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Is corruption a threat to the new-born democracies of Eastern Europe?

By Andrew Singer

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The nations of Eastern Europe and the former Soviet Union face some daunting problems. But according to Stephen Potts, director of the U.S. Office of Government Ethics: “The single greatest threat to the emerging democracies of Eastern Europe and the former Soviet Union is corruption.”

A corrupt regime soon becomes a tyrannical regime, asserts Potts. “If you’ve been corrupt, and you lose power, you know the people will turn on you and prosecute you. A corrupt official quickly realizes: “I cannot afford to lose power.” Democratic processes are eroded.

That has been the pattern in much of Africa since the 1960s, as well as other parts of the world, including Latin America.

Potts therefore has this message for U.S. companies doing business in Eastern Europe and the former Soviet Union: Don’t offer bribes and kickbacks to corrupt officials or intermediaries; such actions may hinder the development of the fragile democracies.

An over-simplification?

All this may be placing undue weight on corruption, since the former Soviet Union obviously has a host of problems — any one of which could splinter the newly formed state: Food shortages. Ethnic strife. A still-entrenched nomenklatura.

“There’s no question that corruption is an extremely important issue,” observes Francis Fukuyama, Resident Consultant at the Rand Corporation (Washington, D.C.) and author of the book *End of History and the Last Man*. “But how does it stack up against falling living standards, and other problems? It’s hard to say.”

Potts’ thesis is “an enormous over-simplification,” asserts Joshua Muravchik, Resident Scholar at the American Enterprise Institute, Washington, D.C.

Why did African governments from the 1960s all evolve into dictatorships? Asks Muravchik. “I might rate corruption among the top ten reasons, but I wouldn’t give it pride of place.” Many of those countries pursued disastrous economic policies. Education levels were low. There was little sense of nationhood. And so on.

An analogous situation pertains among the former Communist countries — at least in terms of the multiplicity of problems facing those lands. “To put all this on corruption is to see things in tunnel vision.”

Corruption the paramount threat? “That’s ridiculous if you think of daily life there,” says Susan Woodward, a Visiting Fellow at the Brookings Institution, Washington, D.C. Many people are looking now merely to “grease” the economic wheels — to supplement their almost nonexistent purchasing power. It’s a matter of survival, she says, just a way of getting things done in an economy “in which there are basically no rules.” Governments have

been raising prices, simply hoping people will adjust.

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