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POLITICAL PROCESS DRIVERS OF CORRUPTION IN EASTERN EUROPE

Ada-Iuliana POPESCU*

Abstract: *Corruption stands as one of the many obstacles to the political and economic security of the Eastern European region. Thus, despite the political and economic instability in the region, Eastern European countries, in and outside of the European Union need to fight corruption collectively and individually. The task is difficult, but hope is justified because the causes of corruption in this part of the region are similar and anti-corruption expertise is available. We believe that a deeper analysis of corruption's drivers can produce a better articulated and more efficient anti-corruption strategy. This strategy will create an anti-corruption infrastructure that will strengthen the Eastern European Partnership. As a prelude to the deeper analysis that we believe must be a part of this strategy, this paper identifies the main drivers of corruption in the Eastern European Partnership countries and explains why addressing these drivers will strengthen the Eastern European Partnership.*

Keywords: corruption; corrupt practices; anti-corruption initiatives; corruption drivers

JEL Classification: D73; H83; K42

Introduction

Corruption is widely acknowledged as one of the greatest threats to social, economic, and political development and security worldwide. While its micro and macro consequences vary depending on its nature and extent, corruption invariably weakens governmental credibility, distorts governmental decision making, and exacts a toll on social cohesion and economic development. And, invariably, the poor suffer the most.

As corruption's consequences have become better understood and recognized, the fight against corruption has become increasingly transnational and international. Indeed, cross-border cooperation is now regarded as essential to fighting corruption. Just as the ill-gotten gains from corruption move in the global economy, so do its consequences. An undeniable threat to the rule of law domestically, corruption is likewise a threat to the international political and economic order. Afghanistan is but one example of a nation where corruption has helped create a hospitable environment for terrorism (Transparency International, 2016).

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Europe has never been sheltered from corruption. On the contrary, certain European nations enjoy an unenviable reputation for corruption (European Commission, 2014). Some of these nations are European Union members, and thus their corruption affects the European Union as a whole. Corruption in Eastern and South Eastern European countries has internal consequences deeper than those experienced by the European Union as a whole. These consequences are especially visible during political and economic turmoil that generates destabilizing, even catastrophic effects - consider Greece and Ukraine. Illegal behaviour such as bribery, conflicts of interest, traffic of influence, defalcation and the like is common in Eastern European countries. The patterns of corruption in this part of the world are similar for most nations within this region since the drivers of corruption are similar as well. We believe that the Eastern European states have to make extra efforts to tackle corruption due to their Communist heritage, which embedded corruption in their respective national political cultures.

International organizations have vigorously fought corruption. Some, such as the Council of Europe, the Organization of Security and Cooperation in Europe (OSCE), the Organization for Economic Co-operation and Development (OECD), the International Institute for Democracy and Electoral Assistance (IDEA) and Transparency International (TI), have joined forces in providing information on the progress of European countries' efforts against corruption.

For more than a decade, the Eastern European Partnership initiative has been trying to bring European Union expertise and support to the Eastern European countries of Armenia, Azerbaijan, Georgia, Moldova and Ukraine. The Partnership's 2015 anti-corruption assessment revealed that corruption is still an everyday reality in those countries. This assessment brought to the fore another reality: the fight against corruption is difficult and discouraging due to the complexity of its drivers, which are many, endemic and systemic, especially in Eastern European countries.

Periodically, governments, scholars, NGOs and others assess quantitatively corruption. These assessments aim to identify corruption's causes and the links and interactions among them, to quantify their effects at various social levels and, ultimately, to create the right tools to fight the corruption at its sources.

Political Process Drivers of Corruption and Their Effects

Research on corruption's causes has proliferated in recent years. Scholars have tried to explain the particular links between corruption and economic development, political culture, public policy, history and culture. In this section, we are going to highlight some of this theoretical and empirical

work by focussing on the political process drivers of corruption that are spawning corruption in Eastern European Partnership countries. By highlighting this work, we hope that more and deeper analysis will be forthcoming by those who are committed to understanding and solving why political process corruption persists.

Democracy, Political System and Law

Most Europeans perceive politicians as corrupt. The Eurobarometer reports that only one in five Europeans (22%) considers political party financing to be sufficiently transparent and supervised. Only one in twenty 'totally' agree that it is (5%) (Eurobarometer, 2014).

Political party members in Eastern European countries, as elsewhere in the world, align their behaviour according to the local economic, social, political and cultural realities. Because these realities transcend national boundaries, politicians' corrupt behaviour in one country commonly mirrors or closely corresponds with their counterparts' behaviour in another country. For example, the political party or parties in power often take control over public institutions and their activities, giving them a monopoly over the distribution and management of public resources. Also, vote-buying is a common practice during electoral campaigns. As a result, national laws on political party funding intended to defeat or minimize corruption share some common features, such as regulating private funding, increasing public funding, setting spending limits, and requiring the disclosure of the sources of party funding (OECD, 2011). The goal is to increase transparency and fair political competition between parties and, through both measures, to reduce opportunities for corruption.

The political will to fight corruption is crucial for the success of these and other anti-corruption measures. Given the popular condemnation of corruption, strengthening democracy and democratic values is a tool for fighting corruption. Thus, a free press and a strong civil society, when coupled with an open, transparent electoral process, can create conditions where corruption is less likely to thrive.

Democracy depends on political pluralism. In turn, political parties and alliances depend on funding to win elections. This dependency, however, creates opportunities for a variety of corrupt activities ranging from converting campaign funds to private use to rewarding donors by improperly diverting public benefits to them through different schemes. The end results of this circle are weakened democracies.

In 2003, the Council of Europe recommended extensive prescriptions for the legal framework in which political parties operate in European countries. These recommendations seek to encourage European countries to adopt common anti-corruption rules governing political party and electoral campaign funding. These rules would be based on general principles for party and campaign donations, tax deductions and related record keeping; donation limits and disclosure; electoral campaign expenditures, limits, and record keeping; and enforcement and sanctions for infringing the rules embodying these principles (Council of Europe, 2003).

Also at play in the political processes in corrupt governments is the reality that the size of a country's political apparatus is directly proportional with the number of corrupt officials in that apparatus. While enforcing stringent, unambiguous ethical codes can induce these officials to behave ethically or remove them from the government, recruiting public officials who have internalized the norms expressed in these ethical codes is essential. Attracting ethical individuals to long-term public service careers and keeping a tight internal discipline on all public officers reduces corruption in public sector (Treisman, 1998).

This is not to say that scholars and policymakers agree about the importance of stability in the political office. They do not agree. While some say that a short political mandate will encourage politicians to make money fast and by all means (Treisman, 1998), others have suggested that longer terms will enable politicians to create corruption networks and channels to facilitate their unlawful dealings (Olson, 1982).

Despite these opposing opinions, we believe that political stability and democracy are key factors in discouraging corruption. A democratic system offers transparency, stability and accountability. For example, Ukraine's lack of political stability and democracy has led to a high level of corruption, including at the presidential and governmental level. Transparency International's Corruption Perception Index for Ukraine is 27, on a scale of 0 to 100, where 0 is the value for most corrupt perceived country (TI, 2015).

Decentralization and the internal structure of the state can be detrimental to anti-corruption fight because the absence of centralized authority and internal discipline makes it easier it is for a politician to influence the system (Shleifer and Vishny, 1993). Thus, the fragmentation of authority can be seen as a driver of corruption. However, this theory's opponents argue that decentralization ensures competition between local authorities and disables central structures from hiding wrongdoings (Weingast, 1995). At the same time, local authorities' activities can be closely monitored by local police and judiciary, making it easier to detect corruption (Rose-Ackerman, 1994).

It is widely accepted today that law remains one of the most powerful tools for fighting corruption. Comprehensive prohibitions against corrupt acts and their prompt enforcement will curb the level of corruption. All five Eastern European partners have adopted anti-corruption laws. However, positive results are scarce due to the lacunas in the law or inconstant enforcement or both. This leads to different levels of corruption among European countries, including those in Eastern Europe. This is particularly true for Moldova and Ukraine where 80 per cent and 87 per cent of citizens, respectively, perceive the judiciary as corrupt or extremely corrupt (TI, 2015). In fact, the separation of powers between the judiciary and the executive is problematic in the five countries involved in the Eastern European Partnership. And prosecutions for corruption are few or dubious. For example, in Armenia only a few individuals have been prosecuted for corruption since the judiciary is under government influence. As a result, during the first half of 2013, only two people have been convicted for taking bribes (TI, 2015). In Azerbaijan, Georgia and Ukraine, some corruption prosecutions have been politically motivated, while others have targeted petty offences and government opponents. For example, in Azerbaijan, Leyla Yunus, a human rights defender and her husband have been convicted to eight and a half, respectively seven years in prison on the grounds of economic crimes and treason. Transparency International representatives are still urging Azeri authorities for their release in the absence of a fair trial, according to international standards (TI, 2015). Moldova and Georgia reflect the wide differences in implementing reforms within the region. Moldova is lagging behind in implementing the much needed judiciary reforms, while Georgia is making progress toward an impartial judiciary and now prosecutes government officials more frequently. For example, in 2014, Georgian Parliament has voted for the expansion of the local government officials' list that need to file asset declarations (TI, 2015).

All of the Partnership countries face the need to meaningfully change their anti-corruption laws and law enforcement. However, this is going to be difficult because the political leadership in all five countries is not fully accountable to Parliament, the judiciary, civil society or the media. So far, "Moldova, Georgia and, to some extent, Ukraine appear the most committed among the Eastern Partnership members to aligning their policies and laws to those of the European Union in return for political and financial support, preferential access to its markets, and visa-free travel" (TI, 2015).

Economic Development

Corruption affects all economies. The belief that corruption does not exist in countries with a strong, market-oriented economy was slow to be discredited. This is probably a reason why the drivers of corruption in European countries with high-performing economies have never been analysed. However, during the last fifteen years the corruption scandals in Western Europe have revealed that the corruption found in developing and transitioning economies is also found in mature, high-performing economies. Illegal party funding in Germany, corporate bribing of public officials in Italy, France and Austria in return for business advantages are just a few examples. In fact, no country is sheltered from corruption no matter the extent of its economic development. Corruption's prevalence within and among nations is relative, and even Europe's developed countries have not eradicated it (MacDonald and Majeed, 2012). Recent studies are trying to understand corruption's variability and, ultimately, its persistence by analysing the correlation between economic development and corruption.

The general consensus is that economic development is essential in reducing corruption. A high level of economic development discourages the supply and demand for corruption. "The opportunity cost of punishment for a wealthy individual is much higher and also acts as a deterrent. Citizens of wealthy nations do not tolerate corruption behaviour due to the awareness of their rights and they react forcefully to corruption-prone activities" (MacDonald and Majeed, 2012, p.15).

On the other hand, developing countries' economies offer their citizens low levels of income. Thus, their citizens are more prone to engage in corrupt activities to supplement their financial gains and satisfy their needs. As a consequence, the supply and demand for corruption grow (Serra, 2006). As a solution to this problem, scholars and economists have shown that financial reforms significantly control the incidence of corruption and also economic freedom as well.

The EU Eastern European Partners' economies are at different developmental stages. The United Nation (UN) Human Development Index classifies these countries as having a high standard of health, education and living, except for Moldova, which is ranked as medium (United Nations, 2013). Among the five countries, Georgia is the only one that has kept corruption under control, an outcome attributed to its having stronger governance than the other Partners despite its modest economy. On the other hand, Azerbaijan, in spite its superior GDP per capita compared to the other four countries because of its considerable oil revenues, has weak governance that makes corruption thrive, especially because politicians are tightly linked with the business sector. Thus, big companies often bribe to secure a business advantage on the Azeri market or to secure oil extraction concession

contracts, while the small business sector is suffering the effects of corruption (TI, 2015). The Organization for Economic Co-operation and Development (OECD) has repeatedly urged Eastern European countries, including the five Eastern European Partners, to criminalize the bribing of a foreign public official using the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“OECD Convention”) as a legislative model.

An open market supports economic development and consequently reduces corruption. However, some believe that economic freedom can be detrimental since “rapid economic transactions, labour mobility, uniform trade policies, and the widespread availability of information are among the potential sources that shift cultural and political norms across borders within the (EU) member states. Since corruption by its nature is contagious, it is highly likely that it will spread across European countries that are members of the EU” (MacDonald and Majeed, 2012, p. 6).

From this perspective, the Eastern European Partnership can also be seen as roadblock for corruption in Europe. By helping its Eastern European Partners, the European Union also helps itself by preventing further spreading of corruption on the continent.

History and Culture

Every country has a unique history and culture. Linking any country’s history and culture to corruption is difficult because of the vast quantity of data required. Nonetheless, a country’s history and culture bears on its level of corruption. And, while customs, traditions and practices vary widely in Europe, common historical influences exist. Eastern European countries have been greatly influenced by the Ottomans and the Russians.

Scholars have argued and demonstrated that customs can shape a country’s institutions and human behaviour. Over centuries, practices and norms foster attitudes. The same is true for corruption. Corruption can become socially and culturally embedded in a nation and thus seen as normal by community members while outsiders perceive and consider them as wrong. In short, being submersed in a culture that foster corruption, in time one becomes accustomed to it and illegal behaviour is seen as acceptable. This type of adaptation has been explained by scholars and practitioners through the propensity to morally disengage (Moore *et al.*, 2011) or by using the emotion-evoked collective corruption model (Smith-Crowe and Warren, 2014). The first explains how individuals’ propensity to morally disengage generates predictable unethical behaviour inside of an organisation. The second is centred on individual behaviour within a corrupt organization.

Individuals who do not resonate with the corruptive culture of their organizations are influenced by their leaders to go along with the wrongdoing. Being criticised or even sanctioned for doing the right thing is demoralising for some individuals. Thus, those individuals who feel guilt, shame, or embarrassment when criticised for acting legally “are likely to conclude that they have in fact done wrong and they will be likely to participate in corrupt practices in the future. Those who reject the sanction (experience anger or contempt) are likely to conclude that they have not done anything wrong. These individuals are unlikely to participate in corrupt practices in the future” (Smith-Crowe and Warren, 2014, p.19). Thus, corruption can spread via social learning and it is contagious. These forces are at play in organizations in the five Eastern European Partners as well. This happens because the “old school”, ex-Soviet oligarchs are still in power and as a group or individually, they are imposing a corrupt behaviour. Too powerful and organised in their crimes, they cannot be overthrown easily. Thus, the new comers on political arena have two choices: to adhere to the corrupt groups and to tolerate corruption or to fight against them and to face harassment, intimidation and persecution. In this respect, the situation is similar in the Eastern Partnership countries. Powerful individuals have dominance over political groups. For example, in Armenia, the president dominates the ruling party’s politicians and the executive. Also, in Belarus, President Alexander Lukashenko maintains a strong hold on power since 1994, imposing an authoritarian political system that weakens democracy and the rule of law.

Also, at group level, anti-corruption behaviour is mostly absent. Politicians are helping each other, colluding to stay in power and to maintain their social and political influence, and to secure financial gains. For example, in Azerbaijan, government reports are superficially analysed and contested by the parliament; in Georgia and Ukraine ministers are often failing to respond to parliamentary questions and parliamentary investigation committees are ineffective or absent (TI, 2015).

Currently, however, civil society and mass-media play a fundamental role in discouraging these forces. A strong and active civil society puts pressure on governments to pursue anti-corruption reforms and to enforce anti-corruption provisions. Civil society manifests itself differently in the five Eastern European Partners because they are influenced by different social, political and economic realities. However, in all five countries civil society reaction against the abuse of power and corruption is weak due to the legal restrictions imposed by their respective governments. This can be seen in Armenia and Azerbaijan, where civil society organisations, NGOs and their leaders’ activities are closely monitored and sometimes even repressed. Human rights activists and media representatives are often victims of violence and intimidation in Azerbaijan. Also, in Moldova civil

society organisations are sometimes servile to government representatives or politicians, altering the very essence of civil society organisations' role in a democracy.

At the same time, civil society is more active in Ukraine and Georgia where activists are advocating for governmental accountability, transparency and sustainable reforms. For example, in 2014, Ukrainian civil society organisations generated enough pressure to force the parliament to adopt the Law on the Prevention of Corruption. Entering into force in 2015, these provisions brought a much needed legal and infrastructural reform. The newly created, independent Agency for the Prevention of Corruption is now charged with overseeing the anti-corruption law enforcement in Ukraine.

Likewise, during 2013 presidential elections in Georgia, civil society representatives have actively monitored the voting process, preventing to some extent politicians' and public office employees' from their usual abuse of power and thus enforcing fairness, transparency and democracy (TI, 2015).

Despite the political hurdles and human rights infringements, civil society movements are ascending. People in these five countries are reacting to corruption, unwilling to live anymore in a society that fosters corruption and thereby stifles democracy and economic development. The "old ways" do not match the aspirations of younger generations anymore. However, change takes resources and time.

Conclusions

Corruption is one of the greatest obstacles against the sustainable development of the Eastern European region. Its systemic and endemic nature makes fighting it difficult. The lack of democracy and political stability, a problematic economic development, a history and culture that favour illegal behaviour are major drivers of corruption in Eastern Europe. However, strategic thinking, vigorous law enforcement and cooperation in the region could lead to meaningful results by annihilating some of the determinants of corruption in this region.

The Eastern European Partnership is one of the European Union strategic initiatives meant to help Armenia, Azerbaijan, Georgia, Moldova and Ukraine in their endeavour to reach the EU development standards. Indirectly, the partnership is an anti-corruption tool as well. As in any two-sided arrangement, both sides have obligations. Thus, under the European Union's close supervision, the five Eastern European partners must improve their anti-corruption legal framework and their

practices, strengthen the independence of executive and of the judiciary, support civil society efforts to fight corruption. In turn, the European Union must provide constant expertise to its partners, prioritising short and long-term anti-corruption goals. While more and deeper analysis is necessary, as sufficient roadmap is available to prompt and guide that analysis.

The recent European turmoil generated by the migrant crisis has proved ones more that, without close cooperation and synchronised actions, European nations' security and welfare are under threat. Under these circumstances, the Eastern European Partnership has the change to prove its importance and efficiency.

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