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Corruption Prague

Transparency International study shows the more things change, the more they stay the same

By Andreas Ortmann
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On the same day that former Prime Minister Vladimir Spidla threw in the towel, Transparency International CR announced the results of its new V4 City Corruption Propensity Index. This ambitious project attempts to gauge the state of anticorruption measures in the capitals of the four Visegrad countries (Prague, Bratislava, Budapest and Warsaw) and how they are perceived by selected target groups.

Conceived by the local branch of Transparency International (TI), designed in cooperation with GfK Praha and conducted earlier this year by that company's local affiliates in the V4 capitals, the study provides insights into the state of the fight against corruption in the Golden City. It would be a shame if a superficial event in Czech political life overshadowed the study's deeply disturbing revelations.

The study consists of two parts. The first part, called the objective part, is based on interviews with municipal employees who, because of their function, should be familiar with the anticorruption measures that are in place. This part addressed five areas of concern: how public procurement tenders are processed, internal audit and control mechanisms, codes of ethics, conflict-of-interest regulations and open-information policies. Progress in each of these areas was assessed for each of the four capitals and plotted on a 0-1 scale.

The second, or subjective, part was based on approximately 100 interviews in each city, equally divided among civic associations/businessmen, journalists, members of city councils and municipal workers, about their perception of anticorruption efforts. Responses were similarly mapped on a 0-1 scale.

The full study documents the objective and subjective parts in intriguing detail. For example, in the conflicts-of-interest section of the objective part one finds these among the 19 questions:

- Are ranking local authorities -- city council members, department heads and the like -- obliged to declare their activities, incomes and presents received for a certain calendar period? (Answer: yes in Budapest and Warsaw, no in Bratislava and Prague.)
- Are persons close to these high-ranking authorities obliged to declare their business activities related to city activities? (Answer: yes in Budapest and Warsaw, no in Bratislava and Prague.)
- Is there any rule setting a financial limit above which gifts to local authorities revert to the community? (Answer: once again, yes in Budapest and Warsaw, no in Bratislava and Prague.)

This objective part provides a useful template for critically comparing the rules and mechanisms in place in the various capitals. The answers suggest that the TI branches in Prague and Bratislava in particular have many questions still to ask.

Lessons to learn

Assuming that the data are reliable, three results stand out: First, in the aggregate index of the objective part, Budapest led the field with an impressive .865, followed by Warsaw with a modest .642 and Prague and Bratislava with even more modest scores of .598 and .553, respectively. Clearly, the people in charge in the Czech and Slovak capitals should take a lesson or two from their peers in Hungary. The answers to the conflicts-of-interest examples in the preceding paragraph suggest why.

In the subjective section, which measures outside perceptions, Budapest still leads the field but with a less impressive .489, with Bratislava and Warsaw in a virtual tie for second at .438. Prague? Dead last with .403.

The difference between the objective and subjective scores can be interpreted as a rough measure of the effectiveness of the rules each of these cities has in place. (Although one has to be careful in interpreting the numbers, since they do not control for the efficacy of the media in following city hall politics, or how people's perceptions and expectations are affected by the differences documented in the objective part.)

Most intriguingly, the disaggregated data shows that in all five areas of concern there are sharp differences of opinion among the respondents, depending on whether they are in the public or private sector.

For example, only about 25 percent of civic-association members, businesspeople and journalists believe Prague City Hall and its agencies abide by their own (minimal) regulations for awarding contracts, compared to 65

percent for municipal employees and 92 percent for City Council members.

This gap is repeated in almost every question: Does the city administration live up to its mission and does it perform its activities ethically? Three-quarters of association members and businesspeople say no; more than 80 percent of city councilors and civic workers say yes. (Interestingly, so do a majority of journalists: 56 percent.) Are some companies bidding for public procurement contracts in construction favored at the expense of the rest? Eighty percent of the queried members of civic associations, businesspeople and journalists answered affirmatively, against about half of respondents from City Hall.

And so it goes. Across all five areas of concern, civic-association members, businesspeople and, to a lesser extent, journalists consistently have a negative take on the state of anticorruption measures in the city of Prague, while members of City Council and municipal staff have a rather positive one.

Too little progress

What's the truth? After carefully studying the objective part of the TI report, I agree with the naysayers. The study documents a staggering ignorance of, or unwillingness to implement, effective anticorruption measures.

For the sake of argument, though, let's say the City Council members and city employees got it right and everyone else got it wrong. City Hall would still have a tremendous problem, for it is ultimately perceptions that matter most. A civic administration that is so obviously eyed suspiciously by its citizens is likely to invite problems of, say, tax evasion. Never mind a general cynicism towards municipal authorities.

A little more than two years ago, then-Prague Mayor Jan Kasl resigned because of his distinct impression that City Hall was organized in such a way that it was impossible to eliminate corruption. The V4 City Corruption Propensity Index provides strong evidence that little, if any, progress has been made since then.

-- The writer is a docent/senior researcher at CERGE-EI, a joint workplace of Charles University and the Academy of Sciences of the Czech Republic. This article expresses his opinions and not necessarily those of CERGE-EI.