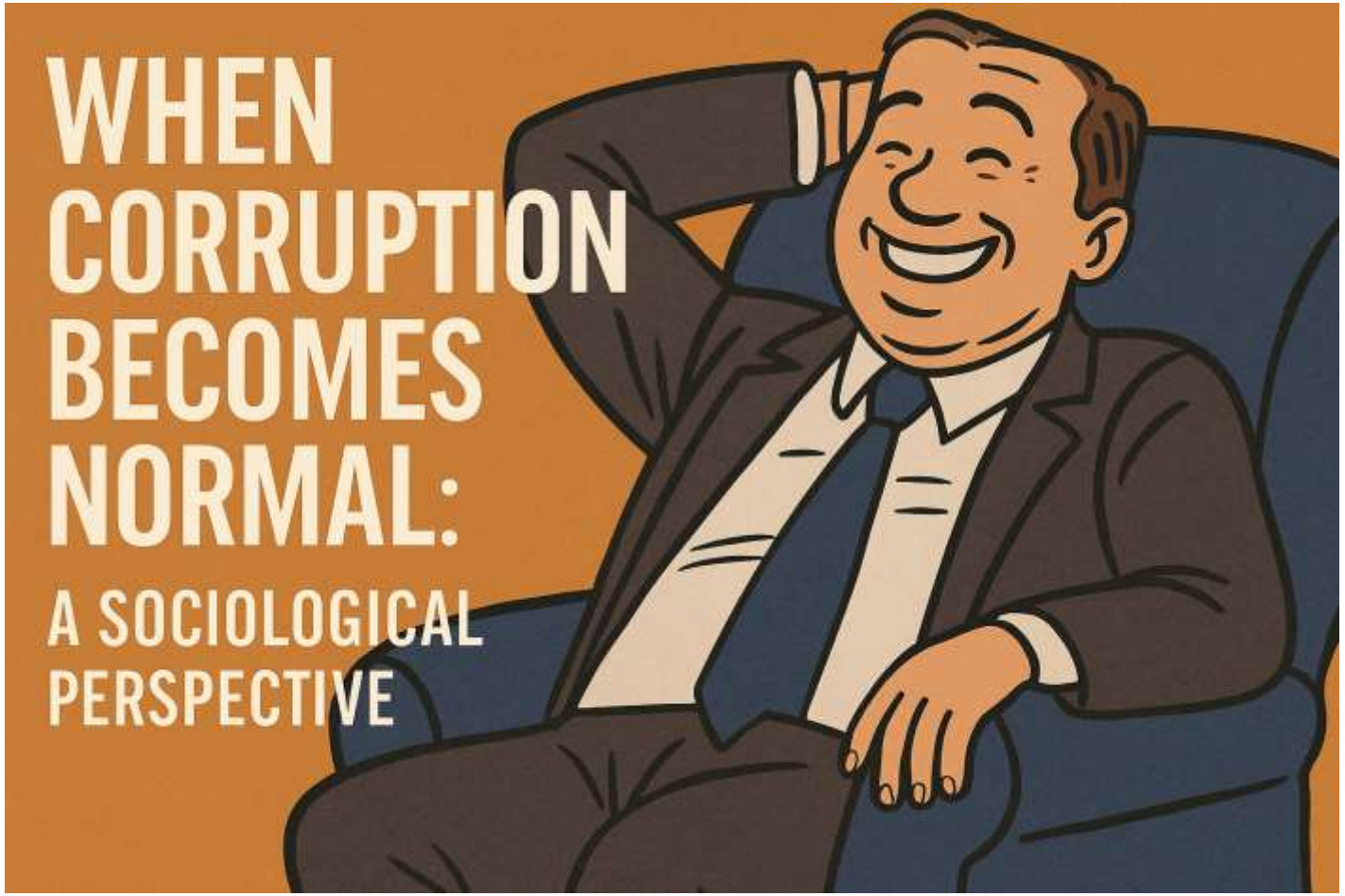

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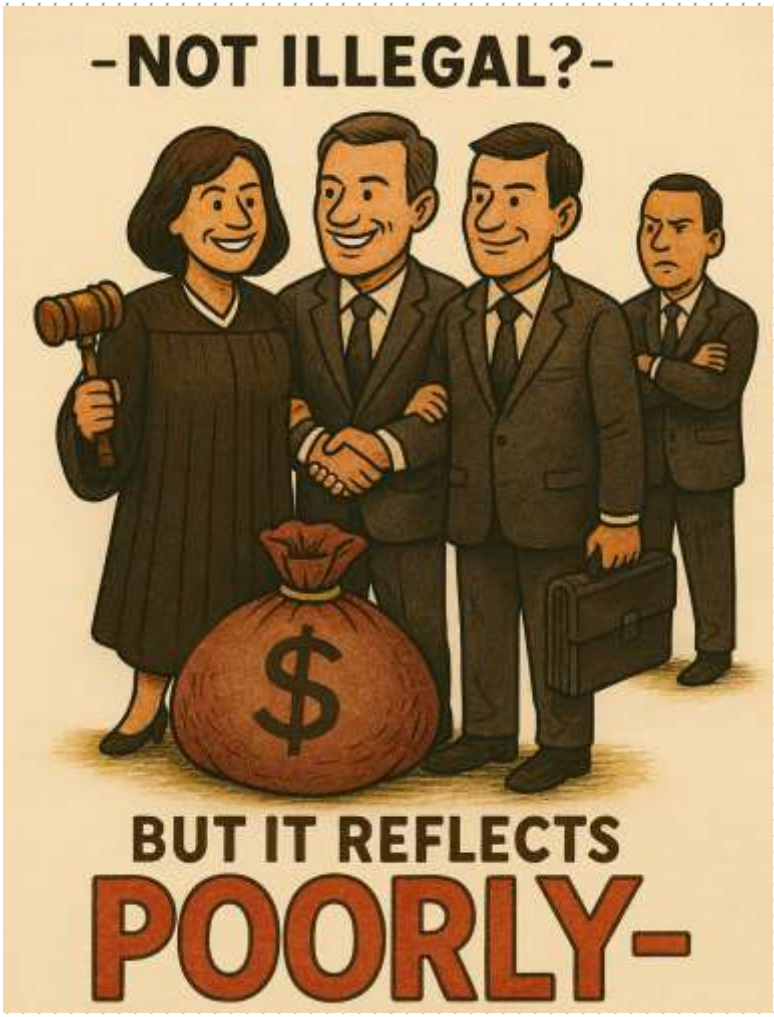
Understanding Corruption

Decomposition (Decay**) of the Political and Social Order"**?

Not only in detected criminal acts, but in the violation of public interest, which is reflected in public opinion.

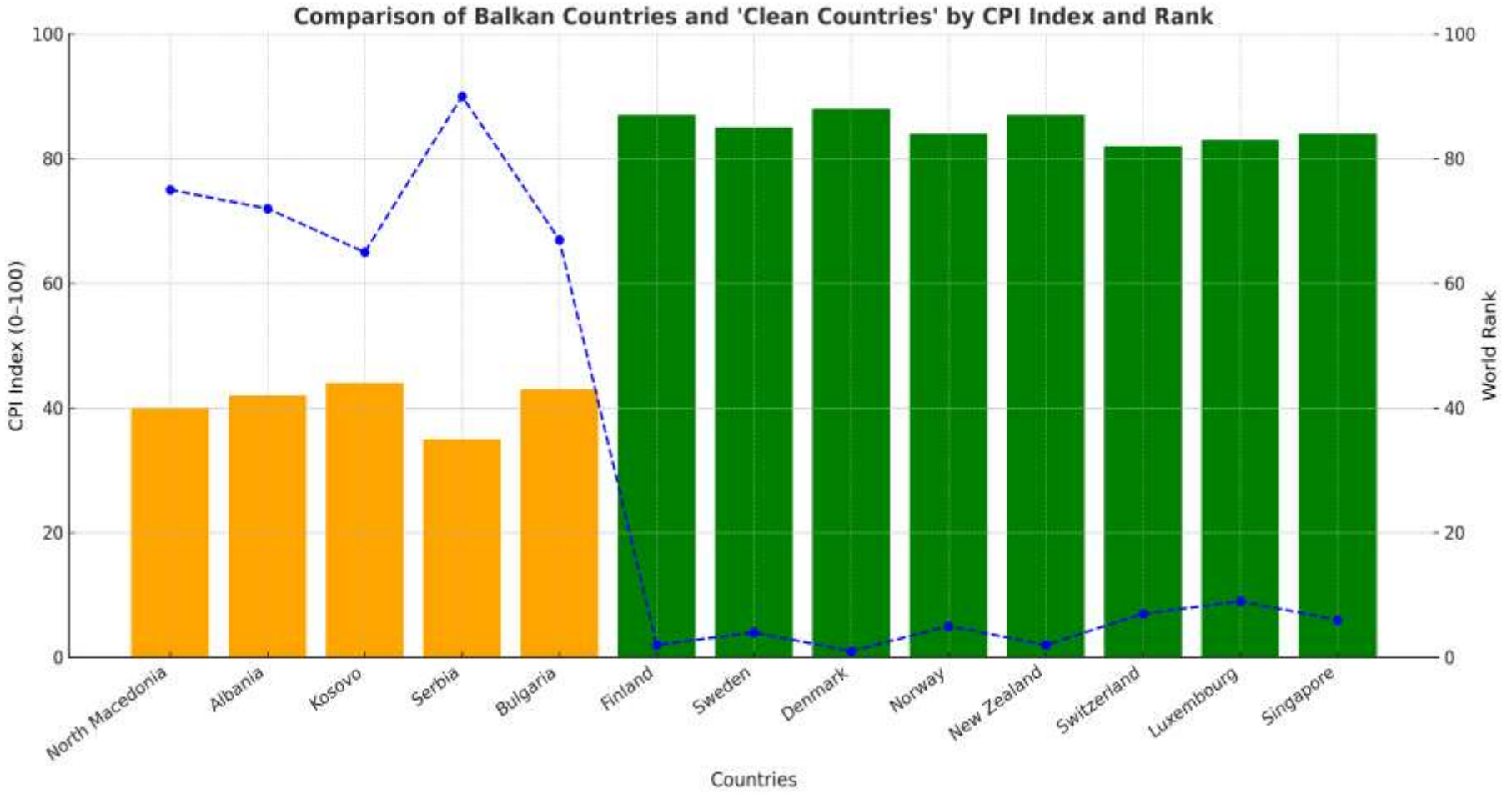
Many acts may not be illegal but are still corrupt.

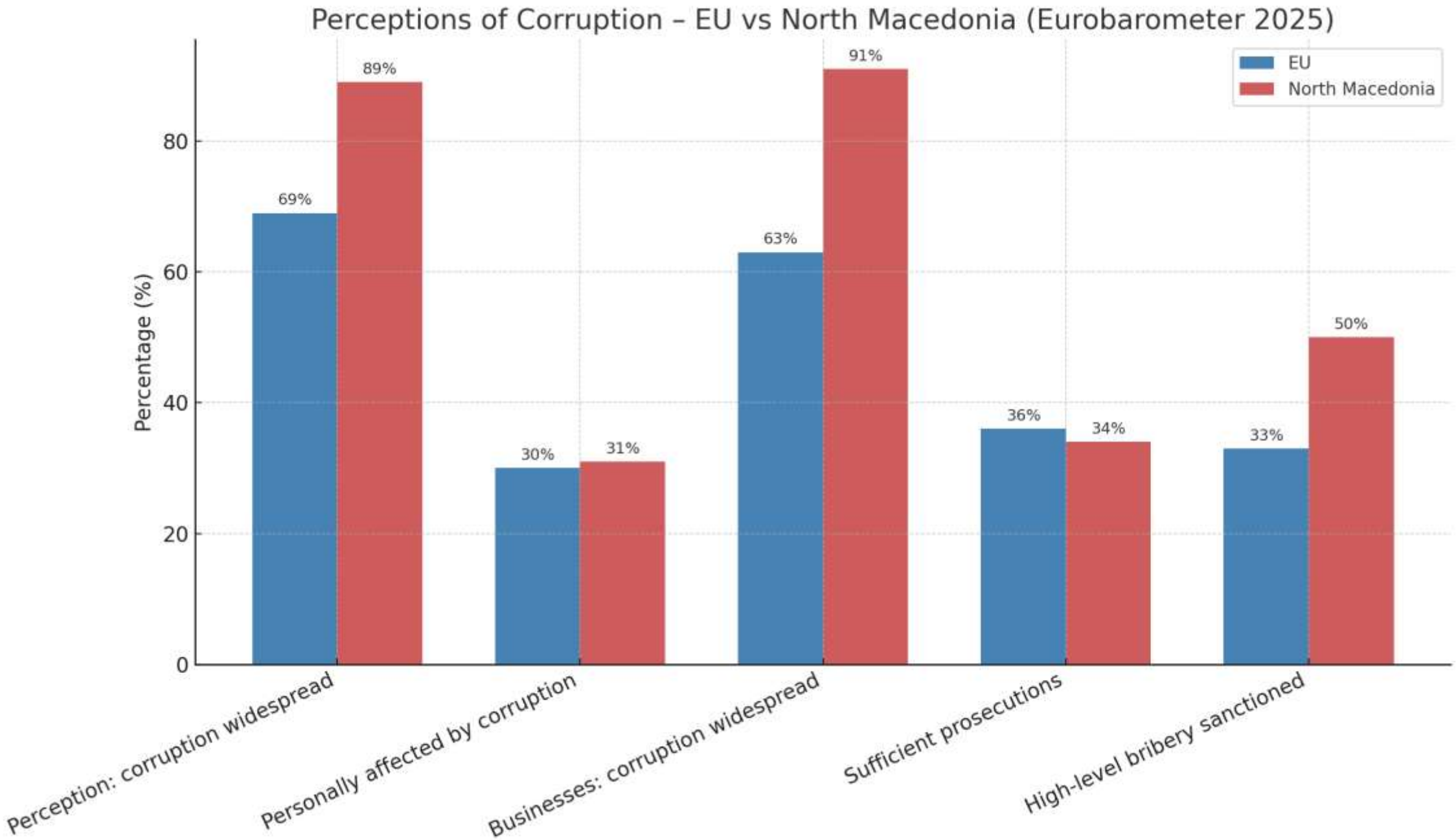
- Example: trading in influence, which is widespread.



- The wife is a judge, the husband a prosecutor, and the brother a lawyer – isn't that corruption?

Transparency International – Corruption Perceptions Index (CPI) Balkan countries and “Clean countries” - global ranking 2025




Perceptions of Corruption – EU vs North Macedonia (Eurobarometer 2025)
EU
North Macedonia
Percentage (%)
0
20
40
60
80
69%
89%
30%
31%
63%
91%
36%
34%
33%
50%
Perception: corruption widespread
Personally affected by corruption
Businesses: corruption widespread
Sufficient prosecutions
High-level bribery sanctioned

Corruption – The Most Expensive "Hidden" Tax

World Bank: Corruption Consumes 5% of global GDP = $2.6 trillion annually.

Bribes amount to around $1 trillion yearly - World Bank data 2022.

EU: €990 billion = 6% of GDP lost to corruption Data: European Commission, 2022.

Sanctions?

2019–2023: only 20 convictions for money laundering in North Macedonia (Global Initiative Report 2023).

Corruption and Social Structures

Petty Corruption:

Bribes are an everyday occurrence, and everyone expects to pay at least one significant bribe per year – the institutionalization of corruption, i.e.,

Bribes are additional “income tax” on corruption' alongside regular taxes.

Mark Philip: Corruption Tax – each individual pays 2% more personal income tax on top of the regular tax.

Grand Corruption:

Example: A deal by a senior government official who arranged procurement of equipment from a company he indirectly owns, making the state pay 50% more for identical products than the domestic market price, increases the income tax burden by 5%.

The total national loss is calculated by the number of such 'investments'.

Source: Mark Philip The Definition of Political Corruption,- 2015

Corruption – Public vs. Private Sector

- **Focus of research:** Most studies emphasize the public sector, but corruption also emerges and thrives in the private sector.

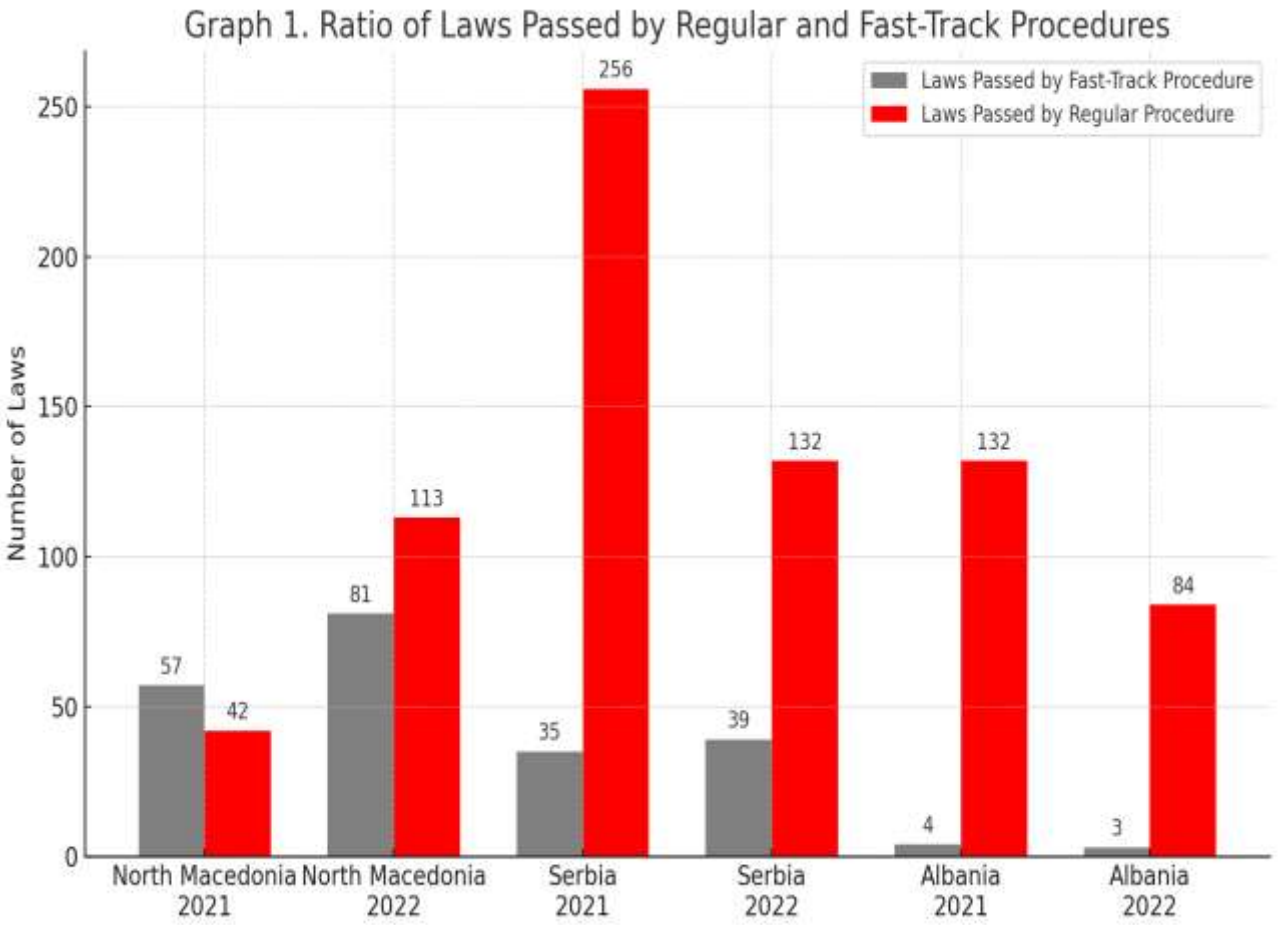
- **Business incentives:** Incentives for political corruption often come from business interests (Brooks 2025).

- **Collusion:** Major scandals involve government–corporate collusion → manipulated tenders, criteria tailored for specific firms.

- **Inside companies:** Corruption also exists within firms themselves (Ashforth & Anand).

Legislation tailored according to corrupt elites

- Source: IDCS, 2023



- Amendments to the Criminal Code (Sept 7, 2023).
- Reduced penalties for abuse of office and criminal association, leading to the collapse of 14 cases.
- The state not only failed to recover stolen public funds but paid an additional €170 million from the budget

Political Corruption – The Political System as a Source of Corruption

Robert Klitgaard's Formula:

Corruption = Monopoly + Discretion – Accountability

→ High discretionary power, weak law enforcement, and lack of public oversight.

Administrative/ political integrity.

Accountability of public officials: Who are they truly answerable to?

- 60% of citizens in 36 countries worldwide believe that the political influence of the wealthy contributes to major social inequalities.
- The corrupt are never isolated individuals.

Source: Economic Inequality Seen as Major Challenge Around the World: *Pew Research Center survey, 2024* Pew Research Center survey, 2024 https://www.pewresearch.org/global/2025/01/09/economic-inequality-seen-as-major-challenge-around-the-world/

Ideological Distance → Fragmentation / Hatred → Erosion of Democratic Accountability

Political polarization will never lead to control of corruption

Affective polarization:

Group identity that transcends the boundaries of politics

(Sartori (2005)

Forgiving corruption when it comes from "our own"

(Áron Hajnal (2024)

Whataboutism: "What did you do when you were in power?" → "They are all the same" → Relativization of corruption

(Tracy Bowell, 2023)

Old and new scandals

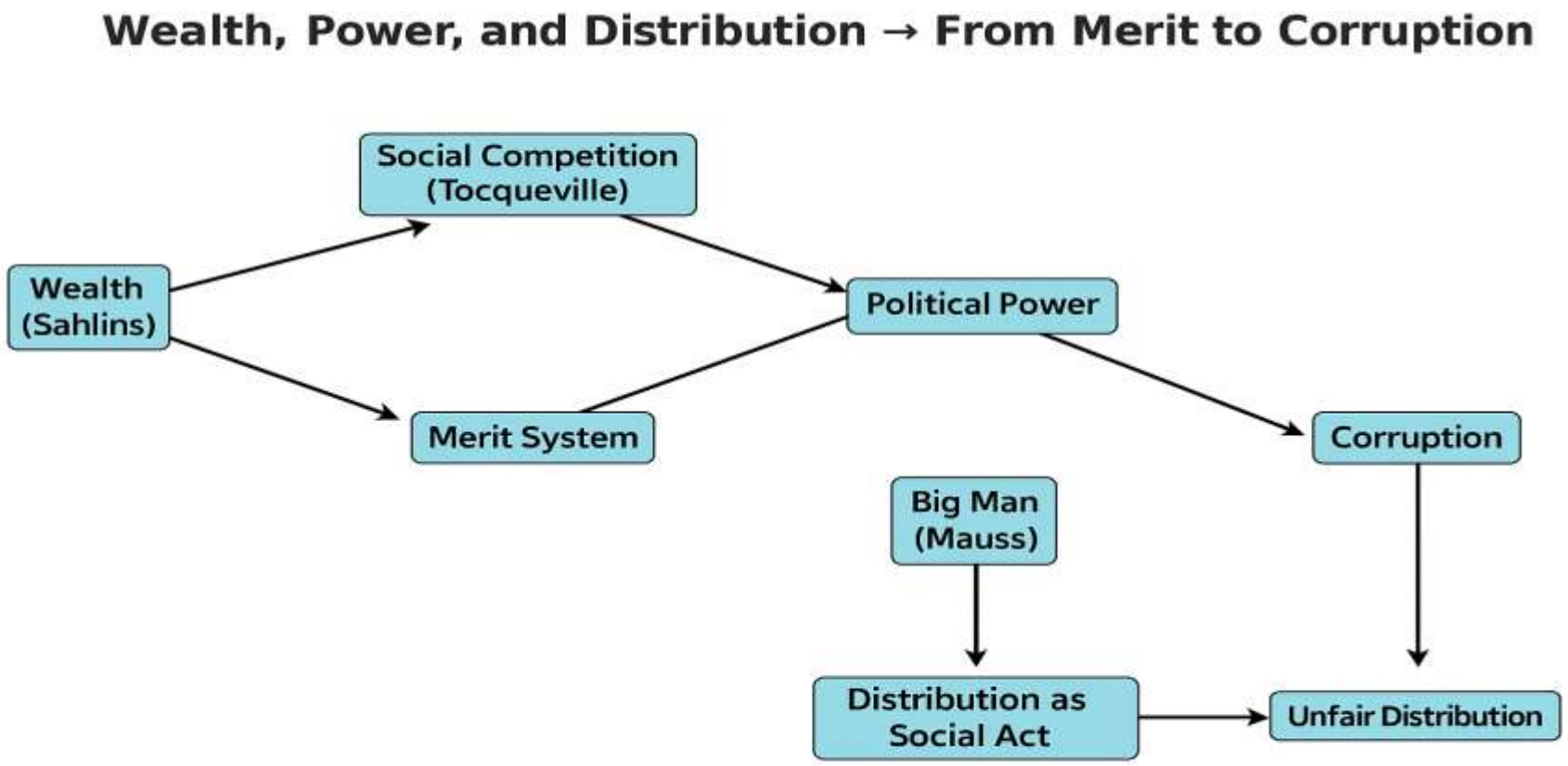
Function as "political bullets" for future conflicts, instead of being treated as legal matters for the courts.

Spectrum of Corrupt Practices in Nigeria → Paternalism

Practice	Explanation
Commissions for illegal services	Bribes for state tenders, customs facilitation
Additional payments	For public services that are formally free or intentionally overpriced
"Gratitude"	Payment after receiving a service
Connections and influence	Employment, enrollment, or promotion through clientelism
Bribes at checkpoints and tolls	For faster movement or to avoid fines
Misuse of resources	Using official vehicles/facilities for private purposes

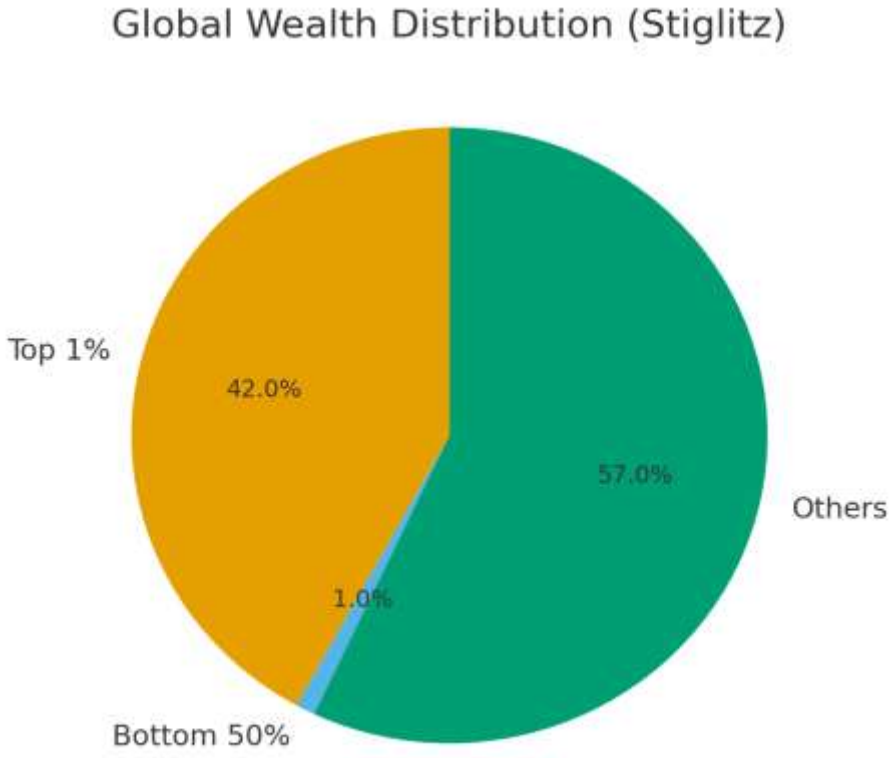
- Cultural Relativism → Corruption is perceived differently across cultures.
- Endemic Corruption (Huntington, 1968) → In societies with traditions of gift-giving, corruption is not seen as deviant; absence of norms for public service.
- Moral Frustration (Daniel Jordan Smith) → Democratic institutions and elites that fail to fulfill promises create feelings of disappointment and manipulation.
- Social Perception → Greater tolerance when "state resources" are misused compared to when "our resources" are misused.

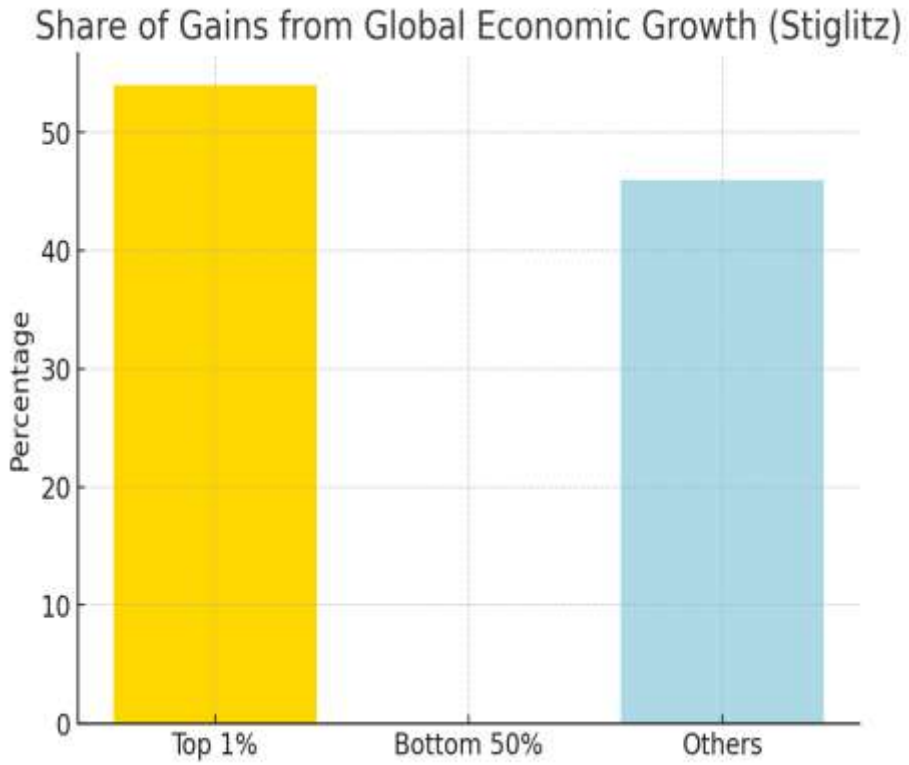
The Merit System and the Principle of Redistribution of Goods – Clientelism - We take, but you also take a little



J. Stiglitz: Inequality is not an inevitable consequence of capitalism

2025: https://blogs.lse.ac.uk/lsereviewofbooks/





Corruption – An “additional private salary” in a parallel market of services (Suzanne Rose Ackerman).

- Corrupt actors behave like “auctioneers” – creating a bidding environment where the “best price” (bribe) secures the service or permit (Klaus Beckmann & Carsten Gerrits, 2007).
- Hobbesian Model of Corruption: In conditions of anarchy, where laws and property rights are not enforced, a corrupt deal can generate higher social benefit by keeping economic processes alive.
- Cost of Anti-Corruption Efforts: Fighting corruption can sometimes be more expensive than corruption itself.
- Corruption often involves transactions, but not necessarily. For example, when MPs vote for laws serving their own interests, this constitutes corruption without a direct transaction (Oskar Kurer, 2015).
- Normalization: When corruption becomes widespread, it is perceived as just another “cost of doing business” (Oscar Kurer, 2015).
- Suzanne Rose Ackerman: Corruption represents an “additional private salary” for officials with discretionary power, creating a “parallel market” of services.

Institutionalization of corruption

Historical Legitimacy

- Corrupt practices that once had positive effects continue to be perceived as “profitable” today.
- Collective memory sustains the persistence of corruption.
- **Group dynamics** (Ashforth & Anand)
  - Newcomers learn from the group of “older” – do they really have a choice? Core value: loyalty to the group - distinction.
  - I had no choice, I was ordered to."
  - Division: “us” versus “them.”

Mentality of the Corrupt

- Feels no moral guilt.
- Sees themselves as:
  ✓ a successful and respectable person,
  ✓ a good husband/father,
  ✓ a desirable company for others.

Normalization of grand corruption - “they are all the same”

- **Political power and discretion** – senior officials control allocation of resources (state budget, contracts, concessions).
- **Rule-making in self-interest** – instead of breaking laws, elites rewrite them to create “legal” channels for corruption (*state capture*).
- **Transactions with business elites** – big firms or oligarchs provide bribes, political support, or services in exchange for contracts, monopolies, or tax benefits.
- **Profit-sharing** – corrupt gains are distributed among political and business actors.
- **Normalization and protection** – high-level corruption legitimized through media, party propaganda, and clientelist relations (“we steal, but give you a little too”); protected by party loyalty, judiciary, and police control.
- **Reinvestment into power** – resources used to fund campaigns, buy media, bribe judges or inspectors.
- **System reproduction** – citizens become discouraged”, reducing resistance, corruption becomes systemic and self-sustaining.
- **Deviant (dangerous or illegal)** behavior, if repeated without catastrophic consequences, is gradually accepted as "normal.“Diane Vaughan (1996)

Patterns of the Systemic Corruption

Corruption is not accidental – it functions according to predictable models of behavior, both among citizens and corrupt elites.

Corrupt authorities essentially "use" the psychology, expectations, and strategies of people.

People want: speed, security, and problem avoidance, so officials monetize that.

- **Citizen's expectancy:**
  Readiness among citizens to pay for public services. People believe that without a bribe there is no service (fast document, medical treatment, avoiding punishment).
- **Offer from the official:**
  The corrupt official knows that the citizen wants a quick result - "fast track" through a bribe.
- **Normalization:**
  Over time, both the official and the citizen see bribery as a normal practice ("that's how the system works").
- **Embedding corruption in the system:**
  Each bribe paid reinforces the official's belief that their method works and that citizens are willing to participate in such functioning of the system.