

SIXTH FRAMEWORK PROGRAMME OF THE EUROPEAN COMMISSION



RESEARCH PROJECT: CRIME AND CULTURE

Crime as a Cultural Problem. The Relevance of Perceptions of Corruption to Crime Prevention. A Comparative Cultural Study in the EU-Accession States Bulgaria and Romania, the EU-Candidate States Turkey and Croatia and the EU-States Germany, Greece and United Kingdom

Project no.: 028442

Instrument: SPECIFIC TARGETED RESEARCH PROJECT

Thematic Priority: PRIORITY 7, FP6-2004-CITIZENS-5

Perceptions of Corruption in Bulgaria, Romania, Turkey, Croatia, Greece, Germany and the United Kingdom

A Content Analysis of Interviews from Target Group Economy



BULGARIA

Target Group Economy

Definitions

The representatives of the business define corruption as a state in which economic actors are forced to pay money in order to get services that are provided by the public authorities for free. In some of the cases this could be the so called “greasing the wheels” corruption where money is paid to get things done in an easier and quicker manner. In the other cases, the access to some services could be blocked by the public officials unless the certain sum of money is paid.

Another manifestation of corruption is when both business and public authorities in a consensual way circumvent rules and legal procedures. This type of corruption distorts the competition and lowers the quality of the services provided to the public. The most dangerous form of corruption is perceived to be that which affects negatively the interests of big groups of people. In this respect the petty corruption that affects many members of the society could be much more dangerous than grand corruption because it is destructive for values and further incidences of corruption.

The respondents from this target group believe that corruption exist not only in the public sector but also in the private one. This includes cases where private officials abuse their power for personal enrichment at the expense of the company's interest.

Origin and Causes

The representatives of business perceive corruption as universal phenomenon that exist to a certain degree in all societies. The characteristics of corruption in Bulgaria are determined first by the Communist heritage, and second by the lack of experience with democracy and market economy. This includes underdeveloped civil society, lack of independent media, and weak judicial system.

Size and Scope

According to our respondents, corruption can only be measured on the basis of a personal experience admitting that this approach cannot be applied for policy purposes. The phenomenon is present at low administrative levels with which many citizens interact in their everyday practice. As regards grand corruption, there are less people involved and the public is informed about it by the media. In this situation, it is very difficult to measure objectively corruption but perception that it is actually everywhere is very strong in the society.

Anti-corruption Measures

Since corruption has different manifestations, there should not be a single anti-corruption strategy. However, one general strategy can be used to limit corruption at lower levels. This



reorganization of the public sphere involves reduction of the state influence and introduction of clear rules and procedures. In many fields in which public resources are spent (healthcare for example) corruption is not the cause of the problem but it is rather a negative outcome as a result of the system mismanagement. In such cases, a simple reorganization of the system towards better management would limit corruption.

Establishment of new state institutions meant to fight corruption would not help much since public trust in the state institutions is very low. The general public's perception is that institutions are often established not to improve the quality of the governance but rather to create new power opportunities for the ruling parties.

Introduction of transparency in all process of public decisions making could help to limit corruption significantly. It is important, however, that this transparency is achieved in an impartial way through the use of new technologies and media like the internet, rather than traditional media, which has lost much of its public confidence.

Persistence in teaching social values to the young generations is an important factor that might play certain role in reducing corruption in the country. However, respondents admit that changing social values would require a lot of time and effort.

It is unrealistic to expect that political parties would initiate reforms that might bring positive change to the process of counteracting corruption due to the fact that they are the major vehicle of corruption. The lack of interest in politics has led to parties commercialisation and clientelisation. Corruption to a great extent explains and rationalises their existence.

It is also unrealistic to expect that business organisations might contribute significantly to the anti-corruption efforts since they are private organizations that are primarily led by their private interests. This does not concern the low level administrative corruption, in which removal all businesses have questionable common interest.

In general, the media are of great significance for every anti-corruption strategy. In particular there are not many media in Bulgaria that enjoy considerable level independence. Most of them follow certain private interests. There is a presumption in theory, which assumes that existence of many media representing different interest and views might lead to relative balance in information. However, in practice, it seems that media have concluded unwritten agreement to excluded certain topics from the public debate.



ROMANIA

In the Romanian report analysis was based in a comparison between perceptions of corruption regarding different fields of the problem without distinguishing in different target groups. For more information please see the Romanian report in “Scientific Report Romania 2007” in this web site.



TURKEY

The Analysis of the Target Group Economy

Corruption exists in less developed and developing countries in which the tradition of accountability does not exist. Turkey as a member of this group of countries does not constitute an exception. Corruption is even more widespread in Turkey, compared to its counterparts. Turkish society is inured to corruption. There is a common belief among the society that it is not possible to get a work done in the public sector without bribery. The government officials, on the other hand justify their course of action on the basis of their low income level. In such a situation, the definition offered by the World Bank can be considered as the most reasonable one. Therefore, corruption can be defined as an act of a government official to receive or provide a series of advantages by executing or avoiding his duty, whether it is tangible or not.

In the private sector, however there can not be corruption but irregularities. Private sector employees involved in irregular act can easily be dismissed once identified.

Unfortunately, in Turkey there is no consensus on its definition whatsoever. Even the Commission for Investigation of Corruptions in the Grand National Assembly of Turkey, is far from providing a definition of corruption.

In the customs, for example one has to bribe for almost every bureaucratic operations. “It is like paying toll to cross the bridge”. Every bureaucratic step has its fare and sometimes the custom’s official even gives the change back. The rumor is that so as to be appointed as a custom’s official, people are ready to pay a considerable amount of money to top level bureaucrats. The ones who refuse to receive bribes are immediately isolated from the system. The situation was much worse during the years 1981-1989. Employees were all relatives. Between 1989-1996, it got even worse in terms of corruption. It is not surprising that this period coincides with successive devaluation of national currency which in turn increased the volume of exports.

In 1996, with the signature of the Customs Union agreement the foreign trade office began to work better. Today, among the public institutions in process of reformation for EU integration, it is the Customs that maintained the best standards. At the beginning, the bureaucracy showed a strong resistance to change, and yet it had to give up due to the pressure coming from the political authority. There have been many changes in the last 3-4 years. There have been many great developments with the implementation of automation. The bribery has decreased almost fifty per cent. Controls are not made manually any more. The new system provides anyone with any kind of information it needs.

In the post 1980 era, corruption increased considerably. In pre-1980 era, corruption used to take place only in low levels of bureaucratic hierarchy. It had never been an issue in the top economic bureaucracy such as Treasury and Ministry of Finance. The institutional culture of such government bodies would never allow any of their members accept a gift of great value. The liberalism process à la Turgut Ozal (“My official knows what to do”) has deteriorated the existent the notion of public service. Especially the year 1987 was a milestone in this context. That was the year when corrupt public procurement policies and disputed deals and contracts



in the state enterprises accelerated. From that time on corruption has spread over every top organ of economic bureaucracy. The reasons for this can be stated as;

- the transformation of institutional culture (those who could not adapt themselves to the new set of “rules” had to leave),
- the widening gap between the public and the private sector salaries,
- as a consequence, the low quality of the new appointees.

Initially to be a bureaucrat meant to have a respectable career. Subsequently, people began to use government office as a step stone to private sector which was offering much higher salaries. At the present, obtaining political or financial gains is the strongest motivation to work in the public sector.

In every step of corruption, there is the issue of party financing. Municipalities are the most corrupt political entities. The reasons of corruption are listed as such:

- Deterioration in income distribution,
- Consumerism,
- Lack of institutional culture,
- Lack of evidence due to mutually beneficial nature of the relationship,
- Wrong role models,
- High tax rates,
- Economic protectionism,
- Tax exemptions, privileges and incentives for certain sectors,
- Red tape.

The politics is merely in the hands of the political party leaders who are in charge till they die. And, the rest have minor impact. Political cadres are in general very poor in quality. Corruption is at its peak in the political arena. Even the Prime Ministry Inspection Committee acts politically despite its mission stated by law. Regardless of their contents, its reports are interpreted in accordance with political interests, and even in some cases the Committee is internally manipulated.

Legislative immunities must definitely be limited to freedom of speech. But at the same time an alternative mechanism has to be established where the lawsuits could only be brought before the courts in the presence of serious evidence. Otherwise, the MPs would spend a great deal of their time in the judicial tribunals.

However, the immunities that public employees enjoy are equally important in the context of unfairness. The prosecution of public employees for alleged offenses are subject to the permission of their administrative authority. This is an unacceptable situation. If a public official and a custom broker got involved in corruption together, the broker would generally be the only one to be imprisoned, while the latter would evade the punishment by making a defensive statement without getting even dismissed.



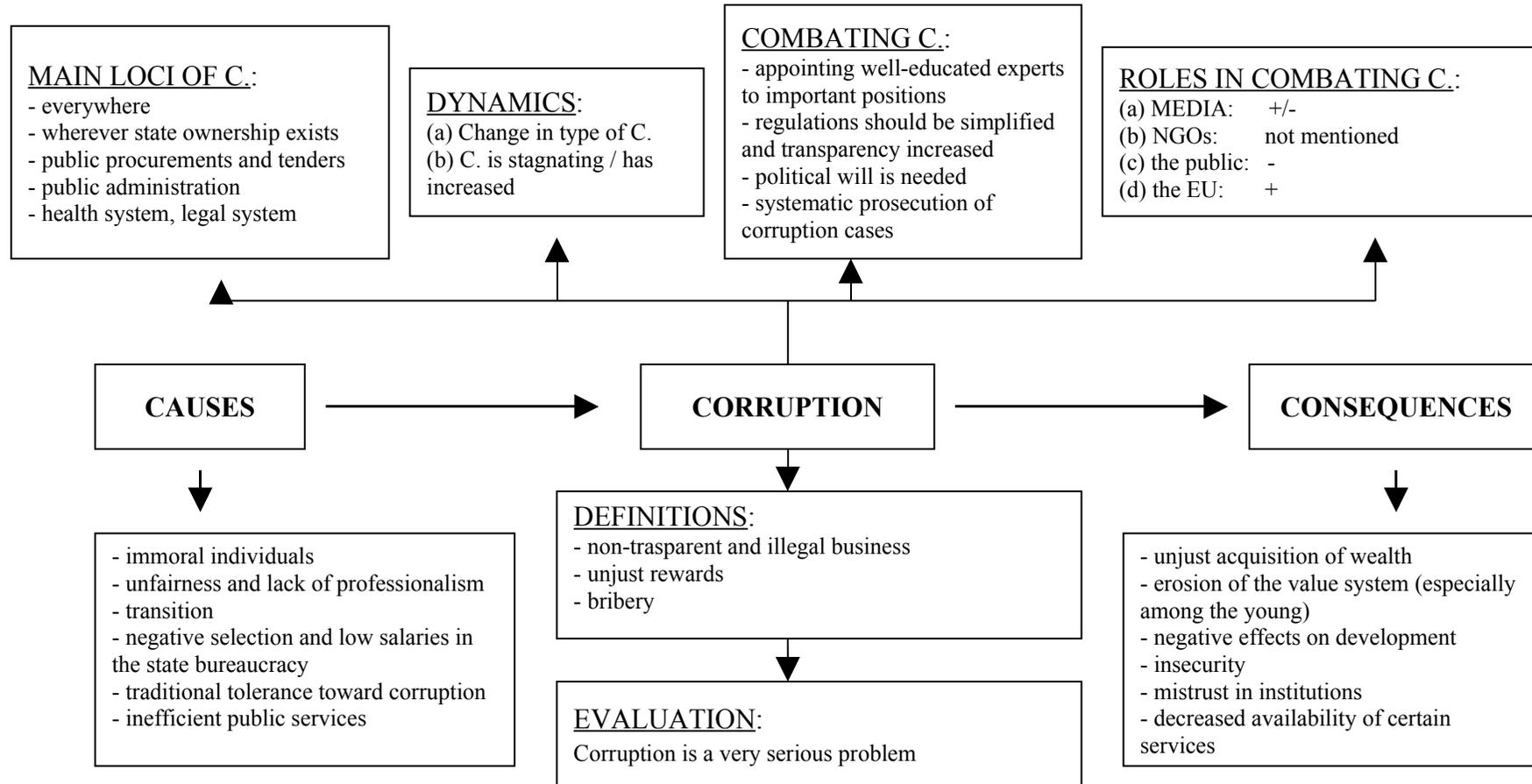
Conclusion (on prevention)

Political determination is vital for struggle to succeed. Primarily, the political leaders have to believe in the urgency of the anti-corruption fight. In this context, the pressure coming from EU institutions is of fundamental necessity. Turkey could improve in corruption reduction if and only if it sticks to its EU membership plan.

In this process, the steps of the action plan are stated as follows;

- Making clear-cut definitions and giving necessary education to bureaucrats (autonomous bureaucracy-free of political pressures),
- Providing transparency,
- Downsizing units of state to simplify the bureaucratic processes,
- Improving financial conditions of government employees,
- Making strict rules and regulations including the domain of immunities,
- Establishing Watch Groups for effective inspection.

CROATIA TARGET GROUP ECONOMY



GERMANY

Target Group Economy

Introductory remarks

The research group has met numerous difficulties in securing interview partners from the target group *economy (including trade unions)*. Evaluating the documents of the first research phase the group was led to an assumption that now in the second phase has proved to be well-founded: The disinterestedness and secrecy relating to talking about corruption are nowhere more acute than in the sphere of economy, industry and trade unions. Even leading figures in the economic life of Germany that otherwise make all sorts of statements to the economic policies of the government and the course of economic developments in general were not prepared to give an interview. Although the group stated right from the start that it was interested in how leading managers think of their responsibilities regarding transparent economic activities, the persons asked for an interview apparently did not want to make any statements on the issue.

For this reason the research group decided to focus on a specific case of corrupt contact that is one that is scarcely present in the corruption research or the public awareness. It involves economic actors (i.e. private businessmen), albeit not as perpetrators of corruption, but its victims. This is the case when they fall prey to the abuse of power in the public sector – most notably in tax offices. The individual case in question can be reconstructed in such way as to show that abuse of power by civil servants does not represent an exception in the management of public services, but has structural reasons. Some of them can be located in the recent reforms in the public sector that purport to transform public offices into enterprises that function according to the rules of private business and the public into “customers”. Accordingly, civil servants are supposed to act in such a manner as to develop performance through increasing the revenues received for the delivery of services. Thus some public offices have begun to function like public-private partnerships managing their financial resources in the business-like manner of the private sector.

Outline of the interview

The evaluation of the interview of the target group economy does not deal with corruption as the term is normally used. To the extent that from the interview a corruption case can be reconstructed, it relates to those aspects of the relation between public offices and private business in which a certain kind of abuse of power can be observed. This abuse of invested power, however, does not primarily aim at gaining financial benefits, but must be seen as a kind of harassment of private business. The way various public offices work, that is, the efficiency and performance criteria they observe, is sometimes extremely inimical to private economic activity.

Analysis

Corrupt conduct need not necessarily take the form of misuse of power or abuse of public offices for private benefits. Although misuse of power normally functions as a means to attain



a monetary goal, it can sometimes happen that power itself can lead to corruption, when it is exercised for its own sake. In such cases as the one under examination, the corrupt conduct of *civil servants* does not aim at gaining financial advantages, but rather results from an excessive use of prerogatives of power that public office confers upon them [P1: 311-313]. Regarding the relation between state institutions and private business this entails that in a certain way a reversal of the terms obtaining in the usual corruption scheme: Instead of deploying bribes to influence institutional decisions in favour of economic interests, businessmen are on the contrary subjected to a kind of coercion by different bodies in the public services.

Considering the possible factors determining this abuse of power that willingly functions detrimental to the economic interests of private business it is obvious that one of the main causes are overregulation and red tape. Especially in connection with the application and enforcement of tax legislation by the administration, private business is often confronted with a situation that can be characterized as systematic *harassment* [P1: 1363]. Given the bureaucratic mechanisms private businessmen as tax payers always have to cope and struggle with, it is not an exaggeration to claim that the institutional incorporated obstacles represent a kind of corruption [P1: *ibid*]. This of course does not outright involve intentions of private enrichment, but is rather perceived as an arbitrary exercise of power that can be equated with corruption [P1: 1054].

To perceive overregulation as a form of *corrupt harassment* of private economic interests nevertheless does not mean that the motives of public servants rest solely upon discharging of official duties that often have a stifling effect on economic activity. Although in the order of causation, bureaucratic rule-following may be the prime factor that puts unjustified restraints on private business, some other factors need to be taken into consideration, too. First of all, it is generally true that public servants working in tax and revenue offices are more inclined towards corrupt conduct the less satisfied they are with their pay levels or with the chances of career development and financial incentive schemes. Given this fact that what on the one hand private business perceives as undue and excessive exercise of control and power, is on the other hand considered to be rule-conform action that enhances the performance of public servants thus entitling them to financial gratifications or promotion. This is all the more true in the case of public procurement offices where the pattern of cutting down expenses functions as performance value indicating the degree of entitlement to promotion [P1: 938-940]. Reducing expenses by all means, or in the case of tax offices, increasing the amount of taxes to be paid, can sometimes go as far as to violate existing obligations and directly damage private businesses [P1: 1086].

There is still another aspect that has to be kept in mind if one wants to give full account of the ways public offices are often perceived, namely as abusing invested powers and acting systematically against private business. This aspect is closely connected to the gratification and promotion scheme that is nowadays exercised in various public offices and functions as a basis for evaluation not only of individual, but of collective performance as well. The methods of estimating the latter are increasingly being made to approximate the economic pattern that governs private business, that is, to calculate efficiency according to extent running costs are kept low or certain goals regarding the amount of taxes to be collected are met. This way various public offices are run according to the principle of cost management [P1: 1076-1077; 1081-1083].



However, making public offices work on the basis of maximizing operational efficiency in terms of cost reduction is not the only way how the state can negatively affect private business. Looking more closely to what can be characterized as corrupt conduct, abuse of invested power also occurs in cases where private business is being overtaxed [P1: 957-959]. Although not a typical case, excessive taxation of private business may be called a kind of corrupt conduct in which the offices of tax and revenue aim at maximizing financial input.



GREECE

TG VI ECONOMY

General Comments

The approach of TG Economy to corruption is interesting, although it lacks a special theoretical background, apart from the general context of neoliberalism; it illustrates the relationships between private and public sector with several examples. TG economy includes two representatives of enterprises (Hellenic Bank Association – EET and Hellenic Federation of Enterprises – SEV) and one representative from the employees (General Confederation of Workers of Greece – GSEE).

Evaluation Units

P1 TG ECONOMY_GSEE
P2 TG ECONOMY_EET_HBA
P3 TG ECONOMY_SEV_HFE

Interviews' Analysis

First of all in respect to corruption the representatives of economy seem not to having a clear idea about the meaning of the term. Coercion of citizens and enterprises' abuse to correspond to illegal demands of public servants, police included its characteristics and forms. They associate corruption with illegal economic transactions,¹ however it does not always involve financial exchange but also coercion². As substitute to grand corruption they use: scandals³, opacity⁴, pathogen (see: disease)⁵ and merging of interests⁶, while for petty corruption: gift – bribery – pour boire⁷, use of means (use of political acquaintance, identity or preference)⁸. All representatives distinguish between these two kinds of corruption: grand and petty corruption. The representative of employees notes that the term is very *elastic*⁹ thus; its true meaning is concealed¹⁰. He thinks that corruption is a very 'heavy' term for everyday corruption and corresponds only to grand corruption¹¹.

¹ P1 TG ECONOMY_GSEE: CODES 51, 118.

² P3 TG ECONOMY_SEV_HFE: CODES 117-119; P2 TG ECONOMY_EET_HBA: CODE 48.

³ P1 TG ECONOMY_GSEE: CODES 20, 21.

⁴ P3 TG ECONOMY_SEV_HFE: CODE 5.

⁵ P2 TG ECONOMY_EET_HBA: CODE 19.

⁶ P1 TG ECONOMY_GSEE: CODE 5.

⁷ P2 TG ECONOMY_EET_HBA: CODE 46.

⁸ P1 TG ECONOMY_GSEE: CODE 203.

⁹ P1 TG ECONOMY_GSEE: CODE 71.

¹⁰ P1 TG ECONOMY_GSEE: CODE 65.

¹¹ P1 TG ECONOMY_GSEE: CODES 4, 8.



For the target group, corruption is a *process*, as well as a form of *behaviour*¹². As a process, it refers to acquiring income beyond the legal context or the official economic network (outside the formal financial and state structures – see *paraeconomy*)¹³. As behaviour, corruption means the positive attitudes of people to acquire income through illegal means and methods¹⁴. A person is considered as ‘corrupt’ either if he/she offers a bribe or if accepts a gift¹⁵. Therefore, positive attitudes, tolerance and involvement in illegal practices are regarded as corruption.

The interviewees accept¹⁶ that corrupt methods are often not with the purpose to violate the law, but to speed up a request and a right to which the people are entitled¹⁷. Yet, it seems that then confuse corruption with economic crime and market manipulation¹⁸, namely fraud¹⁹, tax evasion²⁰, market abuse and manipulation²¹, deceitful bank loans²², crime in electronic transactions (e-crime)²³, money laundering²⁴, unfair competition²⁵, extortion²⁶, smuggling and evasion of social insurance payments²⁷, as well as with issues such as *paraeconomy*²⁸ and illegal wealth²⁹. However, during the interviews, some of the above law violations are not characterized as corruption but as market manipulation, rent seeking³⁰, formation of cartels etc³¹. It is worth mentioning that from all the previous law violations, the issue of *paraeconomy* along with its size is one of the most controversial issues in Greece. In general, representatives of economy do not attribute any positive effects to corrupt and illegal practices³². They stress that *corruption is against economic development*, increase of investments³³, economic integration (in terms of micro and macro - economy) of the European Union³⁴, modern state³⁵, competitive market³⁶, because (indirect) costs in financial

¹² P2 TG ECONOMY_EET_HBA: CODE 54.

¹³ Paraeconomy is the officially non-active but really active economy (otherwise *grey economy*), Kanellopoulos, K. (1990). “The paraeconomy in Greece: what the official data show”, Discussion papers, No.4, KEPE, Athens.

¹⁴ P2 TG ECONOMY_EET_HBA: CODES 55, 56.

¹⁵ P1 TG ECONOMY_GSEE: CODES 69, 70.

¹⁶ P2 TG ECONOMY_EET_HBA: CODE 61.

¹⁷ P3 TG ECONOMY_SEV_HFE: CODE 34.

¹⁸ P2 TG ECONOMY_EET_HBA: CODE 92, 59.

¹⁹ P2 TG ECONOMY_EET_HBA: CODE 58.

²⁰ P2 TG ECONOMY_EET_HBA: CODE 57.

²¹ P2 TG ECONOMY_EET_HBA: CODES 95, 96.

²² P2 TG ECONOMY_EET_HBA: CODE 85.

²³ P2 TG ECONOMY_EET_HBA: CODE 121,122.

²⁴ P2 TG ECONOMY_EET_HBA: CODE 63.

²⁵ P3 TG ECONOMY_SEV_HFE: CODE 68.

²⁶ P1 TG ECONOMY_GSEE: CODE 243.

²⁷ P3 TG ECONOMY_SEV_HFE: CODE 70.

²⁸ P1 TG ECONOMY_GSEE: CODE 247; P2 TG ECONOMY_EET_HBA: CODE 153.

²⁹ P1 TG ECONOMY_GSEE: CODE 242.

³⁰ P2 TG ECONOMY_EET_HBA: CODE 50.

³¹ P1 TG ECONOMY_GSEE: CODES 235-237.

³² P1 TG ECONOMY_GSEE: CODE 44; P3 TG ECONOMY_SEV_HFE: CODES 121,122.

³³ P3 TG ECONOMY_SEV_HFE: CODE 6.

³⁴ P2 TG ECONOMY_EET_HBA: CODES 1, 6, 8.



transactions³⁷. Although they dispute corruption's positive effects as a mechanism of income re-allocation³⁸, they finally accept that paraeconomy is the (hidden) 'engine' of country's economy, accounted for the so-called '*Greek Miracle*'³⁹. It creates extra (not official) income for the population to improve its life, which otherwise could not be justified by their low wages.

Furthermore, they accept the moralizing element⁴⁰ of corruption; still they are reluctant to deal with it, eventually because they don't feel safe in such soft issues⁴¹. According to them ethical and moral interpretations⁴² are not useful for the confrontation with corruption⁴³. It is obvious that interviewees follow a pragmatic approach to whatever issue based on hard facts. Nonetheless, the representative of Employees' Confederation expresses occasionally social and ethical concerns about corruption from a different point of view in relation to the other two members of the target group. He describes corruption as: *the commercialization of democratic values*⁴⁴, *the dominance of firms' profit over human capital wages and interests*⁴⁵, *the 'black' illegal work, employment of not insured workers*⁴⁶. He notes that the essence of corruption consists in that citizens cannot have the rights and benefits they are entitled to through institutional – official – meritocratic processes, but have to use unofficial processes or their party political vote⁴⁷.

Although corruption is seen mainly as an illegal financial transaction, the interviewees focus on the public sector⁴⁸, and the interface between public and private sector⁴⁹. According to them the dominant problem is in urban planning departments, tax offices⁵⁰, licensing in general⁵¹ and public procurement⁵². Offering an accepting bribe⁵³ is not considered an issue of 'bad morals'⁵⁴, much more a result of low wages in public services⁵⁵, and outcome of a system reproducing mutual reliance because of serious shortcomings⁵⁶, such as:

³⁵ P3 TG ECONOMY_SEV_HFE: CODE 4.

³⁶ P3 TG ECONOMY_SEV_HFE: CODE 113.

³⁷ P2 TG ECONOMY_EET_HBA: CODE 10.

³⁸ P2 TG ECONOMY_EET_HBA: CODES 154, 155.

³⁹ P1 TG ECONOMY_GSEE: CODES 245-249.

⁴⁰ P2 TG ECONOMY_EET_HBA: CODE 62.

⁴¹ P2 TG ECONOMY_EET_HBA: CODE 60.

⁴² P1 TG ECONOMY_GSEE: CODE 87.

⁴³ P1 TG ECONOMY_GSEE: CODE 85.

⁴⁴ P1 TG ECONOMY_GSEE: CODE 74.

⁴⁵ P1 TG ECONOMY_GSEE: CODE 82.

⁴⁶ P1 TG ECONOMY_GSEE: CODES 257.

⁴⁷ P1 TG ECONOMY_GSEE: CODE 205.

⁴⁸ P3 TG ECONOMY_SEV_HFE: CODE 8.

⁴⁹ P1 TG ECONOMY_GSEE: CODES 232,238-249.

⁵⁰ P1 TG ECONOMY_GSEE: CODE 12; P2 TG ECONOMY_EET_HBA: CODE 40.

⁵¹ P2 TG ECONOMY_EET_HBA: CODE 124.

⁵² P1 TG ECONOMY_GSEE: CODE 234.

⁵³ P3 TG ECONOMY_SEV_HFE: CODE 28; P2 TG ECONOMY_EET_HBA: CODE 129.

⁵⁴ P3 TG ECONOMY_SEV_HFE: CODE 23.

⁵⁵ P3 TG ECONOMY_SEV_HFE: CODE 94.

⁵⁶ P1 TG ECONOMY_GSEE: CODES 63, 86.



a) Bureaucratic, time consuming and complicated processes.⁵⁷

b) Overregulation: non transparent regulatory process⁵⁸, often laws change⁵⁹ (e.g. taxation)⁶⁰ resulting in complicated legislation⁶¹ and lack of legislative consolidation⁶². Yet, they underline that legislation is sufficient and in its content satisfactory. The problem according to them is pinpointed, without further explanation, in law enforcement⁶³. Often law changes result in law ignorance and in relation with law ambiguities (grey areas) offer to the public servants free interpretation of regulations and enormous discretion power⁶⁴.

c) Insufficient computerization⁶⁵.

The interviewees confirm in general that there is corruption in politics, yet they are two different views on the issue. One considers corruption beginning from bottom to the top; low ranking public servants constitute 'very wide basis' of the state pyramid, which is difficult to be controlled⁶⁶. Thus the interviewees say that they do not have any experience of illegal activities with high ranking officials of State Institutions (e.g. Capital Market Committee, Bank of Greece, Ministries⁶⁷). Low ranking officials and law class citizens, although they are not corrupt, are more prone to law violations as they 'do not have nothing to loose'⁶⁸. The second approach considers public servants as '*little poor devils*'⁶⁹, while the real problem is 'grand' corruption, which emerges in political and economical elites and their common interests ('games')⁷⁰.

According to the interviewees, the political system is rotten and corruption is inherent, and this because mass media enterprises and other private corporations are the main backers of political parties and politicians⁷¹. The relevant legislation for candidates' party financing is described as inadequate and inefficient as well as only for effect⁷². Consequently, corruption begins *from top to the bottom*, since politicians give the negative example to public servants to succumb to corrupt exchanges⁷³.

⁵⁷ P3 TG ECONOMY_SEV_HFE: CODES 8, 18, 19.

⁵⁸ P3 TG ECONOMY_SEV_HFE: CODES 9, 13.

⁵⁹ P3 TG ECONOMY_SEV_HFE: CODE 12.

⁶⁰ P1 TG ECONOMY_GSEE: CODE 13.

⁶¹ P3 TG ECONOMY_SEV_HFE: CODE 9.

⁶² P3 TG ECONOMY_SEV_HFE: CODE 11.

⁶³ P3 TG ECONOMY_SEV_HFE: CODE 20.

⁶⁴ P3 TG ECONOMY_SEV_HFE: CODE 14; P2 TG ECONOMY_EET_HBA: CODE 11; P1 TG ECONOMY_GSEE: CODE 76.

⁶⁵ P3 TG ECONOMY_SEV_HFE: CODES 22, 15.

⁶⁶ P3 TG ECONOMY_SEV_HFE: CODES 55-57.

⁶⁷ P2 TG ECONOMY_EET_HBA: CODES 72, 73, 103, 94.

⁶⁸ P2 TG ECONOMY_EET_HBA: CODES 160-163.

⁶⁹ P1 TG ECONOMY_GSEE: CODE 75.

⁷⁰ P1 TG ECONOMY_GSEE: CODES 72, 73, 77.

⁷¹ P1 TG ECONOMY_GSEE: CODES 41, 44, 45.

⁷² P1 TG ECONOMY_GSEE: CODE 42.

⁷³ P1 TG ECONOMY_GSEE: CODE 307.



Summing up, the interviewees consider state operating against free competition and efficiency an ‘unsuccessful’ entrepreneur and public sector with its major shortcomings – inefficient controls, discontinuity of management, big size – to be significant factors for corruption⁷⁴. They don’t dispute that economic ‘law violations’ may take place in private sector⁷⁵, as is the case of stock exchange market and stockbrokers companies⁷⁶, or small family enterprises mistreating employees and using illegal labour force⁷⁷, but according to them, such cases are rare and related either to low moral standards of people⁷⁸ or insufficient internal controls of the enterprises⁷⁹. Whenever small enterprises follow corrupt practices, it is because they have to operate with the state’s bureaucracy and public services⁸⁰ and they do not have enough resources (money, specialized personnel such as lawyers, accountant etc.) to face delays⁸¹. The same could also counter the citizens, which some interviewees are rather unwilling to accept⁸². The interviewees underline that, both small and big enterprises do not approve corruption because it costs and affects them, yet in different ways. For small enterprises the cost is direct loss of money (pay bribe, pay fine)⁸³, while big enterprises, such as corporations with shares traded in stock markets, companies trading brand name products, jeopardize their *good will*, reputation (*intangible assets*) and clientele. The damage – for example the loss of good will if linked to a (corruption) scandal – is indirect, intangible, realized in the long run and more difficult to be reversed, and may even result in bankruptcy⁸⁴. Therefore, private sector does not have any motive or interest to be involved in activities⁸⁵. Corrupt attitudes are not related to the size of an enterprise but to the seriousness and integrity of doing business⁸⁶. Capitalism and free market have principles and values, such as respect of free competition, which counter with corruption⁸⁷.

The representative of employees has a different opinion; corruption is present in economy and private sector⁸⁸. Businessmen advance corruption (paraeconomy and illegal labour force⁸⁹) using every mean for maximization of their profit⁹⁰. Greek economy is not structured on a sound basis (achievement of competitive advantage through innovation and quality), but promotes labour cost squeezing⁹¹ and depends on public procurement and privatizations⁹². All

⁷⁴ P2 TG ECONOMY_EET_HBA: CODES 80-83; P3 TG ECONOMY_SEV_HFE: CODES 99, 101, 95.

⁷⁵ P3 TG ECONOMY_SEV_HFE: CODE 110.

⁷⁶ P2 TG ECONOMY_EET_HBA: CODE 93.

⁷⁷ P1 TG ECONOMY_GSEE: CODES 266, 268.

⁷⁸ P3 TG ECONOMY_SEV_HFE: CODE 109.

⁷⁹ P2 TG ECONOMY_EET_HBA: CODES 97, 98.

⁸⁰ P3 TG ECONOMY_SEV_HFE: CODE 112.

⁸¹ P3 TG ECONOMY_SEV_HFE: CODES 16, 17.

⁸² P2 TG ECONOMY_EET_HBA: CODES 23-27, 125, 127.

⁸³ P3 TG ECONOMY_SEV_HFE: CODE 35.

⁸⁴ P3 TG ECONOMY_SEV_HFE: CODES 36, 38, 42; P2 TG ECONOMY_EET_HBA: CODE 84.

⁸⁵ P3 TG ECONOMY_SEV_HFE: CODE 98.

⁸⁶ P3 TG ECONOMY_SEV_HFE: CODE 71.

⁸⁷ P2 EET_HBA TG ECONOMY: CODES 88, 159.

⁸⁸ P1 GSEE_TG ECONOMY: CODE 241.

⁸⁹ P1 GSEE_TG ECONOMY: CODE 260.

⁹⁰ P1 GSEE_TG ECONOMY: CODE 264.

⁹¹ P1 GSEE_TG ECONOMY: CODE 260.

⁹² P1 GSEE_TG ECONOMY: CODES 264, 35-37.



in all, he describes corruption as a *vicious cycle* nourishing itself: it starts from merging of interests among elites (political system, economy, mass media⁹³) and spreads through out the public sector and society (top-bottom approach)⁹⁴. His examples are very well documented and convincing, not using vague principles and ideals.

The representatives of economy also confirm what is known as *globalization of corruption*; enterprises from developed countries use illegal practices to expand in developing or under-developed countries⁹⁵. Greek firms face corruption when investing abroad⁹⁶.

An issue discussed with our group was the low ranking of the country. Some representatives accept the low position of Greece in international *corruption indexes*⁹⁷. Indexes depict that the higher the degree of development of a country, the lower is the corruption⁹⁸. Scandals and corruption are present in all countries, having various forms and intensity⁹⁹. In developed countries, corruption incidents are sporadic and take place only in high levels of state or private enterprises¹⁰⁰. On the contrary, in Greece corruption is present in everyday life (petty corruption)¹⁰¹. Yet, some representatives question strongly the validity and reliability of these indexes; they question modelling and measuring everything, especially complex social phenomena such as corruption, because they can be manipulated in order to be standardised¹⁰². They contest the high levels of corruption attributed to Greece by the ranking of international organizations¹⁰³, showing the country in worse position than undeveloped countries of Africa¹⁰⁴. After all, the representatives of economy are optimistic¹⁰⁵ that corruption can be controlled and corruption in Greece is decreasing¹⁰⁶. This is due to some good anti – corruption practices acclaimed internationally (OECD), such as on money laundering¹⁰⁷. They regard the whole discussion in Greece as a communication game of the politicians¹⁰⁸ and a self-fulfilling prophecy for the citizens¹⁰⁹, making harm to themselves¹¹⁰. The role of media in this show is significant. Anticorruption campaigns, under the motto of ‘*catharsis*’ in the sense of no tolerance, clearance of cases, and punishment were used as a major communication issue with dubious upshots during the last two pre-electoral debates and

⁹³ P1 GSEE_TG ECONOMY: CODES 33, 34, 39, 40.

⁹⁴ P1 GSEE_TG ECONOMY: CODES 19, 41, 179.

⁹⁵ P1 GSEE_TG ECONOMY: CODES 195-197.

⁹⁶ P2 EET_HBA TG ECONOMY: CODE 69.

⁹⁷ P3 SEV_HFE_TG ECONOMY: CODE 3.

⁹⁸ P3 SEV_HFE_TG ECONOMY: CODE 24.

⁹⁹ P3 SEV_HFE_TG ECONOMY: CODE 25.

¹⁰⁰ P3 SEV_HFE_TG ECONOMY: CODE 27.

¹⁰¹ P3 SEV_HFE_TG ECONOMY: CODE 26; P2 EET_HBA TG ECONOMY: CODES 150, 136.

¹⁰² P1 TG ECONOMY_GSEE: CODES 185, 187, 188, 98.

¹⁰³ P1 TG ECONOMY_GSEE: CODE 81.

¹⁰⁴ P1 TG ECONOMY_GSEE: CODES 97, 192, 194; P2 TG ECONOMY_EET_HBA: CODE 138.

¹⁰⁵ P2 TG ECONOMY_EET_HBA: CODE 43.

¹⁰⁶ P3 TG ECONOMY_SEV_HFE: CODE 24; P2 TG ECONOMY_EET_HBA: CODE 120.

¹⁰⁷ P1 TG ECONOMY_GSEE: CODES 133, 136.

¹⁰⁸ P1 TG ECONOMY_GSEE: CODES 14, 18.

¹⁰⁹ P1 TG ECONOMY_GSEE: CODE 14.

¹¹⁰ P1 TG ECONOMY_GSEE: CODES 104, 110.



as a joker between political rivals¹¹¹ as noted also in the first research phase. The interviewees reject the slogan of New Democracy and of Prime Minister Kostas Karamanlis for ‘Zero tolerance to corruption’¹¹² for his re-election and such crusades. According to the interviewees mass media acclaim for themselves not just the role to inform¹¹³, but also of the role of an ‘alleged external controller’¹¹⁴, for the real purposes of which the interviewees show strong reservations¹¹⁵. Increase of circulation and the number of viewers is for them the obvious reason¹¹⁶ for such overstatements existing everywhere¹¹⁷, while the exercise of pressure from the media over the politicians in order to acquire what they want¹¹⁸, is the undercover reason (cf. Law 3592/2007 ‘Concentration in media ownership and licence of mass media enterprises and other regulations’ about cross-ownership of mass media and antimonopoly public policy, described as a law ‘à la carte’). ‘TV – democracy’ is in fact very elusive and mass media are described as the ‘nursery of corruption’¹¹⁹. One interviewee said that even enterprises are the victims of ‘mass media’s tyranny’ (e.g. presentation of banks as unreliable)¹²⁰. About NGOs’ discourse on the issue, some interviewees regard them as being manipulated either by political parties¹²¹ or by the State since they finance a lot of them¹²², thus whatever conclusions from them are rejected as untrustworthy.

Overall, the interviewees strongly reject that Greeks are more corrupt than other people of other countries. Although the interviewees avoid justifying corruption on morals, occasionally they attribute corruption to personal characteristics¹²³ and situations, especially concerning charges against corrupt practices¹²⁴.

Nonetheless, they recognize the turbulent history of the new Greek state resulted in citizens low trust and structural shortcomings in respect to other countries such as: transparency in political parties’ financing¹²⁵, independency of Regulatory and Administrative Authorities¹²⁶, clearance of scandals¹²⁷, dispensation of justice in publicly known cases, control-assessment of financial reports of governmental and political organizations (state, political parties, NGOs)¹²⁸.

¹¹¹ P1 TG ECONOMY_GSEE: CODES 22, 23,133, 136, 111-116.

¹¹² P1 TG ECONOMY_GSEE: CODES 100-102.

¹¹³ P3 TG ECONOMY_SEV_HFE: CODES 58, 59.

¹¹⁴ P3 TG ECONOMY_SEV_HFE: CODE 62.

¹¹⁵ P3 TG ECONOMY_SEV_HFE: CODE 60.

¹¹⁶ P3 TG ECONOMY_SEV_HFE: CODES 61, 63; P2 TG ECONOMY_EET_HBA: CODE 113.

¹¹⁷ P3 TG ECONOMY_SEV_HFE: CODE 64.

¹¹⁸ P1 TG ECONOMY_GSEE: CODES 206, 209.

¹¹⁹ P1 TG ECONOMY_GSEE: CODES 161, 173, 133, 136, 174, 175.

¹²⁰ P2 TG ECONOMY_EET_HBA: CODES 115, 117.

¹²¹ P1 TG ECONOMY_GSEE: CODES 24, 25, 183, 184.

¹²² P1 TG ECONOMY_GSEE: CODE 217.

¹²³ P3 TG ECONOMY_SEV_HFE: CODES 103, 104, 90, 92.

¹²⁴ P2 TG ECONOMY_EET_HBA: CODE 128.

¹²⁵ P1 TG ECONOMY_GSEE: CODES 47, 48.

¹²⁶ P1 TG ECONOMY_GSEE: CODES:49, 57.

¹²⁷ P1 TG ECONOMY_GSEE: CODES 121, 123.

¹²⁸ P1 TG ECONOMY_GSEE: CODES 222, 224.



Especially the representative of employees emphasizes on Justice' submission to government, claiming that judges act like Pontius Pilatus (cf. TG Justice: 'hot potato')¹²⁹.

In general, the interviewees consider that the *over-presentation of corruption* in mass media and its use by politicians, establish the view to the citizens that corruption is a *vicious cycle*, existing everywhere and this in turn cultivates apathy, indifference and acceptance¹³⁰. The selectivity of justice in favour of organized group interests and especially of political elites, masks corruption¹³¹ and causes feelings of inequity. They interviewees criticize the tolerance of the citizens in everyday law violations (i.e. car traffic) and their low punitiveness. Moreover they don't reckon Greeks to be 'convinced capitalists', but 'adventurers'¹³² (i.e. massive investment in stock market, 1998)¹³³.

Coming to the measures against corruption, interviewees recognize the role of political system in confronting corruption as important but not catalytic¹³⁴. Political desideratum is significant, but political system has proved inefficient and reluctant to take serious measures against the problem¹³⁵. Governments are either too weak to confront with strong interests linked to corruption or unwilling, thus their initiatives are only for attracting attention in order to be re-elected¹³⁶. What is missing in Greece is not only or not so much control structures, control culture and realistic policies, but persons in whatever area with vision, skills and character, 'like the judges in Italy who confronted with mafia'¹³⁷. The above view ascertains economy's beliefs more in personal initiative and capability, than in political and state intervention. According to the interviewees, privatization, reduction of the state size and state intervention are the keys for fighting corruption¹³⁸; regulatory reform of telecommunication market and privatization of state banks are used as examples of sound improvements¹³⁹. All the above express economy's view that corruption is *a problem of the public sector*. In detail, regulatory and administrative reform consists of:

- a) Better regulation¹⁴⁰, computerization (e-government) administrative (computerization, simplification) and regulatory reform¹⁴¹, law implementation¹⁴².
- b) Performance-measurement in all public services. Support of independent authorities¹⁴³.
- c) Modernization of justice¹⁴⁴.

¹²⁹ P1 TG ECONOMY_GSEE: CODES 137, 139, 141, 154, 160.

¹³⁰ P1 TG ECONOMY_GSEE: CODES 177, 179.

¹³¹ P1 TG ECONOMY_GSEE: CODES 180, 181.

¹³² P2 TG ECONOMY_EET_HBA: CODES 29, 32, 33.

¹³³ P2 TG ECONOMY_EET_HBA: CODE 29.

¹³⁴ P2 TG ECONOMY_EET_HBA: CODE 12.

¹³⁵ P2 TG ECONOMY_EET_HBA: CODES 17, 18; P1 TG ECONOMY_GSEE: CODES 10, 11, 124, 125.

¹³⁶ P2 TG ECONOMY_EET_HBA: CODES 35, 38.

¹³⁷ P2 TG ECONOMY_EET_HBA: CODES 179, 184, 14.

¹³⁸ P3 TG ECONOMY_SEV_HFE: CODE 123, 107, 108.

¹³⁹ P3 TG ECONOMY_SEV_HFE: CODE 97; P2 TG ECONOMY_EET_HBA: CODE 87.

¹⁴⁰ P3 TG ECONOMY_SEV_HFE: CODE 10.

¹⁴¹ P3 TG ECONOMY_SEV_HFE: CODE 21.

¹⁴² P3 TG ECONOMY_SEV_HFE: CODE 86.

¹⁴³ P3 TG ECONOMY_SEV_HFE: CODES 51, 52.

¹⁴⁴ P3 TG ECONOMY_SEV_HFE: CODES 53, 54.



- d) Motives and policies for integrating paraeconomy in the official economy (e.g. tax or payments reduction), in order that enterprises accept to official register their activities and refuse illegal labour¹⁴⁵.
- e) Information and education of the citizens ('stakeholders'), especially the young generation¹⁴⁶.

Concerning NGO only the representative of employees expresses a clear view. Although he questions integrity of NGOs (especially in relation to their funding), he accepts that NGOs can play a positive role and support the education and information of the citizens in areas, where it is difficult for the State, on the condition that there is accountability for their financing and field of work¹⁴⁷.

European Union (EU) counts as having a significant role¹⁴⁸, especially with regulations about common market, free competition (e.g. Markets and Financial Instruments Directive, Investment Services Directive)¹⁴⁹, as well as with systems of control¹⁵⁰. However, the representative of employees questions effectiveness of EU's initiatives to fight corruption. EU is also an organization dealing with money and power distribution. It promotes initiatives having rather symbolic character, in order to stabilize citizens' trust to itself, as well as activating moral elements to win their acceptance¹⁵¹. Yet they accept that Greeks should not 'reinvent the wheel', and several measures can be used under the condition that are adjusted to the normative and social context of the country, and should not be copy-cat, as a 'misfit costume'¹⁵².

In contemporary economy where corporate governance of enterprises and business ethics seem to prevail, enterprises have shown to be interested not only in profit making, but also in social issues such as corruption¹⁵³, at least verbally. The role they reserve for themselves is self-regulation, citizens', and specialists' information (justice personnel). Our interviewees expressed their rejection to corrupt practices not only as federation representatives but also as persons, noting that they do not want to live in a country where corruption exists¹⁵⁴. Their argumentation is not based on moral standards, although they refer to business ethics¹⁵⁵, but on measurable costs and outcomes which corruption has for economy and society.

¹⁴⁵ P1 TG ECONOMY_GSEE: CODES 250-256.

¹⁴⁶ P3 TG ECONOMY_SEV_HFE: CODE 84; P2 TG ECONOMY_EET_HBA: CODE 167.

¹⁴⁷ P1 TG ECONOMY_GSEE: CODES 218-221.

¹⁴⁸ P3 TG ECONOMY_SEV_HFE: CODE 81.

¹⁴⁹ P3 TG ECONOMY_SEV_HFE: CODE 84.

¹⁵⁰ P3 TG ECONOMY_SEV_HFE: CODE 85.

¹⁵¹ P1 TG ECONOMY_GSEE: CODES 88-96.

¹⁵² P1 TG ECONOMY_GSEE: CODES 210, 211-215.

¹⁵³ P3 TG ECONOMY_SEV_HFE: CODE 39.

¹⁵⁴ P2 TG ECONOMY_EET_HBA: CODE 149.

¹⁵⁵ P3 TG ECONOMY_SEV_HFE: CODES 74, 66.



UNITED KINGDOM

Target Group Economy

Interviewee 1: An official of a national trade association

The interviewee displayed a degree of reservation when discussing the reputation (“rightly or wrongly”) of the British civil service for being corruption-free (code family 4), carefully qualifying his comments cases of corruption have tended to be seen as very isolated. The interviewee argued that attempts to bribe British officials are unlikely to be recorded, as are cases where bribes are actually taken.

Low salaries in developing countries were thought to be responsible for corruption to be more prevalent, and one could expect corruption to be less evident in countries where government officials are relatively well rewarded.

The interviewee also highlighted the difficult position of individuals from the business world whose career may depend on the delivery of a contract or the survival of a business unit, so may come under great pressure when a government buyer demands a bribe be paid in order to award the contract (code family 3).

Moreover, the interviewee to some extent sympathised with companies whose critical market makes it necessary for them to work with governments that are well known to be corrupt, whereas if the particular market is peripheral, it would be easier for a company to stop doing business with corrupt governments in that area;

“what are you going to do? Say that ‘I’m not going to be a part of one of the biggest markets in the world?’ I mean, that seems to me [...] an impossible situation for a company to be in.”

With regard to anti-corruption efforts, the interviewee explained that many companies have some form of corporate social responsibility manifesto, and that companies had recommended that the national trade association be reinvigorated by addressing ethical issues such as corruption. Nevertheless, only just over 3% of the trade association’s membership have signed up to its own anti-corruption initiative (although this includes “most of the big players in the industry”). The interviewee argued that this was because most companies, especially smaller ones operating domestically, do not feel that the issue of corruption affects them.

Companies felt that in an internationally competitive environment, it is important that “all the supplier countries are [on] the same page as far as anti-corruption’s concerned”, and an international initiative is required to achieve this.

International standards-setting against corruption has been an important motivator for British businesses; In the last few years, UK businesses have felt that then need to respond to US trade association anti-corruption initiatives with European standards-setting. The interviewee emphasised,



“I wouldn’t want to give the impression that we were sort of pressured into doing it forcibly. I think it was something that [...] we were thinking about and [...] felt that it was important to do..”

It was nevertheless made clear that many British companies are in close contact and indeed operate in the US market, so US anti-corruption legislation and prosecutions have been a major factor in raising awareness that the issue needed to be addressed amongst British companies. Domestic standards-setting bodies are also credited with propelling the anti-corruption agenda in the UK, from government, to NGOs and research institutions, to industry associations (all of which have sent relevant literature on the subject to companies).

Perhaps the most important motivation for British businesses to support the anti-corruption agenda was that implicitly outlined in the interviewee’s explanation of the intended goals of international anti-corruption co-operation amongst industry (and outlined explicitly in the above interview with the correspondent for broadsheet newspaper A). Namely, that the chief competitors of US and European companies in Brazil, Japan and China, Russia, China, Indonesia, Korea and India, are encouraged to commit to the same anti-corruption standards. Many of the competitor states have poorer international reputations with regard to involvement in corruption. It thus it appears that there is a fear that if an international effort does not succeed in tying all countries in to the same standards of competition, there may be a ‘race to the bottom’ in which British (and US and EU) companies could lose out, since they face greater risk of prosecution for corruption than competitor countries of these other states.

Public opinion per se was not considered to place any pressure on industry to pursue an anti-corruption agenda. While the media has consistently demonstrated some level of interest in corruption within industry, the interviewee did not think it had played a part in motivating companies to pursue such an agenda either. Indeed, the interviewee argued that industry’s promotion of anti-corruption initiatives has predated media revelations of scandals.

Interviewee 2: A development consultant

The interviewee displayed somewhat paradoxical approaches towards the morality and prevalence of corruption in the UK, was critical of overly relaxed attitudes towards foreign corruption by development agents, but generally adhered to the notion that Britain is largely corruption-free (code family 4).

It was argued that the “the majority of British people are honest”, though also that “the majority in any society are honest – otherwise society would crumble”.

Initially, the interviewee suggests that like any other, a British individual may be similarly “cunning and intelligent people who have, at a certain point, made a choice to be corrupt”. However, for the interviewee there is a distinction to be made between British and foreign corrupt officials; British officials may unwittingly be involved in corruption by allowing bribes to be paid, but they do not take bribes themselves (because they are paid well enough, and because of the threat of prosecution and jail in the UK) (code family 4).

Corruption is regarded as contingent upon levels of societal affluence. Thus, the British (and their officials) “don’t *need* to do anything wrong” (my emphasis) because of better pay and societal affluence, as opposed to the condition in developing countries. However, low



incidence of corruption in the UK means that there is more trust between state and society, regulation is more lax, and thus that those who wish to cheat find it easier to do so. British cultural exports such as cricket enhance Britain's reputation for fair play internationally. The interviewee argued that it is difficult to prosecute corruption cases in the UK; standards for evidence are high, and corruption difficult to prove.

Corruption has become "more frowned upon" in the UK, for which the interviewee credits "globalisation"; the British are more likely than in the past to be aware of "the difficulties" overseas and to understand "how damaging it is", so are less happy to pay bribes. Underlying this comment may be the interviewee's own admission of

"[shock] at the amounts that are being wasted on aid to corrupt countries, instead of being spent on humanitarian causes within Britain.."

and of lack of faith in the argument that such aid will be to the benefit of all in the long term.

The interviewee characterises the decision to drop the SFO investigation into the BAE affair as morally unjustified but economically justified (code family 5), and concludes that

"I think the government made the wrong choice, but then again I don't know all the facts", implying that the government may have been justified in acting with security interests (as well as economic policy) in mind.