

Corruption in Management Systems

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Corruption In Any Management System Includes Two Essentially Different Components:

- Corruption in the apparatus – the classical problem of ensuring the reliability of all parts of the management system; with respect to corporate governance, the main recipes have long been known; not ideal, but practical solutions have been found, and the problem is only the desire to implement them;
- Corruption is “at the very top” of the management system, as a rule, and all of it might be silenced and dissolved in the first problem. It is the key problem of the development of modern Russian society, and this is the subject of this section.

The section does not touch upon the problems of corruption development in non-state (in particular, corporate) management systems, as well as at the grassroots level of the state apparatus, since these types of corruption are limited to a low level for society and do not pose an immediate threat to its existence.

Historical Aspects

1.1. Change In The Social Significance Of Corruption

The authors proceed from the assumption that corruption in the administrative management system, firmly fenced off from life by ideological and bureaucratic restrictions, is often the only way to convey to the decision-makers even a whiff of real economic interests (as was often the case with a centralized economy).

The more reasonable the management system, the more market and democratic mechanisms are involved in it, and the more destructive the role of bribes. After all, management is all the more effective the more fully it takes into account the interests of social forces affected by the problem being solved. And the whole science of management is engaged in building the most harmonious and harmonious way of combining these interests.

The bribe breaks the balanced mechanism of accounting for interests and provides an arbitrary-random, and therefore, as a rule, unreasonable choice of decisions – based on the principle of “who first came in”.

This is the fundamental difference between corruption, both from civilized lobbying, persuading officials within the framework of a well-established and generally rational decision-making mechanism, and from the art of public relations supplanting the lobbying, no longer convincing officials, but public opinion that exerts a growing influence on the latter in a democratic society.

Therefore, if lobbying is an institution of representative, parliamentary democracy, and public relations is an element of universal democracy, a bribe is a fundamentally anti-democratic tool. It not only does not contribute to the balancing of interests but, on the contrary, objectively leads to the destruction of the mechanisms of this balancing and the maximum disorganization of the management process.

Let's repeat: this destruction and disorganization is by no means always evil. But Russia broke up with a management system for which they were not evil more than 10 years ago.

Correspondingly, corruption has been an absolute evil for more than 10 years, not only from a moral point of view but also from a practical, managerial point of view.

1.2. An Outline Of Anti-Corruption Efforts In Post-Soviet Russia

The first attempts to limit corruption were declarative in nature and were primarily instruments of the current political struggle. A vivid illustration of measures of this kind was the order of the then Chairman of the Supreme Soviet of the RSFSR, Boris Yeltsin, on July 17, 1990, which provided for the immediate abolition of all (!) Privileges.

The problem of corruption was explicitly raised already in 1992 when the Presidential Decree "On Combating Corruption in the Public Service System" was issued. However, it was not taken seriously, and its norms on the need for officials to submit declarations on income and property began to be realized only 5 years after the issuance of an additional Decree in 1997. The norm prohibiting officials from engaging in business activities has, in fact, not been fulfilled so far. The Federal Law "On the Principles of Civil Service in the Russian Federation", which appeared somewhat later, provided some restrictive anti-corruption measures.

The new Criminal Code, which was enacted in early 1997, contains a number of articles that allow fighting corruption. At the same time, many of the actions of a clearly corrupt nature in Russia (for example, the participation of officials in commercial activities for the extraction of personal profits, the provision of privileges to commercial structures for the purpose of extracting personal profits, etc.) have not been reflected in it.

Since 1997, some attempts have been made to eradicate the conditions that give rise to corruption, for example, the introduction of openness and competitiveness in the procedure for the distribution of orders for public procurement. However, these efforts did not turn into a system and, in fact, began to fade.

In early 1997, the President of the Russian Federation was instructed to develop a State-building program designed to modernize the management system in the country, which remained practically unchanged from the Stalin era. However, the management apparatus has developed in its place a much narrower and less concrete Concept of Administrative Reform, containing only general principles – and only in relation to the reform of the executive branch, the civil service and the anti-corruption program. Even such a document could be used as the first step towards improving the state, but he was buried in the bowels of the Presidential Administration.

The Scale And Consequences Of Corruption In Today's Russia

2.1. The Scale Of Corruption

By the end of 1999, corruption in Russia had acquired a systemic character. This is expressed in the following.

2.1.1. State policy is dictated by the private interests of persons in power and capable of influencing the power on a scale that surpasses the activity of the authorities in the implementation of public interests. Key decisions that have the maximum impact on the life of society are made on a corrupt basis or cover up corrupt people who are dependent on various “shadow” figures.

2.1.2. Extra and shadow incomes today are not only the main but also a necessary part of the income of officials.

2.1.3. The state actively uses shadow forms of incentives and income mobilization. This means that corruption has become an essential element of the functioning of the social system that has developed in Russia.

2.1.4. Fundamentally, the formation of public consciousness with the help of state policy in the field of the media is also increasingly carried out, proceeding from corrupt interests. It suffices to point out that more and more often, one hears about the non-safety or fundamental non-disclosure of economic crimes, from which it is concluded that it is unnecessary or impossible to combat them. It is significant that the number of convicts for bribery decreased almost threefold in comparison with 1980, and the probability of getting into prison after the prosecution of a criminal case on charges of bribery does not exceed 8%. However, even within the framework of these 8%, the overwhelming majority of those convicted of bribery are given a milder punishment than is provided for by law.

2.1.5. Direct losses from corruption lead to a reduction in the revenues of the state budget, and indirect ones reduce the volume of the gross national product produced. The lower limit of direct losses is about \$ 20 billion a year, which corresponds to the revenue side of the budget for 1999.

2.2. Rooted In The Public Consciousness

Corruption has become the norm of Russian life. The fundamental difference in attitude towards it in Russia and in the rest of the world can be judged by the reaction to the same scandal with the laundering of Russian money by two major officials affected by it: the IMF Managing Director M. Kamsdessa and many top Russian state officials accused of corruption in Russia or abroad.

Camdessa seriously Zashchiralsya to resign, facing only a hint that the IMF money heated the boiler of corruption.

In Russia, officials do not mock the accusations, often without trying to refute them, even if the charges look plausible in the eyes of society.

2.3. Consequences Of Corruption

2.3.1. Economic

- Corruption expands the shadow economy, which reduces revenues to the budget and deprives the state of the levers of government.
- Corruption destroys competition, as a bribe provides non-competitive advantages. This undermines market relations, creates new, corrupt monopolies (often associated with organized crime), and reduces the effectiveness of the economy as a whole.
- Corruption deprives the state of the ability to enforce honest rules of the market game, which discredits the very idea of the market and the authority of the state as an arbitrator and judge. Practically, there was a situation when corruption became the major brake of the formation of civilized market relations, the creation of new enterprises, and economic growth.
- The impact of corruption on privatization and bankruptcies (which has taken on a truly enormous scale) makes it difficult for effective owners to emerge.
- The irrational spending of budgetary funds is aggravated by the budget crisis.
- Corruption increases the costs of economic entities, which are shifted to consumers through higher prices and tariffs.
- Corruption in the government disintegrates not only themselves but also the management apparatus of large corporations. Accordingly, there is a general decline in management efficiency, both state and commercial.
- The managerial potential of the society is reoriented by corruption from the interests of the country's development to the interests of its plundering.
- Large-scale corruption, encouraging unfair competition, makes it impossible to attract not only foreign but also Russian investments, which, in principle, deprives Russia of development opportunities. Bribes are a decayed or unexplained investment.
- Corruption in the current Russian scale practically excludes the possibility of successful economic development. For those who do not have the support of power, development is

impossible because tomorrow, the government will ruin you, and no one will answer for it. For those who are friends with the authorities, investments in short-term operations, such as financial speculation, redistribution of property, and further corrupting power, are more profitable.

2.3.2. The Social

- Corruption creates organized crime as a stable social phenomenon since it can not exist for some time without merging with the state.
- Corruption reduces the dependence of the state on the population, and thereby – its interest in solving social problems.
- Due to the violation of budget commitments, major social programs are not being implemented.
- Doing the disenfranchised poor is even poorer, and the wealthy rich are even richer; corruption supports high social differentiation, and with it – and high social tension.
- Covering vital areas (for example, education and health care) and destroying them, corruption diverts colossal resources from the goals of social development and intensifies the degradation of society – not only social and intellectual but also biological.
- Corruption discredits law as the main instrument for regulating the life of the state and society; it forms stable ideas about the defenselessness of citizens both before the crime and before the state.
- Spreading from top to bottom and permeating all levels of public life, corruption increases the moral degradation of society. It creates tolerance for it and criminality in general (for example, even contract killings). The perception of corruption as the only possible form of effective relations between society and the state spreads ever wider.

2.3.3. Political

- The corruption of law enforcement agencies and the state as a whole strengthens organized crime and opens the way for it to political power.
- Corruption shifts political goals from nationwide development to ensuring the power (and continuity of power) of oligarchic groups and contributes to the formation of a “corporate state” instead of a “state of equal opportunities”.
- Changing the motivation of managers, corruption changes the motivation of the whole state and business. The state ceases to serve those who pay money to it as a whole and begins to serve those who pay for its individual elements. Thus, it disappears as a whole; it breaks up into groups of spokesmen for individual interests that are not affixed by either organization or responsibility. This is the main problem of the Russian state: today, it does not exist as a whole! Combining its parts into something capable can not without a sharp reduction in the level of corruption.
- In a corrupt state, human rights, the responsibility of the authorities, free elections and other

fundamental elements of democracy exist in a very limited and distorted form, which drastically reduces the effectiveness of the state. Democracy turns into a screen that covers the dominance of more or less criminal structures.

- Given the dominant position of government-dependent media, corruption in the government helps create a “manipulative democracy,” in which the external preservation of democratic institutions is accompanied by their complete subordination to the will of a narrow circle of government officials and often paying them and the “oligarchs” who have merged with them. As noted by Russian political scientists, “manipulative democracy” in principle does not differ from totalitarianism – a system in which society can not influence the state, and the latter is free from responsibility to society and is an element of its adaptation to the conditions of the information era.
- Corruption leads to the loss of legitimacy within the country. The consequence of this is a general rejection and disorganization of the state, which makes it necessary to change the leadership of Russia.
- Corruption leads to the loss of legitimacy by the Russian leadership in the outside world and the discrediting of Russia, creating a real threat of the emergence around it of a partial “sanitary cordon” and pushing it to the so-called African path of development, which means not only the impossibility of returning to the number of rich and influential countries but also heightened threat of territorial destruction.
- Corruption discredits democracy as such and creates the threat of establishing a dictatorship on an anti-corruption wave.

Corruption does not leave acceptable prospects for our society. Therefore, the fight against it is a categorical imperative of Russia’s recovery, a condition for establishing a firm order and dynamic stability.

Today, however, corruption has become a way of life for the whole country. For 10 years of continuous, though not always realized, efforts, the reformers built an incompetent clan-oligarchic state akin to medieval states.

Fighting corruption means fighting with this state for the deepest state and legal reform (Stapenhurst & Langseth, 1997).

The Main Reasons For The Spread Of Corruption In Russia

3.1. Economic Reasons

Corruption has been intensified by reforms, not only by the personal inclinations of reformers and their foreign operators but also by the extreme irrationality of their policies.

3.1.1. The main reason for the rampant corruption in Russia is economic. The deliberately false slogan “the market will fix everything” has led to an aggressive, hostile entrepreneurial climate created by the absence of mechanisms for protecting property rights, overly stringent financial policies and only in the third place by an irrational tax system. Putting any businessman on the brink of survival, these factors push him into the “shadow sector”, which has the strongest disruptive impact on the whole society and primarily on the state.

3.1.2. The primary accumulation of capital was due to the division of state property, i.e., the decision of state employees appointed (and still appointed) millionaires. This process could not be disinterested and became a powerful stimulant of corruption.

3.1.3. The ineffectiveness of the judiciary (in Russia, there has not been a judicial reform) and almost complete impunity for fraud, which resulted from the principled denial by the reformers of the creative role of the state at the stage of transition to the market and their hostility to the state, was formed in Russia using the words of E.M. Primakov, the “economy of distrust.” The need to find among the huge number of new economic entities led to the fact that not only for large companies but for the state, it was easier to appoint these “reliable partners”. It is clear that the practice of such appointments is fundamentally anti-market and is a breeding ground for corruption.

3.1.4. Liberalization of foreign economic activity without taking into account the need to maintain the competitiveness of the national economy has transformed corruption into one of the spontaneously emerging mechanisms of informal protection of the domestic market, especially important in conditions when formalized, i.e. official, mechanisms were eliminated by direct pressure from the world community. The essence of these spontaneously emerging mechanisms is to create a kind of “cultural barrier” in the form of a bad business climate in which a part of Russian business can still survive, and the foreign one dies.

3.2. Political Reasons

3.2.1. World experience proves that with a sharp change in the fundamental conditions of life, the level of corruption almost always jumps.

3.2.2. A significant role in the development of corruption processes was rendered by the “birthmarks of totalitarianism”, including social psychology and the general laws governing the transition to market relations, manifested primarily in the unpreparedness of society and the state to solve objectively the tasks facing them.

3.2.3. The reformers showed a deep inclination to create various “politically-forming types of business”, which, among other things, provided solutions to the tasks of enriching groups that had seized power and creating a solid social and financial base for them in the form of those engaged in the corresponding types of business activity. It is clear that such “shadow security” was a direct stimulation of development and deepening of corruption. The most ambitious of the “politically-

forming types of business” at different stages were:

- privatization, during which, according to available information, in almost every second region of the country, the leaders of local administrations, territorial property management committees and property funds were brought to criminal account – at a time when a significant part of the reformers had officially referred to the need to enforce the law in the conduct of privatization as a requirement to abolish all of its results, the call for a new redistribution of property on an all-Russian scale and as an anti- efficiency;
- Shadow redistribution of budgetary funds with the help of various credits (in which commercial intermediaries accounted for up to a third of the money intended for budget recipients), the construction of a GKO pyramid and the support of foreign financial speculators;
- carrying out mass bankruptcies without due control of the state, which led to their criminalization and transformation into an instrument of large-scale and chaotic redistribution of property;
- use of the funds of international financial organizations without any control by the government.

3.2.4. The weakness of the state is expressed primarily in the fact that its administrative, control, financial and judicial capacity does not allow it to fulfil its obligations to citizens and enterprises.

On the one hand, this creates a deficit in its services. And where there is a deficit, there are queues on which corruption grows as a mass phenomenon.

On the other hand, the inability of the state to ensure the fulfilment of its duties creates an incentive for the maximum closeness of its actions since transparency

The state will cause society to present various demands.

The closed nature of the functioning of public administration systems, excluding the possibility of public control, objectively encourages corruption (Ionescu, 2015).

In particular, it is the lack of transparency in the mechanism for making financial decisions that have had a decisive impact on the formation of a self-sufficient class of officials that has become a caste.

3.2.5. Instead of the party, political and professional principle of power formation, the clan principle of the “team of like-minded” prevailed, which is still presented as an achievement. In fact, he gave rise to irresponsibility, clannishness, family spirit, and the desire to please the first person. (The consolidation of this principle is one of the shortcomings of the current Constitution.)

3.2.6. For 10 years of reforms, under the slogans of moving along the path of modern world civilization, we moved in the opposite direction:

- systemic propaganda was not individualism in the modern sense, the basis of which is the ability to act in solidarity for the protection of one’s rights and interests, but vulgar individualism up to the complete atomization of society, as well as the apologetics of corruption

as one of the development mechanisms, up to the slogans “corruption guarding democracy” and “corruption is better than communism”;

- under the guise of liberal ideology and familiarizing with the values of the world community, a principled rejection of the state and the very idea of statehood was cultivated in the society, which fundamentally contradicts not only the practice of developed countries but even the prevailing theoretical constructions. Instead of liberalism, a strange Russian variety was preached, marginal and, for the West, the ideology of libertarianism;
- instead of a proper system of “checks and balances” in the state-political system, a “good reformer” management model was recreated, the essence of which is the right to be out of control at the disposal of a stranger and the right to unpunished arbitrariness. Such a model almost inevitably should lead to despotism and corruption.

3.2.7. A vivid reflection of this system is the Constitution of the country and the system of legislation, in particular, the constitutional law on government and the Criminal Code.

With remarkable constitutional declarations on human rights, there are no mechanisms in place to hold the authorities accountable for violating the rights of citizens. At the same time, a number of systemic solutions have been laid down at the level of the Constitution, allowing no one to answer for anything:

- the president is the actual head of the executive branch, and the whole judicial system depends on him simultaneously on the procedure of appointment and functioning (including through material security);
- the procedure for removing the president from power is extremely difficult (for example, compared to the American system) and is practically unrealizable;
- the government is actually a dummy, as it can not even take a step against the will of the president;
- Parliament (and the society as a whole) is deprived of the fundamental right of the representative government to control the work of the executive power in a comprehensive manner, and to investigate its activities.

The Constitutional Law of the Government of Russia grants the executive authority the right to make decisions “collegially”, which entails the inability to bring anyone to personal criminal responsibility for violating the law and causing damage to the state and society.

The Criminal Code provides for significant criminal penalties for petty theft (a loaf of bread, a bottle of vodka), but does not provide for the responsibility of senior government officials for illegally disposing of budgetary funds, state property, illegal provision of tax, customs or other benefits and preferential rights.

3.2.8. The political loyalty of the governor’s corps has traditionally been bought, bought and will be bought (at least in 2000 – as it follows from the federal budget for 2000 and is an integral part of the method of distributing transfers between regions), using either directly corrupt mechanisms or

mechanisms that encourage corruption, namely:

- arbitrary in terms of volumes and terms allocation of transfers (up to their replacement by budgetary loans or, in general, non-delivery without explanation);
- admission or non-admission of the region to offsets at the federal level (the government of Putin verbally assured the IMF of meeting all its conditions, as early as September 9, 1999, the government refused to give E.M.Primakov and the promise, confirmed by the government of S.Stepashin, in 1999 they will continue until the presidential elections and amount to about 78 billion rubles);
- a fundamental lack of control over the use of financial assistance from the federal budget (reaching up to 95% of the expenditures of the budgets of individual regions);
- closing eyes on the redistribution of property in favour of regional authorities;
- legislative departure from European standards of local self-government, its paralyzing and the establishment of monopoly power of governors over local bodies. Today, in most regions, local government is appointed. The danger of liquidation of local self-government is real, and in fact, it is a source of corruption at the level of regional administration, primarily in the form of various frauds with land and real estate.

This practice of informal arrangements with the regions repeatedly exacerbates the main defect of the current Constitution – the absence of a power vertical, without which, in principle, there can not be a single state (the actual equality of the subject of the Russian Federation and the Russian Federation as a whole follows from the Constitution). It becomes impossible to effectively manage a complex state mechanism, and the state as a way of political organization of society inevitably degrades.

3.3. Legal Reasons

3.3.1. The destruction of the old system of state control and the incompleteness of the creation of a new effective system of legal control and legal responsibility.

3.3.2. The presence of a large number of laws of indirect action leaves room for bureaucratic arbitrariness and, hence, for corruption. A clinical example is the Customs Code, the need to turn it into a law of direct action is almost from the moment of its adoption. The number of such laws is not decreasing, and even in new projects, for example, in the draft budget of 2000, there are serious and extremely dangerous from the corruption point of view deviations from the achievements of the past.

Thus, budgets of past years included clearly defined quantitative limits, when leaving from which the government had to adjust the budget; the budget of 2000 does not provide for such a framework, directly giving up the fundamental issue not only from the economic but also from the political point of view to the will of bureaucratic arbitrariness.

One of the most dangerous areas in terms of the development of corruption is interbudgetary

relations. The need for their formalization has been spoken and written since 1992 (see the relevant SWAP report for suggestions). In 2000, the Titanic work was supposedly successful, but a detailed examination of the heap of the formulas that he had borne shows that the essence of the matter has remained the same: the financing of a particular region is still determined by a combination of the governor's breakthrough abilities and the arbitrariness of the Ministry of Finance.

3.3.3. Weakness of the judicial system. The poverty of courts and lack of quality control of judicial decisions replace the formal independence of courts by their real dependence on almost any source of financing, which can also be criminal in nature.

Thus, the weakness of the court not only deprives society and the state of the tools to combat corruption but also makes it impossible for the judicial, that is, completely legal, dispute resolution, forcing to supplement it with informal and, as a rule, illegal actions. And this is a classic service provided by organized crime with the help of inextricably related corruption.

Statements by representatives of the state on the importance of strengthening the courts are largely empty propaganda. Suffice it to point to the federal budget of 2000, which directly refuses to enforce the decisions of courts not provided with budgetary financing. This means that if Shamil Basaev is caught and convicted at the end of the year when the limit of budget financing of court sentences will be exhausted, the only thing that can be done with him is to release him. In a less extreme case, this means a fundamental impossibility – for both citizens and corporations – of obtaining legal compensation from the state for the damage suffered. This will strike the very idea of the rule of law and, accordingly, the right of ownership, will give a new impetus to the development and spread of corruption.

3.4. Administrative Reasons

3.4.1. Inattention of the state and society to the issues of the organization of public administration, which makes the state apparatus cumbersome, irrational and vulnerable to corruption.

Personnel, organizational, structural and political instability in the power echelons led to one of the first places among the motives of bureaucratic activity to take care of creating “spare airfields” and even “golden parachutes”.

The situation is aggravated by the low salary of officials, which obviously does not correspond to their qualifications and job responsibilities, the vagueness of their official duties and rights, the lack of sufficiently clear selection and promotion mechanisms, and a general sense of instability. As the Prime Minister of Singapore said, “If you pay nuts – ministers will be monkeys.”

3.4.2. The attitude of state officials to their service as a continuation of the market and to democracy – as to the freedom to transform a normal market into a market for corrupt services. Moreover, this attitude can be either conscious or involuntary – in the conditions of a sharp change in social

relations, when the organization of state administration is carried out mainly spontaneously and is not realized by the state as an important sphere of its activity.

3.4.3. Insufficient Effectiveness Of The Actions Of The Country's Law Enforcement System To Prevent And Combat Corruption, Which Is Due To The Following Main Reasons:

- in law enforcement bodies, there are very few specialists who understand the nature of corruption;
- some criminal prosecution measures are not enough to shake the positions of large-scale corruption;
- law enforcement bodies themselves are corroded by corruption;
- The law enforcement system can not cope with this task alone if the state does not set it as a priority before all its links.

3.5. International Reasons

Many experts, especially foreign ones, emphasize that the rise of corruption in Russia on an existing scale would not be possible without the influence of international and foreign corruption.

3.5.1. The weakening of the state in the transition to the market objectively increases both the pressure on it of international crime and the effectiveness of this pressure.

3.5.2. Large-scale and virtually uncontrolled distribution by foreign investors of funds to groups of individuals and politicians whom they considered their political allies. This distribution was not only in the form of grants but also in the form of loans of "technical assistance", the expenditure of which is not actually controlled by the state, although it puts a burden on its budget and increases its external debt.

3.5.3. International business often uses corruption as an instrument of penetration and consolidation on the market. Thus, many states allow their corporations to deduce the costs of bribing foreign officials from taxation, treating them as just as necessary for production as the costs of purchasing raw materials.

Necessary Measures To Eradicate Corruption

4.1. Improvement Of Public Life In General

4.1.1. The refusal of the state from knowingly unrealizable promises, including 100% and timely execution of the budget and all expenditure items, and not for the total amount of expenses during the year. Only in this case will it be possible to create a guarantee that the budget recipient will not need to go to a bow to a particular official.

It is necessary to pass laws on which many functions of the state in decision-making (but not their execution!) – those that it can not perform – are delegated to professional communities, self-regulating organizations that perform them much more efficiently.

For example, the same community of lawyers could take a serious part in the licensing of advocacy. Today, there is no such licensing, and within a month and a half virtually any person can receive a diploma of a lawyer.

4.1.2. Strengthening and developing fair competition, including intensifying the struggle not with the monopolies themselves but only with abusing them by their monopoly position.

4.1.3. Creation of favourable legal and economic conditions for business and investment activity, including the improvement of the tax system and a significant narrowing of the number of activities based on a permissive and not a notification principle, primarily in small and medium businesses.

4.1.4. Establishment of effective mechanisms to protect the institution of private property as a key element of social stability. Ensuring the implementation of contract rights and rights of owners and shareholders, establishing transparency of the activities of enterprises for shareholders.

In particular, it seems absolutely necessary to decriminalize bankruptcy procedures by strengthening the supervisory role of federal executive bodies, establishing the real responsibility of the temporary administrator for the execution of the law and creating large management companies that have sufficient intellectual and financial resources. The presence of an ineffective owner can not be recognized as the basis for establishing the dictatorship of governors for enterprises.

The Modern Model Of The State Free From Corruption: Initiatives And Achievements Of Kazakhstan

Kazakhstan, taking into account its history and national peculiarities, despite an insignificant period since independence, created its own model of the rule of law. Taking into account the dynamics of the progress of developed countries, Kazakhstan also continues to modernize and build a modern state, characteristic of the leading countries in countering corruption.

Resolute and uncompromising in the formation of a society free from corruption are dictated by the political will of Elbasy Nursultan Nazarbayev, as well as the broad support of civil society, the business community, and ordinary Kazakhs. The key components of success are obvious. It is a transparent and accountable to the society state; professional, compact and economically motivated state machinery; ensuring the rule of law and strengthening the protection of citizens' rights; support and protection of business; purposeful and consistent implementation of anti-corruption policy, development and improvement of international cooperation.

To date, all the necessary conditions have been created: large-scale economic, social and political reforms have been carried out, and the Third Modernization of Kazakhstan has been launched. Its first condition is the formation of an open and accountable state. The adopted Law on Access to Information and the electronic platform Open Government, which consists of five open data portals, contribute to the participation of citizens in government. Now, every citizen, without leaving home, has the opportunity to see the movement of budget expenditures in an online mode, consult and complain, openly assess the effectiveness of state bodies and participate in the discussion of draft normative acts.

Currently, taking into account the wishes of citizens, the Government is working to improve the work of these portals. Today, the relationship between the state machinery and citizens is built on the principles of customer-oriented, transparent and accessible services. By the way, this year already 47% of services are in online mode. At the same time, all licenses and permits to entrepreneurs are issued only in electronic form.

In general, on the principle of “one window” through the state corporation “Government for Citizens” provided 24% of all services. These measures allowed the level of domestic corruption in the service sector to be reduced by two-thirds. Integration of databases of government agencies of the Ministry of Internal Affairs, the Ministry of Finance and the Ministry of Justice has already made it possible to exclude the need to obtain about 3 million one-time certificates (for the current year, only 21.5 million certificates were provided). The measures taken have made it possible to take the leading positions in the e-government development index among Asian countries and in the analogous index of the UN, 33rd place from 174 countries of the world. At the same time, in the next few years, 90% of state services will be transferred to the electronic format, and the remaining 10% will be realized on the principle of “one window” based on the experience of European and other developed countries.

In the modern world, digital technologies play an increasingly important role in the development of the economies of states. In order to achieve sustainable economic growth, improve the country's competitiveness, and improve the quality of life of the population, the state program Digital Kazakhstan 2020 will be implemented in four key areas, such as the development of affordable and high-speed digital infrastructure and the digital literacy of the population. At the same time, in the places where services are provided, the self-service corner is already provided (where anyone can get the necessary services if there is an EDS) (for example, obtaining address, property inquiries, putting the child on the queue for kindergarten, tax returns and much more), as well as courses on teaching skills on the E-gov portal on the basis of CESs, OCPs and M & E.

With the adoption of the Law “On Public Councils”, the practice of public reports of heads of state bodies to the public has been introduced. More than 200 public councils work on an ongoing basis. Each state body developing normative legal acts is obliged to submit them to the public council and take into account their comments. Now, work is underway to strengthen the autonomy of public councils and increase the effectiveness of public control. In addition, 35 presidential powers were redistributed within the country's modernization, thereby strengthening the role of the Parliament and

the independence of the Government. Starting next year, the fourth level of the local budget for rural districts will be introduced. It should be noted here that the local budget will be approved solely in the light of the needs and interests of the inhabitants of each region; that is, the society will actively participate in the governance of the state.

The success of ongoing reforms is possible with the effective work of the state apparatus itself. Everyone knows that in the era of the Soviet planned economy, the state controlled everything and everything. For the years of independence, we have reduced control functions by 2 times. This work continues. So, at the present time, within the framework of modernization, a large-scale audit of the control and supervisory functions of state bodies has been carried out. For 2018-2020, it is planned to reduce more than 40% of supervisory functions by transferring them to a competitive environment and increasing the salaries of civil servants.

It is absolutely natural that the country's modernization began with the system of public service. Now, admission to the civil service begins with grass-roots positions. For this, it is necessary to pass a three-stage selection system, including testing for knowledge of legislation, assessment of competencies and interview. Promotion of the career ladder is possible with observance of the principle of meritocracy and the availability of appropriate skills, knowledge and experience. As a result of this approach, the number of newcomers to the civil service has increased threefold, the turnover of staff has decreased twofold, and translations have decreased 18 times. Also, in order to increase the transparency of the state apparatus, it is envisaged that foreign managers can be hired in state bodies. To comply with the norms of professional ethics and prevention of violations of the legislation, an institute of ethics commissioners has been introduced, which from this year has earned on an exempt basis.

Our country is progressing along the path of the formation of a law-based state, a state of free and equal citizens. The main achievements of the reforms include the transition to a three-tier justice system, ensuring the independence of the selection and appointment of judges, the adoption of a new code of ethics for judges, the full automation of court records, the distribution of court cases, and the continuous audio and video recording of all trials.

Separately, it is worth noting the introduction and development of the Institute of Mediation. The number of civil cases examined with the application of this institution has increased by one-third since 2016, and today, it has 21,076 cases. Measures are being taken to encourage the parties to mediation. The introduced norm on the return from the budget of the state duty in full when resolving the dispute peacefully only for the first half of 2017 enabled the parties to return 1.5 billion tenge from the budget. The list of categories of disputes on which mandatory mediation is necessary is constantly expanding, which promotes the popularization of peaceful settlement of civil disputes. Among other things, in December 2015, the President signed the Law on the establishment of the International Financial Center "Astana". At the centre next year, based on the experience of Singapore and the United Arab Emirates, an independent financial court based on the principles of English law will operate. This will attract investment, ensure effective protection of foreign investors,

and resolve investment disputes.

Evidence of the effectiveness of the reforms is the result of international rating agencies. So, according to the Global Competitiveness Index on the indicator “Judicial Independence”, Kazakhstan improved its position, moving from 111th to 79th place (the growth was 32 positions). In the World Bank’s Doing Business 2018 rating, under the indicator “Enforcement of contracts”, the judiciary system of Kazakhstan has advanced by 29 positions for 3 years – from 35th to 6th place among 190 countries.

The reforms also touched upon the law enforcement system and the prosecutor’s office. We got rid of punitive-repressive methods and accusatory bias in the criminal process. The fundamental change in the sphere of prosecutorial supervision is the exclusion of “general supervision” from the functions of the prosecutor’s office. The new look of the prosecutor’s office meets the best practices of the OECD and puts a priority on the protection and restoration of human rights and freedoms, as well as the legality of the criminal process.

Equally important was the decentralization of police functions through the creation of a local police service, which is accountable to local executive bodies. Created online maps through which citizens see all the statistics on crimes in each region, as well as all applications received by state bodies. The system of recruiting law enforcement agencies has also changed. Now, candidates for law enforcement bodies are subject to the same selection as all civil servants. A total of 30,515 candidates for law enforcement services passed testing this year, 42% of which exceeded the threshold. The highest level of passage was recorded in North Kazakhstan (52%), Almaty (50%) and Pavlodar (49%) oblasts.

In the penitentiary system, there are also positive changes – today, the emphasis has shifted to probation and resocialization. As a result, the share of non-custodial sentences was 73% (22627). Reduces the number of correctional facilities. This combined allowed to reduce the prison population by 3 times. If in 1996 we occupied the 3rd place in terms of the prison population in the world (96 thousand prisoners), today we are already in the 70th (35 thousand prisoners).

Another vector of development of the modern state is the protection of the rights and interests of business. In this regard, in 2013, the National Chamber of Entrepreneurs “Atameken” was established, whose activities are aimed at improving the investment climate and developing business conditions for both national and foreign investors. In order to further improve the measures taken and strengthen the role of businesses in combating corruption, the institution of the Commissioner for the Protection of Entrepreneurs’ Rights was introduced, and a Council for the Protection of Entrepreneurs’ Rights and Anti-Corruption was established. Since 1998, under the President of the Republic of Kazakhstan, there has been a Council of Foreign Investors, which examines the issues of investment activity and attractiveness of the country.

The results of the effectiveness of these institutions are confirmed by international ratings. In particular, according to Doing Business Estimates, 2018, Kazakhstan ranks 36th in the overall rating

of 190 countries, and in the indicator “Investor Protection”, we are in first place.

Considering that the activities of many entrepreneurs are related to the implementation of state procurement, a number of measures have also been taken in this area to ensure the transparency of all its procedures. Today, all stages of public procurement, from planning to payment, are conducted electronically. Full automation of the public procurement system allowed for remote (remote) control in the online mode through a web portal. However, taking into account the existing problems (a large number of grounds for using the “one source” procurement method, the lack of a single platform for electronic procurement, and others), additions and changes in legislation are being developed in accordance with the best world practices.

In general, Kazakhstan has taken significant steps to reduce the level of corruption. First of all, they are related to the implementation of the new anti-corruption policy of the state, the conceptual basis of which is the Anti-Corruption Strategy for 2015-2025 and the Plan of the Nation “100 concrete steps”. The measures taken have been positively evaluated by international rating agencies and national experts. Thus, according to the results of the “Global Corruption Barometer” conducted by Transparency International in Kazakhstan, compared to the results three years ago, the share of citizens who observe progress in fighting corruption has doubled, and the number of people giving bribes has decreased by one third. Recent studies published by the Kazakhstan Institute for Strategic Studies show that over 80% of respondents did not give and already forgot what bribes are. The decrease in corruption is also evidenced by the results of the study of the Zertteu Strategic Center, according to which 70% of the respondents did not attend to corrupt situations.

This is facilitated by a new format of dialogue with the non-governmental sector, political parties, trade union organizations, representatives of business structures and the academic community. Openness and willingness to cooperate have become an important tool for the increasing involvement and activity of citizens in the fight against corruption, which in turn indicates an increase in the maturity and consciousness of society.

In general, the key thesis of modern anti-corruption policy: “We must change ourselves, and through adaptation to changing conditions, take the best of what the new era bears in it.” Modernization of public consciousness is impossible without changing a number of habits and stereotypes and without the citizens having an anti-corruption culture. Therefore, the policy of combating corruption is based on a rational combination of anti-corruption education, prevention and only then – punishment.

The tools for preventing corruption identified by the new anti-corruption legislation are already showing their effectiveness. These include anti-corruption monitoring, analysis of corruption risks, the formation of an anti-corruption culture, and the implementation of anti-corruption standards. As a result of the adopted systemic and complex measures, administrative barriers, bureaucratic procedures, and corruption risks have been reduced, and the level of domestic corruption as a whole has been reduced; due to the introduction of standards and regulations and their automation, the quality of public services has been improved, and measures have been taken to completely eliminate

the human factor; increased legal awareness, legal and anti-corruption culture of the population; With the adoption of the Code of Ethics, strict control is exercised over its observance by civil servants; guaranteed increase of wages of civil servants.

We cooperate equally with all segments of society, from school clubs to the business community. For example, in higher educational institutions, about 60 thousand students were trained in the course “Fundamentals of anti-corruption culture.” All implemented projects are united by a single goal – to reach every citizen, to develop sustainable immunity and a general rejection of corruption. As a result, there is an increase in the population’s activity in the fight against corruption.

The Institute of Material Incentives earned full force. According to confirmed reports, only for 9 months of 2017 were 187 persons encouraged to reach the amount of over 26 million tenge, which is 27 times higher than the indicator of 2015. Nevertheless, the state does not intend to weaken the institutes of criminal prosecution for corruption crimes. Today, in Kazakhstan, all are equal before the law; there are no untouchables. Officials convicted of corruption, regardless of their positions and ranks, are responsible for all the severity of the law. According to official figures, over 10,000 people have been convicted of corruption crimes since 2001 (10,931). Among them there are 2 Prime Ministers, 9 ministers and chairmen of agencies, 15 akims of regions and cities, 8 heads of national companies and 8 representatives of the generals of the power bloc.

By the way, the effectiveness of measures taken by Kazakhstan to combat corruption has received a positive assessment among the international authoritative experts of the School of Public Policy Lee Kuan Y. Our country intends to develop cooperation with international organizations and implement international standards. On the initiative of the agency, a meeting was held at the site of the Kazakhstan International Bureau for Human Rights and Rule of Law (Almaty) with the Kazakhstani missions of international organizations, foundations, and human rights NGOs, during which emphasis was placed on further joint work to develop concrete recommendations aimed at reducing the level of corruption.

Similar work is being done in the international arena. The Agency co-operated with the United Nations (UN), the Organization for Security and Cooperation in Europe (OSCE), the Organization for Economic Cooperation and Development (OECD), and with non-governmental partner organizations, including Transparency International, Penal Reform International, and other non-governmental organizations and commercial associations.

Now, the agency is considering the priority issue on the accession of the Republic of Kazakhstan to the Group of States against Corruption (GRECO) of the Council of Europe. In September of this year in Paris, the Kazakh delegation, composed of representatives of interested state bodies, participated in the regular meeting of the Istanbul Action Plan against Corruption of the OECD Anti-Corruption Network. The OECD Secretariat gave a positive assessment of the implementation of the recommendations of the Istanbul Plan, which Kazakhstan has consistently implemented since 2004, embodying the anti-corruption standards of the OECD countries in legislative acts. By the way,

Kazakhstan's experience this year was presented in Germany and Austria for consultation and expert evaluation and aroused interest from the host parties; during the meetings, recommendations, opinions and proposals of international experts were heard.

It is important to note that for the work of the agency, any "feedback" is important. Even comments on the Internet to news about the activities of the agency we consider as a form of such a connection. Analyzing the latter, we are trying to understand those who are on the other side of the monitor. Public opinion, including the opinion of those who write comments on the Internet on a particular issue, acts as a barometer that determines our work and its effectiveness.

Each of us should understand that the implementation of the new policy of Kazakhstan aimed at joining the cohort of the most competitive countries in the world presupposes a radical change not only in the content of the state's anti-corruption strategy but also in the attitude of society itself towards corruption as a phenomenon incompatible with goals and objectives our development.

During the recent meeting of the Head of State with the head of the agency, Kairat Kozhamzharov, the President noted that a lot of work has been done to implement the strategic line in the anti-corruption sphere and, therefore, "it is necessary to strictly follow the principle of rational and transparent use of budget funds." The head of state gave specific instructions on how to conduct work in this direction and emphasized the importance of forming in society intolerance to manifestations of corruption, noting that no one can escape punishment if he committed corruption crimes.

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