

## *Conference on corruption at the Academy of Sciences*

The tangly issues of corruption – which is the enemy of public life both domestically and globally – were studied by a team of expert speakers at a conference organised by the Industry Economics Committee of the Hungarian Academy of Sciences on 22 March 2006. The speakers included outstanding figures such as deputy speaker of the National Assembly *Ibolya Dávid*, president of the National Judicial Council and the chairman of the Supreme Court *Zoltán Lomniczi*, minister of justice *József Petrétei* and president of the Hungarian State Audit Office *Árpád Kovács*.

The speakers first of all spoke about the significance and importance of the fight against corruption. *Ibolya Dávid* pointed out that social justice disappears due to this public bad, the people lose their sense of justice, the trust between the people diminishes, fair competition is given no chance. *József Petrétei* emphasised that this dangerous phenomenon undermines the institutions of democracy, jeopardises sustainable development and our core ethical values.

The speakers also dedicated considerable attention to the causes of corruption. *Zoltán Lomniczi* outlined a strange historical background, citing, for instance, *Aristotle*, according to whom man is weak and prone to corruption. Apart from man's nature and emotions *Árpád Kovács* attributed corruption mostly to the low level of development and income (which can be

well supported with the statistical correlation between the level of development and corruption), the deficiencies of democratic social functions and the approval of corruption related phenomena by the society and people's scale of values. According to *Ádám Angyal*, Professor at Corvinus University, the underlying cause is basically the greed for money or power. The consumer society, and more broadly, the spirit of the market economy suggest that you can get everything for money or by palling up. Therefore it is hardly surprising that influence is a commodity in the eyes of many. All this is strengthened by overregulation, the unilateral overvaluation of rule abidance, the laxity of control and the administration of justice, the intertwining of the political and public fund managing powers, as well as red tape. In relation to the role of the general social conditions, *Ibolya Dávid* pointed out: the trust in the free market was so immaculate at the time of the change of the regime that any limitation thereof seemed unacceptable for us. Naturally, this also contributes to the fact that the Central and Eastern European countries are much more infected by corruption than the Northern European states.

As far as Hungary's affectedness is concerned, according to the corruption perception index (CPI) of Transparency International, Hungary is ranked among the least affected countries (one third of all countries); for exam-

ple, in 2005, it was ranked 40th among the 159 countries. In relation to the index, *Miklós Marschall*, director for Europe of Transparency International, an international civil organisation established in 1993, remarked that the index is not a hard, but a so called soft index, since it expresses the opinions of the experts of the member organisations operating in different countries. He agreed with Árpád Kovács's opinion, according to which despite the afore-said, the index is becoming more and more objective, and therefore it plays an orienting role in judging the relative status of the different countries in terms of corruption.

Although the level of corruption in Hungary is acceptable by international standards, each speaker paid utmost attention to the practical tasks and urgent measures related to the fight against corruption. Zoltán Lomniczi urged that the moral aptitude should also be a yardstick for the selection of leaders; officials should climb the ladder of rank exclusively on the basis of merits; the adequate remuneration of employees should reduce the inclination to corruption; the screenability and continuous monitoring of the institutions should be implemented. Furthermore, he found it important to draw up a code of ethics for judges, to reduce the length of court procedures, to make it possible to provide proper remuneration to the hired independent experts, and to eliminate the anomalous situation, in which the freedom of speech is generally accepted, yet in the case of court rulings the courts are required to ensure secrecy.

József Petrétai explained that the scope of power related to the fight against corruption and the management of the Advisory Body for Corruption-Free Public Life was transferred from the Prime Minister's Office to the Ministry of Justice in November 2004. The organisation updated the draft action plan and concluded that the implementation of long awaited comprehensive measures became a real

opportunity to be used in the near future. He also pointed out that this phenomenon could be successfully combated only through close international cooperation and the exchange of experiences.

According to Ibolya Dávid, it would be necessary to make it possible to approve parliamentary anti-corruption programs spanning several election terms. In order to eliminate the infringement of the competition law by corruption, the controlling role of the Hungarian Competition Authority and the State Audit Office needs be strengthened, and the public procurement act needs to be amended and considerably tightened.

Árpád Kovács pointed out that the State Audit Office evaluates the transparency of operation and the accountability of economic management, indicates the possible risks of corruption, and – using the new authorisation granted by Act XXIV of 2003, the so called “glass pocket act” – it tracks budgetary payments right to the endusers. In case the Office reveals cases of corruption, or criminal acts that are often connected to corruption (misappropriation of funds, infringement of the accounting discipline) – in justified cases – initiates criminal sanctions or disciplinary actions.

*János Nagy*, the Commissioner of the Hungarian Customs and Finance Guard presented the tasks based on the anti-corruption experiences of an organisation, which is not only a controlling organisation, but also one where corruption exists at institutional level, since due to the work conditions, control is complicated and holding someone accountable is cumbersome. He suggested that in this fragmented, but important field the most important anti-corruption tasks include the enforcement of compliance with the code of ethics, the reinforcement of managerial reliability; the improvement of transparency through the application of standardised and simplified rules, and international standards; the develop-

ment of automatization and IT systems in order to diminish subjective decisions; the reinforcement of internal and external audits; the elaboration of codes of conduct; as well as the development of adequate human policy management, including the appropriate remuneration to the employees.

Starting out from the relationship between corruption and the fight against money laundering, *Erika Marsi*, the general director of the Hungarian Financial Supervisory Authority emphasised that the banks should pay greater attention to politically affected persons, and should maintain prudent customer handling procedures. In connection with this, an important task is to compile a list of the affected persons – both foreign and Hungarian citizens –, to create connections between the banking groups and databases with respect to the data protection provisions, and to determine which authority is competent in this issue. Although the Hungarian Financial Supervisory Authority strictly monitors compliance with the rules, it is not an investigative authority.

Miklós Marschall recommended the improvement of transparency – for instance in healthcare – and the establishment of powerful anti-corruption civil organisations. The latter is all the more topical because the Hungarian section of Transparency International ceased to exist in 2005, and it is desirable to be re-established. The role of civil organisations is underlined and evaluated by the mere fact that according to one of the recent opinion polls conducted by Transparency International in 50

countries, the institutions that are perceived as the most corrupt institutions are – in ranking order – political parties, parliaments, the police, courts, tax authorities, the business sector, and the customs offices, while the most corrupt fields are the construction industry and state orders.

Based on the conference of high professional standards it seems reasonable to follow five major lines of action in the fight against corruption. Instead of political campaigns we need comprehensive reforms and modernisation in order to eliminate the white spots that strengthen corruption in the operation of the social and economic system. As a second line of action, preventive measures shall be reinforced by improving the standards of management and human policy, and through tighter control. As a third line of action, corruption can be contained by the simplification of legislation, the elaboration of protocols related to incompatibility and the procedures to be followed, the better-coordinated cooperation of law enforcement agencies, as well as by the education and training of the members of such agencies. As a fourth line, one can emphasise the importance of the expansion of close cooperation with the international organisations and the European Union. Finally – and also as a result of the aforementioned – such social, political and economic conditions must be created in which integrity prevails over corruption in terms of value and standard.

*Gusztáv Báger*