

EFFECT OF POLITICAL LEADERSHIP ON THE CORRUPTION IN THE STATE

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Abstract: *Globalization has led to the fact that corruption in one country can affect the situation in other states. A number of top managers worldwide who are willing to pay bribes to keep or expand their business is increasing. However, the most common and dangerous corruption is in the government structures and corruption that associated with the use of administrative resources. The level of corruption in Ukraine is very high and remained stable for the past ten years. One of the factors of increasing corruption in Ukraine is considered the problem of political leadership. Using the Y.Engvalya theory of corruption allows re-evaluating mass and rationality of what is happening, indicates the fallacy of traditionally definition of corruption as unacceptable for majority. Existing corruption model today can be recognized as a widespread one, which significantly increases the role of political leadership. Implementation of new management standards is an important task for many states.*

Keywords: *corruption, corporations, databases, leadership, corruption model.*

INTRODUCTION

Extending of view on corruption to the international level is extremely helpful for apologists of the fight against corruption, as well as for those who are trying to prove if not efficiency, but the need of many corrupt relations. The emergence of corruption as a phenomenon caused rapid growth of various kinds of publications and theoretical works devoted to this problem. With the time abstracts and later – electronic databases have begun to be created. One of the most authoritative abstract databases – Web of Science allows not only to significantly expand the thematic horizon, but also to assess the productivity of the research work, the interest of the academic community to the affected problem.

The first mention of corruption in Western media accounts for 1904. Comparing the situation in the UK and the USA, D. Ford raised the issue of political corruption which is most clearly manifested during the social transformation, when the newly arriving elites faced with unacceptable for them practices (Ford HJ, 1904).

In the second half of XX century, corruption becomes more and more inter-native problem. Corporations bribing of senior officials abroad acquired a mass character. Globalization has led to the fact that corruption in one country became negatively affect

the development of other countries. Herewith, countries with high levels of corruption confined no longer to the Third World: the process of liberalization in the former socialist countries in the 1990s was accompanied by egregious malfeasance. It should be noted that Ukraine for centuries (from XIII to XVIII century) lived in conditions of underdevelopment of market relations. Corruption is hampered by this underdevelopment. This largely explains the fact that in Ukraine during these centuries the mechanisms for fighting against corruption had not been developed: corruption as a phenomenon until the XIX century was not perceived too seriously, as it did not have any serious consequences. Unlike Ukraine, Western Europe from XII-XIII centuries and hitherto lived in a market economy and was forced to find ways to fight corruption that posed a serious threat to the very existence of a state and society (Herlihy D., 1971).

MODEL OF CORRUPTION AND POLITICAL LEADERSHIP

Building economic models of corruption spurred rapid growth of interest to this phenomenon by the academic community as a new approach allowed to proceed from moral and existential ratings (corruption as a necessary evil, mediated by human propensity for profit) to a pragmatic modeling and forecasting the consequences of corrupt practices. Without abandoning the condemnation of corruption and its identification with the criminal practice, economists have made in theoretical discourses presentations of economic rationality of political decisions that constitute corrupt environment. This allowed not only to describe the empirical relationships between statistically registrable signs, but also to develop the theory of corruption, that had much more heuristic power than any preceding moral or legal conceptualizations.

Today the issue of corruption is very crucial. An increasing number of top managers worldwide are ready to pay bribes to keep or expand their business. In this, desire to demonstrate economic growth outweighed concern about ethic, administrative and criminal penalties. Analysts of company «Ernst & Young» in May 2012 confirmed that the number of top managers who are ready to pay bribes, particularly in development of new markets, increased from 9% last year to 15% this one. "Growth and business ethics in today's market can be opposite concepts," - pointed the firm expert D.Stulb. Herewith, Colombia, Brazil and Ukraine are considered as the most corrupt countries. A third of interviewed 1600 top managers in 45 countries are confident that corruption is wide spread in their country. Of the 400 interviewed 15% financiers announced agreement to pay a bribe to secure your business. Another 4% are willing to pay in order to hide financial indicators. "This group of executives is not large in absolute terms, but when you consider the responsibility that they bear, they pose significant risks for their business and for boards of directors", - agency «Reuters» quotes the material researches of «Ernst & Young». More than half of contemporary managers believe that the boards of directors lack a detailed understanding of what their businesses are, and conniving and reluctance to apply sanctions to corruptors emasculates the principles of classical management.

The modern understanding of corruption emerged in the twentieth century, however, to date no in Ukrainian legislation or in international legal acts it is not given a

clear definition. We present here the following definition: "**Corruption is an act or omission of it made by the decision-maker, in his own interests or in the selfish interests of another person associated with the use of public resources.**" This definition includes others more or less frequently used in the academic literature (SV Bondarenko, 2002). "The decision-maker" is a one natural person (official), or a group of individuals (competition commission), or legal entity (community organization, the Foundation that distributes grants). The public resource can act as budget funds, elective posts, deputy mandates, grants for community organizations.

The majority of researchers, representatives of international organizations reduce the definition of corruption to a bribe and abuse of official position.

The Code of Conduct for Law enforcement officials, adopted by the UN General Assembly Resolution №34/169 on December 17, 1979, defines corruption as "the abuse of official position to achieve personal or group benefits, as well as illegally obtaining benefits by state employees in connection with their official position" (Astafev LV, 1996). G.Myrdal and S.Rose-Ackerman noted the hidden nature of corruption as an its important feature: that which does not hidden from the public eye and is valid from the point of view of society, as a rule, has nothing in common with corruption.

There are the following forms of corruption: lower (small, everyday, household) and the highest (large, elite). The most extended and dangerous corruption is in the government which is related to the use of administrative resources (political corruption, which can act as a lower form of corruption – a bribe for registration of the company, and in the form of higher one – use of administrative resources for obtaining the "correct" election results).

In the end of 2011 the Ministry of Justice for the first time published the report on the level of corruption in the country (Ryabchun Yu, 2012). As "Kommersant-Ukraine" points out, the Ministry in the preparation of the report, which will now be published annually, based on information of law enforcement agencies, public and international organizations. The report says that in 2011 the prosecuting authorities and the Ministry of Internal Affairs identified about 17 thousand malfeasances – 25% more than in 2010, and the most common form of corruption is bribery. The level of corruption in Ukraine has very high indicators and remained stable for the past ten years.

GROWTH FACTORS OF CORRUPTION

As one of the growth factors of corruption in Ukraine the issue of political leadership should be considered. In 2005, the former President of Ukraine Viktor Yushchenko publicly boasted that from government service were dismissed tens of thousands of officials on political grounds. In fact, these people were politically repressed. Though part 2 of Art. 24 of the Constitution of Ukraine states: "There can be no privileges or restrictions based on race, color, political, religious or other beliefs...". In June 2012, at a press conference, V. Yushchenko said that the officials, whom he appointed to high public office, being the President of Ukraine, "took responsibility to serve the party organization" ("Our Ukraine" – his party). The above confession of the ex-president V. Yushchenko is confirmed by objective facts. While he was the President

and had the opportunity to select leading cadres, "Our Ukraine" had never experienced financing problems, and once he left this post and lost the right to distribute government positions, respectively, "Our Ukraine" was in debts.

What does it mean to be appointed to high government positions in burden with "responsibility" of financial "support" the presidential party organization? Is not that corruption, not the use of power and official position for personal gain? Thus, it appears that the public service under the President Yushchenko was a very profitable business allowing not only to "serve" financial obligations of "Our Ukraine" but also to benefit for them.

From this point of view the work of Swedish scientist J.Engvalya is interesting. He proposed a theoretical study of the phenomenon of trading by post as a process accompanying the privatization of public resources (on the example of the Kyrgyz Republic). Here it is possible to draw an analogy with the post-Soviet Ukraine. Comparing the manifestation of corruption with the investment market, Y.Engval emphasizes mass and rationality of what is happening, which, in his opinion, indicates the fallacy of the traditional definition of corruption as primarily a crime, namely, the phenomenon is unacceptable to the majority.

APPROACHES TO OVERCOMING CORRUPTION

Annually corruption causes damage to budget by 20 billion hryvnias, but today, the political leaders of Ukraine have a main remedy to fight corruption – political will. This was pointed out by the current President of Ukraine V. Yanukovich in his speeches, specifying 2014 as the year of active overcoming corruption.

On new approaches to overcoming corruption the Prime Minister of RF Dmitry Medvedev spoke on the second international legal forum held in May 2012 in St. Petersburg. He said: "We all understand the complexity of fighting against corruption, and the need to exploit new innovative ways, because the world is changing, there appear absolutely fantastic ways to move money, their legalization and laundering." To do this, it should change the legislation and set up collaboration between different countries." There must be a fundamental shift in control systems," - D. Medvedev underlined.

Thus, assessments of leading political leaders recognize the central role of political leadership in overcoming corruption and demonstrate the need for change in the habits of people because the existing corruption model can be recognized for today as a common one.

It became necessary of introduction the new corporate standards in state and private structures. "The crisis has proved it in full –we saw a lot of successful people, apparently have not lighted before in any suspicious transactions that, on the other hand, deceived a huge number of their fellow citizens, a large number of its customers" – D. Medvedev summed up. Thus, the introduction of new management standards is the "most important task" for many states.

CONCLUSIONS

The level of corruption in the state depends mainly on grand corruption and only slightly dependent on small one. For this phenomenon the following definition was formulated: grand corruption is selling or ignoring the interests of society by officials and state leaders in favor of the interests of individuals or foreign countries. As we can see, this definition considers the phenomenon of corruption is much broader than just bribery and illicit enrichment, and includes any ways of officials' enrichment, contrary to the public interest, and also includes of bureaucracy arbitrariness and, in general, any activity contrary to the public interest. This definition corresponds to the understanding of power that developed in democratic states: the government is hired by a society that is by people living on a given territory, in order to protect their interests, and any activity of this power with diverging interests of these people should be considered as the corruption of power.

It should be clarified that in this case (grand corruption) we are not talking about minor bureaucrats and public servants (inspectors of traffic patrol service, doctors, and teachers). They do not decide whether the policy of the government with the interests of the population, and they do not have opportunities at all desire for over enrichment. Such decisions are made, and such opportunities have only high officials and heads of state and government.

That is why the task of fighting large corruption, and therefore, generally corruption as a serious phenomenon that threatens the existence of the state, is largely reduced to the problem of forming an honest and incorruptible top of officials guided not by their personal interests, but welfare of the state and society.

From the standpoint of the theory of classes, this problem is formulated even shorter: the fight against corruption is reduced to prevent the transformation of the ruling elite into oligarchy – a group of persons whose interests do not match or contrary to the interests of majority of the population.

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