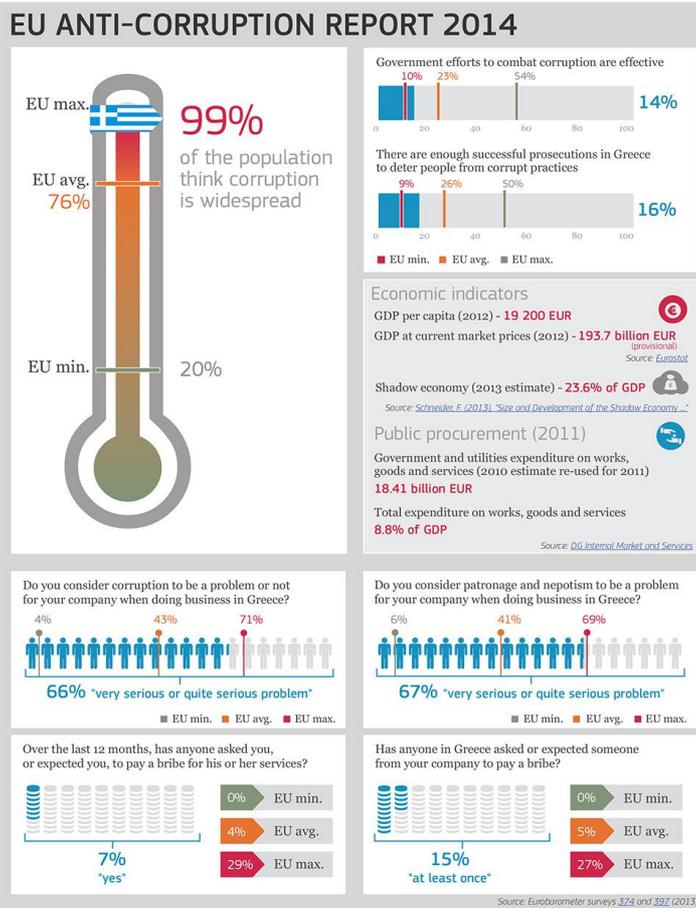


# Measuring corruption

## The case for deep analysis and a simple proposal

ESI Discussion Paper  
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### **Statements, deep and shallow**

“I do” is a sentence of only two words, and one that does not contain a lot of information in itself. And yet, it can be consequential when heard at a wedding in response to the question “Do you promise to love her, in sickness and health, for as long as you both shall live?” As the Norwegian writer Tor Norretranders noted, in that context one hopes that such a short statement has depth:

“When you say ‘I do’ at a wedding, it (one hopes) represents a huge amount of conversation, coexistence, and fun you’ve had with that other person. And a lot of reflection upon it... what you want is a way to distinguish between a very deep ‘I do’ and a very shallow one: did the guy actually think about what he said?”

Norretranders added:

“Intellectual life is very much about the ability to distinguish between the shallow and the deep abstractions. You need to know if there is any depth before you make that headlong dive.”

Which statements the European Union makes about corruption in South East Europe today have depth? Which are based on serious reflection and hard evidence? This matters because EU statements on corruption should be not only descriptive but also prescriptive... not only pointing out how things are, but also how they ought to be.

In its annual progress reports the European Commission offers descriptions of the institutional and legal infrastructure that play a role in combatting corruption in the seven accession countries. Such analysis matters: flawed laws, underresourced institutions and ill equipped officials will obviously generate problems. But studying and improving the institutional and legal infrastructure is not an end in itself: its ultimate purpose is to change behavior. Even the best anti-corruption agency and even the most eloquent anti-corruption action plan are only the means to an end, not the end itself.

This raises the question of assessment of impact. Can the actual incidence of corruption in different walks of social life be fairly established? Can the impact of anti-corruption reforms be captured, measured, and the outcomes compared?

ESI believes that the European Commission has a powerful tool at its disposal to do just this. It is, however, a tool that is not currently used in the context of accession.

In February 2014, the European Commission published “Special Eurobarometer 397 – Corruption” covering all 28 EU member states.<sup>1</sup> At the same time it also released a survey on corruption geared towards the EU’s business world, “Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU”.<sup>2</sup> These surveys became the key input into the 2014 “EU Anti-Corruption Report”.<sup>3</sup> Preparation for this report had already started in 2011. Developing a credible methodology for the first EU Anti-Corruption Report was a serious and costly effort. It involved consultations with leading anti-corruption experts from across Europe. It involved polling some 28,000 individuals and 8,000 companies, 1,000 interviews with individuals and 300 with companies in each EU country.

The Commission’s investment in developing a sound methodology has been made: these are sunk costs. It would be a terrible waste, and a lost opportunity, not to put these tools to use going forward, and to extend the investment to the seven accession countries.

ESI has recently learned that there might not even be a second EU Anti-Corruption Report for the EU itself. What was meant to be a regular biennial publication may cease to exist under the new Commission. We hope this decision will be reconsidered. In any case it certainly makes sense to use this methodology in countries where the Commission already has a mandate to assess corruption regularly: in the seven accession countries.

What is needed in discussions of corruption in the Balkans and Turkey is depth, not shallowness, and statements based on serious analysis, not preconceptions. The European Commission has the tool to ensure this. It only has to use it.

### **Going beyond perception**

The most famous and widely cited corruption ranking – the annual Transparency International Corruption Perceptions Index (CPI) – has done what its title promises since 1994: measuring perceptions. The methodology used by Transparency International changed over time. First, researchers surveyed senior executives of multinational companies. The methodology was then expanded to include an analysis of twelve regular assessments done by outside institutions (from the World Bank to the Economist Intelligence Unit) and pull them together into one ranking. In 2012, the methodology used in the Perception Index changed again.<sup>4</sup>

To see why perception is useful, but never sufficient as a sole indicator, consider some of the results of TI’s 2013 Global Corruption Barometer. Take a selection of countries – two EU members, two accession countries – that have been in the news recently for corruption scandals: Italy, Greece, Turkey and Kosovo. And look at the details on perceptions concerning corruption in these four countries.

More Italians and Greeks consider their political parties, parliaments, religious bodies, businesses, public officials and civil servants as “corrupt” or “extremely corrupt” than Turks or Kosovars do in their respective countries.

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<sup>1</sup> EC, [Special Eurobarometer 397 – Corruption](#), February 2014.

<sup>2</sup> EC, [Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU](#), February 2014.

<sup>3</sup> EC, [EU Anti-Corruption Report](#), 3 February 2014.

<sup>4</sup> See: Transparency International, [Corruption Perceptions Index 2014: In Detail](#).

*“Percentage of respondents who felt these institutions were corrupt/extremely corrupt in this country/territory” 2013 (percent)<sup>5</sup>*

| <b>Institution</b>                  | <b>Italy</b> | <b>Greece</b> | <b>Turkey</b> | <b>Kosovo</b> |
|-------------------------------------|--------------|---------------|---------------|---------------|
| Political Parties                   | 89           | <b>90</b>     | 66            | 75            |
| Parliament/legislature              | 77           | <b>83</b>     | 55            | 66            |
| Military                            | 25           | <b>31</b>     | 30            | 8             |
| NGOs                                | 26           | <b>39</b>     | 34            | 20            |
| Media                               | 45           | <b>86</b>     | 56            | 34            |
| Religious bodies                    | 39           | <b>49</b>     | 41            | 17            |
| Business                            | 52           | <b>65</b>     | 50            | 52            |
| Education systems                   | 29           | 45            | 42            | <b>47</b>     |
| Judiciary                           | 47           | 66            | 43            | <b>80</b>     |
| Medical and health services         | 54           | <b>73</b>     | 43            | 70            |
| Police                              | 27           | <b>56</b>     | 38            | 39            |
| Public officials and civil servants | 61           | <b>66</b>     | 42            | 44            |

In all but two categories (education and the judiciary), Greece scores worst of all. Italy and Turkey appear in a similar position regarding corruption. Among the four countries, Turkey has – in the eyes of its citizens – the least corrupt political parties and the most honest parliament. Is this plausible?

Now add Germany to the list, and a number of interesting questions emerge.

*Which institutions are corrupt/extremely corrupt – Turkey Kosovo and Germany (percent)*

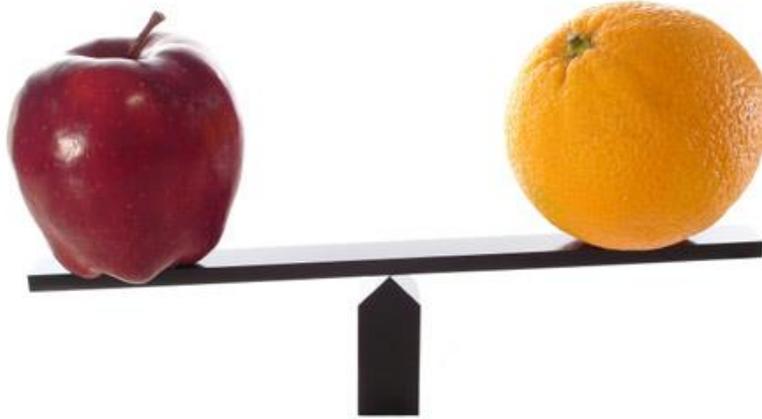
| <b>Institution</b>                  | <b>Turkey</b> | <b>Kosovo</b> | <b>Germany</b> |
|-------------------------------------|---------------|---------------|----------------|
| Political Parties                   | 66            | 75            | 65             |
| Parliament/legislature              | 55            | 66            | 48             |
| Military                            | 30            | <b>8</b>      | <b>25</b>      |
| NGOs                                | 34            | <b>20</b>     | <b>31</b>      |
| Media                               | 56            | <b>34</b>     | <b>54</b>      |
| Religious bodies                    | 41            | <b>17</b>     | <b>34</b>      |
| Business                            | 50            | <b>52</b>     | <b>61</b>      |
| Education systems                   | 42            | 47            | 19             |
| Judiciary                           | 43            | 80            | 20             |
| Medical and health services         | 43            | 70            | 48             |
| Police                              | 38            | 39            | 20             |
| Public officials and civil servants | <b>42</b>     | <b>44</b>     | <b>49</b>      |

There are many surprises: political parties are perceived as similarly corrupt in both Turkey and Germany. The German military is perceived as significantly more corrupt than the Kosovo Security Forces. The same is true for German NGOs and religious bodies compared to those in Kosovo. And when it comes to the perception of public officials, both Turkey and Kosovo rank better than Germany as well.

Does this make sense? And if you have doubts, why did you believe the results on Greece and Italy? You are right to hesitate... about both assessments.

<sup>5</sup> Transparency International, Global Corruption Barometer, country results for [Italy](#), [Greece](#), [Turkey](#) and [Kosovo](#), 2013.

Perceptions can highlight problems. But they are dangerous and misleading when they are not qualified by other sources of information. Certainly, perceptions are not a good basis for plans of action.



The gap between perception and reality also has consequences for reforms. As Ivan Krastev wrote in a wonderful book one decade ago, the fact that there is no necessary link between actual corruption levels and perceptions of corruption has a devastating effect on political motivation: it makes little sense for leaders in nations perceived as corrupt to focus on bringing down corruption *rather than engage in efforts to change perceptions and leave realities as they are*. An anti-corruption campaign should, Krastev wrote:

“... produce visible changes in the corruption perceived spread index and the corruption expectations index... Even the successful implementation of anti-corruption policies is unlikely to produce such a change.”<sup>6</sup>

The reason for this is simple. People are not focused on administrative corruption – which they experience first hand – when they share their perceptions, but rather on political corruption which they read or hear about... if media are fully free and competent.

Perceptions are formed on the basis of events – often scandalous or sensationalised – that are far removed from the respondents. In recent years, there have been many scandals in the German media involving prestigious and globally successful German companies: Siemens. Volkswagen. Bayern Landesbank. Deutsche Bank. So how corrupt is German business as a whole?

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<sup>6</sup> Ivan Krastev, *Shifting Obsessions. Three Essays on the Politics of Anticorruption*, CEU Press, 2004, pp. 96-98.



*World champions despite corruption? Italy in 2006*

There have been many corruption scandals in the Italian Serie A football league. In 2006, for example, they involved the main clubs in the country, including then league champion Juventus Turin. These improprieties involved bribery of referees and suggested that Italian football was the most corrupt in the world. After a different scandal *The Guardian* raised the question whether “Italian football [is] more corrupt, or do they just get caught more often?” The author of the article made one important point about all corruption scandals: for scandals to shape perceptions they first need to be brought into the open:

“Italian magistrates have the ability to set up phone taps and run long investigations into scandals of this kind. They are also proactive in seeking out possible wrongdoing and can order arrests and offer deals to those who confess. British police, for example, are much weaker and less interested in football-linked corruption... Italy is different, but we should not be complacent. What if the difference between Italian and British football is that people just get on with it over here, with no fear of being caught?”

There is obviously corruption in Italian football. And yet, how corrupt it is *compared to other leagues* is hard to judge without a credible methodology to evaluate scandals. (It is also surprisingly hard to establish a causal link between scandals and success: 2006, the year of the biggest scandal in Italian football, was also the year Italy’s national team won the world championship in Germany, with all of its players from the national league.)



## The Commission gets serious

If corruption is a serious problem in all accession countries, and if institutional audits (which look at laws and the structure of institutions) and assessments based on perceptions are not sufficient as a basis for policy making and assessing the impact of reform, what can be done?

In 2011, the European Commission faced this very challenge when it set out to do something politically unprecedented and daring: to write a corruption report on its own member states. It noted that “existing international monitoring and evaluation mechanisms” were limited. The Commission added:

“EU Member States have in place most of the necessary legal instruments and institutions to prevent and fight corruption. However, the results they deliver are not satisfactory across the EU. Anti-corruption rules are not always vigorously enforced, systemic problems are not tackled effectively enough and the relevant institutions do not always have sufficient capacity to enforce the rules. Declared intentions are still too distant from concrete results.”

Going forward, the European Commission proposed a regular anti-corruption report to provide objective assessments every two years. Its goal from the very outset was to go beyond using perceptions as the main indicator of corruption, and to:

“provide a clearer overview of the existence and effectiveness of anti-corruption efforts in the EU, help identify specific causes of corruption, and thus provide grounds for sound preparation of future EU policy actions.”

For this the Commission created an expert group to advise on establishing indicators, assessing Member States’ performance, identifying best practices and EU trends and making recommendations. It created a network of local research correspondents, consisting of representatives of civil society and academia, to collect relevant information in each Member State to feed and complement the work of the expert group.<sup>7</sup> This was a serious investment in a credible methodology:

“Seventeen experts were selected following an open call to which nearly 100 candidates registered their interest... The group started its work in January 2012 and has met on average every three months... The Commission has also received input from national anti-corruption authorities which are part of the EPAC/EACN network (European Partners Against Corruption/European Contact-Point Network Against Corruption).

The Commission also gave an opportunity to authorities of Member States to see early drafts of the respective country chapters (without the issues recommended for follow-up by the Member States) and provide comments. These comments were carefully considered in the preparation of the report.”<sup>8</sup>

Above all there were the two extensive surveys:

- “Special Eurobarometer 397 – Corruption” (February 2014);<sup>9</sup> and

<sup>7</sup> European Commission, [“Fighting Corruption in the EU”](#), 6 June 2011.

<sup>8</sup> European Commission, [“EU Anti-Corruption Report”](#), 3 February 2014.

<sup>9</sup> EC, [Special Eurobarometer 397 – Corruption](#), February 2014.

- “Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU” (February 2014).<sup>10</sup>

### Five corruption groups in the EU

On the basis of the surveys the Commission noted different categories of countries:

“Answers confirm a positive perception and low experience of bribery in the case of **Denmark, Finland, Luxembourg and Sweden**... In the case of the UK, only 5 persons out of 1115 were expected to pay a bribe (less than 1%), showing the best result in all Europe; nevertheless, the perception data show that 64% of UK respondents think corruption is widespread in the country (the EU average is 74%).

In countries like **Germany, the Netherlands, Belgium, Estonia and France**, while more than half of the respondents think corruption is a widespread phenomenon, the actual number of people having had to pay a bribe is low (around 2%)... Austria shares similar features with this group with the exception of a somewhat high number of respondents (5%) who reported to have been expected to pay a bribe.

In some countries a relatively high number of people indicated that they had personal experience with bribery, but with a clear concentration on a limited number of sectors, including **Hungary (13%), Slovakia (14%) and Poland (15%)**. In these countries, one sector, namely healthcare, provides the bulk of instances of bribery... while all other institutions or sectors (e.g. police, customs, politicians, public prosecutors’ services, etc) were named by less than 1% of respondents.

In certain countries, including **Portugal, Slovenia, Spain and Italy**, bribery seems rare but corruption in a broader sense is a serious concern: a relatively low number of respondents claimed that they were asked or expected to pay a bribe in the last 12 months... perception is so heavily influenced by recent political scandals and the financial and economic crisis that this is reflected in the respondents’ **negative impression** about the corruption situation overall (90, 91, 95 and 97% respectively).

As for countries lagging behind in the scores concerning both perceptions and actual experience of corruption, these include **Croatia, the Czech Republic, Lithuania, Bulgaria, Romania and Greece**. In these countries, between 6% and 29% of respondents indicated that they were asked or expected to pay a bribe in the past 12 months, while 84% up to 99% think that corruption is widespread in their country.

**Latvia, Malta, Ireland, Cyprus** do not show results that diverge considerably from the EU average on any of these aspects.”

If we sum this up, we have five types of countries:

**Denmark:** low perception of corruption, low experience with it

**Germany:** relatively high perception of corruption, low experience

**Italy:** very high perception of corruption, low experience

**Poland:** very high perception, high experience concentrated in the health sector

**Romania, Greece:** very high perception, very high experience

<sup>10</sup> EC, [Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU](#), February 2014.

Now let us look what the surveys tell us concretely about both perceptions and realities of experienced corruption for each of these six countries.

### Survey surprises

How widespread is corruption? How are anti-corruption campaigns perceived? Is it ever acceptable to give money to the public administration to get something?

*How widespread is corruption? (percent)*

| <b>Country</b> | <b>Widespread</b> | <b>Rare</b> |
|----------------|-------------------|-------------|
| Denmark        | 20                | 75          |
| Germany        | 59                | 33          |
| Poland         | 82                | 13          |
| Romania        | 93                | 3           |
| Italy          | 97                | 2           |
| Greece         | 99                | 1           |

Note: In ten EU member states more than 90 percent of respondents considered corruption to be widespread!

How about attitudes towards corruption? Here we find the first surprise.

*Is it acceptable to give money to public officials? (percent)*

| <b>Country</b> | <b>Never</b> | <b>Acceptable</b> |
|----------------|--------------|-------------------|
| Poland         | 88           | 11                |
| Italy          | 84           | 11                |
| Germany        | 78           | 21                |
| Romania        | 71           | 20                |
| Greece         | 73           | 24                |
| Denmark        | 75           | 25                |

More people think paying a bribe is acceptable in Denmark than in any of the other five countries, including Greece.

What about the perception of government-led anti corruption campaigns?

*Perception of anti-corruption campaigns (percent)*

| <b>Country</b> | <b>Impartial</b> | <b>Not impartial</b> |
|----------------|------------------|----------------------|
| Denmark        | 55               | 27                   |
| Poland         | 41               | 33                   |
| Romania        | 35               | 42                   |
| Italy          | 35               | 58                   |
| Germany        | 32               | 51                   |
| Greece         | 11               | 86                   |

Greeks are almost unanimous: anti-corruption campaigns are not impartial and pursue ulterior agendas. Interestingly, there is more trust in anti-corruption campaigns in Poland and Romania than there is in Germany.

It is clear that there is a problem in Greece when everyone asked is convinced corruption is widespread, when almost everyone believes anti-corruption efforts are not sincere, and when one quarter of people believe that paying a bribe can be acceptable. However, although people in Denmark are *least likely* to believe that corruption is widespread, they also show *the highest tolerance* among these six countries for bribes in general.

How about the actual experiences of individuals and businesses?

*Has anyone asked or expected a bribe from you in past 12 months? (Individuals)*

| <b>Country</b> | <b>“Victim” of corruption</b> |
|----------------|-------------------------------|
| Romania        | 25                            |
| Poland         | 15                            |
| Greece         | 7                             |
| Italy          | 1                             |
| Germany        | 1                             |
| Denmark        | 1                             |

A more nuanced picture emerges. Perception and experience are consistent with each other in Denmark – people there have not experienced corruption and do not believe it is widespread. They also match in Romania, Poland and Greece, where many people believe corruption is widespread and many have experienced it in the past 12 months.

But in the case of both Italy and Germany there is a gap. In both countries clear majorities believe that corruption is widespread. And yet few people in either country have experienced corruption themselves.

*Have you been personally affected by corruption in daily life? (percent)*

| <b>Country</b> | <b>Affected</b> | <b>Not affected</b> |
|----------------|-----------------|---------------------|
| Denmark        | 3               | 96                  |
| Germany        | 6               | 92                  |
| Poland         | 27              | 65                  |
| Italy          | 42              | 53                  |
| Romania        | 57              | 33                  |
| Greece         | 63              | 34                  |

Or is it all a matter of how the question is asked? While few Italians (1 percent) say they have been victims of corruption in their private lives, 42 percent of Italians say they have been affected by it.

However, more detail is needed if one wants to also understand *where* people have been victims of corruption in the past 12 months. Look at these findings:

*Victim of corruption (percent) in the past 12 months in... (percent)*

| <b>Country</b> | <b>Healthcare</b> | <b>Police/customs</b> |
|----------------|-------------------|-----------------------|
| Romania        | 22                | 2                     |
| Poland         | 8                 | 2                     |
| Greece         | 6                 | 0                     |
| Italy          | 1                 | 0                     |
| Germany        | 0                 | 0                     |
| Denmark        | 0                 | 0                     |

Such findings have obvious policy and reform implications. So do the findings of the business survey:

*Is corruption a problem for your business? (percent)*

| <b>Country</b> | <b>No</b> | <b>Yes</b> |
|----------------|-----------|------------|
| Denmark        | 94        | 4          |
| Germany        | 76        | 22         |
| Poland         | 67        | 32         |
| Italy          | 51        | 49         |
| Romania        | 34        | 65         |
| Greece         | 34        | 66         |

Corruption is a very serious problem for businesses in Romania and Greece. But there is also a wide gap between Denmark and Germany, where 22 percent of businesses say corruption is a problem.

In what areas do businesses encounter corruption? We looked at all EU members where *at least 3 percent of businesses said that they have encountered problems in a specific area*. This leads to the following picture:

*Where were businesses expected to bribe? (all countries with more than 3 percent yes response)*

| <b>Country</b> | <b>Building permits</b> | <b>Country</b> | <b>Vehicle permits</b> | <b>Country</b> | <b>Environment</b> |
|----------------|-------------------------|----------------|------------------------|----------------|--------------------|
| Ireland        | 12                      | Bulgaria       | 16                     | Poland         | 7                  |
| Bulgaria       | 11                      | Romania        | 7                      | Lithuania      | 6                  |
| Greece         | 10                      | Italy          | 5                      | Greece         | 4                  |
| Malta          | 9                       | Greece         | 4                      | Czech R.       | 3                  |
| Romania        | 5                       | Poland         | 4                      |                |                    |
| Czech R.       | 5                       | Czech R.       | 3                      |                |                    |
| Slovakia       | 5                       | UK             | 3                      |                |                    |
| Poland         | 4                       |                |                        |                |                    |
| Slovenia       | 3                       |                |                        |                |                    |
| UK             | 3                       |                |                        |                |                    |
| Luxembourg     | 3                       |                |                        |                |                    |

Businesses have different problems in different countries. There are three exceptions: Greece, where more than 3 percent of businesses have problems with building permits *and* vehicle

permits *and* environmental permits; Poland and the Czech Republic, which also appear in all three categories. Bulgarian, Romanian and UK businesses appear in two categories.

Such surveys help by providing a focus for national debates on corruption. They make comparisons fair. While they have limits – “high level” corruption is not detected through surveys like these – they are an essential complement to existing analysis.

There are many other interesting findings in the 2014 report:

“The majority (76%) of Europeans think that corruption is widespread in their own country.”

“More than half of Europeans (56%) think the level of corruption in their country has increased over the past three years.”

“23% of Europeans think that their government’s efforts are effective in tackling corruption.”

“Around one in twelve Europeans (8%) say they have experienced or witnessed a case of corruption in the past 12 months. Yet only 12% of those who have encountered corruption say that they reported it.”

“75% of companies say that corruption is widespread in their country.”

“Construction companies are the most likely to consider that corruption is widespread (79%) and telecoms/IT companies the least likely (62%).”

“Almost half (47%) of companies agree that the only way to succeed in business in their country is to have political connections.”

“32% of companies that have participated in public tenders/public procurement say corruption prevented them winning a contract, and this view is most widely held among construction (35%) and engineering sector companies (33%). At least half of companies in Bulgaria (58%), Slovakia (57%), Cyprus (55%) and the Czech Republic (51%) say this.”

So what makes the EU Anti-Corruption report more useful and credible than other previous reports?

There is the detail; the focus on both perceptions and concrete experiences; the insistence to look at specific locations where corruption takes place, concerning both businesses and individuals; the fact that this analysis is based on serious, detailed surveys with significant samples. No measurement of corruption is perfect and every tool can and should be further improved. But compared to all previous assessments it marks a definite step forward.

### **A simple recommendation – taking corruption seriously**

In 2014 the Commission announced that “the next EU Anti-Corruption Report will be issued two years from now.” If this happens then all seven accession countries should be included.

If, on the other hand, there will be no new anti-corruption report for the EU, then the assessment should in any case be done for the accession seven.

The EU has developed a very useful tool. It should continue to be used. After all, if corruption is serious business, its assessment should be as well.

**Further reading:**

[Special Eurobarometer 397 – Corruption](#) (February 2014)

[Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU](#) (February 2014)

[EU Anti-Corruption Report](#) (2014)

[Meeting report](#) from the 10<sup>th</sup> meeting of the Expert Group

Transparency International, [Corruption Perception Index 2014](#)

Transparency International 2013 Global Corruption Barometer country sections: [Germany](#), [Greece](#), [Italy](#), [Kosovo](#), [Turkey](#)

Ivan Krastev, *Shifting Obsessions*, CEU Press, 2004

Teresa Medina Arnaiz, [“The exclusion of tenders in public procurement as an anticorruption mean”](#), Conference Paper, 2008

[OECD Principles for Integrity in Public Procurement](#)