FOR AN INSTITUTIONAL APPROACH TO POST COMMUNIST CORRUPTION

- **ANALYSIS AND POLICY PROPOSAL BASED ON A SURVEY OF THREE CENTRAL EUROPEAN STATES**

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ON APPROACH

This paper is based on the assumption that failure or success of an institutional transformation such as a turn from a command economy to a market one rests upon clear delimitation between the ends of a transformation- let us call them these final institutions, e.g. a functional market economy, and the means used to attain those- let us call them intermediate institutions, such as privatization. The mixing of the two in the policy discourse and debate have occurred more often than not in the past decade, and in a country such as Romania such a mistaken approach inflicted major damages to the transition management (such as in the area of competition). As final institutions are common goals on which everyone agrees in principle, if not in fact- governments and international financial organizations as well- the crucial matter to be addressed is that of the intermediate institutions, that we shall simply call institutions from now on. By doing so we endorse the definition stating that institutions are the means of the governance, not its ends, a definition resting upon their instrumental and intermediate character.

It derives from here that any institutional assessment study can only analyze institutions in light of the real goals. This observation points to the second source of error in policy analysis besides the mixing of the means with the ends: the assumption of a different goal than the actual one. In the analysis of economic development policies, for instance, most transition economists assume that the main goal of post-Communist governments was development (see for instance Daianu: 2001). This is seldom questioned, although there is ample evidence that whenever accountability is very low and the transparent target too difficult the main goal of the governments becomes the redistributing of the assets from state property to the property of the political clientele (from plan to clan, to quote Stark), or keeping their grip to power, or both. Also when analyzing the behavior of some major international donor, such as the European Commission, one has to distinguish carefully what is considered a successful program- some measurable change induced by the intervention or the simple fact that the intervention itself was completed. For the institutions needed to achieve these two sorts of purposes may be quite different. It is actually by a systematic analysis of these institutions that one can identify the real goals, and not the other way around as we often attempt to.

This is another way of saying that very early in the beginning of an institutional analysis one must clear the essential point of political will. Is the political will there, and what does it actually stand for? Good institutions are those resting on realistic assumptions and motivating people and organizations to move in the direction of the desired change: but allies and opponents must be identified in order to succeed and their position realistically taken into account. In other words, I am merely saying that it is a hidden part to governance as it is one to the economy: and that both have to be considered simultaneously in order for a policy to succeed. How do we investigate the hidden side of politics? In a variety of ways, qualitative and quantitative: for the purpose of this paper the one stated above, the analysis of means in order to comprehend the ends is perhaps the most important. For procedures are facts, while goals are intentions: and one must be judged first and foremost by one's facts. There is no point to discuss about corruption in Newspeak: in Newspeak there is no hidden part to anything, so no wonder such a problem cannot be solved where and whenever this is the official language, of governments or international organizations as well.

When looking at the corruption in underdeveloped countries one has therefore to account for both the formal and informal institutions. An anti-corruption law will make little sense in a legal culture in which no law is enforced and nobody collaborates with the police, as is the case of the three countries we surveyed in this paper. A mass education program risks having no effect at all as long as attributing bad intentions to the government and considering the whole political class a bunch of thieves at the expense of ordinary citizens is a mass belief. Nobody will start clean the next day if the suspicion is there the leaders are only in the business of stealing his or her family. A more comprehensive approach to solving corruption is needed under such circumstances, and this can only work if either the political will is there, or we have the means to put pressure on those who should have it. This paper is therefore outlining a proposal requiring the coordinated will of three range of actors: i. the domestic political class; ii. the public opinion, represented by the media and the domestic NGO community; iii. the international organizations. This proposal draws upon a model of corruption in South Eastern Europe based on empirical data. The source of our public opinion data is a survey of the Romanian Academic Society sponsored by Freedom House in Romania, Bulgaria and Slovakia[2]. Two other studies on corruption, a World Bank Romanian one and a Bulgarian one executed by the Center for The Study of Democracy were also consulted.

ON MEASUREMENT

The common questionnaires on corruption as the ones used in all the three surveys mentioned above all rely on two types of questions. On one hand we ask people to give us their own assessment of corruption in the society- and this is what we call *subjective corruption*. On the other hand we ask them to report their personal encounters with corruption- and this will be called *corruption experience* from now on. Both measurements are subjective, relying on one's ability to perceive, assess and report correctly situations that are not always deprived of ambiguities. The first type of questions (how spread do you think corruption is in the public sector?) actually asks for a generalization from every respondent, regardless his or her personal experience. From the point of view of survey theory such a question is a mistake: we ask people to answer a query they have little or no means to solve[3]. There is no wonder then that, as I shall show further, subjective corruption is determined not by experience, but by a range of other subjective factors: in fact it is a variable measuring trust in a given organization, but nothing more. It can and should be used as an indicator of the public mood but not as a measurement of corruption. The second category of questions is not without problems either: we ask respondents to report an illegal behavior, and we have little means to check their story, or to differentiate between an active party and a passive party, as corruption involves at least two actors. Two risks are obvious here, both having the same source: one, that respondents would be tempted to underreport socially undesirable behavior, and two, that while reporting it they will attribute it to foreign sources rather then their own behavior, both in order to avoid personal guilt. From many regional or national surveys we have noticed the first risk is smaller than one would believe: people are so willing to get rid of this extra-tax represented by corruption and the behavior to give bribe is so generalized they seem to report in large numbers and with no fear of consequences this type of behavior. The second risk is least controllable and it surfaces especially when addressing specific target groups, such as investors: the businessmen reports shadow completely their own initiative and collaboration in acts of corruption, and, furthermore, it often obscures the fact that at the original point of corrupting officials it was not some legal right of theirs, as with the ordinary citizens, but some 'favor' they needed, which means shortcutting existing laws and regulations.

Even under these circumstances our measurements provided a picture showing large scale participation in giving bribe (see figures 1 to 3 in annex A)

To check our doubt that questions on subjective corruption do not measure in any way corruption but rather mistrust or frustration with the state we designed a few hypotheses trying to explain subjective corruption. The matter is not of academic interest only: the generalized feeling that corruption is more spread nowadays than during communist times is a decisive factor for the lack of legitimacy of current regimes and for the preference for another political system. Checking the New Democracies Barometer survey it is clear the phenomenon is a broad regional one, not one confined to worse-off countries in Eastern Europe. The perception corruption increased after communism is almost unanimous. How grounded is it? Aren't people so stricken by the visibility of the nouveau enriches that they forget nothing could have been obtained that was legally a right during communism except by bribing or some form of intervention?

Using subjective corruption as a dependent variable we built a few multivariate regression models and tested independent variables separately in order to compare the models' worth in accounting for variation (R2). Hypothesis 1 predicted that people will perceive more corruption if they have a higher level of media consumption. The main difference between Communist and post-Communist times may well be that the corruption is now publicized. Hypothesis 2 expressed our doubts predicting that people are the more inclined to perceive generalized corruption, as they are more authoritarian-minded, that is, paranoiac in essence[4]. Hypothesis 3 predicted that the more demanding and civic competent people are the more unsatisfied with the public administration they would be and the higher the corruption they would perceive. Finally, from the angle of social capital theory we predicted that people would be more likely to perceive generalized corruption if they were predisposed to low trust in general. We expected that hypothesis 4 may be complementary to hypothesis 2 and indeed these hypotheses were validated.

Figure 4- Determinants of subjective corruption

Variable	Social status	Media	Authoritarianism	Civic competence	Trust in public sector
	Beta Coefficient (Standard error)	Beta Coefficient (Standard error)	Beta Coefficient (Standard error)	Beta Coefficient (Standard error)	Beta Coefficient (Standard error)
Education (1)	.1279 (.0943)	.1367 (.0947)	.1407 (.1059)	.1287 (.0941)	.1480 (.0958)
Education (2)	-.1049 (.1288)	-.0680 (.1322)	-.0836 (.1411)	-.1023 (.1295)	-.1136 (.1310)
Urban (1)	.5530 (.1499) **	.5642 (.1505) **	.3999 (.1689) *	.5232 (.1504) **	.4581 (.1531) **
Wealth	-.2838 (.0816) **	-.2761 (.0830) **	-.3099 (.0936) **	-.2667 (.0817) **	-.2897 (.0830) **
Age	-.0011 (.0046)	.0003 (.0047)	-.0030 (.0055)	-.0020 (.0047)	-.0023 (.0047)
Jobless (1)	-.0694 (.1650)	-.0549 (.1654)	.0499 (.1923)	-.2291 (.1557)	-.0689 (.1679)
Private sector (1)	.5234 (.2341) *	.5202 (.1843) *	.5718 (.2059) *		.5035 (.1862) *
Read politics In newspaper		-.0160 (.0755)			
Watch politics on TV		-.1414 (.0953)			
Boundaries			.4378 (.0836) ***		
Competence				.0020 (.1394)	
Trust public sector					-.0117 (.0021) ***
Adjusted R^2	0.041	0.045	0.088	0.030	0.081

Noted significance levels: * = p≤ .05, ** = p≤ .001, *** = p≤ .000

Perception of corruption is indeed highly subjective. More competent citizens do not perceive corruption as generalized, but rather as moderate. Subjective corruption is also not influenced by higher media exposure, but by a predisposition to distrust and authoritarianism. Or is it that we mistook the sense of causality, and in fact it is the perception of corruption that determines distrust in the administration? In order to rule this out we ran a two-stage least square model (TSLS) and it turned out that public sector trust stands as a predictor of subjective corruption, but not the other way around (see Annex 1 for models). The importance of this finding should not be underestimated, as it proves that our expectations play a great role in the performance of the administration. It also proves that one should handle carefully the measures of subjective corruption, as they are indicators of institutional distrust but not measures of corruption. Predisposition to low trust in general and low subjective competence lead to perception of generalized corruption, in other words, to the perception of corruption as a rule rather than an exception or anomaly.

ON RATIONALE

When we write or say corruption we usually think of some correlation with business, such as faked bids involving large sums or other things of the kind. Corruption is commonly defined as the grease of commerce. Our point here is however that the large-scale corruption in the post-Communist world is not the one correlated with business, but to the simple everyday functions of the public service. The picture these surveys offer of corruption is that of grease of public service, not business. Neither in the Romanian survey, nor in the Bulgarian one can we find any correlation between being engaged in business and bribing. Chi-square test on the Romanian survey data indicates no association is to be found between the two variables, and percentages looked strikingly similar. It is not the reinvention of business, which prompted corruption in post-Communist Europe: it is the survival of Communist times organization and culture of administration.

Figure 5- Crosstabulation of 'Engaged in business' with 'How often do you have to bribe'?

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

The CURS poll executed in the World Bank Study in Romania reported encounters with corruption of 38% civil servants (self-reports of being offered bribe), 42 % of the public, and only 28% of businesses. Even if the businessmen in the sample played down encounters with corruption (so playing down their involvement- a clear sign of weakness of the instrument) this points to business-related phenomenon as just another face of a more widespread phenomenon.

The reason to exist of the public administration is to provide services to all the tax-payers, which it fails to do on a large scale in many East European countries. Corruption is the means by which the best educated and the well-off (mostly ones and the same[5]) manage to **obtain what is in many instances rightfully theirs as tax-paying citizens, but which the public sector fails to provide on a general scale, either from objective lack of resources (like the health care), or from lack of effectiveness, accountability or both. *General corruption is therefore a supplementary tax paid to obtain public goods, and as such is more an indicator of institutional lack of performance than of local culture or mentality, whatever we choose to call it.***

This conclusion is supported by the linear correlation between the abuse by civil servants or other officials and the frequency of bribes one had to offer[6]. (see figure 6). Bribing comes as a consequence of mistreatment: people bribe to get things done, not as a general rule but more often than not. As we are dealing with public administration the things to get done are commonly public services the administration should offer in return for taxes.

Figure 6- Explanatory model-Dependent Variable: Have been mistreated by an official after 89?

Variable	Have been mistreated by an official after 1989
	Beta coefficient (Standard error)
How often did you have to bribe?	.6410 (.2200) ***
Wealth	.4310 (.0300)
Age	2.504E-02 (.0340)
Size town	2.214E-02 (.0270)
Education	-3.605E-02 (.0440)
Adjusted R^2	

Noted significance levels: * = p≤ .05, ** = p≤ .001, *** = p≤ .000

It is also obvious from this data corruption exists due to the large participation of the public, regardless if they blame the administration only or not. The great majority of citizens accept being abused, know not how to behave when this happens, find bribing simpler than standing for a fair procedure and do not consider themselves guardians of the public interest: those who would take action when aware of illegal acts going on range between 15 % in Romania to 25 % in Slovakia, and those who would collaborate with the authorities are below 10 percent in each of the three countries. This is also the heritage of communism: the authority is still seen not as a provider of law and order but as a repressive one whom people fear and distrust (see figures 7 and 8 in annex A).

Civic competence is conceptualized in this paper as a citizen's awareness of his or her own rights and lawful actions and an active attitude in pursuing those. To be able to discern the patterns of civic competence we created a correspondence analysis index of 'civic competence' made of:

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

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

What determines civic competence? Individuals, who are younger, educated, relatively well off, residing in urban areas and being more politically competent (factor score we made of self-assessed interest in politics, reading or watching political reports in the media, and discussing politics with friends and family) tend to be more competent. Perceiving corruption as moderate despite encountering it quite a significant number of times and considering gifts acceptable only as a token of gratitude also increases the likelihood that one is more civically competent. For the rest, the three countries we surveyed differed. Romanians and Slovaks tend to be more competent as they attribute corruption to the low moral standards of the people, while Bulgarians are more likely to be competent as they blame the institutions more.

Figure 9-Determinants of the factor score 'civic competence'

PREDICTORS	ROMANIA	BULGARIA	SLOVAKIA
STATUS			
WEALTH	+	+	+
AGE	+	-	-
EDUCATION	+	+	+
SEX	Male +	Ns	Ns
URBAN	-	+	+
PRIVATE SECTOR	Ns	Ns	Ns
Political competence factor	+	+	+
Subjective corruption	Ns	Ns	Ns
Corruption is due to systemic causes (low wages)	Ns	Ns	Ns
Corruption due to institutional causes (law weak or not enforced)	Ns	+	Ns
Corruption is people's fault	+		
Bad experience with a civil servant	+	+	Ns
Bribe acceptable as a token of gratitude	+	+	Ns
Bribe acceptable under other circumstances	-	Ns	Ns
R^2	0.221	0.275	0.205

+ indicates a positive correlation, - a negative one. NS means the variable has no predictive value at p< 0.05

The quality of governance does depend strongly on the civic competence of citizens. More demanding and competent citizens may be more effective tools in raising the quality of the governance in the public sector than anything else. Asking this from a population with a history of abuse by authorities, living either around or below the threshold of poverty is however unrealistic. But this does not mean this is not one essential level of policy intervention.

The second important level of policy intervention is the political and bureaucratic class, however. Even if a culture of corruption is widespread in the general public, it is not so grave as if such a culture is *generalized* at the level of political class. The public feels perceives it strongly: in the three countries surveyed MPs are considered by around 10 % or less as serving the public interest and majorities agree that current leaders are more corrupted than Communist ones had been. The political class seems determined to act for its own unpopularity, embracing symbols of abuse and corruption. To quote only one example from an endless list, the fortune of the Romanian Communist parties, including buildings of flats, dachas, Ceausescu's hunting lodges (over 40) on top with a farm of organically grown products was turned after the Romanian Revolution in a public agency, the Protocol Regie. Generations of politicians, regardless of their political party, have used the Regie to find lodgings for them and their family, both in the capital and in mountain resorts. The practice of using protocol villas for free accommodation in holidays is widespread, and the farm is still the caterer of the Romanian Parliament at prices subsidized from public money. In 1996 the then winner of the elections, the Democratic Convention of Romania promised it will liquidate the Regie, restore the houses to the owners who had previously been illegally dispossessed by the Communist Party and privatize the rest, keeping only two houses for the use of President and Prime Minister, but it did not live up to this promise. In 2000, the new winners of elections, the Party for Social Democracy of Romania found most of the dachas already occupied and since evacuating former dignitaries is a long and painful process- even Ceausescu-times ministries can still be found residing in Protocol houses- they preferred to seize the buildings of another agency, Locato, which used to rent them to embassies and other rich clients and use for themselves and their clientele for free. Such outrageous signals feed the hate against politicians and lead directly to votes for extremists such as Vadim Tudor. It is not by mere chance that local administration, once the cradle of corruption, has managed to get some legitimacy as more autonomy brought a higher capacity to serve the needs of the community, and the direct election of the mayor proved an excellent accountability mechanism, while MPs and central governments remained, in the three countries surveyed, highly unpopular, endorsed by only 10-15 % of the total public.

CONCLUSIONS

To synthesize our findings we can say that our evidence sums up to the following conclusions relevant for policymaking:

1. Corruption is a diffuse post-Communist phenomenon grounded in the ineffectiveness of public administration as a provider of public services; business-related corruption is only a variety of this general phenomenon, even if business-related corruption involves more money than the 'ordinary' corruption this does not make it special; on the contrary, as entrepreneurs have more means and incentives to obtain certain public services indispensable to their activity they are more prone to become passive supporters of corruption than ordinary citizens; the same happens with all citizens who dispose of more resources;
2. Corruption is only one consequence of the general lack of accountability and transparency, again rooted in Communist administrative culture and enforced by bad and complicated regulations (see Mungiu-Pippidi, 2000 a, b): those have to be addressed directly and by other means than judiciary in order to de-rationalize corruption as an informal institution; as long as corruption remains the only means to make the administration work, it will endure regardless the punitive measures against it;
3. Corruption persists due to the lack of civic competence and self-assertiveness of the less educated and economically disadvantaged citizens: if those cannot be mobilized to act on their own behalf someone else has to do so; the practice of having local NGOs acting in an Ombudsman capacity should be generalized and such activity should receive support from local governments and business as it is an indispensable partnership for the increase in effectiveness of local administration.
4. In countries still missing an urban culture and only beginning the reform of the judiciary the vertical accountability mechanisms (elections) and some of the direct accountability ones (Courts) may not work. Overloading these mechanisms in a time when they badly need to become effective in order to get some legitimacy is risky. When an average trial in the countries surveyed lasts 4-5 years it is clearly day-to-day accountability mechanisms cannot be entrusted to Courts. What is needed therefore is the development of alternative horizontal accountability mechanisms, based on institutions, which the private sector and the NGO sector. Otherwise we shall only ask from weak state institutions to solve the problem of other weak state institutions, without empowering them to do so.
5. The majority of citizens complaining of abuse by the administration show that the philosophy 'the public is our customer' is far from gaining acceptance in the administrative culture, not to speak of implementation. Signals given by the new laws and old practices in the administration cannot but hinder a more accountability-based approach. For instance, in the code introduced by the Romanian law of civil servants (188/1999) the civil servants sears allegiance to his administrative superior, while the public is never mentioned. The same philosophy was underneath the severing of hundreds of tenured civil servants at the change of power in Romania last winter. The Ruling 1 of the Romanian government in 2001 concerning the reorganization of the presidential administration establishes personal allegiance to the President as the only ground rule of a civil servants working in such an institution. The idea that besides the normal political allegiance a public servant should be the guardian of the law and the public interest is completely absent, and so is the supposition that the two may collide at times and a good mechanism must exist to be used in such circumstances.

4. POLICY OPTIONS

Based on these conclusions we see the following directions that should be pursued in order to come with a step-by-step action plan. *Each should be conceived in a similar logic, that is, to solve a current problem by motivating involved actors to pursue change.*

1. Lack of a clear and comprehensive plan to solve the lack of accountability and the issue of corruption

This plan is in the making and can be designed by a coalition of the civil society in the months to come. It needs strong endorsement from the international community, and above all from the European Union. If corruption and accountability occupied so little space on the agenda of the European accession negotiations is because these are formal in their nature, so informal realities, regardless of their importance, become casualties. **The reform of the public administration in our countries is Brussels-driven. Romania, Bulgaria and Slovakia strive to meet the requirements of the EU and adopt the 'acquis communautaire'. However, neither vertical, nor horizontal accountability are the strongest points of the EU institutions. The EC needs to strengthen its position on accountability and best administrative practices, a weak spot for which Brussels was often criticized and use its leverage to endorse the domestic 'mani pulita' coalition. If it wants the negotiations to succeed in 'countries where informal institutions are at least as strong as formal ones there is little alternative than developing a strategy to address informal problems backed by a part of the resources dedicated to formal ones. It is only the investment in the former than can prompt some returns from the investment in the latter.**

Would the civil society actors go along? Yes; both legitimacy and resources are the incentives we should rely on in gathering the civil society around this flag. NGOs are used of doing many with little resources: committing some resources from the international donors and the national states and opening the door to a professional part for NGOs as assessors and partners of the public sector should be incentive enough.

2. Overall low accountability and weak performance of the public sector as a provider of public services; the public is not yet the customer.

Partnerships with the private sector and the NGOs should become the rule rather than the exception as they are now, and they should be less formal. So should become the practice of measuring consumer satisfaction or having popular consultations on local issues, and this practice should be extended to all the public services that do not work, starting with Courts. Most of the accountability control mechanisms should be designed as partnerships between the administration and auditors and Ombudsmen from the civil society. The civil society Ombudsman in Bulgaria works at least as well as the state one in Romania: such practice needs being institutionalized. The implementation of the new Freedom of Information Act in Romania will offer such an opportunity. Both the administration and the civil society will have to get together to make the new PR offices work.

The administration needs to be empowered to provide the basic services it has to provide. This is an essential prerequisite of any anti-corruption strategy. This means enough resources and autonomy to use those and seek others for the public managers. To a large extent this is fulfilled now, so residual problems are indeed institutional in nature: poor communication within public organizations and between them, lack of skills and know-how. These have to be a part of the action plan. This plan should not be directed against the administration, but conceived as a policy tool to ease its burden. Some rewards for clean practices should be embedded in the design of the action plan.

3. Widespread acceptance of corruption at the societal level; passive support of corruption.

Nobody wants to be extra taxed – this is the reason why people denounce corruption in surveys, while contributing to it in the real life. For in the real life the need to get the goods from the administration prevails. Would it prevail if a way to get the same thing would be at hand with no extra tax, only by resorting to some clear, on-spot mechanism of accountability? It is doubtful it would. Whenever mechanisms of accountability allow immediate resolution people use it. The participation of the population as the passive supporters of corruption would be greatly reduced once these mechanisms would be installed.

4. Lack of political will of political actors in pursuing the right targets to curb corruption; dangerously low legitimacy of the Parliaments and 'political class' in the countries surveyed.

Politicians need to be reelected. If they often neglect this fact in pursuing bad practices is that they are aware that the whole political class is acting similarly, so the constituency is compelled to make an electoral choice by disregarding this criterion, on entirely different grounds. It is enough that one important political party is persuaded to endorse a policy on the type of 'mani pulita'. The rest will have to follow. The problem of the Romanian political landscape so far has been that no party has decided to make this its prime electoral topic in 2000 except extremist Corneliu Vadim Tudor. The parties that had used it in 1996 had been totally disqualified by their cronyism. The civil society coalition must attract at least one party, which should act as the bearer of this cause in Parliament. A 'reform of the political class' should be again proposed: this reform would encompass the restriction of the MP immunity, the drastic reduction of the protocol habits and a clear set of regulations against conflict of interest, non-existing for the time being, separating politics from both business activity and trade union activism[7]. **Once a party would step in this direction the others could not afford to be left behind. The lack of action can only feed political extremism and the de-legitimating of the whole political system.**

In conclusion, the main recommendation coming out of this paper is that both the administration and the citizens should be empowered, the former to deliver the public services it is supposed to, the latter to demand them and collaborate with the administration in the process. This should subordinate the other strategies against corruption, and especially the repressive ones. Corruption should be fought first and foremost by clear and transparent procedures and horizontal accountability mechanisms: audits and Ombudsmen. The NGOs have a large role to play here. As to the top executives, pressure from anti-corruption coalitions and strong endorsements of best practices whenever these are to be found, mainly by the international donors, seem to be the only solution. A government, which reacts when asked to stop corruption in a poor country by setting up an expensive anti-corruption center is clearly giving a signal it is not interested in curbing corruption. An international donor choosing as an intermediate grant-making organization one reputed for malpractice or encouraging the government to set up a NGO to get grants for the third sector is also giving the wrong signals. We are speaking of societies in which all incentives are still there for dishonest behavior and none for hard and honest work. Adding extra incentives for more cheating in the form of mismanaged international aid is only a way to invest in the status quo. So are workshops and conferences which do not propose to arrive in the end at an action plan. A comprehensive anti-corruption plan should therefore start from the means of pressure on the government and top executives to move through the revision of procedures and regulations in order to get more simplicity and transparency, to arrive in the end at the empowerment of civil society who would act on the behalf of the many poor. Speaking at least for Romania this is the time to act.

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A. Annex 1- Two-stage Least Square Models of Subjective Corruption and Trust in Public Sector

1. Dependent variable SUBJECTIVE CORRUPTION

Listwise Deletion of Missing Data

Multiple R .17411

R Square .03031

Adjusted R Square .02666

Standard Error .76170

------------------ Variables in the Equation ------------------

Variable	Beta Coefficient (Standard Error)
Trust	-.006171 (.002698) *
Urban	.01577 (.057272)
Paranoia	.110361 (.125843) **

Noted significance levels: * = p≤ .05, ** = p≤ .001, *** = p≤ .000

Correlation Matrix of Parameter Estimates

	TRUST	URBAN	PARANOIA
TRUST	1.0000000	.3066029	.2461357
URBAN	.3066029	1.0000000	.0057046
PARANOIA	.2461357	.0057046	1.0000000

2. Dependent variable TRUST IN THE PUBLIC SECTOR

Listwise Deletion of Missing Data

Multiple R .29295

R Square .08582

Adjusted R Square .07891

Standard Error 33.37926

------------------ Variables in the Equation ------------------

Variable	Beta Coefficient (Standard Error)
Subjective corruption	-13.390749 (8.580834)
Interest in politics	1.578643 (2.681749)
Age	-.224525 (.075266) *
Life satisfaction	3.892130 (1.647537) *
Government appreciation	9.103931 (2.175326) ***
Communism good idea	4.428097 (1.188958) **

Noted significance levels: * = p≤ .05, ** = p≤ .001, *** = p≤ .000

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[2] The survey we are drawing upon was sponsored by the Freedom House (with a contribution from the World Bank Institute) in the three countries and measured in the spring of 2000 by national polling institutes in each country[2]. The questionnaire was unique and the sampling technique identical. The sampling model was a two-stage random cluster sample. The sampling universe was the population of Romania, Bulgaria and Slovakia aged 18 and over. The final sample included 1237 respondents for Romania, 1161 for Bulgaria and 1011 for Slovakia.

[3] see the argument of Zaller and Feldman (1994)

[4] We adjusted to use as a proxy for authoritarianism a classic statement from 'The Authoritarian Personality' questionnaire 'There are minority groups which pose a threat to sovereignty and stability of our country'

[5] education and wealth are very correlated consistently in area surveys, probably as a consequence of

[7] It has become current procedure that union leaders run on party lists for Parliaments, which raises serious doubts on their ability to represent first and foremost the interest of union members.