

University of Belgrade | Institute for Philosophy and Social Theory



Center for Ethics, Law and Applied Philosophy



Ministry of Education, Science and Technological Development



The Balkan Trust for Democracy

**ERSTE Stiftung** 

A PROJECT OF THE GERMAN MARSHALL FUND

## Corruption and Social Development

International Scientific Conference Institute for Philosophy and Social Theory, University of Belgrade October 19–21. 2012. EDITORS: Ana Birešev, Rada Drezgić i Srđan

Prodanović

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## Corruption and Social Development

International Scientific Conference Institute for Philosophy and Social Theory, University of Belgrade October 19–21. 2012.

## **Conference organizers:**

Ana Birešev Institute for Philosophy and Social Theory, University of Belgrade

Rada Drezgić Institute for Philosophy and Social Theory, University of Belgrade

Srđan Prodanović Institute for Philosophy and Social Theory, University of Belgrade

## **Conference organization:**

Centre for Ethics, Law and Applied Philosophy, Belgrade

Institute for Philosophy and Social Theory, University of Belgrade

### **Corruption and Social Development**

The aim of the conference "Corruption and Social Development" is to explore the multidimensional phenomenon of corruption starting from its various definitions: administrative, public interest, economic, philosophical, as well as its understanding in the original Aristotelian meaning of generation and corruption. "We are to distinguish the causes," writes Aristotle in the first passage of his book on Generation and Corruption, "and to state the definitions, of these processes considered in general – as changes predicable uniformly of all the things that come-to-be and pass-away by nature." When instead of using 'come-to-be' and 'pass-away' we use the Greek or Latin terms (generation and corruption), the words expand to cover a much larger semantic field than the Aristotelian cosmogony. How does the meaning of coming to be and decay transfer from physics into biology, or from philosophy to medicine? To what extent does a biopolitical interpretation of generation and corruption follow the processes that occur in a society, in a state? How does corruption destroy institutions, and is it possible to strive towards uninterrupted social progress? Do not sensationalist platitudes about rooting out corruption in fact hide an inefficiency of political program and a stagnated ideology? How are its gangrenous manifestations in the justice system cleansed? Could a radical theoretical or institutional procedure establish control over the cancerous effects of corruption? These questions, along with many others, will be at the core of this international interdisciplinary gathering on corruption.

The conference is dedicated to the memory of Verica Barać and Stjepan Gredelj, prominent and tenacious fighters against corruption in Serbia.

## **Conference participants:**

Aleksandar Fatić (Institute of International Politics and Economics, Belgrade)

Bertrand Prévost (University of Bordeaux)

Danilo Šuković (Institute of Social Sciences, Center for Economic Research, Belgrade)

Goran Radosavljević (former state secretary of the Ministry of Finance of the Republic of Serbia)

Gregor Kroupa (Department of Philosophy, Faculty of Arts, University of Ljubljana)

Kori Udovički (Center for Advanced Economic Studies (CEVES), Belgrade)

Ljubomir Madžar (Economics Faculty, Belgrade University)

Marija Zurnić (University of Nottingham)

Miran Božovič (Department of Philosophy, Faculty of Arts, University of Ljubljana)

Narcis Tulbure (University of Pittsburgh)

Peter Damo (Association for the Development of the Romanian Social Forum)

Petrus C. van Duyne (Tilburg University)

Sanja Milutinović Bojanić (Center for Ethics, Law and Applied Philosophy, Belgrade)

Silvia Augeneder (Law Faculty, University of Salzburg)

Thomas Van der Hallen (University of Bruxelles)

Vito Tanzi (Former IMF Fiscal Affairs Director)

Zlatko Nikolić (Institute of Criminological and Sociological Research, Belgrade)

#### International Scientific commite:

Ana Birešev Institute for Philosophy and Social Theory, University of Belgrade

Petar Bojanić Centre for Ethics, Law and Applied Philosophy, Belgrade Institute for Philosophy and Social Theory, University of Belgrade

Silvia Augeneder Law Faculty, University of Salzburg

Narcis Tulbure University of Pittsburgh

Petrus C. van Duyne Tilburg University

Gregor Kroupa Department of Philosophy, Faculty of Arts, University of Ljubljana

Peter Damo
Association for the Development of the Romanian Social Forum,
Romania

# programme

Chair: Rac	
	da Drezgić (Institute for Philosophy and Social Theory)
13:30-14:30	Opening Addresses:
13:30-13:45	Petar Bojanić [director of the Institute for Philosophy
	and Social Theory, University of Belgrade]
13:45-14:30	Danilo Šuković (Institute of Social Sciences, Center for
	Economic Research) – in Serbian
14:30-15:30	Petrus C. van Duyne (Tilburg University)
A	Anti corruption policy in Serbia – Welcome to Potemkin Village
15:30-16.15	Thomas Van der Hallen (University of Bruxelles)
	Corruption et régénération du politique chez Robespierre
16.15-17.00	Bertrand Prévost (University of Bordeaux)
	Rome-Babylone. Ruine, corruption, colosse
17:00-17:15	Coffee Break
Panel II:	
Chair: Srđa	an Prodanović (Institute for Philosophy and Social Theory, Belgra
17:15-18:15	Marija Zurnić (University of Nottingham)
	Corruption Scandals in Serbia:
	Trigger for Institutional Formation and Change?
18:15-19:15	Peter Damo (Association for the Development of the
	Romanian Social Forum)
	Social and legislative stand against corruption
20:00	Dinner (Restaurant Gaston, Uzun Mirkova 5)

<u>Saturday, C</u>	October 20
Panel III:	
Chair: Igor	Cvejić (Institute for Philosophy and Social Theory, Belgrade)
9:45-10:45	Miran Božovič (Department of Philosophy, Faculty of Arts,
	University of Ljubljana)
	Le surplus de lumières
10:45-11:00	Coffee Break
11:00-12:00	Gregor Kroupa (Department of Philosophy, Faculty of Arts, University of Ljubljana)
	History Gone Wrong. Rousseau on Corruption
12:00-13:00	Sanja Milutinović Bojanić (Center for Ethics, Law and
	Applied Philosophy, Belgrade)
	Corruption and Sex
13:00-15:00	Michael Gross (Haifa, Israel):
	What's Wrong with Human Shields?
17:15-18:15	Lunch (Restaurant Monument, Admirala Geprata 14)
	In Defense of Warlords
Panel IV:	
Chair: Gaze	la Pudar (Institute for Philosophy and Social Theory, Belgrade)
15:00-16:00	Silvia Augeneder (Law Faculty, University of Salzburg)
	A legal and ethical approach to corruption –
	Whistle blowing as a tool for shifting responsibility?
16:00-17:00	Aleksandar Fatić (Institute of International Politics and
	Economics, Belgrade)
The Role o	f Ethics in Fostering the Integrity of the Public Administration
17:00-17:15	Coffee Break

Chair: Pet	rus C. van Duyne (Tilburg University)
17:15-18:15	Zlatko Nikolić (Institute of Criminological and Sociologica
	Research, Belgrade
	Corruption in Serbia – Social and Psychological Aspect
18:15-19:15	Narcis Tulbure (University of Pittsburg
	States of Perpetual Experimentation
	Neoliberal Transformations in Postsocialist Romania
20:00	Dinner (Restaurant Monument, Cika Ljubina 9
Sunday, C	October 21
Panel V:	
9:45-10:00	Kori Udovički [Center for Advanced Economic Studie
	Vito Tanzi (Former IMF Fiscal Affairs Director
	Corruption and the Public Administration
10:45-11:00	Ljubomir Madžar (Economics Faculty, Belgrade University)
	Political System as an Institutional Determinan
11:45-12:30	Goran Radosavljević (former state secretary of the Ministr
	of Finance of the Republic of Serbia
	Balancing Corruption-proofing and Flexibility
	The Case of Serbia's Public Procurement Lav
12:30-13:30	Discussion



#### Anti corruption policy in Serbia: Welcome to Potemkin Village

#### Petrus van Duyne

Corruption has invariably been declared to be a problem of major concern in Serbia. However, surveys show that most Serbian respondents do not value corruption as the most important problem of their country. Moreover, most respondents who stated to have direct experience with corruption admitted that they took the initiative. Few would report corruption to the police: "Who cares?"

Despite the claimed importance of the corruption issue, research in this field stopped after 2007. The present research of the international research team revealed a mixture of unwillingness to cooperate as far as the central organs (ministries) are concerned, next to a genuine interest and support, particularly in the field.

The research was based on the national statistics and criminal files. The statistical analysis demonstrated that the disparity of justice is huge: the frequencies of case input, prosecution rate, sentencing, almost nothing correlates with anything. The processing times appeared to be huge, on average more than 5 years, also without a proper recognisable patterns between the courts. Where we at first interpreted the law enforcement institution as a "black box", we had to add a complementary attribute: it is a random box. The irony is that the black box itself does not know it: the responsible officials do not care.

Comparing these and other findings with the National Strategy and the findings of the Anti Corruption Agency (and its lack of interest), the ghost of Count Potemkin and his villages looms up. One has to address the question how much of the anti-corruption policy consists of ritual dancing in a Potemkin village square and foot dragging while keeping up appearances to the EU.

**Petrus C. van Duyne** is professor of empirical penal law at the University of Tilburg, Faculty of Law and visiting professor at the University of Manchester. He is a psychologist and jurist and has done research in the fields of criminal law, such as the psychology of sentencing by judges and decision making by public prosecutors. He has also done extensive international research on organised crime, money laundering

an international network of eminent researchers who present their research findings each year (www.cross-border-crime.net). For further information, see the website: www.Petrusvanduyne.nl also for the downloading of literature. notes

and corruption. He has founded the Cross-border Crime Colloquium,

## Corruption et régénération du politique chez Robespierre

#### Thomas Van der Hallen

En associant corruption et régénération, nous avons délibérément choisi de prendre le contre-pied du principe aristotélicien de génération et de corruption qui veut que tout ce qui naît et croît soit, tôt ou tard, condamné à dégénérer, à périr et à pourrir, induisant par là même une représentation cyclique du temps, dans laquelle il ne peut jamais rien y avoir de vraiment nouveau. À partir de l'étude de la pensée politique de Robespierre, notre intention a été de soulever la question inverse: comment le nouveau peut-il naître de la corruption, de la dégénérescence et du pourrissement de l'ancien ? Ce qui met en jeu une idée neuve à la fin du xviiie siècle, une idée qui est devenue une notion politique centrale de la modernité : la révolution, telle que nous l'entendons depuis la Révolution, au sens à la fois de rupture avec un passé périmé et de bond en avant vers un avenir meilleur.

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## Rome-Babylone. Ruine, corruption, colosse

#### **Bertrand Prévost**

On tente d'éprouver l'hypothèse d'une homologie structurale entre la corruption morale et politique et la ruine. Il ne s'agit pas de dire simplement que la ruine est la conséquence de la corruption (châtiment divin par exemple), comme si l'une succédait à l'autre. La relation ne peut s'entendre que si les deux sont toujours co-présentes, autrement dit si la ruine est une transformation ou une manifestation de la corruption. Dès la fin du xve siècle, l'anathème lancé par les futurs Réformés contre la corruption de la Rome pontificale aura trouvé un riche matériau figuratif dans le champ de ruines que présentait la Ville. De fait, l'association biblique de Rome avec la chute de Babylone ne pouvait que donner un écho supplémentaire au devenir-ruine de la Ville. Au milieu du xvie siècle, une œuvre extraordinaire actualise cette idée : la *Tour de Babel* de Bruegel l'Ancien, qui fond l'image du Colisée et celle de la Tour. Plus encore, c'est une critique morale et esthétique du colosse qui permet – en peinture – de sous-tendre un tel rapprochement.

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# Corruption Scandals in Serbia: Trigger for Institutional Formation and Change?

### Marija Zurnić

The Serbian media reports about corruption on a daily basis. Running parallel to this, there have been an increasing number of institutional changes in the field of anti-corruption with over fifty anti-corruption institutions being established in the space of ten years. This information raises the following questions: What is the link between corruption scandals and anti-corruption policies in Serbia? To what extent has the discourse of corruption generated this institutional change? In order to answer these questions, the paper will develop around the following hypothesis: the ability to translate the rhetoric of anti-corruption into practical measures has been directly influenced by the scale and extent of certain scandals; that is, very high-profile scandals are likely to have acted as a catalyst for increasing political action towards corruption. Since this research is designed as a case study within a case study, the paper will present one corruption scandal within the wider discourse of corruption in Serbia and will discuss its impact on institutions.

Marija Zurnic is a doctoral candidate at the School of Politics and International Relations, at the University of Nottingham. She received her MA degree with honours from the University of Bologna. Her postgraduate research is about democratization in the Western Balkans with a focus on the role of the anti-corruption discourse in institutional change in Serbia since 2000. Her research experience includes work on the OECD SIGMA project report in 2011 about the state of corruption in Serbia. She is affiliated with the Centre for the Study of European Governments (CSEG), at the University of Nottingham, where she is currently participating in the preparation of a large grant application for a project relating to perceptions of corruption.

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#### Social and legislative stand against corruption

#### Peter Damo

Corruption is a major problem which has dramatic social, cultural, political, economic and financial consequences throughout Europe. It has acquired a systemic form in a number of countries, particularly in Central-Eastern Europe, and has been tolerated by the EU Bodies for political and strategic reasons.

Corruption has been intrinsically linked with Political Power, Crisis and Austerity. Political Decision Makers preferred to implement harsh Austerity measures directed against People instead of adopting legal economic and financial measures against those factors responsible for the surge of the National Debts and Deficits and for the plundering of the National Budgets precisely by means of Corruption.

Social Actors, i.e. Social Movements, NGOs and Trade Unions, should consider putting on agenda Corruption as a top priority and develop structured combat plans against it both at National level as well as at European level.

Along the aforementioned, we have developed concrete proposals that have been endorsed by the European Joint Social Conference process as well as by a number of organizations, scholars and activists across Europe, namely:

- European Campaign against Corruption comprising of two different endeavours:
- Audit on Corruption;
- Lobbying for European Legislation against Corruption, i.e. Anti-Corruption Directive to be implemented in all member states.
- European and National strategic campaign for Cultural and Political Education of the younger generation for Social Solidarity and Democracy as opposed to Corruption.

**Peter Damo** is an Engineer in Mechanics and a Philology Graduate in Romanian and English Language and Literature. He has an MA in Romanian, English and American Cultural and Literary Interferences in the 20th century and is also a certified Public Translator by appointment of Ministry

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of Justice Other affiliations include: Local and Regional Trade Union

## Le surplus de lumières

#### Miran Božovič

Just as Aristotle, the author of the celebrated On Generation and Corruption, was mesmerized by butterflies and moths whose body appeared to be exempted from the cycle of generation and corruption, so numerous eighteenth-century thinkers were transfixed by another "insect," i.e. the fresh-water polyp, that proved to be virtually indestructible: the more they dissected it, the more the living bodies multiplied; each attempt to destroy it only created new beings. The paper considers some of the notorious difficulties the eighteenth-century naturalists, philosophers, and psychologists encountered in conceptualizing these incorruptible creatures.

Miran Božovič is Professor of Philosophy at the University of Ljubljana, Slovenia. He is the author of *Der grosse Andere: Gotteskonzepte in der Philosophie der Neuzeit* (Vienna 1993), *An Utterly Dark Spot: Gaze and Body in Early Modern Philosophy* (Ann Arbor, 2000), and editor of Jeremy Bentham, *The Panopticon Writings* (London and New York, 2011).

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## History Gone Wrong: Rousseau on Corruption

#### **Gregor Kroupa**

It might be said that Rousseau is one of the most acute thinkers of the phenomenon of social corruption in the wide sense. In fact, the First and Second Discourses and the Essay on the Origins of Languages could be read as elaborate analyses of advancing social and cultural decline inasmuch as mankind is continually moving away from the original state of natural innocence. But Rousseau's idea of corruption is not straightforward. Rousseau develops one of the most ambiguous and intricate understandings of human history. I will try to trace the idea of corruption particularly in the Essay on the Origins of Languages, and discuss some of its less obvious aspects: the fact that corruption is always described in terms of differentiation; that it is essentially disguised as progress; and that the narrative about civilisation's decline is never simply linear, but has its moments of glory. As has been pointed out (most famously by Derrida), Rousseau's conjectural history of the origins of language and music, for instance, suffers from some obvious inconsistencies revolving around the apparent opposition of the natural (or necessary) and the social (or arbitrary). How can one denounce, as Rousseau does, the unfortunate state of language and music when, as he sometimes also admits, the events leading to it were largely inevitable?

**Gregor Kroupa** is a Research fellow at the Department of Philosophy (Faculty of Arts, University of Ljubljana). He got his MA degree from the Charles University in Prague (supervisor: James Hill) in 2004, and is currently a Ph.D. candidate at the University of Ljubljana (Thesis supervisor: Miran Božovič). He is an author of *Podobno v nepodobnem. O metafori v novoveški filozofiji* (*The Similar in the Dissimilar. On Metaphor in Early Modern Philosophy*), Studia Humanitatis, Ljubljana 2011, as well as several articles in the journal *Filozofski vestnik* (*Acta Philosophica*). He also the editor of the Slovenian editions of Descartes' *Discours de la méthode*, d'Alembert's *Discours préliminaire* (*Encyclopédie*), d'Holbach's *Le christianisme dévoilé*.

notes

#### Corruption and sex

## Sanja Milutinović Bojanić

Taking into account the difference between ancient and modern (even postmodern) understanding of corruption, I am curious to find out why the bond linking corruption and sex seems so obvious. I have no intention in investigating both phenomena in the context of any moral category, as precisely, this justification makes them hypocritical. What then did Flaubert have on his mind when he wrote that Rodolphe "treated Emma quite sans façon. He made of her something supple and corrupt." What underpins of the irresistible attraction between corruption and sex? Why is it impossible to eradicate corruption and repress sex and perceive them as solely functional strategies of generation and reproduction? This short outline follows certain philosophical remarks of Luce Irigaray and her thematization of the sexual difference in the demarcation of generation and corruption.

Sanja Milutinović Bojanić has a Ph.D. in Practices and Theories of Senses, Social Sciences from University of Paris VIII, France. She is a freelance translator and participates in the work of the Center for Ethics, Law and Applied Philosophy, Belgrade. In 2010 she mentored the project "From Gender Studies to Gender in Studies, UNESCO-CEPES" and in 2012 the one on "Gender perspectives in family socialization" in Serbia and Montenegro. Some of her recent publications include "Libido sciendi translated into libido amorandi in gyneconomies", in EJWS, London School of Economics, the translation and commentary to Jeremy Bentham: "On Homosexuality" (Knjižarnica Zorana Stojanovića, 2010); "Montrer patte blanche in experiencing the margin(alization)", in Import-Export-Transport: Queer Theory, Queer Critique and Activism in Motion (Zaglossus, 2011); "Gender and the Science of Difference" (Humana Mente, 2012).

notes

# A legal and ethical approach to corruption – Whistle blowing as a tool for shifting responsibility?

## Silvia Augeneder

The Austrian legal system can be characterized as unsteady when it comes to provisions dealing with corruption. Intensification, mitigation, and once again making the law stricter describe the legal actions during the last couple of years. Corruption as a spongy term is a quite complex phenomenon, which does not only harm individuals but even more states and the general public. Fighting corruption needs more than legal norms (self-interest of states, legal gaps, gray areas). Ethical measures such as codes of conduct with whistle blowing provisions cannot substitute legal provisions but can be a reasonable extension.

Besides legal rules codes of conduct as framework regulations allegorize a version of institutionalization. This institutionalization can be the basis for legitimization of corporations, managers and employees behavior but also of de-personalized power. The main goal of codes of conduct is to influence employee's behavior; therefore the responsibility for revealing wrongdoings within organizations shifts from corporations to employees. Do whistle blowing provisions in ethic codes include the duty for reporting bad behavior? Is this a turn from responsibility to liability for reporting organizational wrongdoing?

**Silvia Augeneder** works at Faculty of Law, University of Salzburg, Department of Social Sciences and Economics, Position: Assistant Professor/Vice Chair(wo)man of the Curricular Commission/Member of the Department Counsel. Her research and teaching areas are: economic ethics, medical ethics, legal data bases, introduction to scientific writing.

notes

# "External" and "Internal" Strategies to Control Corruption: The Role of Ethics in Fostering the Integrity of the Public Administration

#### Aleksandar Fatić

The paper will distinguish between the traditional, "external" and strongly hierarchically structured ways to address corruption in the public sector that are based on sanctions and repressive measures, and the "internal", ethics-based strategies to achieve "soft" corruption control. In the course of the argument the paper will briefly discuss the need for a separate professional ethics for public administration in the normative sense (as a separate set of ethical precepts for public servants), and for a sustained ethics counseling that needs to complement such normative ethics so as to make it optimally effective. The argument will draw on the experiences of the large corporations and on the relationship between the introduction of ethics in the US and legal provisions that make companies less liable to damages arising from torts if they have instituted ethics guidelines and philosophical/ethics counselors employed on a permanent basis. Further, the paper will draw functional parallels between the experiences of the corporate sector in the US and the use of ethics counseling in the public sector across the world, and argue in favour of the need to increasingly complement, and in some cases substitute, external controls for internal ones.

Aleksandar Fatic received his PhD in Philosophy in 1996, from the Australian National University, Canberra. He has taught at numerous universities in Australia, the UK, Czech Republic and Serbia. His tenured position is that of Research Professor of Security and Ethics at the Institute of International Politics and Economics in Belgrade. His books include Crime and Social Control in 'Central'-Eastern Europe, Ashgate, Aldershot, 1996, Reconciliation via the War Crimes Tribunal, Ashgate, Aldershot, 2000, Freedom and Heteronomy: An Essay on the Liberal Society, Institute of International Politics and Economics, Belgrade, 2009, among others. He is Editor-in-Chief of The Security Review, and Director of the Centre for Security Studies in Belgrade.

notes

## States of Perpetual Experimentation: Neoliberal Transformations in Postsocialist Romania

#### **Narcis Tulbure**

My paper focuses on the recreation of the capital market in postsocialist Romania, an institutional process that was treated as a series of experiments in market building. Seen as the epitome of functioning market economies around the world, the stock exchange and the corresponding institutional infrastructure - regulations, supervisory agencies, investment funds and independent registries, were supposed to engender new types of economic knowledge, practice, and personhood after socialism. The Romanian project generated ambivalent results: the successful transposition of sound regulations and the privatization of state companies on the exchange alternated with successive stock market collapses and the frequent default of investment funds. Informal markets and practices of corruption sprang from the ground of formal market infrastructures generating perpetual reforms and attempts to eliminate informality. This generated an incessant succession of reforms and institutional transmogrifications occasioning critical assessment of the market seen as an inadequate institutional transfer from the West.

My presentation complements triumphant perspectives by U.S. AID experts and Romanian authorities (the initiators of the process) with critical accounts of some of those that witnessed and/or took part in the process. It invites the audience to make sense of the problematic adaptation of neoliberal politics to various socio-cultural contexts; to reflect critically on the contemporary replacement of classical forms of political governance with science-based evidence and discourses; and to reevaluate the teleology of the neoliberal transformation of the postsocialist world.

Narcis Tulbure is a PhD Candidate in the Department of Anthropology at the University of Pittsburgh. He is planning to defend his dissertation (Chary Opportunists: Money, Values, and Change in Postsocialist Romania) in the spring of 2013. The thesis analyzes the changing notions of money and value in postsocialist Romania. His broader research interests are in the neoliberal transformations of Romania since the end of socialism, the shifting understandings of value with the financialization of everyday

life, as well as the local forms of lay and professional knowledge shaping the process of economic change. During the last years, Narcis has held various research and teaching assignments at the New Europe College (Bucharest), at the Bucharest Academy of Economic Studies and at the University of Bucharest. notes

#### **Corruption and the Public Administration**

#### Vito Tanzi

Corruption is a deviation from accepted and desirable behavior. It has often been thought to be associated with the public sector. However, there are growing areas of corruptions in the private sector, as for example in professional sports, in financial markets and in other areas.

Attitudes vis à vis corruption vary considerably from country to country, and from time to time. During the 1990s, attitudes toward corruption, suddenly, became more negative. This paper tackles a broad variety of issues related to corruption, its various forms, aspects and its social impact. Various aspects of corruption as well as its social, political and economic consequences are discussed with reference to some specific examples.

Vito Tanzi is a former Professor and Chairman of the Economics Department, American University, Washington D.C. He also served as Head of the Tax Policy Division and later as Director of the Fiscal Affairs Department at the IMF. From 1990-1994 he served as President of the International Institute of Public Finance (IIPF). Since 2000 he has been active as a Senior Associate, Carnegie Endowment for International Peace; State Secretary for Economy and Finance in the Italian Government; and a senior consultant to the Inter-American Development Bank. He received many awards including Honorary president of the IIPF and Honorary degrees from the University of Cordoba (Argentina), the University of Liege (Belgium), the University of Torino (Italy), the University of Lisbon (Portugal), and the University of Bari (Italy). Author of about 20 books, published in several countries; editor of many others. Author of hundreds of articles in professional, economic journals, including the American Economic Review, the Journal of Political Economy, the Review of Economics and Statistics, the Journal of Public Economics, the Economic Journal and other top journals.

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# Political System as an Institutional Determinant of Corruption - The Case of Serbia -

## Ljubomir Madžar

Serbia is characterized by a peculiar combination of an oversized, extremely costly government and a weak capacity of the public service to manage the considerable quantity of resources at the disposal of the state. Resources are there, redistribution and rent seeking are in full swing and the risk of being caught in performing an abuse is negligible. The scene is set for all kinds of corruption, big and small.

The laws are poorly written and contradictory among and within themselves. Even the most law abiding citizens are unable to play by the rules. Respecting one set of laws implies the violation of another collection of legal acts. Innocent are only those who are not pursuing any kind of business or even any (broaderly conceived) activity for that matter. If regular pursuit of business inevitably implies violation of some laws, why should one not help himself with corruption along with tresspassing the limits of the permissible on such other scores?

Serbian political scene is extremely differentiated and as a result we have weak and unstable coalition governments. The range of actors who can topple it is extremely wide and the multitude of interests which have to be satisfied is vast. With thus tied hands the only thing that government can do is to repeat promises of curbing corruption over and over again. The policy conclusion appears to be the need to target a very small government, particularly small in terms of resources made availale and left to its wasteful husbanding, a government small but, as the saying goes, efficient in performing its proper, narrowly defined functions. This is easier said than done as there do not exist social and political forces stong enough an motivated sufficiently to produce such a radical reform.

**Ljubomir Madžar** was president of the University "Braca Karic" and professor of Economics at the University of Belgrade. Key areas of his research are economic growth – theory and policy, institutional aspects of development and the problems of governance, macroeconomics and stabilization, inventories and working capital. During 1990 and 1991 worked as a member of a federal expert team for privatization of the social

in the government of the Federal Republic of Yugoslavia (headed by the premier minister M. Panic), 1994 coordinated the Privatization Program for Serbia — Foundations of a Modern Market Economy (leader of the team and the chief writer), financed by the Employers' Union of Serbia and published January 1995. Member of The New Serbia Forum of the British Association for Central and Eastern Europe and participant of it three working groups as well as contributor of the paper on privatizatio (the summary report published as a bilingual book The New Serbia Forum — Second Report, London: December 2000). Author of severa books (Optimization in the Theory of Production and of Economic Growt 1973, Theory and Models of Aggregate Demand 1982, Stabilization and Development 1982, Ownership and Reform 1995, Political Causes of			
Poverty 2000) and co-author of seven books.			
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ownership. In the period 1992-1993 (3 months) minister of the economy

## Balancing Corruption-proofing and Flexibility: The Case of Serbia's Public Procurement Law

## Goran Radosavljević

Corruption is acknowledged to be a significant and systematic problem in public procurement in Serbia. On September 2011 the government adopted a procurement strategy and action plan that set out a number of objectives and actions for the period 2011-2014 for the improvement of the public procurement system as a whole. A significant number of anti corruption measures are set out in the Procurement Strategy dealing with corruption in procurement planning, procedures and contract implementation including advancing internal and external control measures. Measures have also been proposed in order to increase transparency in procurement process.

The procurement strategy includes proposals aimed at improving and updating the Public Procurement Law, institutional changes including the setting up of a new centralised procurement purchasing body and improved co ordination between institutions, capacity building and professionalization, e-procurement, frameworks, social and environmental issues.

The amendments to the PPL were prepared by the Ministry of Finance with input from a number of stakeholders and adopted by Government on December 2011. But, due to absence of full political support, the amendments to the PPL where never adopted in Parliament. Corruptionin Serbian public procurement system remains big challenge.

Goran Radosavljević was born in Svilajnac in 1977, graduated in economics at the University of Belgrade, and received MSc in Mathematical economy and Econometry from the School for Advanced Studies in the Social Sciences (Ecole des hautes études en sciences sociales) in Paris. Since 2009 he works as teaching assistant at the Faculty of Economics, Finance and Administration (FEFA) on the topics of Public finances and Economy of the welfare state. From 2002 to 2007 he was employed as teaching assistant at the University of Belgrade on the topics of Price Theory and Theory of production. Since July 2012 he was State Secretary in the Ministry of Finance. From June 2007 to May 2011 he was

ne World Bank, UNDP and USAID.	
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