

From Sofia to Brussels – Corrupt Democratization in the Context of European Integration

*Gergana Bulanova**

Abstract:

This paper examines the correlation between corruption, democracy and transformation. It is designed as a study of the quality of the established model of democracy, focusing on the governance capacities of one of the newest EU-member states – *Bulgaria* to effectively counter political corruption. Taking into account the levels of corruption spread in Bulgaria since 1989, I address the following question: *why does Bulgaria fail to effectively counter political corruption, notwithstanding the large scale anticorruption campaign, launched in the course of the democratization and Europeanization processes of the last years?* I suggest that the state failure in anticorruption is tightly connected to the quality of the established (achieved) democratic model. Furthermore, I argue that this state weakness refers to profound institutional shortcomings, which in turn cause the contamination of the exchange of wealth and power. Respectively the study's main goal is to offer an analyse of the influence of the level of attainment of a balanced, liberal democracy over the state capacities to effectively counter political corruption, while taking into account the role played by particular context factors.

Keywords:

political corruption, transformation, democratization, Europeanization, Bulgaria, CEE countries

* Mrs. Gergana Bulanova is affiliated to the Free University Berlin, Otto-Suhr Institute for Political Science.

Defining the problem

The phenomenon of corruption enjoys an increasing amount of attention worldwide at least since the political change of 1989. The growing number of corruption surveys commissioned by different international organizations and research institutes, as well as the almost daily press releases about corruption affairs within local and national administrations, political parties, multinational companies, even in international organizations¹ demonstrates firstly that the topic of corruption is undoubtedly on the rise, and secondly that the phenomenon obviously affects all societies, social systems, institutions and states. It is undisputable however, that in some countries, and especially in times of intensive developmental periods corruption can have a devastating impact on society, politics and economy.

Concerning the corruption spread in the "third world" countries for about 40 years the „modernists" suggested that corruption is the outcome of the modernization. It is perceived to be most prevalent during the most intense phases of transformation from traditionalism to modernity. Thus the phenomenon of corruption can be seen as a signifier of deep social changes. In the most "third wave" democratization countries corruption appears to a barely manageable extent, affects all socio-political levels and infiltrates the every day life.

This article examines the correlation between corruption, democracy and transformation. The study deals with the societal accumulation, use and exchange of wealth and power in the context of a substantive transformation and seeks to assess the ways a transformation society and its economy are governed. It is designed as a study of the quality of the established model of democracy, focusing on the governance capacities of the newest EU-member state – *Bulgaria* to effectively counter corruption.

The collapse of the *ancient regime* in November 1989 and the nature of the Bulgarian transformation to a liberal, "western" democracy opened up many institutional and judicial deficiencies that were loaded with tremendous corruption potential. Corruption however, began to be perceived as one of the major societal problems in democratically governed Bulgaria, only after the stabilization following the economic breakdown in 1997, when the people's worries about their immediate survival were alleviated. According to opinion polls since 1997 corrup-

tion was normally placed, after the low incomes and the unemployment, on the third place of the worst hardships of democracy. More shocking was the result of the last corruption monitoring report, carried out by the nongovernmental organisation "*Center for the Study of Democracy*", showing that as of January 2007, 54% of the respondents perceive corruption, for the first time in the last 10 years as the most important societal problem.² Bribery scandals at all political levels, imperfect jurisdiction and internal security bottlenecks brought so much importance to the issue of corruption that in the fall of 2006 it still seemed like Bulgaria's accession to the EU would be delayed, precisely because of the widespread corruption.

Notwithstanding the problems, Bulgaria succeeded to join the union on the 1st of January 2007 as planned, whereas the Commission installed monitoring measures, unprecedented for its enlargement history. The mechanism for verification of the progress of Bulgaria to address specific benchmarks was established to assure further control over the pace of the judicial reforms and the fight against corruption and organized crime.

The scope of corruption in Bulgaria

Despite the difficulties to diagnose corruption and its impact, I will try to draft a snap-shot of the actual volume of corruption in Bulgaria, relying on the findings of international (the *EU-Commission* and *Transparency International*) and local (*Center for the Study of Democracy*, statistics of the *Ministry of Interior*) observers.

Since the late 90es corruption was one of the most criticized issues in the regular reports of the EU-Commission on Bulgaria's progress towards accession. The report from 2005 was perceived as a sensation, because for the first time Bulgaria's performance was judged worse than that of the other EU-accession candidate - Romania. Besides, also for the first time, the Commission identified the "*week results*" in the investigation and prosecution of corruption on the "*highest political levels*" as the "*main problem*" in anticorruption.³ The assessment of the report from September 2006 was even more negative, requesting the presentation of "*clear evidence of results*" in investigating and prosecuting cases of high-level corruption, as a condition for the accession in January 2006.⁴ Bulgaria entered the union as planned, but the

¹ There are plenty of examples for corruption in international organisations. Here are just some of them: the latest corruption scandal from March 2007 concerning EU-Commission-staff; the resignation of the entire EU-Commission under the Commission President *Jacques Santer* in November 2000, because of allegations of fraud, mismanagement and nepotism; the investigations of corruption transactions within the "Oil for Food Program" of the UN; the latest World-Bank scandal concerning the promotion of Paul Wolfowitz's girlfriend etc.

² Center for the Study of Democracy, *Anti-Corruption Reforms in Bulgaria: Key Results and Risks* Sofia, 2007, <http://www.csd.bg/fileSrc.php?id=2152>, p. 19.

³ European Commission, *Bulgaria 2005 Comprehensive Monitoring Report*, Brussels, 25 October 2005, SEC (2005) 1352, 2005, http://ec.europa.eu/enlargement/archives/pdf/key_documents/2005/sec1352_cmr_master_bg_college_en.pdf, p. 11.

⁴ European Commission, *Communication from the Commission: Monitoring Report on the State of Preparedness for Eu Membership of Bulgaria and Romania*, Brussels, 26.9.2006, COM(2006) 549 final, 2006 http://ec.europa.eu/enlargement/pdf/key_documents/2006/sept/report_bg_ro_2006_en.pdf, p.5-6.

Commission established a grave mechanism for verification of Bulgaria's progress to address six specific benchmarks in the areas of judicial reform and the fight against corruption and organized crime.

According to the 2006 *Corruption Perception Index (CPI)* issued annually by *Transparency International*, Bulgaria turned back to its corruption level from 2002.⁵ With 4.0 points and place 57 in the international comparative corruption scale the level of the perceived corruption spread in 2006 is better than that of Poland, Turkey, Croatia, Romania, Serbia, Bosnia and Herzegovina and Macedonia. However, a rating of around 3 points is assumed as indication of deeply rooted, systemic corruption. Thus the 2006 *CPI* lines up Bulgaria next to countries like El Salvador and Columbia, where corruption is perceived to be the "rule". This means that the problem of the effective fight against corruption is essential for Bulgaria.

The national assessments of the spread of the phenomenon show similar results. In 1997 the non-governmental organisation "*Center for the Study of Democracy*" developed an excellent *Corruption Monitoring System (CMS)* for annual assessment of the spread of corruption in the country. The results from 2007 on administrative corruption reveal positive trends. The most alarming tendency, however, is that both the business and the citizenry perceive the so called "grand corruption"⁶ (amongst members of the government, members of the parliament, mayors) as growing and becoming better institutionalized through the so called "*loops of companies*", or "*party rings*".⁷ The study's assessment is that "*given the current environment of virtual impunity for political corruption, there is a real threat that the opportunities of the EU membership will be hijacked by private inter-*

ests."⁸ The annual loss through corrupt transactions is estimated to the amount of 2 Billion Levs per year, which exceeds the expected annual EU-allocation.⁹

The statistics of the *Ministry of Interior*, as reported by the media show that in 2006 a total of 188¹⁰ criminals were judged on grounds of corruption crimes. At the same time the research of the *Center for the Study of Democracy* measures more than 110 000 – 115 000¹¹ corrupt transactions per month. According to a study of the *Ministry of Justice* on the corruption sentences issued, the majority of convicted are financial auditors or accountants, with usual amounts abused ranging from 250 to 300 US \$ and only in 4,2% of the cases – from 5 000 to 10 000 US \$.¹²

Another alarming tendency is the number of the commissioned murders – 173 for the period 1992-2005¹³. None of them has been disclosed, respectively no effective sentence has been issued. With regard to the grand-corruption, in its report to the EU-Commission from June 2006 the government reported to have launched investigations against two high-level officials, one from the *Ministry of Agriculture* and another from the *Ministry of Interior*.¹⁴ In addition, seven MPs lost their immunity on grounds of corruption allegations.¹⁵ Yet, up to now there is no evidence of effectively prosecuted and judged grand-corruption crimes.

The state seems powerless in the face of "grand corruption". At the same time, Bulgaria is perceived to be a democratic country with functioning institutions, which have met the political criteria for EU-membership as far back as in the year 1997. The values of the international democracy indexes also sig-

⁵ The CPI is based on the estimations of international experts and businessmen about the corruption spread and arrays the countries on a scale from 10 (free from corruption) to 0 (extremely corrupt): The 2006 CPI contains estimations for the spread of corruption in 163 countries; for more information see: http://www.transparency.org/policy_research/surveys_indices/cpi.

⁶ Political corruption (the so called "grand" or "high-level" corruption) means corruption that affects the high political and societal levels, and comprises in its core, the misuse of entrusted power for private gain, committed by political decision-makers. The decisive characteristic here is that the misuse on the part of politicians implies the evasion of the public interests in order to achieve personal benefit. The definition of corruption will be discussed further in detail. (The notions of grand/ high-level and petty/low-level are broadly accepted, see for example: Center for the Study of Democracy, *On the Eve of EU Accession: Anti-Corruption Reforms in Bulgaria* Sofia, 2006, http://www.csd.bg/files/CAR-III_Eng.pdf, Huntington, Samuel *Modernization and Corruption, Political Order in Changing Societies*, 1968 in *Political Corruption, a Handbook*, ed. Arnold J. Johnston Heidenheimer, Michael, Le Vine, Victor T (New Brunswick (USA) and London (UK), : Transaction Publishers, Third printing 1993).

⁷ Center for the Study of Democracy, *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, p. 6.

⁸ *Ibid.* p. 7.

⁹ Cited from: Angarev, Panaiot, "Attention political Corruption", in *Dnevnik*, 23.04.2007, available at: www.dnevnik.bg/show?storyid=333695

¹⁰ *Ibid.*

¹¹ These statistics differ from the statistics of the police, which are perceived as inexact, because of the fact that only few of the corruption crimes are officially reported. The survey of the *Center for the Study of Democracy* is measuring the level of corruption, registering the number of corruption transactions which citizens admit to have been involved in over a certain period of time. Center for the Study of Democracy, *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, p. 12.

¹² Cited from: Resume of the criminological report: "Court practices concerning the implementation of the rules of the chapter "Bribe" – art. 301-307 of the Penalty Code in the transformation years (1989-2003)", available at: www.mjeli.government.bg/%5Cstructure_files%55Docs5404122006_izsledvane_mj.doc.

¹³ Jansen, Klaus, Peer Review: Justice and Home Affairs, Focus Area: Fight against Organized Crime Rheinbach, Germany March 2006, www.europe.bg/htmls/page.php?lang=en&category=82&id=5050

¹⁴ Cited from: „Sofia reports the fire department and the state reserve as red points in front of Brussels“, Portal Evropa, 25.07.2006, available at: www.europe.bg/htmls/page.php?id=5971&category=223.

¹⁵ Bolzen, Stefanie, Die Katze muss Mäuse fangen. Das Parlament, Nr.21-22/ 22.05.2006, www.bundestag.de/cgi-bin/druck.pl?N=parlament.

nify the positive development of the democracy in Bulgaria. This evidence creates the impression that Bulgaria is a well developed country in political and economic terms, on its best way to establish sound and sustainable democracy. Against the background of the outlined statistics on corruption spread in the recent years of transformation, the daily reports on corruption scandals that flood the media and the high number of unsolved commissioned killings, the question about the actual preparedness of Bulgaria, now as an EU-member state, to effectively and in foreseeable future counter political corruption gains crucial importance.

Main questions

Conditions, impact and consequences of corruption over Bulgaria's politics are the main research areas of my study, while the notion of sustainable democracy will be used as a fundamental point of reference. Further, the research is focused on the exploration of the topic of political corruption and does not deal with other forms of the phenomenon such as low-level or administrative corruption, corruption in the business sector, in the education system, in the customs etc.¹⁶

Taking into account the levels of corruption spread in Bulgaria since 1989, measured by international and local observers and the considerable volume of high-level corruption, I mainly address the following question: *Why does Bulgaria fail to effectively counter political corruption, despite the large scale anticorruption campaign, launched in the course of the democratization and Europeanization processes of the last years?*

I suggest that the state failure in anticorruption corresponds directly to the quality of the established (achieved) democratic model. Furthermore, I argue that this state weakness refers to profound institutional shortcomings, which in turn cause the contamination of the exchange of wealth and power. Therefore corruption has to be seen as a signal for insufficient political and administrative capacities and thus as a symptom of "bad governance".

Accordingly I further raise the question: *what is wrong with the Bulgarian democracy, or more notably – what are the actual shortcomings in the capacities of the national governance to effectively fight corruption?*¹⁷ Since I also suggest that the study will identify a particular imbalance between the distribution of power, economic resources and private interests, the question about the depth of the liaison between politics and organized crime (respectively mafia structures) in Bulgaria will be also addressed.

The main goal of the project is to create a comprehensive analysis of the quality of political governance, while focusing on the assessment of the nation-state capacities to successfully counter political corruption. The study however, is not designed as an overall evaluation of the democracy established. It is rather intended to explore the dimensions and the impact of the *state weaknesses* concerning Bulgarian anticorruption policy.

However, the research of the phenomenon of corruption, as a highly sensitive, yet "explosive" political issue, is in fact extremely difficult. It is not only the vague definition of corruption, with all its various forms and complicated criminalization. The very nature of the corrupt deal, one from which both sides are profiteering and therefore sharing an interest to keep it hidden, is turning any attempt to gather reliable information and to analyse it scientifically into a vital challenge. A corrupt transaction is normally not documented and according to the current experience, becomes illuminated only when, one of the sides is not satisfied with the deal, when somebody gets injured or even killed, or, more rarely – by accident. The research on corruption in Bulgaria is additionally hindered as there are still no successful investigations on high-level corruption cases, which means – no convictions and dissuasive sentences against politicians. For that reason as of May 2007, there is no judicially proven evidence to clearly disclose the relations and processes at work within a corrupt network. Thus my only alternative is to use the media as main resource for the corruption scandals occurring. Of course only information that has been confirmed by representatives of the investigation and prosecution institutions is going to find place as empirical material in the study.

Relation between the quality of democracy and the anticorruption capacities

There is a strong correlation between the democratization and the corruption spread in the Eastern European countries, whereas the transformation to a liberal democracy was rather expected to effect a crucial reduction of the corruption volume. Instead in many postsocialist countries the opposite process occurred, while depriving the countries from any protection and reaction capacities for effective anticorruption. I argue that this could be explained by the nature of the democratization process, associated with tremendous loss of statehood in all three fields – leadership, security and affluence. Namely the way the transformation reforms were implemented, determined the low grade of resistance against corruption,

¹⁶ While further writing "corruption", I mean – "political corruption".

¹⁷ I define governance capacities as administrative (the state's ability to law enforcement, resulting from the sum of its judicial competences, financial, military and human resources) and political capacities (the state's autonomy in decision making) and follow thus the definition of: Börzel, Tanja, Allgemeine Angaben Zum Teilprojekt B2: Gutes Regieren Ohne Den Schatten Der Hierarchie? Korruptionsbekämpfung Im Südlichen Kaukasus Im Rahmen Der Eu-Nachbarschaftspolitik, Projektbeschreibung, FU Berlin, Otto-Suhr-Institut für Politikwissenschaft Berlin November, 2005, http://www.sfb-governance.de/teilprojekte/projektbereich_b/b2/sfb700_b2.pdf, p.12.

which on its part is an indicator for bad governance and consequently – for low quality of the democracy established (“something resembling liberal democracy”¹⁸).

Correlation between particular contextual factors and the state capacities for effective anticorruption fight

As in the most postsocialist countries, the democratization in Bulgaria occurred in two main phases. Firstly there was a relatively short, but dramatic transformation on the top of the state, followed by a long and extremely hard consolidation period, marked by the legitimization of the new state elites. In contrast to most postsocialist countries, the transformation in Bulgaria was a kind of “velvet revolution”, or “controlled transition”¹⁹ of the state power, led by the regime’s elites themselves, since there was neither a powerful economic diaspora, nor a potent dissenter scene. Thus a perpetuation of the clientelistic governance was secured, which implied the “natural” spread of political corruption.

Another specific feature of the transformation in Bulgaria is the failed simultaneity of the political and economic reforms. The actual, country-wide economic liberalization was introduced by the “Kostov-government” after the economic collapse in 1997. Hence, privatization was carried out extremely slowly and is only now in 2007, more than 15 years after the fall of communism, perceived to be concluded.

There is a further contextual characteristic, related to one of the most important structural legacies of state socialism that has to be added to complete the picture of postsocialist Bulgaria. The over-centralized state with its centrally planned economy left huge resources, which had to be transformed from state owned to private. This process triggered the rise of a qualitatively new dominant elite project – the so called “extraction from the state”.²⁰ The elites, capable to manipulate the flow of resources within the existing state edifice, and of course fully indifferent in building sound democratic institutions, extract-

ed the state owned resources. As a consequence the young Bulgarian democracy lost very soon its “logistic” capabilities to organize and control the political and economic processes occurring.

In this sense, another legacy of state socialism also played a crucial role for the creation of a fertile corruption environment in postsocialist Bulgaria, namely the good structured social networks. Some of the “networked people”, for example that part of the *nomenklatura*, with the “better survivor skills”²¹, orientated themselves and adapted relatively quickly in the new situation and transformed their own influence into wealth, by relying on the old, valuable connections.²²

The analysis of the overall corruption environment in postsocialist Bulgaria shouldn’t ignore one more characteristic of the young Bulgarian democracy, which I see as fundamental with regard to the state capacity to adequately address corruption. That is the appearance of organized, violent groups, established mainly by the former heavyweight wrestlers (“borci”), which characterized to a crucial extent the processes of accumulation, use and exchange of wealth and power, especially till the late 90es. Due to their economic power and extensive network these groupings succeeded to establish their position as important player, while acting more efficiently than the state in the field of security supply. This way, they established their power as a kind of functioning illegal institution, which also contributed to the further “deinstitutionalization of the infrastructure of governance”.²³

Parameters of the imbalance of the Bulgarian democracy

In the ideal case the modern model of liberal democracy comprises not only pluralistic party system, free elections, market economy, and influential civil society. It also suggests the existence of two types of balance – a balance between political and economic opportunities for participation and a balance between the accessibility and autonomy of political elites.²⁴ So

¹⁸ Johnston, Michael, Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption June 1996 http://www.iie.com/publications/chapters_preview/12/3iie2334.pdf, p. 26.

¹⁹ Beichelt, Timm *Demokratische Konsolidierung Im Postsozialistischen Europa. Die Rolle Der Politischen Institutionen* Leske Budrich, Opladen 2001., p. 70-71.

²⁰ More on the theory of the postsocialist extraction from the state in: Ganev, Venelin, I., Post-Communism as an Episode of State Building: A Reversed Tillyan Perspective *Communist and Post-Communist Studies*, 38 2005: 425-45, available at: www.sceincedirect.com

²¹ Mungiu-Pippidi, Alina (pref), A Quest for Political Integrity, with an Introductory Essay by Alina Mungiu-Pippidi, Romanian coalition for a Clean Parliament 2005, www.polirom.ro, p. 13.

²² More on the theme of „networked people” in postsocialism, culture of privilege and particularism as communism legacies in: Ibid., Mungiu-Pippidi, Alina., Corruption: Diagnosis and Treatment, *Journal of Democracy, National Endowment for Democracy and The Johns Hopkins University Press*, Volume 17, Number 3, July 2006: 86-99,

²³ Ganev, Post-Communism as an Episode of State Building: A Reversed Tillyan Perspective ,p. 436.

²⁴ More on the theory of the ideal democratic balance in: Johnston, Michael, Corruption and Democracy: Threats to Development, Opportunities for Reform, October 1999, <http://anti-corr.ru/archive/Corruption%20and%20Democracy.pdf>, Johnston, Michael, Corruption and Democratic Consolidation, prepared for a Conference on “Democracy and Corruption”, Shelby Cullom Davis Center for Historical Studies, Princeton University <http://people.colgate.edu/mjohnston/MJ%20papers%2001/Princeton.pdf>, Johnston, Michael, Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption, Johnston, Michael, *Syndromes of Corruption: Wealth, Power and Democracy* Hamilton, New York, 2005.

the ideal liberal democracy implies the existence of open, but structured competition within the economic and political arenas, and institutionalized boundaries of access between them.²⁵

I assume that my research on Bulgaria's anti-corruption capacities will diagnose a particular deviation from the ideal case of liberal democracy, characterized by: relatively open and easy accessible elites (semi-independent politics) and narrow, still state controlled economic possibilities; a situation of asymmetric decay of the old governance structures, accompanied by tedious, difficult and inconsistent building of the new, democratic institutional and regulative systems, embedded in a context of substantive, deep economic crises and poverty; a situation, in which the best way to secure the own capital (eventually that of the family or the adherents) is to become a politician („*politics becomes the road to wealth*“²⁶).

Thus there exists an enormous drive to get a place in the politics, which additionally aggravates the situation by endorsing frequent changes of political elites, or at least by bringing more insecurity for the incumbent. The high level of uncertainty, on its part, induces the so called “*hand over-fist*”²⁷ corruption, which means that the office holders are strongly interested in capturing as much as possible, as quickly as possible, in order to secure the existence of the family, the followers, or the party. Under such conditions it is almost impossible for broad supported political parties to rise. Instead, personal followings around the political leaders emerge, who are awarded with material inducements and spoils. Hence political leaders need access to more and more resources in order to assure enough support for themselves, which consequently makes politics more costly.

Therefore, I argue that as long as such “*imbalanced*” setting exists with no sound institutions to support the competitive participation and to prevent its excesses, politics will continue to be the best way to acquire wealth. This means that the main purpose of politics will not be the pursuit of public goals but the promotion of individual interests.²⁸ Accordingly the establishment of institutionalized and clear boundaries between state and society, public and private interests is crucial in order to effectively reduce the particularistic mode of allocation. However, maintaining the balance is complicated enough even for the evolutionary, western democracies. For the “*third wave*” democratization countries the building of functioning rules of access between the political and economic arenas seems to be a fun-

damental challenge.²⁹

Definitions and relevant theoretical concepts

Corruption as an embedded problem: In the narrow sense of the word I define corruption as “*the abuse of public power for private benefit*” and thus follow the definition of Transparency International and the World Bank. However, it is important to underline, that the notions of “*abuse*”, “*public*”, “*private*” and even “*benefit*” are not easy to define precisely, which in its turn contributes to a rather contested definition of the phenomenon.³⁰ However, I am focusing not on corruption as a dimension of abnormal behaviour, but on its systemic characteristics.

The political, or the so-called – “*high-level*”, or “*grand corruption*” – is, as already outlined, the center of the study. In general, the political corruption is seen as a subtype of corruption, which differs according to the persons involved (namely office/mandate holders) and its forms (not only bribe, but also vote buying, extortion, influence-peddling, clientelism etc.).

The political corruption takes place at the decision-making end of the political process, where the rules concerning the distribution of public goods and the access paths to power and wealth are being taken. By positioning corruption within the political cycle it is easier to detect the difference with the administrative, or the so called “*low-level*” or “*petty corruption*”, which occurs at the implementation end of the political process and involves the public administration.³¹

The classical approach for defining corruption, used mostly by the economists, is the so-called “*principal – agent*” model, where corruption is explained through institutional determinants of the citizenry's (the principal) ability to monitor and hold the politician (i.e. the entrusted agent) accountable.³² However, the postsocialist experience showed that the mere change of the incumbent in the course of a free, electoral process, is by far not enough to make politicians more accountable, and in no case – to make them fight political corruption. Accordingly, political corruption has to be seen as a phenomenon deeply rooted and signifying substantive shortcomings in the exercise of political governance.

Therefore I am defining corruption as an indicator of complex problems concerning the exchange of financial resources for political power, and vice versa, that harm the open and fair functioning of the

²⁵ Johnston, *Corruption and Democratic Consolidation*, , p. 9.

²⁶ Huntington, *Modernization and Corruption, Political Order in Changing Societies*, 1968 ,p.383.

²⁷ Johnston, *Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption* , p. 11.

²⁸ Huntington, *Modernization and Corruption, Political Order in Changing Societies*, 1968 , p. 384.

²⁹ Johnston, *Syndromes of Corruption: Wealth, Power and Democracy.*, p. 9

³⁰ *Ibid.* , p. 12.

³¹ Fjelde, Hanne, Hegre, Havard, *Democracy Depraved. Corruption and Institutional Change 1985 - 2004*, the 48th Annual Meeting of the International Studies Association, Chicago, USA 28 February - 3 March 2007, http://www.prio.no/files/file49375_corr_stab_isa.pdf?PHPSES-SID=b8a30ac p. 4.

³² The model is based on the research of Susan Rose-Ackermann, Robert Klitgard a.o., cited :*ibid.*

political and economic institutions. From this point of view corruption is, particularly in the postsocialist countries, a symptom of important developmental difficulties, and at the same time – it is their supporting cause.³³ Thus, corruption – especially where it occurs in an enormous volume – has to be seen as “embedded” within the state’s broader political and economic developmental situation.³⁴ So corruption represents then no isolated societal phenomenon, but it can be linked to a variety of deeper problems, ranging for example from a lack of legitimacy to the inability of the state to pay the wages of the public servants.³⁵

Theoretical framework: From a theoretical point of view the study is based on the so called “modernization theory” of the corruption studies, more precisely – on the theory, developed in the late 60es by *Samuel Huntington*, describing the correlation between corruption spread and transformation phases. This approach suggests that corruption, seen as the secret exchange of political action for economic wealth, becomes serious during phases of rapid, political and economic development and is a signal of weak and unstable institutions. Accordingly, the easy of accessibility to wealth, and to political power defines the form and scale of corruption. This means that in societies with numerous opportunities for accumulation of wealth and few positions of political power, the available capital will be used to buy political influence (“wealth seeks power”).³⁶ On the contrary, in societies (especially transformation ones), where the opportunities for accumulation of wealth through private activity are limited, the politics is the only way to acquire money (“power seeks wealth”).³⁷

At the begging of the 90es *Michael Johnston* expanded this approach and created four different corruption syndromes, while using combinations of the political and economic opportunities just outlined. Furthermore on the basis of *Dahl’s* democracy theory he concretized the ideal of the liberal democratic system as a comprehensive balance between the political and economic opportunities for participation (balance of opportunities) and the institutional guarantees (state/society balance). The different deviations from the ideal type democratic system, based on the combinations of strong/weak institutions and multiple/few

opportunities, shape the scope and the incidence of corruption and create the four syndromes mentioned.

Crucial for the study are also the premises of the democratization theories, in their part suggesting, that corruption is negatively correlated with democracy and *good governance*, because corruption subverts the open and free participation, threatens the transparency of the decision making process, and hinders the opportunities for accountable and legitimate governance.³⁸ At this stage, it is important to underline that the definition of democracy is also highly contested, and the term is indeed at least as difficult to define as corruption.

It is undisputable, as the evidence from the postsocialist countries clearly demonstrated, that the “minimalist concept of democracy”, including the introduction and the implementation of free elections, is not enough in order to establish a functioning, sustainable democracy. In Bulgaria it is indeed easier to change the government, than to influence the politics through effective collection and representation of the public interests. Therefore I am adopting a broad concept of democracy, which goes beyond the key democratic condition – regular and free elections, and takes into account those context factors, which are responsible to ensure accountable and transparent governance.

At the heart of this understanding are the principles of civil freedom, political equality and at the same time – effective and responsible governance in the fields of affluence, security and legitimacy, accountable before the civil society.³⁹ Democracy in this view is to a lesser extent a matter of institutional settings, than of the relation between government and society.⁴⁰ Democracy does not only mean that people can vote in free and fair elections, but that they can influence public policy as well.⁴¹

Therefore I approach democratization not only as establishment of democratic institutions and commitment to market economy, but also as movement towards the ideal democratic system, through balanced reforms, including the pursuit of more open, yet structured participation in the political and economic arenas, guaranteed and controlled through accountable, democratic institutions.⁴² Accordingly my understanding of democracy includes both key concepts – participation and institutions, the balance

³³ Johnston, *Syndromes of Corruption: Wealth, Power and Democracy*.p.12.

³⁴ Johnston, *Corruption and Democracy: Threats to Development, Opportunities for Reform*, ,p. 4, 5.

³⁵ *Ibid.*

³⁶ Huntington, *Modernization and Corruption, Political Order in Changing Societies*, 1968

³⁷ *Ibid.* .

³⁸ Lauth, Hans-Joachim, *Informelle Institutionen politischer Partizipation und ihre demokratische Bedeutung: Klientelismus, Korruption, Putschdrohung und ziviler Widerstand*, in Lauth, Hans-Joachim, Liebert, Ulrike, (Hg.), *Im Schatten demokratischer Legitimität*, Opladen 1999, Warren, Mark, *What Does Corruption Mean in a Democracy?* In: *American Journal of Political Science*, 2/2004, S. 328-334.

³⁹ Offe, Claus, *Reformbedarf Und Reformoptionen Der Demokratie in Demokratisierung Der Demokratie: Diagnosen Und Reformvorschläge* ed. Claus Offe (Frankfurt/ New York Campus Verlag 2003).p. 12

⁴⁰ More on democracy as a matter of the relation between government and society in: Krastev, Ivan, *The Balkans, Democracy without Choices*, , *Journal of Democracy, National Endowment for Democracy and The Johns Hopkins University Press*, 13, 3, 2002: 39-53, , p. 45.

⁴¹ *Ibid.*

⁴² Johnston, *Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption* , p.10.

of which embodies the ideal liberal democratic system.⁴³ The reference to that balance provides a direct connection to corruption, as far as in its core the corrupt deal entails the hidden exchange of political power for economic benefit. Accordingly the combinations of the different participation and/or institutional imbalances imply the existence of a fruitful ground for extensive corruption spread.

Corruption and democratization: The liberal democracy argument suggests that corruption and democratization are negatively correlated. So here the question has to be: Can democratization hinder corruption in the postsocialist countries? Numerous studies provide statistical and descriptive evidence proving this negative correlation.⁴⁴ But apparently corruption spread can not be addressed merely as the consequence of low political and democratic development, because the western "model democracies" are in no case free of corruption. On the other hand we cannot deny the argument that corruption stifles democratic institutions, eliminates the fair economic completion, facilitates the establishment of "grey economy", creates linkages between politics and organized crime and damages further democratic development.

The scandals with illegal party donations, tax evasions of extra high amounts, the notorious „black exchequer“⁴⁵ of the international companies, that permanently shake western democracies (Germany, France, Italy, the USA) are undoubtedly grave crimes, but they are not threatening the viability of the whole system. The contrary trend is characterizing the most postsocialist countries, where corruption turned into a common instrument for distribution of resources at all public levels and has been established as daily routine.

It is obvious that corruption in the former socialist world exhibits features different to those observed in the western democracies. In the latter, corruption occurs more as an infringement of the rule, which is normally prosecuted and punished by means of the entire severity of the state apparatus. In the former on the contrary, corruption thrives as a mode of social organization, characterized by the distribution of public goods, not in a universal, but in a particularistic manner.⁴⁶ That means corruption in those societies is the norm and actually the common

way for exchange of wealth and power. This argument supports my view outlined above that corruption is not only a matter of developmental difficulties but is also a matter of the quality of state governance as well.

However, I do not argue that the implementation of further reforms to strictly follow the principles of the western evolution democracies is to be a panacea for corruption, at least because we see that the "example" societies are also not free of corruption and have their own "imbalances". My point is rather that the achievement of a more stable, transparent and accountable governance would effectively address corruption by establishing viable mechanisms able to squeeze its "daily routine" character. Of course the additional reforms needed in Bulgaria have to be "balanced" as well, because the further transformation of the economy in the context of the existing chaos and defective law enforcement would only reinforce the already established corrupt linkages between political parties and economic interests.

Empirical parameters of the Bulgarian imbalance

What happened actually in postsocialist Bulgaria? What made it possible for corruption to explode? What role did the external pressure and the integration process play on the development of democracy and institutions? Here I will present a sketch of some initial thoughts that address my main question – why did the state fail to effectively counter corruption?

Since the late 90s the external pressure on Bulgaria to reduce the volume of corruption has been growing and getting more vigorous. Under the regular control and thanks to the expert help on the part of the EU, Bulgaria succeeded to adjust the judicial system and to adapt the *acquis communautaire*. In accordance with this process numerous law amendments were carried out (plus four constitutional amendments), new laws and sets of regulations were adopted and an impressive institutional building took place (respectively is still taking place).

At the same time Bulgaria is in possession of a good legislative and institutional anticorruption

⁴³ According to: Dahl, Robert, A, *Polyarchy, Participation and Opposition* New Haven and London, Yale University Press, 1971. and Johnston, Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption, Johnston, *Syndromes of Corruption: Wealth, Power and Democracy*.

⁴⁴ In order to prove the correlation of economical and political development M. Johnston constructs a comparative scale based on a combination between the Human Development Index (HDI) issued of the United Nations Development Program and the Corruption Perception Index (CPI) of Transparency International. He refers to the HDI, not only because of its GDP per capita indicators, but factors like "human wellbeing", alphabetization and access to education as well. Therefore, he suggests, the HDI entails not only affluence information, but also data on the efficiency of public institutions and politics. See: Johnston, *Syndromes of Corruption: Wealth, Power and Democracy*.p. 32-35. More evidence on the correlation between democracy and corruption in: Fjelde, Democracy Depraved. Corruption and Institutional Change 1985 - 2004, .

⁴⁵ The notion of "black exchequer/ cash boxes" became entrenched in the course of the big misappropriation scandals within European companies as Elf Aquitaine, VW, Siemens a.o. and means in the regular case - cash flows paid as bribes for receiving contracts.

⁴⁶ More on corruption as a mode of social organization for distribution of public goods on a nonuniversalistic basis in: Mungiu-Pippidi, A Quest for Political Integrity, with an Introductory Essay by Alina Mungiu-Pippidi, , Mungiu-Pippidi, Alina, Deconstructing Balkan Particularism: The Ambiguous Social Capital of Southeastern Europe, *Southeast European and Black Sea Studies* Volume 5, January 2005: 49-68, www.eliamep.gr/eliamep/files/Deconstructing-Balkan-Particularism.pdf , Mungiu-Pippidi, Corruption: Diagnosis and Treatment,

infrastructure. Almost all crimes related to corruption (active and passive bribery; abuse of public office; tax evasion; conflict of interests, money laundering, influence-peddling etc.) are criminalized. New anticorruption laws were adopted in the last 2-3 years, such as the *Law for the Protection of Witnesses in Corruption Investigations*, the *Law on Political Parties*, the *Law for the Forfeiture to the State of Property Acquired through Criminal Activity*, to name just three. In addition, a new *Penal Code* was adopted last year. The current coalition government is already implementing the second "*Strategy for Transparent Governance, Prevention and Counteraction against Corruption*", the main focus of which is the fight against high-level corruption. Each state authority disposes of an own anticorruption commission.

A positive signal of Bulgaria's determination to finally start a more firm fight against corruption at all societal levels was the choice and the consequent engagement of the new chief prosecutor in March 2006 – *Boris Velchev*. Because of his professionalism he has already become one of the most trusted and popular personalities in Bulgaria and what is more – the EU-Commission also expressed its content with the new appointment. Since he is in charge on the top of the prosecution office in Sofia the notorious reputation of that institution is clearly improving. Journalists and correspondents from all media do have access to information about the running investigations and about the situation inside the prosecution office itself, something, which was a taboo before.

The number of investigations on corruption connected crimes is indeed rising. Even in the "own rows" there are unprecedented (for the Bulgarian setting) inspections over the past work of prosecutors in the whole country. In the meantime there are four high magistrates, who are under investigation on accusations of illegally stopped proceedings, or connections to scandalous businessmen.⁴⁷ The immunity of ten members of the parliament is supposed to be lifted by the parliament on request by the prosecutor's office, on grounds of corruption accusations. These measures for improvement of the law enforcement and the prosecution are indeed unprecedented in Bulgaria.

Regarding the ways the current government addresses corruption cases concerning politicians themselves, one positive step could be noted. It is connected to the latest and biggest in scope corruption scandal up to now, one that unveiled tight and

hard to comprehend liaisons between the *National Investigative Service*, the *Ministry of Economy and Energy*, the district *Heating Service* of the municipality of Sofia and the biggest, still not privatized tobacco producer "*Bulgartabak*". The reaction of the prime minister *Stanishev* who dismissed from office two deputy ministers one from the *Ministry of Economy and Energy*, and another from the *Ministry of Disaster and Management Policy* and temporarily removed from office the *Minister of Economy and Energy* – *Rumen Ovcharov* (member of the same party as the PM – Bulgarian Socialist Party), is actually without a precedent in Bulgaria, where such "rigorous steps" were up to now only undertaken, if the situation gets completely hopeless. Surprising reaction also came from the Chief prosecutor and the Minister of Interior, who officially invited a European expert to monitor the investigation process of the scandal. However, this is in no case an evaluation of the strength of the state capacities effectively, and moreover - by own means, to enforce the law. I am assessing here the expressed willingness to open the state apparatus for external control.

A huge step forward is the gradual progress towards a better cooperation with civil society organizations, engaged in anticorruption. Exemplary is the admission of the nongovernmental organization *Center for the Study of Democracy* to monitor and assess the process of implementation of the anticorruption strategy of the government. The first results of that monitoring were included in the last governmental report on Bulgaria's progress from March 2007. The document was prepared in accordance to the six anticorruption benchmarks, which were identified by the EU-Commission as the areas in which additional anticorruption efforts are urgently need.

Searching for the weak points

Referring back to the country's specific context, these tendencies have to be interpreted as steps in the right direction. Nevertheless, there is a "mafia wind" blowing in Sofia and on the territory of the entire country. "*The feeling of corruption is everywhere*" stated the head of the EC-Representation in Sofia *Michael Humphreys*.⁴⁸ The flow of breathtaking corruptions scandals in the daily news, the frequent commissioned murders on the streets of the country,

⁴⁷ Here an absurd occurrence has to be mentioned. These magistrates, who get into rumor, denounce their contracts prior to the official initiation of the investigations. Thus, there is no legal way to carry out the discipline procedure against them and they withdraw their office without being punished, and receive the legally designated compensation (20 monthly wages) for the time being in office. As of 11.04.2007 the media reported four such cases; cited from: Zeleva, Pavlina, „The euro-inspection over the prosecution office starts.“, *Dnevnik*, 11.04.2007, available at: <http://evropa.dnevnik.bg/show?storyid=329814>.

⁴⁸ Cited from: Zeleva, Pavlina, „Stanishev and the EU-Commission are not at the same opinion about the anticorruption successes.“, *Dnevnik*, 12.04.2007, available at: <http://evropa.dnevnik.bg/show?storyid=330219>.

⁴⁹ There is almost no politician, and no government since 1989 who were not involved in allegations for being connected in corrupt deals.

the expensive vehicles in front of the parliament's building.⁴⁹ All that creates a climate of uncertainty and feeling of impunity in Bulgaria.

The very facts that Bulgaria is the crossroad of the east-west drugs' channels,⁵⁰ and that there are more than 150 uncovered commissioned killings in the last years confirm the assumption that all this happens, just because it is possible, because the state is tolerating it, because "the risk to get injured in a car accident is much greater, than to get caught while offering, or accepting a bribe".⁵¹ Therefore the questions to be raised are, why does the state fail in anti-corruption, which are the weak points of the achieved democratic model, why the law enforcement and prosecution mechanisms do not function?

The clear and objective identification of the entrenched weaknesses of the state to undertake adequate action against political corruption is an almost impossible task. A number of approaches are thinkable. Therefore I am launching an attempt to bunch the numerous interpretations in a comprehensive systemic study on the quality of political governance, while combining political, institutional, historical and individual factors. What follows below is the first draft of an initial effort to assess some of the most obvious capacity bottlenecks, which I am generalizing here in the following three areas: justice and internal security; institutional weaknesses within the state/society balance; political determination.

Weaknesses in the fields of justice and internal security

Internal security and counteraction against organized crime: Some important instruments for an effective fight against high-level corruption and organized crime (e.g. instruments of witness protection, fulltime undercover agents, wire tapping), which were adjusted by the new *Penalty Procedure Code*, enacted in 2006, are not new and could be used since 1997.⁵² Because of the fact, that these instruments were obviously not being used adequately, a lot of time has been lost and a vital chance was given to the organized crime structures to rise and establish their networks in a setting of guaranteed impunity. This is one of the main conclusions made by the criminal expert *Klaus Jansen*, sent by the EU-Commission to

Bulgaria in February 2006 to assess the capacities in the field of fighting organized crime. However, the new *Penalty Procedure Code* is providing some facilitation for the Police through the allowance for information, gathered by agents undercover to be directly introduced to the case and so to be presented as evidence in court.⁵³ Still one of the major weaknesses of the current legislation is that a conviction can not be based only on the testimony of an anonymous witness or undercover agent.

Uncoordinated and inadequate investigative procedures, no coherent method for a simultaneous investigation of crimes, connected to drugs' smuggling and money laundering are some of the further weaknesses detected by the expert. The *National Service for Fighting Organized Crime* is being assessed as a "reactive" structure, waiting for signals in order to react. Therefore, according to Jansen it would be useful to develop approaches and structures for effective information gathering, which have to be able to assure the independent and responsible initiation and conduct of investigations against the 233 identified organized crime groups in Bulgaria.⁵⁴

Almost all of the experts, I talked to during my field work expressed the opinion that the poor financial resources and insufficient technical equipment are also crucial for the unequal fight of the national security services against the powerful organized crime groups. This fact, combined with the permanent lack of qualified specialists on the one hand, and the wide spread nepotism, which became the rule by recruitment and promotion procedures within the police and intelligence organs, on the other, aggravates furthermore the state's potency to counter organised crime and high-level corruption. However, one of the gravest difficulties in this field undoubtedly is the lack of motivation among civil servants, which is certainly due not only to the poor wages, but mostly to the overall reality of impunity for corruption crimes. Accordingly, the missing investigatory and prosecution practice of high-level corruption, money laundering, influence-peddling, vote buying etc. contributes further to the poor results in the anti-corruption fight.

Judicial system: The entire judicial system was perceived up till quite recently as extremely secluded

The examples are numerous: the cabinet of *Jan Videnov*, changed prior to the end of his mandate in course of the gravest financial crises since the democratic change, not at the last place because of corruption allegations; the reformation government of prime-minister *Ivan Kostov*, who was also forced to dismiss from office 11 of his ministers, on grounds of heavy corruption accusations; the succeeding government of *Simeon von Sachsen Coburg-Gotha*, which reputation was also shacked by corruption scandals, involving the prime-minister himself, and of course the current coalition government, which is also experiencing tense turmoil under the newest scandal including the Minister of Economy and Energy *Rumen Ovcharov*.

⁴⁹ As noticed even in the report of the EU-expert Klaus Jansen: Jansen, Peer Review: Justice and Home Affaires, Focus Area: Fight against Organized Crime .

⁵¹ This is one of the conclusions made on the basis of the last corruption survey of the *Center for the Study of Democracy*: Cited from: Angarev, Pamajot, „Attention, political Corruption!“, 23.04.2007, *Dnevnik*, el. ed., available at: <http://www.dnevnik.bg/show/?storyid=333695>.

⁵² Jansen, Peer Review: Justice and Home Affaires, Focus Area: Fight against Organized Crime .

⁵³ *Ibid*.

⁵⁴ The amount of the identified organized groups in Bulgaria is cited from the report of the EU-Commission controller Klaus Jansen: Jansen, Peer Review: Justice and Home Affaires, Focus Area: Fight against Organized Crime

and nontransparent.⁵⁵ Notwithstanding some new, positive trends, it remains highly hierarchical. This can be exemplified by the fact that without the co-operation of the court president it is almost impossible to launch disciplinary proceedings against a magistrate. There are still no mechanisms for external control, no clear regulations for recruiting, promoting and punishment of the magistrates. Besides, the extensive immunity the magistrates enjoyed was restricted to a "functional immunity" only as of January 2007 when the fourth constitutional amendment came into force. A great amount of new laws with the respective institutions were enacted. Most of them do not have a clear mandate, financial and human resources. All that points to a hectic reform process, with no structure and vision for implementing a coherent legal reform strategy, which on its part raises doubts on the seriousness of the reforms. Both EU-experts that were sent in February 2006 to Bulgaria expressed the opinion that they encountered a "it might just be a paper in order to please the Europeans" attitude.

In general the court proceedings could be assessed as arduous, bureaucratic and hardly transparent. Regarding the number of 10 000 cases, which became void by prescription, doubts arise concerning the capacity to prosecute effectively not only corruption crimes.⁵⁶ Out of the total 10 000 cases, 3700 are against identified offenders, and 800 of them were related to particularly grave crimes, such as homicide, corrupt dealing or even money laundering.⁵⁷ This means that hundreds of criminals are receiving amnesty because of incompetence, or reluctance to execute duties.

Another important weak point is the insufficient and actually missing transparency in the recruitment and appointment procedures not only within the judicial system. Exactly because of the "open nepotism"⁵⁸ detected by both EU-experts in their peer reviews in February 2006, they concluded, this was a clear sign of low professional standards even of high ranking magistrates.⁵⁹

There is still a lot to be desired in the field of anti-corruption in the sphere of Judiciary. Exemplary in this case is the confusing fourth amendment of the constitution which is going to be contested by the *Constitution Court*, as it grants the Minister of Justice with exclusive competence over the entire budget of the judiciary. Besides, the new judiciary law is still under discussion, there is no law on lobbying. The chaotic and fast law reforms,⁶⁰ the slow and obscured process of institutions' building, the vague formulations in the new laws, all this is an indication of the overall confusion with which the reform process is being implemented. All in all the new laws and regulations are still not sufficiently operationable. At the same time these laws are already in force, which in practical terms means the implementation is hindered at the very begging. Thus it seems that in the name of a successful integration, Bulgaria dedicated itself to an ambitious project, which brought barely achievable tasks.⁶¹

Institutional weaknesses within the state/society balance

As outlined above, because of the belated and chaotic carrying out of the economic and judicial reforms, much of precious time was lost. The corrupt connections between magistrates, politicians and private interests were given enough time to get established and are already functioning at a new level. Now, following the completion of the privatization and the decrease of the discretionary customs control zones since the 1st of January 2007, the management of state assets (including land, public buildings and other assets) together with public procurement and concession granting mechanisms are becoming the key areas of political corruption risks.⁶² In addition, the institutionalization of the so-called "friendly circles", or "party rings" is certainly one of the most alarming appearances of political corruption, and still one of the major ways for privatization of the public inter-

⁵⁵ This observation was shared with me in the course of the interviews carried out up till now, mainly with experts from the former Anticorruption commission, and experts from the European Commission, observing the judicial reforms.

⁵⁶ Cited according to the interview with the member of the Supreme Judicial Council – Kamen Sitlinski in Standart News from March 2007: Dimitrov, Bozidar, „The criminals change the paddle for internet.“ in Standart News, 23.03.2007, <http://standartnews.com/bg/article.php?article=183051>.

⁵⁷ *Ibid.*

⁵⁸ Schuster, Susette, Report, 4th Peer Review, Justice, Düsseldorf, Germany February 2006, [www.http://www.europe.bg/htmls/print_page.php?lang=en&category=82&id=5050](http://www.europe.bg/htmls/print_page.php?lang=en&category=82&id=5050).

⁵⁹ The nepotism is one of the biggest problems in Bulgaria, explaining the law professionalism of large segments of the state apparatus and at the same time assuring the building of loyal followings of civil servants, which normally lose their jobs as a result of eventual political change. In the daily press releases there is a lot of information about the nepotistic appointments even on the top positions, e.g.: Baleva, Mariela, "Equation with Wolfowitz in the Bulgarian way", *Trud*, 17.04.2007, LXXII, issue 105/20140; el. ed. Capital, "Who doesn't know Delian Peevski?", issue 17, 20.04.2007, available at: <http://www.capital.bg/show.php?storyid=335044>.

⁶⁰ According to information of the Minister of Justice, *Georgi Petkanov*, up till January 2007 20 Laws were being enacted, within the last 15 months, in: Tomova, Juliana, "Within one year the Ministry of Justice worked out 20 law drafts.", Interview, 18.01.2007, available at: www.diplomatic-bg.com/c2/component?option=com_frontpage/Itemid.1/lang.bg/.

⁶¹ This conclusion is based on the report of Susette Schuster, the EU-observer over the judicial reform. Schuster, Report, 4th Peer Review, Justice.

⁶² An observation originally summarized by the Center for the Study of Democracy in the report of January 2007. Center for the Study of Democracy, *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, p. 6.

est.⁶³ Particular market segments of the Bulgarian economy, as well as huge financial flows, coming from the EU structural funds, were monopolized through the "rings". According to the report of the *Center for the Study of Democracy* the cost of political corruption, this means the amount of abused public resources for 2006 exceed the money the country is supposed to receive from the EU per year.⁶⁴

One of the classical forms of political corruption, the irregular party financing, is also "well" presented in Bulgaria. The national *Audit Office*, as well as the civil society organizations report particular "irregularities" by the party financing. According to the results of the annual party finance revision of the *Audit Office* announced in November 2006, the Bulgarian Socialist Party received donations from companies with more than the allowed 5% state share.⁶⁵ But this finding underlines no penalty firstly because this is categorized as "law infringement" and not as "law offence", and secondly, because a year long infringements can not be prosecuted.⁶⁶

Another manifestation of the virtual impunity for some echelons of power is also the fact, that the party leader of the ethnical Turks (the Movement for Rights and Freedoms) *Ahmed Dogan*, spoke quite open in a TV interview in 2005, before the national parliament elections, that in Bulgaria there are rings, or "loops of companies" around each political party, and that during the last 15 years the above-average businessmen in Bulgaria grew up, due to his support, or at least, thanks to "his smile".⁶⁷ Moreover, he himself is in possession of possibilities equal to these of a banker, and if somebody is not aware of that, so he/she doesn't understand the real potential of a politician in Bulgaria.⁶⁸

Another weak point, which is commonly (mis)used by the political elites in order to pursue their own interests, are the slackly rules in the field of the conflicts of interests. Unlike the binding rules (enacted by the *Civil Servants Law*) for compulsory declaration of eventual conflicts of interests and obligatory disclosure of incomes and assets concerning the public servants,

politicians (members of the parliament, ministers and the office holders of the highest political positions) are bound to disclosure of assets only by ethical codes. However, with the amendments of the "*Law on Disclosure of the Property of Individuals, Occupying high-level State Positions*" that came into force on January 1st, 2007 nearly 7000 representatives of the political power have been legally obliged to annually reveal their incomes before the national *Audit Office*. The *Bulgarian National Audit Office*, together with the National Agency for Revenues received broader competences to control the submitted financial declarations.⁶⁹ Notwithstanding the new rules on the disclosure, the regulations concerning the declaring of conflict of interests remains on the "ethic level".⁷⁰

The fact of wide-spread corruption in the field of public procurement generates further concerns.⁷¹ This does not only spoil the free competition and channel a huge amount of money in the hands of particular politicians and loyal businessmen, but represents an actual threat for privatizing the financial flows coming from the EU that have to be distributed by the Bulgarian government. The huge corruption risks related to the quick and substantial increase of the public finances (in the period 2007 and 2013 the EU-resources for Bulgaria might reach more than 600 million Lev) might be aggravated by the law absorption capacities of the administration on the one hand, and by the problematic monitoring and control mechanisms over the granting and distribution of the structural help, on the other.⁷²

Concerning the state/society balance, there is another weak point within the Bulgarian democracy model, which is important to underline. That is the weak, yet missing "*soft control*" over the government by the civil society.⁷³ Since the free elections are an indispensable and established part of the democratic system, there is no possibility to make the government responsible to the articulated interests of the society, especially between elections. As outlined above, in Bulgaria it is easier to change the government, than to effectively influence the politics implemented.

⁶³ Ibid.

⁶⁴ Center for the Study of Democracy, *On the Eve of Eu Accession: Anti-Corruption Reforms in Bulgaria*, S. 6.

⁶⁵ Cited from: BSP, NDSV, SDS and DSB are receiving donations from companies, implementing public procurement contracts. "6.11.2006, available at: www.btv.bg/news/newssave.php?story=53809.

⁶⁶ Ibid.

⁶⁷ Cited from: Obretenov, Luben, "Ahmed Dogan conceded his business in Devin.", *Sega*, 12.04.2007, available at: <http://www.segabg.com/online/article.asp?issueid=2614§ionid=16&id=0000101>.

⁶⁸ Ibid.

⁶⁹ Information as of the last governmental report to the EU-Commission from March 2006, available at: http://www.mvr.bg/EUIntegration/doklad_13.12.2006.htm, p. 15.

⁷⁰ Just two examples: the private interests of two members of the Parliament – Borislav Velikov, and Dolores Arsenova, both from National Movement Simeon II. According to press releases both of them are either directly or through family relatives connected to the pharmaceutical business. Although they voted by the passing laws in their field of interests without declaring the obvious conflicts. Besides, there is information, that the companies, near to both MPs are receiving contracts from the Ministry of Healthcare. More in: „Members of the Parliament conceal connections to the pharmacological business“, *Sega*, 02.03.2007, available at: <http://www.segabg.com/online/article.asp?issueid=2576§ionid=16&id=0000101>

⁷¹ The fiscal costs of the corruption in the sphere of public procurement are perceived to amount in 2006 1, 2 Milliard Leva; Estimation of the *Center for the Study of Democracy*, presented on May, 16th 2007, Information at: <http://www.csd.bg/bg/artShow.php?id=8611>.

⁷² Center for the Study of Democracy, *Anti-Corruption Reforms in Bulgaria: Key Results and Risks* p. 57 f.

⁷³ The notion of "soft control" is adopted from: Merkel, Wolfgang, "Eingebettete" Und Defekte Demokratien: Theorie Und Empirie, in *Demokratisierung Der Demokratie: Diagnosen Und Reformvorschläge*, ed. Claus Offe (Campus Verlag, Frankfurt/ New York, 2003).p.52.

In the context of the corruption issue, this assumption could be endorsed as follows: the public pressure and disgust towards the above-average living standards of almost all representatives of the political elites lead only to the dismissal of some of the most infamous ministers within the *Kostov* government (1997-2001), as well as within the next government of *Simeon von Sachsen Coburg-Gotha* (2001-2005). The resignations of some "black sheep" could solve the mandates of both governments. Nevertheless nobody was made accountable for abusing public office. The remarkable efforts of the media and the civil society to light up the most obvious corruption affairs are playing only their original role – to inform, but nothing more. Corruption scandals erupt quickly and are being perceived by the wide public as shocking. However, as a rule they remain short lived and are soon forgotten.

Political will to counter corruption

While searching for appropriate way to consistently approach and analyse the political will for coherent anticorruption action, I refer initially to the two, already mentioned governmental reports on Bulgaria's progress in anticorruption to the EU-Commission. Both of them report prevalingly the implementation of the so-called "soft measures" – like training, workshops, educational material (CDs and brochures), the installation of corruption hotlines and internet portals. Meanwhile, as the level of the administrative corruption decreased, it is clear that the impact of such measures is exhausted. Thus, the suspicion rises that by the broad affirmation of the completion of the "soft measures", the government is trying to avoid the question of the still unsuccessful fight against political corruption. Therefore the implementation of the governmental anticorruption strategy for the period 2006-2008, dealing with the fight against the grand corruption, cannot be assessed as convincing.

At the same time there are scary rumours on presumed corrupt affairs, misuse, graft and fraud at high scale. That means that the government perpetually fails to pace down the rumour flow that floods the society daily, by undertaking effective investigations to clarify at least some of the most popular corruption scandals. Accordingly, no politician is juggled, or forced to forfeit assets, which at least obviously

mismatch with the average remuneration for respective positions. No politician until now was forced to reveal the own connections to the well popular "loops of companies". Hence it is very tempting to draw the conclusion that a functioning mechanisms of mutual loyalty inside the governing coalition are in force. Taking into account the outlined "soft" regulation on the disclosure of conflicting interests for the personalities on high positions, enacted by the current government, an assumption easily invokes, namely that the will to publicly demonstrate successful fight against corruption inside the "own rows" overweighs the actual determination for effective prosecution of such cases.

Further, Bulgaria adopted a comprehensive anticorruption model,⁷⁴ which practically means, that: all state organs take part in fighting corruption; each state's authority disposes of an own anticorruption commission; each ministry has its own *Inspectorate*. Thus it is completely unclear, who and when is responsible for what. The creation of a detailed and accurate organization chart, displaying all institutions, with their mandates and competences turns out to be a barely feasible task, which means that within the government it won't be that hard to shift responsibility. Moreover the central anticorruption commission, constituted under the direction of the *Council of Ministers* doesn't have any publicity mechanisms and still no internet presentation. It is indeed hard to gather information on its actual work, although transparency and "zero tolerance" against corruption are the major principles declared in the anticorruption strategy.

To sum up, because of the vague reports concerning the real situation of the capacity to fight high-level corruption; the attempt to impress by the completion of a number of "soft measures"; the reluctance (or incapability) to conduct investigations against anyone from the "own rows"; and the adoption and implementation of a highly decentralized, yet uncoordinated anticorruption infrastructure, it is not unjustified to assume, that the government doesn't show credible determination to coherent anticorruption actions. On the contrary, the delegation of infamous representatives of the state power, who were subjects of "unhealthy interest" on the part of the prosecution office, abroad, supports the assumption, that immunity is still used as a "political umbrella".⁷⁵

⁷⁴ This comprehensive anticorruption model was not invented and launched by the current government. It has its origin in the state tradition before and was institutionalized for the first time with the first Anticorruption Strategy, implemented by the Government of Simeon von Sachsen Coburg-Gotha (2001-2005).

⁷⁵ Here I am referring to the delegation of the former Chief Prosecutor *Nikola Filchev* as ambassador in Kazakhstan. His name was often connected with shocking offences (including murder on the lawyer *Nadezda Georgieva*, information from: "Nikola Filchev has murdered the lawyer from Jambol Nadezda Georgieva, claim witnesses", BgNews, 09.01.2007, available at: <http://lex.bg/news.php?lang=bg&id=6728>). Nevertheless, fact is that during his mandate thousands of cases were left without prosecution and now many criminals received amnesty, because of legal prescription. Fact is also that the amount of unresolved contract killings accumulated mostly during his time at the top of the prosecutors' office. Another appropriate example here is the sending of the former mayor of Nessebar *Nikolai Trifonov* to work in the consulate of the Bulgarian embassy in Odessa. He was granted his new position although there were (according to press releases) investigations launched against him, because of illegally issued building licences. (Information in: Russeva, Luboslava, "Between the dark past and the sunny future", Dnevnik, 02.03.2007, www.dnevnik.bg/show/?storyid0315660; BTv, "The municipality's council of Nessebar will demand the revision of the whole work of Nikolai Trifonov", 24.02.2007, <http://btv.bg/news?magic=bulgaria&story=56720&page=1>).

Conclusion

The establishment of fundamental participation opportunities and sound democratic institutions, turned to be a more challenging process, than the implementation of free elections in the most post-socialist countries. Besides, because of the serious defects in the spheres of opportunities and accountability the established free elections lost their democratic importance.⁷⁶ One of the greatest problems of postsocialism however, should be identified in the gradual loss of statehood, manifested in the failure to provide security, affluence, and responsible governance. Thus a huge discrepancy appeared between the elites and the voters, who are by no means able to require their interests to be equally weighted in the conduct of the government.

What happened in postsocialist Bulgaria during the transformation? At first the democratization process brought political liberalization, and then slowly introduced growing opportunities for private capital accumulation (with networked social groups being the common winners of these growing opportunities), embedded in a context of "rulelessness" and lack of a functioning legal system. This turned into a fruitful ground for the long process of the "extraction from the state", facilitated by the complete disinterest on the part of the governing elites, while "extracting" for themselves, to build up new functioning institutions. The combined forces of all these factors caused a rapid loss of statehood in Bulgaria in all three classical areas – affluence, security and legitimacy, so that the state was no more able to hamper, or even control the spread of corrupted accumulation, use and exchange of economic resources for political power.

The European orientation of the country represented additional challenge to the governing elites. In the course of the integration process, launched in 1995 Bulgaria was forced to change the entire judicial system in order to adapt to the *acquis communautaire*. Under external pressure new priorities had to be set in the political agenda, that comprised not only the fight against the low-level corruption, but the counteraction against the political corruption, as well. Accordingly the government adopted new, ambitious goals, promulgated great number of new regulations and laws, built up new institutions and created comprehensive anticorruption strategies.

Although the weak state capacities of the new EU-member state Bulgaria to counter corruption and organized crime are manifesting in a shocking manner. Exemplary in this sense is the latest corruption scandal, capturing more and more state organs, revealing appalling, nepotistic connections, while

comprising the entire scale of corruption crimes – abuse of public office, money laundering, bribery, conflict of interests.⁷⁷ At the same time controversial interests are being solved in *Bourgas* in a manner, most unacceptable for a democratic EU-member state.⁷⁸ This last victim however did not come from the "underworld", but was a representative of the local state authority, the chairman of the municipality's council of *Nessebar*. Thus the weak state capacities to establish and guarantee a decisive framework for the participation in the political and economic arenas are manifesting in a very demonstrative way.

Therefore, it is not surprising that illegal structures are being formed in parallel to the official institutions. In that sense, as stated in the literature, the density between the legal and the illegal institutions is one of the greatest threats to the persistence of accountable and transparent democratic state. However, it seems that organized crime in Bulgaria succeeded to establish itself as a potent mechanism for allocation and influence. Therefore, I argue that the further reforming of the present institutional and regulative structure of the achieved democratic model, to assure clear boundaries between state and society and to guarantee open and competitive participation opportunities, will enable the gradual separation of the unhealthy linkages between politics and economy and will thus weaken the potency of corruption as an allocation mechanism. It would be tragic, if due to weak capacities and reluctant political will, Bulgaria fails to use all opportunities coming from the EU-membership and to undertake effective action against the political corruption.

According to press releases,⁷⁹ one knows in advance the prices of a signature of a Bulgarian minister, of a court procedure thwart, and of false university diploma. In theoretical terms that means that in such system the corruption is not only a systemic phenomenon, but the system itself. Notwithstanding the grave problems outlined above I remain hopeful that Bulgaria will succeed to demonstrate enough political determination and wisdom, to accept the support from the civil society, in order to follow and improve even the few positive trends in fighting corruption and to efficiently proceed in establishing a participatory and institutionally balanced democratic system.

⁷⁶ Merkel, "Eingebettete" Und Defekte Demokratien: Theorie Und Empirie.p. 67.

⁷⁷ Here I am referring to the above mentioned scandal, concerning *Minister Rumen Ovcharov* and the *Chief of the National Investigation Service Angel Alexandrov*.

⁷⁸ In the night of May 9th 2007 *Dimitar Jankov*, the chairman of the municipal council of the city of *Nessebar* (a tourist city at the Black Sea coast) was shot in his car, *Porsche Cayenne*, while in *Bourgas*.

⁷⁹ This statement is based on: "Wo Unterschriften etwas kosten: Firmen kämpfen in Bulgarien gegen Korruption, aber es lockt rasantes Wachstum", *Der Standard*, 14.02.2007, available at: <http://derstandard.at/?url=/?id=2767308> *Romanian Journal of Political Science*

Bibliography

- Beichelt, Timm *Demokratische Konsolidierung im postsozialistischen Europa. Die Rolle der politischen Institutionen*: Leske Budrich, Opladen 2001.
- Börzel, Tanja, Allgemeine Angaben zum Teilprojekt B2: Gutes Regieren ohne den Schatten der Hierarchie? Korruptionsbekämpfung im südlichen Kaukasus im Rahmen der EU-Nachbarschaftspolitik, Projektbeschreibung, FU Berlin, Otto-Suhr-Institut für Politikwissenschaft Berlin November, 2005, http://www.sfb-governance.de/teilprojekte/projektbereich_b/b2/sfb700_b2.pdf.
- Center for the Study of Democracy, Anti-Corruption Reforms in Bulgaria: Key Results and Risks Sofia, 2007, <http://www.csd.bg/fileSrc.php?id=2152>.
- , On the Eve of EU Accession: Anti-Corruption Reforms in Bulgaria Sofia, 2006, http://www.csd.bg/files/CAR-III_Eng.pdf.
- Dahl, Robert, A. *Polyarchy, Participation and Opposition* New Haven and London: Yale University Press, 1971.
- European Commission, Bulgaria 2005 Comprehensive Monitoring Report, , Brussels, 25 October 2005, SEC (2005) 1352, 2005, http://ec.europa.eu/enlargement/archives/pdf/key_documents/2005/sec1352_cmr_master_bg_college_en.pdf.
- , COMMUNICATION FROM THE COMMISSION: Monitoring report on the state of preparedness for EU membership of Bulgaria and Romania, Brussels, 26.9.2006, COM(2006) 549 final, 2006 http://ec.europa.eu/enlargement/pdf/key_documents/2006/sept/report_bg_ro_2006_en.pdf.
- Fjelde, Hanne, Hegre, Havard. "Democracy Depraved. Corruption and Institutional Change 1985 - 2004." In *the 48th Annual Meeting of the International Studies Association*. Chicago, USA March 2007, .
- Ganev, Venelin, I. , Post-communism as an episode of state building: A reversed Tillyan perspective *Communist and Post-Communist Studies*.38 2005:425-45, available at: www.sceincedirect.com
- Huntington, Samuel Modernization and Corruption, Political Order in changing Societies, 1968 In *Political Corruption, A Handbook*, , edited by Arnold J. Johnston Heidenheimer, Michael, Le Vine, Victor T. New Brunswick (USA) and London (UK), : Transaction Publishers, Third printing 1993.
- Jansen, Klaus, Peer Review: Justice and Home Affaires, Focus area: Fight against Organized Crime Rheinbach, Germany March 2006, www.europe.bg/htmls/page.php?lang=en&category=82&id=5050/
- Johnston, Michael, Corruption and Democracy: Threats to Development, Opportunities for Reform, October 1999, <http://anti-corr.ru/archive/Corruption%20and%20Democracy.pdf>
- . "Corruption and Democratic Consolidation." In *prepared for a Conference on "Democracy and Corruption"*, Shelby Cullom Davis Center for Historical Studies, Princeton University March, 1999
- , Public Officials, Private Interests, and Sustainable Democracy: Connections between Politics and Corruption June 1996 http://www.iie.com/publications/chapters_preview/12/3iie2334.pdf
- . *Syndromes of Corruption: Wealth, Power and Democracy*. Hamilton, New York, 2005.
- Krastev, Ivan, The Balkans, Democracy without Choices, , *Journal of Democracy, National Endowment for Democracy and The Johns Hopkins University Press*, 13.3, 2002:39-53,
- Merkel, Wolfgang. "Eingebettete" und defekte Demokratien: Theorie und Empirie. In *Demokratisierung der Demokratie: Diagnosen und Reformvorschläge*, edited by Claus Offe, 43-71: Campus Verlag, Frankfurt/ New York, 2003.
- Mungiu-Pippidi, Alina (pref), A Quest for Political Integrity, with an introductory essay by Alina Mungiu-Pippidi, Romanian coalition for a Clean Parliament 2005, www.polirom.ro.
- Mungiu-Pippidi, Alina, Deconstructing Balkan Particularism: The Ambiguous Social Capital of Southeastern Europe, *Southeast European and Black Sea Studies* Volume 5, January 2005:49-68, www.eliamep.gr/eliamep/files/Deconstructing-Balkan-Particularism.pdf
- Mungiu-Pippidi, Alina., Corruption: Diagnosis and Treatment, *Journal of Democracy, National Endowment for Democracy and The Johns Hopkins University Press*, Volume 17, Number 3, July 2006:86-99,
- Offe, Claus. Reformbedarf und Reformoptionen der Demokratie In *Demokratisierung der Demokratie: Diagnosen und Reformvorschläge* edited by Claus Offe, 9-23. Frankfurt/ New York Campus Verlag 2003.
- Schuster, Susette, Report, 4th Peer Review, Justice, Düsseldorf, Germany February 2006, [www.http://www.europe.bg/htmls/print_page.php?lang=en&category=82&id=5050](http://www.europe.bg/htmls/print_page.php?lang=en&category=82&id=5050).

Websites

www.dnevnik.bg

www.sega.bg

www.bnr.bg

www.focus-news.net

www.diplomatic-bg.com

www.capital.bg

www.europa.bg

www.evropa.bg

www.anticorruption.bg

www.lex.bg/news

www.bulgarianpost.com

www.transparency-bg.org

www.transparency.org

www.ft.com

www.government.bg

www.prb.bg

www.mvr.bg

www.europa.eu.int

www.worldbank.org