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“Corruption Increase as an Expression of Globalization Strengthening (on the example of Ukraine)”

Corruption is a social phenomenon, which has a brightly expressed political coloring. As different social groups wishes and demands are the corruption activities base that's why the corruption is mostly social phenomenon. If we look at the historical experience, we could see that with the help of corruption the highest authorities peaks were reached, and the corruption became tightly connected with policy. Simultaneously, during the last time the corruption considerably changed the famous political figures careers, the governments and political modes; many states began to suffer from political crisis.

Ukraine, which for a long time belonged to the Soviet Union (and now – an independent state for the last 10 years) in 1991 – 2001 years managed to fall on the lowest stages of Transparency International Corruption Ratings. In 1998 Ukraine for the first time appeared in TI lists and at once has taken the 70th place among 85 countries. In 1999 – the 77th place among 90 countries and in 2000 (which was the worst result for the country) it held the 88th place among 90 countries. This year my native country has taken the 83^d place among the 91 world countries.

It is important to note, that corruption is specially dangerous for Ukraine. The reason for the danger is complete lack of state preparation towards the market economy and democratic values, and also the rise of such phenomenon in the world as “globalization”. Finally, after the “velvet” revolutions (held without bloody events) in 1989-1990 in the countries of Central and Eastern Europe the transformations began, which were back-breaking for the states and their societies. Free market and privatization opened access to the state budget for the old and new political elites. The quick enrichment cult developed simultaneously with the world commerce globalization. Corruption became the tool for making “quick money”. Meanwhile, the World Society only in 1999 signed convention, which expected punishment for foreign officials bribery.

As we can see, most of the post-socialist states were unprepared for new globalization terms, which were accompanied by corruption. The developed countries (USA, Western Europe, Japan, some Asian and Latin American countries), which had positive market experience and effective legislation, also were influenced by corruption. The reason for this were enlargement and amalgamation of companies, monopolies creation and forcing small-sized manufactures out of the market. As a result, the small-sized enterprises have seen the only exit of such situation – to turn out to hidden economy. During the last 20 years (1970-1990) in Western Europe the hidden economy increased from 5% to 10-16%, in Belgium, Italy, Spain and Greece it makes more than 20%. That's why there are not enough reasons to blame Ukraine and other new independent states in their unwillingness to overcome corruption. The separate representatives of political and business structures from developed countries support corruption in Ukraine and other countries. Being well-informed about Ukrainian legislation imperfection and willingness of some politicians, state officers and businessmen to make “quick money”, the foreigners try simply to “buy” the permission on some enterprise possession or to gain privileges for own country firms for some years. Certainly, nobody leaves the evidences and it is impossible to prove those facts.

One more reason why Ukrainian society quickly strives to earn big money is the opportunity to observe high incomes and life level of the residents from developed countries. At the same time in the West they watch the low life standards in Ukraine (when people are satisfied by the average monthly salary of 100-150 USD) and want to use the situation for

own purposes. They completely realize that Ukraine is the source of cheap labor force, able to produce the goods for very low salary. So it is then profitable to win from the difference of prices on the West and in Ukraine. Ukrainians also understand the fact and for this reason they demand bribes from the foreigners.

It is worth to define that Ukraine is forced to corruption under outside circumstances. To be able to overcome “Ukrainian corruption” it is necessary to refuse of methods, which were worked out in developed countries and to use new methods. For this purpose the combination of two factors have to be considered: the active participation of Ukraine in globalization processes and relevant command-administrative political system (received by inheritance from the USSR). So we’ll try to analyze the corruption influence on the policy and economy of Ukraine in correlation with globalization factor.

The first aspect: corruption and policy

At the beginning it is necessary to know the limits of the term “corruption”. The tight connection between corruption and policy is clearly seen in the Reference document of UNO about international strife against corruption: “Corruption is state power abuse with the aim of self enrichment”. As we can see, corruption is not common bribery, but it includes: 1) a bribe (person’s reward for breaking the rules); 2) nepotism (help on the base of own contacts); 3) illegal appropriation of public means for private use.

For the last decades corruption became a typical feature of numerous countries political lives. Someone would suppose that corruption is the main problem of the 20th century end and the beginning of 21st century. And if, for instance, the problems of terrorism were discussed in the 70s of 20th century, only at the beginning of 21st century terrorism movements decreased though became more cruel. The ecological problems were the No 1 topic in the 80s and only nowadays mankind realized the real danger of environmental pollution. Corruption was acknowledged only in 90s, so some serious result (anticorruption boom) may happen only in the next 10-20 years (the realizing of corruption danger , which pollutes the social space of human life).

The political essence of corruption is caused by the fact it influences the formation of power structures, their activities, preparation and realization of political decisions. The corruption influence on authorities formation is held via payments for the post appointment and it doesn’t depend on business skills of the candidate. It depends on relations and personal devotion (“It doesn’t matter who you are, it is important – whom do you belong”). This method is used by transnational companies which “buy” the lobbyists in Ukrainian policy. Corruption takes place during the elections to the parliament of Ukraine, when such things as candidates bribery, illegal financing of elective campaigns and results falsifying are commonly used. By the way, also “subconscious” corruption exists: for e.g. during the elective campaign a candidate repaired roads and presented 10 kg of flour to each voter and people sincerely voted for him and believed him. Though the common bribery of electorate takes place. It is worth noting, that some Ukrainian politicians, international organizations and foreign observers evaluated the last elective campaigns in Ukraine as undemocratic and where corruption is widely used.

In political life the facts of corruption are used to blackmail politicians. In the process of Ukrainian parliament speaker elections the interests of some parliament groups (which represent different financial-political groups) collided. After that the Mass Media, which were controlled by Ukrainian oligarchs, spreaded the information about deputies voices buying, how much did the transfer of one deputy to another group cost. Then the first President of Ukraine Leonid Kravchuk officially spoke, “Power lives under the rules of trading. For money one can buy everything: the transfer from one group to another and governmental posts”. In 2001 the second President of Ukraine Leonid Kuchma said, “Parliament groups

earn millions of dollars on the results of the voting”. In 2000 the Ukrainian Tax Inspection informed, that 364 deputies (the whole number is 450) were businessmen (what is officially forbidden by the law) and controlled 25% of Ukraine’s import and 10% of Ukraine’s export.

The USA and West European countries press on Ukraine because of tremendous corruption there. But the European pressure differs from the elucidating of relations between Ukrainian financial-political “clans”. The “clans” don’t want to let large transnational companies on the Ukrainian market, because they will compete seriously or even completely supersede the Ukrainian “clans” out of the market. “Clans” are interested in corruption: it gives them an opportunity to buy the enterprises for a dirt-cheap. The West realizes that Ukrainian market may be very profitable, but wants to play an honest game with honest rules. Also the probable investors realize that with the passage of time they’ll have less chances to gain the part of Ukrainian market. As a result, the governments of those countries press on Ukraine, demanding to fight with corruption. The ex-ambassador of the USA in Ukraine Steven Pfeiffer spoke on the topic, “The Ukrainian leaders must tear relations with the persons, responsible for the corruption activity or related to the criminal groups”. And it was after the arrest in the USA of the ex-premier-minister Pavlo Lazarenko, who was accused of hundreds of millions dollars “laundering”. The most offensive for Ukraine is the fact that blaming in corruption appears mainly when Ukrainian business hinders the interests of West countries firms. This is the reason, why most Ukrainians don’t believe in sincere Western wish to help Ukraine to overcome corruption and install the democratic values.

The second aspect: economics, privatization and corruption

The beginning of privatization (70-80s) coincided with the beginning of interest toward the corruption problems. Privatization caused the corruption increase, as the connection of interests of the governmental structures, business-structures and criminal society took place during the state economics reduction program realization. The public left with nothing as always. At least such was the situation in Ukraine. The part of society, which was interested in buying the enterprises cheaply, confirmed the one thing: the private property dominates all over the world that’s why Ukraine has to sell its state property. It was nothing told that many countries have the high percent of state property if it concerns strategic enterprises.

The interest of criminal world (mafia) to privatization became also a big problem. They already have found the reliable mechanism of state property legal formal transfer into the private “hands”. They also had a remarkable chance to become honest citizens. So we can now tell about such phenomenon as “corruption agreements”. Few methods of criminal privatization may be selected: carrying out the auctions (only chosen people have access to them), documents arrangement through false persons (as the real purchasers hasn’t the right to participate in privatization) and the privatization via agreement between the purchaser and seller about the object real price reduce.

In Ukraine corruption became the barrier on the way to real integration to international economic society and that’s why it didn’t allow Ukraine to be the active globalization member. The corruption problem slows down the relations with financial-credit organizations and private structures, which may invest into Ukrainian economics. However, we have to remember that the hidden economics market, prostitution, drugs and weapon trading markets successfully exist and for a long time they have been the active globalization subjects. There is no secret of organized relations between criminal groups all over the world. Due to corruption the world criminal groups gain access to economic and political state spheres. And at first those criminal transnational corporations turn their sights and actions toward the developing countries, which have serious problems with observation the basic democratic rights and freedoms. Corruption gets the reliable method of cooperation between the state governments and parliaments with criminal groups. Corruption allows them to pay no

attention to the laws and avoid punishment for their actions. So, the most countries now are involved in globalization, which has criminal coloring. Do those countries really need such globalization? Of course, not. But what do they have to do, if the countries of “golden billion” seized the sphere of honest economic and political globalization (on the contrary with criminal)?

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