

Filloreta Madani, Ylldeze Sokoli

University of Vlora "Ismail Qemali"

THE CORRUPTION, IT S CAUSES AND THE WAR AGAINST IT CASE OF ALBANIA

Summary: The corruption, like a giant devilfish has got the economy of different parts of the world. The problem is brighter in those countries which have a brittle democracy in transition, which are faced in all fields such as: politics, economics, legal etc. The corruption index in Albania has been rising during the last years. However, not only will the inclusion of government but also of governmental organization and of all Albanian citizens in the war against it reduce this phenomenon in Albania.

Key words: corruption, informal economy, fiscal evasion, tax bribes.

1. Introduction

The word corruption comes from Latin "rumpere" which means "to break ". It has to do with breaking the belief that our society or a part of it offers general functions to a person in use.

The term corruption was firstly used by Moze Ezekiel, who was one of four Hebrew oracles. Ezekiel lived in the sixth century B.C. in the city of Tyre. Nowadays it coincides with a city in Liban. Ezekiel used this term in order to characterize the environment where he lived. This shows that the phenomenon of corruption is primeval and the war against it has been very long and difficult. As a phenomenon, the corruption is seen in private sector as well as in the public one.

The corruption is generally used to characterize a phenomenon which is widely adopted, the influence of money or other material goods in use of public functions by particular subjects. This term has replaced the use of Albanian words such as "making money" and "giving money". If it relies on corruption from the legal point of view, it will have to do with: "promise, proposal or assignation directly or indirectly of any kind of irregular benefits. It is referring to a person who practices private or public functions for himself or for other people in order to fulfill or not an action which is connected with his function. Corruption has a preclusive effect on the economic, social and political development in which it occurs. It emerges in all social systems and in all it levels in developed countries as well as in those undeveloped. It is worth saying that corruption is preserved in a way as a device with which many

bureaucratic rules might be avoided. It might encourage the economic efficiency, enact a distributive role and also attend as a device for the national integration, but these points of view have not been admitted by the economic and political analysts. The presentation and definition of cost, the causes of corruption from the middle of 1990 have played an important role in the incorporation of corruption in national and international programme. There are only a few people who are predisposed to report this phenomenon. If you ask a better part of population why they do not report the corruption, the answer would be completely shocking. The answer would be: "If you undertake such an initiative, would the problem be solved? No. Then let corruption exist because it helps me to resolve my problem faster".

The corruption is everywhere: in politics, in the development of a country and in the standards of living of its citizens. The thought that the most worrisome thing is the moral valour of corruption makes us hopeless in the war against it.

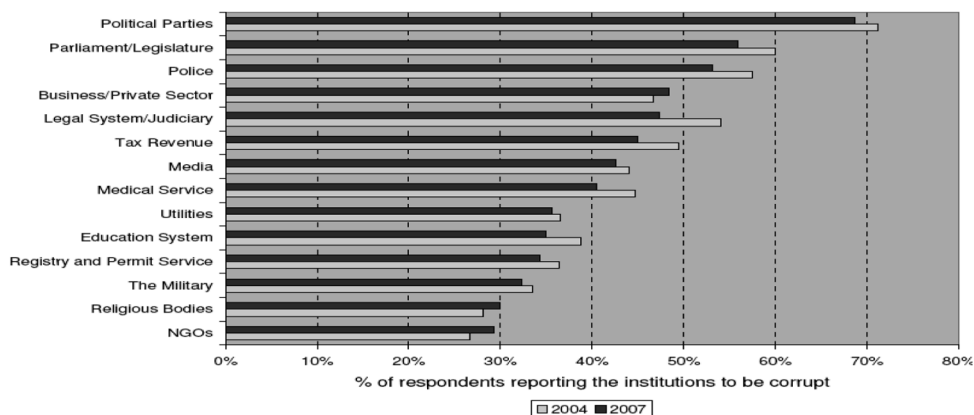


Fig. 1. Perceived levels of corruption in key institutions, 2004-2007

Source: Transparency International Global Corruption Barometer 2004 and 2007.

It is very easy and obvious, it is very difficult to make corruption a part of our life. In better parts of developed countries the requests for employment in such places as customhouse are frequent even if the salary is not very good. This fact shows that these people are inclined by other motives to work in this position, certainly not for the salary. The most corrupted countries according to the transparency index are those which have closed economy. Let's have a look at the countries which have socialist government. They also have a closed economy. The countries with a low level of GDP have a bigger corruption index than other countries. According to the statistics of Transparency International the global barometer of corruption for 2007 shows that the institutions can be grouped in three categories:

1. very corrupted institutions, such as: political parties, parliament, police (more than 50% of interviewees admit corruption in these institutions),

2. corrupted, where we can mention private section, media, medical and tax's authorities (more than 30% of interviewees),

3. less corrupted are the governmental organizations and religious institutions (less than 30% of interviewees).

The survey shows that in the south-east of Europe 15-20% of people give bribes when they meet politicians. The statistics show that the interviewed are sure that corruption in their countries will be higher in the future, even though the percentage of those who think so is different in different regions.

2. Corruption in Albania

When the democratic society was emerging Albanian's society faced such a negative phenomenon as corruption. In 2002 Albania was accepted for the first time in the valuation of index of corruption from Transparency International. In 2003 Albania was 92nd out of 133 countries which were taken in the study for the index of corruption from Transparency International. This indicator varies from 10 to 1. The highest level, 10, shows that the level of corruption is zero and the lowest level shows that the corruption is perceived as if it dominated the state. In 2003 Finland with the result of 97 points was considered the least corrupted country, meanwhile Bangladesh was considered the most with 1.3. The following table gives a full picture of the level of corruption in Albania from 2002-2008.

Table 1. Albanian's corruption in years

Years	Country rank	Country	CPI score	Surveys used	High-low range
2002	81	Albania	2.5	3	1.7-3.3
2003	92	Albania	2.5	5	1.9-3.2
2004	108	Albania	2.5	4	2.0-3.0
2005	126	Albania	2.4	3	2.1-2.7
2006	111	Albania	2.6	5	2.4-2.7
2007	105	Albania	2.9	6	2.6-3.1
2008	85	Albania	3.5	5	3.3- 3.4

The statistics show that Albania is the most corrupted country in Europe, resulting in a high level, a thing that caused a fall of Albania from the 193rd to 127th position for three years. In 2004 Albania was in 108th position out of 145 countries which were taken in the study with 2.5 points. In 2005 Albania was given 2.3 points coming up from the 127th position to the 158th among interviewee countries. Table 1 indicates that there was a reduction of corruption starting from 2005, but the level of corruption is again very high.

On one hand we see that Albania has a high level of poverty, which is not improved by the local government. On another the government works under pressure in order to give a chance to different activities.

Because of this the citizens do not believe the administration and it is seen in their participation in elections. When we talk about corruption, we think that it is not a phenomenon associated only with national institutions. We have seen dozens of instances where the subjects are led to make falsifications to reduce the taxes. We have seen them make illegal actions to carry off tenders, promotions etc. Often many private company leaders are used to corrupt whoever they want. Different legal or illegal foundations are a part of money transition and they avail themselves of the crisis to get a large amount of money. There is also the problem of active and passive corruption, but let this subject take to the court of law.

2.1. The reasons of corruption's birth

Theories about the determinants of corruption emphasize the role of economic and structural policies and also the role of institutions. Some theories suggest that per capita income and education are the causes of corruption, and some others theories stress the role of institutions more directly. Some of the reasons of corruption in Albania are:

1. The existence of informal economy. Concerning the informal economy, there were a lot of discussions and denominations dictated by the complexity of this economic phenomenon and also by other factors which influenced it. In other words it might be determined as the economic and business complexity of activities which are not registered in the legal and fiscal system. In accordance with Schrage (1992) and Thomas (1992) is the definition: "A group of activities which are practiced in a legal way, pay the taxes but they don't declare their activities and they don't include their incomes, these surely are part of PBB".

The reasons of this in Albania are closely related with the transition which Albania is facing, the lack of legal dimension, the lack of credit etc. All these problems are associated with the lack of credence towards institutions. A recent survey has shown that only 40% of interviewees trust the state, and as you can see this is a very low percentage. In our quotidian life we use different terms which are related to the informal economy in order to substitute each other but in fact they implicate different things and bring misinterpretation. Here are some of them:

- Tax evasion and tax deflection. A very important device which is used by the state to provide incomes is tax assembly. A lot of people, institutions and geographic areas take benefits from their usage. Using them the state of Albania provides the finance of a lot of services such as: military security, public security, legal security, public administration etc. Tax evasion implicates the default of commitment which is now a part of legislation. Meanwhile tax deflection implicates the individual or subject conduct that goes in for the tax diminution before it rises. One can see that tax evasion is a relict meanwhile the deflection is no. For this reason one cannot replace the two concepts with each other.

- Black and illegal work. The work in black is comprised by the complexity of legal productions, for which the appropriate administration does not have enough information, meanwhile the illegal work or better to say the illegal activities banned by law are: contraband, prostitution etc. but they cannot be considered in that way at the moment as they are carried out by unauthorized subjects (practicing an unauthorized profession). Like in all other countries in East Europe, Albania has a lack of legitimate and lack of institutional power. It has also underdeveloped administrative and political structure.

2. The bureaucratic system. It is a fact that officials who work in the state structures offer public services which should be offered only by the state in one form or in another. They are abused with their position breaking the law to achieve personal benefits. The above factors have the major influence on their behaviour.

- The low wage of employees in the public sector. The hope for better life, higher incomes and the insurance of their work does not provide enough incomes, the fear of a possible dismissal makes them think how to get as much profits as they can.
- High level of unemployment. In most cases work requests mainly in the state sector are high, while the posts are limited. Often people give bribes in order to get a post. A bigger part of them is not filled by the right person. A recent questionnaire answered by the last graduates has shown that the employees in public sector did not have good results and they still keep their posts. The state officials not only use their power to get good profits breaking the law in this way, but they also do a great damage to our society, employing wrong people.
- The usage of influential people to get a nomination. From these nominations in an illegal manner they get profits and monthly incomes. In our country this phenomenon is very obvious, especially in such institutions as: customhouse taxes confines, police etc. which have high illegal profits.
- Massive discharges at the moment of rearrangement. Public officials of national administration do not work with the idea of keeping their position for a long time, because they already know that they will be discharged and other militants of the opposite party will replace them. They try to get more profits as long as they have that opportunity.

Table 2. The years for the employment in Albanian public administration

Number of years	%
Less than 1 years	15.5
1-2 years	12.3
2-5 years	25.0
5-10 years	25.9
More than 10 years	21.4

The survey carried out by the Ministry of Integration among employees in 2007 showed how many years the officials worked in government administration. The results are shown in Table 2.

The data show clearly that only a small part of public sector employees worked there for more than 10 years. Most of the employees were young officers who in most cases were the members of the party that governed.

3. In which branch is corruption evident?

The Albanians perceive that corruption affect key public sectors and institutions in their country as opposed to their direct experience of bribery.

In Albania political parties, the legislative branch and the judiciary system are perceived by people to be the institutions most tainted by corruption.

In politics before the elections in Albania, political parties spend enormous sums for the elections campaign. If we just have a look at 2005 elections when political parties spent enormous amounts of money for luxurious campaigns, we do not know where this money came from.

The justice branch is always affected by this phenomenon. If we rely on judges' salaries, we will see that they are comparatively higher than other officials. Albania has a lot of problems but the most visible is the problem of possession. In this sector the level of corruption is very high. The fact that a better part of judges and proxies get bribes, but they never face justice, shows that a lot has to be done in this sector. Another very important problem is the dissociation of judiciary from politics. None of the politicians is penalized even though they are accused.

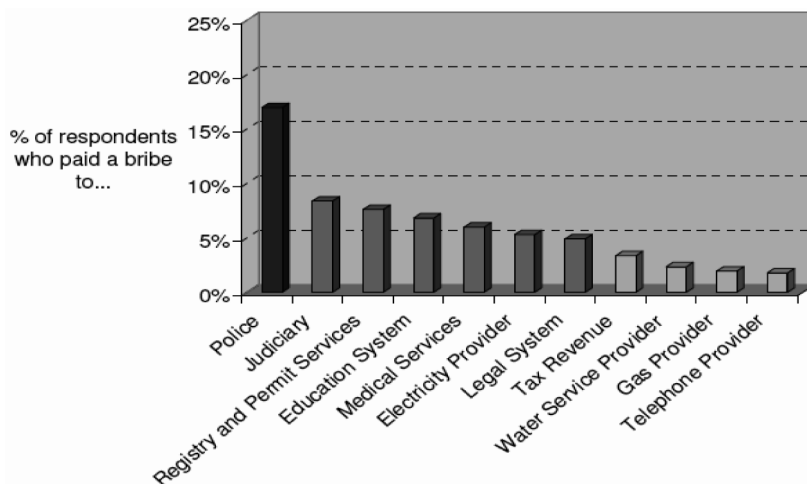


Fig. 2. Experience with bribery, by service.

Source: Transparency International Global Corruption Barometer 2007.

Figure 2 is based on the data of Transparency International Global Corruption Barometer 2007 showing areas in which bribery is more visible and problematic.

Economical sector

Fiscal evasion produces overabundant and cheap money, a better part of which is used to corrupt the state employees or to make illegal financing. This is usually followed by illegal activities, false documents or money ratification, the creation of inequality in the business branch. The business which always paid the taxes would think of finding an illegal way not to pay the taxes because it saw other business doing this, so it would not believe to the state.

The creation of social problems. The business which does not pay the taxes will probably be caught and penalized. In this way many employees who work in that business will be dismissed.

The business not registered for taxes. The businesses which are unregistered do not declare their incomes, so they do not pay the taxes which are established by law. Tendering process has always been a great problem, according to the lack of transparency and corruption's dimensions. In most cases the offers are hidden in order to win the person who pays great amount of money.

The creation of facilities in favour of those who are interested to gain their rights by law or by minister's determination. This corruption form is well hidden and it has double negative influences:

- it deflects the competition,
- it beats the integrity of institution from which it takes the funds.

4. The comparison between Albania to other regional countries

A recent poll organized by IDRA, "Corruption in Albania: perceptions and experiences" shows that nearly 92% of interviewed think that corruption is very extended in Albania. A better part of interviewed assert that they have given bribes to get different public services. Till 1998 Albania was classified as the most corrupted country in Europe. There were a lot of different polls done by national organizations which show that the main reason of that poverty was precisely the high level of corruption.

International Crisis Group declares that 50% of GDP in Albania comes from illegal activities meanwhile according to Global Bank 77% of Albanian companies have paid the officials. This sum goes to 1.4 billion US\$. Unfortunately from 1997 till now we have been on the bottom compared to other countries undergoing the transition.

More "infected" with the phenomenon of bribery is a part of the population under 30 years of age, and less affected by this phenomenon are aged over 65, the fact which shows that this phenomenon is new for our country.

Table 3. Percentage of respondents reporting that they paid a bribe to obtain a service

Age Group	% of respondents who paid a bribe
Total Sample	13
Under 30	18
30-50	13
51-65	8
65 +	4

Source: Transparency International Global Corruption Barometer 2007.

If only we make a comparison between Albania and other regional areas, we will see that they have made progresses in the war against corruption, but we keep going slowly.

In the table below (Tab. 4) we show the CPI comparison according to TI, from 2002-2008.

Table 4. CPI for the country of region

Country	CPI Score 2002	CPI Score 2003	CPI Score 2004	CPI Score 2005	CPI Score 2006	CPI Score 2007	CPI Score 2008
Slovenia	6	5.9	6	6.1	6.4	6.6	6.7
Bulgaria	4	3.9	4.1	4	4	4.1	3.6
Poland	4	3.6	3.5	3.4	3.7	4.2	4.6
Croatia	3.8	3.7	3.5	3.4	3.4	4.1	4.4
Czech Rep.	3.7	3.9	4.2	4.3	4.8	5.2	5.2
Romania	2.6	2.8	2.9	3	3.1	3.7	3.8
Albania	2.5	2.5	2.5	2.4	2.6	2.9	3.5
Serbia & Montenegro		2.3	2.7	2.8	3	3.4	3.4
Macedonia		2.3	2.7	2.7	2.7	3.3	3.6
Bosnia and Herzegovina			3.1	2.9	2.9	3.3	3.2

From 2002 till now Albania has made progress in the war against corruption. For many years corruption index had a constant level. It has started to change a little but it has not reached the enquired levels which are 5. In the Balkan countries which are in transition, Croatia and Albania are trying to enter the European Union and they have made great progresses in the war against corruption.

Macedonia is characterized by a developed corruption. Questionnaires made by Transparent International show that the citizens do not believe in government because they see that the state does not take precautions.

Although Serbia has a lot of problems, it is making great progress in this direction, particularly through its educative programmes and social marketing, helping the citizens in this manner understand the value of corruption.

Kosovo has a lower level of corruption compared with other regions. The international administration has established priority and transparency.

5. How to reduce corruption – conclusions

Despite the problem introduced above, we can say that there are a lot of devoted people who obey law despite pressure. We think that there are some ways to reduce this phenomenon. Here is the list:

1. Transparency – its existence depends on the government's willpower. The government should be more transparent in the usage of budget's funds in order to reduce the corruption phenomenon.

2. The creation of practice conditions and the observance of public notification. The most important one is the way they use public funds. The restriction of personal communication between taxpayers and tax officials is important in their discretion in assessing and collecting taxes.

3. The declaration of executive resources and the justification of their provenance. Often the ruling party that governs the country, using taxpayers money for its political campaigns is deceived that has spent it for public services.

4. The installation of telephone numbers on duty of public service, so they can report the corruption anonymously. Through this method it becomes possible to identify cases of corruption and protect the privacy of persons who denounce it. The application of such a method has begun in police, taxation sector – taxes, public administration, etc.

5. Civil education, showing the citizens the ways how to prevent corruption. Educating the youth to fight corruption is one of the challenges of the Albanian society and one hopes in the fight against corruption.

6. Hard disciplines for political parties financing, especially during the election campaigns. Political parties in Albania do not declare that money comes from for their expensive campaigns election. But NGO and international institutions are those who should try to force the transparency of government spending and the origin of money that political parties use.

7. Higher salary would reduce the corruption phenomenon, mainly in public administration. A lot of scholars support the idea that higher salaries in the public sector will significantly undermine the phenomenon of corruption in public administration. The salaries of employees of public administration in Albania are very low compared with those of other Balkan countries.

8. The liberalization of many public services on duty of the citizens. Most public services in Albania are the state monopoly, a liberalization of them will certainly bring an increase in quality to the public and a significant reduction of corruption.

Literature

Bardhan, Praban, *Corruption and development*, "Journal of Economic Literature" 1997, 1320-346.

Basley T., McLaren J., *Taxes and bribery: the role of wage incentives*, "Economic Journal" 1993.

Duggan M., Levitt S.D., *Estimating value of political connections*, 2002, 1095-102.

Mitchell A., Seligson, Siddhartha Baviskar, *Corruption in Albania: Report of Comparisons between 2004 and 2005*.

Program for the Transition to the rule of law and an inclusive market economy in Albania UNPD & ILD.

KORUPCJA, JEJ PRZYCZYNY I WALKA Z TYM ZJAWISKIEM. PRZYPADK ALBANII

Streszczenie: Korupcja – jak gigantyczna ośmiornica – dotyka sfer ekonomicznych w państwach na całym świecie. Problem jest bardziej wyraźny w krajach nowej demokracji znajdujących się w trakcie transformacji. Dotyczy on wielu dziedzin życia, takich jak: polityka, ekonomia, prawo itp. Indeks korupcji w Albanii wzrósł w ostatnich latach, co ma związek z systemem rządzenia. Do przeciwdziałania temu zjawisku w Albanii powinny się włączyć organizacje pozarządowe, a także obywatele państwa.