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“Political Corruption in Baltic States: Lithuanian case”

Dear ladies and gentlemen,

It's a great pleasure for me to participate at the 10th Anti-Corruption conference. I believe that such meetings allow us, young scientists, not only to share achievements and experience gained by our countries but also to develop new ideas that could help us a lot to understand more sides of the corruption phenomenon and to find out more ways to fight it.

P.J. O'Rourke said, “When sailing and buying are controlled by law, the most saleable commodity is who issue these laws.”

In this report I would like you to present a brief overview about the corruption in Lithuania and the progress our country has made fighting it both on the national and international levels.

At first I would like to give a small analysis about noticed forms of corruption in Lithuania. The most widespread kind of corruption in Lithuania (in terms of number of incidents) is *bureaucratic corruption*. This occurs when a citizen, wanting to speed up the bureaucratic resolution of a problem, tries to encourage the bureaucrat ‘materially’. Of course, the bureaucrat in this situation can also take the initiative by attempting to abuse the powers granted to him or her by the state. The bureaucrat can take action of one kind or another, delay action, or offer information only in measured doses.

Business corruption is related to some type of business activity, or has become a tool for carrying out commercial activity.

Preventive corruption has a three-fold purpose: obtaining information, purchase of an ‘indulgence’ (one-time or multiple), and/or a security guarantee. Individuals who carry out criminal activity or illegal business are always interested in getting information in advance about planned law-enforcement operations, evidence that law-enforcement authorities have, the progress of investigations, and so on. A security guarantee is a promise that no law-enforcement institution will intervene in a one-time or continuing illegal or semi-legal business operation.

Regulatory corruption is more complicated, because it is used when it becomes necessary to resolve a complicated dispute over assets, usually among business enterprises. Because of deficiencies in the law and the incomplete regulation of market relations, a dispute over assets quite often can be resolved completely to the satisfaction of either side, using the same laws and regulations.

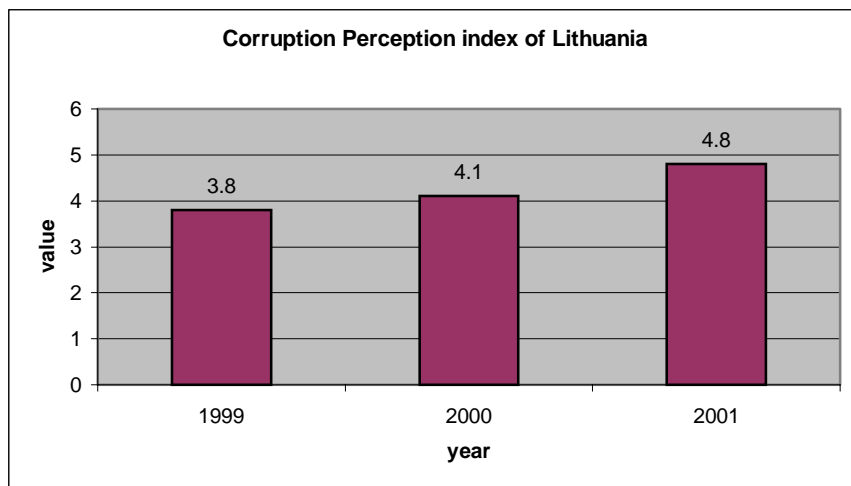
Corruption for cleaning up consequences can take place in the early stages of investigation of a criminal or administrative case. A way to avoid liability is not to have criminal proceedings instituted or have them terminated. Corruption for cleaning up consequences is also expressed in the form of softening the punishment that a court administers.

When people are talking about the phenomenon of corruption they usually perceive it as a simple bribery, when you can buy an officers decision, quit for a fine or can drive through some ban. We can call this a corruption in the administrative level or just administrative corruption. But I must emphasize on the level when somebody buys laws, customs, other protective means, which help to expand companies’ or their holders’ work and at the same moment they are creating some bothers for contenders. This kind of facts are hard to find, because we need to have a detailed analysis of laws, but sometimes this kind of laws and resolutions are receivable patently. They can be found easily because they are concerned only one company or economy. As often as not it is introduced to public like standing against local industrial interests or, for example, protection of interest groups like cultivators. Traditional

fighting against this kind of corruption forms - laws for legitimating and controlling lobbying, parties' sponsorship - are incapable, so they are very easily bypassed. In Lithuania it is still not easy to separate these different kinds of corruption - administrative and political - most of times they are tightly bounded.

Generic corruption is not merely a matter of too intrusive a state or too compliant a state - it is a matter of a poorly functioning state. Even in developed market economies, governments supplement and sustain the market; even in most libertarians of societies, individual rights cannot be protected without the state's power to tax and spend. The transition countries, like Lithuania, inherited states as bad or worse than the economies. The state handed down from the communist past was based on discretionary action and arbitrary power rather than rule of law, it did not know the limits of properly exercised state power, and it certainly did not have any experience with regulating markets. This statement purely is shown on the table (Corruption Perception Index analysis), where Lithuania is developing its anti-corruption strategy and means.

Now I would like to analyze 1999 - 2001 Corruption Perception Index announced by international nongovernmental organization "Transparency International". I am sure that all who are analyzing the phenomenon of corruption knows what this index means and how it is calculated but still I want to remind some grounds. The Corruption Perception Index is being counted from 1995 and lets distribute counties according to public officials and politicians dimension of corruption. This index is being established by the independent international institutions analysis in which participate businessmen and independent experts. The Corruption Perception Index is counted on the ten-scale system. The highest value receives states where no corruption is recognized. We also may think that that these numbers do not show the real level of corruption but the experts' opinion about it. Lithuania as you can see in this diagram is getting better grades and that is deeply connected with present anti-corruption reforms in legislative and institutional level.



The formation and improvement of anti-corruption legal framework, fortification of the institutional basis and co-operation with foreign countries appropriate institutions fighting against corruption has been in focus in Lithuania in recent years.

Further I must name out all the proper anti-corruption institutions, which are created on the basic that the better results are achieved by specialized independent services which are created solely for fighting corruption and developing their operations.

The most important one is the *Special Investigative Service* (SIS) which in May 2000 was reorganized from a department of Ministry of the Interior into an independent institution working on its own and reporting to the President of the Republic and Seimas. And Lithuanian government as the only and special institution to implement the Lithuanian anti-corruption strategy accredits it. Lithuania is one of few states in Europe that has such a special of importance institution who fights corruption.

Another acting against corruption institution is “*Transparency International*” *Lithuanian Chapter* (TILC) established in 2000 founded by the Open Society Fund Lithuania which analyze the phenomenon of corruption, promote civic anticorruption initiatives and inform the public of the anticorruption activities in Lithuania. This not a repressive institution or a kind of analyzing and informative.

Almost on the same level stands the *Lithuanian Free Market Institute* (LFMI) which is private non-profit organization established in 1990 and is promoting the ideas of classical liberalism based on the principles of individual freedom and responsibility, free market, and limited government. Their work is focusing on sociological surveys, publications, conferences, workshops, and lectures and the topics vary a lot: from evaluating legislative proposals to analyzing the corruption phenomenon and its damage.

Here you can clearly see that until 2000 there wasn't any specialized *independent* institution fighting corruption, not counting up the Special Investigative Service (SIS) which until 1997 was a department of Ministry of the Interior.

The judicial system, including policy, prosecuting magistracy, courts of justice, Special Investigation Service, Department of State Security and other acting judicial institutions are created to fight corruption. Unfortunately all of them may also easily yield to corruption because it is impossible to avoid individual decision-making and other conditions creating a possibility to corrupt. That's why we should rely upon traditional fighting corruption methods: leavings of civil servants, strict rules and control. And we should not forget that the clearness of procedures, precise and simplicity might eminently decrease the possibility to corrupt.

Now the time came to say few sentences about legislation base concerning the problem of corruption.

In September 2000, a new Criminal Code was accepted. The provisions of the new Criminal Code cover criminal liability for corruption both in the state and private sectors; prescribe stricter responsibility in cases when a civil servant or a person in an equivalent status acts inconsistently with his official duties; establish criminal liability for trading in influence; provide for legal person's criminal liability for corruption; extend the concept of the civil servant to equally apply to civil servants of international public organization, foreign states etc. as the new Code deals in principle with the forms of corruption distinguished in the Criminal Law Convention on Corruption, which still lacks in the near ratification by five states in order to be put in force, could become ratified by the Republic of Lithuania in the near future. In the Government program the ratification of this Convention has been scheduled to take place in the second half of this year.

It is necessary for Lithuania to deter corruption and neutralize grounds and conditions of this negative phenomenon. With this end in view, a rather effective base for the prevention of corruption has been created in Lithuania which base is being continuously improved. In 1999 the Government approved the Programme for the Prevention of Organized Crime and corruption and the trends of prevention. The Republic of Lithuania possesses a rather well prepared legal framework, however that is not enough. The analysis of the anti-corruption activities has showed that the repressive measures are not adequate for the control of corruption. Such measures must be harmonized with the preventive ones. In November 2000 Report from the European Commission on Lithuania's progress towards accession to European Union, it was also emphasized that Lithuania has to continue to strengthen its position in respect of the fight against corruption.

The President of Lithuania has also emphasized this problem in his annual report for the year 2000, stating, "The unrestrained corruption is becoming a problem of national security. It results in the loss of large budget funds and the loss of citizens' faith in the State." Thus, it is evident that for Lithuania the fight against corruption is not only the domestic problem of prevention of crime, but it grows into the issue of the Lithuanian domestic perspectives as well as into the problem of foreign policy and international relations. At present the National Programme for the prevention of corruption is being worked out which will cover the anti-corruption policy, strategy and implementation schedule. It is anticipated to adopt this programme in the second half of this year. Further, I would like to mention that last year the Seimas of the Republic of Lithuania adopted amendments to the law which broadened the circle of persons who are subject to facilities for operational activities with respect to all representatives of legislative authorities (members of Seimas) when investigating the corruption related crimes.

Also, I would like to emphasize that the legal acts applicable in the Republic of Lithuania do not deal solely with the punitive policy. A number of legal acts has been adopted to deal with prevention of corruption, for example elimination of circumstances which create conditions for the spread of corruption. Among said legal acts should be mentioned:

Law of Declaration of the Property and Income of Residents, which establishes declaration of the property, and income, based upon taxes and other obligatory payments to the state;

Law on the Accounting of the Lawful Acquisition of Personal Property or for the origin of Income which prescribes that persons, suspected or charged with having committed a serious crime for profit, have to provide an accounting for the lawful acquisition of their property and for origin of income.

Law on the Adjustment of Public and Private Interests in the Public Service which regulates the adjustment of private interests of persons employed in the public service and public interests of the community, ensuring that holders of public office should make decisions solely in terms of the public interest, securing the impartiality of the decisions being taken and preventing the emergence and spread of corruption in the public service.

I hope it would be interesting for the audience to know how ordinary people think about the phenomenon of corruption and its flourishing in Lithuanian society.

At the beginning of 2001 "Transparency International" Lithuanian Chapter had made a sociological survey, which shows that citizens of Lithuania do not trust civil servants and

accuse them of not fulfilling direct obligation and corruption. Most corrupted institution in Lithuania is considered to be the custom, less corrupted - courts, police, prosecuting magistracy and political parties. Even 84 percents of Lithuanians think that the most effective implement to fight corruption is a stricter criminal responsibility. 68 percents of interrogatives said that political parties are corrupted or very corrupted and 63 percents think that elected Seimas of Lithuania is corrupted or very corrupted. World Bank experts announced that the level of corruption in the highest layer of authorities is not very high when is compared with other Eastern and Central European countries. But Lithuania is leading with its level of corruption in the lower layer of bureaucracy.

Therefore, the basic source of corruption is no longer the rigidity of the system, but the uncertainty surrounding it. The traditional stage lacks both legal legitimacy and institutional strength as a result of fragile and poorly developed administrative and political structures. And since corruption has an increasingly international dimension, the adoption of purely domestic measures is no longer sufficient. That is why international co-operation is becoming more and more important. I must admit that this conference will also give us more knowledge and pleasant experience.

Thank you for your attention.