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Political corruption in Europe

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Introduction

Prior to the 1990s, political scientists thought of corruption as something largely confined to developing countries, as they were convinced that in liberal democracies due process norms ensured the low tolerance thresholds necessary to constrain corrupt practices. Since then, numerous high-profile corruption cases and the resulting scandals have affected an ever-increasing number of democratic countries in Europe, forcing political scientists to revise their earlier assumptions. Corruption has thus become a major focus of attention, with scholars attempting to identify its causes and potential measures to reduce its incidence.

Notable examples of corruption scandals include those that have taken place in France (concerning Jacques Chirac’s term in office as the mayor of Paris); Ireland (involving former prime minister Charles Haughey); Britain (where disclosures concerning ‘cash for questions’, the honours system, donations to parties and MPs’ expenses have implicated a wide range of leading politicians); Spain (with respect to political party donations and the Socialist government of Felipe Gonzalez); Germany (where former Chancellor Helmut Kohl was disgraced by revelations of anonymous cash donations, party slush funds and secret foreign accounts); Italy (where by the end of 1993 the Tangentopoli or ‘bribesville’ scandal had resulted in 251 Members of Parliament being placed under judicial investigation, including four former prime ministers, five ex-party leaders and seven members of the cabinet – ultimately leading to the complete disintegration of all of the traditional parties); and the European Union (which in 1999 witnessed the resignation of the entire Commission following accusations of cronyism, nepotism and fraud against Commission members).

Although these examples appear self-evident, one of the problems facing any fight against corruption is the need to define it. In essence, it entails a type of rule infringement, and since a rule is a criterion of behaviour that indicates right and wrong ways of doing things (and is therefore something that can only exist in virtue of social interaction), what is regarded as corrupt is a matter of social construction. In short, a ‘corrupt’ act is something that is viewed as illegitimate according to certain social standards that vary from society to society. Therefore, corruption cannot be easily defined in a way that will enable large-N comparisons of the presence of the phenomenon upon which all scholars can agree.
Of the three broad approaches to defining corruption – legal and norm-based definitions, public-interest definitions and principal–agent definitions – the last seems best suited to capture political corruption in advanced democracies such as those of Europe. Legal and norm-based definitions view ‘political corruption’ as something that takes place when the holders of public office break the legal rules or norms governing their conduct; it is ‘a misuse of authority as a result of considerations of personal gain, which need not be monetary’ (Bayley 1966). Such definitions make it conceptually impossible to differentiate corruption from similar but different phenomena, such as ‘embezzlement’, or to distinguish it from other acts that, although perfectly legal, we may wish to regard as corrupt on other (e.g. ethical) grounds. Moreover, what counts as the ‘misuse of authority’ varies from country to country; thus, it is impossible to define given behaviours as corrupt independent of their context. Public-interest definitions define a corrupt act as one that ‘violates responsibility toward at least one system of public or civic order . . . A system of public or civic order exalts common interest over special interest; violations of the common interest for special advantage are corrupt’ (Rogow and Lasswell 1963: 132). Such definitions raise the question of who defines ‘the public interest’; whoever it is (researchers or their subjects), the status of a behaviour as ‘corrupt’ or otherwise depends on subjective value judgements that may vary across time and place.

In contrast, principal–agent definitions view corrupt acts as transactions that violate the trust placed in an agent by a principal. Corruption therefore takes place when:

1. there is a secret violation of a contract that, implicitly or explicitly, involves a delegation of responsibility and the exercise of some discretionary power . . .
2. by an agent who, against the interests or preferences of the principal . . .
3. acts in favour of a third party, from whom he receives a reward . . . [and when]
4. the principal is the state, or better, the citizens.

(della Porta and Vannucci 1997: 231–2)

While an approach that ties corruption to breaches of the trust placed in public officials would appear to define the difference between corrupt and non-corrupt in ‘objective’ terms, independent of cross-nationally variable standards, this difference still turns on the principal’s – socially informed – evaluations of the interests and preferences the agent is required to serve. However, although this represents a problem for large-N studies, it looms less large when the countries being compared share a degree of similarity, such as those in a single region like Europe. Thanks to the cultural commonalities between these countries, the interests and preferences of principals are likely to display similar degrees of commonality: the states of Europe are all, by and large, founded on the rule of law and principles of universalism, and one can trace the influence of principal–agent definitions in several European legal definitions (e.g. the Italian penal code, English Common Law, Polish anti-corruption legislation).

In this chapter, we analyse, first, the growth, diversification and types of corruption in Europe; second, the causes and dynamics at the heart of corrupt transactions; third, the effects of corruption (on the economy and the political system); and, finally, the attempts to fight corruption, concluding that this fight not only might lack any positive outcomes, but could even be counter-productive, making corruption one of the most significant challenges facing European democracies today.

**Growth, diversification and types of corruption in Europe**

The examples listed above suggest both the growth and diversification of political corruption in Europe over the past 20 years and therefore its increasing significance. However, one must
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be cautious in drawing such a conclusion, primarily because of the difficulty of measuring the incidence of and growth in corruption (Lancaster and Montinola 1997). Any assessment of the significance of corruption for the functioning of European democracies requires the researcher to be able to do two things: first, assess the degree of ‘corruptness’ of given acts and, second, adopt a robust method of recording the incidence of such acts in given countries over a given time period.

The first task obviously requires one to decide on the criteria that will be used to determine whether an act should be regarded as ‘more’ or ‘less’ corrupt. Heidenheimer (2005), for example, distinguishes between black, white and grey corruption, depending on the extent to which elites and masses condemn it and would want to see it punished; Shleifer and Vishny (1993) proceed on the basis of a distinction between corruption with theft and corruption without theft; and Peters and Welch (2005) hypothesize with reference to corruption perceptions that the degree of corruptness of a given act can be conceived of as a function of the public official involved, the favour granted, the bribe paid and the bribe payer. The second task requires the researcher to develop a means of dealing with the fundamental problem of how to record incidences of an act that, by its very nature, is secret. Reliance on court records or newspaper reports implies recording only the corruption that has been exposed or alleged and therefore runs the risk of creating a distorted picture (e.g. of more corruption in countries that have simply been more effective in rooting it out).

An alternative is the development of proxy measures. For example, based on the apparent correlation between corruption and secrecy or a lack of transparency in systems and processes (Hall and Yago 2000: 2), Barth et al. designed an ‘opacity index’ that sought to capture the ‘lack of clear, accurate, formal, easily discernible and widely accepted practices in the broad area where business, finance, and government meet’ (Barth et al. 2001: 3). The measure appears to correlate well with other indices that might similarly be used as proxies, such as the World Bank’s ‘rule of law’ index, which was designed to measure perceptions of the incidence of crime, the effectiveness of judicial institutions and the enforceability of contracts.

A further alternative – based on the importance of decision-makers’ perceptions of corruption for investment decisions – involves perception surveys. Transparency International’s ‘Corruption Perceptions Index’ (CPI) draws on data from 13 surveys and assessments of businesspeople and local experts produced by a number of independent organizations (such as Freedom House and the Economist Intelligence Unit) for a range of purposes. The index is constructed by extracting from the source data the information provided in responses to questions about corruption, its prevalence, the use of integrity mechanisms and so on. The CPI correlates well with a range of other proxy measures and with the variables (such as GDP) with which corruption is often correlated. As a tool that relies on respondents’ subjective assessments (in recognition of the impossibility of quantifying corruption directly), the CPI is analogous to the opacity index and other proxy measures. For that reason, as a measure it is not without risks, especially those stemming from the ‘double hermeneutic’ (Giddens 1984), in which there is a two-way flow of influence between the work of social scientists and the world they are analysing. For example, corruption clean-up campaigns may produce worse rather than better CPI scores – which then deter investment by entrepreneurs, thus exacerbating the corruption problem (Campbell 2013). Conversely, improvement in a CPI score may be due to a decline in the salience of the issue and have nothing to do with a decline in the actual incidence of corrupt practices (Jiménez and Caínzos 2003).

These difficulties are reflected in empirical analyses of corruption in European democracies. Asked at the turn of the millennium about the ‘newness’ and ‘scale’ of corruption in their national political systems, country experts were divided. Some (in the cases of Germany, Britain,
Belgium, France, Spain, Greece, Italy and the former communist states of Central and Eastern Europe) argued that the previous two decades had witnessed a clear increase in corrupt practices. Others (in the cases of the Netherlands, Ireland, Sweden and Portugal) were more cautious, emphasizing the importance of the rise in anti-corruption activities, media interest in the subject and the decline in levels of public trust for perceptions of corruption (Bull and Newell 2003a).

Differences of this sort are reflected in public perceptions of the growth and presence of corruption in European democracies. Although aggregate figures suggest that there might be less to worry about in Europe relative to other regions in the world (see Figure 36.1), they hide considerable differences in national figures, as revealed in the Corruption Perceptions Index for individual European countries (see Table 36.1). Using the data in this table, one can create broad groupings of countries to provide an overview of the perceived spread of corruption across Europe (see Table 36.2). This resonates with the findings of other surveys. For example, at the aggregate level a majority of European respondents to a Transparency International (TI) survey in 2010–11 (Transparency International 2012: 9) believed that corruption was on the rise in their countries, and in a 2012 Eurobarometer survey 74 per cent of respondents stated that corruption had become a major problem in their countries (ibid.); however, these figures mask the very large percentages of citizens in countries such as Greece, Slovenia, Slovakia, Portugal, Romania, Spain and the Czech Republic (e.g. 85 per cent of respondents in Slovakia and 93 per cent in Slovenia) who perceived corruption as having increased. Whereas 98 per cent of respondents in Greece considered corruption to be a problem in their nation, the corresponding figure for Denmark was only 19 per cent (ibid.).

In short, the precise extent to which corruption has increased in Europe, and therefore how ‘new’ it might be, is unclear. Similarly, whether the types of corruption that have been exposed are ‘new’ also remains open to debate, as there is a certain sense of timelessness about many of
Table 36.1 Corruption Perceptions Index (Transparency International)

<table>
<thead>
<tr>
<th>Country</th>
<th>2013 score</th>
<th>2012 score</th>
<th>2013 world rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>91</td>
<td>90</td>
<td>1</td>
</tr>
<tr>
<td>Finland</td>
<td>89</td>
<td>90</td>
<td>3</td>
</tr>
<tr>
<td>Sweden</td>
<td>89</td>
<td>88</td>
<td>3</td>
</tr>
<tr>
<td>Norway</td>
<td>86</td>
<td>85</td>
<td>5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>85</td>
<td>86</td>
<td>7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>83</td>
<td>84</td>
<td>8</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>80</td>
<td>80</td>
<td>11</td>
</tr>
<tr>
<td>Germany</td>
<td>78</td>
<td>79</td>
<td>12</td>
</tr>
<tr>
<td>Iceland</td>
<td>78</td>
<td>82</td>
<td>12</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>76</td>
<td>74</td>
<td>14</td>
</tr>
<tr>
<td>Belgium</td>
<td>75</td>
<td>75</td>
<td>15</td>
</tr>
<tr>
<td>Ireland</td>
<td>72</td>
<td>69</td>
<td>21</td>
</tr>
<tr>
<td>France</td>
<td>71</td>
<td>71</td>
<td>22</td>
</tr>
<tr>
<td>Austria</td>
<td>69</td>
<td>69</td>
<td>26</td>
</tr>
<tr>
<td>Estonia</td>
<td>68</td>
<td>64</td>
<td>28</td>
</tr>
<tr>
<td>Cyprus</td>
<td>63</td>
<td>66</td>
<td>31</td>
</tr>
<tr>
<td>Portugal</td>
<td>62</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>Poland</td>
<td>60</td>
<td>58</td>
<td>38</td>
</tr>
<tr>
<td>Spain</td>
<td>59</td>
<td>65</td>
<td>40</td>
</tr>
<tr>
<td>Lithuania</td>
<td>57</td>
<td>54</td>
<td>43</td>
</tr>
<tr>
<td>Slovenia</td>
<td>57</td>
<td>61</td>
<td>43</td>
</tr>
<tr>
<td>Malta</td>
<td>56</td>
<td>57</td>
<td>45</td>
</tr>
<tr>
<td>Hungary</td>
<td>54</td>
<td>55</td>
<td>47</td>
</tr>
<tr>
<td>Latvia</td>
<td>53</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Turkey</td>
<td>50</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Georgia</td>
<td>49</td>
<td>52</td>
<td>55</td>
</tr>
<tr>
<td>Croatia</td>
<td>48</td>
<td>46</td>
<td>57</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>48</td>
<td>49</td>
<td>57</td>
</tr>
<tr>
<td>Slovakia</td>
<td>47</td>
<td>46</td>
<td>61</td>
</tr>
<tr>
<td>Macedonia FYR</td>
<td>44</td>
<td>43</td>
<td>67</td>
</tr>
<tr>
<td>Montenegro</td>
<td>44</td>
<td>41</td>
<td>67</td>
</tr>
<tr>
<td>Italy</td>
<td>43</td>
<td>42</td>
<td>69</td>
</tr>
<tr>
<td>Romania</td>
<td>43</td>
<td>44</td>
<td>69</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>42</td>
<td>42</td>
<td>72</td>
</tr>
<tr>
<td>Serbia</td>
<td>42</td>
<td>39</td>
<td>72</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>41</td>
<td>41</td>
<td>77</td>
</tr>
<tr>
<td>Greece</td>
<td>40</td>
<td>36</td>
<td>80</td>
</tr>
<tr>
<td>Armenia</td>
<td>36</td>
<td>34</td>
<td>94</td>
</tr>
<tr>
<td>Moldova</td>
<td>35</td>
<td>36</td>
<td>102</td>
</tr>
<tr>
<td>Kosovo</td>
<td>33</td>
<td>34</td>
<td>111</td>
</tr>
<tr>
<td>Albania</td>
<td>31</td>
<td>33</td>
<td>116</td>
</tr>
<tr>
<td>Belarus</td>
<td>29</td>
<td>31</td>
<td>123</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>28</td>
<td>27</td>
<td>127</td>
</tr>
<tr>
<td>Russia</td>
<td>28</td>
<td>28</td>
<td>127</td>
</tr>
<tr>
<td>Ukraine</td>
<td>25</td>
<td>26</td>
<td>144</td>
</tr>
</tbody>
</table>

Key: A country’s score indicates how corrupt its public sector is perceived to be on a scale from 0 to 100 (with 0 = highly corrupt and 100 = very clean). The ranking is against all other countries in the Index (177 in 2013).

### Table 36.2 Levels of perceived public-sector corruptness: grouping European countries

<table>
<thead>
<tr>
<th>Levels of perceived corruptness, 2013</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI of 80 and above (‘Least Corrupt’)</td>
<td>Denmark, Finland, Sweden, Norway, Switzerland, Netherlands, Luxembourg</td>
</tr>
<tr>
<td>CPI in 70s</td>
<td>Germany, Iceland, United Kingdom, Belgium, Ireland, France</td>
</tr>
<tr>
<td>CPI in 60s</td>
<td>Austria, Estonia, Cyprus, Portugal, Poland</td>
</tr>
<tr>
<td>CPI in 50s</td>
<td>Spain, Lithuania, Slovenia, Malta, Hungary, Latvia, Turkey</td>
</tr>
<tr>
<td>CPI in 40s</td>
<td>Georgia, Croatia, Czech Republic, Slovakia, Macedonia FYR, Montenegro, Italy, Romania, Bosnia-Herzegovina, Serbia, Bulgaria, Greece</td>
</tr>
<tr>
<td>CPI below 40 (‘Most Corrupt’)</td>
<td>Armenia, Moldova, Kosovo, Albania, Belarus, Azerbaijan, Russia, Ukraine</td>
</tr>
</tbody>
</table>

Key: CPI: Corruption Perceptions Index (Transparency International)


The corrupt practices exposed in Europe in recent years, notably: kickbacks that subvert public procurement processes (e.g. in Ireland, Italy and Germany); the exercise of private or commercial influence over the content of public legislation through promises of financial gain to elected representatives (e.g. in Ireland, Italy, Portugal, Greece, Sweden, Britain and Central and Eastern European countries); violation of party finance laws through illegal donations, often in exchange for political influence (e.g. in Italy, Britain, Belgium, Germany, Portugal, France, Spain, Greece and some Central and Eastern European countries); abuse of patronage or honours systems (e.g. in Britain); abuse by public officials and elected representatives of expense claims (e.g. in Britain and by European Union politicians); abuse of the power of public officials to supply services and resources (e.g. in Italy and Greece); abuse of the power of public officials to investigate private conduct and to impose sanctions or penalties (e.g. in Italy and Britain); civil servants’ abuse of their discretionary power in the implementation of legislation and decisions, especially those of a commercial nature (e.g. in Greece and Ireland); and subversion or the improper use of European Union resources such as structural funds and subsidies (e.g. in Italy, Portugal and Greece) (for examples of all of these cases, see the relevant chapters in Bull and Newell 2003a).

Of the types of corruption listed above, those in the vanguard of anti-corruption efforts are particularly concerned with practices that are not necessarily illegal but are nonetheless still corrupt (and in many ways are as insidious and opaque as illegal corrupt practices). Transparency International (2012: 10) has dubbed these practices ‘legal corruption’; as an example, TI describes ‘influence peddling’ as ‘the excessive and undue influence of lobbyists in the European corridors of power . . . promoted through opaque lobbying rules, trading in influence and the existence of revolving doors between the public and private sectors’. This emphasis on ‘legal corruption’ throws a spotlight on the causes of political corruption in Europe.

### The causes and dynamics of corruption

Establishing the causes of corruption – and the dynamics at work at the heart of the phenomenon – is important for the formulation of effective strategies for its containment or eradication, an
aspect that European governments have putatively focused their attention on in recent years. In view of the varieties of corruption and illicit activities, it is not surprising that a multitude of causes have been identified. Huberts (1998) usefully divides these into six categories: social factors (organized crime, social inequality/change, strong family ties and obligations, social norms and values); economic factors (the state of the economy, encompassing both economic difficulties and rapid economic growth); political factors (the growth and size of government organizations, the nature of the relationship between politics and the administration, the relationship between business, politics and the administration, the ideology of the market and the increasing significance of lobbying); organizational-cultural factors (public-sector culture, leadership qualities/deficiencies); organizational-structural factors (disorganization, mismanagement, defective auditing and control procedures, the popularization of electronic procedures); and individual factors (the norms and values of public servants, salary levels).

Although Huberts’ categorization was formulated to assess expert perceptions of the causes of corruption rather than the actual causes themselves, it reveals the sheer complexity of potential causes cross-nationally. They implicate ethics, culture, structures and institutions. They also involve both direct causes and indirect causes, i.e. factors that can facilitate the development of corrupt practices in the first place. Furthermore, each incident of corruption will have its own set of causes that contribute to the complex picture. Let us consider one example to illustrate this point: the MPs’ expenses scandal in the UK in 2009.

In this case, in the expenses claims of some MPs practices were exposed that could be described as ‘corrupt’, since they patently breached both the rules and the spirit of what could be reasonably claimed in the exercise of their duties. This led to a national debate on the causes of these corrupt practices, in which several possibilities were identified. First, there was the lack of clarity in the expenses system, which led to MPs submitting claims that they claimed were in good faith and did not formally break the rules, or allowed MPs to ‘misinterpret’ the rules to their advantage. A culture of generous allowances developed, both in relation to what could be claimed and with respect to family members who could be ‘employed’ to support an MP in his or her work. Second, there was poor administration of the expenses system, whereby those responsible for processing the expenses felt pressure not to question the claims submitted. Third, there was the poor pay of MPs (relative to many other European countries), which had resulted in the expenses system being used as a form of supplemental income, a practice that was quietly accepted by those benefiting from it and those administering it. Fourth, there was the alleged decline in the ethical standards of MPs in relation to their predecessors. The reason this type of dissection of causes in an individual case is important is because it is the only way to identify how to prevent or reduce such corruption in the future: clarifying rules, improving implementation, improving MPs’ remuneration, examining the processes of recruitment of MPs, reassessing the representative role of MPs and so on (Kelso 2009). Despite the complexity of individual cases (or sets of cases), some level of generalization remains possible. In Europe, depending on one’s acceptance of measurements of corruption, five broad points can be identified.

First, in relation to culture there has been a clear link between national levels of corruption and those countries where the acceptance of attitudes supportive of democratic institutions has been more hesitant or ambivalent (e.g. Greece, Portugal, Belgium, Italy) and where there has been a dictatorial or authoritarian legacy or where democratic aspects still remain weak (some Central and East European states) (e.g. Koutsoukis 2003; Magone 2003). Furthermore, countries where the culture has tended to be ‘particularistic’ (e.g. Ireland, Belgium, Spain, Greece, Italy) as opposed to ‘universalistic’ tend to provide a foundation for the potential development of illicit activities, from tax evasion to taking bribes, because the acceptance of laws is ‘negotiable’. In Italy, four-time prime minister Silvio Berlusconi stated that he could understand why so
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many Italians avoided paying tax; similarly, according to De Winter (2003: 96), ‘Belgians appear . . . to believe that laws are too restrictive, and that “if you don’t particularly agree with a law, it is all right to break it provided you are careful enough not to get caught”’. Societies with particularistic cultures also tend to be based on patron–client relationships, as well as clandestine Freemasonry and organized crime. These are additional sources for the development of corrupt practices for several reasons: first, they place a premium on personal connections; second, they entail the absence of transparency; and, third, they provide a means of enforcement of corrupt transactions (since this cannot be done through recourse to the legal system (della Porta and Vannucci 1999: 45–6). In southern Italy, for example, ‘transactions were often underpinned by making use of the services of organized crime from which the corrupt politician would receive the services of the threat of physical violence in exchange for using relationships of connivance with the judicial authorities to provide protection from threats of prosecution’ (Bull and Newell 2003b: 44).

Second, at the institutional level, links can be identified between higher corruption levels and those countries where the state has undergone late or incomplete modernization, where there is a concentration of power (centralized in the executive), and where there is elite interpenetration and longevity, all of which can foster collusion, the lack of transparency and the development of protection mechanisms against outside scrutiny. European countries with some of these features include Italy, Ireland, Greece, Portugal, France, Belgium and Britain. However, while some findings (Fisman and Gatti 2002) equate decentralization with lower corruption levels, other authors (e.g. Lessmann and Markwardt 2010) argue that it can, in fact, facilitate high levels of collusion and corruption. It therefore remains unclear what precisely are the institutional conditions that facilitate political corruption.

Third, at the more explicitly political level, the key issues are the parties and elites. The role (and dominance) of political parties, their relationship with the state and party funding arrangements are key factors (Hopkin 1997; van Biezen and Kopecký 2007). The rise in the cost of politics everywhere appears to have had a greater effect in relation to corruption in those countries where the state funding of parties is non-existent or insufficient, where party financing laws are inadequate or where poor ethical standards might be tolerated. Southern European countries (Italy, Spain, Portugal) are typical examples of countries where such problems have arisen (e.g. de Sousa 2001; Pujas and Rhodes 1999; Rhodes 1997), but cases have also been observed in Ireland, Belgium, France and even in countries where state funding is generous, such as Germany (e.g. Collins and O’Shea 2003; De Winter 2003; Evans 2003; McKay 2003). Infrequent rotation in government or low levels of elite turnover tend to reinforce corrupt tendencies, especially in situations where the politicization of state and society is rife, thus reducing the bureaucratic oversight and control that can be important in preventing the spread of corruption – typical examples being Italy and Belgium (Bull and Newell 2003a; De Winter 2003).

Fourth, in relation to the economy, in the 1980s and 1990s the combination of privatization, deregulation, the introduction of private management techniques into public services, the international liberalization of trade, high levels of economic growth and the exponential increase in the number of lobbyists introduced a wealth of new opportunities for enrichment through less-than-scrupulous activities, at the same time causing upheaval in the existing ethical environment in terms of standards of conduct. This not only affected individual nation-states (to differing degrees) – and here the UK could be regarded as an example par excellence of these trends (see, for example, Doig 2003) – but also increasingly transformed corruption into an issue of global governance (Glynn et al. 1997; Wang and Rosenau 2001). These trends have not been visibly affected by the economic downturn since 2008. The core issue here is the relationship established between entrepreneurs, politicians and bureaucrats, as well as
(occasionally) lobbyists (della Porta 1996), and the prime risk area is public procurement, due to politicians’ authority to take decisions concerning the allocation of large sums of public money. This leads to the use of kickbacks and other illegal devices in the award of public contracts, the proceeds of which can be diverted to individuals or parties. Kickbacks have been exposed in numerous European countries, notably in Italy, Ireland and Belgium (Bull and Newell 2003a; De Winter 2003; Collins and O’Shea 2003).

Fifth, the political will and effectiveness behind anti-corruption investigations, judicial processes and legislative and other measures (including whistleblower provisions) can play a significant role in the degree of corruption experienced, insofar as these factors can either deter or act as incentives to corrupt practices. In this regard, the record is mixed across different countries.

Across these various levels, can any clear patterns be identified? In a special report published in 2012 on corruption risks in Europe, Transparency International (2012) highlighted six critical weaknesses in European states that facilitate the growth and spread of corruption. Four of these weaknesses are found in the political field, one in the economic field and one in the area of detection. First, there is a weakness in political party funding regulation, which is one of the areas at highest risk for political corruption. Some countries (e.g. Sweden and Switzerland – admittedly not perceived to be highly problematic in terms of corruption) have no such provision, while in other countries regulations have too many loopholes and enforcement is weak. For example, in Italy, Hungary and Slovenia parties were found to be sidestepping their obligations of transparency by channelling money through foundations and affiliated associations (ibid.: 20–6). Second, there is chronic weakness in the regulation and transparency of lobbying, another high-risk area. The TI analysis found that only 6 out of 25 European countries (the UK, France, Germany, Poland, Lithuania and Slovenia) had any degree of regulated lobbying (and in two of these cases, Germany and France, the regulations were purely voluntary in nature), and that lobbying registers were inadequate and poorly maintained. The findings suggest that ‘lobbying in the national parliaments of Europe remains opaque and inaccessible to the average citizen’ (ibid.: 29). Third, there are significant shortcomings in the ethical standards and practices of European parliaments. These relate to an absence of mandatory codes of conduct, conflict of interest regulations and rules on the disclosure of interests, income and assets; even when such measures are in place, the levels of implementation are frequently poor. All European countries have some kind of disclosure system in place, but their nature and effectiveness vary. Nearly half of the countries are not comprehensive in what they require to be disclosed, with a number of countries (Italy, Belgium, the Czech Republic, Denmark, Germany, Greece, Hungary, the Netherlands, Switzerland) either limiting public disclosure or providing only a summary or partial disclosure. In France and Slovenia, declarations by Members of Parliament are not made available for any kind of public scrutiny (ibid.: 33–4). Fourth, there are significant shortcomings in 20 of 25 European countries in relation to the transparency and freedom-of-information provisions so essential to exposing and keeping in check questionable practices. This refers less to the existence of pertinent laws (since most European states have them) than to provisions limiting their effectiveness – which is often reduced by factors such as excessive fees (Ireland), long delays (Portugal, the Czech Republic, Slovenia, Switzerland), low levels of public awareness of the relevant provisions (Germany, Portugal, Switzerland), the absence of independent oversight (Hungary, Latvia) and the failure of governments to comply (the Czech Republic, Romania) (ibid.: 37–8). Fifth, the risks of corruption in the area of public procurement remain high in several European states (notably Italy, Bulgaria, Romania, Slovakia and the Czech Republic) as a consequence of overly complex and opaque procedures, legislative loopholes, abuse and circumvention of procurement thresholds, and the lack of effectiveness and capacity of oversight.
bodies (ibid.: 39–42). Finally, there is an absence of whistleblower protection, with only 6 of 25 countries having such legislation in place (the UK, the Netherlands, Hungary, Norway, Romania, Switzerland) and only two of these (the UK and Norway) having sufficient provisions to protect whistleblowers from subsequent discrimination or reprisals. The analysis found that whistleblowing remained rare, impeded by cultural stigma and negative connotations: ‘Europe is a long way from the required cultural shift in which whistleblowers come to be respected and seen as a vital resource in upholding integrity in the public and private sectors’ (ibid.: 44).

The reason these factors are important is because the existence of unchecked corruption becomes a cause of corruption itself and of its further spread. This phenomenon of corruption as self-generating is best understood through an examination of the dynamics of corrupt practices from the perspective of a principal–agent relationship, in which the agent (a politician or bureaucrat) violates a contract with the principal (the state or citizens) in favour of a third party (entrepreneurs). Corruption is therefore a hidden exchange that carries the risk of detection and punishment. The higher the number of individuals already involved in corrupt exchanges, the lower the risk. Attempting to reach a corrupt agreement in a system where bribery is rare is both problematic (due to the difficulty of finding the necessary partners in a setting where most people will be assumed to be honest) and risky (due to the relatively high likelihood of the behaviour being reported to the authorities or detected via robust monitoring). Its exposure is highly likely to provoke moral outrage, due both to the threat it poses to others and to the fact that it breaks deeply held norms. When exposed, such behaviour will likely create a scandal and will therefore be severely punished. Conversely, seeking a corrupt exchange in a system where bribery is already widespread will be easier, since expectations concerning the honesty of others and therefore moral barriers will be lower; moreover, it is less likely to provoke a scandal, and there is a lower risk of detection as ethical standards decline across the system. Furthermore, a key part of the internal dynamics of corruption is the development of various protection mechanisms to prevent discovery or hinder investigations. Often at the heart of this process is the ‘business politician’ (della Porta 1996) – someone who views public resources as personal property, distributes these resources on the basis of loyalty and exchanges, develops electoral followings based on corrupt methods and also sometimes uses such methods to ensure that the corrupted partners respect the terms of the agreed exchange. In many ways, ‘business politicians’ (and their roots in political parties) are symptomatic of the fact that the risk of corruption is, in fact, inherent in democracies because the function of political intermediation between the electorate and the government is largely carried out by private agents (parties) using private resources, and intermediation is inseparable from activities to secure the resources necessary to carry it out (Pizzorno 1992).

In short, corruption feeds on itself; in this way, what starts out as isolated corrupt practices in a political system can eventually become systemic and a part of the political culture. Politicians, administrators and entrepreneurs become socialized in the practices of corruption; through this process, the networks of corruption become stable and routine. At this point, it is hardly rational for an individual actor (especially an entrepreneur) to remain outside the system, and corrupt practices become justifiable on the basis that ‘everybody does it’. Such justifications have been heard from politicians and entrepreneurs in Britain, Ireland, Italy and several other European countries; when voiced, they signal that the dynamics of corruption have taken hold in a particular sector or area. Having said this, the development of systemic corruption is rare. Italy in the 1980s and early 1990s is an exceptional example. A system of bribes began to operate in the 1970s and was left unchecked until, by the early 1990s, it had ‘thoroughly infected every sector of the state, local and central administrations, public agencies and enterprises, the military apparatus and the bureaucracy, including the judicial power’ (della Porta and Vannucci 1999: 15).
The effects of political corruption and its exposure

The presence of corruption can have an impact in two broad areas: the economy and the democratic political system. In relation to the economy, a number of studies suggest that corruption holds back development in various parts of the world. For example, Hall and Yago (2000) estimated its impact on sovereign bond spreads, using opacity as a proxy and controlling for a range of other variables; they found that the cost to a country’s economy was significant, thus confirming the well-established negative effects of corruption on inward investment, economic growth and income equality. Kaufman (2010) found a strong relationship between corruption and fiscal deficits in industrialized countries, with increases in corruption control in one year resulting in decreases in the average fiscal deficit in the subsequent three years (controlling for other factors). He identifies several mechanisms through which this relationship operates, with corruption lowering tax revenues, increasing public expenditure, public-sector debt and financial risk, introducing instability and a lack of confidence in financial markets, undermining productivity and growth, and producing an underground economy that generates its own perverse effects.

One of the predicted effects of the creation of the Eurozone was the convergence of national political economies around more rational, liberal and transparent processes of economic governance, which was expected to reduce fiscal deficits. Kaufmann (2010), however, found that membership in the Eurozone had not helped countries on this score, and that there was ‘no evidence [that] being a member of the Eurozone result[ed] in convergence towards higher levels of governance and corruption control’. There is significant variation across Europe, both in perceptions of corruption and in the size of national deficits. The Eurozone fiscal crisis has been most salient in the countries of Southern Europe – Spain, Greece, Italy and Portugal – where corruption perceptions are the highest (the average CPI of these countries in 2012 was 52, compared with the Scandinavian average of 88). If one also notes the CPI average of 47 for the former communist countries and the score of 74 for the European countries not belonging to any of the aforementioned three categories, it can be surmised that one of the most significant effects of corruption in Europe is the reinforcement of inequality. Corruption skews decision-making in favour of the few (those who can pay) at the expense of the many (who must rely on the application of non-market, normative criteria in decision-making). Especially in times of economic recession, corruption results not only in economic waste but also in the arbitrary and unequal distribution of resources (such as public works contracts, planning permissions, licences, permits and so on), the distortion of decision-making processes and poor policy outcomes (Warren 2004).

In relation to the political system, it is precisely through its undermining of the principle of equality that corruption is subversive of liberal democratic regimes. Corruption replaces public-based decision-making and accountability with considerations of private gain, thus undermining public trust in democratic institutions (Bowler and Karp 2004; della Porta 2000). In particular, this distrust is a consequence of the exposure of corrupt practices, which has its own dynamics and impact (in the form of scandal), with consequences that can be analytically separated from those of corruption per se. Wroe et al. (2013) found that pre-existing levels of trust (themselves shaped by previous instances of the exposure of corruption) were important determinants of levels of mistrust when corrupt acts were exposed. This was especially the case when uncertainty (about whether allegations might or might not be true) was high and when the corruption was of a less serious nature. In short, the mistrustful tended to be more critical of misconduct, even when it was not proved and was relatively minor. This may explain why corruption represents
such a serious challenge to the democratic political systems of European countries, even though they apparently experience less corruption than other areas of the world:

If political scandal both contributes to a decline in political trust and is itself conditioned by political trust via citizens’ interpretations of their politicians’ behaviour, then the downward spiral of trust is reinforced as low trust breeds scandal and scandal in turn leads to lower trust. Such a cycle is difficult to break and suggests that widespread distrust may, at least in the short to medium term, become the new norm in modern democratic societies. (Wroe et al. 2013: 192)

It is therefore small wonder that recent years have seen various manifestations of a ‘crisis of democratic engagement’ in Europe – falling party memberships, declining voter turnouts, the rise of extremist parties, party-system transformations and diminishing levels of trust in politicians – all betokening a widening gap between citizens and institutions. By revealing how the well-connected have been able to avoid some of the worst consequences of austerity suffered by ordinary citizens, recent corruption scandals in Europe – from the outcry forcing the resignation of Czech prime minister Petr Necas in June 2013, to suggestions that Spanish prime minister Mariano Rajoy had been the recipient of illegal cash donations to his People’s Party, to the allegations of tax evasion against a junior minister in France – have created the impression of states captured by special interests. The first of these cases was particularly ironic, involving as it did the arrest of, among others, a close Necas aide accused of having bribed troublesome MPs from the prime minister’s own party to resign their seats and of having illegally ordered the military intelligence service to spy on a number of individuals. The irony arose from the suggestions of commentators that the actions of the anti-organized crime unit responsible for the arrests were the consequence of reforms that had been championed by Necas himself to eliminate corrupt practices deeply rooted in the institutions of government of the Czech Republic (Cameron 2013). By illustrating how – here, through bribery – mechanisms of public accountability have been subverted by considerations of private gain, this case and others like it have bolstered the general sense of disenchantment. At a time of economic crisis, they have arguably helped to reinforce the link between opposition to austerity and the critique of the quality of representative democracy (with demands for new, more participatory forms) that has been so much in evidence in the protest movements (such as the Indignados and ‘Occupy Wall Street’) that have agitated in various countries of Europe and elsewhere (della Porta and Andreatta 2013).

This ‘new norm’ of mistrust helps explain why anti-corruption strategies and policies – usually the product of the exposure of corrupt practices – may have little effect, which brings us to the final topic in this chapter.

Anti-corruption efforts and their limits

Anti-corruption efforts appear to vary quite considerably among European countries, both quantitatively and qualitatively. At one extreme, the UK has in recent years seen a plethora of anti-corruption and related legislation, culminating in the passage of the Bribery Act of 2010. Among other things, this measure outlaws bribery directed at anyone, not just public officials, and the obligations it places on individuals and companies to prevent bribery are so extensive that it has been called ‘the toughest anti-corruption legislation in the world’ (Verschoor 2011). At the other extreme, Tangentopoli notwithstanding, many have judged Italy’s recent record as disappointing: Alberto Vannucci (2012: 257–63), for example, argues that some positive
measures have been outweighed by *ad personam* legislation favouring Silvio Berlusconi, which has hampered anti-corruption efforts through both its symbolic connotations and its practical consequences that impede the work of the judiciary. Some of the greatest obstacles in recent years have been faced by the former communist countries, which in the years following 1989 were obliged to establish and foster new political structures embodying the rule of law, just at a time when – due to the fragility of the new structures themselves, the simultaneous process of economic transformation, the communist legacy and the poor role models offered by the West – corruption seemed to be widespread and growing.

Generally speaking, it would appear that there remains much to do to combat the spread of corruption in Europe. Synthesizing the findings of National Integrity Systems assessments carried out in 25 European countries in 2011, a Transparency International (2012: ch. 7) report identifies in some detail the extraordinary volume of legislation and regulation necessary across Europe to reduce the incentives and opportunities for corrupt practices, many of which inevitably stem from the factors at the roots of corruption. The necessary reforms include: the development of mandatory guidelines on party funding (including rules for the disclosure of donations); the establishment of ceilings on donations; the introduction of limits on donations to parties; an end to anonymous donations; more robust regulatory and monitoring agencies; mandatory registering of lobbyists; online availability of lobbyist registers; the establishment of codes of conduct for lobbyists, with clear sanctions for breaches of lobbying guidelines; the recording of lobbyists’ contacts with public officials over time; the establishment of codes of conduct for parliamentarians, including clear rules on the declaration of interests; improved access to information regulations and practice; the review and closure of loopholes in public procurement practices; measures equipping procurement oversight bodies with the wherewithal to carry out proper monitoring; improvements in the protection of whistleblowers; and the promotion of whistleblowing as an effective tool to combat corruption.

Of course, one of the most significant problems facing national governments – a problem that has become increasingly apparent since the 1990s – is that corruption spans international borders; consequently, there is an increasing need for international cooperation to address it. This has led to the emergence of novel international regimes in the field of corruption prevention and control, including at the European level, with the objective of establishing greater uniformity in anti-corruption efforts across the continent. The three main regimes are described below.

First, there is the Group of European States Against Corruption (GRECO), which was set up in 1999 and includes all 47 members of the Council plus Belarus and the United States. Its objective is to bring about improvements in the domestic anti-corruption legislation of each of its members by monitoring their compliance with the organization’s strictures on the issue and through peer pressure. Second, there is the European Union Anti-fraud Office (OLAF), which was set up in 1999 as the successor to UCLAF (*Unité de coordination de lutte anti-fraude*), an organization that was perceived as having fallen short of its responsibilities in light of the resignation of the EU Commission. The purpose of OLAF is to conduct investigations into allegations of fraud, corruption and similar forms of misconduct within EU institutions (internal investigations) and outside them whenever funds derived from the EU budget are at stake (external investigations), and to advise EU institutions and their representatives on the development of anti-fraud legislation and policies. OLAF is part of the EU Commission but has budgetary and administrative autonomy designed to make it operationally independent. Third, there is the Stability Pact Anti-corruption Initiative (SPAI) – renamed the Regional Anti-corruption Initiative (RAI) in 2007 – which was set up in 2000 on the initiative of the Stability Pact for South Eastern Europe, an entity that, since 1999, has brought together the states in the region.
itself (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Moldova, Romania, Serbia and Macedonia), the EU member states and a range of other states and international organizations. The purpose of RAI is to provide incentives to the states of South-eastern Europe to reform their domestic institutions and procedures in ways that will enhance their capacity to prevent corruption (Council of Europe 2013). Since 2007, RAI has been involved in a range of initiatives, including the sponsorship of summer schools for junior magistrates in the region, the maintenance of an Integrity Experts Network and the production of public service videos on corruption distributed in the local language of each member country.

As well as being influenced by the above-mentioned regional-level structures, European states’ anti-corruption efforts and strategies are of course also influenced by organizations with a global reach: in particular, the OECD, the UN and international NGOs. The UN’s Convention against Corruption (UNCAC), which came into force in 2005, requires its signatories to take effective anti-corruption measures (by ensuring the existence of independent anti-corruption bodies, the transparent recruitment of public officials, codes of conduct, etc.); to criminalize a wide range of corrupt acts; to work collaboratively to prevent and investigate acts of corruption and to prosecute those involved; and to provide cooperation and assistance to one another in attempting to recover the proceeds of corruption. NGOs, whose activism has increased significantly in recent decades, have helped enhance anti-corruption efforts and capacities through the full range of activities used by pressure groups to promote a cause, including the provision of advice. For example, Transparency International had significant input in the development of the UNCAC (UNCAC 2014).

Naturally, assessment of the impact of these international regimes and NGOs is rendered difficult by the impossibility of accessing both evidence of what would have happened otherwise and direct evidence of corruption. On the one hand, there is a widespread perception that international institutions are inherently weak, owing to their inability to enforce decisions. For example, notwithstanding the existence of the OECD Convention against the bribery of foreign public officials, when it came to light in 2006 that the UK Serious Fraud Office was investigating allegations that British Aerospace had been involved in bribing members of the Saudi royal family to obtain a lucrative arms contract, Prime Minister Tony Blair was able to halt the investigations on the basis of ‘public interest’ arguments (e.g. the consequences for British jobs). Clearly, this decision was driven by the calculation that there was more to lose than to gain in this case by actions consistent with international treaty obligations (BBC News 2006). On the other hand, there is a good deal of interdependence between states, and it would be absurd to suggest that international obligations count for nothing. Regional and global regimes such as GRECO and the UNCAC do place national-level policy-makers under some pressure to take action and to account for themselves to international partners on whom they are dependent in various ways. GRECO, for instance, publishes its evaluation and compliance reports online, and when its website features a story declaring that a country like Finland ‘has an effective system for preventing corruption among members of parliament, judges and prosecutors’ but that ‘there is still room for improvement – particularly with regard to conflicts of interest among parliamentarians’ (Council of Europe 2013), it stretches credibility to suggest that this does not have a significant impact. The UNCAC also carries some force: it is not just a document to be signed, but rather a set of institutions designed to drive forward implementation of the Convention, along with procedures for monitoring signatories’ compliance. In short, anti-corruption efforts in Europe clearly take place in a context of multi-level governance, within and above states, that is not without consequence for the incidence of the phenomenon itself – or at least for the rigour with which the authorities tackle it.
Political corruption in Europe

Conclusions

It remains unclear to what extent anti-corruption reform actually works. Apart from the question of the conditions under which specific reform efforts will be successful, there is also the question of the extent to which they actually assuage public concerns. For example, in the UK reform efforts have failed to coincide with significant improvements in perceptions of the integrity of public office holders (Newell 2008). The relationship between mistrust and perceptions of misconduct was noted above, and this dilemma may reflect something resembling Tocqueville’s paradox: just as in France, where ‘steadily increasing prosperity, far from tranquilizing the population, everywhere promoted a spirit of unrest’ (Wolf 1970: 790), anti-corruption efforts may have the effect not only of keeping the public profile of the corruption issue high but also of maintaining, if not increasing, levels of mistrust of public officials and institutions. If this is the case, then corruption may represent the most significant challenge facing European democracies today.

Notes

1 Much of this legislation was prompted by the work of the Committee on Standards in Public Life, established in 1994 in the wake of a long series of allegations of abuse as a standing body ‘to advise the Government of the day’ (Cabinet Office 2001: 3).
2 Advanced by Transparency International itself, the concept of a ‘National Integrity System’ refers to the range of institutions in a country – from business and the media to political parties, the judiciary and the legislature – that have a role in erecting barriers against corruption and other abuses of power, and that ideally ensure that these barriers are robust.

Bibliography

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