periods immediately before or after. They carry no penalties for infringement of incompatibilities between the position of civil service and “economic activities” other than, at worst, dismissal. The issue of efficiency is not at all addressed in these laws. Other legislation, especially to regulate conflict of interest, is missing. Conflict of interest is not only a widespread practice in these countries, but it is legal in many cases and embedded in the new legislation knowingly and unknowingly. The law of public television in Romania (1998) allows producers to sit in the supervisory board, therefore approving their own shows and budgets, for instance.

What could help is the adoption of one clear, legally binding for the whole public sector, code of conduct to spell not only regulations, but also norms and desired practice, and to provide a comprehensive guide for every situation. Models are available, such as the Code of Conduct of the American Federal Office for Government Ethics. Not only does such a Code need to be adopted, but also an agency must be

created and empowered with its enforcement (Office of Ethics). This agency should be an autonomous body, with special status to protect agents from political interference and a head appointed by the Parliament. The main task of the Office for Ethics will differ from that of the Ombudsman, which pleads from keeping the two separate: not the pursuit of infringement of good conduct, but the implementation of standards of conduct fully, agency by agency. This means setting performance targets, creating indicators and organizing feedback from consumers on a regular basis. As part of the European integration process, certain bodies were created under the banner of continuous education of civil servants, for instance, but without any mention of ethics and performance whatsoever. Bringing together the ethics and the performance of the administration in one agency makes sense, as the two are strictly related.

Making Transparency the Norm

Good anti-corruption strategies must grant an important role to instruments already at hand. The Freedom of Information Acts (FOIA) adopted in these three countries are virtually accountability bills, asking every public agency to make every record transparent and to publish a yearly report on the spending of public money. They also require that every non-classified piece of information should be made public ex-officio. If these Governments are serious about an anti-corruption, they should thoroughly implement FOIAs. If tender procedures and motivations for selecting winners were made accessible to the public, many acts of corruption would be prevented. Political will is best shown in the using of already available tools, not in the proposal of further strategies or legal drafts. Here is the test case for the Governments. There was also intense activity from the part of the civil society in advocating for these bills and assisting implementation. In the most advanced case, Bulgaria, there are clear indications that the bill is working. The governments must continue implementation. For the larger South-Eastern area a good spill-over effect is already at work, with Serbia moving to adopt a FOIA with the assistance of Romania and Bulgaria. This best practice should be moved further to the East in post-Soviet countries, whose administration is plagued by a similar disease. But for the implementation to succeed, it needs a coalition of the media and NGO community to act on behalf of consumers.

Empowering the Consumer through NGOs Acting as Ombudsmen and Auditors

The majority of citizens who complain of abuse by the administration suggest that the philosophy “the public is our customer” is far from gaining acceptance in the administrative culture, not to speak of implementing it. Assuming that the public agencies will meet some success in achieving the objectives set for the first year of FOIA implementation, at least formally, by publishing some documents, the public will

have the possibility for the first time to read the spending report and the budget of public agencies. However, most of the public is neither willing, nor competent, for such a task. What is needed, therefore, is some intermediate agent to act *on behalf* of the public, competent enough to check expenditures reports, but independent enough to be able to follow suit in any event. It may turn out that the reports are fair and accurate, and this must be made public by an independent source, since the lack of trust in these citizens in their public institutions is notorious. Or, alternatively, it may turn out that they are not fair and accurate, or that essential data is missing or misused, in which case action must be taken. However, reading a budget and suing the Government require certain skills. Thus, the solution is to have intermediates acting on behalf of the public, local NGOs or other community organizations (such as Chambers of Commerce) checking reports and filling complaints on behalf of citizens, in the first years after the enactment of the law. In Bulgaria this is working already, with organizations such as the AIP (Access to Information Program) or NGO Ombudsmen assisting reform of municipalities. But this best practice needs to be spread. The differences between assisting implementation and letting it go on its own can be seen in other countries. In Albania, where the law was adopted hastily, after insistent international advocacy, then left to itself, nothing changed, and, after several years have passed, it is hard to dig it out from public indifference and skepticism.

Making Representatives at Least Look Accountable

Politicians in these three countries are perceived by the public, justly or unjustly, as being above the law. Representatives deserve a special chapter, as they enjoy the lowest position in public trust, and the public is outraged by the fact that they approve their own budget. Instead of trendy projects to change the electoral system to a first-past-the-post systems (to escape the party list allegedly responsible for the lack of accountability), more accessible steps can be taken to the same end. These include a more restrictive approach to parliamentary immunity and making votes in the Parliament more transparent, American-style (the represented should get to know how their representative voted on a certain bill, which is not always the case now). Both would help to make representatives more accountable in the eyes of the public, if only to a limited extent. Of course, nothing can substitute parties' reform to drag East European political parties out of the low confidence area they have been in for the past decade, but this is already another story.

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