

CHARLES UNIVERSITY
FACULTY OF SOCIAL SCIENCES
Institute **Public and Social Policy**

Master thesis

2018

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**THE NATURE OF CORRUPTION IN THE
REPUBLIC OF ARMENIA,
ITS IMPACT ON HUMAN BEHAVIOUR AND
HUMAN DEVELOPMENT**

Master thesis

Prague 2018

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Academic Year: 2017/2018

Abstract

Systemic corruption has fierce impacts on human development. Research indicates that systemic corruption in Armenia has invaded into all the sectors of social life and has transformed society making from it a comfortable environment for existence. Human development, social structure, human resources, public way of thinking, opportunities are constrained by the limitations and restriction put by corrupt system. This paper provides a comprehensive study of the systemic nature of corruption and its consequences, the picture of socio-cultural attitude to the corruption through analyzing public perceptions, and analyzes the connection between corruption, corrupt behaviour and human development.

Keywords

Corruption, social perceptions, human development, opportunities, corrupt behaviour, social capital.

Range of thesis: 61 pages

Declaration of Authorship

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
3. The author hereby declares that the thesis has not been used to obtain a different or the same degree.

Prague 31/07/2018

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CHAPTER 1. THE RESEARCH PROJECT

1.1 Introduction

Corruption is an issue that exists in almost all countries. It harms every sector of the state, economy and society. It impedes development and results social injustice. Corruption, as the predominant part of organized crime, has fierce impacts on economic and societal development. "Corruption is one of the most dangerous social ills of any society. This is because corruption, like a deadly virus, attacks the vital structures that make for society's progressive functioning, thus putting its very existence into serious peril." (Gire, 1999, p. 1).

In recent years, international organizations such as the United Nations and the World Bank have placed corruption in their agendas as an important issue and have made significant attempts to curb corruption in the world but, however corruption perhaps, like the poor, will always be with us. This reality highlights the need for restoring trust in the effectiveness of anti-corruption policies and calls for firm political commitment.

Corruption varies from state to state, and as economists and policy makers accept corruption as a problem of developing countries. The World Bank's director for Governance, Daniel Kaufmann stated that: "It is important to emphasize that this is not just a developing country problem, fighting corruption is a global challenge."

How can we fight corruption? This is among the oldest questions in economic literature with seminal contributions by Rose- Ackerman (1975) to Shleifer and Vishny (1993). The first generation of anti-corruption studies and its implication on economic outcomes have focused on cross-country comparisons, mostly using corruption perception indices as a proxy for real levels of corruption.¹ The second generation of corruption studies, instead, use micro-econometrics techniques and lab experiments to analyse corruption at the micro-level (individual, household, firm).²

¹ Such as Treisman (2000), Wei (1997), Fisman and Gatti (1999), Persson and Tabellini (2005).

² Some examples are Fisman and Miguel (2007), Olken and Barron (2009), Fisman and Wei (2004), Olken (2007), Hsieh and Moretti (2006).

This paper is devoted to the study of corruption in The Republic of Armenia. I will try to find out the nature of corruption existing in The Republic of Armenia, through analysing the corruption perceptions and commentaries of the society. There can be found numerous analytical papers and article regarding this topic, thus I have decided to also put the stress on the influence of the corruption on *human development* in Armenia, using a special perspective of ethno-cultural context.

It is very difficult to research on corruption in Armenia without taking into account the existing social perceptions and commentaries about that, as Armenia is a country which gives a serious role to the cultural norms and national traditions. In this sense I included in the analysis researches done by different organizations, which give an opportunity to comprehensively approach the nature of corruption, to understand it in the context of Armenian society. This perceptions often reflect the most spread and common approaches to the phenomenon in the society, tolerance or intolerance level, stereotyped commentaries and typical behaviour models.

The goal of the study is to analyse the connection between the nature of corruption, social perceptions and human development in Armenia. The nature of corruption and the human development are interrelated phenomena. It is important to understand what the real level of threat is for each individual in the society, and not only for state level.

In the end I will give suggestion regarding the possible paths of the fight against corruption in Armenia.

1.2 Hypothesis

The hypothesis of the paper is: *The nature of corruption in Armenia is systemic, which affects all the sectors of social life, causing damage to human development.*

In this thesis I build the hypothesis from the perspective that the widespread character of corruption has made the state governance system a tool for

accumulating and reproducing wealth in the hands of groups and individuals standing in the higher positions in the system. It may be considered that one of the main causes of corruption is that in all the government levels there are mechanisms and state officials with appropriate behaviour in order to restrict people's opportunities and create artificial obstacles, which may be overcome only through corrupt actions. It is strange, but in fact, corruption became one of the main ways to more or less restore the restricted opportunities, and at the same time it gives a chronic character to these kind of restrictions and creates a closed cycle and reproduces corrupt behaviour models.

The concept of the paper is that I suggest to assess corruption and make suggestions to overcome it based on the context of human development. 2015 marks 25 years since the first Human Development Report introduced a new approach for advancing human wellbeing. Human development – or the human development approach - is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. An approach is focused on people and their opportunities and choices.

Currently, one of the most spread theories of the development in civic and globalized world is Human Development concept, which claims that the major goal of the state, social and economic organizations is to enhance human freedom and opportunities. In this sense the study of corruption may be observed as special, as corruption is considered as a phenomenon, which restricts human freedom and opportunities, that is to say a restriction of *human development*, which emerges when the privileged minority standing in the power uses power levers in their own favour and restricts the opportunities of the majority and creates inequality. Therefore the conceptual context of the overcoming the corruption changes, and declares the major goal not just simply the elimination of corruption, bribery and other its expressions, but *through the fight against corruption create beneficial environment for enlargement of human opportunities and freedom and human development*

From a sociological point of view, "corruption is not restricted to the acts of specific decisions. It is a process involving attitude build-up, deliberate planning, historical antecedents, social mobility, group affiliation, and other sociological

factors.” (Alatas, 1980, p. 25). Sociological theories explaining criminal behaviour can be used and transformed in order to explain corrupt behaviour. Therefore, a closer investigation of norms, culture, and the like will lay the foundation for further discussion. Because the individual is subject to these relatively invariant factors, the causality direction is somewhat clearer than it was before. As will be pointed out subsequently, empirical evidence points to the fact that distinct sociological conditions have certain impacts on corruption, rather than the other way round.

My research questions were:

- What kind of corruption exist in Armenia?
- How does corruption affect social life?
- What attitude had the society towards corruption?
- Is human development affected from the corruption?

1.3 Methodology and structure

According to Munighiu-Pippidi diagnosis of corruption needs to include both quantitative and qualitative elements. Qualitative instruments such as representative surveys however are more reliable for analysing the nature of corruption³. The analysis of the quantitative data taken from the surveys will let me diagnose its main features, and also social perceptions of corruption.

The thesis is built and written in three parts.

In the first part, based on the theory of Historical institutionalism, I provided the history of the corruption development in Armenia, by using data from newspapers, political journals and other means of media.

When I reach nowadays situation, I provide measured corruption data from different international organizations, to depict the situation *de jure*. Based on the provided measures I set the understanding of the systemic nature of corruption in Armenia.

³ Alina Mungiu-Pippidi, *Corruption: Diagnosis and Treatment*. Page 95.

The second and third parts of my paper are interrelated. In these parts I used a two-level analytical method. On the first level (in the second chapter) am going to provide statistical data and typical characteristics and commentaries emerging from them. Here I analyse social perceptions regarding corruption and corrupt behaviour in the ethno-cultural context.

This part may seem mainly descriptive, however due to its comprehensive and detailed character it will give a good base to analyse how the corrupt society works, which are the causes of corrupt behaviour and people's attitude to that phenomenon. This analysis will add a good knowledge to the information analysed in the first part, as the first part is based on state level analysis, and the second part is mostly on the society level.

Here I pose several questions to the nature of corruption, based on the corruption types and measurements provided by Christoph H. Stefes (2007). Finding out the answers to these questions will let me analyse the nature of corruption.

- Is the corruption in the country rule or exception?
- How is the corruption regulated? Are there norms or rules?
- Whose interests are shaped in corrupt relations?
- Is there a power asymmetry in the country?

The second level of my study (part 3) will include the interpretation and the coverage of the corruption. This methodology lets us have an interpretation about the same phenomenon on different levels.

The analysis will be based on different statistical data from different researches, particularly Caucasus Research Resource Centre (CRRRC), Bertelsmann Foundation, Transparency International, World Barometer of Corruption, Freedom House and others. Based on the data from these organizations I will study the state approach to corruption, perceptions of corruption, related behaviour models, state-society relation commentaries, which can be found in the quantitative data. The commentaries and interpretations taken out from the quantitative data will let do the second level analysis.

I will define:

- The features of the social assessment and perception of corruption in RA
- Analysis of causes of corruption according to the factors existing in state, public and individual levels.
- Existing models of responses to corruption in the society and the qualitative evaluation of their features.
- Evaluation of corruption from the perspective of human development.
- Parallels between the corruption perceptions, anti-corruption behaviour and existing issues in social development,
- Practical suggestions for policy based on the quantitative data and qualitative evaluations.

1.4 Delimitations

The first challenge of studying corruption is that definitions of corruption usually suffer from oversimplification: narrowing the concept down to bribery or simply trading favours for money. However, this understanding excludes many forms of corruption such as nepotism and clientelism. The question of precisely which acts constitute corruption has engaged many scholars (Heidenheimer 1970, Philp 1997, 2002, Johnston 2005b, Holmes 2006) and many definitions have been produced. Over the years, scholars have made progress on the subject, and some consensus over what constitutes corruption has been reached. The operational definition of corruption today postulates that corruption is “the abuse of public office for private gain”. This definition is made universal by the virtue of its inclusion in the United Nation Convention against Corruption (UNCAC)⁴. In the last 10 years the text of the convention has been ratified by all post-communist countries and has become a part of their legal definition of what constitutes an act of corruption.⁵ Despite this theoretical success the definition remains vague and insufficient for understanding the phenomenon in question.

⁴ The UNCAC was approved by an Ad Hoc Committee and was adopted by the General Assembly with resolution 58/4 of 31 October 2003. In accordance with article 68 (1) of resolution 58/4, the United Nations Convention against Corruption entered into force on 14 December 2005

⁵ All post-communist countries have ratified UNCAC in the years following the disintegration of the authoritarian regimes there.

A number of scholars have challenged the possibility and the effectiveness of having a universal definition because of perception discrepancies: understandings of “abuse,” “public,” and “private” are often subject to cultural perceptions and therefore difficult to compare. For instance, analysing corruption in Uzbekistan, Urinboyev and Svensson (2013) come to the conclusion that what would seem as a clear instance of corruption to a western observer, for the local population is simply a matter of demonstrating social status or an act of genuine support to the other party. I conclude, that while, indeed, the understanding of corruption in general is a subject of cultural predispositions, culture is altered through interaction and so are understanding and definitions.

Conceptual and operational challenges of corruption naturally lead to problems of measuring and observing corruption. Corruption is said to be a victimless crime, or a crime in which both sides are guilty. Indeed most of the former communist countries that criminalized corruption, defined the criminal act as offering, soliciting, and accepting bribes. This characteristic makes corruption not only more puzzling, but also more challenging to study because it leaves acts of corruption often underreported. In the 1990s and the early 2000s, issues in measuring corruption led many analysts to rely on perceptions. Transparency International’s Corruption Perception Index is the index that has been consistently and overwhelmingly used by scholars and policy makers alike. However, it merely reports current perceptions of corruption (and often the perception of foreign instead of domestic actors), instead of actual levels of corruption. Perceptions are problematic because they are easily altered by recent events, including corruption-related scandals, media publications, election campaigns, or changes of political power (Stefes 2011).

In the beginning of the 2000s an increased interest in the causes and effects of corruption resulted in an increased number of indices as well as in their methodological improvement. Currently we can position the existing indices in three general categories: based on surveys, based on experts’ opinion, and mixed. There is no scope for a detailed discussion of these methodologies here, but a word about the effectiveness and usage of these indices is necessary. While they are all useful for comparing perceptions of corruption at a specific

moment in time, they can rarely say much in a comparative manner and over time. The problem with over-time comparison is that perception often changes based on media coverage or a recent corruption scandal (Stefes 2011).

Some of the problem areas in understanding corruption are discussed in this paper focusing on corruption's non-analytical structure, and the special relationships it creates and maintains in a network structure of mutual serving behaviour. Corruption is a complex social pathology that creates deviate behaviour which impairs the purpose and functioning of social systems.

Corruption is supported by special relationships between some members of a society, organisation or institution. To think in terms of relationships, rather than in terms of deterministic rules, is not unique to science, and particularly to business science. It has always been part of qualitative descriptions, but not part of the kind of quantitative descriptions and calculations deemed necessary, ever since Kepler's insistence that „to measure is to know“, Cilliers (2005: 35).

Overall, it can be said that the indices all suffer from the same deficiencies. As corruption is not directly measurable, indices rather incorporate beliefs and perceptions of corruption and thus contain various biases. In this vein, the meaningfulness of corruption measurement approaches is at least debatable.

Another challenge in the study of corruption is the coverage of the topic. It is widely discussed and studied phenomenon, however to find out the essence of the problem the researcher need to rely on the secondary data, surveys, as for deep analysis there would be the need of much more efforts, time and other resources.

Particularly for Armenian case, it has been difficult to select one specific path of the study, as whichever way I looked all aspects, factors, actors, situations were interrelated. To escape discussing any point harms the study with leaving the picture incomplete.

1.5 Clarification of the central concept

Corruption: “Corruption is commonly defined as the misuse of entrusted power for personal or private gain” (World Bank Institute, 2008). , “It makes sense to

think of corruption as a trade in decisions that should not be for sale” (Søreide, 2016, p. 13).

One of the most central concepts in this thesis is corruption. Most countries regulate corruption in their criminal law and thus as a crime. Cooperation in intergovernmental organisations has led to conventions on corruption and more harmonised laws (Søreide, 2016). The conventions include the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Council of Europe Criminal Law Convention on Corruption and the UN Convention against corruption.⁶ It is characteristic, that none of these conventions define corruption, rather they establish what offences that are corrupt. The OECD Convention focus on bribery of foreign officials. The Council of Europe Convention addresses trading in influence, and bribes to domestic and foreign public officials. The UN convention focus on the mentioned issues, but also includes embezzlement, misappropriation and obstruction of justice (OECD, 2008).

The OECD Convention and the Council of Europe Convention separates between active and passive bribery (OECD, 2008). The active briber is the person who either promises or gives the bribe, while the passive briber is the recipient of the bribe. The OECD Convention only covers active bribery. These conventions have made legal regulations on corruption largely harmonised (Søreide, 2016). The harmonised areas include bribery of national public officials (Søreide, 2017). Transparency International (TI) defines corruption generally as “the abuse of entrusted power for private gain” (Transparency International, n. d.). TI’s definition describes corruption as a principal-agent problem. If an official in an institution offers a decision that deviates from their institutional goals, it would probably be done to obtain personal benefits that exceed the deviation cost (Søreide, 2016). Søreide (2016) argues that: “Given this compensational aspect, it makes sense to think of corruption as a trade in decisions that should not be for sale” (p. 13). The individuals who offer benefits to the officials expect a favourable decision in return. This underpin why the

⁶ The OECD Convention is signed by the 35 OECD countries and six non-members (OECD, n. d.). The Council of Europe Convention is ratified by 48 countries (Council of Europe, 2017). The UN Convention is signed by 181 parties (UNODC, 2017).

private sector has a central role in corruption: they buy decisions that should not be sold.

Evans (1999, pp. 1, 12) introduces the definition of “the act by which ‘insiders’ profit at the expense of ‘outsiders’”, conveying the belief that corruption is all about division of classes and thus creating asymmetries when separating the privileged (the ‘insiders’) from the underprivileged (the ‘outsiders’). In a more neutral sense, corruption is defined as the “intentional noncompliance with arm’s length relationship aimed at deriving some advantage from this behavior for oneself or for related individuals.” (Tanzi, 1998, p. 564).

Corruption is considered as being decisively responsible for political instability, economical underdevelopment, low administrative efficiency and poor governance structures around the world (Ko & Samajdar, 2010, pp. 508-509).

-Types of corruption:

This typology provides some examples of corrupt acts, however it cannot be considered as a comprehensive list of all type of corrupt actions.⁷

- Bribery – The explicit exchange of money, gifts in kind, or favours for rule breaking or as payment for benefits that should legally be costless or be allocated on terms other than willingness to pay. Includes both bribery of public officials and private firm agents.
- Extortion – Demand of a bribe or favour by an official as a *sine qua non* for doing his or her duty or for braking the rule.
- Exchange of favours – The exchange of one breaking rule for another.
- Nepotism – Hiring a family member or one with close social ties rather than a more qualified but unrelated applicant.
- Cronyism – Preferring members of one’s group – racial/ethnic, religious, political or social over members of other groups in job related decisions.
- Judicial fraud – A decision based on any of the preceding types of corruptions, or threats to the judge, rather than the merits of the case.
- Electoral fraud – Manipulation of election results, through vote buying or threats to the electorate, or by falsification or destruction of votes.

- Public service fraud – Any activity that undermines the legal requirements of public service delivery even if no bribes are paid.
- Klepocracy – An autocratic state that is managed to maximize the personal wealth of the top leaders.
- Influence peddling – Using one's power of decision in government to extract bribes or favours from interested parties.
- Conflicts of interests – Having a personal stake on the effects of the policies one decides.

⁷ For a more complete list of terms with definitions and examples, see Transparency International, 2009,

Chapter 2.

2.1 Historical overview of corruption in the Republic of Armenia

During soviet era, the corruption was mainly named as ‘*bribery*’ as this word carried some miserable and bourgeois tone for a society which was on the path of bright future. It was considered that corruption is the characteristic of the ‘*rotten West*’, and the own corruption was named bribery, which seemed more understandable and even more inoffensive.

Romantic decade (1990s). In the end of Soviet Union a feeling of national identification rose among the nations, which used to be considered as brothers, and it seemed that with the collapse of the power the rest vicious phenomena would also disappear, including the corruption. However these were only romantic hopes, and the corruption during 1990s was shaped in a new way. The privatization turned into a rubbery. State property was captured by the people standing close to the power, and the rest of the society was busy with solving of daily problems of existence. The war in 1994, absence of electricity and the lack of the food pushed back the social rebellion, as the most important things for the people were independence and Artsakh (currently Nagorno Karabakh). The media of newly independent Armenia was reflecting this romantic period, almost always forgetting to report about corruption. Some cases, however found their reflection in the media, but without any view on future and to where it might led. The reason of corruption was considered to be so called ‘legislative gaps’, which was a very modern expression for the media during that period. It seemed that the power would adopt new laws, which would solve all the existing problems and everyone would obey them. And in general, the word "corruption" was a taboo, as it couldn't be suited in a newly independent Armenia.

The beginning of the "Fight". The word "corruption" started to be used in the media in 1999, when the Prime Minister V. Sargsyan came back from Washington. It appeared that in order to provide loans to Armenia the World

Bank mentioned about the corruption existing in the country⁸. Some anti-corruption campaign was organized through the media and in the parliament. This was the period, when the concept of corruption was "legalized".

Unfortunately, there was a terrorist⁹ attack on the Armenian National Assembly in the capital Yerevan on October 27, 1999, by a group of five armed men led by N. Hunanyan that, among others, killed the two *de facto* decision-makers in the country's political leadership - Prime Minister V. Sargsyan and Parliament Speaker K. Demirchyan. Their reform-minded coalition won a majority in the parliamentary election held in May 1999 and practically side-lined President R. Kocharyan from the political scene.

In the beginning the politicians were speaking about adopting the law on fight against corruption. The question was discussed in the National Assembly, many experts from public organizations and journalists were also invited to those discussions. However, the law was not adopted. On the other hand they started to develop a Program of Anti-Corruption Strategy. The problem was that at that time there was a lack of the needed information and knowledge about the issue, as the topic of corruption had been a taboo during Soviet era and also during the first years of independence. The experts from different social organizations provided suggestions and remarks about the strategy, which were completely ignored by the authors. In the end the Program was confirmed in 2003 by the Government, with which Armenian authorities declared the willingness and readiness to fight against corruption. Armenia became the first state in CIS region which had such a Program.

The improvement of the Fight: In 2001 was adopted The Law on the Property and Income Declaration of Senior Officials of the RA Government, which the first time required the officials to declare their property and incomes. This law stopped working in 2008, after The RA Law on Individuals' Property and Income Declaration had been adopted.

⁸ See, A. Abrahamyan, " *V. Sargsyan returns with bad news about the need of changes*", 1999 www.aravot.am

⁹ Coalson, Robert; Tamrazian, Harry (27 October 2009). "[Ten Years Later, Deadly Shooting In Armenian Parliament Still Echoes](#)". [Radio Free Europe/Radio Liberty](#). The brazen act of political terrorism.

The National Assembly adopted a Law on Freedom of Information in 2003 September, with which the RA government has started a wave of reforms leading to the Electronic government. An experiment done by the Transparency International showed that 85 per cent of electronic application had been replied, and 80 per cent of those replies were immediate. On the other hand only 20 per cent of responds could be considered as satisfying or complete (Transparency International Anticorruption Centre 2012).

In 2003 Armenia ratified the United Nations Convention against Transnational Organized Crime and its report of human trafficking. In 2012 Armenia also joined the report of weapons of the same convention.

In 2005 Armenia also ratified The Civil Law Convention on Corruption of the Council of Europe and the Convention on Corruption Crimes of the Council of Europe. Armenia is a member state of UN Convention against Corruption since 2007 March.

"The Program of Anti-Corruption Strategy" was criticised by the independent and even dependent experts. The core critique was about its declarative character and that it was ignoring civic society's opinion. They were promised that the Program is going to be improved. The discussions started, USAID and other NGO's experts were engaged in the discussions, though nothing was changed in the end.

In 2008 Armenia adopted RA Law on Combating Money Laundering and Terrorism Financing, and in this case the government had followed the Recommendations of the Council of Europe's council of Anti-Money Laundering and Combating the Financing of Terrorism (MONIVAL). Moreover Armenia confirmed the national strategy of Anti-Money Laundering and Combating the Financing of Terrorism for 2013-2015.

After Presidential elections in 2008, when the leader of Republican Party took the chair of presidency, the political crisis in the state led the country to the wave of required governmental reforms, which aimed to modernize the state. Among a set of reforms could be found also the Anticorruption strategy of the

RA (2009-2012, 2012-2015, 2015-2018), new Electoral Code of the RA (2011) and new Law on Public Administration.

In 2012 January, as already stated, government adopted a Law on Public Administration, which refers not only civil servants, but also other officials, the administrations of National Assembly, Constitutional Court, Central Bank, National Security Council, Judicial Department, Prosecutor's office, Yerevan Municipality and local self-governing bodies. This law was developed to except the clash of public and private domains, the abuse of influence, corruption. It includes normative provisions and ethic norms.

Now the government is working on the modernization of the criminal code, particularly criminalizing corruption crimes, such as active and passive bribery, wasting, appropriation or other abuses of public wealth, abuse of official position and bribery in private domain (OECD 2012).

On the other hand the rooted corruption, absence of honest political will, self-interest way of thinking of very small political elite make these reforms useless. According to the World barometer of Corruption (2013) only 20 per cent of interviewed citizens found these steps taken by the government useful, and about 60 per cent of people indicated that they do not believe that citizens can have any influence on the fight against corruption. The experts have mentioned a set of imperfection in the anti-corruption normative structure¹⁰ and in 2011 according to the assessment of Global Integrity the normative domain of the state was considered as weak with 67 points out of 100.

2.2 External assessment on the general corrupt situation in Armenia

After the independence from the Soviet Union in 1991, Armenia has fought for creation of appropriate state institutions and for being adjusted to the requirements of modern market economies. The ongoing war against the neighbour Azerbaijan, as long as historical bad relations with Turkey lead to the blockade of the Eastern and Western borders of the country, moreover lease to economic crisis in the middle 1990s (Freedom House 2013 A). The economic

¹⁰ <https://www.azatutyun.am/a/27573936.html>

reforms, as a shock therapy, took the country to the impressive economic growth, however new national wealth was divided strongly unequally and caused deep discrepancy creating social economic divisions (Bertelsman Foundation 2012).

Huge amount of Armenians migrated from Armenia in that period because of political dissatisfaction or lack of economic opportunities, and created a huge diaspora. Population of RA is about 2.8 million people according to official numbers, and about 8 million Armenians leave abroad, mainly in France, Iran, Russia and the USA. (BBC 2007).

Since 1991 Armenians have deep distrust towards Government and political elite. All the results of every state election have been considered disputable by the opposition, which has not recognized the legitimacy of the Government (Freedom House 2013 A). For a long time Armenia has been considered as a system with weak political parties and comparatively active political life (France Diplomat 2013). The parties are mainly based on individuals and have constrained role in the periods between elections (Freedom House 2013 A). The elections in 2008 were accompanied with numerous forgeries and abuses and caused civic riot and rebellion by Armenian population. According to observers the society expresses political apathy and cynicism and does not have any wish to support any political leader as the belief has been trembled. (Bertelsman Foundation 2012).

According to research results done by Caucasus Research Resource Centre Armenia (CRRCA) in 2016 regarding the public perceptions about corruption among the population the most common evaluation of corruption issue in Armenia was "a very serious issue". This was the opinion of around 63.5 per cent of the interviewed population. It is notable, that there was not a big difference between this results in the capital Yerevan (56 per cent) (despite the 10 per cent difference, the majority of the interviewed gave the same answer), regional cities (66 per cent) and villages (68 per cent)¹¹.

¹¹ See at the same place.

Armenia as comparatively poor country. The amount GDP for one person is about 3200 USD. It is very dependent from the transfers from Armenians living abroad. For instance, the reduction of those transfers in 2009 lead the country to deep stagnation. The economy is based mainly on the services and construction industry and can be described with the closed oligarchic nets of businessmen (Bertelsman Foundation 2012).

According to the 2016 report of GRECO group, despite the fact that Armenia has had the fight against corruption as a state priority, it still stays an important issue in the country, and it's very important to go on with the reforms in this area. The most vulnerable points refer to the super-centralized character of the power in the hands of the president and political party and economic monopolies. The ethical and normative acts adopted in the National Assembly are still unclear and useless, and GRECO group mentioned that there should be clear differentiation between personal and self-interests, between business and legislative job, and the laws should prevent the possibilities of donations and privileges. Particularly this report assesses unsatisfactory the laws, that should prevent the deputies to run their own business, especially in the case that some deputies during discussions with GRECO experts claimed having businesses and insisted that it is a normal practice in Armenia. However this was strictly denied by Armenian power.¹²

The results of GRECO group basically depict the reality in Armenia, where the political elites use the power levers to gather as much resources as they can through ignoring the laws and restrictions. Literally this means, that despite all the listed above actions taken, institutions created do not show any results, as the politicians, who are the authors of the undertaken reforms do not want themselves to act according to their own policies.

According to the study of The World Indicators of Governance of the World Bank, Armenia, based on the indicator of *corruption control* has 30 points (2011) and is among 100 countries with low percentage, and here 0 is the lowest and 100 is the highest. *The rule of law* indicator is expressed with 43 points (2011), and the *voice and accountability* has 28 points (2011).

¹² <https://www.azatutyun.am/a/27573936.html>

According to Transparency International studies in 2012, Armenia was on the 105th place among 176 countries with 34 points, where 100 point meant absolute clear from corruption and 0 meant absolute corrupt. The studies (World Barometer of Corruption) done by TI in 2013 regarding the citizens' perceptions about the corruption situation in their own country have shown that 82 per cent of interviewed people agree the fact, that during last 2 years the level of corruption in Armenia has stood the same (39%) or has increased (43%). Moreover, the 61% of the interviewed people consider the corruption in public domain as serious issue. It is characteristic that in the interviews held in 2009 in the concept of Study of Companies by the World Bank among the representatives of business have shown, that the letters agree this opinion. And the 40 per cent of interviewed companies consider corruption as an obstacle for doing business in Armenia. According to the Report on the Atmosphere for Investment of US State Department, corruption has been and is a serious obstacle for Investments in Armenia.

2.3 The systemic nature of corruption in Armenia

The general nature of corruption as being systemic - a concept that suggests interdependence on deviate behaviour in public and/or private sector institutions. Corruption is a function of dishonesty, a lack of integrity and the abuse of private and/or public office for personal gain. In order to understand corruption systemically, it should be perceived as a subsystem of a social system that is embedded in ethics, the economy, politics, science and technology, and aesthetics. Systemic corruption is not only an impairment of integrity, virtue and moral principle(s), but a departure from the original purpose, processes, structure, governance and context of systems created with the intention to be pure and correct and to enable development.

The World Bank (WB) defined corruption as "the abuse of public office for private gain". This is one of the most commonly used definitions of corruption within the public domain. The expanded definition of the WB distinguishes between „isolated" and „systemic" corruption (World Bank Report, 1997: 9-10). Isolated (or accidental) corruption is described as "rare, consisting of a few acts,

it is straightforward (though seldom easy) to detect and punish". In this case, non-corrupt behaviour is the norm, and public and private sector institutions support integrity. Both formal and informal systems are strong enough to return the system to a "non-corrupt equilibrium".

Systemic corruption, on the other hand, is pervasive, or entrenched, where corruption is routine between and within the public sector, companies or individuals. Formal and informal rules "are at odds with one another". Corruption may be illegal, but in this case it is understood to be routine in transactions with government or business. Equilibrium exists (also called a "systemic corruption trap") where incentives for corruption are very attractive for companies, individuals and public servants – attractive to be exploited and not resisted, because of a high likelihood of success in a supportive corrupt environment.

The main feature of Armenian political system is the conjugation of political and economic elites and the agreement between them about the control of state resources (Freedom House 2013 A). Closed business nets, which are gathered around non- formal cartels and partial- monopolies, which provide support and gain from political elites, are mainly called oligarchs. They have serious influence (often not systematic) on the politics through sponsorship networks, especially in the regions out of the capital, which increases the possibility of corruption. Some oligarch are included in election frauds, for instance using charity foundations to ensure some parties' support, and to bribe the electors with money and other products (International Crisis Group 2012).

According to the World Barometer of Corruption (2013) the 80 per cent of interviewed citizens are sure that the Government is managed by several large companies, which activities are coming only from their own interests.

Systemic corruption is characterized by extensive corrupt activities such as bribery, extortion, and embezzlement, ranging from petty to grand corruption. Corruption becomes the rule rather than the exception. Moreover, systemic corruption is characterized by the presence of rules and norms (institutions) that are commonly known and adhered to by most officials and citizens most of the time.

Corruption is not specific to the former communist countries, but it has a particularly pernicious character in this part of the world. Scholars and policy-makers agree that corruption in the post-communist world is systemic.¹³ According to Leiken “in most developed countries, corruption remains a violation of the rules of the game, in many developing and post-socialist countries it is the game itself.”¹⁴ Corruption is something that guides the everyday actions of citizens and it often affects the level of political participation. In the former communist countries, corruption control is often a component of politicians’ platforms and has a daily impact on business and politics.

Systemic corruption is a pervasive legacy of Soviet rule. The Soviet system, with its lack of checks and balances and the omnipresence of the state-party apparatus, provided fertile soil for corruption.¹⁵ When the Soviet Union collapsed, the informal institutions of systemic corruption turned out to be highly resilient in the face of rapid political, economic, and social changes. The corrupt networks provided material security to lower-ranking officials and provided excellent opportunities for high-ranking officials and aspiring oligarchs to assume powerful political and/or economic positions. Systemic corruption has therefore remained a part of most successor states of the Soviet Union. Under these circumstances, the rule of law is weak because it needs the formal institutions of horizontal and vertical accountability that the informal institutions of corruption paralyze. Since democratic and economic development inevitably suffers without the rule of law, fighting systemic corruption is an important task for Armenia.¹⁶

According to the data of World Barometer of Corruption (2013) of Transparency International, it is characteristic for Armenia to use bribes for solutions of some questions or for making administrative processes faster. According to the same studies, about the fifth of interviewed people confessed that they had given a

¹³ Hellman et al. (2000) define state capture as “shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials”. See also Stefes 200

¹⁴ Leiken, R. (1996), Controlling the Global Corruption Epidemic, Foreign Policy, No. 105 p. 55-63

¹⁵ Stefes, Christoph H. Understanding Post-Soviet Transitions: Corruption, Collusion and Clientelism. Euro-Asian Studies. New York: Palgrave Macmillan, 2006. Ch. 3.

bribe during last 12 months, and about the 70% considered the state servants as corrupt or extremely corrupt. At the same time, according to the Study of Companies by the World Bank (2009) more than 15% of interviewed foreign companies informed that they had had to give a bribe when working in this country. It is interesting, that both interviews state the fact that it is more important to understand the real size of corruption (82% of interviewed people think this is serious or extremely issue, and the same opinion is agreed on by the 40% of interviewed businessmen) , than to tell about the experience in street level corruption.

Bertelsman Foundation in its research about Armenia (2012) informs that the Administration of the state follows its experience inherited from the Soviet era, making the behaviour extra- bureaucratic and not effective. This extra-bureaucratism tends to create all possibilities of corruption.

One of the most important issues regarding corruption in Armenia is the conjugation of the political and business elites, which deepens the threat of large corruption.

Despite the Constitution of Armenia prohibits the deputies of the National Assembly to do any entrepreneurial activities, this prohibition is often ignored. Politicians very often have their own businesses and manage them through their family members or hided partnerships (USA State Department 2012 A). The absence of clear separation between private company and state office leads to large manipulation in state purchases on the bases of abusing of existing regulations, which causes not effective and not transparent purchases (Freedom House 2013A).

The most important gap in the regulations of purchases of RA is the regulation regarding the emergency or unpredictable situations, when the state can purchase every required thing from one source. Moreover, the next gap is that the code does not define those unpredictable situations. The World Bank

¹⁶ Stefes, Christoph H. "Clash of Institutions: Clientelism and Corruption Vs. Rule of Law." *The State of Law in the South Caucasus*. Ed. Christopher P.M. Waters. Euro-Asian Studies Series. New York: Palgrave Macmillan, 2005. 3-19.

expressed concerns regarding this regulation (Transparency International Anticorruption centre 2011A).

Now the Government is working on the project of Law on the State Purchases, and it is trying to take into consideration stated above concerns.

Nepotism is one of the main features of Armenian state governance system. According to the World Barometer of Corruption (2013) data for about 80 per cent of interviewed people personal networks are important for solutions of different questions in relation with state domain. There are some complaints against the governing officials who discriminate against the opposition party members in hiring decisions (US State Department 2012 B).

The World Barometer of Corruption (2013) of Transparency International shows that the 60 per cent of interviewed citizens think that political parties and the parliament are corrupt or extremely corrupt. Experts point that it has become usual thing for Armenian citizen to see the rooted corruption in political leaders and in not flexible and closed political system, which is evidently isolated from the society's life and can be described with apathy and cynicism (Bertelsman Foundation 2012). Similarly, the Caucasus Barometer (2012) shows that more than 30 per cent of Armenians are absolutely sceptical regarding the parliament and the government.

According to the report provided by Freedom House historically the political apathy and the distrust towards the Government, accompanied by high level of poverty have make Armenians vulnerable towards the election bribe (Freedom House 2013). According to Bertelsman Foundation the election held in 1990 in Armenia have been the only free and just elections. The election process since then has been falsified and accompanied with election fraud, election bribe, terror towards the electors and other illegal mechanisms (Freedom House 2013A).

The elections held in 2008, in which S. Sargsyan won, have been considered as vicious and lead to civic riot. The repression used against the demonstrators caused another need and wave of reforms, which output was a new Election code. Despite such efforts, the state elections of the National Assembly in 2012,

and elections of president in 2013 were again accompanied with bribes and other mechanisms discussed above. According to the interviews regarding these elections organized by the Transparency International have shown, that 20 per cent of the interviewed people had been offered a bribe (money or other products), or knew someone who had been offered a bribe in order to make them to elect one or another candidate or political party.

The elections very often give a reason for complaints against them because of the abuses of public resources. Often there are complaints against business, which provide financial help to parties in order to get support in tax system (US State Department 2012).

It is generally accepted that corruption is somehow linked with values, morality and ethics. However, there seems to be a number of other co-producers in this equation. The term „co-producer“ is used because no direct cause and effect relationship exists in systemic corruption. In any system, and even more so in a complex system, numerous contributors – called co-producers – are necessary to produce its product, in this case, corruption (Gharajedaghi 1982: 7). This means that, if the co-producers of systemic corruption are identified, removing one or two co-producers will not solve the problem situation. Corruption is a complex phenomenon with no simple explanation for its occurrence, with various definitions, manifestations, mutations of its nature, and with varied root „causes“ in, and impacts on society.

Corruption is a function of dishonesty, a lack of integrity and the abuse of private and/or public office for personal gain. However, it occurs most frequently when there is a „culture“ of corruption, when the risk of exposure is less than the rewards for corrupt behaviour. This is due to mutual acceptance of, and mutual interdependence on corrupt behaviour within sub-cultures of an institution.

CHAPTER 3. CORRUPTION CULTURE AND PUBLIC PERCEPTIONS

In this chapter I am going to provide the analysis of the latest survey held among Armenian population, which is Caucasus Research Resource Centre Armenia (CRRCA) 2016 survey regarding the public perceptions about corruption among the population. Based on the survey results I will analyse the main features and causes of corrupt behaviour in Armenia, and find the way how it is reflected in society – authority relationship causing social stratification.

This survey is a comprehensive study of public opinion and experience related to corruption and gives an opportunity to refer to the corrupt behaviour and its causes and find out the main characteristics of corruption culture in Armenia.

The analysis of the quantitative data taken from the survey show, though corruption is not considered the most painful issue in Armenia, it stays among five most important issues. About the 16 per cent of the interviewed considered corruption the most serious issue.¹⁷ The first 5 most important issues included also unemployment, poverty, increase of the prices and general economic issues. Corruption was considered even more important than emigration, thus it can be assumed that corruption is one of the most worrisome negative phenomena in Armenia.

Until recently, the influence of culture on economic outcomes has been neglected by modern neoclassical economics. This has to be accounted for by the difficulty to filter out the pure effects of culture within a number of interrelating effects of institutions and traditional economic variables (Fernandez, 2008, p. 1). Usually, culture is seen as “a set of social norms and beliefs that lead a society to a specific equilibrium when multiple equilibrium exist.” (Barr & Serra, 2010, p. 863). A more sophisticated definition of culture takes account of “the values, attitudes, beliefs, orientations, and underlying assumptions prevalent among people in a society.” (Harrison & Huntington, 2001, p. xv).¹⁸

¹⁷ See the research about public opinion about corruption in Armenia, 2017, Page 9, figure 5.

¹⁸ Alesina, A. et al., 2003. Fractionalization. *Journal of Economic Growth*, Volume 8, pp. 155-194. URL: <http://ideas.repec.org/a/kap/jecgro/v8y2003i2p155-94.html>

Cultural aspects have a fundamental impact on the pervasiveness of corruption in a country, which have been extensively analysed in various contexts and a number of studies (Lambsdorff, 2007, p. 6f). Cultural values “justify and guide the ways that social institutions function, their goals and modes of operation. Social actors draw on them to select actions, evaluate people and events, and explain or justify their actions and evaluations.” (Licht et. al., 2007, as quoted by Barr & Serra, 2010, p. 862). Thus, if a culture tolerates deviant behaviour such as corruption, corruption might be observed more frequently as it is socially justified.

An important but often neglected point in the discussion of norms and the incidence of corruption is that “‘corruption norms’ are perpetuated not because citizens believe corruption and malfeasance are desirable outcomes, but because the behaviours deemed legally and officially corrupt are often justified by local social practices.” (Truex, 2011, p. 1134).

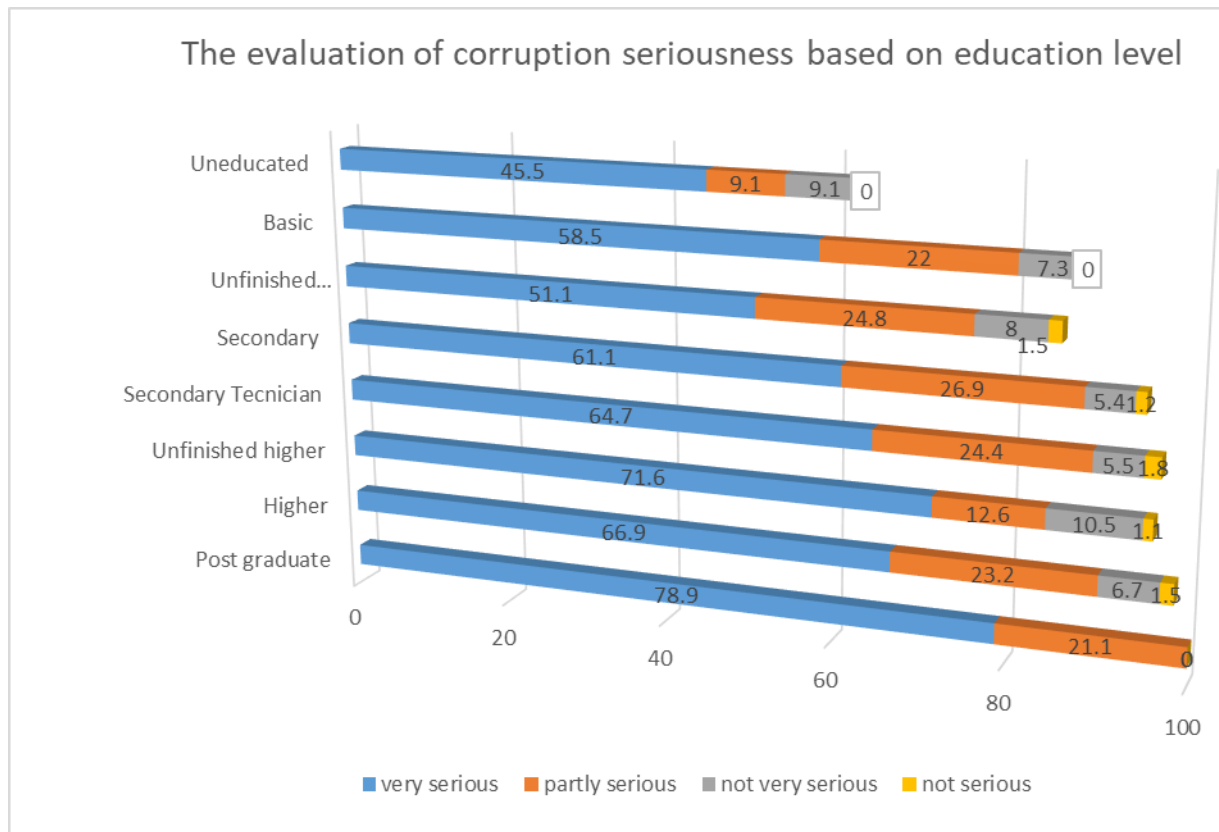
3.1. Social evaluation and perception of corruption

According to research results the most common evaluation of corruption was “very serious issue”. This was the opinion of around 63.5 per cent of the interviewed population. It is notable, that there was not a big difference between this results in the capital Yerevan (56 per cent) (despite the 10 per cent difference, the majority of the interviewed gave the same answer), regional cities (66 per cent) and villages (68 per cent)¹⁹.

It is also interesting that people with different levels of education again gave mainly the same results finding the corruption a very serious issue (see chart 1). The groups of people with higher, secondary technician, secondary school and basic levels of education, despite a few fluctuations, mostly found corruptions as a very serious issue. This may mean that in reality corruption became such a spread and serious issue, that all the groups in population have common opinion regarding that. Even the 45.5 per cent of uneducated people realize the weight of the situation and evaluate corruption as very serious issue.

¹⁹ See at the same place.

Chart 1. The evaluation of corruption seriousness based on education level



Provided chart lets me say that though the all discussed groups of the population have strictly negative attitude to the issue, the level of realizing the seriousness of the situation increases with the level of education.

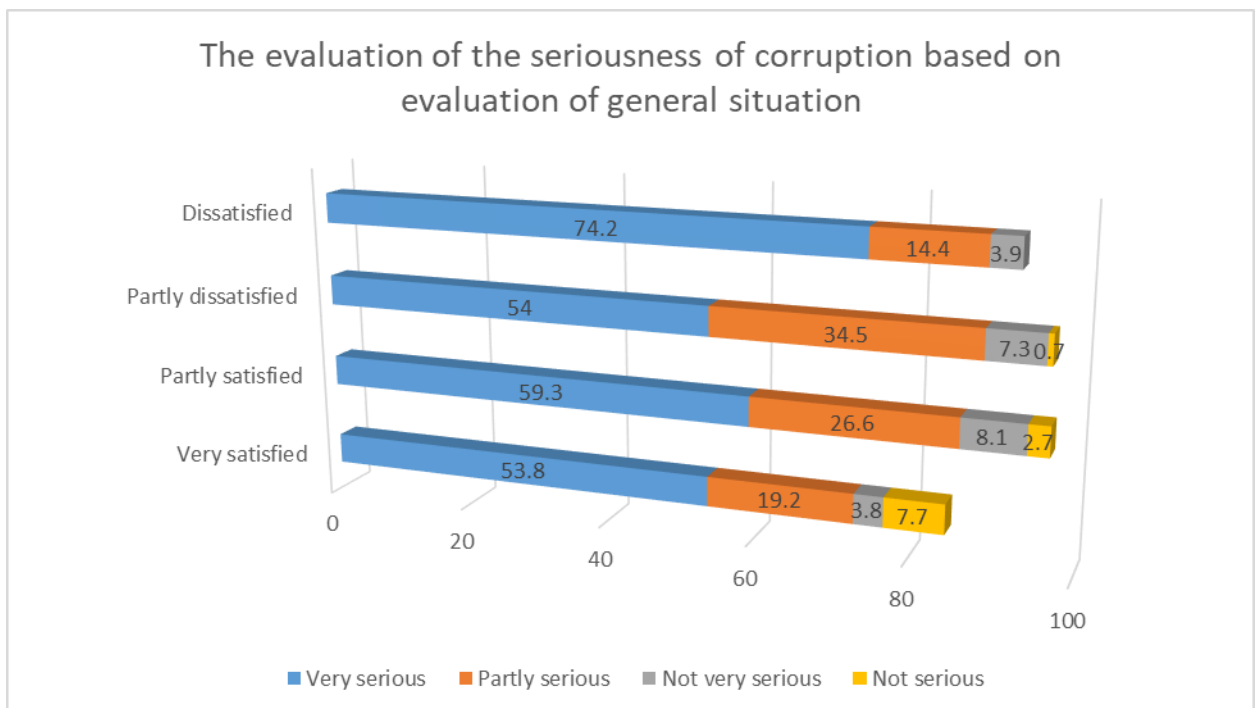
As was stated by Dreher et al. (2007, p. 10) and has been empirically verified by Treisman (2000) and Knack et al. (2003), a separation between “public” and “private” and a higher level of education will result in a lower level of corruption. Because education evidently is a vital driver of the magnitude of moral, tolerance and modesty in a society, these factors negatively correlate with the extent of corruption and thus impose dampening effects. Education empowers people to demand their rights and access to the services to which they are entitled, and also strengthens their capacity to detect corrupt practices (United Nations Development Programme, 2008: 36).

It is interesting to observe the correlation between people who found corruption as very serious, not very serious and not serious issue and between people with

different levels of satisfaction with Armenia's overall situation (see chart 2). According to that 53.8 per cent out of people who are fully satisfied with the overall situation in Armenia, found corruption as very serious issue. This is close to the result of the correlation between partly dissatisfied people and people who found corruption as serious issue (54 per cent). The biggest number of people finding corruption as serious issue is in the group who were strictly dissatisfied with the situation in Armenia (74.2 per cent).

It can be noticed that here also, the majorities of the groups with different satisfaction levels anyway find corruption a very serious issue. This may be a proof that corruption is really spread and all groups have a common opinion on that.

Chart 2. The evaluation of the seriousness of corruption based on evaluation of general situation.

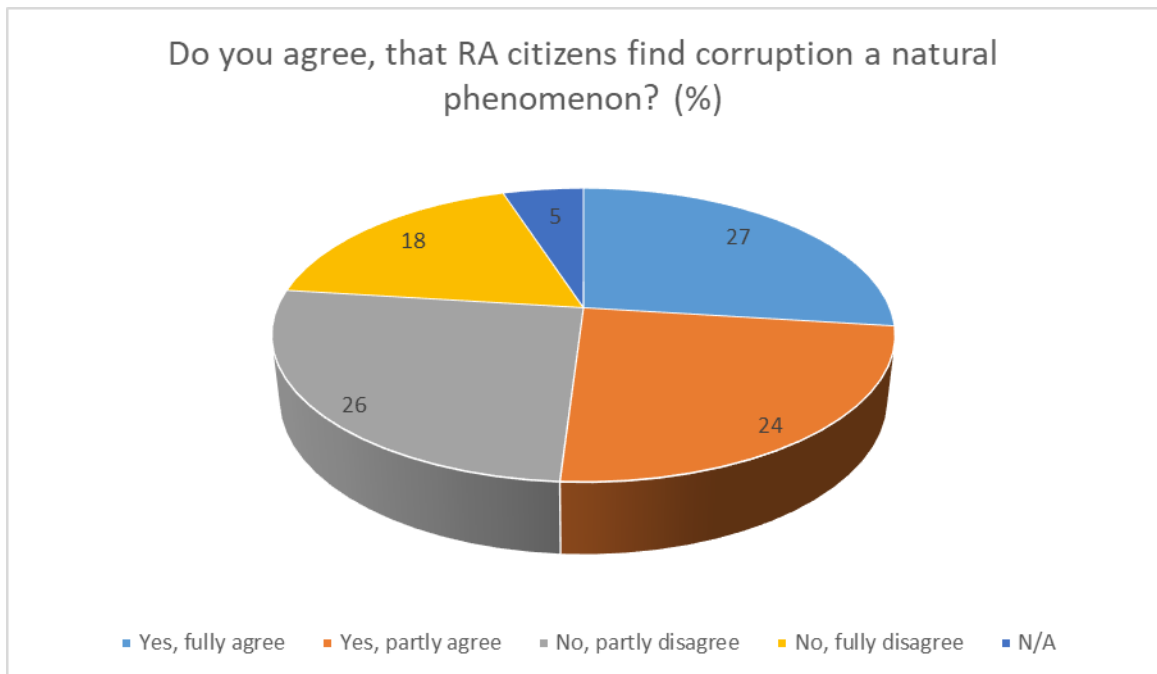


In some sense it is strange that people who are very and partly satisfied with the general situation in Armenia mostly assess corruption as a very serious

issue. This means though people agree that corruption is a serious issue, meanwhile are satisfied with the state's situation, and it can be assumed that according to those people the seriousness of corruption issue does not affect their satisfaction with the situation, or does not affect the situation itself.

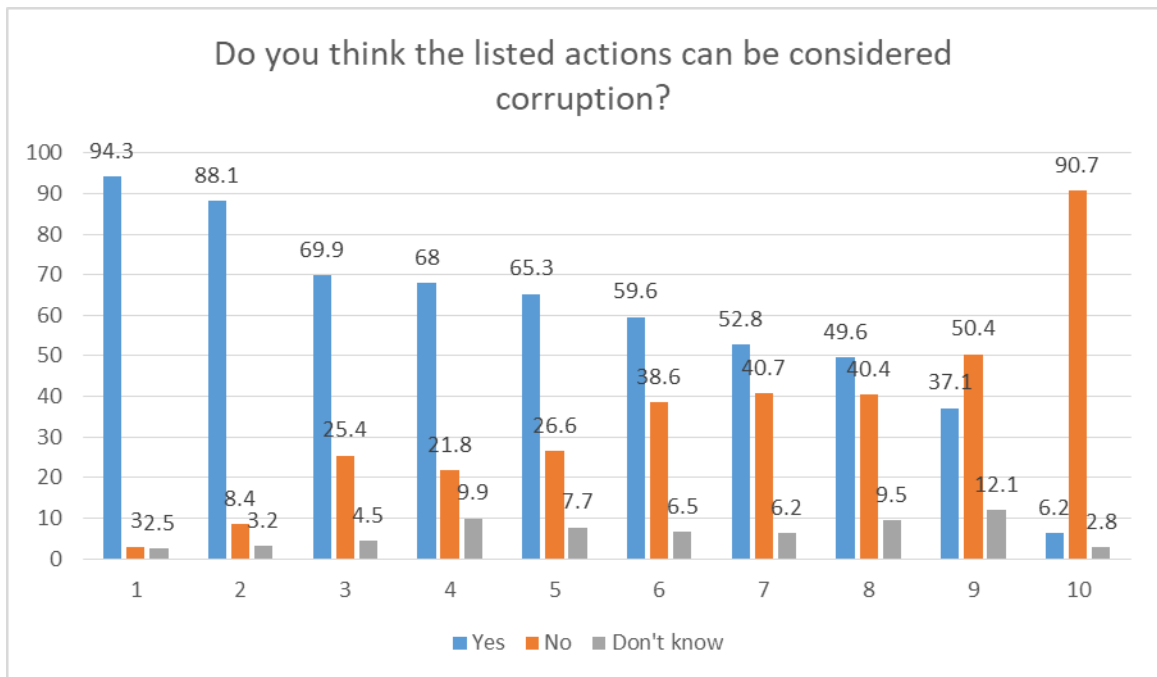
To understand this we can have a look into the Chart 3, which shows people's opinion regarding corruption as a natural phenomenon. It is notable, that 27 per cent of the interviewed population find it natural. And the 24 per cent agree that partly. *That is to say that the majority if the interviewed people find corruption as a natural phenomenon. Thus it is considered to be more a rule, then exception.* As I have already discussed in Chapter 2 it is characteristic in the societies with systemic corruption to consider corruption as a norm, not an exception. Of course the number of people who disagree that is not small either (26 per cent partly disagree, 18 per cent disagree), but this doesn't change the number of the agreed.

Chart 3. Do you agree, that RA citizens find corruption a natural phenomenon? (%)



Another important problem is the perception of corruption, here, what people find as a corrupt act. Chart 4 shows that interviewed people's answers mainly match the generally accepted perceptions about corruption, and people can easily describe which acts are corrupt, and which are not.

Chart 4. Do you think the listed actions can be considered corruption?



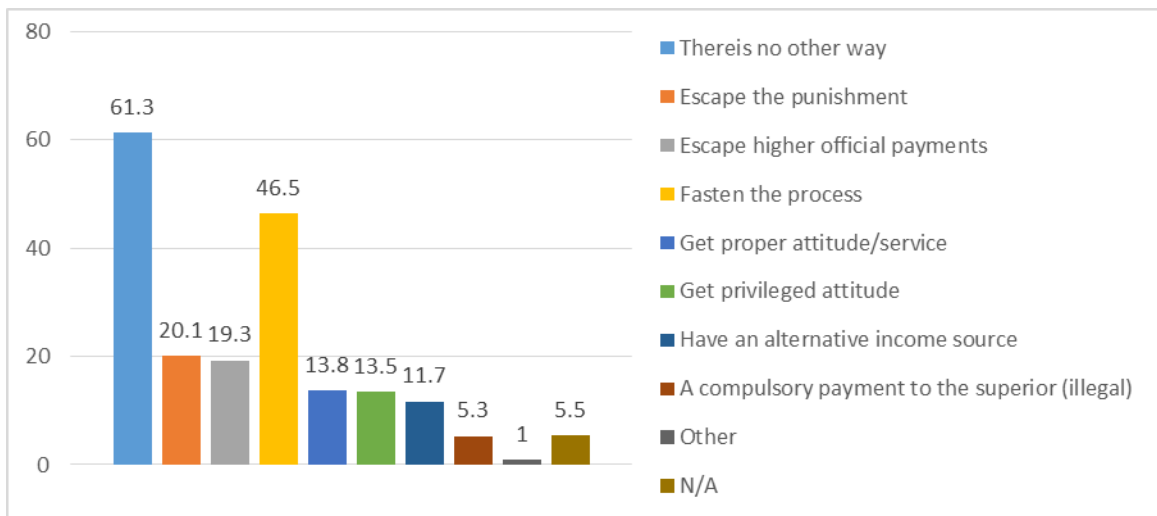
1. Pay the judge to get the wanted attitude/decision.
2. Pay the policeman not to take off your driving license.
3. The student or his/her parent gives a gift to the teacher on the examination day.
4. Abusing the state official position for self-interests.
5. Using the connections to free someone from the army duty.
6. When state official helps the relative to enter higher education institution.
7. To pay not official little amount of money to get the pension.
8. State official's mediation for hiring a relative in a government office.
9. Using the work car for personal needs by the state official.
10. To reap flower or fruit from neighbour's garden without asking for permission.

We can see that people mainly find as a corruption cases 1 and 2. The second group may include cases 3, 4, 5 and 6, the third groups may include cases 7, 8 and 9. This chart also shows especially which actions are perceived as the most negative, and which are more or less tolerated in the society, thus the third groups of actions can be perceived as the most tolerated.

3.5. Corrupt behaviour and its causes

It is interesting to research into the causes of corrupt behaviour. There are some causes, which are agreed to be corruption causing, but have justification that there is no other way to solve the issue. This shows that people perceive corruption as one of the accepted ways to deal with the authorities. To understand this deeper, we can have a look into Chart 5.

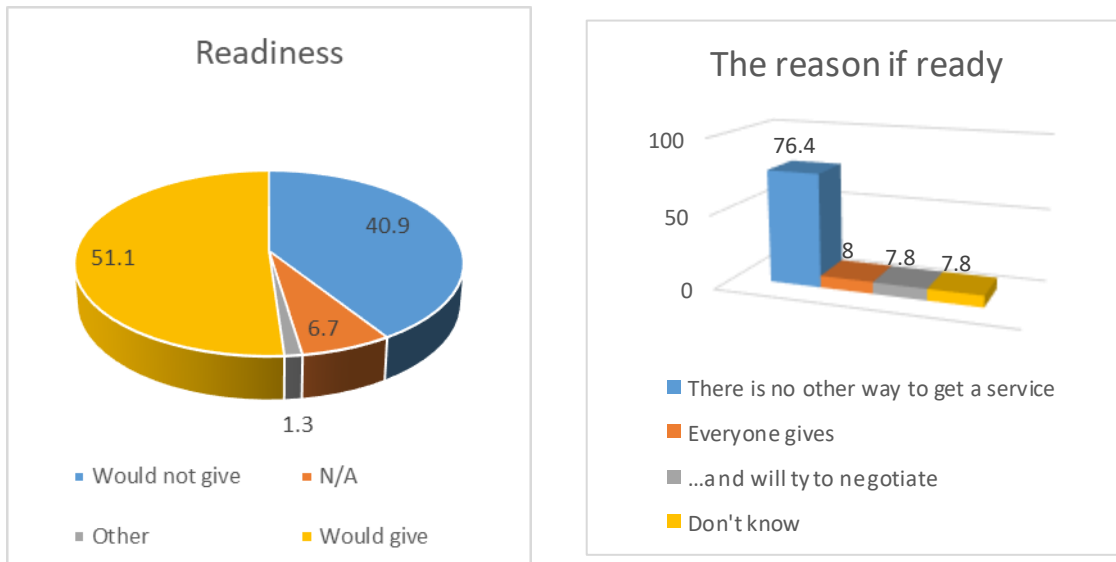
Chart 5. Which are the main reasons forcing people to corrupt behaviour?



Interesting results can be found in the analysis of the survey regarding bribery. To the analysis of causes of corruption and the factors of corrupt behaviour can be added also Chart 6, where we see that 76.4 per cent out of people who are ready to give bribe noted the reason that there was no other way to get a service. This is matching the main causes of corrupt behaviour and shows that

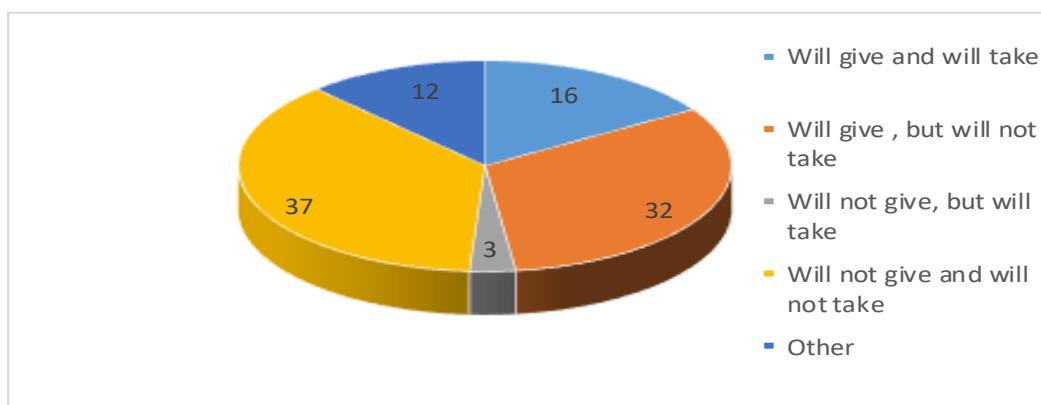
the main reasons of corrupt behaviour among the population are hidden in the forms of dealing with the authorities and in the tolerated behaviour models.

Chart 6. The degree of readiness to give a bribe and the reasons.



Provided chart shows though the number of people who would not give is not small, but 51.1 per cent of the interviewed were ready to give bribe, and this may have an influence on social life, formation and reproduction of corrupt behaviour. The situation changes when the question is regarding taking bribe. Here the 72 per cent of the interviewed answered that they themselves would not take bribe, and only 21 per cent agreed to take bribe. So to understand this difference between the answers of this two questions (see chart 7) it is interesting to observe the quantitative picture. Here 32 per cent are ready to give bribe but not to take, 16 per cent are ready to give and take bribe, and 37 per cent are those who would not give and would not take it either, and only 3 per cent are ready to take, but not to give bribe.

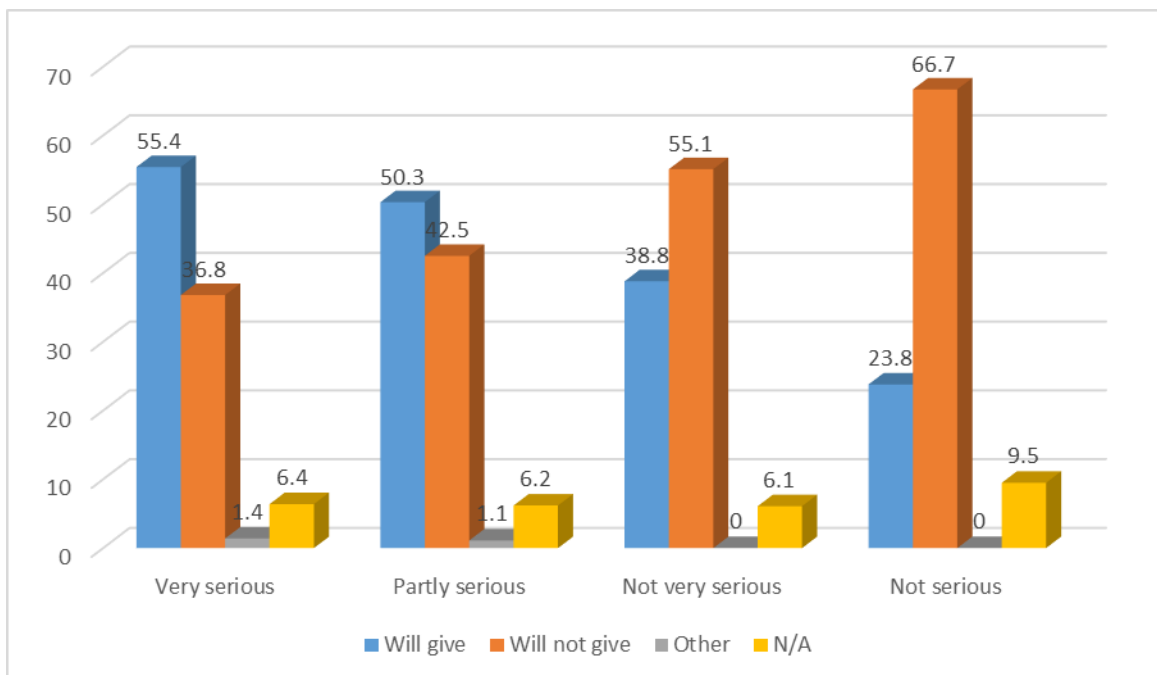
Chart 7. The combination of readiness of giving and taking bribe.



This numbers show that comparatively people are ready to give but not to take bribes. Though we see that 72 per cent of people refuse taking bribe, and 40.9 per cent refuse to give bribe, after combination only 37 per cent refuse any corrupt action, thus the separate answers do not show complete refusal of the corrupt action. It's also notable that the 16 per cent of the interviewed agreed to take and give bribes. Therefore around 51 per cent of the interviewed were ready to behave corrupt in this or that way. And this number also shows how spread is such a behaviour in the society.

It is interesting to also find out the relation between people who find corruption as a serious problem and the people tend to have corrupt behaviour (see chart 8).

Chart 8. The number of people agree corruption is serious issue among the people ready to give bribe



It is characteristic that people who assess corruption as a very serious problem and are ready to pay bribe are the 55.4 per cent of the interviewed.

This quantitative data describe a very interesting phenomenon in Armenia that is though people theoretically characterize corruption as a serious issue, practically they are ready to support corrupt situation to maintain and spread. The next logical conclusion is that though people realize the problem, they do not see their own role in the fight against it. Moreover, these results also let me conclude that a lot of people don't see a connection between their corrupt act and the deepening corruption in the country. It is interesting, that people by themselves support corrupt situation in the country but also have negative attitude to that and agree that others should fight against it.

3.6. The character of the causes of corrupt actions

When discussing the corruption behaviour, it is also very important to discuss the causes of such behaviour. According to the interviewed population, the most often corruption situations they have faced were:

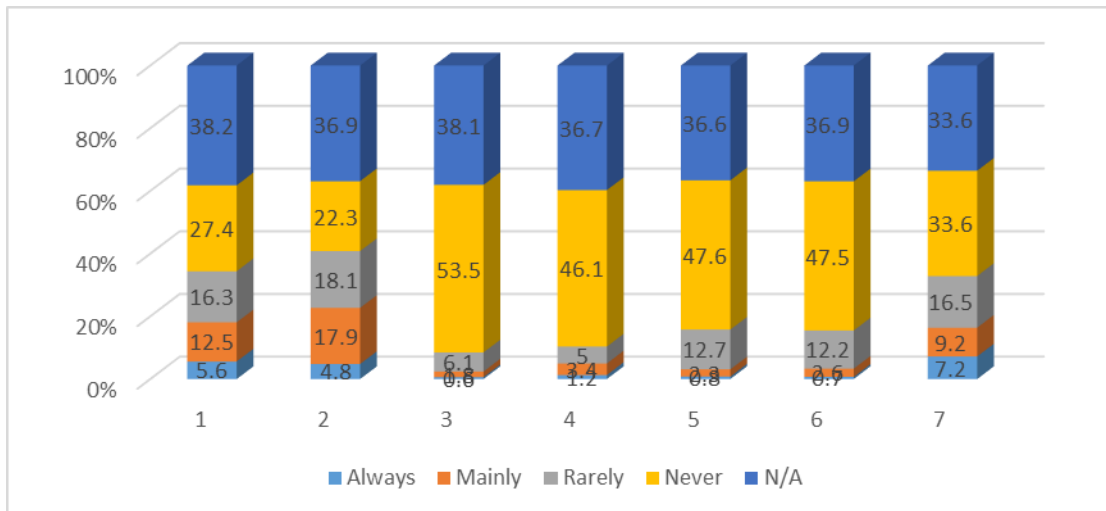
- a. Official's expectation of money, gift or other type of such attitude, which mainly/always happened to the 18.1 per cent of the interviewed
- b. Direct requirement of money, gift or attitude to the 22.7 per cent
- c. Using personal connections to get privileged attitude to the 16.4 per cent

It is notable that only 2-5 per cent of people voluntarily have given money, gift or attitude. And the main part of the interviewed has had rare experience in corruption, though rare does not mean never. Any way the following chart shows that the causes of corruption are mainly the state officials, not people's voluntary activity.

In this sense, when dealing with authorities, if the citizen has any problem to solve in his/her advantage, they meet such a behaviour from the official, which shows that if they do not take any action to interest the official to solve the problem, they will never get positive solution. Thus the only way to overcome the obstacle will be a corrupt act. *In this sense it is obvious which party's*

interests are privileged. If the state official's interest is not met, the citizen's issue will not be solved properly.

Chart 9. How often have you faces these situations when dealing with state officials?



1. The officials directly require money, gift or other good attitude
2. The officials require not directly, but imply about gifts, money or other good attitude
3. You are required to do a favour to official's relatives
4. You give money to the state official by yourself
5. You give a gift to the state official by yourself
6. You do a favour to the state official by yourself
7. You use your personal connections to get a privileged attitude

In fact, according to 34 per cent of the interviewed, the most often case is the case number 2 discussed above. 15 per cent think that it is a rare case, when someone gives bribe without any requirement of that. And a very interesting answer was that 36 per cent of people think that the most spread situation is that to get the question solved people act corrupt according to in *advance known ways and money amounts*. This may mean that some typical corrupt situations are so popular and spread, that people just know what actions to take in which situations. *In this kind of cases there is no need even to require something from the citizen, as they already know process, there are unwritten rules and norms fur such actions, and everything is getting solved through the*

payment standards and popular ways. I would even say that this means an institutionalization of corruption in the society.

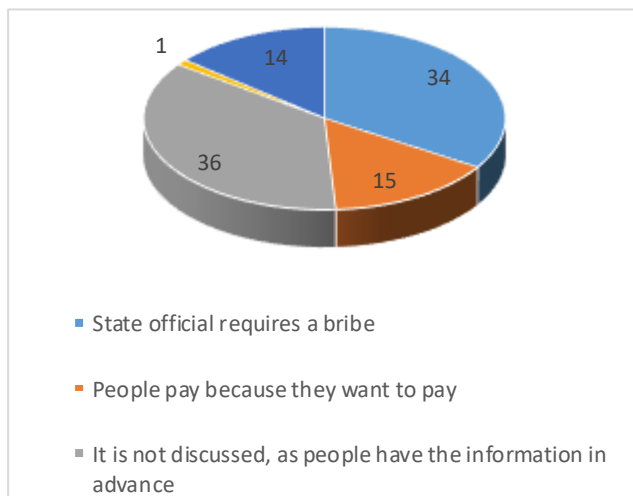


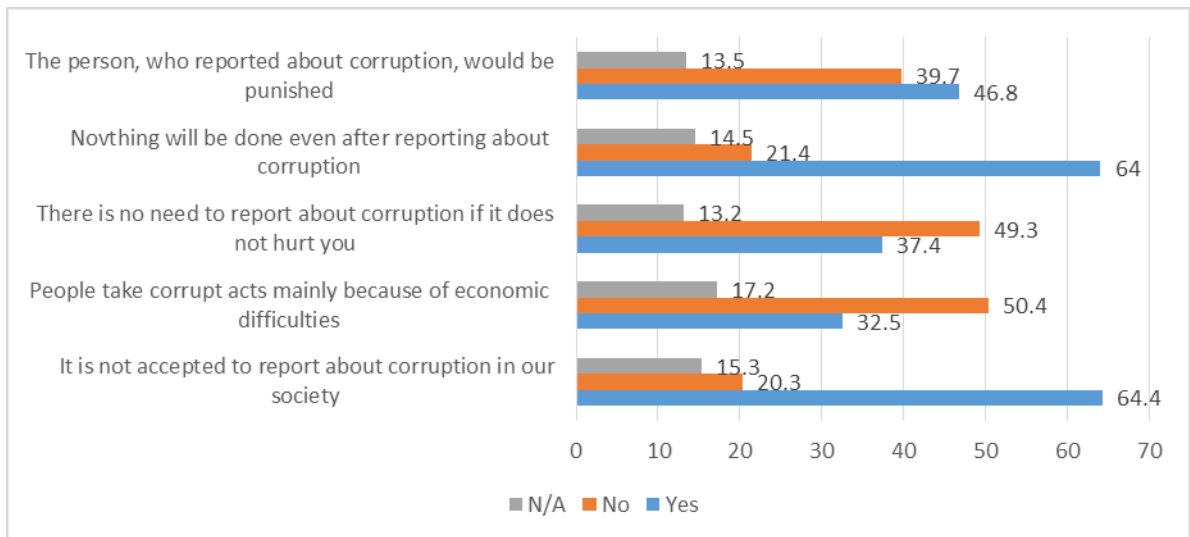
Chart 10. According to you which are the most often cases to give bribe to a state official.

It will be also interesting to discuss the attitude to the announcement about the corruption and to the people with anti-corruption behaviour in the society. The results are depicted in chart 11. According the interviewed population in Armenian society there are some obstacles for anti-corruption behaviour. One of the main obstacle is that it is simply not advised to inform about corruption. The 37.4 per cent found that there was no need to inform about corruption if it would not negatively affect themselves. The 46.8 per cent think that anti-corruption behaviour is restrained, because the person who informed about corruption, will be punished. This is important in sense that in fact the people supporting corruption are not only ready to just pressure with public opinion, but also practice physical pressure and create an atmosphere of fear²⁰. According to the chart it can also be assumed that a group of answers is not giving the reason of corruption behaviour, but justify it. Particularly around 64 per cent of the interviewed noted that even if a state office was informed about corruption, they would not take any action, and this shows that people don't have a trust in the bodies called to fight corruption. On the other hand this may be interpreted as a justification of their own behaviour, simply like those 32.5 per cent who thinks that corrupt act is taken because of economic reasons. These all show

²⁰ A. Tadevosyan, "Corruption perceptions in Armenia", 2009, p. 35

that the society is inclined to and tolerates corruption based on existing stereotypes and customary norms.

Chart 11. Which are the reasons of not reporting about corruption to appropriate bodies.



According to the answers to the question "Have you informed about a corruption case during last 12 months?" 96 per cent answered no, 1 per cent answered yes, and 3 per cent N/A. This may also be connected to the questions regarding the trust in Government's honest wish and will to fight corruption, to which 12 per cent agreed that they trust, 41 per cent partly agreed, from which it may be assumed that though Government take some steps, but they are not enough to gain population's trust. And the 39 per cent partly or fully disagreed to trust the Government.

Provided data show that the trust in Government is not high, however if the taken steps have positive outcomes, it would be positively assessed. This may mean that people will engage in anti-corruption fight if they have trust in Government wish, will and actions.

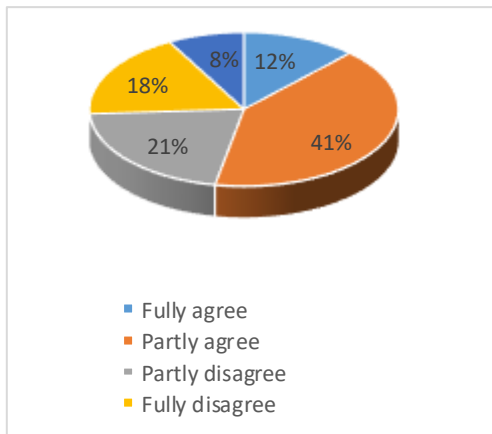


Chart 12. Select the level of agreement that the government of RA has the wish and will to fight corruption.

3.7. Culture, social capital and corruption

Social capital is defined by the OECD as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups”. In this definition, we can think of networks as real-world links between groups or individuals. Think of networks of friends, family networks, networks of former colleagues, and so on. Our shared norms, values and understandings are less concrete than our social networks. Sociologists sometimes speak of norms as society’s unspoken and largely unquestioned rules. Norms and understandings may not become apparent until they’re broken. If adults attack a child, for example, they breach the norms that protect children from harm. Values may be more open to question; indeed societies often debate whether their values are changing. And yet values – such as respect for people’s safety and security – are an essential linchpin in every social group. Put together, these networks and understandings engender trust and so enable people to work together.

When studying the results of the survey regarding corruption, it was interesting to find out that, though 63 per cent of the interviewed recognized the corruption as a serious issue in Armenia, the level of participation in anti-corruption activities was very low. For instance the agreement to participate in one anti-corruption action in different cases was 2-3 per cent. The previous participation

history in such activities during last 12 months was even lower. Only 1 per cent of the interviewed informed about corrupt official to the appropriate bodies. The reasons of such low level of real anti-corruption activity are different. It is characteristic that the interviewed noted the reason of such behaviour that the society does not accept people reporting about corruption. This is very interesting answer, as the qualitative analysis have shown that the society's closed value systems are intolerant about those people who try to get out of this closed systems.²¹ And corruption has become a tool in the hand of these closed groups.

The development of corruption in societies based on traditions and stereotypes is promoted, as such societies are characterized with as closed systems of social capital, which as we can see on Armenian example is a very comfortable environment for corruption. From the first sight it is strange that on one hand the most part of the population agreed that corruption is a negative phenomenon, and on the other hand they are not eager to engage in the fight against it, because they will get a negative attitude towards themselves.

Ethnographic observations show that Armenian ethno-cultural environment is characterized with strong and traditional relative, neighbourhood and district connections, which are mainly patriarchal.²² In such closed systems it is shameful mistake to apply the law, which is against the traditional ways of problem solution. Based on the results of the survey and judging from the discussed above reasons of not engaging in anti-corruption fight I can conclude that this kind of behaviour models exist also in corrupt relations, and though a person can judge corruption phenomenon itself, they stay away from preventing separate corrupt situations under the pressure of social norms and stereotypes. The results of the CRRCA survey have shown on what this stereotypical models of non-written norms have the most influence:

- Discrepancies between anti-corruption point of view and real behaviour
- Formation of social atmosphere of fight against corruption

²¹ A. Tadevosyan, The influence of value orientations in Armenia on the process of formation of social capital. Yerevan, 2014, Pp 43-45.

²² A. Tadevosyan, The influence of value orientations in Armenia on the process of formation of social capital. Yerevan, 2014,. P 62

- Formation of social movements against corruption.

There is another spread opinion that people reporting about corruption will not only get repressed morally and psychologically but also may become victims of physical revenge. This means that according to the social opinion corrupt groups have both levers of repression in ethno-cultural ways and in ways of physical violence. The ethno-cultural factor itself is a kind of regulation for social corrupt behaviour as a lot of people suppress their anti-corruption position.

I can conclude that corruption tend to have a spread character in those societies, where the social capital mostly has closed feature. Meanwhile the norms and traditions conditioning corrupt behaviour are able to not only make corruption tolerable in the society, but also adopt it to the social-cultural environment, make one of its components and turn it into an ethno-cultural component of the society. If corruption turns into a tradition, the in such a society it would not be possible to fight against it without any serious conceptual transformation in the society, as it would already be a component of the lifestyle in the huge ethno-cultural system.

Another difficulty may be created by the political elite who is not interested in the elimination of corruption. They can recognize a person with anti-corruption behaviour as a social individual who go against the national and cultural factors and isolate them form the society.

The survey done by the CRRC shows, that such a development of corruption is not so impossible in Armenia, thought there are some encouraging data, such as a lot of people noted they would not take part in active anti-corruption processes, as the society has an underlined negative attitude to people with such behaviour, but they might participate in future. This shows that in case of using correct and effective social technologies, it may be possible to activate these people and the society by itself may turn into the main actor in anti-corruption fight. And if I also take into account the high number of people characterizing corruption as a serious problem, this idea becomes more realistic.

CHAPTER 4. CORRUPTION IN ARMENIA AND HUMAN DEVELOPMENT

Corruption is a global phenomenon, however, the impact is felt more in poor and underdeveloped countries. It is becoming the major obstacle to development and growth. Corruption exacerbates poverty and inequality, undermines human development and stability, encourages and sustains conflict, violates human rights, and erodes the democratic functioning of countries (United Nations Development Programme, 2012: 3).

4.5 The main qualitative features of corruption in Armenia

Judging by the analysis of the discussed above data I can conclude that corruption in Armenia is considered to be a rooted and normal natural phenomenon, which is characteristic to all sphere of state governance, especially law enforcement bodies, prosecutor's office, healthcare and education systems. In state governance system it is spread in both ways, horizontally and vertically according to hierarchic structure in all the levels starting from the lowest to the highest.²³

Being fully aware of the time consuming negotiations with public officials, inefficient regulations also create incentives for private persons to pay bribes ("speed money") in order to accelerate the bureaucratic process. Transnational comparisons show that an inordinate amount of time is taken away from doing business when dealing with authorities, causing welfare diminishing effects. These harmful effects, in turn, can be diminished by paying bribes (Tanzi, 1998, p. 567).

Bureaucratic quality strongly varies across countries. Poorly designed policies may intensely contribute to the rise of incentives to accept bribes. Being two sides of the same coin, detecting and eliminating bad regulations is crucial to successfully tackling corruption. Highlighting factors determining the ideal bureaucracy, it is believed that tradition and social norm compliance affect the efficiency of public offices through influencing a person's pride related to working for the government. In contrast, empirical analyses show that if merit

²³ Caucasus Research Resource Centre Armenia (CRRCA) 2016 survey regarding the public opinion about corruption among the population, p.10, picture 9

based compensation is not in place, the non-performance based decision making regarding personnel (patronage, nepotism, absence of clear rules, politically motivated hiring), negatively contributes to the quality of bureaucracy and consequently strongly correlate with the extent of corruption (Tanzi, 1998, p. 571).

According to the research on public opinion the dominating approach was that the sources of corruption are themselves the state bodies, which activities create such a situation where if a person needs to deal with this or that state office, they meet obstacles, which may be overcome through the way of corruption. It is not occasional to observe that 51 per cent of the interviewed people were ready to give bribe, but only 21 per cent were ready to also take bribe.²⁴ The reason for this is brought that without bribe the solution of their problem would meet deadlock. There is also a high level of mistrust in bodies created and called to fight against corruption, such as law enforcement bodies and others, because according to the survey results those were recognized as one of the most corrupt systems, therefore it is reasonable to accept that the issue escalated to them would not get solved and would be prolonged in timing and increase in price.²⁵ Thus a lot of people prefer to get the problem solved straight away through engaging in corrupt relations with state official ("problem solver"), or through a mediator, which are considered as the most effective ways from not only financial side and effective solution perspective, but also from the perspective of creation of social capital. Under social capital is meant mainly the acquaintance established between the state official and the person.²⁶ Sometimes this process ends with a "bread sharing" tradition, and this establishment of personal connections is essential for further possible cases, when the person will already be able to ask for help directly from the same official. It is characteristic that this kind of officials become "good people" as they do "favour". And those people who try to get their problems solved in the borders of law and escape giving bribes in the society are called by "not pragmatic", "fool" and by other names.

²⁴ Ibid, page 16, picture 15

²⁵ A. Tadevosyan, *"Corruption perceptions in Armenia"*, 2009, p. 48

²⁶ A. Ishkhanyan, *"Civic Society and Development in Armenia"*, 2013, p 68

Discussing the problem of the formation of anti-corruption behaviour and the participation of such actions I should note that the level of these actions is low. The 51 per cent of the interviewed think that they cannot change anything to reduce the corruption. This affirms the assumptions noted above, that though most of the people think that theoretically corruption should be reduced, practically they are not ready to engage in that process, and moreover with their behaviour support the status quo. The people who answered that they would fight against the corruption, basically meant the passive actions, which were not giving bribes for public services (35 per cent) and refusing to do favour to officials' relatives (15 per cent). This is a kind of Armenian behaviour model "not to hurt anyone", which does not mean they will definitely give up noted actions, instead they will go back to them if there is a need.

This kind of qualitative observations and also the discussed above data show that corruption is considered as one of the characteristics of the authorities, and if a person do not take this into account when dealing with them, is not accepted as realistic and adequate.²⁷ Therefore the research results show that corruption in Armenia is such a phenomenon that is spread in government system, and also is seen as a natural, normal and important characteristic of a contemporary reality. By saying natural it is meant that corruption is spread in not only state offices but also is institutionalized in the society. There are social groups who take corrupt actions not because they want their issue to be solved, but because it is an adopted behaviour and if they do not do that, they would be considered as not a suitable member of the society, which may affect themselves or their family or their relations with the society. Therefore the main characteristic feature of corruption in Armenia is that it is an ingredient of current governing system through which the system maintains its activity and the function to utilize and reproduce the power.

According to the assumption done, going back to the questions raised in the introduction related to the nature of the corruption in Armenia, I would say, that we see that corruption is not an exceptional type of phenomenon in Armenia, it carries a character of the rule. People have already defined types of behaviour,

²⁷ M. Iskandaryan, "*Corruption in RA: Cultural perspective of the phenomenon*", 2010, p. 27

which were claimed in the survey results, they know how to act in which situations, to who to refer with different questions, even how much to pay as a bribe for different types of issues, so there are already some defined not official rules of the game that are supposed to be followed. Though corruption is defined a game where both sides are guilty and both sides have interests, the official's interests are privileged, which results also asymmetry of the power.

4.2 Formation of power and corruption

The discussed data speak about the fact that the electoral processes and systems were recognized as one of the most corrupt areas in the state governance. Taking into account that Armenian state governance and local self-governance bodies are formed through free and fair elections according to the Constitution, and judging from the above stated, we can assume that corruption exists in already electoral process of power formation. Unfortunately, there are no exact data about the percentage of bribed electors in elections, or what types of corruption are practiced in political parties, in state bodies organizing and controlling elections, but around 66 per cent of the interviewed people agreed that electoral processes and systems were among the most corrupt systems, and only 18 per cent hesitated to agree.²⁸ Famous Armenian sociologist H. Kharatyan in her article "Who gains from electoral bribes?" (2017) claims that the presence of corruption in the process of power formation is one of the main factors for conditioning the high level corruption. Taking into account that there is a high level corruption in governing bodies, it is also reasonable to assume that this is not so in favour to the people who want to pay bribe to solve their issues, but to those officials who seek to get a position to take corruption levers into their hands and use them for their personal property and status interests. Moreover, it can be concluded that because of their corrupt nature the electoral processes have become a fight arena between different influential groups and oligarchic unions for the control of those corruption levers.²⁹

²⁸ CRRCA 2016 survey regarding the public opinion about corruption among the population, page 13, picture 10

²⁹ A. Tadevosyan, "*Corruption perceptions in Armenia*", 2009, p. 38

The analysis of the data regarding public opinion also let me conclude that the power formed through corrupt elections cannot be corruption free. According to the dominating public opinion that corruption is characteristic and natural feature for our reality and it is inseparable from it, in fact characterizes not only society-state relations, but also the relations between different social groups. Moreover, it has become one of the most important factors of social stratification structure by becoming a base for individual status and forming property. In this sense I can divide the society in three main groups:³⁰

1. Who have power, therefore also corruption levers
2. Who have personal connections and stand next to the first group
3. Who do not have any corruption levers

The description provided above is a hierarchic structure of our current society, where the first two groups use power as a corruption lever to form and reproduce their property, power and status. This lever ensures:

- a. Privileged accessibility to power
- b. Privileged status and accessibility of information creating opportunity for activity
- c. Privileged accessibility for using shadowy financial flows

According to this it can be also assumed that to change an individual status the only realistic way is to become a member of corruption groups who control power levers. Such groups can be political parties.

According to A. Tadevosyan the corruption in elections, particularly bribery and the use of administrative resources are realized by the first two groups, as it is one of the main tools of the control of corruption levers, maintenance and reproduction of their social and property status.

I can conclude that the *systemic character of corruption turns it into a mechanism conditioning the hierarchy of social life that is formed and reproduced by the groups controlling the power levers to maintain and reproduce their status and property.*

³⁰ Ibid, p. 39-40

4.3 Human development and opportunities

It becomes obvious that corruption has arisen to a massive trans-border threat while creating high obstacles to a sustainable and prospective development. In the same spirit, Daniel Kaufman of the Harvard Institute of International Development named corruption as the single greatest restraint to development (Kaufmann, 1999).

Corruption undermines human development. Corruption is also likely to undermine efforts at poverty reduction - by diverting goods and services targeted for the poor to well-off and well-connected household who can afford to bribe officials (United Nations Development Programme, 2008: 3).

Human development is about enlarging people's freedoms and opportunities and improving their well-being. Equality of opportunities, empowerment of people, and participation in political and economic decision making can ensure human development. The progress in human development is the outcome of higher income, better nutrition and health services, greater access to knowledge, more secure livelihoods, and better representation in cultural and political activities. Societies with low level of human development are likely to be poor and deprived from education and health care than societies with high level of human development. Hence, people (i.e. service providers) having low level of human development are much more worried about their basic human needs, and more likely to be corrupt for their secure basic services and livelihoods. On the other hand, people (i.e. service receivers) having low level of human development cannot enjoy a decent standard of living. They are deprived from education and health care, and do not have enough awareness and bargaining power to secure basic services. That is why they see corruption as legal and appropriate behaviour.

Anyway, either we analyse from service provider's perspective or service receiver's perspective, people having low level of human development are more corrupt than people having high level of human development. Better human development conditions- wider-spread education, an informed citizenry with voice to influence decision makers in government and business- can help combat corruption (United Nations Development Programme, 2008: 3).

2015 marks 25 years since the first Human Development Report introduced a new approach for advancing human wellbeing. Human development – or the human development approach - is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. An approach is focused on people and their opportunities and choices.

Human development is, fundamentally, about more choice. It is about providing people with opportunities, not insisting that they make use of them. No one can guarantee human happiness, and the choices people make are their own concern. The process of development – human development - should at least create an environment for people, individually and collectively, to develop to their full potential and to have a reasonable chance of leading productive and creative lives that they value (Human Development Report (2015)).

Corruption has entirely negative effects, because “corruption infringes the fundamental human rights to fair treatment, unbiased decision-making, and secure civil and political status. Through corruption the public services on which the poor depend are starved of funds, foreign investors are driven away, and environmental protection measures are flouted.” (Evans, 1999, p. 3). As a result, the market’s misallocation of resources is likely to distort economic efficiency and reduce prospective growth, where “corruption not only contributes to weak economies, inequality, environmental damage, illegitimate leaders, and organized crime, it also increases social polarization and, in extreme cases, can trigger social and political upheaval.” (Stapenhurst, et al., 2006, p. 15).

According to the idea stated above, that corruption affects and changes the social structure and causes the emergence of two large divisions in the society, which are beneficiaries and non-beneficiaries. The beneficiaries are mainly the corrupt elite who have the power levers in their hands and are able to use them for their and their relatives’, friends’ interests. The rest of the population is under the pressure of these beneficiaries and are mainly lacking the opportunities to use any of the resources existing in the country. As a result the polarization of the opportunities takes place illegally by the corrupt elites through enlarging their own freedoms and opportunities and restricting or even blocking the freedoms and opportunities of the rest of the society. The situation is getting more serious when there is as low level of the demands of free speech and

realization among the second groups of the population, where only few people have these demands. According to the qualitative research regarding the freedom of expression, the demand of being secured and protected is much higher than the demand of free expression and realization.³¹ A domination of such ethno-cultural values may lead the country to rational Authoritarianism and sponsorship. And the letter itself, leads people to actions ensuring their wealth and security, and not to any fighting activity trying to overcome the obstacles on the way of their freedoms and opportunities.

It can be assumed that in Armenia one of the main reasons of corruption is the opinion that the main guaranty of wealth and security is setting the status of “person of power” and having good relations with other people having power. The issue is that the technology of promotion to corrupt activities by corrupt officials is based on the ethno-cultural stereotyped behaviour model of social security. According to qualitative research³² the creation of difficulties in the state-citizen relationships causes feeling of insecurity. An individual realizes that in order to get his/her issue solved he/she should have a sponsor, and this can be the same official or another official from other departments, in case if they get a “proper attitude”. This considers a corrupt action, and after this action is take, the official will turn into the needed sponsor for problem solution, and in the end according to public opinion also a “good person”.

So, I can assume that in Armenia the feeling of freedom is underestimated from the feeling of security, and thus, people in place of expressing intolerance according to the officials pushing to such corrupt behaviour, are more eager to accept their rules of game and engage in corrupt relations.

Because of the readiness of cooperation between corrupt state system and the population there is such a situation in Armenia where the opportunities for self-realization are created by closed society values, rather than open society values. This situation is conditioned also with other ethno-cultural realities, such as conservativeness and “closed” character of society and social capital. Thus

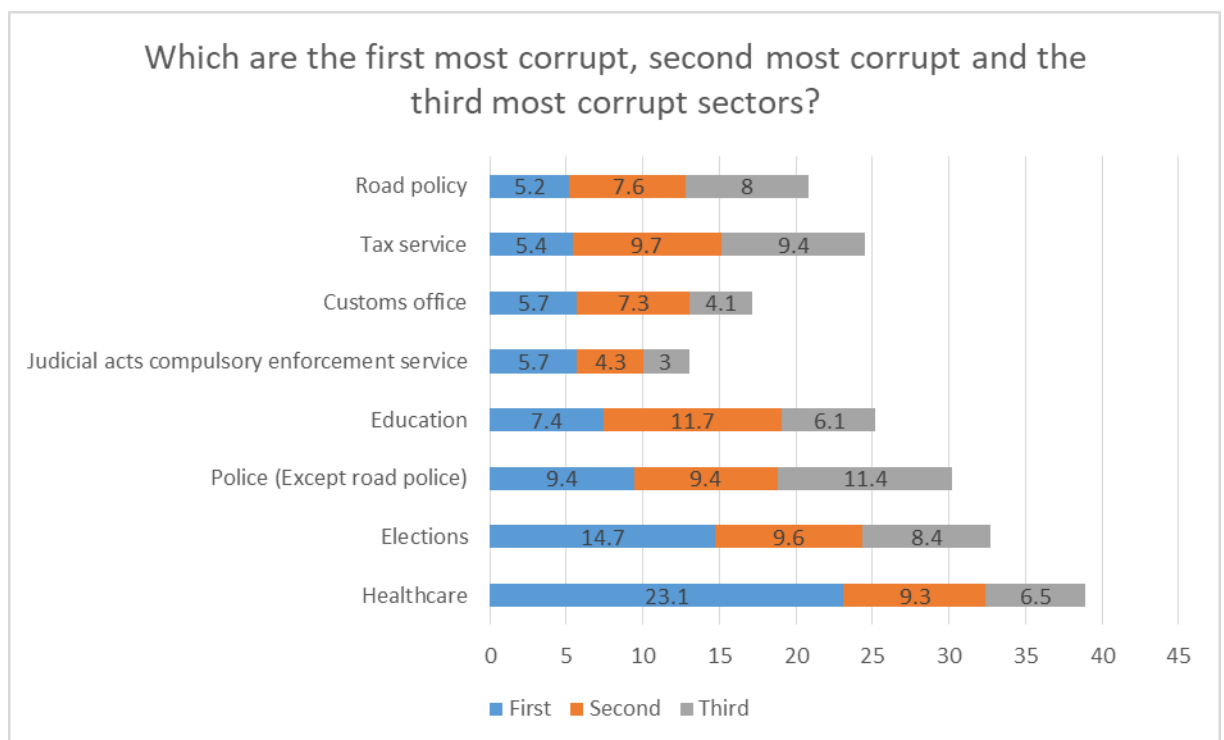
³¹ The RA society’s perceptions regarding the freedom of expression: Sociological study, Eurasian cooperation, Yerevan, 2016.

³² The RA society’s perceptions regarding the freedom of expression: Sociological study, Eurasian cooperation, Yerevan, 2016.

people with or without educational or professional qualifications are motivated in reproduction of social and cultural values for those closed groups.

If we discuss which are the most corrupt areas in Armenia, the responders of the survey done by CRRCA selected healthcare, elections, the police and the education. According to the chart these four sectors have been considered as the first most corrupt sectors. The second most corrupt sectors were education, tax service, elections and customs office. And the third were the police, tax service, elections and road police.

Chart 13. Which are the first most corrupt, second most corrupt and the third most corrupt sectors?



I should notice that the role of Armenian cultural context and the quality of cultural values is very big and supportive for the creation of corrupt basis. And the qualities of closed system have spread in all the domains starting from public administration and ending with health care, education, economic, cultural and social domains. As a result those people who care “open” qualities are in more unpleasant position. If they are not getting adopted to the system and do not accept its norms, they are isolated from the system in different levels up to

termination from their jobs, physical repressions, and in the end there is a high possibility of migration from the country to those, where the societies are open. Thereby, it can be considered that social capital in Armenia, which is characterized as closed, creates comfortable situation and basis for corruption as a mechanism for building and reproducing relations with authorities. At the same time the group of beneficiaries, who controls power levers, creates and inputs into the social capital such corrupt behaviour models, which ensure good attitude and solution of problems to other citizens. In other words, during years corrupt realities have turned into ethno-cultural closed norms and acquired opposite and refusing qualities of open people and cultural, social, political and economic systems. That is to say corruption have spread and developed among the governmental system and affected social norms by adopting them to the interests of people with beneficiary status. Because of this the corrupt behaviour has turned into a spread reality in the society and has become a part of ethno-cultural complexity.

4.4 Corruption and polarization of opportunities

Judging from the influence of corruption on the human behaviour and social hierarchy I can say that corruption has direct influence on inequality of opportunities and it deepens the polarized situation in the country. This influence can be characterized as dualistic. First, according to the survey results, there is a widespread opinion that corruption blocks all other ways to solve people's issues. That is to say corruption restricts people's opportunities and a lot of people cannot fully use the services they are eligible to receive, solve their problems, as the solutions are in the hands of state officials. These officials in fact control such levers, through which they are able to inhibit the solution of any question without even putting an effort for that. The citizen has to take corrupt action, which ways, as we saw above, are known in the society. We can also conclude that people are often forced to corrupt behaviour by the state officials through their steps, behaviour and attitude³³. A direct requirement of money, gift or favour is less often, but still a happening reality. 23 per cent of

³³ A. Tadevosyan, "*Corruption perceptions in Armenia*", 2009, p. 41

the interviewed noted that they were directly required to give bribe. This means almost every fourth person faced such a situation. If we also take into account those cases when the requirement of bribe or other corrupt behaviour is not direct, we will have the picture of the large scale of corruption, and we'll be able to conclude that it is a serious obstacle for people's opportunities and freedoms, and the only way to partly restore those opportunities is to take a corrupt action. Obviously these restrictions of opportunities happen to only those, who do not have the control of corruption levers and accessibility to power.

Corruption, besides restriction of opportunities, has also an ability to polarize those opportunities. If 61.3 per cent of the interviewed population noted as a reason of corrupt act that there was no other way to solve the issue, and the 46.5 per cent noted that it is the way to fasten the processes, then it can be assumed that there are people who have opportunities to fasten those processes, and the successful and fast solution of the problem depends on these people. So, those who have the lever of giving the opportunity to solve problems, they can also decide to who to give such opportunities, therefore they also have big opportunities, such opportunities are highly valued among the population. Having such opportunities also means controlling some power levers. In this sense under corruption we can also understand power, authority. Therefore corruption is not only a tool for accessibility to power and through restriction the accessibility of the power it restricts people's opportunities, but also it serves to the people, who awes this power, as a tool to illegally enlarge their own opportunities and abuse the power. In other words, on one hand corruption restricts the opportunities of the main population, and on the other hand it enlarges the borders of the opportunities of the people in power, causing polarization of opportunities (Human Rights Report, 2016).

The polarization of opportunities in the concept of human development is called inequality of opportunities and poverty of opportunities.³⁴ The discussed above data regarding the spread level of corruption showed that it has enormous sizes, thus we deal with an issue, which has very serious influence on the society. If I also take into account that for some social groups corruption

³⁴ S. Manoukyan, *"Equality and Justice in Armenia: The role of Corruption"*, Pp 68, 2012.

became the only way to get their problems solved, then I can conclude that corruption not only polarized the opportunities, but also put some social group in the poverty of opportunities. There are a lot of qualitative researches that prove the stated above fact.³⁵ It is characteristic that according to those analysis inequality or poverty of opportunities very often become a reason for emigration of the people, who lose their hopes of realization of their legal opportunities.³⁶ This means that the poverty of opportunities have become a serious obstacle for starting any activity or realization.

If we try to discuss the relations between corruption and social capital from the perspective of human development, then we will meet a more intense picture, as here the shape of definition of social capital is changing. Here under social capital we understand all those ways of human relationship regulations, norms and traditions, which promote investment and development of human capital in all spheres of activity and realization. Here this spheres aim to form and enlarge opportunities for human self-realization and development. In other words, in large sense social capital is the environment that promotes opportunities and freedoms for individuals, and in narrow sense it is any company, organization or structure that promote human creative self-realization and creation of a useful social value. Exactly in this context corruption can be understood and interpreted in the meaning of an obstacle or restriction to development, and here the social cultural appearances and norms that create corrupt environment of social inter-relations lose their value as social capital. Thus, it can also be concluded that even if there are companies, organizations or structures in the society called to enhance working, influential and prestigious environment, but in reality they do not promote human power disclosure and realization, cannot be considered as social capital from the perspective of human development.

Corruption has become a serious obstacle for the social, economic, political, cultural and social development of country's main strategic recourse, for the people. This means that if keeping this path the country's characteristic will be a so-called dependent capitalism and it will not be able to develop by itself. This

³⁵ Stories about poverty, Book 2, Yerevan 2007.

³⁶ Analysis of returning migrants, 2002-2008, Yerevan 2008, page 62.
Emigration from Armenia, Yerevan 2003, page 26-36.

will cause a state governance system, in which all the mechanisms and levers are fully corrupt, and the goal of this system will be the restriction of all opportunities and accessibility to the existing resources in the country in favour to the small political elite.³⁷

To conclude, it can be said that corruption has become a constraining factor for human development, for enlargement of human opportunities and freedoms and for equality and participation in government in Armenia. As a consequence of corruption its closed qualities restrain the opportunities of accumulation of high quality human capital through blocking the opportunities of human capital investment into the social, economic, cultural and political spheres and creation of innovative values.

In fact, it can be assumed that corruption, which is spread in all levels and parts of governmental system and can be characterized with qualities of constraining and polarizing opportunities, at the same time it affected the ethno-cultural norms functioning as regulations for social interrelations. As a consequence qualities of closed social capital and behaviour models promoting and motivating to corrupt actions have spread among the population. Because of these all the processes of accumulating open and innovative human resources and the opportunities of social transformation from closed to open type have been blocked, causing constraints for human opportunities and freedoms.

³⁷ S. Manoukyan, *"Equality and Justice in Armenia: The role of Corruption"*, 2012.

CONCLUSION

Summarising the analysis provided above I can come to several main conclusions which characterize the nature of corruption in Armenia, social perceptions about it and its influence on human development.

According to that corruption is estimated as a serious issue, which suspends development in the country and even threatens to block the possibility of independent development. Corruption is characteristic to all governmental levels and bodies in both vertical and horizontal perspectives.

Corruption has systemic character and acts like a mechanism organizing and regulating state power - population relations, where the powers assumes corruption levers, and the fight for power itself assumes a fight for those levers.

Corruption also has a feature to condition social stratification structure, as it causes polarization, inequality and even poverty of human opportunities. Therefore the opportunities of the most part of population are being illegally restrained, and the opportunities of the smaller part are being, again illegally, enlarged. At the expense of the latter there is an increase of the property and social status of people controlling corruption levers and also their influence on the other social groups.

In this sense corruption has become a serious obstacle for progress and social mobility through realization of human resources, as it does not let to promote such intense processes of social capital accumulation, which would ensure sustainable and progressive development process. In other words corruption has become a reality blocking human development and is becoming dangerous also for state independent development and sovereignty.

The behaviour models spread in the society are mainly based on customary norms and stereotypes, and lead to reproduction of closed social capital, which by itself creates a comfortable social an ethno-cultural environment for corruption.

Social opinion regarding civic structures as effective and influential powers fighting against corruption is very low, worth to say not without serious basis. Those structures do not have authority and popularity, as in essence are not mainly able to solve people's practical questions.

Though people mostly find corruption as a serious issue, which needs to be defeated, they by themselves are not ready to take anti-corruption acts, moreover if needed, they tend to practice corrupt behaviour. Despite this, it should be positively noted that a lot of people theoretically will be ready to take such steps in future.

This means that if enough technological and financial investments are done in civic sector, it will not be impossible to affirm anti-corruption behaviour models. In this perspective there should be done studies and researches to find those spheres, where people's interests are expressed more massively and directly, and here the anti-corruption fight will be more possible.

The results of the analysis show that the main causes of corrupt behaviour and corruption acts emerge in governing system, which works with the mechanism of constraining people's opportunities and then softening those constraints through forcing people to corrupt actions. In other words the system is the dominating actor of forming and reproducing corruption, and because of this feature it is not able to realize effective anti-corruption activities.

Therefore, the government cannot be considered as a reliable actor in the fight against corruption, and it will be more prospective to search for effective actors for this process in the social sector. There should be a search and promotion of those programs, which form and promote social open qualities and capital, which will be able to form and activate such structures which will create attitude of intolerance towards corruption in the society.

It is extremely essential to transfer the programs of satisfying people's demand of security to civic sector. Particularly, here I want to raise the idea that a person should not find it more effective to engage in corruption with an official pressuring him/her, but they should know that they can find sponsors who will help them in resolution of their issues in civic structures.

It is important to realize such activities and programs, which will create realistic alternatives and opportunities to solve their issues and will gradually change their stereotyped and corrupt way of thinking.

The conceptual approach to anti-corruption fight is a key to get the issue solved in Armenia. I speak about the approach, which will take into account the fight for human freedoms and opportunities, the fight against obstacles on their way,

which will result open and innovative society with open individuals and organizations who will have large opportunities for self-realization.

Under conditions of systemic corruption, corrupt exchanges are embedded in complex networks and are guided by specific rules and norms that are more powerful than the formal and relatively new institutions of democracy and a market economy. Therefore, the crucial task is to transform systemic corruption into less institutionalized forms of corrupt exchanges. Without breaking apart corrupt networks, conventional strategies are unlikely to be effective.

Dismantling systemic corruption essentially means: a) targeting the informal networks that exist between citizens and state officials; b) undermining those networks that connect lower officials with their superiors; and c) increasing horizontal accountability – that is, cutting the informal links between the various state agencies.

Citizens' ability to engage in countervailing actions depends on a variety of "political, economic, legal and cultural institutions that determine the relative power of the two contestants (losers and winners of corruption)."³⁸ A primary task is to educate citizens about the losses that are inflicted upon them due to widespread corruption. Without this knowledge, citizens are less willing to participate in anti-corruption campaigns. In this regard, the media plays a very important role in spreading information about the costs of corruption. As a second step, general education and information campaigns help citizens to better understand their rights and liberties, and learn more about the means through which these rights and liberties can be defended. Free media and strong NGOs support citizens in their attempt to punish corrupt officials. In general, the creation of a strong civil society can alter the social power of the contestants in favour of the citizenry.³⁹

³⁸ Alam, M.S. "Anatomy of Corruption: An Approach to the Political Economy of Underdevelopment." *American Journal of Economics and Sociology* 48 (1989): P 420.

³⁹ Alam, M.S. "Anatomy of Corruption: An Approach to the Political Economy of Underdevelopment." *American Journal of Economics and Sociology* 48 (1989): P 426f.

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