

Dealing with corruption and state capture in Europe

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1. Introduction and summary.

Corruption matters not just as a moral issue. It undermines public services and democratic principles, if citizens have to pay bribes to get healthcare or fair policing that they are entitled to as citizens, or if contracts are awarded to those who pay bribes. It wastes public money by diverting it into the hands of corrupt politicians, businesses and their agents. It perverts public policy decisions, by buying decisions which suit the interests of the rich and powerful elite. Corruption steals wealth from countries and places it in tax havens for the benefit of corrupt individuals. Corruption undermines public support for quality public services.

One set of problems concerns the extent to which individual public employees demand bribes from the public to provide the service they are entitled to. This undermines public services and needs to be eradicated, by providing the employment practices, including pay, which minimise the temptations to corruption and maximise the incentives to ethical behaviour.

But the bigger problems concern the corrupt networks of senior officials, politicians and domestic and foreign businesses. Government contracts and privatisations are at the heart of these systems. Policies which favour privatisation also create the conditions which are most favourable to corruption.

Corruption is often discussed as though it was a problem only of developing and transition countries. It is blamed on the countries themselves for having poor 'cultures' which tolerate corruption - but evidence shows that the overwhelming majority of people in all countries are strongly intolerant of corrupt practices.

Donors and international institutions like the World Bank, like to portray themselves as bringing 'anti-corruption' initiatives. But in practice their policies favouring privatisation provide greater incentives and opportunities for corruption. Moreover,

donor countries and the World Bank have actively discouraged developing countries from prosecuting multinational companies for corruption.

Dealing with corruption involves public and political organisation to demand and hold to account political leaders who represent public interests, not those of rich individuals and powerful companies. Transparency, accountability and public participation are key elements in this, as well as strong and independent systems of audit and courts prepared to impose fines and bans on corrupt companies, and to prosecute individual officials.

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