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***MASTER'S DEGREE IN SOUTHEAST EUROPEAN STUDIES***

**MASTER'S THESIS**

**CORRUPTION AND PARTICULARISM IN SOUTHEASTERN EUROPE:  
A COMPARATIVE ANALYSIS ON BULGARIA AND TURKEY**

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## I. INTRODUCTION

This master's thesis aims to draw a concise picture of the particularistic culture and corrupt practices in Southeastern Europe by focusing on two countries, namely Bulgaria and Turkey. The introduction which gives a conceptual analysis of corruption is followed by the chapters that deal with the factors leading to corruption in the region and provide an analysis of corruption in both countries. The conclusion chapter attempts to make a brief comparison between the two countries and to display their common features concerning corruption.

### 1. *Defining Corruption*

“Corruption is the abuse of entrusted power for private gain.”<sup>1</sup> This is the definition of corruption utilized by Transparency International, the globally recognized anti-corruption NGO. As the name of the organization indicates, *transparency* is a term utilized as an antonym for corruption and defined as “a principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes.”<sup>2</sup>

The World Bank defines corruption similarly, namely as “the abuse of public office for private gain.”<sup>3</sup> These definitions refer to the fact that corruption is a phenomenon of power relations. “When there is power; there is an opportunity to misuse it.”<sup>4</sup> It is a generally accepted fact that it is not possible to wipe out corruption completely. However, the scale and the form of corruption depends on how the power relations – mainly between public officials and citizens – are defined and regulated.

An important feature of corruption is that by definition it almost always requires the involvement of the public sector, namely “a certain type of partial overlapping, ‘an

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<sup>1</sup> Transparency International, see [http://www.transparency.org/about\\_us](http://www.transparency.org/about_us)

<sup>2</sup> Transparency International, see [http://www.transparency.org/news\\_room/faq/corruption\\_faq#faqcorr2](http://www.transparency.org/news_room/faq/corruption_faq#faqcorr2)

<sup>3</sup> World Bank, see <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm>

<sup>4</sup> H. Alexandrov, I. Furchanov, K. Nushev & R. Chichek, *Corruption in Contemporary Bulgaria, Policy Paper Chapter X*, Transparency International Bulgaria, 1998, p. 2

*osmosis of private and public interest*<sup>5</sup>. However, in certain cases such as the siphoning of the private banks there might be no public sector officials involved, yet as long as there is any damage to the public welfare it is sufficient for the case to be characterized as corruption.

## **2. Reasons of Corruption**

Reasons leading to corruption can be classified as *economic, social, political* and *administrative*. As for the economic reasons, a country's level of development has the greatest impact on corruption as the wages of public sector officials are among the factors affecting corruption.<sup>6</sup>

As far as the social reasons are concerned, a country's cultural characteristics are among the determining factors regarding corruption. The particularistic culture in Southeast European countries represents a good example for this. According to the findings of Alina Mungiu-Pippidi, particularism which might be defined as 'the culture of privilege' left its imprint on Balkan societies in the sense that "the political system favors certain people to be above the law, and this model endures regardless of changes of governments".<sup>7</sup>

Regarding the political reasons, a country's political structure and political culture is a determining factor in the level of corruption. It is not safe to say that countries with a democratic regime score better in corruption levels but corruption relates to "the stagnating character of the political system"<sup>8</sup>. As for countries ruled by democracy, it is

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<sup>5</sup> N. Naidenow, *Corruption in Contemporary Bulgaria, Policy Paper Chapter I*, Transparency International Bulgaria, 1998, p. 5

<sup>6</sup> Güzin Bayar, *Türkiye'de Yolsuzluğun Nedenleri - Ekonometrik Bir İnceleme (Causes of Corruption in Turkey – An Econometric Analysis)*, Türkiye Ekonomi Kurumu (Turkish Economic Association), 2007, p. 8

<sup>7</sup> Alina Mungiu-Pippidi, "Deconstructing Balkan Particularism: The Ambiguous Social Capital of Southeastern Europe", *Journal of Southeast European and Black Sea Studies*, Vol. 5, No. 1, January 2005, p. 66

<sup>8</sup> Mehmet Ecevit, "Nature and sources of socio-cultural aspects of political and administrative corruption and ways of fighting it", in *La corruption politique et administrative / Political and administrative corruption*, Seminar, Ankara, 15-17 October 1997, Organised by International Institute of Administrative Sciences (IIAS) and Institute of Public Administration for Turkey and The Middle East (TODAIE); Brussels, Ankara, 1997, p. 262

foremost important that democratic mechanisms are established in the way that they adopt to the changes in the society.

Coming to the administrative reasons, deficiencies in the legal system are also a major source of corruption. The lack of deterrent penalties or the inability to apply them constitute a great obstacle in the struggle against corruption. An abundance of red tape and complicated bureaucratic procedures also encourage corruption since citizens are sometimes ‘forced’ to pay bribes in order to be served at public offices.

### **3. Consequences and Costs of Corruption**

It is a generally accepted fact that corruption leads to the damage of overall public interest. In the long-run, corruption spreads like a virus throughout the public administration mechanism and decreases efficiency while increasing costs to a great extent. If corruption becomes the rule rather than the exception, citizens become obliged to pay bribes as if it were an additional tax payment. This also violates the principle of equal treatment of citizens – the cornerstone of the rule of law in a democratic country.

Concerning economic costs, corruption leads to the proliferation of high-cost and inefficient public investments, the so-called *white elephant* projects.<sup>9</sup> These are projects that turn out to be useless after accomplishment. Another effect of corruption on a country’s economy is that it serves as a major obstacle for foreign investment inflow into a country and hence deterring economic growth and development.

In conclusion, corruption prevents healthy economic development and decreases social welfare by leading the majority towards poverty for the sake of the enrichment of a small minority. The following chapters will provide some insight on the matter with striking examples from Bulgaria and Turkey.

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<sup>9</sup> Mehmet Ögütçü, “Economics and Politics of Corruption in Turkey: Fighting for a ‘Clean Government and Business’”, in Rick Sarre, Dilip K. Das, and H.J. Albrecht, eds., *Policing Corruption: International Perspectives*. Lanham: Lexington Books, 2005, p. 213

## II. CORRUPTION IN SOUTHEASTERN EUROPE: REASONS AND FACTORS

Southeastern Europe has always been considered as a problematic region in many respects. While being the most underdeveloped part of Europe, it has been the witness of many wars and the flourishing of organized crime in the last decades. Coupled with the prevailing particularistic culture, these circumstances led to high levels of corruption throughout the region.

### 1. Historical Heritage

Southeastern Europe had remained under the Ottoman rule for nearly five centuries. It is a generally known fact that corruption in the Ottoman Empire started with the degeneration of the *timar* system in which the feudal cavalymen (*spahis*) were granted a fief by the Ottoman sultan and were “entitled to all of the income from it in return for military service.”<sup>10</sup> From the end of the 16th century on, the Ottoman Empire began to confront financial crises due to the ending of the expansion period when the wars came one after the other and the economic situation worsened because of the capitulations consisting mainly of trade privileges granted to foreigners. The following years witnessed a rise in the demand for posts in public administration and officials unable to earn as much income as they desired got involved in corrupt activities.<sup>11</sup> With the increase in the Empire’s debts, corruption became a widespread phenomenon in the state bureaucracy.

All countries in Southeastern Europe which seceded from or were established after the fall of the Ottoman Empire largely inherited this malfunctioning system. The Turkish Republic which took over the entire administrative structure of the Empire created a new bureaucratic elite, however, this did not prevent the reappearance of the problem of corruption in every level of state administration. Other countries in the region except for

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<sup>10</sup> See

<http://www.britannica.com/EBchecked/topic/557564/spahi#tab=active~checked%2Citems~checked&title=spahi%20--%20Britannica%20Online%20Encyclopedia>

<sup>11</sup> Şafak Altun, *Rüşvet’ten Özelleştirme’ye Yolsuzluğun 100 Yıllık Tarihi (100 Years of History of Corruption from Bribery to Privatization)*, Istanbul: Agora Kitaplığı, 2004, p. 4

Greece and Turkey, experienced both the rise and the collapse of communism, the wars which brought immense chaos to the region, and the post-communist period; all of which paved the way to a political, social and economic ground for a boom in corruption in Southeastern Europe.

## **2. Communism and Corruption**

It is quite difficult to evaluate the level of corruption in Southeast European countries during the communist era as intransparency was an inherent characteristic of these regimes. According to one view, “in the communist period, corruption was swept under the carpet and the public was unaware of its scope.”<sup>12</sup> However, it must also be taken into account that the type of corruption prevailing in communist countries was in the form of an exchange of non-monetary favours called *blat*.<sup>13</sup> This is another reason why it is difficult to measure the size of corruption in the communist era. Nevertheless, it is a generally known fact that “the command economies of the communist era created structural incentives for both demanding and offering illicit private payments”<sup>14</sup> because “the allocation of economic resources depended primarily on administrative decisions. Bribes, payoffs, and kickbacks were therefore a means of influencing those decisions.”<sup>15</sup> This became one of the reasons of the decay of state institutions and the collapse of the communist system finally.

## **3. Post-communist Period**

In the post-communist period, corruption effected the lives of the public more dramatically. As a result of the replacement of *blat* by bribery, “corruption became the major instrument for producing social inequality in the post-communist societies.”<sup>16</sup>

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<sup>12</sup> Ivan Krastev, *The Corruption Paradox: Why Postcommunism Is/Looks More Corrupt Than Communism*, p. 3, see <http://www.colbud.hu/honesty-trust/krastev/pub02.PDF>

<sup>13</sup> *ibid.*

<sup>14</sup> Wayne Sandholtz & Rein Taagepera, “Corruption, Culture, and Communism”, *International Review of Sociology – Revue Internationale de Sociologie*, Vol. 15, No. 1, March 2005, p. 110

<sup>15</sup> *ibid.* p. 114

<sup>16</sup> Ivan Krastev, *op.cit.*, p. 5



The collapse of communist regimes created a chaotic environment and the dual transition to democracy and market economy “removed whatever mechanisms had been in place to control corrupt behaviors.”<sup>17</sup> “In most of the SEE countries, state institutions were subordinated to private interests in the first stage of the transition in the early 1990s. The symbiosis between the state and ‘high-risk’ businesses under unclear rules of the game and a paralysis of the judiciary bred systemic corruption within society.”<sup>18</sup>

#### **4. Regional Characteristics**

“The specificity of corruption in Southeastern Europe, as contrasted with other transition or post-communist countries, lies in the cross-border illegal trade, centered on the war-ridden Western Balkans, but affecting all the countries on the peninsula.”<sup>19</sup> The war after the disintegration of former Yugoslavia and the following embargos highly increased the demand for smuggled goods and weapons, consequently transforming the region into Europe’s center of organized crime. This went hand in hand with corruption, especially at the customs. The most important problem concerning trans-border crime and corruption in Southeastern Europe is that they occur through tight cooperation with state institutions.<sup>20</sup> The region’s geographical position is another important determinant for organized crime since it is the main route for drug smuggling and human trafficking from Asia and Africa to Europe. This is the foremost reason why it is so difficult to curb corruption in Southeastern Europe.

Another major obstacle to anti-corruption efforts in Southeastern Europe is the particularistic culture prevailing in the region. This has been mentioned in the previous chapter with a reference to the findings of Alina Mungiu-Pippidi.

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<sup>17</sup> Wayne Sandholtz & Rein Taagepera, op.cit., p. 115

<sup>18</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, Southeast European Legal Development Initiative (SELDI) – Center for the Study of Democracy, Sofia, 2002, pp. 5-6

<sup>19</sup> *ibid.*, p. 7

<sup>20</sup> *ibid.*, p. 6

## **5. Conclusion**

The fact that the reasons of corruption in Southeastern Europe are plenty and deep-rooted entails a complicated analysis of the involved factors. However, the most obvious reality about corruption in the region is its systemic nature, meaning that it is pervasive among all institutions of the state and the society in Southeast European countries. This type of corruption is the most difficult to challenge because it creates a vicious cycle as it breeds poverty and poverty breeds corruption and vice versa.

### III. GENERAL OVERVIEW ON CORRUPTION IN BULGARIA AND TURKEY

Both in Bulgaria and Turkey, corruption continues to be among the gravest problems. In order to have a general outlook on this phenomenon in both countries, it is necessary to look at some facts and figures provided by Transparency International (TI)<sup>21</sup> such as the Global Corruption Barometer (GCB) and the Corruption Perception Index (CPI) which are published annually.

The CPI, first released in 1995, ranks countries “by their perceived levels of corruption, as determined by expert assessments and opinion surveys.”<sup>22</sup> It has a score between 0 and 10 meaning that the country with a score of 0 is perceived as the most corrupt while the reverse is true for the country with a score of 10. Concerning Bulgaria, the scores are available as from 1998 as follows:<sup>23</sup>

Year	CPI Score	Country Rank	Number of Countries Included
1998	2.9	66	85
1999	3.3	63	99
2000	3.5	52	90
2001	3.9	47	91
2002	4.0	45	102
2003	3.9	54	133
2004	4.1	54	145
2005	4.0	55	158
2006	4.0	57	163
2007	4.1	64	180

As seen from the table, Bulgaria has improved its CPI score as well as its country rank throughout the years 1998-2002, however, the CPI score has stayed at a more or less

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<sup>21</sup> TI has a branch in Bulgaria, however, TI's branch in Turkey is going through a transformation while the old branch locally called Toplumsal Saydamlık Hareketi Derneği (TSHD) (Civil Transparency Movement Association) is existing under the same name but is not affiliated to TI anymore.

<sup>22</sup> Transparency International, see [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

<sup>23</sup> See *Transparency International Corruption Perception Index* between 1998-2007

steady level after 2002 which might be related to the fact that the anti-corruption measures undertaken have been exhausted.<sup>24</sup> As a new member of the European Union in 2007, Bulgaria is much below the member countries' average – 6.5 according to 2007 data – only surpassing the score of the other new member state Romania while being just over the Southeast European countries' average – 3.8 according to 2007 data.<sup>25</sup>

As for Turkey, the CPI scores between 1995-2007 are as follows<sup>26</sup>:

Year	CPI Score	Country Rank	Number of Countries Included
1995	4.1	29	41
1996	3.54	33	54
1997	3.21	38	52
1998	3.4	54	85
1999	3.6	54	99
2000	3.8	50	90
2001	3.6	54	91
2002	3.2	64	102
2003	3.1	77	133
2004	3.2	77	145
2005	3.5	65	158
2006	3.8	60	163
2007	4.1	64	180

As observed from the table, neither the CPI score nor the country rank of Turkey has improved a lot throughout the years. This is a sign that the country has not yet established the necessary anti-corruption infrastructure. However, Turkey has the same CPI score as

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<sup>24</sup> *On the Eve of EU Accession: Anti-Corruption Reforms in Bulgaria*, Center for the Study of Democracy, Sofia, 2006, p. 14

<sup>25</sup> *Transparency International Corruption Perception Index 2007*

<sup>26</sup> See *Transparency International Corruption Perception Index* between 1995-2007

Bulgaria according to 2007 data although having fallen behind since 2001. This is an interesting result since Bulgaria, as a new member state of the EU, would be expected to be ahead of Turkey in terms of combating corruption. In this case, it would be wrong to say that Turkey has made progress in the fight against corruption since there is no sign of a decrease in corrupt activities in the country. Therefore, the equal CPI score of both countries might be interpreted as an indication that the anti-corruption efforts in Bulgaria related to the EU accession process have not proved to be as effective as expected.

Both Bulgaria and Turkey are among the countries most affected by bribery<sup>27</sup> and according to surveys in both countries people place corruption and bribery among the three most important problems in their society.<sup>28</sup> Moreover, in both countries, 51-70 % of the respondents state that corruption affects political life.<sup>29</sup> Judiciary is among the sectors most affected by corruption,<sup>30</sup> while especially in Bulgaria the customs is perceived to be the most corrupt national institution.<sup>31</sup>

## **1. Business Environment**

A severe impact of corruption can be observed in the business environment. In both countries the majority of the respondents stated that the business environment has been significantly affected by corrupt practices.<sup>32</sup> Basically, corruption in the business environment has a negative impact on foreign investment especially as it is a deterrent factor for foreign companies to invest in a country with a high corruption level. In Turkey, for example, a 2001 report prepared by the Board of Inspectors of the Prime Ministry has shown that the most important factor for the relatively low volume of foreign investment in Turkey is the high level of corruption as foreign businessmen

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<sup>27</sup> *Transparency International Global Corruption Barometer 2006*, p. 7

<sup>28</sup> *Anti-Corruption Reforms in Bulgaria*, Coalition 2000, Sofia, 2005, p. 24; Fikret Adaman, Ali Çarkoğlu & Burhan Şenatalar, *Corruption in Turkey: Results of Diagnostic Household Survey*, TESEV, 2001, p. 7

<sup>29</sup> *Transparency International Global Corruption Barometer 2006*, p. 14

<sup>30</sup> *ibid.*, p. 21

<sup>31</sup> *Transparency International Global Corruption Barometer 2005*, p. 18

<sup>32</sup> See *Transparency International Global Corruption Barometer* between 2003-2006

mostly have to find an ‘influential’ Turkish business partner in order to launch investment.<sup>33</sup>

## **2. Public Sector**

Both in Bulgaria and Turkey the ambiguous relationship between the public and the private spheres causes a favourable environment for corrupt activities. In Bulgaria, after the fall of communism, “corruption was becoming a characteristic of a semi-legal transition to democracy and a market economy.”<sup>34</sup> The privatization process has been especially a problematic area concerning non-transparent practices. The procedures of privatization and especially ‘negotiations with potential buyers’ instead of open public tenders made the process extremely opaque.<sup>35</sup>

Another problematic area concerning corruption is the public procurement process. In Bulgaria, “according to business surveys public procurement contracting is a major source of corruption in the country, which generates considerable unofficial revenues for state administration officials.”<sup>36</sup> A similar outcome has also been observed in a survey conducted in Turkey where a great number of respondents denoted that bribery is taking place in public procurements.<sup>37</sup> Moreover, the public procurement report dated March 6<sup>th</sup> 2001, prepared by the World Bank states that a 15 % bribe has become the standard part of public procurements in Turkey.<sup>38</sup>

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<sup>33</sup> Nedim Şener, *Tepeden Tırnağa Yolsuzluk (Corruption from Top to Bottom)*, Istanbul: Metis Yayınları, 2001, p.98-99

<sup>34</sup> *Corruption in Transition: The Bulgarian Experience*, A Report by the Bulgarian Working Group for the Partners in Transition II Conference, 2001, p. 2

<sup>35</sup> *ibid.*, p. 15

<sup>36</sup> *Corruption Assessment Report 2002*, Coalition 2000, Sofia, 2003, p. 84

<sup>37</sup> Fikret Adaman, Ali Çarkoğlu & Burhan Şenatalar, *İş Dünyası Gözünden Türkiye’de Yolsuzluğun Nedenleri ve Önlenmesine İlişkin Öneriler (The Reasons of Corruption in Turkey from the View of the Business World and Suggestions for its Prevention)*, Istanbul: Tesev Yayınları, 2003, p. 64

<sup>38</sup> Nedim Şener, *op.cit.*, p. 105

### **3. Political Corruption**

Political corruption is a highly problematic issue both in Bulgaria and Turkey due to the parliamentary immunity which makes it extremely difficult to punish corrupt activities of the MPs. Nonetheless, these activities are not limited to bribery or unlawfulness but also include relationships with organized crime groups. In Turkey such cases have often come up in the press in the past years. As for Bulgaria, during the last years of the EU accession process, the informal political and economic networks commonly referred as ‘friendly circles’ or ‘loops of companies’ together with the criminal networks have tried to find new ways of continuing their economic and political influence while their former channels of redistributing national wealth gradually began to dry off.<sup>39</sup> This brings up a very complicated issue to tackle, especially as regards to the use of EU funds, because it means that while petty corruption might be decreased through anti-corruption measures, grand corruption continues its existence and the EU membership does not have a significant effect concerning the fight against corruption.

### **4. Judiciary**

Coming to the judiciary, one encounters a highly corrupt institution in both countries. In Bulgaria, the delay of reforms has contributed to an increase in corruption in that sector. According to the majority of the public opinion in Bulgaria, the spread of corruption in the judiciary is proliferated to the highest degree.<sup>40</sup> As for Turkey, the immunity of judges and prosecutors also leads to serious abuse and it is rarely lifted.<sup>41</sup> A survey conducted among lawyers shows that 94.9 % of the respondents think that there is corruption in the judiciary, and 96.1 % stated that cases of corruption are not being enough detected.<sup>42</sup>

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<sup>39</sup> *On the Eve of EU Accession: Anti-Corruption Reforms in Bulgaria*, Center for the Study of Democracy, Sofia, 2006, p. 20

<sup>40</sup> *Anti-Corruption Reforms in Bulgaria*, Coalition 2000, Sofia, 2005, p. 64

<sup>41</sup> *Transparency International Global Corruption Report 2007*, p. 280

<sup>42</sup> Hayrettin Ökçesiz, *İstanbul Barosu Çevresi Adli Yargıda Yolsuzluk Araştırması (Judicial Corruption Research in the Istanbul Bar)*, Istanbul: Ekol Kitaplığı, 2001

#### **4. Anti-Corruption Efforts**

As far as anti-corruption reforms are concerned, there have been amendments to existing laws and adoptions of new laws in both countries. In Bulgaria, 1999 was the year when the problem of corruption began to assume increasing importance. The Administration Act, the Administrative Servicing of Natural and Legal Persons Act, the Civil Service Act, the Public Procurement Act, and the Tax Procedure Code are among the most notable legislative measures taken in this field.<sup>43</sup> In 1999, Bulgaria also signed the Criminal Law Convention on Corruption of the Council of Europe, the Civil Law Convention on Corruption of the Council of Europe, and the Convention on the Fight against Bribery of Foreign Officials in International Business Transactions of OECD.<sup>44</sup> In 2001 the government adopted the National Anti-Corruption Strategy.<sup>45</sup> Moreover, Bulgaria signed the United Nations Convention against Corruption in 2003 and ratified it in 2006.<sup>46</sup>

As for Turkey, the 2003 Law on Public Procurement, the 2003 Law on Public Financial Management and Control, the 2003 Law Amending the Banks Act, the 2004 Law on the Establishment of the Public Servants' Ethics Board and the new Criminal Code of 2005 are among the significant new laws and amended legislations.<sup>47</sup> Furthermore, Turkey ratified the Council of Europe Criminal Law Convention on Corruption in 2003<sup>48</sup> and approved the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime in 2004.<sup>49</sup> Turkey signed the United Nations Convention against Corruption in 2003 and ratified it in 2006.<sup>50</sup>

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<sup>43</sup> *Corruption Assessment Report 1999*, Coalition 2000, Sofia, February 2000, p. 6-8

<sup>44</sup> *ibid.*, p. 12

<sup>45</sup> *Corruption Assessment Report 2002*, Coalition 2000, Sofia, 2003, p. 17

<sup>46</sup> See <http://untreaty.un.org/english/bible/englishinternetbible/parti/chapterxviii/treaty18.asp>

<sup>47</sup> *GRECO Joint First and Second Evaluation Round Evaluation Report on Turkey*, Strasbourg, 10 March 2006, p. 5

<sup>48</sup> *ibid.*, pp. 5-6

<sup>49</sup> See [http://www.oecd.org/document/38/0,3343,en\\_2649\\_34855\\_36430438\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/38/0,3343,en_2649_34855_36430438_1_1_1_1,00.html)

<sup>50</sup> See <http://untreaty.un.org/english/bible/englishinternetbible/parti/chapterxviii/treaty18.asp>



## **5. Conclusion**

Both Bulgaria and Turkey are countries highly effected by corruption. This chapter has given a brief overview of corruption trends in Bulgaria and Turkey by making use of various reports and surveys.

## IV. CORRUPTION IN BULGARIA

Corruption has always existed in Bulgaria as it has existed in any other country. However, it is only after the fall of communism that corruption began to be perceived as a widespread phenomenon and a problem to be resolved. The post-communist transformation and the accompanying economic and social conditions gave way to a chaotic environment characterized by the decay of an existing system of moral values. This statement should not be interpreted as an assertion that the communist era was marked by 'higher morals' but as a fact that there occurred a great erosion in the system of values that had been established in the society for a long period of time. As the non-monetary favour, *blat*, got replaced by 'bribe' this new corrupt practice exercised a traumatizing effect on the relationship between citizens and public officials. The reality that during the post-communist transformation success was only possible outside the boundaries of law and that the ordinary Bulgarian had "to choose between a high standard of living achieved at the price of violating the law, and an honest but miserable existence"<sup>51</sup> led to a systemic nature of corruption and a Bulgarian-type mafia.

### ***1. Historical Aspects of Corruption in Bulgaria***

The years between the independence from the Ottoman Empire and the Second World War had been a period of democratic attempts versus coup d'états in Bulgarian politics. In that period, corruption was subject to the penalty code adopted in 1896 which had evident similarities with the Ottoman law. Apart from the general legislation, special laws concerning corruption such as the Act For Prosecution Of The Illegally Enriched Clerks have been enacted whose "existence is a definite sign that the phenomenon had spread beyond ordinary dimensions and sharpened the sensitiveness of the society towards it."<sup>52</sup> Moreover, the establishment of investigative committees after the fall of the Stambolov regime at the end of 1894 and the issuing of laws such as the Act on Mercenary Abuse of Office and the Act on Assignments of Members of One Family In State, Municipal and

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<sup>51</sup> H. Alexandrov, I. Furchanov, K. Nushev, R. Chichek, op.cit., p. 6

<sup>52</sup> I. Elenkov, *Corruption in Contemporary Bulgaria, Policy Paper Chapter V*, Transparency International Bulgaria, 1998, p. 3

Autonomous Institutions by the regime after the coup d'état of 19 June 1934 were the principal anti-corruption efforts in Bulgaria for the end of the 19<sup>th</sup> and the first half of the 20<sup>th</sup> century.<sup>53</sup> However, the country's immature political culture coupled with its weak bourgeoisie and traditional agricultural society rather provided an environment conducive to particularism and corruption.

When the communists took over at the end of the Second World War the country began to be shaped by the Soviet political culture. After the Stalinist era, Todor Zhivkov, the totalitarian leader who has left his mark on Bulgarian politics for 33 years, came to power. Zhivkov created a new, nationalist Bulgarian understanding of communism and when he was finally expelled from the Bulgarian Communist Party in 1989 he was charged of nepotism and corruption such as "the illegal distribution of apartments, cash and other privileges to his relatives and political minions".<sup>54</sup>

## ***2. Corruption and Organized Crime during Post-Communist Transformation***

### ***a. Everyday Corruption***

In the first decade of the transition period, property relations and public services were two basic spheres in which everyday corruption took place since both were the domains in which the communist and capitalist ideologies collided and which were therefore most susceptible to changes. Concerning property relations, mass corruption was "found in the process of restitution of agricultural land, immovable property, and participation in the redistribution of resources."<sup>55</sup> Regarding the public services, corruption was mostly attributed to state monopoly in that sector, however, the existence of state monopoly does not merely explain the growth of corruption; the mechanism of shaping relations within public institutions related to the traditional domination of informal human networks or

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<sup>53</sup> *ibid.*, p. 4-5

<sup>54</sup> *The New York Times*, February 27, 1991

See <http://query.nytimes.com/gst/fullpage.html?res=9D0CE2D8123CF934A15751C0A967958260>

<sup>55</sup> A. Gulubov, *Corruption in Contemporary Bulgaria, Policy Paper Chapter II*, Transparency International Bulgaria, 1998, p. 1

“the ‘no-man’s land’ between the formally recognised principles and rules of public behaviour and the established – by tradition or unspoken public agreement – social norms and practices of non-official control”<sup>56</sup>, as Chavdarova puts it, are rather responsible for the spread of corruption. The growth of corruption in Bulgaria and other post-communist countries is better explained by “the traditional nature of the access to the distribution of resources that are in deficit in a given society that deliberately sustains a regime of chronic shortages”.<sup>57</sup>

In a public opinion survey conducted in 2000 among the residents of Sofia, the majority of the respondents stated that corruption has always existed in their country. According to that survey, “the most common way for soliciting a bribe in Bulgaria is by deliberately delaying the service you have asked for and thus prompting you to pay.”<sup>58</sup> Furthermore, the survey reveals two most frequently mentioned reasons for corruption: “the possibility for public officials to obtain illegal benefit”<sup>59</sup> and “the lack of effective anti-corruption measures and sanctions.”<sup>60</sup> This indicates the public’s awareness of structural deficiencies that lead to corruption among public officials and the hope that it can be cured through effective policies.

According to surveys conducted between years 2000-2007 by Coalition 2000, the anti-corruption initiative of Bulgarian non-governmental organizations, and the Center for the Study of Democracy, the interdisciplinary public policy institute, the occupational group that is steadily perceived by the public as most corrupt consist of the customs officers. This is an interesting outcome since the customs is not the institution that the average public deals with the most. Following the customs officers, judicial staff and police officers are placed among the most corrupt professional groups.<sup>61</sup>

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<sup>56</sup> Tanja Chavdarova, “Corruption in the Bulgarian post-Communist Transformation”, *South-East Europe Review*, No. 3, 2001, p. 16

<sup>57</sup> *ibid.*, p. 2

<sup>58</sup> *Public Opinion on Corruption*, National Public Opinion Centre & Transparency International Bulgaria, Sofia 2000, p. 3

<sup>59</sup> *ibid.*

<sup>60</sup> *ibid.*

<sup>61</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, Center for the Study of Democracy, Sofia, 2007, p. 16

The Bulgarian society is aware of and sensitive to the corruption problem. That politicians constantly mention this issue in their election campaigns is a clear sign of it, as in the case of Simeon II's victory in the elections of 2001. In 2000, an opinion poll conducted by the MBMD Institute for Marketing and Opinion Polls revealed the fact that corruption is perceived by the public as Bulgaria's most important problem.<sup>62</sup> The same outcome was observed in a recent survey conducted by the Center for the Study of Democracy in 2007 where 54.9 of the respondents cited corruption as the most critical concern of Bulgarian society.<sup>63</sup> As a matter of fact, for the last decade corruption has been in the first ranks of cited problems along with unemployment, poverty, crime, and low incomes.<sup>64</sup>

### ***b. Informal Networks, Organized Crime and Corruption***

As mentioned above, the Bulgarian social fabric was traditionally dominated by informal networks of relations, a phenomenon common for all countries of Southeastern Europe. This is not a matter of culture only in the sense that the society attributes more value to "informal unions based on kinship, family, friendship, neighborhood, etc."<sup>65</sup> but also a matter of the lack of democratic traditions and economic backwardness. As for Bulgaria, and similarly in other ex-communist countries, these networks which were reminiscent of the communist system, began to form a parallel structure to the state and in some cases nearly replaced it after the transition. The most important concern here is the fact that informal networks in that period were formed by the representatives of the old communist nomenclature themselves. This has not only led to a dramatic spread of corruption but also to the formation and the rise of the 'Bulgarian mafia'.

The Bulgarian organized crime gangs have been created within a short period of time after the dismantling of the communist state structure. When some groups of people who

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<sup>62</sup> Antony Galabov, *Curbing Corruption and Improving Transparency In Municipal Council Work in Bulgaria*, Transparency International Bulgaria, Sofia 2000, p. 7

<sup>63</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, Center for the Study of Democracy, Sofia, 2007, p. 19

<sup>64</sup> *ibid.*

<sup>65</sup> I. Maev & V. Shopov, *Corruption in Contemporary Bulgaria, Policy Paper Chapter III: The Political Process and Corruptive Practices*, Transparency International Bulgaria, 1998, p. 5

were employed under the communist regime lost their positions after the collapse of the system they began to get involved in criminal activities by making use of the chaotic environment of the transition period. Former athletes, state security agents and members of the former communist administration – these three groups were the initiators of a unique organized crime structure which was peculiar to post-communist Bulgaria and became very successful in developing it further.

In his article dated 1997 in *East European Constitutional Review*, journalist Jovo Nikolov draws a very illuminating picture of the Bulgarian organized crime scene in the first years of the transition.<sup>66</sup> One of the most interesting features of this scene is that the leading roles have been occupied by former athletes or ‘wrestlers’ of the communist period who tried to find alternative sources of income in order to continue their luxurious lifestyle they had been pursuing since athleticism was very much supported by the communist state. They were involved in various criminal activities ranging from armed robberies to prostitution, from car theft to gambling. They further enhanced their scope of ‘business’ by establishing ‘protection firms’ in order to provide services to creditors including state-owned banks whose loans have not been paid back by the so-called ‘credit millionaires’.<sup>67</sup>

The second group in the organized crime scheme consisted of former State Security members or ‘ex-cops’.<sup>68</sup> It was relatively easy for them to organize their criminal activities since “the smuggling channels in Bulgaria were set up by the communist state and were controlled by the former State Security”<sup>69</sup> and they had the advantage of using their experience with criminals and their knowledge of legal loopholes.

Members of the former state administration or former ‘apparatchiks’ constituted another group of the organized crime apparatus who saw the new capitalist state as an opportunity in which they could exploit financial, commercial and industrial resources since, similar

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<sup>66</sup> Jovo Nikolov, “Crime and Corruption after Communism: Organized Crime in Bulgaria”, *East European Constitutional Review*, Vol. 6. No. 4, Fall 1997, see <http://www.security-society.org/?q=node/137>

<sup>67</sup> *ibid.*

<sup>68</sup> *ibid.*

<sup>69</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, op.cit., p. 16

to the former state security agents, they had exclusive knowledge of the administrative system and the ways of manipulating it. Accordingly, “former apparatchiks positioned themselves in strategic locations in fledgling markets and began bilking large state-owned enterprises through various financial schemes involving shady transactions with private firms.”<sup>70</sup>

This is a rough picture of how major criminal groups organized themselves during the post-communist transformation in Bulgaria. The situation has been aggravated during the war in former Yugoslavia when all criminal groups engaged in illegal exports to that country after the embargo. In Robert D. Kaplan’s words concerning the leaders of these groups, “they have shown that global capitalism does not necessarily promote civil society: what counts is the nature of capitalism in each country.”<sup>71</sup>

### **3. Corruption in the Public Sector**

Petty and grand corruption went hand in hand during the transition period. The newly established administrative structures were functioning poorly and most of the units of the public administration were still lacking computers and the necessary software.<sup>72</sup> Moreover, the abundance of bureaucratic procedures produced a fertile ground for an increase in corrupt practices. “Poor inter-agency coordination and overlapping institutional functions, delayed adoption of appropriate legislative measures [...] sluggish implementation / enforcement of appropriate legislation”<sup>73</sup> along with “excessive preservation of discretionary powers at all levels of the state administration”<sup>74</sup> were and still continue to be other major reasons for the wide spread of corruption.

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<sup>70</sup> Jovo Nikolov, op.cit.

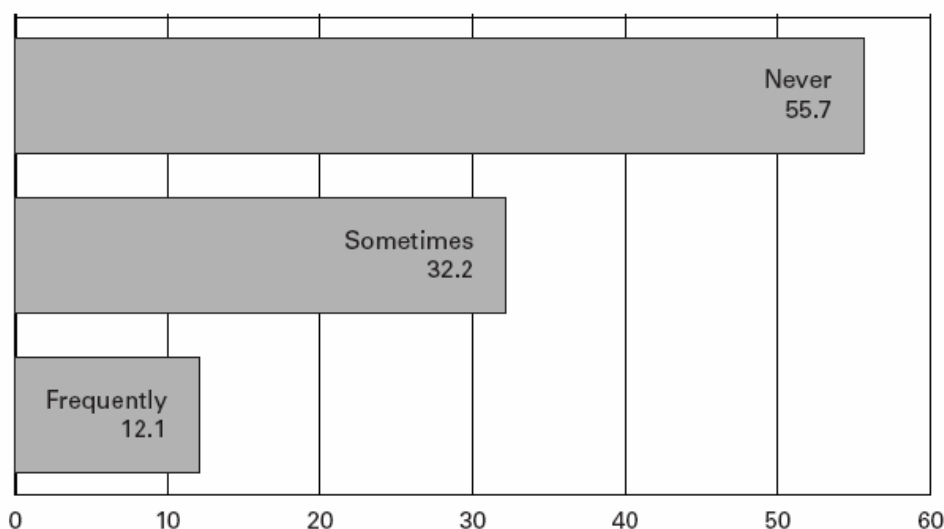
<sup>71</sup> Robert D. Kaplan, “Hoods against Democrats”, *The Atlantic Monthly*, December 1998, see <http://www.theatlantic.com/issues/98dec/bulgaria.htm>

<sup>72</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, op.cit., p. 64

<sup>73</sup> *Corruption in Transition: The Bulgarian Experience*, op.cit., p. 3

<sup>74</sup> *ibid.*

**Chart 4: Frequency of additional payments (sponsorships, etc.) and/or payment of bribes in order to obtain public services (e.g. telephone, power supply, etc.) in Bulgaria (%)**



Source: Global Competitiveness Survey, Vitosha Research and Center for Economic Development (surveys of 119 companies, February 2001)

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The table above from a survey dated 2001 shows how frequently Bulgarian citizens have to pay bribes for public services. One can observe that the total frequency of additional payments is quite high. This was a sign of a high rate of petty corruption after more than a decade of the transition period. However, what the surveys was not reflecting was the size of grand corruption, namely malpractices in privatization and public procurement deals especially, although it occupied the greatest slice of the corruption pie.

#### **a. Privatization**

The privatization process in Bulgaria has been adversely affected by two major factors: the deficiencies in the legislation and its exploitation by the actors who took part in the

<sup>75</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, op.cit., p. 63



process which started in 1992 and still continues.<sup>76</sup> These, coupled with the simultaneous transformation of the command economy with political liberalization, have prevented the establishment of a transparent mechanism for the transfer of state assets into private ownership.

The process was first regulated by the Privatization and Transformation of State-Owned and Municipal Enterprises Act adopted in 1992 and later by the Law on Privatization and Post-Privatization Control which replaced the old 1992 Privatization Law in 2002. While the 1992 law has been criticized considerably since it was allowing a structure susceptible to corruption, the new Privatization Law, although containing a number of anti-corruption elements, did not succeed in providing transparency in the short-run due to the political inability to enforce the law, such as during the privatization deals of Bulgartabak and Bulgarian Telecommunications Company.<sup>77</sup>

Under the law of 1992 the privatization process was broken up among various institutions – ministries, municipal privatization agencies, and the Privatization Agency was responsible for the privatization of large enterprises. This agency also acted as a coordinator of the whole process. This fragmentation was one of the main reasons for the facilitation of corruption in privatization deals because it complicated the coordination and the control mechanism. The law of 2002 ameliorated this situation by defining “the Privatization Agency as the only body authorized and responsible for privatization”.<sup>78</sup> Another major source of corruption was the preferred method of privatization, particularly until 2002 when most of the deals were conducted through *negotiations with potential buyers*<sup>79</sup> instead of open auctions and public offerings. Another feature of the privatization process was that it depended heavily on *manager-employee buy-outs (MEBO)*. “MEBOs often served as a ‘figure’ buyer for hidden investors who wished to

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<sup>76</sup> See <http://www.priv.government.bg/apnew/Root/index.php?magic=0.65.141.0.2>

<sup>77</sup> *Corruption Assessment Report 2002*, op.cit., p. 86

<sup>78</sup> *ibid.*

<sup>79</sup> *Corruption Assessment Report 1999*, op.cit., p. 15

make use of the payment preferences.”<sup>80</sup> Although initially this method seemed to be beneficial for the employees it turned out that the managers were the ones who actually profited from it.

The loopholes in the legislation and the conflicts in the political scene have been mainly exploited by three informal networks, namely, Multigroup, Orion, and Olymp. The primary characteristic of these networks was that they either had the ownership or control over a bank, a national media or a football team. They had tight relations with the parties in government and acquired control over state-owned enterprises through various methods such as *hidden privatization* realized via joint ventures, exit/entrance capture, debt purchase and capital increase; the *undervaluation* of company assets; and the *selective adjustment* of sale requirements.<sup>81</sup>

All in all, there occurred many irregularities in privatization deals in Bulgaria and as has been observed by Transparency International Bulgaria, the privatization process of the Bulgarian Telecommunications Company, started in 1996 and finalized in 2004, is representing a good example for this.<sup>82</sup> While the whole process became a battlefield for political conflict and private interest, the country drifted into financial and political instability in the first decade of the transition period and corrupt practices in other areas of the public sector worsened the situation.

### ***b. Corruption in Other Areas of the Public Sector***

Public procurement, enforcement of taxes, customs, social security, redistribution of municipal resources, and health care are major areas in Bulgaria which are exposed to corruption pressure.<sup>83</sup>

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<sup>80</sup> Vesna Bojicic-Dzelilovi & Victor D. Bojkov, “Informality in Post-Communist Transition: Determinants and Consequences of the Privatization Process in Bulgaria”, *Southeast European and Black Sea Studies*, Vol. 5, No. 1, January 2005, p. 80

<sup>81</sup> *ibid.*, pp. 77-78

<sup>82</sup> *Analysis of the BTC Privatization Proceedings and Draft Contract: Transparency and Legal Compliance in the Sale of BTC in View of its Special Importance, Implications and Impact on the Bulgarian Public*, Transparency International Bulgaria, 2000

<sup>83</sup> *Corruption Assessment Report 2002*, op.cit., p. 78

Among these, public procurement carries a bigger risk of corruption since it involves the transfer of huge funds from the public sector to the private. According to a survey dated 2002, “more than half of companies who have taken part in public procurement tenders state[d] that they have made unofficial payments to receive every second contract.”<sup>84</sup> This high rate of corruption continued its path in the following years although a new Law on Public Procurement providing more transparency in public tenders entered into force in 2004. To name a few corruption cases, “the exposure of massive corruption and fraud in the district heating company (Toplofikatsia) in Sofia, the political scandals concerning the concession on the Trakia motorway, the irregularities surrounding the construction of the new terminal of Sofia Airport”<sup>85</sup> are prominent examples in recent years. Moreover, contrary to the hopes about the EU membership, concerns regarding inefficiency and lack of transparency in the use of pre-and post accession funds prevailed.

Tax evasion and informal payments to tax officials constitute another big problem which relates to the low opportunity cost of evading taxes and the frequent changes in the tax legislation, among other reasons.<sup>86</sup> Corruption and smuggling at the customs also play a very important part in the grey economy considering the spread of organized crime in the transition period. The figures displayed below show the public perception about the spread of corruption among tax and customs officials:

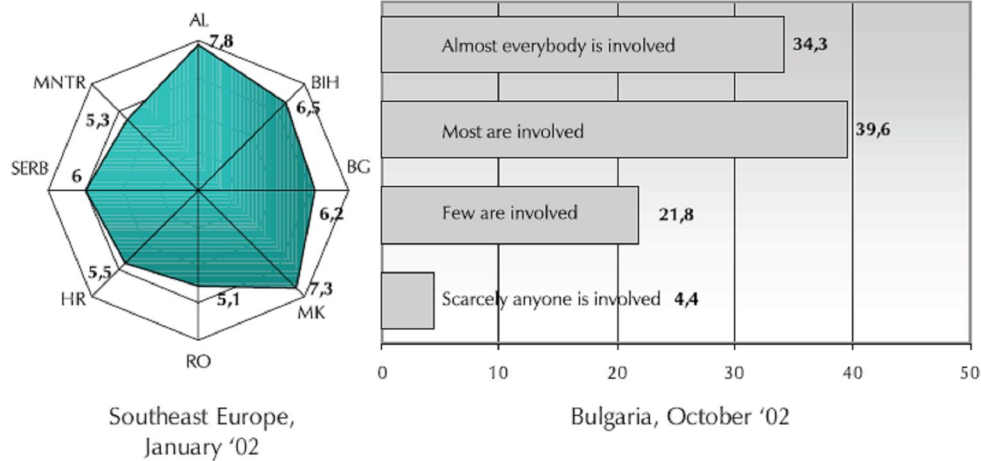
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<sup>84</sup> *Corruption Assessment Report 2002*, op.cit., p. 84

<sup>85</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, Center for the Study of Democracy, Sofia, 2007, p. 28

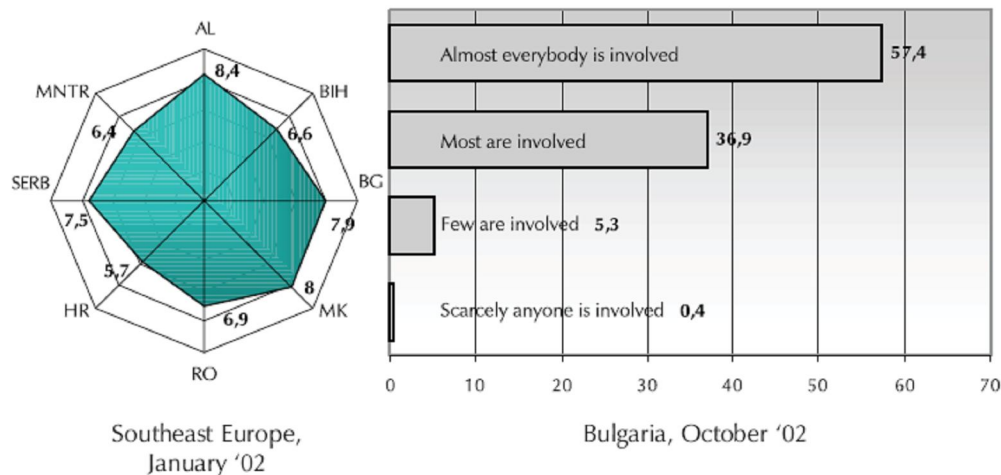
<sup>86</sup> *Corruption Assessment Report 2002*, op.cit., p. 78

**FIGURE 26. SPREAD OF CORRUPTION AMONG TAX OFFICIALS\*  
(GENERAL PUBLIC) (%)**



Source: CMS of *Coalition 2000*, October 2002; SELDI, January 2002  
 (\*) Note: The maximum value of the index is 10.0 indicating the highest possible level of corruption. The minimum value is 0.0 indicating total absence of corruption.  
 Legend: AL - Albania; BIH - Bosnia and Herzegovina; BG - Bulgaria; MK - Macedonia; RO - Romania; HR - Croatia; SERB - Serbia; MNTR - Montenegro.

**FIGURE 27. SPREAD OF CORRUPTION AMONG CUSTOMS OFFICERS (GENERAL PUBLIC) (%)**



Source: CMS of Coalition 2000, October 2002; SELDI, January 2002

88

Corruption in the public sector has an organic link with political corruption which will be discussed in the following section.

#### **4. Political Corruption**

Generally speaking, political corruption occurs on two levels; one at the level of MPs and political party members and their personal enrichment and second at the level of party funding when it is realized through informal means. An increase concerning the second type of political corruption has been being observed globally since the funding of political parties has become a matter of financial struggle after the wide spread of mass media and advertising. Along with that, in contrast with countries possessing a long established political culture, in countries that have not completed their democratization process corruption became an almost ordinary political instrument. Bulgaria is a good

<sup>88</sup> *ibid.*, p. 80

example of this taking into consideration that corrupt networks known as ‘loops of companies’ constitute an integral part of the political arena behind the scenes. It is not considered as a crime either; during the 2005 electoral campaign Ahmed Dogan, the leader of the MRF (Movement of Freedom and Rights), told in an interview that “he relied on a ‘circle of firms’ that gave him as much money as he needed, while in return he made sure that they were awarded as many government contracts as they wanted.”<sup>89</sup>

Political corruption in Bulgaria is connected to the decay in political culture and the chaotic environment of the dual transition as well as to the deficiencies in the legislation. The Law on Political Parties which was amended in 2001 contains some anti-corruption elements, nevertheless, the fact that it allows anonymous donations makes it impossible to control the total incomes of the parties and therefore presents an available ground for corruption. According to the new law, the National Audit Office is responsible for the inspection of political parties’ funding sources, however, it “does not have any opportunity to control the contents of the financial reports. It also does not have access to the official documentation, supporting the reports of the parties.”<sup>90</sup> Another difficulty in countering political corruption is the parliamentary immunity which prevents most of the corruption cases to be taken to the court and there is not much progress regarding its removal.

Since corruption is a serious concern in the country it also became a means of exploitation in Bulgarian elections. The most prominent example is the election campaign of the former king Simeon II in 2001 who has heavily criticized UDF leader Ivan Kostov’s government on the grounds of allegations of corruption. Simeon’s criticism was further helped by Kostov’s admission that “that he had taken a US \$80,000 ‘donation’ from alleged mafia boss Grigory Luchansky.”<sup>91</sup> However, Simeon was not

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<sup>89</sup> Venelin I. Ganey, “Ballots, Bribes, and State Building in Bulgaria”, *Journal of Democracy*, Vol. 17, No. 1, January 2006, p. 84

<sup>90</sup> *Political Party and Election Campaign Financing in Southeastern Europe: Avoiding Corruption and Strengthening Financial Control*, Transparency International Bulgaria, 2003, pp. 74-75

<sup>91</sup> *Transparency International Global Corruption Report 2001, Regional Reports: Central Europe, Southeast Europe and the Baltic States*, p. 125

able to fulfill the expectations about the fight against corruption, on the contrary, his government has been marked by “a dangerous rise in corruption and organized crime.”<sup>92</sup>

Another problem concerning the election campaigns is that the politicians’ promises for curbing corruption have an adverse effect in the sense that they actually lead to a rise in organized crime and corruption. Those who are afraid that their organized crime networks might be ruined by the new government “try [...] to build up ‘reserves’ for an uncertain future”<sup>93</sup> in the meantime and consequently increase the intensity of corrupt activities.

Unlike administrative corruption which has a decreasing trend in recent years according to Coalition 2000’s findings and “most authoritative international surveys”<sup>94</sup>, political corruption in Bulgaria continues to remain as a major problem.<sup>95</sup> From the beginning of the transition years when the BSP government “favored forms of corruption that destroyed the infrastructural basis of effective governance”<sup>96</sup> until the very recent resignation of the Interior Minister Rumen Petkov following the revelation of close ties to organized criminals<sup>97</sup> the Bulgarian political agenda has always been busy with crimes of corruption. The recent killing of Georgy Stoyev in April 2008, the well-known author of books on the Bulgarian mafia, by gunmen<sup>98</sup> is a sign that the organized crime gangs are still very powerful and the country is going to continue to face a great struggle in the fight against the mafia and corruption.

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<sup>92</sup> *Routinized Charisma: Weak Institutions, Corruption and Organized Crime In Simeon’s Bulgaria*, Staff-prepared summary of the EES noon discussion with Venelin Ganey, Assistant Professor of Political Science, Miami University, March 24, 2004

See [http://www.wilsoncenter.org/index.cfm?fuseaction=events.event\\_summary&event\\_id=61272](http://www.wilsoncenter.org/index.cfm?fuseaction=events.event_summary&event_id=61272)

<sup>93</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, op.cit., p. 18

<sup>94</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, Center for the Study of Democracy, Sofia, 2007, p. 6

<sup>95</sup> *ibid.*

<sup>96</sup> Venelin I. Ganey, op.cit., p. 82

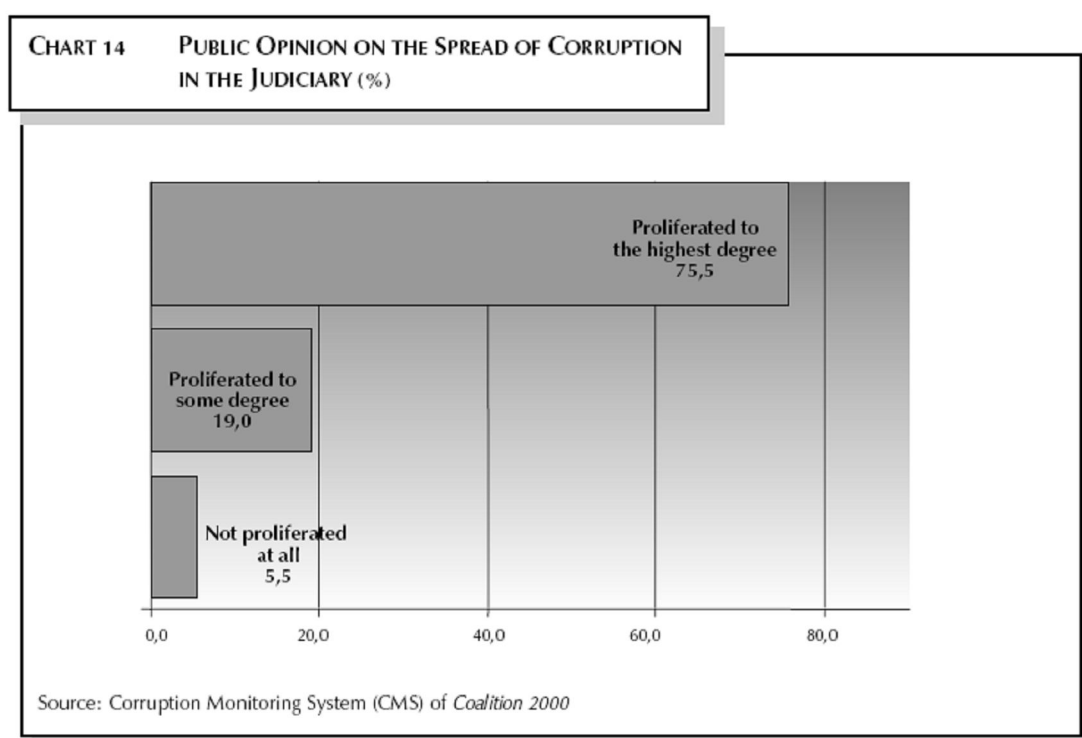
<sup>97</sup> *The Economist*, April 17, 2008

See [http://www.economist.com/displayStory.cfm?story\\_id=11062058](http://www.economist.com/displayStory.cfm?story_id=11062058)

<sup>98</sup> *ibid.*

## 5. Judicial Corruption

Although judicial corruption is not as conspicuous as political corruption, the judiciary is perceived as one of the most corrupt institutions in Bulgaria. However, the lack of statistical data does not allow to determine the real level of corruption in the judiciary.<sup>99</sup>



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The most important problem concerning corruption in the judicial system has been the enjoyment of full immunity by magistrates and the significant independence of the judiciary under the 1991 Constitution. Although both were necessary and had positive aspects at the beginning of the transition from totalitarian rule to democracy, high levels of corruption led to the questioning of the necessity of immunity since it began to be perceived as an obstacle in the fight against corruption. The removal of immunity has not

<sup>99</sup> *Corruption Assessment Report 2003*, Coalition 2000, Sofia, 2004, p. 26

<sup>100</sup> *ibid.*, p. 25



been realized, however, the amendment to the Constitution in 2007 reduced the immunity of judges, prosecutors and investigators to some extent.<sup>101</sup>

Along with the matter of immunity, the structure of the judicial system, the inefficiency of court administration, the status of magistrates and administrative staff, their insufficient training and primitive working conditions have been most frequently subject to criticism. “The delineation and redefinition of the authority and functions of the Supreme Judicial Council (SJC) as a governing body”<sup>102</sup> and “the unclear division of roles between the SJC and Ministry of Justice”<sup>103</sup> have been other matters of concern since a complicated delegation of authority constitutes many opportunities for corruption.

Many reforms concerning the judiciary have been initiated in recent years. One of the first actions in this field has been the creation of the Magistrates Training Center in 1999, a non-governmental organization which has been transformed into the National Institute of Justice later on.<sup>104</sup> In the last years, reforms picked up speed in order to harmonize with *acquis communautaire*. The adoption of new laws, namely, the Administrative Procedure Code, the Criminal Procedure Code, and the Draft Code of Civil Procedure “aimed to accelerate the administration of justice and improve its efficiency, in parallel to lowering the level of corruption in general and within the judiciary.”<sup>105</sup> However, the recent reforms do not stem from a comprehensive philosophy of judicial reform. They have been rather passed on according to the demands arisen from the country’s accession to the European Union.<sup>106</sup>

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<sup>101</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, Center for the Study of Democracy, Sofia, 2007, p. 92

<sup>102</sup> *Anti-Corruption in Southeast Europe: First Steps and Policies*, op.cit., p. 98

<sup>103</sup> *ibid.*

<sup>104</sup> *Corruption Assessment Report 2003*, op.cit., p. 39

<sup>105</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*, op.cit., p. 69

<sup>106</sup> *ibid.*, p. 91

## **6. Conclusion**

The massive amount of corruption in Bulgaria might appear as a legacy from the communist era, however, it is a creation of the simultaneous transition to the market economy and liberal democracy. While the public was trying to adapt to a new economic and political system, the ex-communist bureaucrats, now the fervent capitalists, together with the politicians in power built such a system of crime and corruption that even after almost twenty years of the collapse of communism Bulgaria is still trying to find a remedy for the degeneration of the state structure. The most problematic part of this corrupt structuring is that it counteracts anti-corruption efforts since those who are supposed to lead the fight against corruption are the ones who are actually involved. Nevertheless, thanks to mostly non-governmental initiatives, important steps have been taken in this matter. In the last decade, with the pressure of the EU accession process, there occurred many changes in the legislation which have been mentioned in the second chapter. Among others, the establishment of the Ombudsman institution in 2006 has been a prominent development in anti-corruption efforts since it is a sign that the long year struggle in this field has born fruits. However, there is a long road ahead until the corrupt elements within the state structure are wiped out. The country's EU accession seemed to contribute to the fight against corruption and organized crime, yet investigations by OLAF, the EU anti-fraud office, revealed the misuse and siphoning of EU funds whereupon the EU temporarily suspended pre-accession funds and threatened to freeze further aid to Bulgaria.<sup>107</sup> Now it is a matter of concern whether the Bulgarian authorities have drawn the necessary lessons and will act against corruption more decisively.

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<sup>107</sup> *The Economist*, July 17, 2008

See [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=11751745&fsrc=RSS](http://www.economist.com/world/europe/displaystory.cfm?story_id=11751745&fsrc=RSS)

## **V. CORRUPTION IN TURKEY**

Different from Bulgaria, Turkey is not a transition country in the sense of having a communist past. Nevertheless, it can be defined as a country being in transition for a relatively long time. Turkey had initially an overcentralized state structure with a single-party rule. The transition to liberal economy began in the 1950s following the change in the government with the end of the single-party era in 1946, however, after more than 50 years the country still could not accomplish its democratization while economic and social problems have reached a deadlock. In these circumstances, corruption has always been and continues to be one of the main concerns although the public mostly have become inured to it throughout the years.

### ***1. Historical Aspects of Corruption in Turkey***

#### ***a. The Ottoman Legacy and the Republican Era Until the End of the One-Party Period***

Corruption during the Ottoman era has already been discussed in the second chapter. The new republic of Turkey was established onto a state structure taken over from the Ottoman Empire. In this context, it seemed inevitable to avoid the inherited habits of corrupt behaviour prevailing in the state administration. However, it should be mentioned that thanks to the idealist spirit emanating from the enthusiasm of establishing a new republic, this era might be defined as the least corrupt era of the Turkish Republic. The only major corruption case was the trial in 1928 about the Naval Minister's malfeasance in office who was sentenced to two years in prison and debarred from civil service post.<sup>108</sup>

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<sup>108</sup> Şafak Altun, op.cit., p. 104

### ***b. The Multi-Party Era Until Today***

Turkey has been ruled by the CHP (Republican People's Party) from the establishment of the Republic in 1923 until 1950 when the DP (Democrat Party) came to power. During the DP rule, the statist policy of the CHP was replaced by a more liberal economic policy, however, the state was still controlling major areas of the economy. Moreover, with the launching of the Marshall Plan there was an overflow of US dollars into the country which allowed the government to undertake large-scale infrastructure projects. However, it was the supporters of the DP that benefited from this expansion in the economy which was not sustainable and finally led Turkey into a crisis.<sup>109</sup>

The period of the AP (Justice Party) government which came to power in 1965 with the elections that ended the military rule showed similarities to the previous decade in the sense that those politically connected to the government prospered again through massive state infrastructure projects. When the AP rule ended with another military coup in 1971 the country was socially and economically in chaos. This chaotic environment continued and even worsened throughout the decade. With the global oil embargo the country suffered from a severe economic crisis and because of the closed nature of the economy this in turn led to the immense growth of the grey sector, especially smuggling.<sup>110</sup>

The year 1980 witnessed another military coup and the following period brought fundamental changes to Turkish politics and economy. With the ANAP (Motherland Party) coming to power after the 1983 elections, the country 'drifted' into a liberalization process without establishing necessary institutional and supervisory mechanisms. This era has been marked with an aggravation in the macroeconomic performance of Turkey bringing along a deterioration in income distribution which has continued until now. Furthermore, wrong incentive grant policies coupled with the lack of inspection of state expenditures led to large-scale corruption in that period. Another prominent feature of

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<sup>109</sup> Zeyno Baran, "Corruption: The Turkish Challenge", *Journal of International Affairs*, Vol. 54, No. 1, Fall 2000, p. 131

<sup>110</sup> *ibid.*, pp. 131-133

this era concerning corruption was the immense amount of ‘fictitious exports’ mostly enabled through the Article 17 of the Export Incentives Decree dated 1984 which has complicated the supervision of exporting firms extremely.<sup>111</sup>

As internal security and terror gained priority in the agenda in the 90s – the years of the coalition governments – the formation of some secret operation teams changed the dimension of corruption for the worse. This illegal structuring within the state or the ‘deep state’ as it is called in Turkey has been recently revealed by a car accident in which the passengers in the car were a mafia boss, a police chief (both killed) and an MP. Although this infamous incident called as the ‘Susurluk scandal’ (due to the name of the town where the accident took place) “gave rise to nationwide protests and calls for a clean-up, [...] the MP was never questioned and prosecutions went nowhere.”<sup>112</sup>

The 90s also witnessed not only the growth of organized crime but also its ‘institutionalization’ in the sense that the organized crime gangs underwent a transformation from the ‘traditional’ to the ‘entrepreneurial’ type of mafia.<sup>113</sup> The latter is more dangerous since in this kind of mafia organization the bosses are seemingly businessmen and thus are able to transfer their illegal income to investments in legal sectors. They mostly appear in tenders where other buyers are forced to withdraw through mafia methods. This is what has exactly happened in the privatization process of Türkbank in 1998, a formerly state-owned bank. It has been an interesting case where a letter from the Security General Directorate arrived half an hour later, after the tender has been completed. The letter included information that the parties participating in the tender had been threatened by organized crime leaders who had close connections to the winner of the tender. When it also came out that the Prime Minister was involved in the manipulation of the tender the Parliament voted the government out of office.<sup>114</sup>

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<sup>111</sup> Şafak Altun, op.cit., p. 219

<sup>112</sup> Erciş Kurtuluş, *Political Corruption Party Financing Turkey*, Transparency International Expert Meeting on Political Finance Regulations, Athens, 2002, p. 4,

<sup>113</sup> Bekir Özcan, *Organize Suç Örgütlerinin (Mafya) Kamu Yönetiminde Ortaya Çıkan Yolsuzluklardaki Rolü (The Role of Organized Crime Gangs (Mafia) in Corruption in the Public Administration)*, Master’s Thesis, University of Ankara Social Sciences Institute Department of Sociology, Ankara, 2006, p. 57

<sup>114</sup> Hakan Tartan, *Hortumun Ucundakiler: Türkiye’de Batan Bankaların Hikayesi (Siphoning: The Story of Bankrupt Banks in Turkey)*, İstanbul: Toplumsal Dönüşüm Yayınları, 2003, pp. 172-188

The following years have been a stormy period for the financial sector in Turkey. Problems accumulating for years coupled with economic crises one after the other and the lack of a proper regulation in the banking sector resulted in transferring 20 banks temporarily to state control between the years 1997-2003. According to the report of the Banking Regulation and Supervision Agency, in 12 of these banks the issue was the misuse of bank deposits which have been mostly transferred to the bank owners' or their partner firms' bank accounts.<sup>115</sup>

In the years mentioned above, other major corruption scandals have been on the agenda as well. One of them was the 'White Energy Operation' in 2001 undertaken due to allegations of corruption in some of the major contracts done by the Ministry of Energy. The extraordinary aspect of the operation was that it was launched by the Minister of Interior Saadetdin Tantan, known for his honesty and struggle against corruption, who was from the same party as the Minister of Energy in the coalition government ANASOL-M (Motherland Party, Democratic Left Party and Nationalist Movement Party).<sup>116</sup> This led to a crisis within the government while the accused politicians could not be brought to trial because of their parliamentary immunity.<sup>117</sup> However, this was the period in Turkey's history when the fight against corruption was prosecuted at the highest level of the state under the presidency of Ahmet Necdet Sezer. His accusation that the government was not showing enough efforts to curb corruption finally caused a great tension between the President and the Prime Minister while this crisis produced severe consequences for the Turkish economy at that time.<sup>118</sup>

The period of the AKP (Justice and Development Party) government started with an operation based on corruption allegations against the Uzan family "which owned two major banks, two television stations, one national newspaper, two dams leased from the government to produce electricity, some cement factories and one of two of Turkey's

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<sup>115</sup> *ibid.*, pp. 101-102

<sup>116</sup> Recep Gültekin, "Corruption in Turkey: An Overview", in Rick Sarre, Dilip K. Das, and H.J. Albrecht, eds., *Policing Corruption: International Perspectives*. Lanham: Lexington Books, 2005, p. 200

<sup>117</sup> Erciş Kurtuluş, *op.cit.*, p. 4

<sup>118</sup> Şafak Altun, *op.cit.*, pp. 282-283

GSM telephone lines.”<sup>119</sup> The major problem about this operation was that one of the family members had established a political party before the elections and became a clear competitor to the government party although not being able to win seats in the parliament because of the 10 per cent barrier. Although the corruption allegations were mostly true, it was obvious that the government undertook this operation to wipe out its most important rival.<sup>120</sup> Furthermore, while the government was claiming to have started a great fight against corruption many of the Ministers and MPs of the AKP government were being charged with corruption offenses even before the party came to power. Thenceforth, the members of the government have been accused of corruption and bribery several times. Before the elections in 2007, the main opposition party distributed a booklet about all these allegations among those the ones concerning the enrichment of the Minister of Finance and the Prime Minister’s families were especially serious.<sup>121</sup>

Having presented many examples of corruption in Turkey one can see that each of them is more or less related to politicians. The following part will focus on how and why this ‘illness’ is widespread in Turkish political arena.

## ***2. Political Corruption: Reasons and Factors***

One of the most important features of Turkish political culture is that all the political parties are mainly dependent on their leaders and in most of the parties there is no internal democracy; “a party leader with his very close cronies decides who will be candidates and therefore who will be the MPs, mayors for every city in Turkey, and party heads of each district.”<sup>122</sup> This dependence on one man might be interpreted as an extension of the past Ottoman state tradition, however, one cannot deny that there is an unwillingness to establish a healthy democratic culture the reason of which emanates

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<sup>119</sup> Erciş Kurtuluş, op.cit., p. 4

<sup>120</sup> ibid., pp. 4-5

<sup>121</sup> *Cumhuriyet*, July 10, 2007, see [http://www.mustafaozyurek.com/yeni/\\_docs/0101-1846.jpg](http://www.mustafaozyurek.com/yeni/_docs/0101-1846.jpg). Mustafa Özyürek is the General Accountant of CHP (Republican People’s Party).

<sup>122</sup> Erciş Kurtuluş, op.cit., p. 1

from the fact that the continuation of political party leaders' sultanate is beneficial both for themselves and their 'cronies'.

Parliamentary immunity constitutes a major obstacle in revealing and curbing corruption and bribery. Parliamentarians are protected against any arrest, court cases, questioning and incarceration even for crimes committed before being elected.<sup>123</sup> Limiting the scope of parliamentary immunity is mostly a heated matter of discussion before the elections, especially in the November 2002 pre-election period the present governing party's expressions on this matter were quite promising, however, there has not been the slightest effort towards making any amendments.

Another problem concerning political corruption is the lack of transparency of political party financing. Although the donations to political parties are regulated by the law, "it is widely believed that huge donations are made covertly, especially to party headquarters, often in the forms of personal gifts or services."<sup>124</sup> From the times of the ANAP government in the 80s when the daughter of the Prime Minister had received a car as a gift from the Turkish distributor of the Jaguar brand<sup>125</sup> until very recently when it was revealed that the children of the Prime Minister were receiving scholarships from a businessman<sup>126</sup>, the history of Turkish politics is full of such stories of 'gift-giving' between politicians and businessmen. Moreover, there is often a lack of transparency in the declaration of assets by politicians as it is a common phenomenon that especially MPs and members of the cabinet are prospering to a large extent during their political careers. Furthermore, politicians mostly have difficulty in explaining the source of their wealth as in the example of Tansu Çiller, one of the former prime ministers, had declared that "her mother had a large sum of money in a bundle hidden away, which she inherited."<sup>127</sup>

All in all, political corruption is basically the result of a lack of political ethics. The problem emanates from the fact that most people start their political careers with the hope

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<sup>123</sup> *ibid.* p. 2

<sup>124</sup> *ibid.* p. 8

<sup>125</sup> Şafak Altun, *op.cit.*, p. 210

<sup>126</sup> Erciş Kurtuluş, *op.cit.*, p. 8

<sup>127</sup> *ibid.* p. 7



of personal enrichment, not with the thought of serving the country.<sup>128</sup> It is obvious that the high wages and plenty of advantages of being an MP appear very attractive, however, the dissatisfaction of politicians with their regular incomes and their involvement in corrupt activities as a result points out to the existence of an ethical issue.

### **3. Corruption in the Public Sector**

The most important feature of the Turkish public sector is its overcentralized structure which includes excessive red tape and is predicated on bureaucratic confidentiality.<sup>129</sup> This is the foremost reason of the lack of transparency. The prevailing culture of the public sector in Turkey has the characteristic that the public officials have the image of being superior to citizens who turn to informal ways such as bribery in order to get a better treatment in public offices. In addition to that, it is a traditional fact in Turkey that the public officials give priority to their family members or fellow countrymen in public services. This widespread nepotism in the public sector constitutes a prominent obstacle in curbing corruption.<sup>130</sup>

The abundance and complexity of bureaucratic procedures constitutes another factor engendering corruption and bribery since in these circumstances citizens try to find alternative ways of getting their affairs done. The disorganized system in the public sector is related to the fact that the rules and regulations concerning public services have not been brought together in one law but existing separately in different legal embodiments.<sup>131</sup>

An important deficiency which occurs as an obstacle in curbing corruption in the public sector is the lack of an effective auditing mechanism. Auditing in public institutions is

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<sup>128</sup> Emin Çölaşan, *Her Şey 550 için (Everything is For 550 [MPs])*, Hürriyet, May 8, 2007, p. 5

<sup>129</sup> “TBMM (10/9) Esas Numaralı Meclis Araştırması Komisyonu Raporu” (Turkish Grand National Assembly Parliamentary Inquiry Commission Report Numbered (10/9)), *TBMM Tutanak Dergisi (Turkish Grand National Assembly Journal of Official Records)*, Vol. 29, October 4, 2003, pp. 30-31

<sup>130</sup> Kemal Özsemerci (Head Commissioner of the Court of Audit), *Türk Kamu Yönetiminde Yolsuzluklar, Nedenleri, Zararları ve Çözüm Önerileri (Corruption in Turkish Public Management, Its Reasons, Its Costs, and Solution Proposals)*, 2002, pp. 61-63

<sup>131</sup> “TBMM (10/9) Esas Numaralı Meclis Araştırması Komisyonu Raporu”, *op.cit.*, pp. 31-32

sometimes just a formality and does not fulfill its essential function, moreover, the reports written by auditors might not even be taken into consideration and almost never be shared publicly.<sup>132</sup> The latter was one of the factors that gave way to large-scale corruption in state banks in the 90s.<sup>133</sup>

Furthermore, there is a lack of fiscal transparency in Turkey. The scope of the state budget is very limited while there are many extra-budgetary public activities realized via various funds, associations and foundations which means that only a restricted part of the public resources is actually audited by the Parliament. That public enterprises and funds have been kept outside the central auditing mechanism through legal exceptions points out to the fact that there are some groups benefiting from Turkey's becoming a 'paradise of corruption'.<sup>134</sup>

Besides these structural factors, corruption in the public sector is closely related to social and demographic changes in the country. The rapid population increase and the migration to cities led to a rise in the demand for public services which the present supply is not able to meet. These two factors are also the source of the informal economy since they cause a parallel rise in unemployment which turns people to earning money in illegal businesses.

Another problem leading to corruption in the public sector is the politicization of bureaucracy. At the establishment stage of the Republic of Turkey, the political and administrative institutions of the West had been taken as models for the new state. However, the formation of the state structure has occurred within a very short period of time compared to the Western countries. While the public had difficulty in getting adapted to the new structuring for various reasons, the political and bureaucratic elites managed to shape political and administrative institutions under their manipulation especially after the transition to the multi-party system. This has created the corrupt

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<sup>132</sup> *ibid.*, pp. 39-41

<sup>133</sup> M. Yener Gürmen, "Kamu Bankaları ve Yolsuzluklar" ("State Banks and Corruption"), *Maliye Yazıları (Finance Writings)*, No. 39, April-June 1993, p. 29

<sup>134</sup> Kemal Özsemerci, *op.cit.*, p. 91

mentality that led every government to appoint their supporters to public posts.<sup>135</sup> Furthermore, this type of personnel policy has been used as a remedy for unemployment since it allows the appointment of more than necessary people to one position. This does not only lead to a drop in the efficiency but also to an excess of employment in the public administration. As a result, the low wages in the public sector creates dissatisfaction among the employees who consequently turn to corrupt practices.<sup>136</sup>

In a public opinion survey conducted by TÜSİAD (Turkish Industrialists' and Businessmen's Association), 81 % of the respondents stated that corruption is 'very pervasive' or 'pervasive' in the public sector. According to the same survey, the traffic police, customs and the tax administration are perceived to be the most corrupt public institutions, respectively. The survey also reveals that 58 % of the respondents cite the 'moral decay among the public officials' as the reason for corruption and bribery while 37 % think that excessive formalities in public offices constitute a facilitating factor for officials to demand bribes.<sup>137</sup>

The largest share of the corruption pie in the Turkish public sector, as in other countries suffering from corruption, belongs to privatization and public procurement. Privatization in Turkey, mainly starting in the 80s, has mostly been a battlefield of interests instead of a matter of public benefit. The preparation as well as sales phases of the privatization process has been realized behind closed doors without collaborating with institutions such as trade unions, universities etc. but rather by paying huge amounts to foreign and domestic companies for consulting services while the scopes and the fees of these services have not been shared publicly.<sup>138</sup> During more than 20 years of the privatization process in Turkey, public resources have been transferred to the domestic/foreign private sector without any serious planning and with a mentality of plundering. Most of the state owned enterprises have been intentionally placed in bankruptcy in order to make them available for privatization. Furthermore, most of the privatization revenue has been spent

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<sup>135</sup> *ibid.*, pp. 52-56

<sup>136</sup> "TBMM (10/9) Esas Numaralı Meclis Araştırması Komisyonu Raporu", *op.cit.*, pp. 32-33

<sup>137</sup> *Kamu Reformu Araştırması (Public Reform Research)*, TÜSİAD, Istanbul, December 2002, pp. 109-118

<sup>138</sup> Coşkun Can Aktan, "Politikada Rant Kollama" ("Rent Seeking in Politics"), *Amme İdaresi Dergisi (Journal of Public Management)*, Vol. 26, No. 4, December 1993, p. 134

for privatization expenditures which means that the whole process has not actually achieved the purpose of providing income for the state treasury.<sup>139</sup> In some cases even the contrary has occurred. Some state enterprises have been privatized although the total benefit from privatization has been below the total profit derived from these enterprises. A relatively recent case was the sale of Türk Telekom in 2005, the formerly state-owned telecommunications company, through which the Turkish public finance has experienced a great loss. 55 % of Türk Telekom's shares has been sold for 6.5 billion US dollars to a consortium consisting of Saudi Oger (Lebanon), Telecom Italia International (TIM – Italia) and BT Telconsult (British Telecom – UK) while the enterprise was already making 1.7 billion US dollars profit per year. Because the payment was to be made by installments Türk Telekom has been almost sold for nothing.<sup>140</sup> As a matter of fact, the whole process of the company's privatization was problematic since the negotiations have been handled behind closed doors and most of the participants have been disqualified right at the beginning. Moreover, the monopoly position of the company in the telecommunications sector has not changed, so that another prominent aim of privatization still has not been achieved. In conclusion, the sale of Türk Telekom is a clear example of the irresponsibility with which the privatization process has been conducted in Turkey.<sup>141</sup>

Coming to public procurement, corruption is almost an integral part of procurement deals in Turkey. The reason is related to the fact that public tenders constitute the basic distribution mechanism of the state treasury. In countries such as Turkey where the democratic culture is not very well established the state treasury is seen as the main capital of politics and the governments try to use it as a tool of strengthening their political power. This can be realized in two ways; either by directly transferring state funds to their supporters or by initiating public investments according to their potential votes. Public procurement is the most convenient mean of achieving both aims,

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<sup>139</sup> From the web site of the Association for Combating Corruption (Yolsuzlukla Mücadele Derneği) See <http://www.yolsuzluklamucadele.org/gorusler/DenetDeden.html>

<sup>140</sup> Erinc Yeldan, *Telekom'da Özelleştirmenin Ardındaki Gerçekler (Truths Behind the Privatization of Telekom)*, Cumhuriyet, 6 July, 2005, see [http://www.bilkent.edu.tr/~yeldane/Yeldan31\\_06Tem05.pdf](http://www.bilkent.edu.tr/~yeldane/Yeldan31_06Tem05.pdf)

<sup>141</sup> Tuncay Mollaveisoğlu, *Görünmez Holding (The Invisible Holding)*, İstanbul: Siyah Beyaz Kitap, 2008, pp. 48-60

moreover, in most cases it serves the personal enrichment of politicians and some high-level bureaucrats as well.

One of the most problematic issues concerning public procurement in Turkey is the Public Procurement Law of which some clauses constitute a prominent source of corruption. Especially the clauses describing the methods of procurement are easy to abuse such as the Clause 44 which defines the ‘method of closed offer among specific candidates’. This method is designed to be applied in tenders for very big public projects like dams, highways, power plants, namely ‘construction works involving special features’ as it is mentioned in the clause. However, this expression creates ambiguity and facilitates corruption in public tenders since it enables the selection of the construction companies which are close to bureaucrats and politicians.<sup>142</sup>

A concern greater than the manipulation of the law in public tenders is the unlawfulness, i.e., the involvement of the mafia in order to eliminate other participants by threat and to guarantee that the company connected to the mafia will win the tender. However, concerning public tenders it is not safe to say that the mafia acts on its own since it is not possible to participate in tenders without any licence meaning that there has to be some kind of cooperation between the state bureaucracy and the mafia.<sup>143</sup>

There are numerous examples of corruption in the field of public procurement and in the Turkish public sector in general, however, the discussion of more than already mentioned cases would go beyond the limits of this thesis. The following part will shortly focus on judicial corruption in Turkey.

#### **4. Judicial Corruption**

Although the judiciary has been one of the least corrupt institutions for most of the years in the history of the Republic of Turkey, the generally rising levels of corruption in the

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<sup>142</sup> Seçkin Doğaner, *Soygunun Öteki Adı: Devlet İhalesi (The Other Name of Robbery: Public Procurement)*, İstanbul: İletişim Yayınları, 1999, pp. 76-85

<sup>143</sup> Seçkin Doğaner, *ibid.*, pp. 96-97

country in the last 20 years had a triggering effect on the spread of corruption in that field as well, and even to such an extent that the judicial system came to be perceived by the public as the second most corrupt institution after the tax department according to recent data of Transparency International.<sup>144</sup> This corrupt image is also acknowledged by the judicial staff according to a survey from 1999 conducted among the lawyers registered in the Istanbul Bar. In that survey, 94.7 % of the respondents stated that there is judicial corruption while 58.9 % of the lawyers indicated that corruption is one of the basic problems of the judiciary in Turkey.<sup>145</sup>

There are two main reasons for judicial corruption in Turkey, one related to “political interference in the filling of judicial posts and the Ministry of Justice’s influence on appointments to the high council [of judges and prosecutors]”<sup>146</sup> and the other emanating from structural deficiencies in the judicial system. Moreover, another important concern is the abuse of the judicial immunity which can only be lifted by the high council, however, this occurs quite rarely.

Among structural factors, the use of experts (*bilirkişi*) is one of the main sources of corruption. These experts write reports on technical matters of which the judges have no thorough knowledge. The fact that there is no pool of such professionals within the legal system and that these experts have to be ‘outsiders’ causes a lack of supervision which facilitates bribing the experts and make them prepare false reports.<sup>147</sup> As a matter of fact, the use of the expert system points out to a greater problem within the judiciary, namely to the lack of sufficient personnel with the necessary expertise considering the heavy work load of the courts, etc. Combined with the poor working conditions and low wages of the judicial staff, this leads to the prolongation of proceedings in the judiciary and constitutes a great potential for corruption.<sup>148</sup>

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<sup>144</sup> *Transparency International Global Corruption Report 2007*, p. 279

<sup>145</sup> Hayrettin Ökçesiz, op.cit.

<sup>146</sup> *Transparency International Global Corruption Report 2007*, pp. 279-280

<sup>147</sup> *ibid.*, p. 280

<sup>148</sup> “TBMM (10/9) Esas Numaralı Meclis Araştırması Komisyonu Raporu”, op.cit., pp. 41-45

## **5. Conclusion**

Turkey is a country with systemic corruption which is mostly the result of a vast state bureaucracy combined with an unsuccessful and unaccomplished transition to liberal democracy. Seen from this aspect, Turkey is a very similar case to post-communist countries suffering from corruption. The liberalization of the economy has occurred in a complete *laissez-faire* mentality without the establishment of necessary check and balance mechanisms against corruption. Meanwhile, although the public ownership in some key sectors has diminished, the role of the state in the economy continues as before. Furthermore, where this role ceased to exist it has been overtaken by private monopolies which is a clear sign that economic liberalization in Turkey has turned into a game between public and private interests.

A greater concern than the widespread presence of corruption in Turkey is the low public consciousness and the lack of reaction against it. Among other reasons, this is related to the power of the cartelized media in the country. It is a common phenomenon in Turkey that a businessman is the owner of multiple TV channels, newspapers and magazines while at the same time having investments in other sectors. This is a prominent factor affecting the objectivity of the media and causing the news to be shaped according to the interests of certain groups. The media is the most powerful means of shaping the public opinion and raising public awareness which is far more important in curbing corruption than changing the legislation or increasing the penalties. Therefore, without an independent media the fight against corruption in Turkey seems to have little success since people who benefit from the corrupt system try to keep the status quo and the only force which can change it would be an enlightened public.

## **VI. CONCLUSION**

This thesis attempted to make an analysis on corruption as a phenomenon in two neighbouring countries, Bulgaria and Turkey. As an addition to being neighbours, the two countries have many features in common. The most important commonality concerning the essence of this thesis is that both countries have the same corruption levels according to the latest Corruption Perception Index surveys of Transparency International. This is an interesting fact since Bulgaria, as a new member state of the European Union, would be expected to score better in terms of corruption levels. However, the scale of corruption and organized crime in the country has not diminished since the EU membership. This is an indication that systemic corruption cannot be simply cured with external remedies but a more structural reform is needed. This argument is also valid for Turkey since the country as a candidate for the EU membership has not internalized the necessary reforms and there has not been a decreasing effect on corruption so far.

Bulgaria and Turkey have a common historical past and share long-established cultural practices. Although the two countries followed ideologically different paths of state organization for most of the 20th century – Bulgaria becoming communist after the WW II while Turkey established a republic based on democracy after WW I – one can observe many similarities in their bureaucratic culture as well. This can be attributed to the fact that Bulgaria, due to communism, and Turkey, due to statism, both created a vast, centralized state apparatus in which the public officials were held in high esteem. In any case, initially a strong state carrying out the necessary investments was needed in both countries since they were undeveloped and there was a lack of venture capital. However, this statist structure created a rigid bureaucratic system which was supported by the elites who clearly benefited from it. In Bulgaria this was quite normal since everything was in the state's possession and in Turkey it happened because the capitalist class was initially immature and availed itself of the state's leading role in the economy.

As revealed throughout this thesis, corruption has always existed in both countries but its scale and effects have definitely increased after the heavy liberalization era. One of the



reasons for the rise of corruption – petty corruption specifically – is related to the fact that the prestigious position and the wages of public officials have changed for the worse and they turned to corruption as a compensation for their job dissatisfaction. Here one might argue that research on corruption is actually a recent phenomenon, especially for Bulgaria, and that it is not possible to make a clear comparison between corruption levels of pre- and post-liberalization periods. However, it is a known fact that organized crime gangs have been formed mostly during the transition period in Bulgaria and organized crime cannot exist without corruption. Moreover, in Turkey where it is much more possible to assess the effects of liberalization in terms of corruption, many studies and even parliamentary inquiry reports as mentioned in previous chapters indicate that the damage of corrupt practices to the state budget and income distribution has reached enormous levels in the last 20 years. However, it must be emphasized that this is not directly linked to the liberalization process but to the bad management and the lack of monitoring mechanisms during this process. Especially in Bulgaria, the transition to the liberal economy happened too quickly to establish the necessary institutional infrastructure at once. In Turkey, the transition lasted longer but it has been realized by governments which mostly did not take the legal framework into much consideration. All in all, this ‘liberalization at any cost’ mentality has led to many unlawful practices and large-scale corruption in both countries.

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