

CORRUPTION AS AN OBSTACLE TO THE RULE OF LAW AND ECONOMIC DEVELOPMENT

Gjorgi Slamkov, page 35-45

ABSTRACT

Within the framework of the paper, the author elaborates on the issue of corruption and its harmful effect in several segments of social life.

It is emphasized that corrupt actions are a negation of the value system which is based on modern civilizational understandings. By denying the system of values, corruption creates a parallel system contrary to the normatively defined one, that is, it acts as its counterthesis and through it opposite effects are created, that is, a parallel system that is aimed at circumventing and breaking the established rules and creating a chaotic state.

In that direction, the author also presents the relationship between corruption and the rule of law, completely opposite concepts, where corruption is the negation of the rule of law. If the rule of law is in the direction of the correct application of norms by independent institutions with institutional and personal integrity of employees, then corruption is aimed at undermining such integrity and managing institutions in a way that allows abuse of public powers by individuals or groups.

The author emphasizes the impact of corruption on economic growth, the level of poverty and the existence of organized crime. All of these relationships have a common point of connection, which is the disruption of the financial system and enabling the enrichment of corrupt persons through the violation of legal norms.

The high level of corruption in a country has a strong negative effect on economic development, since state resources are spent in a way that is contrary to what is legally established, through various forms of abuse, mostly in the area of public procurement, through embezzlement, fraud and similar actions. In addition, the author emphasizes that the high degree of corruption does not create competitive conditions, but illegal monopolies are created and maintained as such, and foreign investors avoid such countries for investment because there is legal uncertainty and dysfunctional institutions.

Through the analyzing of the relationship between corruption and organized crime, the author emphasizes that countries with weak institutions and a high degree of corruption are particularly vulnerable, and there the groups that deal with organized crime grow stronger. The author points out that the more organized crime groups become financially powerful, the more their efforts to infiltrate politics, that is, institutions, and therefore also in the implementation of legal regulations, will strengthen. This is a particularly dangerous situation and if they succeed in such a goal, then there are serious problems in the functioning of the legal state.

Keywords: corruption, value system, poverty, organized crime, legal security, control mechanisms

Prof. Dr. sc. Gjorgi SLAMKOV

Faculty of Law, European University, Skopje

e-mail: gjorgi.slamkov@eurm.edu.mk

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Introduction

In modern circumstances, there is no society immune to corruption, but there is a difference in the degree of its presence, in the phenomenology, as well as in the measures taken to deal with it.

Essentially speaking, corruption is the negation of the social system of values, of the rules of behavior, of the sense of existence of a system. As such, corruption is in direct conflict with the rule of law, with the independent and objective operation of institutions.

Corruption is an obstacle to economic development because it undermines the foundations of the financial system, whether through money laundering or the violation of market rules in order to privilege certain individuals or groups. In such a case, corruption is a factor for social differences and an increase in poverty, as it penetrates into all segments of social life and leaves consequences on the objective implementation of social policies.

The links between corruption and organized crime have long been known and come from a simple logic, i.e., criminals with more years of experience try to carry out those illegal actions that bring them the most money in the shortest time, and often in those actions they need involvement of public officials, and here there are abuses, bribery, in short corruption.

- Corruption as a negation of the social value system

Corruption is a socially harmful phenomenon that negatively affects all segments of life, i.e. the functioning of institutions, economy, security, health care, investments, but what is especially important, corruption is a direct negation of the system of values on which a modern democratic society is based.

Corruption, especially high corruption, undermines citizens' trust in state institutions and decision makers. Namely, if individuals in positions of power engage in corrupt practices, this can lead to a widespread belief that honesty and integrity are not valued, and as a result of the erosion of citizens' trust in public officials, the overall moral capacity of society can be reduced. . If such a situation lasts for a long period of time, then it will be extremely difficult to correct the situation and restore trust in the institutions.

In addition, if corruption becomes widespread and accepted in everyday life, then it may lead to the normalization of unethical behavior, that is, citizens may begin to perceive corruption as a necessary or inevitable part of interaction with state institutions. There is a situation where citizens, when exercising their legal rights, give (upon request or on their own initiative) certain gifts or conveniences to public officials or officials employed in institutions, despite the fact that such persons are paid by the state or local government for the performance of their duties.

The continuation of this situation is particularly harmful for future generations. Namely, children and young people who grow up in such environments may perceive corrupt practices as acceptable behavior, a way of life, as "normality", and in such a case, long-term, extremely difficult efforts are needed to change the mentality. This has an essential impact on the system of moral values among young generations, the distorted view creates such habits that are essentially unethical.

A high level of corruption is an essential obstacle to the economic development of a society. Namely, countries with a high level of corruption have serious obstacles to achieve the goals of sustainable development, that is, resources that could be used to improve education, health, security, infrastructure and other sectors are lost in various ways, i.e. , through public procurement processes, through fraud or other actions that ultimately result in the enrichment of individuals at the expense of the public interest and the economic progress of society . As a result corruption tends to benefit a few privileged individuals or groups at the expense of the wider population, thus increasing social and economic inequalities. This arrangement is in the direction of the dominance of personal interest (achieved through corruption), nepotism, conflict of interests, i.e., their dominance over justice, expertise and competition.

If corrupt behavior goes unpunished for a long time it can lead to moral relativism where individuals can justify unethical actions based on prevailing norms.

The value system of a society is of crucial importance for maintaining social cohesion. If the system of values is threatened due to high corruption, then a significant part of the population, which opposes corrupt practices, will have a sense of injustice, resentment, disenfranchisement and a desire to move out of such a society.

The long-term presence of high corruption in a society requires normative and institutional reforms, but it is especially significant to change the mentality of the population by promoting transparency, responsibility and ethical behavior. Building a strong value system that supports integrity, fairness and respect for the rule of law is essential to fighting corruption and fostering a society where everyone can thrive on equal terms.

- The rule of law and corruption

The rule of law and corruption are two opposing sides based on completely different goals. The rule of law is a legal assumption without which the functioning of the legal system is not possible, a condition for respecting the freedoms and rights of citizens, a condition for the functioning of all institutions.

Namely, the rule of law refers to the principle of equality between all citizens, that is, the responsibility of all for their actions, including public officials, since they exercise public powers in the name of all citizens and are therefore responsible for their actions.

In addition to equality and responsibility, the rule of law also includes the principle of legal certainty, which means precise and clear laws that are consistently applied, as well as the principle of justice, which means that legal processes are impartial and ensure justice in accordance with the law.

Corruption is the complete opposite of the principle of the rule of law, in essence it represents the abuse of public powers for private purposes.

Corruption is the opposite of the principles on which the state is based, i.e., through it, the norms on which the system functions are circumvented or violated. If corruption is widely spread and penetrated into the key institutions in the fields of justice, education, security, economy, health, then that country has serious problems to deal with it, because the system will be blocked from the inside, the preventive mechanisms will not work and another system will rule. which will generate chaos, instability, inequality, uncertainty, i.e. on the surface will be everything that is contrary to the rule of law.

The longer the above condition is present in everyday life, the more it becomes more acceptable for a certain part of the citizens, who perceive it as a way of life, i.e. corrupt practices are normalized and rooted as rules of behavior, and this is exactly a big problem for establishing the rule of

law because it will take a certain period to effectively work on changing the mentality of the citizens.

Every country has a certain degree of corruption and in general all countries should base their efforts to strengthen the rule of law on increased transparency and accountability, then building effective control mechanisms over the institutions that have a central role in the system, i.e., "controllers of controllers", reducing the discretionary powers of public officials and increasing digitization.

Corruption represents an obstacle to the rule of law and this is argued through several segments, thus, corruption distorts justice by creating legal uncertainty, privileging individuals through political or business relations, thus creating inequality. In such a case, the example of the student who was asked in case he needed legal help which lawyer he would ask for, the one with the most legal knowledge or the one who knows the judge, the student's answer was the second - the one who knows the judge. This response is characteristic of highly corrupt societies where citizens do not trust institutions.

Corruption produces a reduction of responsibility, it means impunity or apparent impunity of individuals who are able to influence decision-makers, i.e. bribe them. This results in partial enforcement of laws, reduced effect of general prevention and no special prevention, and we cannot even speak of justice.

A major obstacle to the rule of law is the infiltration of corrupt individuals into regulatory bodies, the judiciary and law enforcement. In such a case, the institutions become compromised, controlled by certain groups and far from the purpose of their existence. In such a case, the only solution is reforms and a completely new staff selected in a transparent manner.

Whenever the problems with corruption come to the surface, talks of reforms begin, but the point is who will implement the reforms. Namely, the reforms threaten the interests of individuals or groups who at a given moment have public powers, and they will try to prevent reforms from happening or, if they do happen, to maintain the status quo situation in which they have an interest.

Namely, while the rule of law aims to ensure justice, accountability and fairness, corruption undermines these principles by encouraging inequality, injustice and impunity. Dealing with corruption is of crucial importance for respecting the rule of law and protecting human rights and freedoms.

- Corruption as an obstacle to economic development

Corruption is widely recognized as a significant obstacle to economic development around the world. Namely, corruption erodes the effectiveness and credibility of public institutions, especially law enforcement, judiciary and regulatory bodies. The presence of corruption in these institutions directly undermines the rule of law, creates legal uncertainty and thus weakens the basis for sustainable economic growth.

Systemic corruption is particularly problematic because it can lead to inefficiency in the public sector. If receiving and giving bribes are a widespread way of decision-making, then the institutions will not exist due to the fulfillment of legal competences, but a situation will be created that will open the question of the meaning of their existence.

In corrupt societies there is also the problem of inadequate distribution of state resources. Namely, instead of the funds being used for the realization of projects for economic growth, for the improvement of public welfare, i.e. the public interest, such funds end up with individuals or groups that have influence in decision-making through criminalized procedures for public procurement, embezzlement or other abuses.

Such situations have a negative impact on investments because investors avoid investing their funds in countries with high corruption in which there are dysfunctional institutions, unpredictable situations, legal uncertainty.

In fact, corruption creates barriers to entrepreneurship by increasing the cost of doing business, obstructing innovative projects, and favoring well-connected individuals or business groups. In that way, opportunities for job creation, new investments and economic strengthening are reduced.

All sectors are sensitive to corruption, but infrastructure projects are particularly vulnerable due to their value, scale and complexity. As a result of corruption, especially large infrastructural projects will be delayed by constantly postponing the completion date, the price of the project will increase, i.e., inflated costs, the quality of the work will be debatable, and it is possible that the project will not be completed.

Tackling corruption saves financial resources and breaks bad practices, but also helps achieve a wide range of development goals. This requires comprehensive efforts, including legal reforms, transparency initiatives, strengthening institutions and fostering a culture of integrity. Success in

the fight against corruption is a prerequisite for countries to have improved economic performance, to attract investments and to promote sustainable development.

- Corruption and the increase in poverty

Corruption is the cause of poverty and a barrier to its eradication. The connection between the act of corruption and the state of poverty is numerous and common. In the public sector, corruption discourages growth and deepens poverty, weakening institutions and funneling state resources into the hands of corrupt individuals or groups.

Abuse of resources in the area of health, education, employment, social protection, that is, the sectors that have more pronounced programs to reduce poverty, are particularly sensitive to the relationship between corruption and poverty . Corruption results in substandard public services and limits the poor's access to opportunities for social mobility.

The long-term presence of corruption in a country means the concentration of wealth and power in a certain group, which will further increase the gap between the rich and the poor . Such states do not have democratic standards of governance and seriously limit human rights and freedoms. In addition, the high level of corruption can contribute to political instability, which further undermines economic growth and worsens poverty.

In essence, corruption erodes citizens' trust in institutions and undermines social cohesion. When citizens realize that the system is corrupt, they lose interest in participating in the processes because they know that the result is predetermined and the possibilities for success are limited, almost non-existent.

If you look at the rankings of Transparency International for the corruption perception index, you will notice that poor countries with long-term economic and political instability are at the bottom of the list, that is, they are the most corrupt countries. Thus, in 2023, according to TI CPI, the most corrupt are Somalia, Venezuela, Syria, South Sudan and Yemen .

Dealing with corruption as a means of reducing poverty requires joint efforts to strengthen governance, transparency and accountability, promoting ethical behavior in the public and private sectors. States that successfully tackle corruption see improvements in social and economic indicators, leading to sustainable development solutions.

- Corruption and organized crime

According to the UN Convention against Transnational Organized Crime , a group engaged in organized crime means a structured group of three or more persons that exists for a certain period of time and acts together with the aim of committing at least one serious crime for the acquisition of financial or other material benefit.

Organized crime refers to criminal activities that are coordinated and controlled through a hierarchical structure involving multiple individuals or groups that undertake actions to obtain significant financial gains and therefore as their main activities are drug trafficking, money laundering, extortion, trafficking people.

Organized crime is very closely related to corruption in order to infiltrate legitimate businesses and especially state institutions that have significant financial resources or are responsible for law enforcement.

The involvement of organized crime in the work of law enforcement bodies is especially harmful for the rule of law, since corruption gives organized criminal groups the opportunity to work more freely, knowing that the competent institutions will not take essential actions to prevent them. By corrupting officials in law enforcement agencies or the judiciary, investigations are hindered, justice is obstructed, and individuals are protected from organized crime. This situation undermines the efforts to fight against organized crime and erodes public trust in the institutions responsible for the rule of law.

The main goal of criminal groups is to launder the money acquired through the commission of criminal acts, that is, to introduce them into the legal financial flows and then use them completely legally. Basically, this process damages the integrity of financial flows and disrupts the logic of the financial market. Corruption in financial institutions or regulatory bodies can greatly help these groups to avoid revealing the origin of the money and launder it through legitimate channels, thereby integrating their illegal gains into the economy.

Through the acquisition of significant financial resources, organized crime groups try to corrupt higher public officials, that is, to influence politics , and therefore also in the implementation of legal regulations. This is a particularly dangerous situation and if they succeed in such a goal, then there are serious problems in the functioning of the legal state and we get a situation called "the mafia has its own state". This is a big

risk for countries with weak institutions, high level of corruption, economic, political and security instability.

If organized crime groups manage to launder the criminally acquired money through corruption, then they will create an unfair and unpredictable business environment and will be unfair competition to legitimate investors, the point of the financial markets will be violated, there will be a departure and deterrence of legitimate investors. Based on the fact that such actions take place in front of the public, the end result is reduced trust of citizens in the institutions, especially for law enforcement.

According to the Global Organized Crime Index 2023 prepared by The Global Initiative Against Transnational Organized Crime (GI-TOC), countries with the highest level of criminalization are Myanmar, Mexico and Colombia, while the lowest level of criminalization is in Finland, Iceland and Liechtenstein. Within the same research, it is emphasized that financial crime is most strongly represented in Guyana, Iran, Iraq, Lebanon, Libya, Mexico, Myanmar, Papua New Guinea, Russia, United Arab Emirates. On the other hand, cybercrime is most intense in China, Israel, North Korea, Russia, Ukraine, Brazil and the USA.

Conclusion

Corruption has existed since the first human communities and over time it has been modified depending on social changes. The meaning of the term "corruption" means dishonest or fraudulent behavior by those who hold public offices, and it includes bribery, embezzlement, influence peddling and other actions through which the holder of the public office commits abuses in order to realize the private interest and to the detriment of the public interest.

In any segment, corruption causes damage to social goals, it is a counterthesis to the rule of law, a negation of the legal order, an opponent of respect for human rights, especially equality. The more corruption is present, the more the space for the functioning of the legal state is reduced.

Through corruption, basic business principles are violated, unfair competition and monopolies are created, and an uncertain environment for investments is created. Namely, foreign investors run away from those countries where there is no legal certainty and predictability. Such countries may receive dubious "investments" that will ultimately amount to money laundering.

States with high corruption cannot achieve high economic growth, in them the gap between the few rich and the majority of the poor is constantly growing, all institutions including those for law enforcement are weak, thus strengthening criminal organizations and especially organized crime comes to the point.

In countries with high corruption, the only solution to improve the situation is essential reforms in the system of the rule of law, they imply the improvement of the normative framework for fighting corruption, the creation of financially stable and independent institutions, and especially the selection of staff with integrity who can tackle corruption in all segments of society. Radical reforms are a prerequisite for improving the situation, minimal changes, i.e., cosmetic reforms are just a waste of time and further eroding the system.

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