A. LEVEL OF CORRUPTION

The objective of the *Corruption Monitoring System* of *Coalition 2000*[2] (CMS) is to measure the **level of corruption** (defined as the number of corruption transactions concluded in a given period of time) in the country. Additionally, the CMS also aims to account for **the public attitudes and expectations related to the observed level of corruption.** In response to the frequently raised criticism that what is actually measured are people's perceptions rather than the actual level of corruption, it should be noted that the CMS is designed to measure both the perception aspects of corruption and the objectively observed frequency of corruption transactions.

Due to the fact that corruption is a complex phenomenon, any system of dynamic measurement introduces certain conditionalities, which predetermine the content of the data and the possibilities for their interpretation. In this respect, the main advantage of CMS, which has been utilized since 1998, is the comparability of data over time. The considerable mass of information that has already been collected enables long-term trends to be explored and allows random deviations to be eliminated. The main principle used in the construction of the CMS is that corruption is a crime with a high latency level (as a rule, it is not reported to law enforcement authorities and hence not registered in official statistics) and therefore the degree of its spread can be measured solely through *victimization surveys*. In this sense, the approach to establishing the frequency of corruption transactions is identical to the methodology for measuring the frequency of other types of crime.

The working definition of corruption used in the CMS is: the abuse of power or official position for personal gain. Cases of corruption under this definition can be described as the non-regulated (i.e., informal) transfer of resources from private persons to civil servants for the purpose of receiving a certain favor in exchange. The favor could be legal, where the employee does not violate the law and the favor involves the regular performance of his or her official duties, or it could be a favor that basically presupposes the violation of certain laws or other norms and/or rules.

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[2] This report presents only the more significant data and conclusions related to the research program of *Coalition 2000*. The full reports on all monitoring that has been conducted are accessible at the web sites of *Coalition 2000* (www.anticorruption.bg) and Vitosha Research (www.vitosha-research.com).

A.1. Level of Corruption— Corruption Transactions

The indicator "level of corruption" reflects the number of corruption transactions actually concluded by the population for a given period of time. These are arrangements in which the citizens of the country and the representatives of the business sector have admitted to participation. This is an indicator which reflects the actual frequency of a certain type of events in the everyday lives of citizens and businesses (as opposed to reflecting the perceptions of citizens and businesses).

The values of the 2003 indexes for levels of corruption among the population and the business sector are the lowest since 1998. No significant changes occurred during the year (see Charts 1 and 2). This justifies the conclusion that **the level of corruption in the country in 2003 is neither increasing nor decreasing**. The absolute number of corruption transactions carried out by citizens and companies, however, is still disturbingly high. The average monthly number of corruption transactions which corresponds to an index value of 0.4 (for the population) is about 100,000. For

CHART 1   DYNAMICS OF THE INDEXES OF THE LEVEL OF CORRUPTION FOR THE POPULATION (FEBRUARY 1999 – OCTOBER 2003)

Corruption Pressure
Corruption Transaction
Linear (Corruption Pressure)
Linear (Corruption Transaction)

Source: CMS of *Coalition 2000*

CHART 2   DYNAMICS OF THE INDEXES OF THE LEVEL OF CORRUPTION FOR THE BUSINESS SECTOR (OCTOBER 2000 – NOVEMBER 2003)

Corruption Pressure
Corruption Transaction
Linear (Corruption Pressure)
Linear (Corruption Transaction)
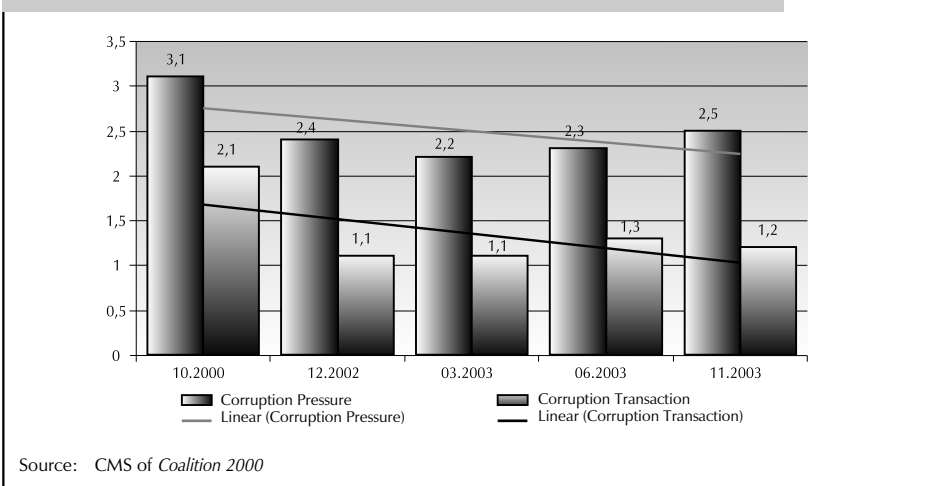
Source: CMS of *Coalition 2000*

the business sector, the average monthly value of the index for 2003 is about 1.2, which corresponds to about 4,000 corruption transactions.

The consequences on the citizens, given the observed levels of corruption, are several. First, the use of corruption transactions creates inequality, since those giving bribes benefit from the services of the state to a larger degree. Second, the existence of a sufficiently large incidence of corruption transactions prompts some civil servants to create situations in which the giving of bribes becomes "necessary", in this way creating a market for their "services". Third, in time, the criteria for making decisions in the different departments of the administration tend to become distorted.

Whereas corruption transactions within citizens' services raise the problems of social justice and administrative efficiency, the use of corruption transactions in the business sector significantly distorts the market and competitive environment. As reported by company managers, corruption transactions have turned into a significant factor, which has a distorting effect on:

- the application of the **regulative functions of the state** (see Chart 3). The data show that state regulations and prescripts are skirted by about 10-20% of the companies in the country (not taking into account companies in the gray economy, which considerably increase the figures).

- the effective **selection of suppliers for the needs of the state** (see Chart 4). Taking into account the fact that more than BGN 2.4 billion (according to data of the Bulgarian Industrial Association), have been spent through public procurement in 2003, the fact that in a significant number of cases this happens by means of various corruption transactions shows that a parallel system of interests exists in the country. This system shapes the concrete decisions of executives who start to derive

CHART 3   RELATIVE SHARE OF FIRMS HAVING MADE
           UNOFFICIAL PAYMENTS FOR SERVICES (%)

A void fine for violation committed by the company* — 11,4

Obtaining permits and licenses — 8,6 / 13,8

Obtaining credit — 8,6 / 7,2

Obtaining a construction permit — 7,8 / 7,5

When paying customs duties — 7,6 / 8,1

When paying taxes — 7,4 / 3,6

Winning public procurement contracts — 5,5 / 7,7

Electricity supply connection — 4,8 / 4,5

Obtaining a telephone line — 4,5 / 4,3

In connection with court proceedings** — 3,6

Concluding contracts with large enterprises — 3,3 / 6,1

Title registration — 3,1 / 1,8

Company registration — 2,9 / 3,2

When working with the court civil business divisions** — 2,4

Connection to a water main — 2,1 / 2,5

☐ June 2003   ■ November 2003

0   5   10   15

Source: CMS of *Coalition 2000*

CHART 4   RELATIVE SHARE OF FIRMS HAVING UNOFFICIALLY PAID SUMS IN ORDER
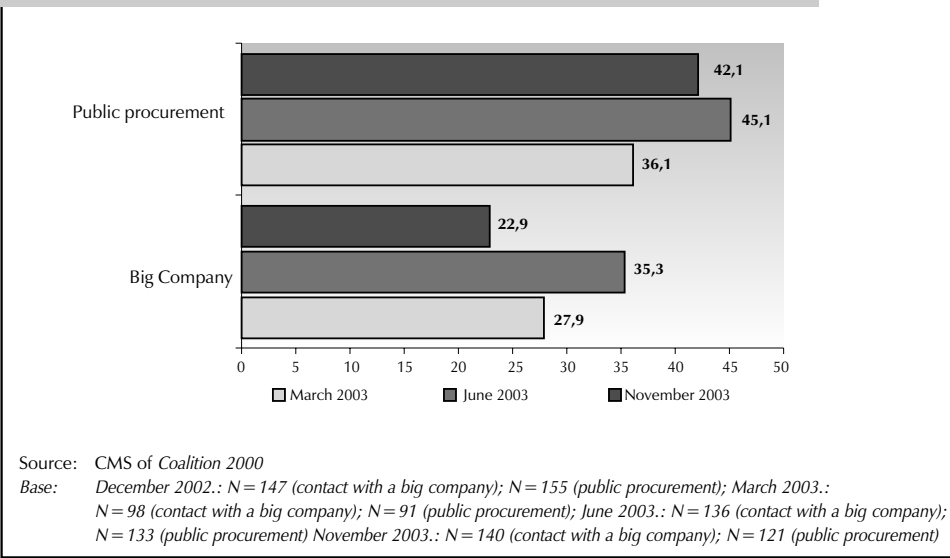   TO PROCURE A PUBLIC ORDER OR CONTRACT WITH A BIG COMPANY (%)

Public procurement — **42,1** / **45,1** / **36,1**

Big Company — **22,9** / **35,3** / **27,9**

0 5 10 15 20 25 30 35 40 45 50

☐ March 2003   ■ June 2003   ■ November 2003

Source: CMS of *Coalition 2000*
Base: *December 2002.: N = 147 (contact with a big company); N = 155 (public procurement); March 2003.:*
           N = 98 (contact with a big company); N = 91 (public procurement); June 2003.: N = 136 (contact with a big company);
           N = 133 (public procurement) November 2003.: N = 140 (contact with a big company); N = 121 (public procurement)

considerable benefits from these transactions at the expense of tax-payers.

• the principles of **free competition among companies** (see Chart 5). The relatively large number of contracts, marked by the burden of corruption transactions, shows that in the "real economy" of the country, corruption is poised to become a peculiar tax which ensures relative economic well-being, and is the price for staying in business. The good news in this case is that the statistics on the incidence of corruption in contractual relations show a trend (albeit weak) towards reduction.

A basic issue for the political assessment of the level of corruption is whether the observed values of the indicators are high or low. In addition to tracing the dynamics of the indicators, two basic approaches are possible in this respect: international comparisons, and subjective perceptions of the degree of seriousness of corruption as a social problem. Regarding international comparisons, the data of the relative position of Bulgaria are contained in the index of Transparency International. The evolution of the country in the period after 1998, according to the ranking of Transparency International is similar to the developments observed by the national surveys of *Coalition 2000*: there was positive development in the period of 1998-2002, and a standstill in 2003. Among the 133 countries included in the 2003 index of Transparency International, Bulgaria occupies 54th place, which indicates a country with a serious corruption problem.

CHART 5 SHARE OF CONTRACTS BETWEEN BRANCH PARTNERS INVOLVING BRIBES (%)
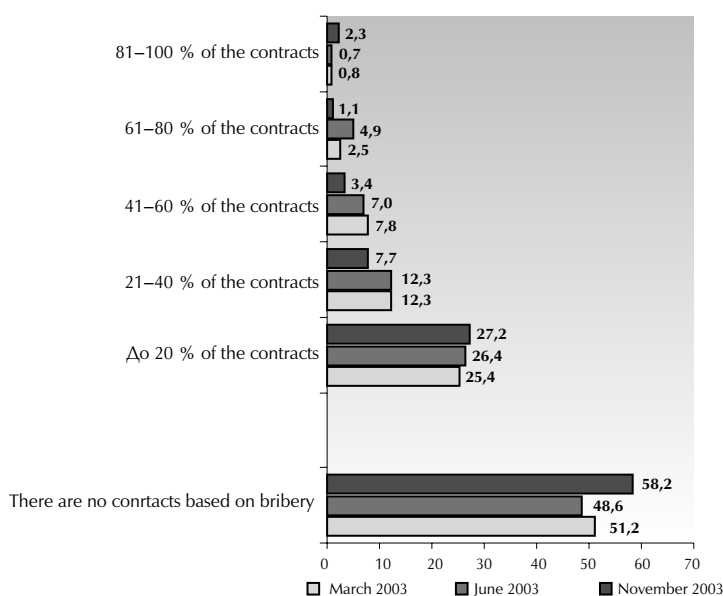
Source: CMS of *Coalition 2000*
Base: *March 2003: N = 244; June 2003: N = 284; November 2003: N = 261*

TABLE 1 DYNAMICS OF THE RELATIVE STATUS OF BULGARIA IN THE RANKING OF TRANSPARENCY INTERNATIONAL

Year	Ranking	Index	Standard deviation	Number of surveys	Number of countries
2003	54	3.9	0.9	10	133
2002	45	4.0	0.9	7	102
2001	47	3.9	0.6	6	91
2000	52	3.5	0.4	6	90
1999	63	3.3	1.4	8	99

Comments on this rating were published in the media, asserting that, according to business circles, corruption in the country is increasing. A reason for this is the fact that the absolute value of the index of Transparency International decreased from 4.0 in 2002 to 3.9 in 2003, as well as the fact that for the same period the country "dropped" from 45th to 54th place in the international ranking. Such a conclusion is not sufficiently substantiated, since the decrease of the value of the index is smaller than the standard deviation (see Table 1); from a statistical point of view it is not possible to speak of a change if the change of the index (0.1) is smaller than the standard deviation (0.9). The change of the position of the country in the ranking of Transparency International is due mainly to the fact that 133 countries took part in the rankings for 2003, as compared to 102 in 2002 (Table 2).

The overview of international data for the country shows the lack of statistically significant changes after 2001. In this sense, **the negative message of the data** is not that the situation in the country is deteriorating, but rather that no further positive developments have been observed. Clearly, the way in which corruption is combated is no longer sufficient to ensure its further decrease. However, regardless of the unfavorable position of the country in the ranking, negative image should not be exaggerated: Poland, the Czech Republic and other countries in Eastern Europe occupy similar or the same position as Bulgaria in the international ranking.

Several general conclusions may be drawn about the level of corruption:

- **In 2003, the level of corruption in the country underwent no significant change**. As shown by both national and international surveys,

TABLE 2	DYNAMICS OF THE POSITION OF BULGARIA IN THE TRANSPARENCY INTERNATIONAL RANKING IN 2002 AND 2003

2002			2003			change of index v/s 2002
Country rank	Country	CPI 2002 score	Country rank	Country	CPI 2003 score	
25	Portugal	6,3	25	Portugal	6,6	(+0,3)
27	Slovenia	6,0	26	**Oman**	**6,3**	
28	Namibia	5,7	27	**Bahrain**	**6,1**	
29	Estonia	5,6	28	**Cyprus**	**6,1**	
29	Taiwan	5,6	29	Slovenia	5,9	(-0,1)
31	Italy	5,2	30	**Botswana**	**5,7**	
32	Uruguay	5,1	31	Taiwan	5,7	(+0,1)
33	Hungary	4,9	32	**Qatar**	**5,6**	
33	Malaysia	4,9	33	Estonia	5,5	(-0,1)
33	Trinidad & Tobago	4,9	34	Uruguay	5,5	(+0,4)
36	Belarus	4,8	35	Italy	5,3	(+0,1)
36	Lithuania	4,8	36	**Kuwait**	**5,3**	
36	South Africa	4,8	37	Malaysia	5,2	(+0,3)
36	Tunisia	4,8	38	**United Arab Emirates**	**5,2**	
40	Costa Rica	4,5	39	Tunisia	4,9	(+0,1)
40	Jordan	4,5	40	Hungary	4,8	(-0,1)
40	Mauritius	4,5	41	Lithuania	4,7	(-0,1)
40	South Korea	4,5	42	Namibia	4,7	(-1,0)
44	Greece	4,2	43	**Cuba**	**4,6**	
45	Brazil	4,0		Jordan	4,6	(+0,1)
45	**Bulgaria**	**4,0**		Trinidad & Tobago	4,6	(-0,3)
45	Jamaica	4,0	46	**Belize**	**4,5**	
45	Peru	4,0		**Saudi Arabia**	**4,5**	
45	Poland	4,0	48	Mauritius	4,4	(-0,1)
50	Ghana	3,9		South Africa	4,4	(-0,4)
51	Croatia	3,8	50	Costa Rica	4,3	(-0,2)
52	Czech Republic	3,7		Greece	4,3	(+0,1)
52	Latvia	3,7		South Korea	4,3	(-0,2)
52	Morocco	3,7	53	Belarus	4,2	(-0,6)
52	Slovak Republic	3,7	54	Brazil	3,9	(-0,1)
52	Sri Lanka	3,7	**55**	**Bulgaria**	**3,9**	(-0,1)
57	Colombia	3,6		Czech Republic	3,9	(+0,2)
57	Mexico	3,6	57	Jamaica	3,8	(-0,2)
59	China	3,5		Latvia	3,8	(+0,1)
59	Dominican Rep.	3,5	59	Colombia	3,7	(+0,1)
59	Ethiopia	3,5		Croatia	3,7	(-0,1)
62	Egypt	3,4		El Salvador	3,7	(+0,3)
62	El Salvador	3,4		Peru	3,7	(-0,3)
64	Thailand	3,2		Slovakia	3,7	0
64	Turkey	3,2	64	Mexico	3,6	0
				Poland	3,6	(-0,4)
			66	China	3,4	(-0,1)

(9 new countries — Oman, Bahrain, Cyprus, Botswana, Qatar, Kuwait, United Arab Emirates, Cuba, Belize, Saudi Arabia)

corruption neither decreased nor increased. The altered parameters in the rankings of Transparency International should not be interpreted as a negative change. Firstly, the change in the ranking of the country is due to more states being included in the survey (102 in 2002 and 133 in 2003). Second, since the change of the absolute value of the index of Transparency International from 4.0 to 3.9 falls within the scope of standard deviation (for this indicator it is 0.9 in 2003, which exceeds the value of the change), no conclusions may be drawn about the fact that the value of the index is actually increasing or decreasing.

- **The lack of change in the level of corruption in 2003 is a fact that has negative meaning**. The expectations of the Bulgarian public are for corruption to be reduced and to continuously decrease, especially when its level is disturbingly high. Second, the continued lack of changes is likely to negatively impact the position of the country in comparison to other nations, due to the progress they will make.

- The lack of positive or negative changes in the period after May 2002 clearly shows that **the effectiveness of the anti-corruption measures implemented until this point has been exhausted**. The progress made in countering corruption in the period 1998-2002 was mainly due to measures of an ethical and political nature. Basically, these are "soft" forms of countering corruption, which reduce it through public pressure.

The interest targeted in such cases is the fear of public exposure or moral sanction. The interests which generate corruption (those which stem from dysfunction in the structural organization of different spheres of society), however, remain basically unaffected. Working in this direction presupposes the construction of "hard" measures, which impact the use of corruption as a mechanism for solving problems, generated by the dysfunction of the social structure. It should be noted that progress in this respect is fairly limited. Frequently one kind of dysfunctional mechanism is replaced with another; and many spheres which are particularly susceptible to corruption are in principle left unaffected by reforms (e.g., the funding of political parties).

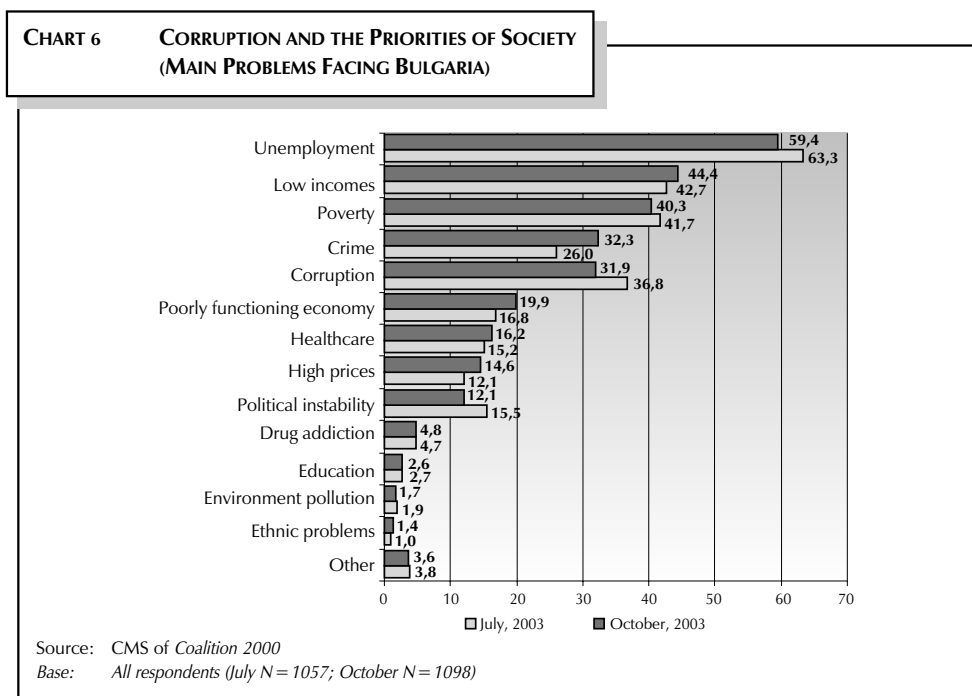## A.2. Public Attitudes and Assessments of Corruption

A.2.1. Public Attitudes towards Corruption and the Role of the Media

The relative importance of corruption as a social problem **decreased marginally** (1%). Such a small decrease, however, does not warrant the claim that the country has achieved any visible successes. In contrast to the problem of "unemployment", for which data from government surveys confirm positive development, **corruption, together with crime, continues to be a serious problem.** Special attention should be paid to the fact that despite several serious criminal incidents (demonstrative murders, bomb blasts, abductions, etc.), which occurred in 2003 and **the special attention commanded by the subject of "crime", corruption preserves its level of importance for the population.**

In contrast to the opinions of average citizens, among business leaders corruption is an absolute priority. According to the people who are the driving force of the Bulgarian economy, this is not only the most serious problem of the country but also a problem that still has not found any solution. Such an assessment gives rise to serious concerns because even serious topical problems such as crime and political instability, are not considered more disturbing than corruption.

The two main indexes of *Coalition 2000*—"Corruption Pressure" and "Involvement in Corruption"—provide some explanation for these attitudes toward corruption among the general population and business leaders. The value of the two indexes decreased constantly, with ratings for "pressure" and "involvement" halved in mid-2002. The 2003 data show that both indexes retain their levels and do not show fur-

| CHART 6 | CORRUPTION AND THE PRIORITIES OF SOCIETY (MAIN PROBLEMS FACING BULGARIA) |

	July, 2003	October, 2003
Unemployment	59,4	63,3
Low incomes	44,4	42,7
Poverty	40,3	41,7
Crime	32,3	26,0
Corruption	31,9	36,8
Poorly functioning economy	19,9	16,8
Healthcare	16,2	15,2
High prices	14,6	12,1
Political instability	12,1	15,5
Drug addiction	4,8	4,7
Education	2,6	2,7
Environment pollution	1,7	1,9
Ethnic problems	1,4	1,0
Other	3,6	3,8

Source: CMS of *Coalition 2000*
Base: *All respondents (July N = 1057; October N = 1098)*

CHART 7	CORRUPTION AND THE PRIORITIES OF SOCIETY IN 2003
	(MAIN PROBLEMS FACING BULGARIA —OPINION OF BUSINESSES)

Source: CMS of *Coalition 2000*
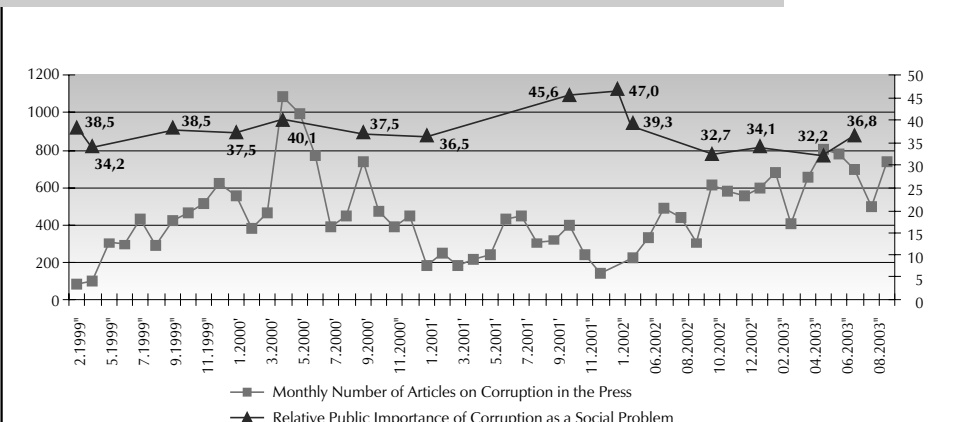Base: All respondents

☐ June, 2003   ■ November, 2003
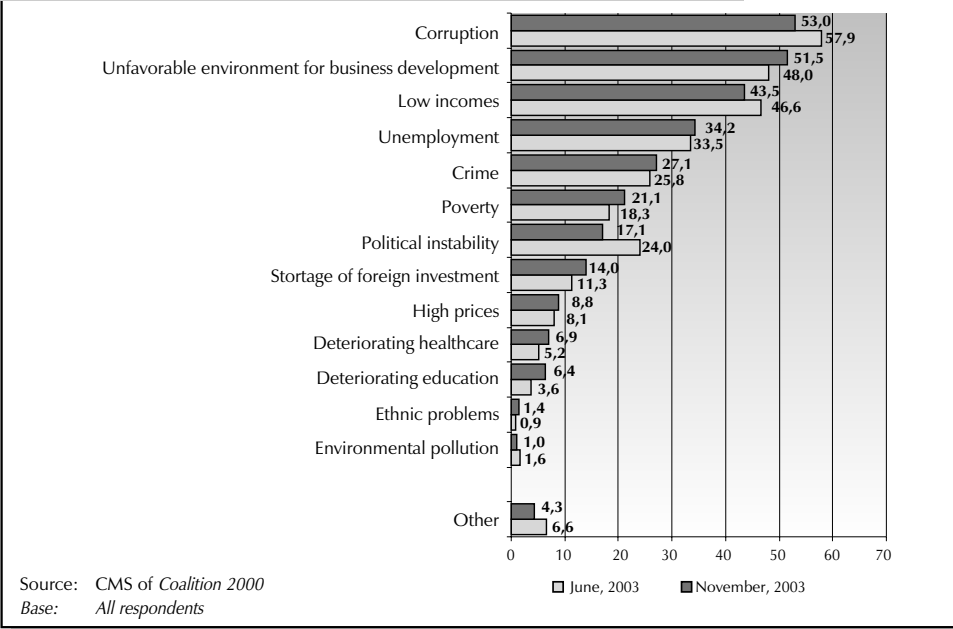
ther improvement. Among business leaders both indicators even show a certain deterioration. This warrants the assumption of a possible change in the business environment, because the elite is subject to much greater corruption pressure and is the first to register the changes.

A.2.2. Media Coverage of Corruption: Intensity, Topics, and Quality

In 2003, the intensity with which corruption was covered in the media increased constantly, reaching record levels comparable only to the spring of 2000 (Chart 8). Two main reasons may be cited for the increased interest in the theme of corruption. The first is linked with deteriorating political stability and the increasing criticism of the government of the country. The experience of *Coalition 2000* shows that the less time remains until parliamentary elections, the more the topic of corruption is used as a criticism of the ruling majority. The second reason is the linking of the topic of corruption to crime. An increasing trend of perceiving criminal events as being linked with corruption has been observed since mid-2002.

The media routinely asserts that criminals and politicians are in direct contact (perhaps the most frequently used phrase is "high-level patronage").

Comparing the intensity of the media coverage of corruption with the level of negative public attitudes disproves the theory that the debate on corruption (i.e., anticorruption rhetoric) makes society more sensitive to the phenomenon (Chart 8). Public perception of the relative

CHART 8	INTENSITY OF MEDIA COVERAGE OF CORRUPTION AND ASSESSMENT
	OF THE IMPORTANCE OF THE PROBLEM OF CORRUPTION

—■— Monthly Number of Articles on Corruption in the Press
—▲— Relative Public Importance of Corruption as a Social Problem

Source: CMS of *Coalition 2000*

importance of corruption is formed on the basis of a complex combination of factors and concrete assessments, of which exposure in the media is only one of the factors shaping these attitudes.

One of the serious weaknesses of the Bulgarian media, according to international experts, is the fact that the problems of corruption, although covered by the regional media, are rarely picked up in the national media. The most recent example is the failure to cover problems of local elections in the national media: the press in Varna, Vratsa, Veliko Turnovo, Bourgas and other big cities published numerous articles about corrupt mayoral candidates, none of which were made accessible to the public in the country as a whole.

A.2.3. Assessments of Government Anti-Corruption Efforts

Coalition 2000 utilized the opinions of groups at greatest risk of corruption—employees in the administration and the business elite—to assess the anti-corruption efforts of the government. The decline in confidence in the government, registered by public opinion polls, does not affect the assessments of the government's activity in countering corruption (Chart 9).

CHART 9   PERCEIVED EFFECTIVENESS OF GOVERNMENT ACTIONS IN CURBING CORRUPTION (*)

* Relative share of those who answered, *"The government is not doing anything"*
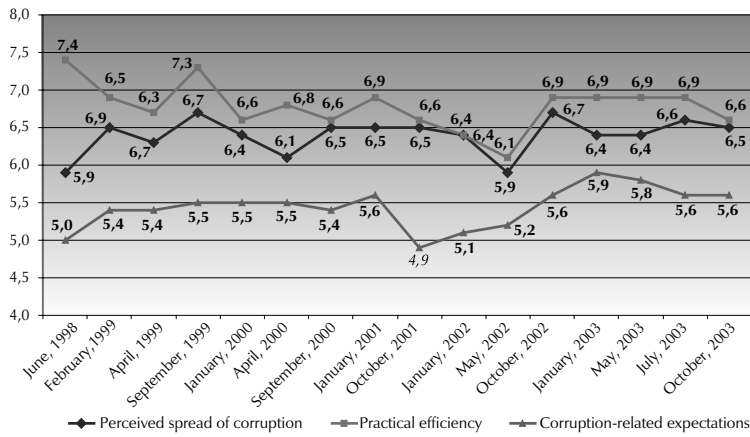Source: CMS of *Coalition 2000*
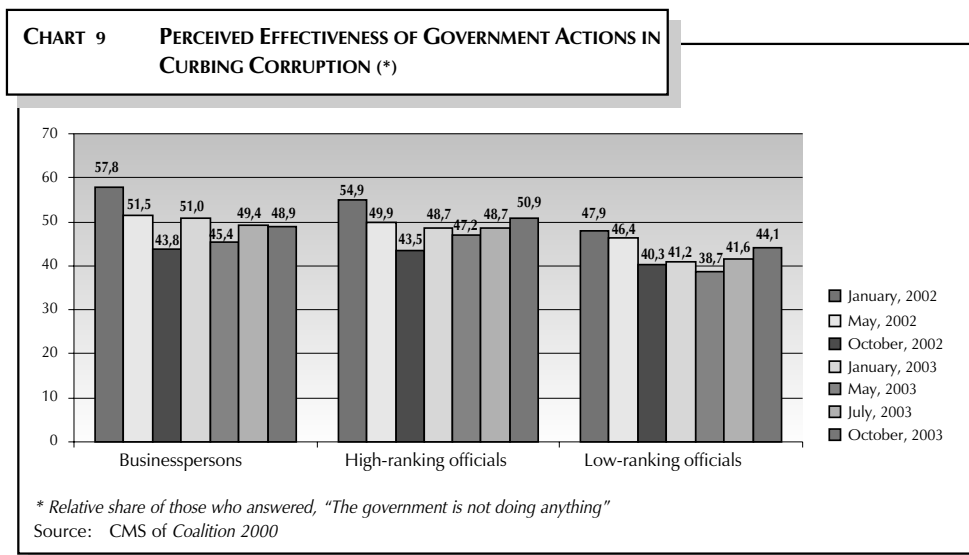
In the period after the beginning of 2002, negative assessments toward the government's efforts to counter corruption passed through two stages. Until the end of 2002, attitudes critical of the government's anti-corruption activity gradually decreased. This was most clearly illustrated in the opinions gathered from the business sector. The most probable reason for this positive change was the introduction of several government initiatives at the end of 2002, such as codes of ethics in the ministries and the creation of the Government Anticorruption Commission. The widely advertised investigations of corruption in the system of the Ministry of Interior and the announcement of large numbers of employees dismissed on grounds of corruption also contributed to the more favorable assessments. In 2003 this trend reversed, and an increase in negative assessments, especially with regard to the measures for limiting corruption among employees in the state administration, was registered.

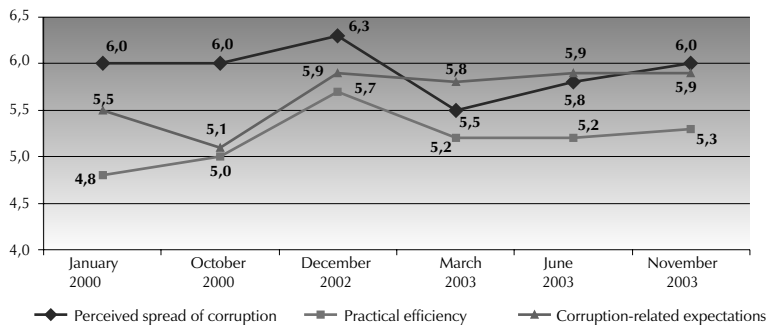## A.2.4. Assessments of the Spread of Corruption

In contrast to the indicators of the level of corruption, which reflect the number of corruption transactions conducted over a given period of time,

CHART 10   ASSESSMENT OF THE SPREAD OF CORRUPTION (POPULATION)

Source: CMS of *Coalition 2000*

CHART 11   ASSESSMENT OF THE SPREAD OF CORRUPTION (BUSINESS SECTOR)

Source: CMS of *Coalition 2000*

the indicators of the *spread of corruption* are based on perceptions. The indicators reflect different social groups' subjective views of the extent to which corruption affects different spheres of society. These perceptions are a combination of practical experience of citizens and their moral-political assessments of the degree of admissibility of corruption. In the period of 1998-2003 (Chart 10 and Chart 11), both among citizens and among business sector representatives, the prevailing opinion was that corruption was a widespread and frequent practice.

As the data show, subjective perceptions of the spread of corruption did not change significantly in the period after 1998. Practically, this means that these types of assessments are more of a political nature, and that they reflect the degree of confidence (with regard to countering corruption) in the executive and, above all, the political will of the government. This is demonstrated by the fact that the improvement in the values of the indicators coincides with changes in the government (i.e., change of cabinet or replacement of cabinet members). Besides this, it is quite clear that changes in the perceptions about the spread of corruption and changes in public expectations related to corruption are parallel. The unfavorable level of these indicators shows that:

• Regardless of the progress made in countering corruption, its level continues to be sufficiently high to generate public distrust in the executive. Due to this widespread perception of corruption, in their everyday experience citizens often accept even doubtful reports of corruption of employees in the executive as worthy of attention and belief.

• Insofar as the representatives of the business sector are concerned, the unfavorable state of affairs diverts choices to alternative action strategies. The latter usually lead to adaptation to the existing situation, i.e., the

introduction of corruption transactions as an element of business strategy and price formation. This is one of the reasons why the business sector regards corruption as a problem of the highest relative importance for society.

- Often the executive's public reactions to accusations of corruption include surprise, taking offense, and rejection of the cases exposed by the media and the public. In many cases, there are also counter-accusations, and demands that accusers provide proof of corrupt activities. In such cases, both the performance and the investigating capacity are completely controlled by the executive. Consequently, the executive is unable to create the impression of a clear and consistently applied political will to counter corruption.

- As a rule, the level of the indexes measuring perceptions of the spread of corruption is significantly higher (in a negative sense) than the level of the indicator measuring the real level of corruption. In this sense, it is often argued that these differences are the product of a wrong methodology. Such dependence is linked with the peculiarities of the measurement system and with the nature of subjective perceptions. According to public opinion, a given employee or institution is assessed as corrupt, even if there is only one case of corruption. The halving of the number of corrupt transactions (the trend after 2000) has not improved perceptions of the level of corruption. Due to the same technical type of measurement, the indicators reflecting the subjective perceptions have a much higher value than the indicators reflecting the number of corrupt actions; however, it is important to note that these indicators measure phenomena of a different order.

A.2.5. Main Spheres of Corruption and the Corruption Image of Employees in the Executive, the Judiciary and the Legislature

The opinions of the public and representatives of the business sector about the professional groups and institutions where corruption presents a serious problem largely overlap (Tables 3-5). What is common in the hierarchy of distrust is the idea that corruption is present in those positions and institutions of power in which the fate (social and personal) or the economic interests of citizens and business is decided.

Throughout the year, the three spheres attracting the greatest criticism, as well as the most contentious public debate were the customs administration, the judicial system and the system of the Ministry of Interior. In the mind of the public and the business leaders the reputation of all three spheres worsened (to a greater or lesser degree) with regard to the spread of corruption. This essentially means that public trust in the basic systems of society related to law enforcement and the administration of justice is seriously shaken. For this reason, in 2003, surveys of the CMS of *Coalition 2000* were carried out among three basic groups of respondents: magistrates, the business sector, and the population. The surveys aimed to explore the reasons for the negative attitudes of the public and the factors contributing to these negative attitudes.

| TABLE 3 | SPREAD OF CORRUPTION BY PROFESSIONAL GROUPS (POPULATION SURVEY) |

	Relative share of those who answered, "Nearly all and most are involved in corruption"									
	Apr '00	Sep '00	Jan '01	Oct '01	Jan '02	May '02	Oct '02	Jan '03	May '03	July '03	Oct '03
Customs officers	78,6	75,2	74,3	77,3	74,2	70,8	79,2	76,6	74,3	76,9	74,5
Police officers	50,5	54,3	51,0	53,7	47,0	50,7	59,6	57,7	57,7	61,4	59,2
Judges	56,0	50,1	50,6	56,4	55,0	50,8	63,0	62,2	59,6	61,8	57,3
Lawyers	51,9	52,9	50,3	55,0	55,5	52,5	62,3	60,1	60,0	57,5	55,8
Prosecutors	54,4	51,3	50,7	54,8	55,4	51,0	63,0	62,1	59,3	60,6	55,7
MPs	55,1	51,7	52,6	43,5	47,8	39,2	56,2	53,5	57,5	56,9	54,5
Doctors	40,9	43,6	27,0	46,8	45,7	52,3	54,9	51,0	49,8	53,4	52,9
Ministers	53,4	55,0	52,3	41,2	45,4	35,6	50,8	49,5	52,6	54,9	52,6
Tax officials	51,0	53,7	47,3	51,6	51,2	41,9	58,0	52,6	51,8	54,1	49,3
Investigators	48,0	43,8	43,5	48,4	48,0	43,1	57,5	55,4	53,6	55,4	49,2
Businesspersons	51,4	42,3	43,6	42,2	41,6	41,4	48,9	52,7	50,9	48,7	47,6
Politicians and leaders of political parties and coalitions	45,0	43,8	39,1	40,8	43,0	33,0	54,0	50,7	51,3	50,8	47,6
Mayors and municipal councilors	35,2	32,1	30,9	26,3	31,8	23,4	48,3	45,7	43,6	45,0	43,4
Ministry officials	55,1	49,7	43,9	45,8	47,1	36,7	48,3	44,6	44,4	45,1	40,1
Bankers	38,8	33,5	35,6	32,5	31,7	29,5	37,2	43,4	35,8	37,1	37,3
Municipal officials	46,5	41,6	35,9	39,6	39,4	30,0	49,1	40,9	39,8	42,2	36,5
University professors and officials	29,3	28,1	21,6	27,4	27,7	29,8	33,4* 23,1**	30,8* 20,0**	31,7* 19,0**	34,1* 21,2**	36,5* 23,2**
Administrative court officials	45,2	40,2	36,8	41,7	41,1	36,5	45,0	42,4	37,5	37,9	33,5
NGO representatives	18,2	23,9	18,2	19,8	21,8	15,3	21,4	20,2	21,0	21,6	22,3
Journalists	14,1	13,9	11,3	10,5	12,2	9,5	15,3	12,1	13,3	12,9	14,6
Teachers	8,2	10,9	5,8	9,3	9,7	9,8	13,9	9,8	11,6	10,9	11,0
Local political leaders	36,4	36,8	34,2	35,1	34,4	27,1	-	-	-	-	-

Source: CMS of *Coalition 2000*
*   Assessment of the spread of corruption among university professors
**   Assessment of the spread of corruption among university officials

TABLE 4 **SPREAD OF CORRUPTION BY INSTITUTIONS (POPULATION SURVEY)**

	May 2002	Oct 2002	January 2003	May 2003	July 2003	Oct 2003
Spead of corruption in general						
In Customs. Among customs officers.	33,2	30,4	53,3	50,0	54,1	49,5
In court. In the judicial system. In the system of justice. Among lawyers.	23,5	28,5	48,2	42,9	45,3	42,0
In the system of the Ministry of Internal Affairs (including Traffic Police, the investigation service)	20,6	19,9	28,6	30,6	30,9	33,9
In the healthcare system. In medical care. In the National Health Service.	25,6	20,6	27,3	27,6	30,9	27,8
In the higher ranks of power (Parliament, the Presidency,the Government). Among the political elite.	24,1	30,3	24,7 23,1 1,3	27,6 27,5 2,5	28,5 28,2 1,7	26,1 26,3 1,9
Ministries and state agencies						
Ministry of Justice	12,6	10,9	31,2	31,2	31,5	32,4
Customs Agency	15,0	18,1	33,5	31,0	32,1	30,3
In all ministries and state agencies	-	-	19,6	21,8	24,6	25,4
Privatization Agency	22,0	22,5	27,2	24,7	21,8	21,7
Ministry of Internal Affairs	16,2	15,3	18,4	19,0	18,5	21,2
Judicial system						
Throughout the judicial system	3,5	5,4	33,5	34,4	33,3	37,6
The courts, the administration of justice	29,1	32,1	27,5	29,1	32,5	30,5
Prosecution	26,2	32,0	26,2	25,3	30,0	22,9
Lawyers	15,3	16,2	24,9	21,8	22,5	19,7
Notaries public			7,4	8,0	7,4	8,5
Criminal Investigation service	15,7	15,7	18,4	17,6	21,5	15,3

Source: CMS of *Coalition 2000*

The following conclusions can be drawn from the results obtained:

- Public perceptions of the spread of corruption are no less harmful to institutional stability and the effectiveness of the economy than real manifestations of corruption. To a very large degree, the actions of economic agents are based on their perceptions, due to unlikelihood of securing reliable information about the real situation. This is why anti-corruption measures of the government should be aimed equally strongly both at curbing real corruption transactions and at reducing negative perceptions of corruption. In this case the appropriate strategy would be to focus public attention on the most important spheres in which corruption takes place, and on the introduction of clear reform measures.

- A relatively small part of the population of the country (about 18%) and representatives of the business sector (about 19%) trust in the possibility of the judicial system reacting adequately to emerging problems (civic or economic). The prevalent opinion among the public is that the judicial system is slow, unreliable and has a serious corruption problem. For these reasons citizens and business leaders tend

TABLE 5	SPREAD OF CORRUPTION BY INSTITUTIONS (BUSINESS-SECTOR SURVEY)*		
	March 2003	**June 2003**	**November 2003**
In customs, among customs officers	62,4	59,5	55,6
In the judicial system	36,7	36,4	32,1
Ministry of Internal Affairs and its agencies	20,4	24,9	27,8
In the National Assembly / among MPs	24,2	19,5	20,7
Government, ministers	20,1	19,2	18,5
In healthcare	18,3	17,9	16,6
In the agencies issuing various permits and certificates (Institute of Hygiene and Epidemiology, etc.)	22,1	20,6	16,2
In central public administration	12,8	13,3	13,3
In municipal administrations	17,4	17,0	12,4
In the tax system	12,1	17,0	10,7
In big business	13,0	8,4	9,3
In the education system	2,5	1,4	3,3
In the presidency	0,9	0,7	0,2
Everywhere	6,3	8,6	14,3
Other	0,4	0,2	1,9

Source: CMS of *Coalition 2000*
Base: All respondents
* The percentages add up to more than 100 because respondents could give up to three answers.

either not to use the services of the judicial system or to solve their problems in alternative ways.
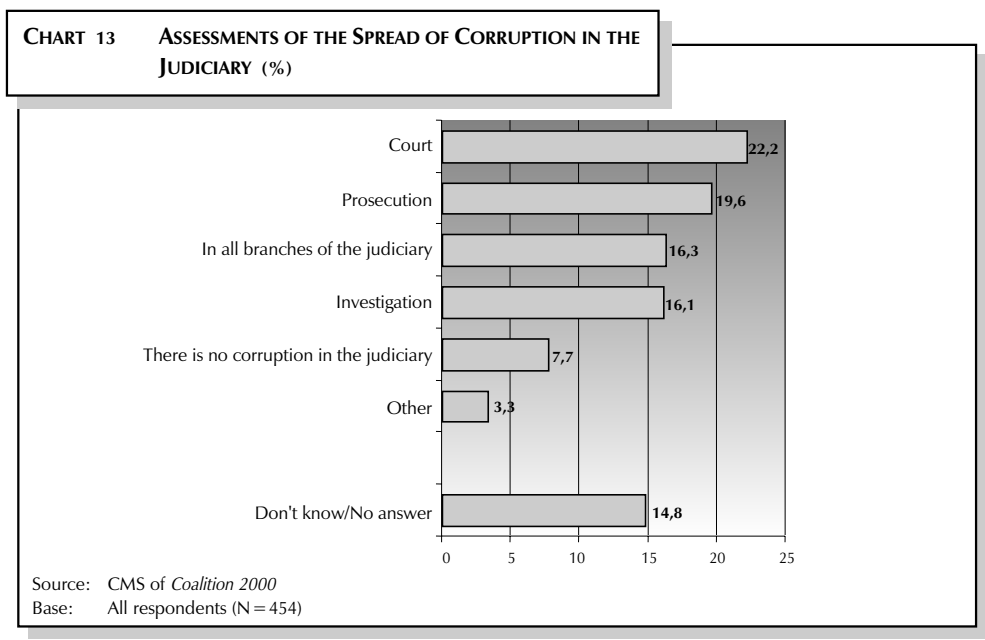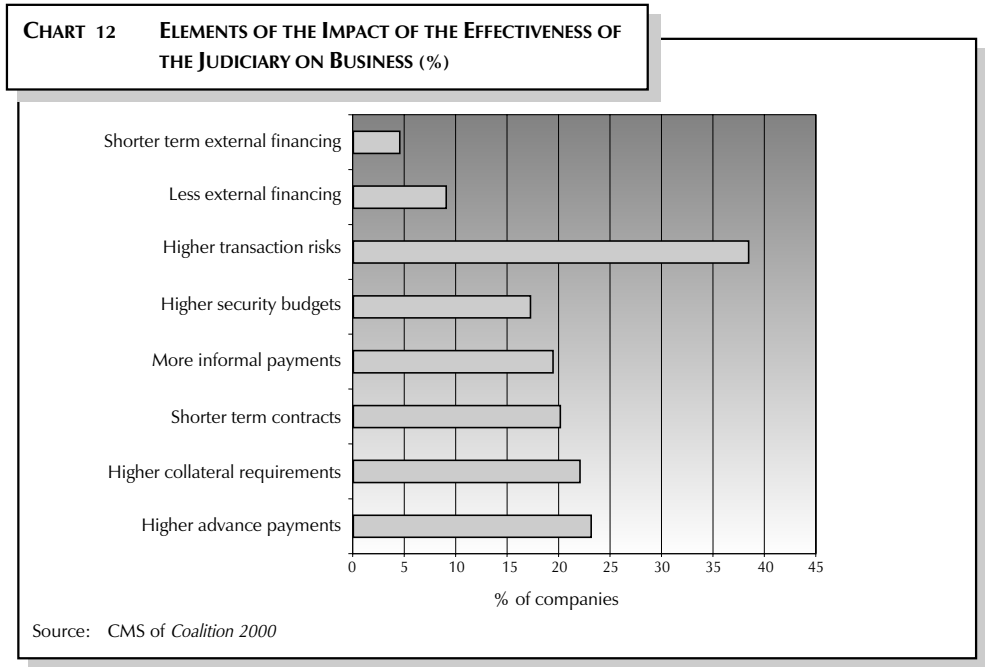
The study conducted among 454 magistrates[3] shows that the professional community in the judicial system has a clear idea of the problems in the structure and functioning of the system. Furthermore, the magistrates admit that corruption has not left the judicial system itself unaffected (see Chart 13). In this respect, from the viewpoint of the magistrates, the problem is perceived as less acute than from the viewpoint of the population and the business elite.

Regardless of the fact that the magistrates are less critical of themselves than of their colleagues, the data from the survey clearly illustrate the use of corruption transactions to influence the course and results of the investigation and trial. A total of about 4-6% of the magistrates note that no cases of corruption exist among judges, prosecutors and investigators, and a total of about 9-13% of the magistrates find it difficult to assess to what extent cases of corruption occur in the judiciary. The remaining cases (75-80%) clearly reveal the main corruption interests related to the functioning of the judiciary (Table 6).

Corruption in the judiciary undermines its effectiveness and its ability to perform its functions as established in the constitution. The lack of trust in the objectivity and justice of the judiciary in turn greatly hampers and raises the cost of economic transactions and increases the business risk in the country. Competition between economic actors is distorted into unfair

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[3] The survey *Corruption and Anti-Corruption: The Viewpoint of Magistrates* was conducted by Vitosha Research in the period April 21- May 20, 2003 within the framework of the CMS of *Coalition 2000*. This is the first survey of its type on the problems of corruption in the judiciary, in which the respondents are the very representatives of the judiciary—judges, prosecutors and investigators.

CHART 12   ELEMENTS OF THE IMPACT OF THE EFFECTIVENESS OF
            THE JUDICIARY ON BUSINESS (%)

Shorter term external financing
Less external financing
Higher transaction risks
Higher security budgets
More informal payments
Shorter term contracts
Higher collateral requirements
Higher advance payments

% of companies

Source: CMS of *Coalition 2000*

CHART 13   ASSESSMENTS OF THE SPREAD OF CORRUPTION IN THE
            JUDICIARY (%)

Court   22,2
Prosecution   19,6
In all branches of the judiciary   16,3
Investigation   16,1
There is no corruption in the judiciary 7,7
Other   3,3
Don't know/No answer   14,8

Source: CMS of *Coalition 2000*
Base: All respondents (N = 454)

business practices and the striving for a politically-secured monopoly. The contracts in the official economy are fewer and short-term ones, and the companies have limited growth opportunities. Furthermore, although losses of the increased risk for the economy cannot be measured accurately due to the influence of additional factors, the removal of the corruption burden in the judiciary will probably have a strong positive economic effect in the long run. The distrust of citizens in the judiciary is even stronger than the distrust of business. The reasons should be sought both in the media coverage of the inter-institutional conflicts of the judiciary and the executive, as well as in the relative inaccessibility of judicial institutions to citizens from a financial and instructive viewpoint.

It should be noted that both in business circles and among citizens, it is of little consequence whether attitudes toward the judiciary rest on practical experience or on perception. In either case the negative image of the judiciary delays the development of democratic institutions of the market and reduces the desire and willingness of society to support new reforms. This is why anti-corruption efforts should aim both at the solution of concrete practical problems, and at the general improvement of the public attitude toward the judiciary.

The behavior of the professional community in the judiciary does not always match the nature and the urgency of the problems (including the problem of corruption), with which only this community could cope (due to its constitutionally defined independence). The statements and actions of many magistrates are dominated by a defensive reaction—denial of the problems or attempts to shift them to other institutions. The lack of self-criticism in combination with the stronger criticism of the other parts of society often places the public and business in a deadlock—on the one

TABLE 6	TARGETS OF CORRUPTION TRANSACTIONS FOR DIFFERENT GROUPS OF MAGISTRATES (%)	
Judges		
To render a verdict/judgement with a predetermined content		69.6
To dismiss / suspend action without legal grounds		39.6
To delay the hearing of a case		40.1
To protract, accelerate or influence in another way entry into the commercial register		27.5
To exert undue influence		15.4
Other		1.5
No corruption act is taken		4.6
Don't know/ No answer		9.5
Public prosecutors		
To cancel criminal proceedings		63.4
To start/not start pre-trial proceedings or preliminary examination		49.3
To submit/not submit a bill of indictment		27.8
To remand a case for further investigation without legal grounds		23.3
Not to exercise procedural action in cases when they are obliged to		19.8
To exert undue influence		17.0
Other		1.5
No corruption act is taken		4.6
Don't know/ No answer		12.3
Investigators		
To take or not take up certain actions of investigation		59.5
To stop investigation or propose its termination		56.2
To exert undue influence		28.0
Other		2.2
No corruption act is taken		6.2
Don't know/ No answer		13.2

Source: CMS of *Coalition 2000*

hand only the professional community in the judiciary is able to propose alternatives and solutions of the problems and, on the other, the professional community relatively rarely makes an attempt to convince society with words and action that it is actually looking for solutions to making the judiciary serve the public interest more effectively.