

# A Barrier to Democracy: Corruption in Former Soviet Eastern Europe

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## KEYWORDS:

democracy, corruption, Eastern Europe

## Abstract

One of the difficulties that a country faces when working toward democratization is the corruption that may run rampant in their government. This paper will analyze corruption in government and how it affects democracy, particularly in four of the former Soviet Union countries that are located in Eastern Europe: Moldova, Ukraine, Belarus, and Georgia. Qualitative and quantitative analysis is provided regarding each of the four former Soviet Union countries listed. By using the Corruption Perceptions Index (CPI) scores given by Transparency International, the countries are compared and contrasted in order to examine how their corruption has changed over time and how their situations and governments have affected their level of corruption. Scores given to each of the countries by Freedom House are also used to compare democracy. CPI and Freedom House scores are used in conjunction to analyze the relationship between corruption and democracy and to locate a correlation between the two. After analysis of the democracy and levels of corruption in each country in the study and seeing the correlation, it is clear that democracy and corruption affect each other.

## Introduction

When a country is striving toward democracy, one of the biggest issues is the possibility of corrupt officials holding positions of power. According to the website Transparency International, corruption is defined as “the abuse of entrusted power for private gain. It can be classified as grand, petty, and political, depending on the amounts of money lost and the sector where it occurs” (Corruptions Perceptions Index, 2017).

Due to the large impacts that corruption can have on a newly-established or even a well-maintained democracy, it is important to understand those impacts, the relationship between corruption and democracy, and how countries can move away from corrupt practices. The problems are especially evident in post-Soviet Union Eastern Europe.

After the fall of the Soviet Union in the late 1980s and early 1990s, the former Soviet countries were left on their own. As a result, corruption that became commonplace during the time of the Soviet Union not only continued, but flourished. This paper will analyze the relationship between corruption and democracy in general and specifically regarding four post-Soviet Union Eastern European countries: the Republic of Moldova, Ukraine, the Republic of Belarus, and Georgia. Qualitative and quantitative evidence will illuminate the relationship between corruption and democracy in the case studies those countries.

## Literature Review

There is no government that has not experienced some degree of corruption, but the scope of corruption varies between different countries.

Charron and Bagenholm (2016) claim that corruption not only results in mistrust of politicians and disbelief in the claims or promises that they put forth, but also other undesirable consequences. They state that some of these undesirable consequences are less economic development within the country, more inequality—both based on demographics and income inequality—poor health outcomes and environmental conditions, and less trust in the government, which in turn affects the morale of the people and creates a less happy population. They go on to explain that when citizens feel as if their government is not listening to them, they are less likely to be happy with the governmental structure and the system as a whole.

Democracy can be corroded away—a basis of democracy is the concept of politicians representing citizens, and when they are not doing that, it takes away the essence of democracy. According to Diamond (2008), there are few things that will

erode away trust in government as quickly and effectively as corruption will, and citizens should expect their representatives in government to abide by the same laws and rules that the citizens must.

There are many essential parts of a democracy, some of which concern corruption. According to Charron and Bagenholm (2016), one of these most central parts is electoral accountability, which operates by punishing politicians that are clearly corrupt and behaving inappropriately in their position of power, and by rewarding those politicians that don't misuse the power that they have obtained. Charron and Bagenholm explain that by voting out the politicians that are not in line with the interests of the citizens or that demonstrate corrupt motivations, people are able to clearly show their government officials that they do not support their behavior and refuse to accept failure, mismanagement, and criminal activities engaged in by their representatives.

Thoughts by Diamond (2008) demonstrate the expectation that the citizens in a democracy place on their government officials and representatives to follow the laws that all of the citizens have to follow and to represent the citizens' interests in government to the best of their ability. When it is proven that officials are corrupt and are not doing that, it prevents citizens from trusting in those people—or perhaps the system of government—in the future.

According to Drury, Kriekhaus, and Lusztig (2006), democratic institutions are important in order to prevent corrupt authoritarian leaders from taking over. But if there are already corrupt authoritarian leaders in the government, it is nearly impossible to establish and maintain these democratic institutions in order for them to do their job; they need to be implemented before those corrupt officials have gained power. They argue that democracy doesn't only decrease the level of corruption that is within a government, but democracy also affects the nature of the corruption. They support their argument by saying that because citizens in a democracy hold power, they are able to vote politicians out, and therefore the level of corruption decreases. Politicians may not act corruptly not because they are concerned for the well-being of their country and government, but because they are worried about holding their jobs and keeping the power—however minimal it may be—that they possess. However, the authors make the point that in cases of corruption that may have very minimal consequences, such as nepotism or small bribes, corruption in the democracy may be unabated due to the benefits outweighing the minor political costs that may come as a result.

The position taken by Drury, Kriekhaus, and Lusztig (2006)

seem to be supported by Rose-Ackerman (1996). According to Rose-Ackerman, democracy is the least corrupt form of government due to the fact that the need for reelection outweighs the short-term benefits that a politician could earn from corruption. She states that "the protection of civil liberties and free speech, which generally accompany democratic electoral processes, make open and transparent government possible" (Ackerman, 1996, p. 83). Because of this, corruption thrives more in an authoritarian or totalitarian regime than in democracy. The author also makes it clear that corruption in any form or case by a politician in a democratic state reduces the legitimacy of the democracy and the state.

Warren (2004) claims that there are many different pathologies of politics, and the one that thrives the most in democracies is political corruption. This is different from the other literature surrounding this topic, as other literature points to political corruption not being able to thrive due to the institutions set up in a democracy. Warren even makes the statement that corruption in a democracy may have the potential to be beneficial, by "lowering transaction costs, reducing the inefficiencies of cumbersome rules, and generally making things happen" (Warren, 2004, p. 328). Despite this, he does accept that corruption undermines the political culture that surrounds democracy, and can cause citizens to become cynical toward their government and its officials, whether or not each official has been proven to be corrupt or not.

According to Azfar, Lee, and Swamy (2001), citizens respond to the services that they are provided by public officials as what is referred to be a tip, or even a gift. In Western countries this may seem corrupt, but in their cultures it is normal and customary. The authors point out the necessity of defining corruption, due to the fact that the lines can be extremely blurry in what is or is not considered corruption. Among these blurry qualifications of corruption are at what point a tip or gift becomes a bribe and how campaign donations and financing can potentially be considered corruption, citing that in America, campaign donations serve the same roles and purposes that corruption may serve in other countries.

Similar to Warren (2004), Azfar, Lee, and Swamy (2001) are able to recognize the potential benefits of low-levels of corruption in some states. They state that corruption has the possibility to be socially advantageous. They give the example of a government employee that doesn't make much money and due to that, is unmotivated to effectively perform the work that they have to do. A small bribe—or tip, or gift—could potentially expedite the process and puts a bit of money in that employee's pocket, and in that case makes it a beneficial situation. While that is a specific instance that by no means applies to the majority of corruption, it is important to be aware of the variety of purposes that corruption may play in the state. Even in this

case, it does undermine democracy and unfairly favor those who have the money to pay a bribe.

In total, the literature seems to emphasize the point that corruption ideally has no place in a democratic system. While there are small benefits that can occur on an individual basis from corruption, overall it tends to hurt the system. Corruption favors the rich and the poor are treated unfairly, therefore widening the economic income inequality gap and undermining the entire concept of democracy where everyone is equal and citizens' best interests are served in government. Thus, our expectation is that we will find a negative relationship between corruption and democracy in our analysis of post-Soviet Eastern European states.

## Methods

A helpful tool in analyzing the level of corruption that is present in countries across the world is the Corruption Perceptions Index (CPI). The CPI is maintained and was created by Transparency International. The methodology is relatively simple; all countries are scored and ranked according to the same scale, focusing on corruption such as nepotism, bribery, and public office usage in order to gain privately. Country experts and business people score each country, based on set criteria, every four years (Corruption Perceptions Index, 2017). The scoring process by Transparency International is as follows (2017):

"Standardise data sources to a scale of 0-100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption. This standardisation is done by subtracting the mean of each source in the baseline year from each country score and then dividing by the standard deviation of that source in the baseline year. This subtraction and division using the baseline year parameters ensures that the CPI scores are comparable year on year since 2012. After this procedure, the standardised scores are transformed to the CPI scale by multiplying with the value of the CPI standard deviation in 2012 (20) and adding the mean of CPI in 2012 (45), so that the data set fits the CPI's 0-100 scale".

After three sources assess each country, the average is calculated and a score is given, with lower values denoting more corruption while higher scores imply less corruption. According to the score that is given, the countries are ranked relative to one another. There are 180 countries that are ranked, therefore each country is given a ranking between 1 and 180.

## Corruption and Democracy in Eastern Europe

Corruption is a problem that post-communist Eastern Europe has been dealing with for decades. Ever since the start of the fall of the Soviet Union in the late twentieth century, many of

**Table 1. Perceived Corruption in Eastern Europe**

Country	2018	2017	2016	2015	2014	2013
Moldova	33	31	30	33	35	35
Ukraine	32	30	29	27	26	25
Belarus	44	44	40	32	31	29
Georgia	58	56	57	52	52	49

Source: Corruption Perceptions Index

**Table 2 Freedom House Scores of Eastern Europe**

Country	2019	2018	2017	2016	2015	2014
Moldova	58	61	62	60	63	64
Ukraine	60	62	61	61	62	55
Belarus	19	21	20	17	14	14
Georgia	63	64	64	64	64	63

Source: Freedom House

those countries have had to work on their own democratic governmental systems. In the cases of Moldova, Ukraine, Belarus, and Georgia, none of those countries are considered to be full democracies. Working toward a democratic system has proven difficult, in part because of the corruption that is present. Table 1 shows perceptions of corruption that were sourced from the Corruption Perception Index.

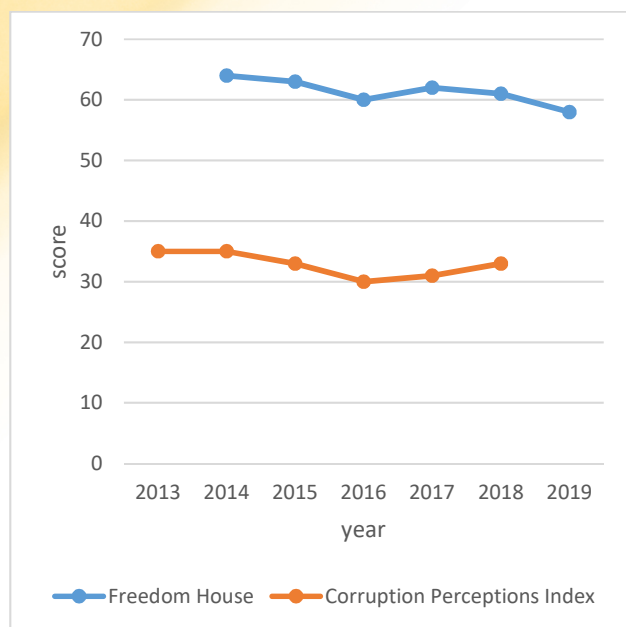
According to the Corruption Perceptions Index, Eastern Europe is among the worst regions in the world for corruption with an average CPI score of 34 (Corruption Perceptions Index, 2018). Diamond (2008) also brings up the point that in most post-Soviet countries, democracy is not the norm. Older generations were born during communism and authoritarianism; the Soviet Union was the only government they knew for a long time. Because of that, it's difficult to establish strong democracy, especially because of the political culture of the people. He explains that due to the corruption of the Soviet Union, the citizens in post-Soviet countries have a general mistrust for the government. Democracy is difficult to maintain, and impossible to not have corruption undermine it in some way. Some degree of corruption can be seen in all post-communist Eastern European countries, particularly Moldova, Ukraine, Belarus, and Georgia.

An indicator of the level of democracy of a country is the score that it is given from Freedom House. Higher values indicate a higher level of democracy, while lower values indicate a lower level of democracy. Table 2 shows the values given by Freedom House measuring democracy in Moldova, Ukraine, Belarus, and Georgia from the years of 2014 to 2019.

The emphasis of this paper is on corruption in government and its relationship with democracy, so it is useful to compare the aggregate scores provided by Freedom House over time with each country and in relation to their CPI scores. The data from the CPI consists of the years 2013-2018, while the Freedom House scores are from 2014-2019. This is due to the fact that the CPI has not yet released their 2019 scores, and Freedom House does not have aggregate scores for countries before 2014. The years were chosen in order for them to overlap as much as possible and while still providing six years of data.

## Moldova

The Republic of Moldova is a post-communist country that was at one time a part of the Soviet Union. Moldova declared its independence in 1991 after the dissolution of the Soviet Union had begun, and continued to create its own constitution



**Figure 1:** Freedom House and CPI's for Moldova.

in 1994. Moldova was one of the only former Soviet Union countries that had some aspects of democracy right after the fall of the Soviet Union (Diamond, 2008).

Despite being independent for a few decades, corruption remains normal in Moldova (figure 1). According to Freedom House, "Corruption remains a widespread problem at all levels of government, and existing anticorruption laws are inadequately enforced. In a report published in 2017, the National Anticorruption Center recorded a 23 percent increase in corruption cases in 2016 compared to 2015" (Freedom House, 2018).

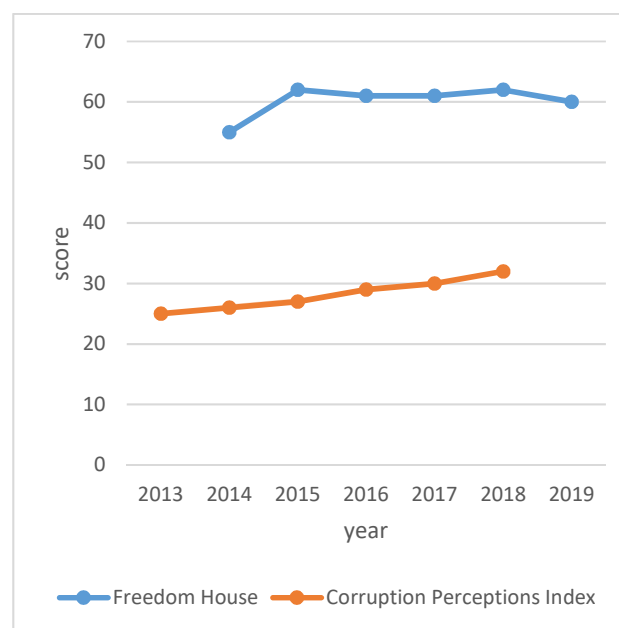
Regarding the transparency of the government of Moldova, Freedom House also states that "the government does not operate with transparency. Most political activity takes place behind the scenes" (Freedom House, 2018). When such political activity is not permitted to be in the public eye, it is worrisome. Citizens are unable to be involved in the amount of politics in which they should be involved, and that is a problem when the country is working toward being a real democracy.

Moldova is riddled with economic crime and corruption. According to Lilia Carasciuc, the cause and baseline of this corruption is the "lack of control of state employees' activity and a low enforcement rate, as a well as delays in the payment of wages for state workers" (Carasciuc, 1999, p. 128). When state employees are not monitored and are not held accountable for their actions, that is when corruption is able to run rampant and it is evident that this has occurred in Moldova.

Moldova is ranked low on the Corruption Perceptions Index with a score of 31, ranking 122nd out of 180 countries that were scored (Corruption Perceptions Index, 2017). Unlike the other countries that will be discussed, Moldova's score has been decreasing over time, holding a 36 in 2012 and a 31 in 2017. Corruption is rampant there, and it could be concluded that because of that, their democracy has weakened. That low score is only second lowest to Ukraine, and is a few points lower than the average CPI score for Eastern Europe. Moldova's Freedom House score has steadily decreased at a rate similar to its CPI, with a Freedom House score of 64 in 2014 and 58 in 2019. Both scores have decreased around the same time, which indicates a relationship between corruption and democracy. Upon a correlation test from the years 2014-2018 (as those are the years where there are both CPI and Freedom House values available), it was discovered that the R value of Moldova's Corruption Perceptions Index and Freedom House scores is 0.811, indicating a strong positive correlation between levels of corruption and democracy.

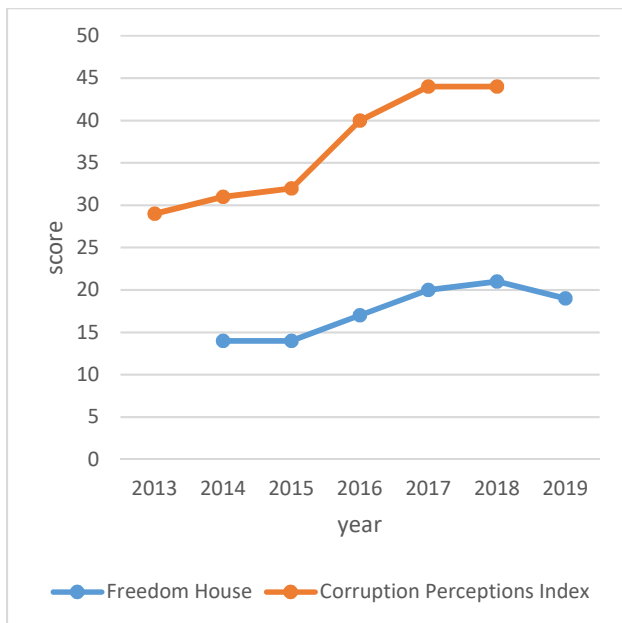
## Ukraine

Similar to Moldova, Ukraine was part of the Soviet Union. While Moldova has an extremely low score on corruption, according to the Corruption Perceptions Index, Ukraine is even lower (figure 2). With a score of 30 and a ranking of 130, it is clear that the country has some problems with corruption. Despite having a low score as of 2017, it is important to note that in comparison to past years for Ukraine, the score has been steadily increasing over the years.



**Figure 2:** Freedom House and CPI's for Ukraine.





**Figure 3:** Freedom House and CPI's for Belarus.

Corruption is one of Ukraine's biggest problems and threats to democratic growth, so much so that the government—from pressure from external factors such as a desire for foreign investment—turned toward legislation to try to decrease it. In 2010, former Ukrainian President Yanukovich—who later was removed from power in 2014—proposed a law in order to decrease corruption (Hitch & Kuchma, 2011, p. 844). Despite efforts such as this, corruption has continued.

Ukraine's government actually puts surprisingly little effort into dealing with corruption. For example, in 2017, the National Anti-Corruption Bureau of Ukraine spearheaded a case against Ukraine's National Agency on Corruption Prevention due to allegations of extortion schemes (Freedom House, 2018). Dismissals and other shady business within Ukraine have even caused European Union officials to express concern about Ukraine's corruption problem. Ukraine is improving according to their Corruption Perceptions Index score in recent years, but out of the four countries discussed in this paper, they have the lowest score and are well below the average CPI score for the region. According to the analysis and research, it would be surprising for Ukraine to make any substantial strides in the near future regarding corruption and democracy.

Unlike Moldova, their Freedom House score has been consistently increasing over the years, indicating improvement in their democracy. This steady increase in the Freedom House scores also correlates with a steady increase in CPI scores. Just like in the case with Moldova, the scores indicate a relationship

between democracy and corruption. After a correlation test with the CPI and Freedom House scores for Ukraine from 2014-2018, there is an R value of 0.646, indicating a positive correlation. This correlation is not as strong as the one seen with Moldova, but still strong enough to take note of. As Ukraine's CPI score increases, indicating that corruption has gotten lower, the Freedom House score increases as well.

## Belarus

Belarus, formally the Byelorussian Soviet Socialist Republic, has a higher CPI score than Moldova and Ukraine, but still has a low score compared to most of Europe (figure 3). Even though it is a low score compared to Europe as a whole, it is a relatively high score for Eastern Europe. As of 2017, Belarus has a score of 44. It is a bad score, but it isn't as low as one might think for that country. It's above the average of Eastern Europe, and has substantially increased, gaining 15 points in four years (Corruption Perceptions Index, 2017).

Belarus is generally considered a dictatorship, as its president has been in power for 24 years and is currently in his fifth term in office (Besemeres, 2016). Belarus undeniably lacks a main feature of democracy: free, fair, and frequent elections. None were shocked when President Lukashenka emerged victorious in every election. President Lukashenka has had an interest in the European Union, and in order to achieve some credit with them and potentially get some financial backing, he worked to disguise the presidential election and campaigns to appear legitimate. This fell apart when, during a political demonstration against the regime, the members of his security forces beat up and arrested hundreds of citizens, truly showing the corrupt nature of the government system and how far it really was from being a democracy (Besemeres, 2016).

Unsurprisingly, with a lack of democratic accountability and institutions in place comes large amounts of corruption. Corruption is only further fed by the fact that the vast majority of the economy and the media is controlled by the government, that there is no accountability or transparency within the government, and there aren't bodies in place to investigate and bring forth corruption cases (Freedom House, 2018). It's clear that Belarus is not making the same kind of strides toward minimizing corruption and becoming a true democracy that many Eastern European countries are.

Belarus was given extremely low scores from Freedom House, but they have been gradually improving, similar to their CPI scores. As seen in the cases of Moldova and Ukraine, the Freedom House and CPI scores for Belarus indicate a relationship between democracy and corruption, as they increase together and decrease together. As for Belarus's correlation test for the years of 2014-2018 between the CPI and Freedom House scores, there is an R value of 0.974,

suggesting an extremely strong positive correlation and relationship between corruption and democracy in Belarus.

## Georgia

While Georgia is by no means a healthy democracy, it is by far the least corrupt country out of the sample chosen for this analysis (figure 4). With a 2017 Corruption Perceptions Index score of 56—a large leap from its score of 49 in 2013, and over 20 points above the Eastern European regional average score—it's clear that the government is consciously making strides toward removing corruption. There has been quite a bit of progress against petty corruption, but there are not the high levels of enforcement of anticorruption measures that the country needs (Freedom House, 2018).

Georgia has free, fair, and frequent elections for the most part, and is working toward making changes to their constitution that will help increase their electoral systems. It could be predicted, based on the information that is given, that Georgia will continue improving. According to the road that Georgia is on, it will most likely become a stronger democracy as time goes on, and corruption will continue to diminish. The corruption in place can definitely hinder the democracy, but Georgia is making conscious anti-corruption efforts in order to prevent this as much as possible.

For Georgia, while their CPI score has increased from 2012 to 2017, their Freedom House score has stayed very constant at a score of 63 or 64 from 2014 to 2019. This doesn't indicate a relationship or correlation between corruption and democracy like the other countries discussed, but does not indicate a lack

of a relationship either. In regards to Georgia's correlation test between CPI and Freedom House scores over 2014-2018, it has the weakest correlation out of the countries included in this study with an R value of 0.593, which still indicates a positive correlation.

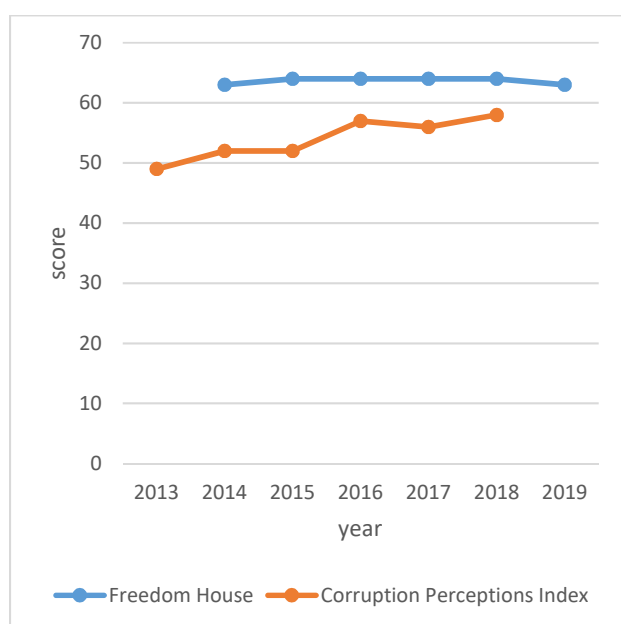
## Conclusion

After analysis and research on corruption and the role that it plays in democracy and in former Soviet Eastern European countries, it is clear that corruption has no place in a democracy. Based on the research that has been done and comparing the CPI scores and Freedom House scores, it is obvious that there is a positive correlation between democracy and corruption. This correlation is clear when looking at the scores for Moldova, Ukraine, and Belarus. Corruption and democracy do not act independently and they do affect each other, which is indicated by the positive correlation in CPI and Freedom House scores. All four countries had an R value on the correlation test that indicated there was a notable correlation between corruption and democracy.

Due to the fact that the entire claim of democracy is that it is a government for the people by the people, it is not fair nor morally correct for politicians and government officials to take advantage of the system for their own personal gain. When corrupt government officials only look out for themselves, there is a lot that the country—and its citizenry—has to lose. Every country has a different way to deal with corruption and has to find a method of keeping their officials accountable that works for them. Corruption doesn't only affect the people directly tied to it; it hurts the entire political system in some way, and can hurt many people indirectly. Corruption undermines efforts that countries make to democratize.

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**Figure 4:** Freedom House and CPI's for Georgia.

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