

**Corruption; Trust and the Danger to
Democratization in the Former Soviet Union.**

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I. Introduction

Corruption has become another buzzword in the jargon of the international development community over the course of the last few years. With good governance and anti-corruption being firmly placed on the development agenda in almost all of the countries in transition, the problem arises as to what exactly should be done about it and what are its effects. As Jeremy Pope of Transparency International has said: "anti-corruption is like motherhood, everybody like's to talk about it but what is anyone doing about it?" However the problem lies not in just developing a comprehensive program to fight corruption but in examining its causes and effects as well. The lack of hard data concerning the causes and effects of corruption in most countries in transition harms the design and implementation of activities to curb corruption. This lack of clear understanding on what corruption is in each society with the Former Soviet Union and its impact on the dual transitions to a liberal democracy and market economy is a barrier to these very transitions.

This paper is intended to shed a small amount on light onto the issue and examine the underlying reasons for corruption within the Former Soviet Union (FSU) and its impact on the process of democratization. For the purposes of this piece the Former Soviet Union is defined as encompassing the region of post-Soviet countries excluding the Baltic States. Given the historical and current integration of the Baltics into the "European home" there exists a dramatic difference in governance of the region and the rest of the FSU and thus has been excluded.

This enlightenment will be done by examining the "anti-modern" nature of post-Soviet societies, the corruption that this causes and the impact of government to generate social capital with society. Several important concepts will framework this discussion. One is the Weberian concept of a *modern* society or where the State works through rule of law, impersonal and efficient bureaucratic organizations. In this context, the States of the FSU are decidedly *anti-modern*. The communist era command economy and monopolization of the politics led to the creation of alternative structures for the organization of society. In the words of Prof. Richard Rose (Getting Things 1998 7):

The role of social networks as the means to organize societies in the FSU leads to the high levels of corruption to be found in the region. Corruption is a symptom of the anti-modern post-Soviet States and acts as an important indicator of how citizens relate and view their system of governance.

Another important concept for this paper is the acquisition and use of social capital. Social capital has had many definitions social capital will be defined as according to Fukuyama: *an instantiated informal norm that promotes cooperation between two or more individuals* (Fukuyama 2000). The distance between those that govern and society is increasing and thus affects the spread of corruption as well as the undermining of the process of democratization.

II. Corruption in the FSU.

Corruption can be defined as the misuse of public power for private gain but the broader definition of "misuse of entrusted power" is gaining popularity (Pope 2000). Corruption has many "forms within the post-Soviet zone: – the acceptance, soliciting or extortion of bribes; patronage, "clientalism", (which in the post-Soviet context is

the misuse of social networks or *blat*); theft of public goods and “grand” or political corruption. These “faces” may vary from country to country and differing realities but its roots lie in several factors that lead to misuse of public office that are relatively similar and take three main forms:

1. the overall level of public benefits available,
2. the risks inherent in corrupt deals, and
3. the relative bargaining power of the briber and the person being bribed.

Corrupt transactions are entered into consciously. Profit and opportunity are weighed against the risks of being detected and the likelihood of the severity of any punishment. Corruption takes place where there is a combination of opportunity and inclination. It can be initiated from either side of the transaction: a bribe being offered to an official, or the official requesting (or even extorting) an illicit payment. Those offering bribes may do so either because they want something they are not entitled to, and bribe the official to bend the rules, or because they believe that the official will not give them their entitlements without some inducements being offered (Pope in conversation with the author late 1999).

Corruption plays an important role in demonstrating how citizens relate to their governments. The duality of the corruption formula with two sides entering into agreement for the provision of services leaves both sides as victims and perpetrators of corrupt acts. Corruption has been identified by many in the region as being the one of the most important factor in the undermining of democracy (Usupashvili 2000, Anderson 1999). For the purpose of this work corruption will be seen in the light of as a symptom of poor governance and a crucial factor if reviewing the State/society relationship.

Within the countries of the FSU is a set of regional specifics that define the popular conception and causes of corruption. These specifics should be first addressed when examining the corruption issue. These factors represent the unique “face of corruption” in the countries of the FSU.

1. The high level of corruption.

The FSU is perceived to be a very corrupt “zone” and Transparency International (TI) Corruption Perception Index (CPI) for 1999 and 2000 place the countries of the FSU among the worst in the world. With rankings between places 75 (Moldova) and 96 (Azerbaijan) in the 99 countries listed and 65 (Kazakhstan) and 87 (Ukraine) out of 90 countries listed respectively. Additional indexes from the World Bank and the European Bank for Reconstruction and Development (EBRD) the FSU was also ranked as one of the most corrupt regions in the world. The degree of perceived corruption within the FSU is the crucial factor that separates it from other regions i.e. Central and Eastern Europe. However, the relative level of corruption in the FSU is similar to that found in Africa. In the above-mentioned indexes, Belarus has been “tied” with Senegal, Moldova and Ukraine with Cote d’Ivoire, and the Kyrgyz Republic with Uganda. The paradox of this well-educated and industrialised region of the “Second World” being in the same leagues as the “Third World” is an indication of the “anti-modern” nature of the FSU.

2. Poverty and Economic Collapse.

In the last ten years the levels of poverty in the region have increased dramatically. As well as the GDP, the levels of growth have dropped drastically since the collapse of the Soviet Union. In real terms from 1988 to 1995 poverty increased in the Western CIS (Ukraine, Belarus and Russia) from 2% to 52% and in Central Asia from 15 to 66% (EBRD 1999 58). The countries of the FSU have seen real GDP drop to slightly above 50% of that of 1989. Following a long period of dropping GDP there has been in the last 4 years limited growth. The poverty faced by those in the region especially that of civil servants is a pre-condition for rampant corruption. On average civil servants receive wages that are below that which is needed to cover the costs of communal services which is demonstrated by numerous household surveys conducted in the region (Carasciuc, 2000 and Georgian Corruption Research Center). Not only are the economic failures of the market transition a cause of corruption, they themselves are compounded by corruption. The *oligolopies* that dominate the post-Soviet markets are themselves creations of corruption. The declining real economic conditions for the majority of the citizens of the countries of the FSU are directly connected with the mass acquisition of state assets by a limited number of well connected individuals. The "oligarch" phenomenon (not be found in all post-Soviet countries) is a distortion of the market that has caused the failure of the economic transition to deliver an improved standard of living for the ordinary citizen of the FSU.

3. The Legacy of a Totalitarian Past.

Unlike the countries of Central Europe in which the legacies of the Hapsburg, German and indigenous forms of civil service provided the rudiments of good governance, the countries of the FSU did not possess relatively effective or accountable governments before the collapse of communism. Seventy years of communism compounded the Czarist regime, has left the region with no living memory of democratic institutions. The problem of facing the dual transitions with a weak civic culture has greatly contributed to the spread of corruption. Corruption poses an acute issue for all post-communist countries in large part due to the closed and opaque nature of the previous regime. The communist system lead to a bloated State apparatus that was as, such structures tend to be, largely ineffective and unresponsive to the populace. One of the effects of the previous regime was to impel independent commercial activity to take place within an unofficial or "black" market. Additionally the system alienated citizens from the governance process, which has been over into the post-Soviet era. The systems of shortages and lack of public feedback created an entire "shadow" organisation of society not only in regards to the "business" sector but extending to civil society as well. These factors made the spread of corruption a structurally unavoidable component of communist regime and post-communist governance. The lack of civic participation in the governing process and the resulting lack of accountability has weakened the relationship between the State and the populace and thus weakened the State.

4. Lack of a separation between the public and private sectors.

If *misuse of public office for private gain* is the accepted definition of corruption, than almost the entirety of the public sector of the FSU can be considered to be corrupt. This of course assumes that the population makes a distinction between public and private roles (Rose-Ackermann 1999 91), which is not apparent concerning the citizens of the FSU. The Soviet-era lack of clear separation

between the private and public sectors is a result of the shortcomings of the USSR's command economy. The dominance of the party in organising society led to the existence of the public sector officially being the sole means of distributing resources. Entrepreneurs used the only means available to generate additional incomes - state assets. The Soviet era anecdote of "show me your briefcase and I will tell you where you work" became the harsh reality of the *zastoi* (stagnation) period.

A common mistake of the international donor community working in the FSU in the early transitional period was to assume there was a lack of "entrepreneurship" in the USSR (Wedel, 1998) There has been a perceived need to assist the establishment of a private sector among the Donors. The vibrant second economy of late Soviet times was a clear indication of how commercially minded were the citizens of the USSR. This tradition has been carried over into post-Soviet times and public office exists as a means of production. In fact this "spontaneous privatisation" of public office is the justification of some states of the FSU withholding the wages of public servants' salaries. The Ukraine is but one example. The cynicism of public salaries below the minimal cost of living by the region's governments is a clear indication of political will to combat corruption. The result is an absolute absence of professionalism in the public sector across the FSU with the concept of public servants existing to serve the public a decisively foreign concept.

5. Cultural aspects

While grand corruption can prompt public protest, the majority of population endures wide-scale corruption and considers it an inevitable part of life in transition countries. An "everyone does it" attitude prevails within certain sectors and assumes improper motives to those who try to expose corrupt practices. The use of "clans" or social networks/*blat*, that typifies post-Soviet clientism, nepotism and cronyism, is often not viewed in a negative light. In fact the opposite is true with the ethical and honest members of public administration being considered by many naïve or "dumb" and not supportive of "their own". An honest civil servant is one that does not provide for his own. While there may be opposition to bribe-giving, the strong family and social structures facilitate patronage networks. Based on the morally correct idea of helping others in one's "family" or social group, this entrenched system of influence peddling has led to low awareness as to what is a conflict of interest.

6. Social networks.

Related to the cultural factors of corruption in the FSU is the system of *blat* or informal social networks (For a more complete discussion on *blat* see: Ledeneva, 1998), which form an integral factor in the corruption equation. The dominance of closed social networks, which allowed life under the planned economy to become liveable, has facilitated the emergence of a kleptocracy and corrupted bureaucracy. Having been based on a valid method of achieving goals or "getting things done" within the communist economy, the continued use of social networks in place of "modern" methods of goal achievement having proven extremely difficult to eliminate. The closed networks that are rampant throughout the FSU serve as competing factions or clans within the "ruling" class of elites or oligopoly who oversee the distribution of resources (be it social, political or economical) in an opaque manner. The closed nature of the oligopoly in which

these networks operate leads to the elimination of the “public” into the formation of public policy. These patronage structures do not simply work within the sphere of the public sector but extends to all sectors of society. Economic interests and aim at distorting markets through the establishment of monopolies (in fact the post-Soviet concept of “clans” or “mafiya” rely much on monopolistic behaviour of elites) within certain sectors and/or the theft of State assets often motivate the “clans” of the FSU. The mergence of the private and public sectors in the FSU is a result of the dominance of social networks as the means to organize society and distribute resources. The concept of the State capture in most of the FSU is a fallacy since there exists no truly independent private sector to capture the State. Social networks and “clans” are the State and have been since Soviet times.

7. Regional Aspects

The strong regional and ethnic aspects of the country facilitate corrupt practices, in that closed societies are encouraged. The regional split between the North and South and the problems of a multi-ethnic State factor into the issue of corruption and these aspects may prove the most difficult to tackle. The lack of accountable local government is also a factor leading to corruption. Although people in the regions complain of civil servants sent from the Tbilisi, Bishkek or Moscow, many realise that having only local people in the State apparatus would not improve the overall level of governance. What is needed is fully locally elected officials who would held responsible to the people in the region. This would need to be done with a good degree of oversight from the national government, in order to avoid capture of the local administration by any one “clan”. In a multiethnic States in the region with the potential for conflict and destabilisation, a transparent and accountable governance system is even greater necessity. Mistrust of the government and governance by local ethnic groups can greatly increase the chances for additional problems along the lines of the disturbances in Batken *oblast* in the Kyrgyz Republic or the secessionist movements in the North and South Caucasus regions.

8. Misperceptions of corruption.

Regardless of the attention that the issue of corruption receives in the media of the FSU there is a distinct misconception of what is exactly corruption. The popular use of *kompromat* (compromising evidence) in media presentations of the corrupt acts as well as the Soviet era of “kitchen” discussions of the problem has created a public perception as corruption being limited to “grand” corruption. While the actions of the elites are perceived as being inevitably corrupt, the everyday corrupt acts that citizens perpetrate (i.e. paying state medical staff for treatment) are not. If asked to describe corruption few citizens in the FSU can give an accurate description. This impacts on the ability of both the public and government to formulate effective policy on the issue. Anti-corruption efforts are relatedly not well understood. The law enforcement view or the “Chinese” approach of arrest and possibly execution, is conceived to be a valid method of combating corruption. Corruption is perceived as an intractable part of politics in the region and this has had a serious effect on the levels of trust between society and the State. This mistrust in the State both is contributed to and is eroded by corruption.

So what are the results of this regionally specific “face of corruption”? Almost every national leader has noted corruption as an issue in the development of the countries in transition and international organisation working in the region but what exactly is the effect caused by rampant corruption? Within the FSU, corruption impacts in several important ways:

- *The complete lack of trust between the people and government*
- *A weakened State*
- *The separation of government from the people and the creation of an hourglass society*
- *Failure of the transitions to democracy and a market economy*

III. The Role of Trust

The idea of trust (for the purpose of this paper trust as a component of social capital will be used) as an important glue holding society together is a relatively new concept in the field of Sovietology or post-Sovietology. Certainly the international development community is increasingly recognizing the important role of social capital in development. The erosion of social capital or trust between the people of the FSU and their governments has led to the undermining the democratic transitions of the countries of the FSU. Mass tax evasion, capital flight, low electoral turnout and a gradual disinterest in the formation of policy and governance in general are but a few signs of this lack of faith in the governing powers. The causes of this lack of trust and its impact are many and directly lead to the spread of corruption.

Distrust in the government is a phenomena that is deeply imbedded in the civic culture in the FSU. The lengthy history of “bad” governance of the countries of the FSU, in particular the ancient lands of the Caucasus and Central Asia, has led to deeply ingrained methods of organising society and “getting things done” excluding the government or outside of its supervision. Corruption plays a critical factor in coping with and as an expression of distrust in the government. In this way corruption both is caused by and erodes the system of governance.

While it has been fairly well proven that there is a distinct lack of trust between the Russian Populace and their government (Rose et al, Russia Barometer series; 1998, 2000) the impact of this lack of trust or lack of social capital on the countries current development has not been extensively explored. The importance of social networks within the Former Soviet Union lies not only in the manner to which they contribute to corruption but also on their contribution to the overall welfare of its citizens. Social capital has been seen as a positive factor in development with the links between citizens being utilized to generate additional welfare beyond individual contributions, however there has been little work in how a *lack* of social capital affects development.

This lack of trust in official institutions was a facet of life in the USSR, which puzzled Westerners (Ofer and Vinokur as quoted in Rose; 1999 8) but acted to create an independent space outside of the government’s reach. The establishment of a “shadow economy” as well as a “shadow society” was a coping response to the party/State domination of society and polity and exists as an essential component of the current transitions. The in-grained behaviours learned under the Soviet and earlier failed governing systems to instinctively mistrust the State and its institutions,

leads to the use of alternatives even 10 years after communism's collapse. The signs of the lack of faith in the State and its institutions lie in the widespread use of corruption but not exclusively to it.

The mass theft of state assets that occurred during the process of privatisation in the FSU should not be considered an unprecedented event. During the later Soviet period, the shortages caused by the command economy lead to a vibrant second economy, which relied primarily on appropriated State assets. The refrain oft used was "these are the people's goods and we are the people". In the late 1980's as the Soviet system collapsed the theft of what was available from the State rapidly increased (Solnick 1999) and this was simply carried over into the post-Soviet era. The basis for the theft of State assets lies primarily in how private proprietary are viewed and property rights are secured. The lack of officially recognized private property (in fact a phenomenon for which there existed no proper Soviet term - the Proudhonian concept that property is theft) in the communist system led to a complicated and shadow system of exchanging goods. A walk in the park in any major Soviet city in the late 1980's revealed the various "markets" which existed for the exchange of private goods be they books, pets or even apartments. These adhoc exchange mechanisms of the second economy existed with a very lax sense of rules and enforceable regulations. These chaotic markets lead directly to the *kleptocracy* of the post-Soviet era. Freedom equalled anarchy in the minds of homo-sovieticus (the new Soviet man) and therefore "free markets" would be anarchical.

The post-Soviet adage seems to be that if all property is theft than the best way achieve property is through theft. The problem with the "spontaneous" privatisation that occurred during the early transition is that assets acquired in this manner are difficult to evaluate and even more difficult to assert rights over. The poor system of protection of property rights in the FSU has lead to massive capital flight and increased poverty. The estimated 20 million USD sent abroad from Russia per year is not only a loss to economy but a explicit sign of how much trust or social capital that the Russian government possesses. If social capital is considered to be the "glue that holds groups and societies together – bonds of shared values, norms and institutions" (Narayan 1999 3) then the lack of social capital in the FSU creates societies that are exactly the opposite. These societies consist of populations that are "atomized" and very reminiscent of a Hobbesian world in which "...every man is enemy to every man; wherein men live without other security than what their own strength and their own invention shall furnish them with..."; in brief a world where the life of man is "...solitary, poor, nasty, brutish an short..." (Hobbes 1996 84). This is demonstrated by the unwillingness of citizens of the FSU to keep funds in the country or contribute to the State's coffers.

The other ominous sign of the mistrust and lack of social capital in the FSU and their respective governments, is the massive tax evasion that occurs in each country. The majority of Russians don't pay taxes nor would they know how if they were so inclined (Rose, et al. Russia Barometer VII 1998). Nine tenths of the citizens of Russia view their public officials as being corrupt (ibid) and a result of this is that few feel the need to fulfil their obligations of the social contract. As civil servants are engaged in rent seeking for public services, the public doesn't feel the need to pay taxes for services that must be "bought" from rapacious public employees. The old Soviet adage "they pretend to pay us, we pretend to work" it has become "we pretend to pay them and they pretend to deliver services". This downward cycle of a decreasing tax base hampers the state from providing the most basic services that a

state should provide, including additional tax collection and policing its own laws (Lovell 2000 3)!

What has emerged alongside the second or "black" economy is the non-taxed business of personal protection and contract enforcement using non-legal methods through the *mafija*. Post-soviet organised crime is much talked about but the name *mafija* is very much a misnomer. Since few businesses in the FSU pay their full taxes all business has a degree of illegal activities. The emergence of the "Comrade Criminal" (Handelmann, 1996) (a state official engaged in illegal business activities) implies that there is no line in the FSU between the private and public sector.

Organised crime in the FSU is quite often a response to unenforceable property rights and mistrust of State institutions. Organised criminal groups provide an extra-legal system of regulation and "justice" more effectively (as well as being more cost effective) than the state is capable of providing. The illegal and non-taxed nature of the majority of economic activities in the FSU caused by the "grabbing hand of the State" (see: Friedman, Johnson, Kaufmann and Zoida-Lobaton 2000 459-493) leads to enterprises to collaboration with or extortion by organised crime. One of the defining differences in organised criminal groups operating in the rest of the FSU outside of Russia (or better said outside of Moscow) is the personalised nature in which business is conducted. The perceived atypical "racketeering" activities of a few *mafiosa* coming to an enterprise and extorting money exists only in major metropolitan areas i.e. Moscow and Kiev. In the closer knit societies in the Caucasus and Central Asia, the "mafiosa" are much more integrated into the social and economic structures of the country. Organised crime in fact establishes the mechanisms and institutions of a "shadow State" that parallels the shadow economy.

The facts that citizens of the FSU are engaged in theft of the State's assets and in tax evasion are clear indicators as to the levels of trust that the citizens of the FSU have in their respective governments. A Russian academic makes this point rather effectively.

In an interview with "Vechernyaya Moskva," Expert Institute head Yevgenii Yasin suggested that "the biggest problem in Russia today is trust. The government doesn't trust the people, and the people don't trust the government... In their hearts, the people expect no good from the government. And the government expects no good from the people -- it expects they will steal and conceal". (as quoted in RFE/RL NEWSLINE Vol. 5, No. 47, Part I, 8 March 2001)

The failure of the transitions to deliver neither true liberal democracies nor market economies over the course of the past 10 years has further entrenched distrust of the system of governance. The massive amounts of Western aid poured into the countries of the FSU have had little visible impact on the daily lives of its citizens and the belief that existed at the beginning of the transition that new societies would be created underestimated the difficulties presented by this transformation. Certainly from the international community there was a lack of understanding from where these countries were starting. The failure of these societies to transform themselves in such a short time span is not surprising, however the lack of clear improvement in the daily lives of its citizens feeds into a withdrawal from polity and policy formation. The pressure to simply survive within the current economic conditions of the FSU leaves little time or energy for political engagement by the populace and further distrust in the political process.

The lack of social capital in the FSU between the State and society has led to the continuation of an "anti-modern" society or a society not operating in a rule of law, formalized or bureaucratic manner. The Weberian concept of "modern" State that operates in an efficient manner like an automatic machine, does not apply to the States of the ex-USSR even if some have obtained the trappings of a democracy and a market economy. The inability of the State to function properly and provide an organisational structure for the political and economic activities of its citizens of the countries of the FSU leads to the continued use of closed social networks as a method of coping or "getting things done" outside the system. This then leads to increased use of corrupt acts to achieve goals. Therefore a lack of trust in the government contributes to the spread of corruption, which in turn further erodes the accumulation of social capital by the government. The downward cycle into an ever more segregated "traditional" society, with a citizenry disconnected from the system of governance except through the use of patronage networks and the occasional "grabbing hand" of the State effectively creates a weaker State and a danger to the process of democratization.

IV. A Weakened State

The relative weakness and/or ineffectiveness of the State and its institutions are the major sources of corruption and breeds a lack of trust in the government to provide services. The inability of the State to hold public servants accountable and sufficiently exert control over their actions constitutes the most obvious feature. The normally accepted functions of a modern State, collecting taxes and delivering public services, is not being effectively exercised in the FSU. Public servants utilise their positions to pursue personal gain rather than perform their appointed duties or act in the public's interests. In the post-communist period, the dual transitions have compounded the State's weakness. In the absence of a mature civil society a populace that doesn't understand or take part fully in their civic duties is unsuited to meet the challenges posed by radical changes in the political and economic systems. Inexperienced political and economic structures fail to meet a wide range of challenges, while the development of legislation falls behind the demands of a rapidly changing reality.

It is especially difficult for the State to sufficiently supervise activities of the low-paid civil servants when in the process of massive privatisation of state property or when government agencies enter into business relations with private commercial actors (e.g. through State procurement). Such activities can generate corruption in any country, but it is next to impossible to prevent illegal practices in these spheres when a country lacks detailed laws, regulations and established systems of State supervision while underpaid or unpaid civil servants face enormous temptations. Societies with free speech and free political competition receive large amounts of information on corrupt practices in State bodies. This contrasts with the communist societies, which restrict the availability of such information, especially with regards to grand corruption. The abundance of "unofficial" information (from the opposition media, NGOs or informal discussions) on corrupt practices brings about social distress and erodes trust in the State. The lack of a comprehensive program against corruption increases cynicism towards the system of justice and the State.

An additional effect is undermining of the consolidation of democracy. Distrust in elected officials breeds cynicism and apathy towards the democratic system

especially in countries which have no democratic traditions. Authoritarian regimes in the region are perceived to be less corrupt than the more liberal regimes. Good indication of this is TI's Corruption Perception Index in which relatively liberal regimes such as Georgia and Kyrgyzstan scored lower than their more authoritarian neighbours. This phenomenon is due partially to the limited freedom of press and access to information. An excellent case is in the Republic of Georgia, which possesses the "most liberal press west of Japan" (The Economist, July 15th 2000) whose extensive coverage of corruption has led to an entrenched public cynicism on the issue. This cynicism has had negative impact on the establishment of the Georgian integrity system. The distrust of the democratization process erodes the faith in the comparative advantage of a democratic system, as expressed by a citizen of Odessa, Ukraine "democracy shemocracy, they stole from us in the past and they steal now, only difference with democracy is they are more open about it." The recent election of Vladimir Putin in Russia and the support enjoyed by others e.g. Kazakhstan's Nazarbayev are indicators that the citizens of the FSU are willing to support (and trust) more authoritarian governments if they can increase the strength of the state and set limits on the behaviour of public servants. The popular support enjoyed by Vladimir Putin and others are based on the idea that they strengthen the State's hands and its ability to perform the basic function and deliver the services that are expected from the State.

For the average citizen the delivery of public services is the weathervane by which the State and the assignment of any corresponding social capital in it are judged. A State that provides for its citizens, will be trusted by its citizens. If the State fails in this, even in the case of the FSU where the populace fails to perform its civic duties, it creates barriers between it and its citizens.

V. The "Hourglass Society"

With the existence of a weakened State unable to provide services, the connections and contacts between society and State are rapidly diminished. Government and those that govern are far removed from daily lives of the populace. Government is perceived in the region as a corrupt and closed system based on the promotion of self-interests and the extortion of rents (Rose, Russia Elects 200) that is the exclusive realm of the a few "clans". The current trend in the FSU is disengagement in the political process. Society in general is being separated from the system of governance and "hour-glass" societies are being created in which those that govern are far removed from those that are governed.

The paradox exists in the FSU of public perceptions that governments should deliver the all-embracing social safety net that officially existed under communism, which given the current state of taxation and economic development it is unable to provide. Even the delivery of basic entitlements i.e. pensions does not occur. This has resulted in a growing lack of social capital with the State from the populace and increased use of the informal system of family and "clans" to provide these services. The growing gap between the populace and the government is facilitated by the opaque nature of how the governments in the region operate. Lack of transparency within the government structures breeds further mistrust of government structures building on the Soviet legacy. This lack of social capital erodes the development of civic culture and ultimately Civil Society. Currently there is a dearth of information on the activities of government offices. The system of *propuski* to gain entrance to government offices is largely ineffective as a security measure but does hinder the

accessibility of the State for the public. The impersonal nature of government offices and unclear structures of government for the public is a legacy of the Soviet system and further enforces public mistrust.

Although there has been an explosion of civil society organizations within the FSU there is a distinct lack of genuine civil society. A developed civil society provides an important tool to exercise control over the process of governance and restrain corruption. The legacy of totalitarianism, as well as weak civil society traditions in the pre-communist period, produced inadequate social control over the institutions of government in the FSU. Since independence, some elements of civil society, such as independent media and non-governmental organizations (NGOs), have developed. However, under the circumstances of social nihilism and the alienation of a large part of population from the political process, civil society influence remains inadequate. The absence of a system of political parties with strong roots in the population provides an important indicator of the weakness of civil society and civic culture. The political opposition is too weak to play a decisive part in the anti-corruption fight and thus thrusts responsibility on the government and non-government institutions. Moreover, in the country opposition forces are not free from the influence of the corrupt forces.

The relative growing strength of Civil Society could fill the political vacuum occupied by a weak opposition but the problem of accountability of NGOs towards the populace. The relative large number of Donors and resources available have encouraged non-genuine or "un-Civil Society" to develop. There exist a large number of Government organised NGOs (GONGOs) and Donor Organised NGOs (DONGOs) as well as those that only exist on paper ("ghost" or shadow NGOs as typified by Natalia Ablova of the Human Rights Bureau of the Kyrgyzstan). Of the thousands of NGOs in the region the relatively low number of active and visible Civil Society Organisations have lead to an increasing popular belief that NGOs exist to consume grants. The funds available to Civil Society by the international community exceeds proportionally that of government institutions and breeds a lack of trust between government and non-government institutions. The lack of trust between the NGO community and government is an important factor in the exclusion of civil society in policy formation.

The exclusion of society in policy formation and politics is a post-Soviet reality. Neither the citizenry nor NGOs have adequate opportunities to formulate and implement development policies. A good example is the current fight against corruption in the region. Corruption's important role in hindering development has been recognized (or imposed on) the majority of government's in the region and now the formation of comprehensive anti-corruption policies on the issue have begun. However, "national" strategies are being formulated without the input of the "nation". Given the corrupt nature of government institutions in the region, it is highly doubtful that the government alone will be able to formulate effective anti-corruption strategies.

The exclusion of civil society from this process is occurring in many of the countries in the region. Armenia, Kazakhstan, Kyrgyzstan, Russia and Ukraine all provide examples of where national anti-corruption strategies have been prepared without the inclusion of adequate input from civil society. Georgia and the National Anti-corruption Program Elaboration Group provide an example of how this process can include and be steered by civil society elements. Even though the capacity and facilities of civil society usually far exceed that of the government there is a distinct

lack of cooperation between NGOs and the government on the issue. The funds available to civil society through foreign donors in many of the countries of the FSU give CSOs the ability to act as true “think-tanks” on policy issues. This exclusion of CSOs in policy formation by governments is also matched by a lack of interest by CSOs to assist the government. The case of Moldova where the government is reliant on the NGOs specifically the Center for Strategic Studies and Reform to provide expertise, is an exception and provides a “good” practice example of how government and non-government organisations can co-operate. The anti-Statist approach of many “real” NGOs, is partially a creation of the western donors and a legacy of the Soviet era. The view of many of the donor organisations from the West, especially American organisation, of NGOs serving as a counterweight to authoritarian regimes in the region is coupled with the origins of the civil society in the region.

The seeds of Civil Society in the FSU lies in late Soviet period when like-minded individuals gathered together to challenge the State contributes to the “us” – “them” mentality prevalent. However, the dominant factor in this relationship is mutual distrust. The State does not trust its citizens and the populace does not trust the corrupted State. By excluding society from the formulation of public policy and increasingly the polity the countries of the FSU are returning to a decisively “anti-modern” political environment. Ten years of democracy has seen a decrease in the delivery of public services and a growing exclusion of citizens from the system of governance. Any mistrust that existed prior to the collapse of the Soviet system, has only increased over the course of the last ten years as “democracy” has not brought an improvement into the visible aspects of the system of governance. The failure of the democratic consolidation to provide better public services and include society into the political process is leading to a lack of public support for democratization. While currently the level of participation in the elections continues there is a noticeable disengagement of citizens in the region from other civic duties i.e. tax payments. The perceived increase in corruption across the region is also an indicator of the reliance of the public on “anti-modern” methods to cope with the government.

VI. Conclusion

While corruption has been a feature of governance since societies first began to organize themselves in states (Noonan, 1984) the corruption situation in the FSU has become increasingly acute. In the limited ways that citizens interact with government in the FSU there are few trust building exchanges. Corruption plays a crucial example of how citizens “cope” with the system of governance and acts as an expression of the trust in its efficiency as an organisation.

Corruption significantly lowers the public trust in State institutions and erodes the foundations of civil society. Not only does the public distrust government agencies but also it even expresses disbelief towards the possibility of developing honest government and civic institutions in the Former Soviet Union. The lack of trust towards democratic, market and legal reforms is an important factor in the consolidation of the democratisation process. This situation can easily foster dissemination of left and/or right wing populist attitudes and endanger important, but still fragile, democratic achievements in the region.

If the countries of the FSU are to proceed to genuine democratic regimes there is a need for the increased public support for these regimes. The degree of public distrust currently present in the region, as expressed as through use corrupt acts and low levels of tax collection, point towards the development of “hourglass” societies in which societies are increasingly separated from the mechanisms of governance. Public support for governance reforms has been hampered by a reluctance of the governments in the region to include society in the formation of public policy.

If there is to be a consolidation of democracy in the region, the systems of governance need to combat public mistrust and formulate trust between society and the State by being participatory and more importantly to deliver services in an efficient and impersonal manner. For democracy to occur there needs to be a modern society ruled by an impersonal bureaucracy guided by the rule of Law. The personal nature of State/society relations in the region only increases the use of corrupt acts to achieve goals. The governance systems at present are removed from the Weber envisioned vending machine that delivers public services.

The current emphasis on national anti-corruption programmes in the region may be a step in the right direction. However if this is simply an instrument of the ruling elites to appease the international donor community, public cynicism and distrust of the State will only increase and further undermine attempts to curb “anti-modern” behaviour. The context in which reforms have been made needs to include the entire organisation of societies in the region. Only by understanding where the post-Soviet societies are coming from can we begin to address where they will go.

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