

CORRUPTION TRENDS IN THE V4 COUNTRIES

Veronika Linhartová, Jolana Volejníková

Abstract: *Corruption was, is and probably will be in future one of the forms of economic behaviour that bring about serious economic consequences. It is a characteristic feature of corruption that it occurs in all countries regardless their political and societal arrangements. Being aware of adverse consequences of corruptive behaviour every state attempts in the course of time to reduce corruption to the lowest level possible. The objective of the presented article is analysis of the past and current status of corruption in the Visegrád countries, including an estimate of a future trend of corruption in these countries. The corruptive environment will be analysed retrospectively looking back at the change of the social order in these countries and in the context of the theory of new institutional economics.*

Keywords: *Corruption, Institutional economics, Path dependence, V4, Corruption Perception Index (CPI).*

JEL Classification: *A13, A19, D73.*

Introduction

Precisely 21 years ago, on 15th February 1991 a meeting of Václav Havel, President of the Czech and Slovak Federal Republic at the time, József Antall, Prime Minister of Hungary, and Lech Wałęsa, President of Poland, took place in the northern Hungarian town of Visegrád, which culminated in signing a declaration of cooperation among three central European countries (in Visegrád the group also acquired its name – the Visegrád Three). The Visegrád Four (V4) came into existence as a result of the division of the Czechoslovak Federal Republic in 1993. In the period after the fall of the communist regime the main goal of the declared cooperation was the transition from a totalitarian regime to an advanced democratic society. The V4 countries were jointly entering the Euro-Atlantic defence structures (NATO) and after 2004, when the entire V4 became an integral part of the European Union (EU), they primarily focused on advancing stability and cooperation in the region of the Central Europe.[15] Today the level of the V4 countries' integration in the all-European space is naturally assessed from various viewpoints. While, in respect of the increasing requirements for fiscal stability and budget responsibility of the member countries, the attention is quite rightly directed to the evaluation of macroeconomic hard data, the wider significance of economic activities that is strongly determined by the quality of the institutional environment is often disregarded. Culture, customs, tradition, morality, in other words that which an American economist Douglass C. North, a prominent representative of new institutionalism, named *informal institutions*, significantly determine the quality of economic activities in these countries after more than twenty years of the transformation of the entire society and the establishing of democratic structures. The presented article looks into the issue of corruption, which represents one of the most discussed forms of informal institutions. Taking into consideration the aforementioned facts the subject matter of this article is quantitative and qualitative analysis, comparison, evaluation and estimate of the trend of the corruptive environment in the V4 countries in the

historic retrospective overview of the change of the social order and in the context of the conclusions of the theory of new institutional economics.

1 Statement of a problem – corruption as an informal institution in the V4 countries

In the context of new institutional economics we understand institutions in accordance with D.C. North's defining specification: institutions are “*rules of the game in the society (...), restrictions proposed by people that influence human relationships*” [4:3]. Such institutions can be:

- **Formal** – have a *legal status*. This means an entire legal framework of the economy that regulates the behaviour of people. The influence of formal institutions on the efficiency of economic subjects is vicarious, however it is substantial.
- **Informal** – established customs, traditions, habits, taboos, behavioural codes, establishment of social networks, all that what we call the “culture” of a given society. According to North these are “*socially transferred information that forms constituents of culture*” [4:37].

Thus institutions represent a set of formal and informal political, economic and social rules (including their enforcement). North presumes that institutions have a key role in securing ownership rights, the environment of trust and incentives that directs human behaviour in a certain direction and facilitates economic and political exchange. By selecting those types of behaviour that are permitted and those that are not institutions influence the thinking and behaviour of economic subjects, co-create their preferences and expectations and in this way make certain behaviour predictable and the environment in question more stable. In this perspective we agree with the opinion that the quality of institutions should be such as to provide for relatively equal access to economic resources for the highest possible number of economic subjects and that, at the same time, institutions should be able to create mechanisms preventing various swindles against competitive behaviour and moral gambling. According to North culture facilitates communication among individuals and secures continuity of the societal development: “*Culture provides a key for the trajectory in time, which is a term used to describe the strong influence of the past on the presence and future*” [5:446]. The culture of corruption then represents one of the key “cultural variables” that is necessary to study within various societies. From the perspective of new institutional economics we can therefore define corruption as a deviation from formal rules. In societies where corruption is strongly embedded as a custom or tradition it belongs to a wide network of non-ethical informal institutions. Corruption does not stand “outside” the economic system, if there is corruption it exists as an endogenous institution and as such it represents a distinctive system with its own culture and tradition. Corruption “*...functions as a social system that has its own rules of the game, internal mechanisms of its development that determine its strength, penetration and speed of spreading in the society*”[2]. This naturally reduces the effectiveness of the fight against corruption. Corruptive mechanisms tend to embed themselves in such areas where “white spots” exist as failures of the system of the formal institutional arrangement. Failures of the official normative system of the society (so-called social disorganization) occur, as a rule, in three basic forms:

1. There are, in the society (or some part thereof), several rules opposing each other and it is not sufficiently clear to acting subjects which rules they should prefer. A tendency

towards corruptive behaviour arising from the notion that it is this behaviour that generates the largest profit.

2. Observance of official standards does not lead to adequate results or reward.
3. A situation when official rules are missing completely. This situation is quite characteristic, for instance, for the transformation period of post-communist countries in which old norms no longer apply and new ones have not been created yet.

Failure of formal institutions opens space for the propagation of corruptive norms as informal institutions. However from the viewpoint of participants such norms are a rational response to the reality of the system since existing (or possibly non-existing) institutions do not represent for the participants a motivating factor and therefore corruptive behaviour appears to be economically rational in this situation. Corruptive institutions and formal institutions compete with one another. In the end corruption may take over the role of formal institutions (e.g. during the period of real socialism when various well-established interpersonal bonds reduce the uncertainty of inefficient markets). Moreover, when corruptive actions recur, corruptive norms are reproduced and they themselves govern the corruptive system. These norms gradually penetrate the public and spread about themselves *a corruptive climate* as *"a set of collective notions, or possibly cultural patterns, that abuse public powers, when giving and accepting bribes becomes a natural and customarily excusable act for the population of a country in question"*. [2] The corruptive climate also helps to establish corruptive transactions as a legitimate way of behaviour. Among stabilization elements of the corruptive system it is also necessary to add uncovered and publicized corruption affairs of top public representatives, people with a prominent profile in day-to-day media, top sportsmen etc. and the existence of corruption cases that have been opened for a long time without any punishment so far. Formalization of corruption is instrumental in stabilizing the corruption system too. This aspect is particularly developed by the clients network, especially if the interested parties include politicians, judges, and representatives of the top public administration in general. On one hand these aspects stabilize and strengthen the existing corruptive system, on the other hand they change expectations of subjects concerning the behaviour of their opponents and in this way make the corruptive system more dynamic.

Corruption acts illegally in a hidden form. However from the long-term viewpoint it manifests significant stability linked to the network of informal social bonds (clientelism, favouritism, nepotism) and in such situation it is very difficult to enforce the necessary institutional change. North generally perceives the Change as *"adapting to a set of rules, standards and enforcements across space and time"* [4:83]. The change of formal institutions, e.g. the change of rules for the allocating mechanism is relatively easy and fast. On the other hand with informal institutions one is to expect much longer periods necessary to establish the change. The change of informal restrictions is more gradual and subconscious because it is related to the development of alternative models of behaviour that correspond to newly understood advantages and costs. The dependence of institutions in a given country and given time on the historical development of its institutional arrangement is established by "path dependence". Despite a change in formal institutions informal institutions remain unchanged for a long time and so a certain tension occurs between informal restrictions and new formal rules. According to North [6] economies with a long tradition of stable political and economic rules have a self-preserving

tendency to develop, unlike economies with the legacy of inequality and inability to develop social norms common in the democratic society.

As far as the corruption issue is concerned the dependence on its trajectory can be very well observed in all V4 countries. Following the change of the social order (and thus of the entire network of formal rules) corruption has adopted new forms in these countries. It accompanied and affected their economic transformation and has turned out to be one of the most serious problems of their economies. While functional changes of corruption were, during the transformation period, mainly determined by switching from corruption in the sphere of services and sales to corruption in the sphere of the public governance and administration, the corruption of the transformation period came into existence in processes that were by their nature unique and unrepeatable. It can be said that, if during the period of the central plan corruption in these states was facilitated by the stability of the system, the breeding ground for corruption in the transition period was the instability of the system. The disintegration of the old system also meant the disintegration of old social norms with their sanctions, which had happened before a new system of morality and new sanctions for violation of norms were created. As a result of insufficiently developed administrative apparatus and political structures the transitional stage lacked legal legitimacy and institutional strength. Moreover, the legacy of communism multiplied the tendency towards corruption in the monitored states in question as an accompanying phenomenon of transformative processes. This legacy can hardly contribute to the formation of a functioning democracy and culture that would say no to corruption. The tradition of grand as well as petty corruption, embedded distrust in the state, belief in the fitness of such behaviour when stealing from the state is considered a standard, wide-spread clientelism and mutual exchange of favours, corruption in the private sector as a substitute for functioning competition. Up to now these phenomena have been a barrier to a well-functioning democracy and confirm the argumentation of D.C.North about the extensive influence of “path dependence”. *“Economies that adopt formal rules of another economy will significantly differ in their performance from the performance of the copied economy due to different informal standards and rules for their observance. Consequently it means that the transfer of formal political and economic rules of successful western economies into the economies of the third world and into the economies of eastern Europe is not a sufficient prerequisite for good economic performance”*. [5]

2 Methods

On the general level the core of our research is the investigation of the role and significance of informal institutions in the context of the theory of new institutional economics. As far as the example of the states from the V4 group is concerned the concrete research objective is to verify the hypothesis of “path dependence” for the issue of corruption, which is defined within the given theoretical level as one of the key informal institutions. The empirical-inductive method (corruption perceptions data collection, analysis, comparison, synthesis and evaluation) was primarily applied to solve our research assignment. It results from the general nature of informal institutions that empirical research is grounded in soft data. A prediction based on the quadratic trend function has been carried out for the description and evaluation of the corruption trend in the monitored states. Subsequently, using a deductive approach, a conclusion is inferred that, given the perspective of the purpose of solving the examined issue, this shall be a descriptive process creating a picture of its specific details.

3 Problem solving

3.1 Perceptions of corruption in the Visegrád countries in the context of their entering into the EU

Corruption as one of the major problems of the institutional environment of former socialist economies and the fight against corruption had become a sharply monitored criterion for the entry of the V4 countries into the EU. Taking into account how difficult it is to measure corruption the real evaluation of the European Commission mainly focused on the anti-corruption policy of the states in question, which lied in a very general list of criteria, as is documented by the following table 1. The assessment of the corruption level by the Commission in which the seriousness of corruption in candidate countries is classified by statements from “a relatively limited problem” over “a territory arousing concerns” to “widely spread and systematic” is obviously intuitive. It is evident from the presented table that the Czech Republic was the country with the worst evaluation from the countries belonging to the V4.

Tab. 1: Criteria expressing the corruption level in candidate countries in Regular News in 2002

Countries	Evaluation of the corruption level	Statistics of criminal activity	Surveys of the public opinion	News	Media	Supervisory framework / inadequate regulation	Surmises /unspecified sources
Czech Republic	<i>Yes (cause for serious concerns)</i>	X	X	X		X	
Hungary	<i>Yes (the problem still remains)</i>						X
Poland	<i>Yes (general perception of corruption being spread)</i>	X				X	X
Slovak Republic	<i>No</i>	X				X	X

Source: [1]

The process preceding the entry was completed at the meeting of the European Council on 12th and 13th December 2002 in Copenhagen. The European Council decided, in accordance with the opinion of the Commission, on the acceptance of 10 new member states, including V4 states. Even though it was a defined objective to reduce the influence of corruption in these countries in the period before the entry, a number of states entered into the EU with serious problems in this sphere. This fact is demonstrated by the following table 2. The evaluation and development of CPI⁵ in all candidate states in the period before the entry into the EU puts the group of the V4 countries among countries with the worst evaluation, moreover a long-term decrease of the value of this index can be observed in Poland. However even Hungary, the country with the best evaluation from the group, does not achieve a positive level of the corruption perception, which can be observed

⁵ CPI (Corruption Perception Index) is based on the principle of “corruption perception”. The evaluation takes place on the scale from 10,00 (countries without corruption) to 0,00 (high occurrence of corruption). More detailed information can be found at www.transparency.org.

for instance in Estonia or Slovenia. Besides the evaluation of the degree of the corruption perception it is also necessary to distinguish between individual spheres of corruption practices. According to investigations carried out in the V4 countries⁶ at the time the most problematic issues appeared to be illegal contributions to political parties, corruption in the police, parliament and legislative corps and the sphere of public orders. Almost 20 % of firms from these economies stated that they give 2-10 % of annual revenues as unofficial payments to public representatives (in countries of the original EU-15 it was only less than 4 % of firms).[11]

Tab. 2: The development of CPI in new member countries of the EU – up to 2004

New member countries of the EU	CPI 1996	CPI 1997	CPI 1998	CPI 1999	CPI 2000	CPI 2001	CPI 2002	CPI 2003	CPI 2004	Ranking in 2004 *)	Ranking in the EU in 2004
CR	5.3	5.2	4.8	4.6	4.3	3.9	3.7	3.9	4.2	51	22
Estonia			5.7	5.7	5.7	5.6	5.6	5.5	6.0	31	15
Cyprus								6.1	5.4	36	17
Malta									6.8	25	13
Lithuania				3.8	4.1	4.8	4.8	4.7	4.6	44	20
Latvia			2.7	3.4	3.4	3.4	3.7	3.8	4.0	57	23
Hungary	4.9	5.2	5	5.2	5.2	5.3	4.9	4.8	4.8	42	18
Poland	5.6	5.8	4.6	4.2	4.1	4.1	4.0	3.6	3.5	67	25
Slovakia			3.9	3.7	3.5	3.7	3.7	3.7	4.0	57	23
Slovenia				6.0	5.5	5.2	6.0	5.9	6.0	31	15

Source: [9, modified by the author]

*) In 2004 145 countries from all over the world were evaluated.

Comment: Empty fields mean that a country in question was not included in the evaluation in corresponding years.

In 2004 a unique survey of the TI organization in cooperation with GfK Praha agency was carried out, which resulted in the construction of the V4 index. This was a result of the comparing survey in Prague, Bratislava, Budapest and Warsaw, the subject matter of which was to identify which selected anti-corruption tools are applied in the public administration of the capitals of the V4 countries and concurrently compare to what extent these tools fulfil their objective. The survey was based on the measuring of the institutional tendency towards corruption and took place in two stages. In the first stage objective data concerning the existence of anti-corruption tools and mechanisms in the public administration of the capitals of the Visegrád group were gathered (in the sphere of awarding public orders, internal audit and controlling mechanisms, ethic codes, the clash of interests and the information openness of the public administration). The collection of these data was executed in the form of content analysis of documents and interviews with representatives of the municipal authorities of the individual cities. Within the second phase of the survey it was identified to what extent the involved public perceives these anti-corruption tools as effective. In each of the cities 100 respondents were inquired (107 in Prague). The resulting

⁶ For instance competitiveness of economies is evaluated on the basis of so-called competitive indices created by World Economic Forum (WEF) or on the basis of so-called Global Corruption Barometer created in 2005, which is published periodically every year by the TI organization. This issue is discussed in detail in [11].

V4 index ranges on the scale within the interval $\langle 0 - 1 \rangle$, in which 0 means very bad evaluation and 1 means very good evaluation. According to the results of the objective part of the survey of the V4 index, the institutional environment is set best in Budapest (index $V4_{HU} = 0,865$). Warsaw ranked as second (index $V4_{PL} = 0,642$). Prague ranked as third with the value of the index being $V4_{CZ} = 0,598$. It is obvious from the following table 3 that in Prague the sphere of ethic codes is set relatively best. Prague also achieved very high positive evaluation in the sphere of internal audit, on the other hand in the sphere of the clash of interests the normative adjustment is insufficient and in comparison with the other cities it was this sphere in which Prague came out worst. In total Bratislava came out last with the total index of $V4_{SK} = 0,553$. In order to provide a full picture we add that on the basis of the final evaluation of the V4 survey (based on combining the results from the objective part of the survey with the investigation of the subjective evaluation of respondents concerning the functioning of anti-corruption tools in the public administration) Prague ranked fourth, that is, the last (the first position was successfully defended by Hungary followed by Slovakia and Poland).

Tab. 3: Indices of the objective part of the V4 survey

	Prague	Bratislava	Warsaw	Budapest
Total index	0,598	0,553	0,642	0,865
Awarding of public orders	0,607	0,356	0,904	0,963
Internal audit and controlling mechanisms	0,728	0,933	0,617	0,761
Ethical codes	0,800	0,222	0,000	0,928
Clash of interests	0,357	0,643	0,857	0,786
Information openness	0,500	0,611	0,833	0,889

Source: [9, modified by the author]

3.2 Current perception and the estimate of the corruption trend in the Visegrád countries

It can be said that even though the process of approaching the EU itself had a positive impact on the development of the anti-corruption policy, the implementation of anti-corruption mechanisms and the creation of the transparent economic environment in all V4 countries, the bribing frequency in these states has not changed. The lowering of the corruption level in economies under transition can signal the elimination of corruption related to transformation, however common every-day corruption remains and its level may grow significantly. The mentioned specifics of the monitored economies in the corruption sphere as well as the inertia of these countries on the development trajectory can be substantiated with the values of the corruption indices that reflect the situation in the given sphere. In order to maintain the comparability of the data we will use again the specific index CPI. Data analysis based on values of this index documents that countries that had had significant problems with corruption before joining the EU have not changed their position in any significant manner after the entry into the EU. Without any doubt it can be substantiated that corruption represents in the V4 countries a more serious problem than in the countries of the original EU-15, even though the imaginary dividing line between the new and the original member states in respect of the corruption level is not completely clear. The development of the CPI in the V4 countries since the entry into the EU is depicted in the table 4. In order to provide for the comparison of the Index

development the table also contains data of the other countries that joined the EU in 2004. It is obvious that only Poland from the V4 countries was achieving significantly improving values within the mentioned period. While in 2004 Poland lagged behind a substantially better evaluation of Hungary and came out last from among the V4 countries, it achieved the best results at the end of the monitored period. Thus Poland was the only country to improve its position in the CPI rankings since the year of 2004 to the year of 2011. However despite this unambiguously positive trend in the development of the CPI index of Poland this country still had substantial difficulties to overcome the level of the value 5, which is understood within the CPI as a mean value of the Index's interval range. Moreover, it is obvious that the position of the Czech Republic and Hungary slightly worsened within the mentioned period, while Slovakia manifested long-term stability.

Tab. 4: Development of the CPI in the V4 countries - since 2004

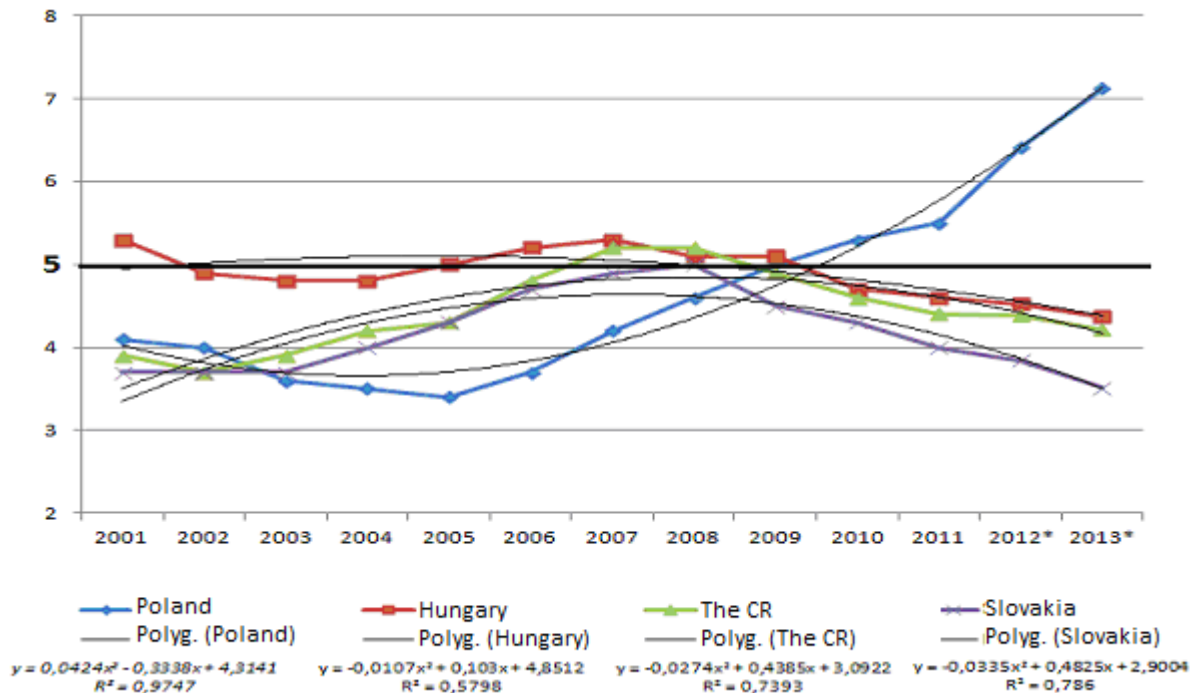
Member countries of the EU (since 2004)	CPI 2004	CPI 2005	CPI 2006	CPI 2007	CPI 2008	CPI 2009	CPI 2010	CPI 2011	Ranking in 2011*)	Ranking in the EU in 2011
CR	4.2	4.3	4.8	5.2	5.2	4.9	4.6	4.4	57	21
Estonia	6.0	6.4	6.7	6.5	6.6	6.6	6.5	6.4	29	12
Cyprus	5.4	5.7	5.6	5.3	6.4	6.6	6.3	6.3	30	13
Malta	6.8	6.6	6.4	5.8	5.8	5.2	5.6	5.6	39	17
Lithuania	4.6	4.8	4.8	4.8	4.6	4.9	5.0	4.8	50	19
Latvia	4.0	4.2	4.7	4.8	5.0	4.5	4.3	4.2	61	22
Hungary	4.8	5.0	5.2	5.3	5.1	5.1	4.7	4.6	54	20
Poland	3.5	3.4	3.7	4.2	4.6	5.0	5.3	5.5	41	18
Slovakia	4.0	4.3	4.7	6.6	5.0	4.5	4.3	4.0	66	23
Slovenia	6.0	6.1	6.4	4.9	6.7	6.6	6.4	5.9	35	16

Source: [9, modified by the author]

*) In 2011 183 countries of the world were evaluated in total.

The following figure 1 represents the CPI development between 2001-2011 in individual V4 states. The figure also contains a prediction of the Index development for the V4 countries for years 2012 and 2013. The prediction was executed assuming that the significance level will be 5 %.

Fig. 1: Development of the CPI in the V4 countries, including prediction for 2012 and 2013



Source: the graphics created by the author

The graphic representation of CPI values is complemented with trend curves that indicate the presumed development of the index and the formulas of quadratic trend functions that were used to determine the envisaged CPI values for years 2012 and 2013. Based on the calculation of the determination index the quadratic function was chosen in all cases as the most suitable trend function. The determination index states what part of the variability can be explained by the given model. The highest value of the determination index was identified for the development of the CPI for Poland. The value of 0.9747 means that the reality of the index development is described with the accuracy of more than 97 %. On the other hand the lowest value of the determination index was identified for the development of the CPI for Hungary. The future development of the Hungary's CPI is described merely with the accuracy of almost 58 %. The cause of the low determination value is probably the extensive oscillation of the values of Hungary's CPI. While the value of the CPI for Poland has been constantly growing since 2005, the development of the CPI for Hungary has had no long-term trend. It is obvious from the diagram that in the period before joining the EU it was only Hungary which approached the mean value of the CPI (the value of 5). After entering into the EU a short-time development of the values of the index was positive for all these countries. However there was a turn in the period of years of 2008 to 2009 and the V4 countries have achieved worse evaluation every year since. The exception is Poland, which managed to overcome this imaginary limit in 2009 for the first time and whose CPI values will be, according to the prediction, increasing in the following years. The quadratic trend function of the Poland's CPI has the following formula: $y = 0,0424x^2 - 0,3338x + 4,3141$. Using this quadratic trend function the CPI values for Poland have been identified for 2012 and 2013. In 2012 it is predicted that the value of the CPI index will grow to 6,4, a year later it should amount to the value of 7,1. On the contrary the CPI values of the other V4 states have been decreasing in recent years and this trend has been confirmed for the following period too. It appears obvious that the CPI of Slovakia will be reaching the lowest values.

The quadratic trend function of Slovakia has the following formula: $y = - 0,0335x^2 + 0,4825x + 2,9004$. Using this formula the CPI value of 3,8 has been identified for 2012 and the value of 3,5 for the following year of 2013. Also the values for Hungary and the Czech Republic will be on the decline in 2012 and 2013, however they will not reach as low values as will be the case with Slovakia.

4 Discussion

Analysis of the corruptive environment in the countries belonging to the V4 group, the specification of qualitative and quantitative characteristics of this phenomenon prove that perceptions, the real status and expected trends represent a constant problem in all the monitored countries. It has been confirmed that corruption as an informal institution has a tendency to remain on its trajectory for a long time, which is true despite changes in the wider economic and societal environment and despite the essential change of the formal institutional framework. The renovation and building of democratic structures in these states for more than twenty years has not been taking place for a sufficient period of time to provide for an essential change in informal institutions. The requirement for the meeting of political criteria for the entry into the EU, encompassing provable fight against corruption, could not and cannot declare desirable or expected positive changes in the given area. Slovakia may be picked up as an example: legislative terminology was changed already in 1999 and the term bribing was replaced with the term corruption (Act no. 10/1999 Coll.). An important aspect in the country is also the application of the zero tolerance rule, which determines that an official proved guilty of corruption will never be allowed to perform his or her function again. The same rules apply for notaries, solicitors and bailiffs. It can be said that in all V4 countries a consistent anti-corruption reform policy has been implemented, which included extensive amendments and the passing of many important laws restricting corruption opportunities (especially laws concerning the clash of interests, laws on legal liability of juridical persons, laws concerning the awarding of public orders etc.). Still, corruption in these countries is widespread, despite the fact that European anti-corruption standards have been met, which is true especially for the sphere of politics and public administration, judicature, customs administration, the police, health service, awarding of public orders. In the course of recent years many corruption scandals have been registered in which ministers, politicians and ordinary officials were involved. Investigation of corruption cases arising from privatisation processes and activities of non-governmental organization continues. Corruption is increasing in the private sector too. There are extensive tax evasions, it is estimated that shadow economy represents 20 – 40 % of GDP. However uncovering of corruption cases is not, as a rule, the result of the effectiveness of responsible institutions and prosecutors and the enforcement of laws, it is mostly to be attributed to media. In all these countries relatively low trust in politicians and the state in general prevails on the part of the population.

We are of the opinion that the inertia of corruption in the monitored states can be explained by the combination of the destruction of the social capital at the time of communism on one hand and social disorganization during the transitory transformation period on the other, which is more probable than any other or different factors frequently presented in specialized literature studying corruption across countries. Legal uncertainty and political chaos have been prevalent for a long time, most people are abandoning belief in democracy and state institutions (the current development in Hungary is evidence of this). We think that despite the fact that the Visegrád group has always been part of one

civilization sharing the same intellectual and cultural values and religious traditions, the existence of certain shared factors determining corruption in the group of these countries does not provide sufficient grounds for assuming on this basis that these factors are absolutely the same and therefore it is possible to fight corruption using the same tools. After all there are certain institutional-societal, cultural, historical and other differences among the individual countries that are reflected in the phenomenon of corruption. As it is stated for example in [7:39] “...corruption in the Czech Republic has most probably not evolved only from the legacy of communism but is also related to the historic legacy of the Habsburg monarchy and its bureaucratic traditions, while corruption in Poland is considered – especially by many domestic commentators – to be, among other factors, a consequence of the centuries-long distrust in the state whose history is composed of a series of occupations by foreign powers.”

Conclusion

The level and perception of corruption in the economies of the former Soviet bloc was highlighted already in the World Bank Report, 2002, as one of the five key circumstances that should explain why institutions well functioning in advance market economies would not necessarily lead to the same results in the countries in question and in third world countries. In summary these key circumstances are (1) existence of complementary institutions that support transparency and enforceability of the law, (2) the level and perception of corruption, (3) costs on the establishment and maintenance of institutions in relation to the GDP, (4) administrative capacities, including human resources, and (5) used technologies. Corruption as a form of the informal institution has a tendency to retain its “path dependence on the past” in the long term. Therefore changes in the corruption trends in the V4 countries are to be expected to take much more time. These changes will be determined by gradual evolution of the human, or on more general terms, social capital in these countries. The declared objectives of the V4 group include democratic development in all parts of Europe, support for the sharing of values in the sphere of culture, education, science and research. Therefore an efficient and long-term tool for fighting corruption in these countries could be: no huge investments into controlling and monitoring schemes but directing a part of the means into the development of the social capital. Support of investments into education, the overall quality of institutions and political stability, all this could lead to the increase of trust on the part of the population in the society as a whole. Such investments undoubtedly have other advantages since they lead to the growth of the economy and the wealth of the society.

References

- [1] EUROPEAN COMMISSION *Enlargement Archives* [online]. 2012 [quotation 2012-03-03]. Available at WWW: <http://ec.europa.eu/enlargement/archives/key_documents/reports_2002_en.htm#report2002>
- [2] FRIČ, P. a kol. *Korupce na český způsob*. 1st issue. Prague: G plus G publishing house, Prague, 1999. 302 pp. ISBN 80-86103-26-9.
- [3] LAMBSDORFF, J.G. *The New Institutional Economics of Corruption*. First Publisher 2005 by Routledge – Taylor & Francis Group. 258 pp. ISBN 0-415-33368-7.

- [4] NORTH, D. C. *Institutions, Institutional Change and Economic Performance*. Cambridge University Press, 1990, 152 pp. ISBN 0-521-39734-0.
- [5] NORTH, D.C. Vývoj ekonomické výkonnosti v čase. *Politická ekonomie magazine*. Prague: University of Economics, no.4., 1994. pp. 441-450.
- [6] NORTH, D.C. Institucionální struktury a transformační procesy. *Politická ekonomie magazine*. Prague: University of Economics, no.5.,1995. pp. 579-584.
- [7] OPEN SOCIETY INSTITUTE (OSI) *Monitoring procesu vstupu do EU: Korupce a protikorupční politika v České republice*. Prague: Open Society Institute 2002. 125 pp. without ISBN.
- [8] ROSE-ACKERMAN, S. *Corruption and Government. Causes, consequences and reform*. Cambridge University Press, New York. Melbourne, 1999. [on line]. Available at WWW: <<http://worldbank.org/html/fpd/notes/74/74ackerm.pdf>>.
- [9] TRANSPARENCY INTERNATIONAL (TI) [on line], [photation 2012-03-24], available at WWW: <<http://www.transparency.cz/>>
- [10] TRANSPARENCY INTERNATIONAL (TI) *SourceBook – Kniha protikorupčních strategií*. Prague: Transparency International the Czech Republic 2000. 117 pp. without ISBN.
- [11] VOLEJNÍKOVÁ, J. *Korupce v ekonomické teorii a praxi*. 1st issue. Prague: Profess Consulting, 2007. 390 pp. ISBN 978 80-7259-055-1.
- [12] VOLEJNÍKOVÁ, J. Kvalita institucionálního prostředí a její význam pro rozvoj podnikání. *Scientific conference Business environment and business ethics*. University of Economics in Bratislava. 18.5.2006, pp. 76-81. ISBN 80-225-2199-X
- [13] Vládní program boje proti korupci v České republice, [on line], [quotation 2006-01-24], available at WWW: <<http://www.mvcr.cz/dokumenty/korupce.htm>>
- [14] *The Visegrad Group: the Czech republic, Hungary, Poland and Slovakia : Historie* [online]. 2012 [quotation 2012-03-03]. Available at WWW: <<http://www.visegradgroup.eu/main.php?folderID=1014>>

Contact Address

Ing. et Ing. Veronika Linhartová, doc. Ing. Jolana Volejníková, Ph.D.

University of Pardubice, Faculty of Economics and Administration, Institute of Economic Sciences

Studentská 84, 532 10 Pardubice, Czech Republic

E-mail: veronika.linhartova@upce.cz, jolana.volejnikova@upce.cz

Phone number: 466 036 665, 466 036 162

Received: 16. 04. 2012

Reviewed: 25. 03. 2013

Approved for publication: 04. 04. 2013