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## **CORRUPTION IN MACEDONIA: FIGHTING A BATTLE WITH INADEQUATE WEAPONS**

### **Introduction**

Corruption, scholars agree, is one of the biggest obstacles for democratization and economic development in any country, negatively influencing almost every aspect of the public life. Each year, a number of international organizations publish country evaluation reports encouraging greater awareness about the state of corruption. While the level of corruption varies among European countries, according to the reports Eastern European countries have traditionally been marked with drastically higher levels of corruption - a feature usually connected to the legacy of communism. In the Balkans, corruption seems to be particularly high. The 2011-2012 European Commission Enlargement Strategy notes that “the fight against corruption is one of the key challenges for the rule of law in most enlargement countries” and it is “affecting not only citizens’ everyday life in vital areas such as healthcare and education. It also has serious negative impacts on investments and busi-

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ness activities and damages national budgets, especially concerning public procurement and privatization” (European Commission, p.5). For Macedonia in particular, the 2011 Progress report points that some progress has been made in introducing some legislative measures, however “corruption remains prevalent in many areas and continues to be a serious problem.” (European Commission, p.1 5). Numbers of other international reports that will be discussed below in detail have come to the same conclusion. Various public surveys moreover suggest that the people in Macedonia share the same view – corruption in the country is widespread, and is one of the biggest problems in society.

This paper argues that, despite the fact that almost all governments have named the fight against corruption as their priority, the measures undertaken are firstly not properly implemented due to a lack of political will; secondly, they are insufficient and inadequate, because they disregard the historic, cultural, social and economic predispositions to corruption in Macedonia. The main claim is that an efficient anticorruption policy requires more in-depth understanding of the root causes of corruption in Macedonian society and its main features: the historical legacies, the established norms and principles that govern the society, and the prevailing mentality.

The paper starts with a description of the reforms made in fighting corruption in Macedonia, which are evaluated as still inefficient by the relevant organizations. What is suggested is that anticorruption policy in the country is more on paper than real, and it is further supported by the findings of numerous reports, surveys and media stories that indicate that in Macedonia corruption is an established practice and part of how the society functions. The origins of such practices trace back to communism, but are also outcomes of historic and economic occurrences during the transition process. It is argued that precisely these circumstances contributed to the creation of what Allina Mungiu-Pippidi describes as a “particularistic” society, where status and personal connections, rather than universalistic principles drive society and provide an environment in which corruption flourishes. In relation to the origins of corruption, social trust and public spiritedness are also analyzed in the paper, since there is a close correlation between them and how they influence corruption in Macedonian society. The paper examines how social trust, which in terms of general trust, and trust in institutions seems to be particularly low in the country on one hand, and a very high level of particularistic trust on the other, directly undermine the institutions and anticorruption measures and even further contribute to spread of the corruption. Additionally, public spiritedness, which is often

neglected, should also be taken into consideration when creating appropriate policies. The last part of the paper analyzes corruption in Macedonia in detail, following a categorization of post-communist corruption introduced by Rasma Karklins, emphasizing that how this problem is far deeper and more damaging for the political and economic development of Macedonia than some of the corruption reports indicate.

### **The state of corruption in Macedonia**

According to a recent study conducted by the United Office on Drugs and Crime (UNODC) and the EC, people in Macedonia see corruption to be among the biggest problems in society, after unemployment and poverty (UNODC 2011). The Transparency International Perception Index gives Macedonia a score of 4.1 for 2010, on a scale from 0 -10 (0-highly corrupt, 10-clean), similar to the neighboring countries. While the score remains to be low, improvement can be noted from the 3.8 of the previous year, and a constant improvement from the years before (3.6 in 2008, 3.3 in 2007 and 2006, 2.7 in 2005). However, the Transparency International Corruption Barometer that measures the actual level of corruption does not suggest such significant improvement, similarly, nor do other international reports. The improvement in the perception is mainly due to two factors: the government efforts made in the area of fighting corruption and its ability to advertise the policies and the measures taken to the public. So far, numerous legislative acts have been introduced. The Law for preventing corruption brought in 2002 has been amended three times, lastly in 2008 to accommodate the European Commission's remarks and other recommendations. Also, the Law for the prevention of conflict of interest adopted in 2007 was further amended, following the adoption of the State Program for prevention and lowering the conflict of interest which was adopted in 2008. Similarly, a new State Program for prevention and repression of corruption 2011-2015 was also adopted. Legislative amendments were made for implementing GRECO's third round recommendations regarding the incrimination and transparency of party funding. The amended Criminal Code which will be applicable from November 2012 redefined the scope of incrimination for bribery and trading in influence and it additionally introduced criminal liability for not reporting electoral campaign funding. The Code moreover strengthens the role of the public prosecutor in pre-trial procedure and introduces a number of special investigative measures. A number of criminal charges have been brought in the past years against policy offices for criminal offences and alleged abuse of an official posi-

tion. As the EC 2011 Progress Report notes, “on the whole the number of instances of corruption among the border police has been decreasing as a result of anti-corruption programmes, anticorruption training, CCTV monitoring and salary increases. “ (European Commission 2011, p.13). The report emphasizes however that “the capacity of the judiciary to deal with sensitive high level corruption cases remains weak. The lack of systematic content checks on asset declarations and conflict of interest statements hampers the effectiveness of the reporting obligation in deterring corruptive practices in the public administration.” (ibid, p.14).

It is also highlighted that, in practice, conflicts of interest are not sanctioned and “institutional structure for addressing campaign financing and the sanctioning system remain unclear” (ibid, p.15). Further on, the internal control mechanisms in public administration are evaluated as still very weak.

Slagjana Taseva, the president of Transparency International – zero corruption has noted that the fight against corruption in Macedonia exists only on paper: the relevant prosecuting authorities are still inefficient, as are the judicial rulings in the area of corruption. According to Taseva, more transparency working in government affairs and state organs is necessary, since the biggest complaints for corrupt behavior are directed specifically against them. The local government, judiciary, construction sector and urban planning are still the most corrupt sectors in Macedonia. (Taseva in Nova Makedonija)

### **Finding the core of the problem**

As the prominent Romanian expert on this issue Alina Mungiu-Pipidi notes, in the Balkans (and therefore in Macedonia), corruption is an established norm, a way of getting things done. Often, corruption is not recognised as such and is accepted as a common occurrence in society, especially since many corrupt acts are very frequently carried without money involved: as a return for a favor, or a reason to ask for a favor. According to a number of researches and media stories, this is often how an individual in Macedonia can receive preferential medical treatment<sup>1</sup>, get things done

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1 For example see: Center for Civil Communications (2006): Report on the corruption in the health system in Macedonia, available at [http://www.ccc.org.mk/attachments/012\\_report6\\_mk.pdf](http://www.ccc.org.mk/attachments/012_report6_mk.pdf), and Radio Free Europe: Corruption in the Health System, 20.04.2010 <http://www.makdenes.org/content/article/2018829.html>; accessed last 30.12.2011

in public administration offices, or get licenses and permits.<sup>2</sup> Other times, it is an established practice: certain price lists exist for buying a passing grade on a final exam from certain University professors<sup>3</sup>, or for avoiding customs tax<sup>4</sup>. A widely spread routine was even to pay lower price for a highway toll, by giving half the amount of money to the responsible person, who will then avoid reporting them<sup>5</sup>. As the 2011 UNDOC corruption report notes, in most cases corruption is also seen as barter, or as a nearly win-win situation, rather than as a corrupt action: a public officer, a doctor or a university professor receives money for which the client, the patient or the student is better treated; they save time, money, or get a better care. In other cases, it is how the rich, powerful and people with the “right connections” operate. According to the perception of the public in Macedonia, cronyism and nepotism seem to be the primary determinants for employment procedures in both public and the private sector (UNDOC 2011). The people in the right positions and access to money have the power to influence the judiciary, the government, and even the economic environment. As numerous reports show, the judiciary is by far considered the most corrupted sector, unable to stay independent from the influence of the government, citizens or private companies (World Economic Forum, 2011, 2010, 2009; European Commission 2011, 2010; UNDOC 2011, DG Research - European Commission 2004, World Values Survey 2001). The legitimacy

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2 For example see: Nova Makedonija: Corruption flourish no one can do anything (translated from Macedonian) 09.20.2010, accessed last 30.10.2011 and Jeton Shasivari: Corruption of officials as a serious threat for the rule of law in Macedonia, FriedrichEbert Stiftung, available at <http://www.fes.org.mk/pdf/Jeton%20Shasivari,%20KORUPCIJATA%20NA%20OFICIJALNITE%20LICA%20KAKO%20SERIOZNA%20ZAKANA%20ZA%20PRAVNATA%20DRZAVA%20NA%20MAKEDONIJA.pdf>; last accessed 30.12.2011

3 For example see: Anticorruption Macedonia: There are corrupt professors, but there is no body to report them, 20.03.2008, available at: [http://www.antikorupcija.org.mk/vnatresna.asp?lang=mak&section=novosti\\_detail&id=518](http://www.antikorupcija.org.mk/vnatresna.asp?lang=mak&section=novosti_detail&id=518); accessed last 20.12.2011 and: Transparency International Macedonia: Corruption in the high education - a taboo in Macedonia; available at: [http://www.transparency.org.mk/index.php?option=com\\_content&task=view&id=509&Itemid=57](http://www.transparency.org.mk/index.php?option=com_content&task=view&id=509&Itemid=57); last accessed 30.12.2011

4 For example see: International crisis group (2002), Macedonia’s Public Secret: How corruption drags the country down; available at: [http://www.crisisgroup.org/~media/Files/europe/Maced%20TRANS%20133.pdf](http://www.crisisgroup.org/~/media/Files/europe/Maced%20TRANS%20133.pdf) and SETimes: Macedonian border officers arrested; available at: [http://www.setimes.com/cocoon/setimes/xhtml/en\\_GB/features/setimes/features/2009/09/08/feature-03](http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2009/09/08/feature-03); last accessed 30.12.2011

5 For example see: Utrinski Vesnik: “Snake eye” filled the budget; 19.12.2007; available at: <http://vesnik.mk/?ItemID=C7257818EDC6BA4B9131143125F3C4B8>; accessed last 30.12.2011

of political financing for election campaigns is often found to be questionable and there are a number of high-level cases of misuse of public office or inconsistencies in public procurements procedures (UNDOC 2011, European Commission 2011, 2010, GRECO 2010, Freedom House 2011, 2010). Even the media, which was the only sector that enjoyed the trust of the majority of citizens, is now mostly seen as unreliable and compromised (Klekovski 2011 et al, European Commission 2011, and Freedom House 2011). Allegations for buying out votes during the last local and national elections also surfaced and were noted in some of the international reports (Freedom House 2011, European Commission 2011).

These features of corruption are identified by Rasma Karklins (2002, p.24) as characteristic for two types of higher-level corruption, which will be discussed further in detail: self-serving asset stripping by officials and “state capture” by corrupt networks. Karklins emphasizes that such corruption is more damaging for the society than the low level administrative corruption that is mostly characterised by the bribery of public officials to bend rules: “It is one thing for citizens to purchase public services, such as health care or higher education. But state legitimacy and efficiency are much more seriously undermined if judicial procedures and legal judgments are for sale, because the rule of law is at the heart of democracy, and undermining it severely limits accountability in all sectors of the state and public life.” (ibid, p. 24). Fighting a high level corruption has never been successful in Macedonia, and despite the reports or complaints by relevant institutions, individuals are rarely prosecuted, and even more rarely, convicted.

There are four potential reasons for this: there is a lack of appropriate policies for fighting corruption, lack of political will, the institutions which are supposed to be safeguarding and enforcing the anti-corruption policies are too weak, or those institutions are corrupted themselves.

Mungiu-Pippidi claims that few anticorruption campaigns dare to attack the root causes of corruption because “the anticorruption strategies are adopted and implemented in cooperation with the very predators who control the government and, in some cases, the anticorruption instruments themselves” (Mungiu-Pippidi 2006, p.91). She also notes that the core for understanding corruption lays in understanding the distribution of power in society, which, according to her, in the Balkans is founded on particularistic principles. Mungiu-Pippidi explains particularism as “characterised by the regular distribution of public goods on a non-universalistic basis that mirrors the vicious distribution of power within such societies” (ibid p.96). This means that people in particularistic societies are treated ac-

ording to their social status or power and the social group they belongs to; “a culture of privilege” - where the influence and the social position is the primary determinant. Mungiu-Pippidi emphasizes that due to this, legal mechanisms for fighting corruption “can be effective only after the essentials of particularism have been dismantled” (ibid p.96) and proposes a three-step-approach, concentrated on organizing the “losers” in the system against the status groups and elites. While the role of particularism in fighting corruption cannot be argued, it is up for discussion if such view is not too narrow; since it might exclude the other relevant features of the society crucial for the way corruption is functioning, especially in relation to Macedonia: public awareness and attitude, composition of the population, economic situation, and other adopted practices picked up not only during communism, but later on as well. Furthermore, while the idea she proposes for “alliances against corruption” of the most concerned factors (such as churches, unions, NGOs and independent media) seems attractive, I see it as more utopian than realistic. Successful anticorruption policies should incorporate bottom-up initiatives, but in cooperation with specifically designed governmental policies, and an innovative and more radical approach is necessary.

For such an approach to be effective there needs to be better understanding and in-depth analysis of the functioning of corruption and informal networks, the norms and practices that govern the society, and the roots of the distribution of power.

### **Origins of informal practices and corruption in Macedonia**

While it is generally accepted that corruption is widespread, and as old as society itself, particularistic behavior, the prevalence of informal practices and the widespread corruption in the Balkans is mostly associated with the legacies of communism and the large spoils made available after its collapse (Rose 1999, Holmes 1999, Sandholtz 2005, Mungiu-Pippidi 2006).

As Mungiu-Pippidi points, in order for the functioning of the corruption to be understood in the Balkan society, one needs to examine the structure of power. In doing so though, one should start by examining the formation of the structure of power since the communist period. Janos Kornai, a prominent scholar on communism, explains that the first and very important feature of the socialist countries was the existence of a largely centralised one-party system, in which almost all of the appointments were delegated from the top of the party apparatus. The appointed enjoyed numerous benefits and were able to use the state or the company resources for

personal use, as a substitute for the insufficient difference in salaries with the rest of the employees. It was these special privileges that contributed in the first place to the creation of what Mungu-Pippidi calls 'politocracies', where status became a crucial determinant for power. The individuals that enjoyed these privileges were further linked in status-based groups and networks, and since everyone strived to be part of them, status became the primary determinant that certain people were supposed to be treated differently. This led to the creation of status societies, as defined by Weber: "societies dominated by certain groups that eliminate the free choice of individuals, and hinder the formation of free market" (In Mungiu-Pippidi 2005). Because of this, the higher positions became even more lucrative. Since these positions were predominantly subjected to political and personal influence, the system created two externalities: first, the number of the "important" positions increased and second, the power struggle and the struggle for wider and more influential networks increased.

However, since the system developed into a situation where "everyone in the bureaucracy was at the same time a master and a servant"; it happened that too many people were "ordering the ones below" and at the same time they "must obey the ones above" (Kornai 1992, p. 41). The result was that huge interconnected networks were created from people motivated to acquire a better status. Since the resources were limited, the main capital was the access to networks and powerful people that were operating through mutual favours and corrupt practices, rather than on market principles. When the system collapsed, in the face of uncertainty and lack of predictability, the networks continued to operate, and became even stronger, as Ledeneva points, (2003) because they compensated for the inefficient workings of the formal institutions.

In absence of sound legislation, lack of knowledge and political will, privatization was conducted with lots of irregularities that further enhanced the advantageous position of the managers and the few individuals in power. Consequently, a small body of oligarchs and business elites quickly emerged that remain in a powerful position today. According to Mungiu-Pippidi, these individuals further grouped into status-based groups and networks, with disproportionally large access to public goods. During that time, people strived to be part of these networks, which broadened and increased in number, in line with the circulation of elites and the change of the political parties in power. While the Central European states were rapidly implementing rigorous reforms, the Balkans were caught up in a war, which for Macedonia turned out to be a huge obstacle to the economic development, alongside the difficulties that arose from the name dispute



with Greece (and the economic embargo). The later conflict in Kosovo, in Macedonia's immediate neighbourhood, and two years after that, the ethnic tensions that happened in Macedonia, which resulted in an insurgency in 2001, created even more fertile grounds for corruption and strengthened the already established networks.

According to the opinions organizations such as the International Crisis Group 2002, Hislope 2003, Freedom House 2011, it was during this period when corruption in Macedonia reached its peak, due to the opportunities for profiting from the illegal trade during the conflicts. The period since 2001 was devoted to implementing reforms and policies concentrated on addressing the problem with the corruption, however dismantling networks and established practices that characterise the corruption in Macedonia obviously will require further efforts.

### **Social Trust**

Corruption and social trust in the society are directly related. If citizens do not trust the state, the government, or the institutions, it is generally because people see them as corrupted. This means that a low level of social trust means a high level of corruption. A high level of particular trust though, or trust in kin on the other hand, and strong presence of bonding social capital, (for which high level of particular trust is an indicator), can positively influence the level of corruption, because people can simply commit bribery activities, relying on the mutual trust that they would not be caught. On other hand, a high particular trust means that people trust only exclusive groups of people, or relatives, which makes hard for outsiders to penetrate and expose the corrupt practices. The reason why it is important for trust in Macedonia to be analysed is precisely because Macedonia, according to the different surveys, fulfils all of the above-mentioned preconditions that allow corruption to flourish.

The results from different surveys (World Values Survey 1998, 2001, DG Research - European Commission 2005, Klekovski et al. 2010) showed that the Macedonian society is characterised by a very high level of particular trust and trust in kin, very low level of general trust and low level of trust in the state. The level of general trust in most people varies from 10 – 23 percent, while the particular trust was as high as 71 per cent of people trusting “only their own kin” (World Values Survey 1998, 2001). People in Macedonia not only distrust others (aside from their relatives) they also do not trust the state. According to a recent survey by MCIC, there is not a single sector trusted by a majority. Most trusted of all (by almost half of

the respondents) is the international community and the civil and the business sector, followed by the 40 percent trust in the media (a drastic decline from previous years when was constantly well above 50%), and the state, and finally only 23 percent of people having trust in the political parties. From the concrete institutions, the most trusted is the Army (63%), the educational institutions (62%), the police (52%) and the health institutions (50%). The least trust, on the other hand, the citizens have in the Parliament (34.4%) and in the Justice System (30.4%). As the results of the DG Research point, 45 per cent of the people think they are not treated equally in front of the law, and as high as 85 per cent agree that some privileged groups are above the law. Politicians, the rich and the people with the right connections are perceived to be the most privileged ones, with around 90 per cent of people agreed for each of the groups. A prevalent majority of the people in Macedonia, or 74 per cent, also think big interests run the country instead of for the benefit of all people, with no difference.

All of the abovementioned indicators on the low level of social trust point that citizens do not trust the representatives they elect, the institutions, or the system, and they perceive them as unfair and unreliable. Having low trust in the state subsequently has two impacts: first, if people do not believe their interests are represented they would be reluctant to comply with the established legislative principles, but will rather be willing to commit corrupt practices, if they feel they are still gaining from them, regardless of the damage on the state. Second, in case the citizens do want to report corrupt activities, they would not do so if they believe the institutions are unable or reluctant to do anything about it.

In line with these findings, it is essential therefore that the issue of lack of social trust is also taken into consideration if proper and effective anticorruption measures are to be implemented.

### **Public spiritedness**

An assessment of the public spiritedness in Macedonia was conducted in the CSI 2011 report on the basis of the answers of three questions: if it can be ever justified not paying for public transport, giving or receiving bribes in a work context or avoiding paying tax if possible, on a scale of 1 to 10 (1 is never justified and 10 is always justified). The majority, 58 percent, felt that one should never avoid paying taxes, 69 per cent felt it was never justified to avoid paying for public transport, and 71 per cent was against giving or receiving bribes. However, it should be noted that “the view on the justification of certain behaviour in certain situations com-

pared to the actual behaviour of people in the same or similar situation is not always the same” (Klekovski 2005, p. 69). For example, in CSI 2005 report on public spiritedness, an even bigger number of respondents said that it is unjustifiable to avoid the payment of public transportation, taxes and communal fees, (70% to 78%), the data for the actual collection of communal fees though, provided by Association of Public Communal Enterprises (ADKOM), has been between 40 and 50 per cent.

Another good indicator of public spiritedness can be the respect for law people have, measured in the IBEU survey. According to the survey, more than half of the respondents in Macedonia, believe that “only good laws should be respected” and almost the same percentage believes that “laws should not be barriers” if something can be accomplished. The high percentage of people who believe laws should not act as constraints points to the prevalent mentality in Macedonia that the rules are made to limit their activities and oppress them, rather than to help create more sound and regulated environment. However, as long as people think they are better off if they take things in their own hands, none of the legislation implemented or the measures taken would work in any area where the policy is targeted to change the prevalent mentality.

### **Analyzing corruption in Macedonia**

For analyzing corruption in Macedonia, I will rely on Karklin’s three-level-corruption categorization which incorporates different features and appearances of corruption: low-level administrative corruption, self-serving asset stripping by officials, and “state capture” by corrupt networks. Low level administrative corruption includes bribery of public officials to bend rules, deliberate over-regulation, obfuscation, disorganization, and using licensing and inspection powers for extortion. The study on corruption conducted by UNDOC reports that on average 11 per cent of the citizens in Macedonia have confirmed they have been exposed to a bribery experience in the last 12 months (either directly or through a household member). The people who actually paid at least one bribe in the same period account for 6 per cent, and they do so once every two months. The Global Corruption Barometer, on the other hand, has estimated a much higher percentage of bribes paid in the same period, and lists Macedonia in the group of states where 20 to 30 percent of the people have confessed to paying bribes. According to the UNDOC report, almost a half (45%) of all bribes was in cash, and the average amount paid was 28,813 MKD, equivalent to approximately 470 Euros.

Even though Karklins' feature of state capture - deliberate over-regulation, obfuscation and disorganization - cannot be directly measured, the scores for the burden of government regulations in Macedonia, provided by the World Competitiveness Reports, can serve as an indicator: Macedonia constantly scores among the last 50 countries in the world; furthermore, for the efficiency of regulatory framework in settling disputes and in challenging regulations, Macedonia is graded among the last 40 in the world. The ratings provided by the World Bank's Doing Business reports for the ease for doing business, in dealing with construction permits also indicate high over-regulation, since Macedonia was ranked 137th out of 183 countries, (although there is a drastic improvement of 86 places from all previous years in the 2011 report).

For assessing the second level of corruption – “self-serving asset stripping by officials” Karklins suggests the following features to be assessed:

- Diverting public resources for civil servant spoils
- Mismanagement and profiteering from public resources
- Profiteering from privatization
- Malpractice in public procurement
- Nepotism, clientelism, and “selling” of jobs

Almost all of these features can be found when examining corruption in Macedonia. According to the UNDOC, “the hiring of friends and relatives is seen to be by far the most common malpractice among public officials (71%)” (UNDOC 2011 p. 31). Even bigger percentages (precisely 75%) of the people who have applied for a job in the public sector and were not recruited believe that “somebody else was employed either due to cronyism, nepotism or bribery, or due to the payment of money (5%).” Only about 7 percent believe that someone else fitted the job requirements better. The same report notes that more than 50 per cent of the people think that public officials facilitate issuing of contracts to companies close to them, and accept at least small “thank you” gifts for the services provided. More than 40 per cent think that they receive valuable gifts, and about the same percentage think that public officials take bribes for public procurement contracts. Furthermore, people believe that elected representatives are engaged in similar corrupt practices. They perceive the several types of misuse of public office by the elected representatives (each of them ranging between 43 to 55 per cent): facilitate issuing of contracts to companies close to them, facilitate career advancement of friends on the basis of loyalty, use of public funds or properties for personal family needs, take bribes from public procurement contracts, take decisions under pres-

sure from private interests, and manipulate electoral results (UNDOC p. 38). The Freedom House 2011 Freedom in the World report notes that “transparency with regard to public expenditures is still weak, and the law on public access to information does not require that the details of public contracts be revealed” (Freedom House 2011). Regarding procurements procedures, irregularities were also reported in the European Commission’s 2011 progress report, the poor internal financial control standards, and the irregularities regarding the human resources policy. Several of the previously mentioned reports, as mentioned above, have further noted irregularities in respect to party financing and emphasize the lack of independence of the judiciary system. These features are included in the most dangerous type of corruption in Karklins classification– state capture by corrupt networks - categorized by the following features:

- De facto takeover of public institutions for private business or criminal activity
  - Forming collusive networks to limit political competition
  - Undermining free elections through slush funds, hidden advertising, etc.
- Misuse of legislative power
- Corruption of the judicial process
- Misuse of auditing, investigatory, and oversight powers
- Using kompromat for political blackmail and coercion
- Corruption of and in the media

Despite legislation introduced in Macedonia aimed at preventing high levels corruption, many of these features of state capture still remain today. The most obvious one for the citizens, at least according to the reports, seems to be the corruption of the judiciary. On the World Competitiveness Report, Macedonia is constantly in the back of the list of countries in the world when it comes to the independence of the judiciary from political influences of members of government, citizens, or firms, ranking 105<sup>th</sup> (from 133 countries in 2010-2011 report or from 142 countries of 2011-2012 report) and scores 2.9 points on the scale from 1-7. Measuring through the trust of the citizens, a concerning number of more than 70 per cent of the citizens in Macedonia constantly through the years, distrust the justice system. (Klekovski et al. 2010, DG Research - European Commission 2004, World values survey 2001). The government interference in the judicial proceedings was also recently raised as a concern (European Commission 2011, Freedom House 2011), especially regarding the issue of the independence of the Judicial Council, a body responsible for oversight of the judges, and the Office of Public Prosecutor. Further problem, in respect to

the independence of the judiciary poses the “controversial dismissals of judges and undue interference by the Minister of Justice [that] mean[s] the government continues to fall short of European standards and threatens to undermine the progress that has been made in improving professionalism of the judiciary” (Milevska-Kostova 2011, p.354).

Along the corruption of the judiciary, the corruption and the independence of and in the media in Macedonia have become one of the most popular topics and objects of concern. The Freedom of Press 2011 report highlighted that the media licensing process in Macedonia is subject to undue political and economic influence, and “most of the country’s private media outlets are tied to political or business interests that influence their content, and state-owned media tend to support government positions” (Freedom House 2011). The government, furthermore, contracts only the loyal media outlets for promoting and advertising, for which it was publicly accused by some individuals (Freedom House 2011). The indirect corruption of the media in Macedonia apparently became evident to the public as well, since the public’s trust in the media sector has dropped a significant 13 per cent, being for the first time distrusted by a majority.

Slush funds and hidden advertisements are named as other types of corrupt acts, characteristic of state capture, that to some extent appear to be present in Macedonian’s politics. While it was confirmed that the last elections were in compliance with most of the international standards, the EC 2011 progress report has noted that the transparency of the funding of political parties remains insufficient, and “the competent bodies tasked with combating corruption continue to lack a pro-active approach and failed to dispel widespread allegations of corruption in key areas of concern, such as public procurement and financing of political parties” (European Commission 2011 p. 14). Furthermore, the Freedom of the World report states that “no sanctions have been imposed on political parties that do not comply with financing regulations”. In addition, the Council of Europe’s Group of States against Corruption (GRECO) in the last, 2010 assessment has underlined that, although the relevant legal framework in Macedonia in this area “is well-developed and contains a number of strong features, there is in practice a lack of effective implementation” (GRECO 2010).

Several other recent events, including two questionable prosecutions of leading public persons on the basis of the law on lustration, or suspicions about buying out votes during the elections, suggest the existence of other high level corruption practices in Macedonia that fit Karklins’s description of state capture. In the core of it lies the strong presence of informal networks of exclusive groups of powerful few, whose existence is more of a

public secret, than able to be backed up by evidence. A study conducted in 2004 researching social trends and challenges in integrating the Balkans in the European Union conducted with the support of DG Research on social sciences and humanities have concluded that

“Recourse to informal practice or informal exchange is a widespread phenomenon in South East Europe (SEE) because networks of economic and political agents, rather than markets, are the key features through which economic exchange is conducted. These networks operate as parallel, private systems of authority, advancing particularistic interests” (European Commission - Directorate General for Research Citizen and Governance in a knowledge-based society 2005, p. 13).

These informal practices are the core of the problem of high level corruption in Macedonia: in most cases they are not even regarded as corrupt activities, but mostly operate on the grounds of personal favors or connections. Frequently though, they lead to misuse of public sources for personal gain, which at the end, is corruption by definition. This is why a proper understanding of the distribution of power, the functioning of the informal networks and the norms and practices that govern them is needed, in order for proper anti-corruption policies to be designed. Despite that progress has been made in the introduction of anticorruption measures (EC Progress Reports 2009, 2010, 2011), and through visible policy actions (such for corruption among the border officers, or in pay tolls), and a decrease of the corruption perception among the public, corruption in Macedonia evidently remains to be a widespread phenomenon, and successful battle to fight it will require substantial efforts.

## **Conclusion**

Corruption in Macedonia has been one of the most serious problems since the country's independence, and despite the various anti-corruption policies implemented, it remains a widespread phenomenon that affects every aspect of public life. While the general perception among the population acknowledges the existence of a high level of corruption in the country, it should be emphasized that it goes far deeper than the mostly commonly perceived acts of bribery and malpractice of public funds. Along the low level administrative corruption, distinctive features of self-serving asset stripping by officials and state capture by corruption can be observed in Macedonia, which poses serious threat to the democratization and the economic development of the country and needs to be urgently addressed. The policies implemented so far, however, have never managed to touch

the source of the problem of the corruption in the country, which I argue is because they failed to address its crucial factors that influence it. These factors are related to the existence of particularistic principles that govern the Macedonian society, existence and the prevalence of status groups, the power of possession and exchange of mutual favors and the existence of informal groups and networks. It should be also taken into consideration that the citizens in Macedonia are distrustful towards the state institutions which creates reluctance to comply with the rules, and disbelieve in the principle of fair practices. All of these factors negatively influence corruption and it is crucial that they be considered and incorporated in the creation of specifically designed approach for fighting corruption. Such approach should be a combination of far reaching strategies, more innovative and legislative polices stricter safeguarding measures and bottom-up initiatives.



### Abstract

Corruption in Macedonia, as in many countries, has been identified as one of the biggest obstacles for the democratization and economic development of the country since its independence. This paper argues that anticorruption policy in Macedonia has been unsuccessful because it is centered on the introduction of legislative measures copied from Western societies. Such measures are not fruitful because they disregard the particularity of the country and the cultural and historic predispositions, and create only an illusion of fighting corruption, while lacking genuine political will. The paper therefore analyzes the specific nature of corruption in Macedonia, in line with the historic, cultural and economic circumstances of the country.

### Резиме

Корупцијата во Македонија, како и во многу земји, е идентификувана како една од најголемите пречки за демократизацијата и економскиот развој на земјата од нејзиното осамостојување. Овој труд тврди дека антикорупциската политика во Македонија е неуспешна поради тоа што е сконцентрирана на воведување законски и заштитни мерки кои се копирани од западните општества. Таквите мерки не вродуваат со плод бидејќи ја игнорираат посебноста на земјата и културните и историски predispositions, и воедно оставаат лажен впечаток за борба против корупцијата при недостаток на вистинска политичка волја. Трудот ги анализира специфичните сфаќања и функционирање на корупцијата во Македонија, во согласност со историските, културните и економските услови во земјата.

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