THE "CULTURE OF CORRUPTION" IN THE POST-COMMUNIST SPACE. ECONOMIC INDICATORS, TRANSITION INDICES AND CULTURAL DIMENSIONS VS. THE PERCEPTION OF CORRUPTION

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Abstract

Corruption is a central topic of political and public debate, as well as of election campaigns in countries transitioning from totalitarianism to democracy. Corruption is viewed as a major obstacle hindering reform to such an extent as to jeopardise the legitimacy of the democratic system, to impair the implementation of market economy mechanisms, and to delay the progress of transition – or even to make it reversible. This paper aims to study the way economic prosperity and quality of life correlate with the level of corruption, the manner in which the stage and pace of democratic and economic reforms in the countries of the formerly Soviet-influenced space correlate with the corruption level perceived by the public, the role played by the elites in the success – or failure – of strategies implemented in order to fight this plague, as well as the possible connection between the cultural dimensions of the Hofstede model and the public perception of corruption. The conclusions point to the importance of cultural and intercultural research in increasing the effectiveness of anti-corruption strategies, to the crucial importance of management performance and of integrity among the elites for the success of reforms and implicitly for the fight against corrupt practices, as well as to the critical contribution the strengthening of democracy and of market economy have in fighting corruption and reducing the opportunity structures favorable for its occurrence in society.

Keywords: corruption; democracy; market economy; cultural dimensions; post-communist countries.

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Introduction

Corruption is an universal issue, with a long history, but it is only in the recent decades that it came to be viewed as a serious threat to society in general and to the life of the individual in particular, as a catalyst of violence and organised crime, as a plague generating great frustrations and violent social upheavals. Corruption destroys institutions, perverts norms and values, destabilises entire communities and countries, deepens poverty and social inequity, blights international relations. In recent years, corruption has become a central topic in debates across the world, including due to great media scandals etching into the public consciousness the disturbing dimensions and disastrous effects of this phenomenon. Research into the nature of corruption look at a number of economic, political, psychological, cultural factors in its effort to expose the causes of this plague and to build typologies that can be applied worldwide. The analysis of the phenomenon from the perspective of widely-accepted cultural models provides additional understanding, as national culture is obviously a variable that influences corruption (Pillay and Dorasamy, 2010).

A special situation in this global context is that of the former communist states, experiencing the transition from the totalitarian to the democratic system. The radical re-definition of the "social contract" has created new opportunity structures propitious for corrupt practices. In fact, corruption may be considered the main obstacle in the way of democratisation and economic progress in the post-communist space (Rose, 2001). Research carried out by the World Bank also points out the unwanted effect of this process of dual transition – towards democracy and towards the market economy: "the simultaneous transition processes of building new political and economic institutions in the midst of a massive redistribution of state assets have created fertile ground for state capture and administrative corruption" (World Bank, 2000, xix). Although according to the World Bank report Romania is somewhere in the middle among the former communist countries in terms of corruption levels, the burden of this plague is acutely felt by the citizen, as shown by the Global Corruption Barometer, the largest opinion poll undertaken by Transparency International in 100 states worldwide (Transparency International, 2012). According to the latest published data, when asked "how has the level of corruption changed in this country over the past three years?", 88% of Romanians said "it has increased". Such a high percentage, the expression of a quasi-generalised frustration, is matched only by the percentage found in Senegal and exceeded only by that found in Burundi (90%).

The concept of corruption

What is "corruption" and how is it manifested?

Corruption is defined by Transparency International as "the abuse of entrusted power for private gain"[2]. A similar definition is given by the World Bank: corruption is "the abuse of public office for private gain" (World Bank, 1997, 8). There are numerous other definitions that attempt to comprehend the nature of the phenomenon and the dynamics that constantly generate new forms of manifestation for it. In this sense, Robert Klitgaard (1998) proposes a metaphorical formula, useful especially in trying to understand the dynamics of the phenomenon, if not in quantifying it:

$$C \text{ (corruption)} = M \text{ (monopoly)} + D \text{ (discretion)} - A \text{ (accountability)}$$

Corruption emerges and develops wherever there exists a monopoly on certain goods and services that generate rent, that is regular income that is not related to the owner's productive activity (the owner being, as a rule, the state, in this case its representatives occupying key positions, these being in fact the rent-seekers), combined with the discretionary powers of officials (the rent-seekers), minus their accountability (the lack of accountability is fostered by the deliberate lack of concern for instating clear legal regulations, or by the systematic lack of application of existing legislation).

It must be mentioned that, by definition, corruption does not concern solely the public sector, the phenomenon can also occur in the private one. Personal gain does not mean just material gain, but also non-material benefits (career advancement, influence). Acts of corruption may be committed against the law (for instance, when officials receive bribes for breaking laws or for not applying legal provisions) or for applying the law (when officials are bribed for granting otherwise legal rights to the bribe payer). Corruption manifests itself both in acts of commission and in acts of omission (inaction). In Romania, for example, the inaction of corrupt officials has brought incredible wealth to the so-called "real estate middlemen" in the process of returning the properties confiscated by the communist regime to their rightful owners[3].

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[2] The definition can be found at http://archive.transparency.org/news_room/faq/corruption_faq (accessed: May 1, 2013)

[3] According to the statements of the Romanian Prime Minister, Victor Ponta: "The real owners have been forever delayed, hobbled by all kinds of bureaucratic regulations, and thus we witnessed the emergence of this phenomenon – the sale of litigious ownership rights to a new category that has developed in the Romanian society, the assignees of litigious ownership rights, these real estate middlemen. The real percentage of former owners receiving compensation is extremely small, compared to that of real estate middlemen. (...) Whereas 26,200

As a rule, corruption flourishes at the intersection between the public and the private sector, wherever rents generating excessive profit are present, as a result of government restrictions and interventions, oftentimes chaotic or discretionary (Mauro, 1998).

It is important to note that rent-seekers, being the main beneficiaries of corrupt practices, have a destructive influence on economic growth, especially in states that have permissive laws and endemic corruption, an unclear legislation concerning ownership, or a poor protection of ownership rights, such as ex-communist countries. A distinction must be made between private rent-seekers and official rent-seekers (Murphy, Shleifer & Vishny, 1993). Private rent-seekers turn towards the productive or service sectors that move large amount of money and obtain, through corrupt practices, control over such businesses, in order to exploit them intensively, until they are bankrupt, or in order to plunder them outright. Official rent-seekers affect chiefly the investment and the innovative sectors. Any investor or innovator, domestic or foreign, but coming from outside the system, requires a number of permits, authorisations, licences etc. in order to start a business. In order to obtain them, the investor must pay heavy bribes to corrupt officials. Then, in order to keep the business running, the investor must bribe a host of other corrupt officials that come to inspect the business with the sole purpose of finding irregularities, be they real or made up through the interpretation of a overabundant, incoherent and stifling legislation. As a result, many potential investors and innovators either give up or, if they have managed to get their business going, are forced to enter the grey zone of the economy in order to survive, becoming thus part of the corrupt system, their alternative being bankruptcy. Consequently, both the private rent-seekers, in the production and services sector, and the official ones, chiefly in the investment and innovation sectors, seriously undermine any chances at progress, at economic growth and modernisation.

To sum up, corruption occurs and expands rapidly in countries that fulfil the three conditions below (Myint, 2000: 39-40): "(i) It has a large number of laws, rules, regulations, and administrative orders to restrict business and economic activities and thereby creates huge opportunities for generating economic rent, and especially if these restrictive measures are complex and opaque and applied in a selective, secretive, inconsistent and non-transparent way; (ii) Administrators are granted large discretionary powers with respect to interpreting rules, are given a lot of freedom to decide on how rules are to be applied, to whom and in what

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owners and heirs of owners – those who were rightfully entitled șto compensationț – have been paid around 6.4 billion lei, 1000 assignees, middlemen, have received 7 billion lei". Quoted by Realitatea.net (2013). Ponta, în război cu samsarii imobiliari: s-au dat mai mulți bani către ei decât către proprietari (Ponta, at war with real estate middlemen: more money has been paid to them than to the actual owners). April 12. șOnlineț (URL http://www.realitatea.net/ponta-in-razboi-cu-samsarii-imobiliari-s-au-dat-mai-multi-bani-catre-ei-decat-catre-proprietari_1157676.html) (accessed: May 1, 2013)

manner they are to be applied, are vested with powers to amend, alter, and rescind the rules, and even to supplement the rules by invoking new restrictive administrative measures and procedures; (iii) There are no effective mechanisms and institutional arrangements in the country to hold administrators accountable for their actions."

The most common corruption practices, as presented by the United Nations Handbook on Practical Anti-Corruption Measures for Prosecutors and Investigators (2004: 24-29) are: (a) bribery, (b) embezzlement, theft and fraud, (c) extortion, (d) abuse of function (e) favouritism and nepotism, (f) creating or exploiting conflict interests, (g) improper political contributions.

One widely-accepted classification divides corruption practices into two large categories: "petty corruption" and "grand corruption", a classification that is somewhat similar to that suggested by World Bank experts: "administrative corruption" and "state capture", respectively. "Petty corruption" (day-to-day administrative corruption) means offering small amounts of money in exchange for minor favours. Although seemingly bearable, it can cause considerable damage to the stat budget, it can seriously affect the business environment and implicitly the quality of life in the countries where it is widespread. If in exchange for minor bribes paid to customs officers the latter allow the passage of large quantities of contraband, the phenomenon grows, the state budget suffers major losses, the domestic manufacturers (who pay taxes) are at a disadvantage, economic growth is jeopardised, unemployment grows and social inequality deepens. The spreading of petty corruption, despite bringing short-term benefits to those willing to pay bribes, destabilises the entire system in the medium and long term, drastically decreasing its chances of progress. It must be mentioned that, oftentimes, corrupt officials in constant contact with those bribing them, are not the main beneficiaries of these illegal payments, being instead mere intermediaries, manipulated by groups in the upper echelons, which protect them and keep them in their jobs as long as they "generate profit".

"Grand corruption" (or "state capture") means the presence of corrupt practices at the highest decision-making levels of a state. A small number of individuals or businesses come to make the rules of the game through the massive, illicit and non-transparent transfer of money, goods and services towards politicians and high-ranking officials (Onica-Chipea, 2012). These occult groups manage to influence the lawmaking process and governmental policies for their own benefit, to obtain favourable court decisions, to buy votes, to control the activity of the local administration, to hijack for their own advantage the activity of the state's fundamental institutions. The results are dramatic: the rule of law becomes an illusion, the market economy can no longer operate due to the absence of free competition, democratic principles are merely paid lip service, sands the population's poverty and frustrations grow ever deeper. In emerging democratic

societies, eroded by grand corruption, the very legitimacy of the system is imperilled.

Corruption becomes "systemic" when it is present at all the levels and affects all societal structures, when corrupt practices are no longer the exception, becoming instead the rule, a "custom". The consequences are devastating: "when corruption reaches this state it is deadly (...). Systemic corruption generates economic costs by distorting incentives, political costs by undermining institutions, and social costs by redistributing wealth and power toward the undeserving. When corruption undermines property rights, the rule of law, and incentives to invest, economic and political development are crippled" (Klitgaard, MacLean-Abaroa & Lindsey Parris, 2000, 4). Corruption is present in all countries, but its levels and forms of manifestation differ greatly fro one country to another and depend on a multitude of factors – political, economic, social, historical, psychological etc. In other words, they depend on the culture of each state.

Culture and cultural dimensions

In the modern sense, a first widely-accepted definition of culture given by the British anthropologist Edward Burnett Tylor in his work *Primitive Culture* (1871/ 1920, 1): "Culture, or civilization, taken in its broad, ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.'". The Dictionary of Modern Sociology (Hoult, 1969) defines culture as: "the total, generally organized way of life, including values, norms, institutions, and artefacts, that is passed on from generation to generation by learning alone", while UNESCO (2002, 4) gives the following definition: "Culture should be regarded as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs." The definitions above are useful in identifying culture's two sets of components: material and ideal. The ideal components (beliefs, norms, attitudes etc.), transmitted from generation to generation, shape the way that particular population or society thinks, feels and behaves, including from the point of view of this study, that is the way it perceives and reacts to phenomena such as corruption. In this respect, it became necessary to identify the measurable aspects of the concept of "culture". The researchers in the area of intercultural communication felt the need to develop models that would allow them to quantify and measure the defining aspects of cultures, thus enabling them to perform intercultural comparative research. The concept of "cultural dimension" was therefore introduced. The models that are the best known and most often used in the research of the domain are based on cultural dimensions that are mainly psychological in nature, and that can be measured through opinion polls.

Edward T. Hall identifies in his works three cultural dimensions: Context, Time and Space (with two components: personal space and territoriality). Geert Hofstede (1991) initially suggested four dimensions: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty Avoidance (UAI), to which he later added Long Term Orientation (LTO). Trompenaars (1993) suggested a model with seven dimensions: Universalism versus particularism, Individualism versus communitarianism, Specific versus diffuse, Neutral versus emotional, Achievement versus ascription, Sequential time versus synchronous time, Internal direction versus outer direction.

Hofstede (1991: 5) defines culture as "the collective programming of the mind which distinguishes the members of one group or category of people from another". The cultural dimensions of his model are summarised thus:

- *Power Distance* (PDI): this dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. A high PDI score is, as a rule, characteristic of a society with a high degree of power centralisation, with authoritarian leaders, with a population that expects to be told what to do. In societies with a low PDI score, people are concerned about social inequalities and try to reduce them. Germanic, Scandinavian and Anglo-Saxon countries have a low PDI score, while countries such as Malaysia, Saudi Arabia, the United Arab Emirates and Mexico (in general, countries with longstanding authoritarian regimes), as well as Balkan and Latin countries have elevated or very elevated PDI scores. *Note*: a distinction must be made between – on the one hand – the cultures where respect for hierarchy, for authority, is a reflection of respect for the law, for the "social contract", and – on the other hand – the cultures where authority, albeit discretionary or abusive, is accepted with indifference, resignation or even with frustration as being "in the nature of things".

- *Individualism* (IDV) versus its opposite, Collectivism: indicates the degree of interdependence between the members of a society. In countries with a high IDV score, individuals are concerned with their own person and, possibly, with their closest relatives, they feel free and duty-bound to write their own biography, avoid becoming involved in the emotional problems of others, whereas in countries with a low IDV score, care and loyalty for the family, for the community, respect for tradition and mutual support are fundamental values. *Note*: a distinction must be made between individualism and selfishness. Selfishness means the inexistence of scruples, while individualism may be – and often is – doubled by a strong civic conscience. This would explain why in countries with a high IDV score, such as the United States, Australia, the United Kingdom, Holland, New Zeeland, community spirit is operational and we can see impressive civic

initiatives supporting citizens, communities and even entire countries. At the opposite end of the scale, with a low IDV score stand most African countries, impoverished countries in Latin America, places where traditions have deep roots and loyalty to the family, to the community, is not just a fundamental value, but it also provides the individual with support in overcoming the difficulties of everyday life.

- *Masculinity* (MAS), versus its opposite, Femininity: indicates orientation towards solving problems through action, engagement, fight, heroism, generating a constant competition; at the opposite end of the scale stands the preference for negotiation, cooperation, mutual support, reaching consensus. In countries with a high MAS score, we oftentimes see an obvious discrimination between the sexes, the men being more advantaged. High MAS scores are present in Japan, Hungary, Austria, Venezuela, Italy, at the other end of the scale standing Sweden, Norway, Denmark, Costa Rica. *Note*: in international relations it is worth noting the strong offensive against the politics of force (Realpolitik), specific in fact to Masculinity, manifested in the establishment and consolidation of increasingly more numerous international mediation, monitoring and control organisations, in the proposal and increasingly wider acceptance of international conventions and treaties, capable of solving potential conflicts through negotiation, cooperation and mutual support – attributes that are specific to Femininity. Undoubtedly, these processes will influence the dynamics of the MAS scores, especially in the countries that are strongly connected to the information society.

- *Uncertainty avoidance* (UAI): concerns the degree to which individuals fear uncertainty and ambiguity. In other words, the extent to which individuals prefer the certainties of present and believe that the future cannot be controlled, even though that means a lack of initiative, an aversion for the new, for unorthodox behaviours, and at the same time a firm attitude towards obeying the existing order, traditions and religious beliefs. Countries with a low UAI score tend to believe that the future can be shaped, that practice can be more important than principles in finding solutions, and they are more tolerant towards diversity of opinion. In Europe, Germany and the Balkan and Latin countries have an UAI score noticeably higher than Scandinavian and Anglo-Saxon countries. *Note*: The presence of Germany and of Balkan and Latin countries in the same category may seem odd, but an explanation exists: although the orientation of these cultures is the same, the ways of avoiding uncertainty are different. Germans choose the way of pragmatism, as respect for the existing order is a prerequisite for stability and for avoiding an insecure future, whereas Balkan countries

view traditions and religion as pillars of stability, even though the rules are obeyed randomly.

- *Long-term versus short-term orientation* (LTO): shows how much a particular society is oriented towards respect for perseverance and thrift, as opposed to fulfilling everyday obligations and keeping up appearances according to tradition. As a rule, long-term orientation is specific to the countries of South-West Asia, strongly influenced by Confucius' philosophy, but not only to those.

Apart from the cultural differences that can be highlighted through the Hofstede methodology, the countries in the former Soviet sphere of influence share the "communist legacy" and the challenges of the transition process.

Communism, post-communism and corruption

The communist legacy

The fundamental principle in the consolidation and operation of the communist system was the "permanent revolution" (Arendt, 1951), that is a constant war against the "enemies of the people", real or imagined. The "permanent revolution" was the justification for the excessive centralisation of power, for the subordination of all state institutions to the "organs" of the single party and for the establishment of a military-type of authority enforcement, precisely because, in times of war, unlike in times of peace, the set of rules in effect is different: orders are to be executed, not discussed, and "deserters" are eliminated. The war/revolution ending would have allowed institutions to operate according to peace-time rules, and that would have dealt a fatal blow to the hyper-centralised and discretionary communist regime. This actually happened after the end of the Cold War. A first effect the communist regime had on the collective consciousness was to damage the credibility of the role played by the legal-rational-bureaucratic institutions (the very term of "bureaucracy" was given an exclusively negative connotation), as well as to instil the idea that power is – and must be – exercised by people, by authoritarian leaders of higher or lower rank, who know very well what must be done in order to fulfil "the noble ideals of communism", and despite their decisions appearing oftentimes as absurd or abusive, they are perfectly justified by the so-called "party and state higher reasons", inaccessible to everyman's comprehension. As the leadership act was personalised, the system's constraints and restrictions could be overcome buy buying the goodwill of the leaders/decision-makers. Consequently, the practice of the "blat"[4] emerged and became widespread. Alena Ledeneva (1998, 1) defines the "blat" as "the use of personal

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[4] The term "blat" was used mainly in the former Soviet Union, but the practice itself, under various other names, was shared by all the ex-communist countries.

networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedures". Unlike bribes, which involve a simple transaction aimed at immediate material gain in exchange of an offering of goods or services, the "blat" entailed "a personal basis for expecting a proposal to be listened to" (Yang, 1989: 47-48), and was not viewed as a crime, but instead as a chance for developing personal relations that would prove useful in finding solutions for human, everyday problems, a way of circumventing the constraints of a rigid and stifling system.

A second effect of the communist regime was the destruction of the foundations of the market economy, that is the eradication of free enterprise and competition, the (sometimes complete) erosion of the feeling of ownership, and, as the inevitable consequence, the annihilation of motivation for work. Property belonged to all and to no one in particular, and the communist principle of evaluating and rewarding labour "from each according to his ability, to each according to his need", soon turned in the collective consciousness into "they pretend to pay us, we pretend to work". Inevitably, new opportunities emerged for the development of endemic corruption: "Communism created structural incentives for engaging in corrupt behaviours, which became such a widespread fact of life that they became rooted in the culture in these societies" (Sandholtz & Rein, 2005, 109). Thus, "corruption (…) was normal in Communist regimes" (Rose et al., 1998, 219).

The communist legacy in the collective consciousness could not be fought effectively after the regime collapsed, mainly due to the fact that there never was a complete process of de-communisation, one similar to the *denazification process* occurring after the collapse of the other totalitarian regime of the 20th century. Thus, in the ex-communist space, the tougher the former regime, the higher the number of former high-ranking communist officials with deep-rooted totalitarian mentalities finding their way into the post-communist elites, and, consequently, the lower the integrity of said elites.

Corruption in transition

In principle, transition from a totalitarian to a democratic regime involves the transfer of power from the hands of discretionary leaders to the hands of legal-rational-bureaucratic institutions. In practice, according to the research carried out by the World Bank (2000), transition is a dual process of building and strengthening the institutions and practices specific to democracy and the market economy. The difficulties faced by the former communist countries while undergoing transition in general and in combating the plague of corruption in particular have several main causes.

The first is, obviously, the communist legacy. At masses level, the practice of the "blat" morphed into the quasi-generalised "administrative corruption". As far as the public perception of corruption is concerned, the notion of "bribe" has a limited meaning, that is it refers, as a rule, to the cases where officials demand a certain amount of money in exchange for services, while the voluntary provision of small "gifts" to officials in exchange for goods or services is not, as a rule, considered as "bribe", being instead perceived as "custom", as a form of rewarding kind public officers who are poorly paid, as a practice that is useful for "greasing" seized-up institutional mechanisms, and even as a sign of elegance, of courtesy, similar to leaving a tip to the restaurant waiter. Suffocating and generating great frustrations for the public opinion is "grand corruption"/"state capture". A crucial factor in the expansion and consolidation of grand corruption was the extended hold of the ex-communist leaders over key positions of state institutions. The high-ranking members of the former communist *nomenklatura* and of the political police, turned "democrats" overnight were the main guardians of the information and connexions required in order to (re)monopolize economic/financial and political/administrative power for their own personal gain. They had no interest to see the genesis of a functional rule of law and of strong democratic institutions, being instead focused on building a fake, façade democracy, behind which to strengthen unhindered their power and their newly-acquired wealth. This point of view, focused on the importance of the "communist legacy" factor in assessing the post-communist transition process, is opposed by those who support the idea that democratic institutions, once built, will acquire increasingly greater strength in combating the structures that oppose "liberalisation". Summarising the two approaches, we may conclude that "with regard to economic transformation, the legacies approach suggests that reforms will fail if the old elites remain in power. Many scholars who argue from the imperatives of liberalization approach claim that if decision-makers can simply «get the institutions right,» the economic power base of the old elite can be minimized. The key is a rapid, widespread, and simultaneous introduction of markets in the domestic economy and rapid integration of the domestic economy into the international economic system" (Crawford & Lipjhart, 1997: 10).

The second cause of the great problems faced by the anti-corruption onslaught in the post-communist space pertains to the nature of the transition process. The process is much more complex than the manner in which it is presented by the World Bank's dual approach. In reality, it entails *"multiple and simultaneous transitions* (…) Whereas the other transitional states had to undergo political revolutions, the post-communist ones had, in addition, to introduce fundamental economic, legal, ideological, and social change. Many also had to redefine their boundaries and identities, and realign themselves in international military and trading blocs" (Holmes, 1999: 12-13). In the ideal situation, the successful course

of these multiple and simultaneous transitions requires both exemplary coordination and synchronisation, as well as genuine political will from the part of elites that are competent in their domains and profoundly committed to democratic values. In reality, the lack of synchronisation, incomplete or delayed reforms, the high level of infiltration of old-regime elements (rejecting changes that would affect their interests) in the current elites, the lack of a democratic culture and of a practice of democracy have created together a confusing legislative framework, with a plethora of laws that often contradict one another, subject to arbitrary interpretation, as well as to arbitrary application, especially that, in numerous cases, the punishments provided by the new laws were too weak in relation to the seriousness of the offences, have given birth to weak, non-transparent institutions, with insufficiently well defined roles and responsibilities. All these came together to create a fertile ground for the spread of corruption at all levels.

The third cause of major difficulties in the process of transitioning from communism to democracy pertains to the international context (Holmes, 1999: 13-22). The collapse of communist regimes between 1989 and 1991 and the simultaneous transition to democracy and market economy of the entire Central and Eastern-European space, while the West was entering a period of recession, severely reduced the potential of foreign/Western investment for every ex-communist country. On the other hand, the transition in Central and Eastern Europe took place against the backdrop of an increasingly stronger offensive of the neoliberalist current (Economic rationalism) in the West. Neoliberal ideology states that the state should become involved in the economy as little as possible. Ostensibly, if state monopolies had been reduced in order to favour free competition, by reducing the number of non-transparent state institutions and companies in order to favour the free market bodies and mechanisms, capable of optimising the cost-benefit ratio, the opportunities for corruption would have diminished considerably. In reality, for most former communist countries the effect was exactly the opposite. The transition from the collectivist economic system, based on state ownership, to the market economy, based on private ownership, meant the start of a vast and complex privatisation process, whose main beneficiaries were those who wrote the "rules of the game", that is the former high-ranking communist officials, officers and informers of the political police, together with their networks of henchmen, still holding key positions in the state. To put it generically, whereas the millionaires in the West built the Western economies over time, the millionaires of the East rapidly stripped the assets of the former communist economies. Comparing the states, the phenomenon was the more pronounced, the harshest the former regime had been. On the other hand, the accelerated shrinkage of the state sector due to the outsourcing of public purchase contracts for goods and services represented another major opportunity for the development of corrupt practices.

There are significant differences between communist states in terms of the manner in which the transition process was managed, including from the point of view of efforts to fight corruption. The authors of comparative studies take into account a number of factors – economic, psychological, historical, religious, geographic etc. – in order to find an explanation as to why some countries seem to have achieved certain success in consolidating the democratic system and in building the market economy, while others still struggle in a foggy, seemingly unending transition. This study analyses the public perception of corruption from the perspective of two main economic indicators, GNI per capita in PPP terms (Gross National Income converted to international dollars using Purchasing Power Parity rates) and HDI (Human Development Index), of the tree Bertelsmann transition indices – Political Transformation (PT), Economical Transformation (ET) and Transformation of Management (TM) – and of the first four cultural dimensions of the Hofstede model.

Methodology

Methodology and hypotheses

We have chosen as a sample a number of 28 states: the ex-communist countries that have joined the European Union (Romania, Poland, the Czech Republic, Hungary, Bulgaria, Slovakia, Lithuania, Latvia, Slovenia and Estonia), most of the states that used to make up the Soviet Union (Russia, Ukraine, Moldova, Belarus, Georgia, Armenia, Tajikistan, Kazakhstan, Turkmenistan, Kyrgyzstan, Uzbekistan and Azerbaijan), to which we added the largest Western countries (in terms of population) of the European Union (Germany, France, Spain, Italy, the United Kingdom) plus Sweden, in order to have a representative of the Scandinavian space. We made this selection on historical, geographic and geopolitical grounds. The countries transitioning from communism to democracy used to belong to the former "socialist bloc", under Moscow's influence after World War II, this meaning that they have faced, more or less, the same communisation practices, with more or less similar outcomes. Ten of these countries have already joined the European Union, others may join the EU at an yet-undefined time in the future (Moldova, Ukraine, Belarus, Georgia, Armenia, Azerbaijan), while the others, Russia and the ex-Soviet Asian states, are interested in strengthening their economic ties with the European Union countries, their political differences notwithstanding. As the main goal of transition is to reduce disparities between the East and the West, we have included in the sample, as a reference, six Western European countries (Germany, France, Spain, Italy, Sweden and the United Kingdom), which are representative for the cultural diversity of the European Union.

A first objective of this study is to establish the correlation between the main economic indicators and the level of corruption. A number of empirical studies support the negative correlation between the growth of the corruption level and economic growth (Mauro, 1995). Corruption discourages potential investors, the effect being the slowdown of economic growth. The reversed statement is also valid. A constant economic growth is equivalent to the increase in competition, to the manifestation of entrepreneurial spirit, to the establishment of neoliberal economic principles, leading, in turn, to a decrease in corruption. Other authors (Mendez & Sepulveda, 2006) find that the relationship between corruption and economic growth is more complex than logically perceptible: at the level of ordinary public officers, corrupt practices can have a beneficial effect in "greasing" the system in order to accelerate investments, whereas the negative effects are caused by grand corruption.

For the empirical analysis we have used two main economic indicators: GNI per capita in PPP terms[5] and HDI[6] (which refers not just to the business environment, but to the standard of living in general). The data concerning GNI-PPP per capita come from the World Bank database, accessible to the public on the website www.worldbank.org. The data concerning HDI come from the United Nations Development Programme database, accessible to the public on the website hdr.undp.org. As an indicator of corruption levels we have used the Corruption Perception Index (CPI), published by Transparency International. The data is accessible to the public on the website www.transparency.org. CPI is evaluated on a scale from 0 to 100, 0 showing a perception of corruption as generalised, and 100 – a perception of corruption as non-existent.

We started from the assumption that economic development and the rise of the living standards determine a drop in the corruption level, and therefore considered economic indicators to be independent variables and CPI a dependent variable. The second reason for this choice is that economic indicators result accurately from the data regarding the economic performance of a country in a particular year, whilst CPI reflects the public perception of the corruption phenomenon at a given moment (there are other methods for determining corruption levels, but none of them has so far proven better than all the others).

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[5] PPP per capita is much more relevant for the standard of living in a country than is GNI per capita. GNI per capita is a simple mathematical division of GNI by the number of inhabitants of the country, whereas PPP per capita takes into account the amount that can buy the exact same goods in different countries, irrespective of the exchange rates.

[6] HDI is a composite statistic indicator, which includes social and human components, in addition to those of PPP: life expectancy and education level. HDI is susceptible to permanent changes in the formula in order to best reflect the standard of living of particular country.

We proceeded with the intention of verifying the following two propositions:

P1. GNI per capita in PPP terms is in a positive correlation with CPI. That is, a high level of PPP per capita is directly proportional to a high CPI score and with a low level of perceived corruption, respectively.

P2. HDI is in a positive correlation with CPI. That is, a high standard of living corresponds to a high CPI score, and with a low level of corruption, respectively.

The second objective of the study is to establish a correlation between corruption and the political, economic and managerial progress made by the countries formerly in the Soviet sphere of influence during their transition to democracy and the market economy. This time, the sample was reduced to just 22 states, namely those still in transition (we have excluded the six developed European countries). Aside from CPI, we have used the three main indicators employed by the Bertelsmann Foundation in their extensive report concerning states in transitions, *Transformation Index BTI 2012. Political Management in International Comparison*, edited by Bertelsmann Foundation. The three indicators are: Political Transformation (PT), Economical Transformation (ET) and Transformation of Management (TM). The report and the scores for each country have been accessed on the website http://www.bti-project.org/index/report/. For each of the three indicators we started from the assumption that the intensity and the speed of the process of transition to democracy and the market economy is in direct connection with the corruption level. The wider and the faster structural and institutional reform are, the more important the role of legal-rational-bureaucratic institutions becomes, the stronger the rule of law gets, the transparency of decision-making increases and, as a consequence, the opportunities for corruption decrease. Concerning the Political Transformation (PT) indicator, which evaluates the success of democratic reform, the 22 states are classified thus in the Bertelsmann report: 10 democracies in consolidation (in decreasing order : the Czech Republic, Slovenia, Estonia, Lithuania, Poland, Slovakia, Latvia, Bulgaria, Romania, Hungary), 3 defective democracies (Moldova, Georgia, Ukraine), 2 highly defective democracies (Kyrgyzstan, Russia), 3 moderate autocracies (Armenia, Azerbaijan, Kazakhstan) and 4 hard line autocracies (Belarus, Tajikistan, Uzbekistan, Turkmenistan). For the purposes of this study, we assume that the success of democratic reforms is closely connected to the success of strategies for fighting corruption. Consequently,

P3. PT is in a positive correlation with CPI. In relation to the Economical Transformation (ET) indicator, which evaluates the success of economic reforms, the 22 states are classified thus in the Bertelsmann report: 7 developed market economies (in decreasing order : the Czech Republic, Slovenia, Estonia, Poland, Slovakia, Lithuania, Hungary), 3 functioning market economies (Bulgaria, Latvia, Romania), 5 market economies with functional flaws (Kazakhstan, Russia, Ar-

menia, Ukraine, Azerbaijan, Georgia, Moldova, Kyrgyzstan) and 4 poorly functioning market economies (Belarus, Turkmenistan, Tajikistan, Uzbekistan). We assume that the success of economic reforms is closely connected to the success of strategies for fighting corruption.

P4. ET is in a direct correlation with CPI. In relation to the Management of Transformation (MT) indicator, which evaluates the leadership's political management performance, the 22 states are classified thus in the Bertelsmann report: very good (Estonia, Lithuania), good (Latvia, Slovakia, Poland, Czech Republic, Slovenia, Bulgaria, Romania), moderate (Hungary, Moldova, Georgia, Kyrgyzstan, Armenia, Kazakhstan, Ukraine), weak (Azerbaijan, Russia, Tajikistan), failed or nonexistent (Belarus, Turkmenistan, Uzbekistan). We assume that a high-performance management of political leaders also includes the application of effective strategies for fighting corruption.

P5. MT is in a direct correlation with CPI. The preliminary examination of the data corresponding to the three Bertelsmann indicators shows that in all three categories there is a clear demarcation between the ten counties that joined the European Union (ranking highest), and the 12 ex-Soviet states (ranking lowest). A third objective of this study is to establish a correlation between the cultural dimensions of the Hofstede model and the perceived level of corruption. We chose the first four dimensions for which we could find data in the Hofstede Centre database (available to the public at geert-hofstede.com/countries.html). The four cultural dimensions, Power Distance (PDI), Individualism (IDV), Masculinity (MAS) and Uncertainty Avoidance (UAI) will be considered independent variable, while the Corruption Perception Index (CPI) will be considered the dependent variable. In relation to the four cultural dimensions and their possible correlation with the public perception of corruption, we intend to verify the following assumptions and propositions: *Power Distance.* A high PDI score is characteristic of societies with a developed hierarchical system, where the unequal distribution of power and its often discretionary exercise is widely accepted, which creates opportunity structures for the development of corrupt practices. A low PDI score is characteristic of societies where the legitimacy of power is challenged, inequalities and discriminations are targeted for elimination, equal opportunities and free competition are advocated, as are in general the fundamental principles of democracy and market economy, thus limiting the chances for corrupt practices to emerge and develop.

P6. PDI is in a negative correlation with CPI. Individualism vs. Collectivism. A high IDV score is characteristic of societies that encourage free enterprise, consider that each must decide his/her own destiny, assume a minimal intervention

of the state in the economy, therefore inducing a negative attitude towards corrupt practices; a low IDV score is characteristic of societies where the most important values are family ties, the relationship with the other members of the society and loyalty to them, alignment to collective rules and practices, al these encouraging the development of corruption.

P7. IDV is in a positive correlation with CPI. Masculinity vs. Femininity. Societies with a high MAS score encourage competition, fight, obtaining gains/success regardless of price, which entails that success can also be obtained through corrupt practices, whereas societies with a low MAS score value understanding, solving problems through negotiation, cooperation, mutual support, this requiring a low tolerance for corruption. Consequently, we can assume that:

P8. MAS is in a negative correlation with CPI. Uncertainty Avoidance. A high UAI score is characteristic of societies where the preferred values are stability, security, certainty, even when these can be obtained through corrupt practices, whereas a low UAI score is characteristic of societies where the individual is used to taking risks, does not worry about the future, and thus is not so much interested in certainties obtained through corruption.

P9. UAI is in a negative correlation with CPI. In order to verify these last four propositions we took into consideration a smaller sample, only 15 states, namely those for which data is available on the Hofstede Centre website. The lack of data concerning these cultural dimensions in the other 13 states in the larger sample of 28 did not allow us to apply a multivariate analysis design, where the cultural dimensions would have been the control variables, the economic indicators – the independent variables, and the Corruption Perception Index would have been the independent variable.

We must add that, although the dimensions that characterise a culture are considered as stable for long periods of time, subsequent measurements made in countries belonging to the post-communist space (Romania[7], Bulgaria[8], Russia[9]

[7] In 2005, Interact Romania and the Gallup Organisation Romania carried out a research according to the Hofstede methodology (Luca, 2005), the results being the following: PDI 33 (compared to 90 in Hofstede), IDV 49 (compared to 30), MAS 39 (compared to 42) and UAI 61 (compared to 90).

[8] An opinion poll carried out in 2001 in Bulgaria (as quoted by Luca 2005) indicates significant differences in relation to Hofstede's original estimates: PDI 55 (compared to 70), IDV 41 (compared to 30), MAS 48 (compared to 40), UAI 64 (compared to 85)

[9] Naumov and Puffer (2000) measured the following scores for Russia: PDI 40 (compared to 95 in Hofstede), IDV 41 (compared to 50), MAS 55 (compared to 40), UAI 68 (compared to 90).

etc.), yielded values that were significantly different from the values originally found by Geert Hofstede and his team. The changes are explicable: the collapse of communism and the challenges brought by the new societal system in the process of its construction have inevitably generated major mutations in the collective consciousness. For this study, in the absence of a general and accessible update of the data, we chose to use the values presented on the Hofstede Centre website.

The values of the economic indices, of the Bertelsmann indicators, of the cultural dimensions and of the corruption perception index for the countries in the sample are shown in Table 1 below:

Table 1. The values of the economic indices, the Bertelsmann scores, the scores for the cultural dimensions and those of the corruption perception index for the 28 countries in the sample

Country	GNIpc 2011	PPPpc 2011	PT 2012	ET 2012	MT 2012	HDI 2012	PDI	IDV	MAS	UAI	CPI 2012
Romania	8140	15780	8.55	7.79	6.35	0.786	90	30	42	90	44
Poland	12380	20260	9.20	8.89	6.79	0.821	68	60	64	93	58
Czech R.	18700	24490	9.65	9.57	6.57	0.873	57	58	57	74	49
Hungary	12730	20310	8.35	8.61	5.47	0.831	46	80	88	82	55
Bulgaria	6640	14400	8.65	7.93	6.56	0.782	70	30	40	85	41
Slovakia	16190	22300	9.00	8.75	6.80	0.840	104	52	110	51	46
Lithuania	12980	20760	9.35	8.71	7.15	0.818					54
Latvia	13320	19090	8.80	7.82	6.81	0.814					49
Slovenia	23600	26500	9.65	9.25	6.57	0.892	71	27	19	88	61
Estonia	15260	20850	9.55	9.00	7.41	0.846	40	60	30	60	64
Russia	10650	21210	5.35	6.11	3.96	0.788	93	39	36	95	28
Ukraine	3130	7040	6.10	5.82	4.62	0.740					26
Moldova	1980	3640	7.05	5.43	5.39	0.660					36
Belarus	5930	14460	3.93	4.79	2.77	0.793					31
Georgia	2860	5350	6.15	5.61	5.38	0.7345					52
Armenia	3306	6100	5.25	5.93	4.70	0.729					34
Tajikistan	870	2300	3.50	3.50	3.51	0.622					22
Kazakh.	8260	11250	4.00	6.25	4.69	0.754					28
Turkmen.	4800	8690	2.83	4.25	2.20	0.698					17
Kyrgyz.	900	2200	5.43	5.21	4.85	0.622					24
Uzbek.	1510	3420	2.85	3.18	1.94	0.654					17
Azerbaijan	5290	8950	4.02	5.68	4.00	0.734					27
Germany	44230	40190				0.920	35	67	66	65	79
France	42420	35910				0.893	68	71	43	86	71
Spain	30930	31440				0.885	57	51	42	86	65
Italy	35320	32420				0.874	50	76	70	75	42
Sweden	53170	42210				0.916	31	71	5	29	88
UK	37780	35950				0.863	35	89	66	35	74

Discussion

This analysis confirms once more the very strong positive correlation between economic indicators and the corruption perception index. The causality relation remains debatable and most likely both perspectives used in the growing number of studies on this topic are valid: economic growth and the increase in quality of life discourage corruption, while the fight against corruption encourages economic growth. However, one question remains: why is it that some countries manage to overcome the difficulties of transition, while others remain captive in the vicious circle in which corruption generates poverty and poverty generates corruption?

A possible answer for evaluating and increasing the effectiveness of strategies for fighting corruption could be found by analysing in parallel the performance levels of the countries transitioning from communism to democracy and to the market economy. The more profound the political and economic reforms, the lower the level of corruption. A crucial role is played by political elites. Their management performance and political will are the elements that decide whether a country will break out of the vicious circle of corruption and poverty, or it will remain captive inside it. An additional comparative analysis of the means of the three Bertelsmann indicators, m(PT) â 6.69, m(ET) â 6.73 and m(MT) â 5.20, shows a discernible difference between the first two and the third, thing that might point out the "weak link" of this simultaneous process of multiple transitions: the performance/quality of political elites ranks lower than the performance/quality of political and economic reforms. Also, the examination of the three Bertelsmann rankings shows a clear difference between the high scores of former communist countries that have joined the European Union (of which three ex-Soviet countries – the Baltic States) and the low scores of the rest of the ex-Soviet states.

Cultural models can also bring additional information in the attempt to identify both the causes of corruption and the specificity of corrupt practices for each country. This analysis, based on the Hofstede cultural model, confirms three of the four submitted propositions. The lack of validation for proposition P5 could be explained by the fact that it is incorrect to attempt to establish a correlation between corrupt practices and the cultural dimension Masculinity vs. Femininity. Whereas in societies with a high MAS score, which encourage competition and value success, one may assume that success can often be obtained by using corrupt practices as well, resulting in a negative correlation between the MAS score and CPI, one may just as well assume that encouraging competition entails the establishment of clear rules that must be obeyed by all competitors, resulting in a discouragement of corruption, and thus to a positive correlation between the MAS score and CPI. In order to find out whether there is any clear connection

between this cultural dimension and the perception of corruption, it would be necessary to study a larger sample of countries; for the purpose of this paper, focussing on the ex-communist space under Soviet influence, this was not feasible, due to lack of data.

A multivariate research, concerning not just a certain cultural dimension, but carried out in general, in order to highlight the manner in which a certain type of culture influences the level of corruption, would entail, firstly, the existence of a cultural model that is accepted as widely as possible, and secondly – comprehensive and up-to-date databases. There are cultural dimensions that remain stable in time, such as religion, but there are also cultural dimensions that undergo substantial changes over a relatively short period of time, especially in countries affected by social and political turmoil. For instance, the transition from totalitarianism to democracy involves substantially redefining the perception of the nature and legitimacy of power, the same way as the accelerated transition from the collectivist economy to the market economy involves significant mutations in the collective consciousness regarding the appreciation of the role of competition or of equal opportunities. It may be that the effects of globalisation or of the information society on each culture are the same as important.

In order to verify the proposition P1, the following results were obtained.

Table 2. The correlation between GNI pc in PPP terms and CPI

	GNI pc in PPP terms	CPI
Mean	18.4285	45.7857
Correlation (r)	0.850	
p-value (2sided)	<0.001	
N	28	
df	26	

The validity of proposition P1 was confirmed: GNI per capita in PPP terms is in a very strong positive correlation with CPI.

In order to verify the proposition P2, the following results were obtained:

Table 3. The correlation between HDI and CPI

	HDI	CPI
Mean	0.7922	45.7857
Correlation (r)	0.837	
p-value (2sided)	<0.001	
N	28	
df	26	

The validity of proposition P2 was confirmed: HDI is in a very strong positive correlation with CPI.

In order to verify the proposition P3, the following results were obtained:

Table 4. The correlation between PT and CPI

	PT	CPI
	PT	CPI
Mean	6.69	39.22
Correlation (*r*)	0.894	
p-value (2sided)	<0.001	
N	22	
df	20	

The validity of proposition P3 was confirmed: PDI is in a very strong positive correlation with CPI

In order to verify the proposition P4, the following results were obtained:

Table 5. The correlation between ET and CPI

	ET	CPI
	ET	CPI
Mean	6.73	39.22
Correlation (*r*)	0.875	
p-value (2sided)	<0.001	
N	22	
df	20	

The validity of proposition P4 was confirmed: ET is in a very strong positive correlation with CPI.

In order to verify the proposition P5, the following results were obtained.

Table 6. The correlation between TM and CPI

	TM	CPI
	TM	CPI
Mean	5.20	39.22
Correlation (*r*)	0.865	
p-value (2sided)	<0.001	
N	22	
df	20	

The validity of proposition P5 was confirmed: TM is in a very strong positive correlation with CPI

In order to verify the proposition P6, the following results were obtained:

Table 7. The correlation between PDI and CPI

	PDI	CPI
Mean	61	57.66
Correlation (*r*)	- 0.715	
p-value (2sided)	0.0027	
N	15	
df	13	

The validity of proposition P6 was confirmed: PDI is in a very strong negative correlation with CPI (for a significance threshold of 0.05).

In order to verify the proposition P7, the following results were obtained:

Table 8. The correlation between IDV and CPI

	IDV	CPI
Mean	57.4	57.66
Correlation (*r*)	0.51	
p-value (2sided)	0.0488	
N	15	
df	13	

The validity of proposition P7 was confirmed: IDV is in a significant positive correlation with CPI (for a significance threshold of 0.05)

In order to verify the proposition P8, the following results were obtained:

Table 9. The correlation between MAS and CPI

An insignificant negative correlation between MAS and CPI was established, meaning that P8 could not be validated.

In order to verify the proposition P9, the following results were obtained:

Table 10. The correlation between UAI and CPI

	UAI	CPI
Mean	72.93	57.66
Correlation (*r*)	- 0.58	
p-value (2sided)	0.0224	
N	15	
df	13	

The validity of proposition P9 was confirmed: PDI is in a significant positive correlation with CPI (for a significance threshold of 0.05).

Conclusions

The cultural models based on psychological dimensions can be useful especially in understanding the causes of corruption and in establishing strategic priorities in fighting this plague in each culture. They can also be useful in increasing the effectiveness of the fight against corruption by adapting general-purpose strategies to the specificities of each culture. Regarding the former communist states, one direction for research that should definitely be developed is that concerning the changes occurring in these cultures, in their collective consciousness, as a result of their transition from totalitarianism to democracy and the market economy. The range of these changes could provide important information regarding the effectiveness of certain anti-corruption actions, which could then be used in order to adapt and increase the effectiveness of the strategies used to fight this pheno-menon.

Breaking the poverty-corruption vicious circle and entering the upward spiral of economic growth and increased quality of life, in clear direct relation with the decrease of corruption, depends first and foremost on the political will and the management performance of the political elites. Strengthening and increasing the effectiveness of actions that aim to enhance the integrity of political elites, as well as their knowledge and management performance, especially in transition coun-tries, are crucial both for the success of the transition process in general, and for the cusses of anti-corruption measures, in particular.

Paraphrasing Churchill, it may be that democracy and the market economy are bad, but so far they have proven to be the best systems mankind has experienced for increasing the quality of life and, implicitly, for fighting corruption. The entire process of adapting to the *community acquis*, which the ten ex-communist coun-tries have undergone before and after joining the European Union, has been vital for the successes they have had in fighting corruption. Consequently, stren-gthening the democratic system in these states or continuing the democratic reforms in the rest of the ex-communist states is the first prerequisite for decre-asing corruption.

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