

# Corruption in the Czech Republic: Politicians and Managers' Perceptions

By:

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The Fleet Sheet's Final Word

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## Note:

This report contains a number of statements made by respondents about corrupt behavior. The quotes do not necessarily represent the opinions or attitudes of the study's authors. The attitudes of political parties whose members took part in the research cannot be ascertained from such statements.

*K. und K.<sup>1</sup> Police Inspector: Who are you familiar with?*

*Švejk: My maid.*

*Police Inspector: Are you acquainted with political circles?*

*Švejk: I am. I buy National Politics. Because of the lost & found dogs section.*

*Police Inspector: Shut up!*

The Good Soldier Svejk (1956)

<sup>1</sup>A German abbreviation of "Kaiserlich und Königlich" (Imperial and Royal), which describes the Austro-Hungarian Imperial Army and police officials.

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# What Is Corruption?

The task of researching corruption is burdened by the unwillingness of research subjects to provide answers to the most elemental questions. This is a given when researching unethical or criminal behavior. When asking whether somebody would ever try to offer a bribe, you should not expect honest answers from all respondents. Rather than describing specific cases of corruption, this study aims to show that the issue of fighting corruption has been and continues to be relevant in the Czech Republic. Through listening to 1,194 politicians and managers, we found that there is indeed a consensus among them as far as fighting corruption is concerned. And, even better, a large anti-corruption coalition appears to exist between the spheres of business and politics.

Corruption is a plague, according to one respondent. Corruption spoils the business environment and the civil sphere of life. In principle, corruption exists because someone gives and someone else takes that to which they have no right. If we set aside the reasons for this transaction, the act of corruption remains subject to the participants' free will. Some respondents claimed that corruption is the result of a lack of morals, unethical behavior and the breach of business conduct rules. They also complained that the media give preference to role models who are unsuitable for young people. Respondents were alarmed by the role of parents who fail to bring up their children to respect the truth and who fail to instill in their offspring the conviction that stealing is wrong.

Public discussion about the fight against corruption must first explore the definition of corruption. Corruption can be small, in the form of sweets for the nurse who is tending to one's mother in the hospital. Or it can be large, and the Czech taxpayer takes a beating. Transparency International has demonstrated that there is a correlation between the small and large forms of corruption<sup>2</sup>. Both forms have a common root: injustice. They encompass unfairness, favoritism, breach of fiduciary duties or simply a kick-back.

It may seem that corruption has deep roots in Czech society. Some civil servants, politicians and managers have fallen victim to the belief that what is not prohibited is permitted in a democratic society. Ruthlessly, they have taken advantage of gaps in laws in order to maximize their private benefit. It is most encouraging to learn that, despite this, the respondents of our survey including politicians at all levels clearly reject corruption. They reject its causes and its consequences alike, and, more importantly, they refuse to take part in it. This firm and outspoken rejection encompasses feelings of obligation to fight corruption by all the 1,194 persons who shared their opinions with us. It is a call for a decent society, for equal opportunity, for the freedom to live a public life with dignity and respect. In brief, the respondents have said: Enough of corruption!

<sup>2</sup> Transparency International and University of Passau. The Methodology of the Corruption Index 2006. October 2006 ([www.transparency.org](http://www.transparency.org))

# Corruption Does Not Deserve ANY PR; the Truth About It Does

## Michal Donath, Donath-Burson-Marsteller

Corruption is on the tip of everyone's tongue these days. And not only that; it is gaining new attributes. The latest is political. They're talking about it at the top, at the bottom, in the pubs and in the lobbies, as if corruption were using the whispers to inconspicuously but brazenly advertise itself. Judging by what's being said nowadays, this kind of advertising is effective. Questions arise such as: Is corruption marketing a new form of communication? If there's no smoke without fire, what's the deal? And that was how we came up with the idea of asking those who at least, according to what's being whispered corruption could affect the most: politicians and managers. This idea led to research that is without precedent in the Czech Republic.

Corruption is evidently a very special and lucrative field of human endeavor. Despite the sentences handed down and the potential of being caught out, despite the public denunciations and social damning of the perpetrators, corruption still goes strong. Permits, various rubber stamps, school and university entrance exams, subsidies, public and non-public tenders, government orders and God knows what else. It seems there are always enough reasons to kick back. From the human viewpoint, corruption is definitely bad and everybody knows it. The respondents in our research know this, as do the readers of this report. And that's good. It's also good that most respondents agreed on how to get rid of corruption.

So, what's behind corruption? If we look at it from the viewpoint of communications, it's pretty bad. The perpetrators don't talk about corruption in public. Why should they? And when they're being written about and talked about, it's usually too late for those involved. It's good for the others. We'd like to believe we don't need a wagging index finger looming over us, but what if we do? Our research is not this index finger. It is more evidence of the fact that, with a sufficient dose of determination, creativity and professionalism, it is possible to communicate even about such a socially delicate topic, and not only with the public, but also with those who are often unjustly accused of taking or giving bribes. It is futile to stick your head in the sand and lament the country's position in corruption indices. The social mirror inexorably reflects only what is happening in front of it.

In connection with various possible methods of fighting corruption, there is often talk about "agents provocateur." The authors of this report are certainly not among them. Led by an attempt to contribute to the society-wide discussion of the unflattering phenomenon of our time, we certainly do not want to provoke. Nor is the point of this work to do PR for corruption, because it deserves none. However, Czech society certainly deserves to know how corruption is viewed by elected political representatives and the captains of industry our pilots through the troubled waters of business.

If, however, the collective of this study's authors were to throw a figurative bottle with a clearly legible message from our research into the sea of the Czech population's moods, it would read as follows: Corruption matters! And, judging by respondents' opinions, not only to us. We hope our message will soon float into the right hands.

I was lucky enough to find research partners who share the same negative opinion of corrupt behavior as most decent people. In addition, they demonstrate this in their day-to-day business activities. My credit goes where it is due, and that is to all respondents, the authors of this report and all the readers.

### Jan Herzmann, Factum Invenio

When I first started out in marketing research, there was wild capitalism in Czechoslovakia. The media were reporting racketeering, physical threats and other mafioso practices. At that time, my business partners and I said we were happy to be involved in marketing research. We sold ideas, which is not something just anybody can do, so we figured nobody would push us and we would be able to work in peace. We were right.

The use of mafioso methods in the Czech Republic has declined significantly since that time. People only get murdered over dirty deals worth billions of crowns, which, believe me, does not concern us researchers. In comparison, corruption is a relatively innocent problem. If somebody doesn't want to pay a bribe, he simply has less business but it is not his health or life that is at stake. However, the less violent and visible corruption is, the pushier it gets. Unfortunately, it has even begun to affect us in our own industry. Not that I have examples I could take to the police. For example, the chairman of a selection committee at a large company helps allocate a procurement order worth millions of crowns to a certain market research agency, and several weeks later he is hired by that same agency for one of its top posts. In the run-up to elections, people close to political parties visit research agencies and ask seemingly ignorant questions about the methodology of measuring preferences. And, in a casual, joking manner, they ask how much one percentage point costs. According to behind-the-scenes information, some contracts awarded without tenders are concluded for prices several times higher than the usual prices on the market. Perhaps this is only slander or envy of success, or perhaps even an attempt to damage the competition with poisonous bile. But I no longer believe in the crystal-clear transparency of business relations on the market and in public opinion research. Obviously, hundreds of millions are not at stake, but, if I remember correctly, there were always enough people among us prepared to help with a crafty evasive maneuver.

I do not like corruption, but either I do not dislike it enough or I am not brave enough. In any case, I have not become a front-line warrior against it. But if I contribute a little and if I do it as part of my profession, then I am satisfied. Michal Donath did not have to convince me at all to get our agency involved in research that affects the hidden channels of those interestingly colored pieces of paper, as they are channels leading to a sphere that influences all of our lives: central, regional and local government. I feel that the channels affect me. On the one hand, my taxes could be used to enjoy greater comfort on the roads and railways if every second state-awarded contract did not cost a lot more than they do in countries far richer than ours. I would not like to see the day when a clever investor with an exquisite instinct for *cash flow* but not architecture erects an eight-story industrial monster in front of the house my grandfather built in 1929 on the edge of Prague.

Can researching corruption solve anything? What will happen when we ask the opinions of people who are, as we might say, involved in it? Will we learn anything at all? Firstly, we will certainly learn something. The history of our industry tells us that if people feel they are anonymous, some of them will indirectly admit to committing a criminal offense. The corrupt environment indexes that, for example, *Transparency International publishes* are also based on research to a significant extent. We will certainly not learn the precise state of affairs, in the same way that questioning cannot ascertain precisely how much liquor is consumed where. We will also learn some of the basic lines of thinking of people in the central government and local authorities, and from business circles. This is certainly worth knowing.

Secondly, the results of such research will be a topic for debate and another of the sparks that could if there are enough of them light up corners that until now have been dark. If a reader says I am a cross between a crazy man and an idealist, I will not complain. It is better than to be considered a rogue and a swindler just because your political party is not as strong in the opinion polls as you would like. The only thing about this project that frustrated me is that Transparency International refused to cooperate with us. Apparently, as a matter of principle the esteemed organization does not work with agencies that do political research. The organization's representatives are certainly entitled to their opinions. I just hope that, because of its principled position, Transparency International will not ignore that a group of people and companies have come together and found it worth talking about corruption, even though no one is paying them to do so. Surely we don't have to found some sort of “Transparency National” over this, do we?

### Erik Best, Publisher, the Fleet Sheet's Final Word

One of the key responsibilities of the media in the developed world is to act as a watchdog of society. When the state or its citizens overstep the line, the media are there to blow the whistle. When society functions properly, the media can act as a self-repairing mechanism to correct any imbalances. When the state wields too much control over the media, that self-repairing mechanism fails. Political censorship renders the press impotent or, even worse, makes it an instrument of a repressive regime. Czechs have lived through this and don't need to be reminded of the consequences.

Today, the Czech Republic is mostly free of political censorship. In the most recent Reporters Without Borders Worldwide Press Freedom Index, the Czech Republic ranked fifth in terms of press freedom, behind Finland, Iceland, Ireland and the Netherlands. Czech politicians still occasionally try, of course, to restrict the media, but the truth usually comes out in one form or another.

A bigger problem is commercial censorship. As the economic might in the country becomes increasingly consolidated, businesses use their advertising budgets to influence the way the press treats them. Become too critical, and the advertiser pulls his advertisements, cancels his subscription or cuts off access to company representatives. Publications that are "business-friendly" are handsomely rewarded, and those that aren't are punished. The bad news usually gets out anyway, because the Czech media market is so competitive, but the story is usually quickly forgotten. Only those readers with a deep understanding of the way the media market works understand the reason for this.

If Reporters Without Borders took commercial censorship into account, the Czech Republic would be much farther down the list. In this respect, much-criticized Russia (ranked No. 147) is actually more transparent than the Czech Republic. In Russia, readers at least know which commercial entity controls their newspaper, and they don't need to wonder why certain stories are ignored and others are splashed all over the front page.

### Michael L. Smith, Research Fellow, Institute of Sociology of the Academy of Sciences of the Czech Republic

When sociology emerged as an academic discipline in the second half of the 19th century, the newly branded sociologists sought to use conceptual tools and empirical data to not only understand the processes of change that gripped modern society but also to contribute to social and political reforms aimed at improving the human condition. The great empirical works of Durkheim, Weber and Simmel, to name just a few, were rooted in their engagement with the life of their societies and their belief that the social sciences can help tackle social problems and alleviate human suffering. As the social sciences became professionalized, however, “applied research” took a backseat to “basic research,” which, over time, took on the semblance of being “more scientific.”

In today's world of expanding inequalities, global terrorism, rampant corruption and environmental crisis, the need for the social sciences to provide meaningful solutions to social problems has never been greater. However, much of the sociological research in the Czech Republic has yet to heed the call to make findings practically useful for public policy, private enterprise and civic debate. In recent years, there has been overwhelming evidence that the Czech Republic's low rate of investment into research and development particularly in terms of the limited cooperation between public research institutions and the private sector has been a major drag on the country's innovation potential and long-term competitiveness.

This report by Donath-Burson-Marsteller represents the best that can be achieved when researchers and the private sector come together to provide useful insights and practical recommendations for tackling an issue so fundamentally important to society as a whole. Given the lamentable state of current research on corruption in Czech society, this study has made a significant advance in understanding how politicians and business leaders perceive the problems of corruption and the kinds of reforms that could address it. The findings are not only important for advancing knowledge, but also for identifying how corruption makes government less effective and markets less efficient.

Like Donath-Burson-Marsteller, the Institute of Sociology of the Academy of Sciences of the Czech Republic is firmly committed to applying research findings in order to address social problems. The results of the institute's research are not only disseminated among academics but also made available for bodies of state administration, Parliament and educational and other institutions. The institute's Sociological Data Archive has sought to make sociological data widely available for secondary use in academic research and for educational purposes.

The importance of making research practically useful cannot simply wait for or rely on policy changes. Ultimately, it is up to public and private institutions themselves to find innovative ways to collaborate on projects that are not only mutually beneficial but also contribute to strengthening the country's innovation potential or even the quality of democratic governance on which the prospects of a better future depend. One can only hope that this study will help reveal to a wider audience the overwhelming benefits of such collaboration.

## Corruption in the Czech Republic

Corruption was just as widespread in 2006 as in 2001.

Corruption is evenly distributed throughout the Czech Republic; the situation in Prague is slightly different due to the higher number of government institutions.

Large Czech companies offer bribes the most frequently.

Bribes are most frequently requested by civil servants of the central government, cities and Prague.

Corruption is most widespread in construction and state-awarded contracts.

Politicians claim that corruption does not affect quality of work; managers claim that a company that bribes delivers worse products or services than a company that does not.

Corruption can worsen the reputation of an administrative region.

Corruption is a consequence of the high degree of bureaucracy and the unethical behavior of civil servants who request bribes.

Politicians claim that the media can be abused and can resort to biased reporting; managers claim that one of the main tasks of the media is to expose corruption.

Corrupt behavior damages the chances of politicians and political parties in elections.

## The Fight against Corruption

Stricter laws and harsher punishments for corruption.

Elected politicians should publicly divulge their assets, including ownership interests.

The creation of a government office that is independent of the police that has the aim of investigating corrupt behavior among politicians, civil servants and police.

Increasing financial contributions for organizations that monitor corruption.

Documenting on camera meetings of all state officials and police.

Taking measures to increase transparency of state administration and improve the Czech legal environment.

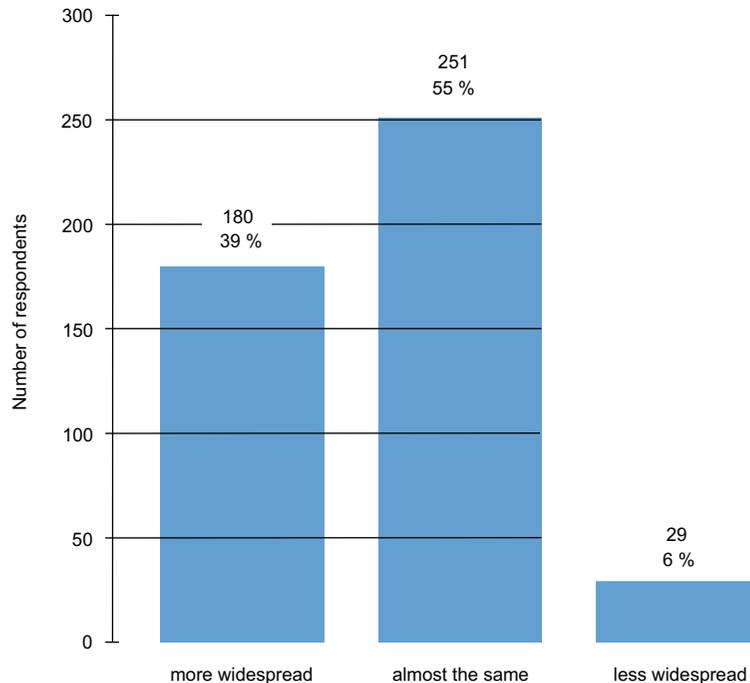
Limiting bureaucracy, paying civil servants better.

Stricter sanctions, improved morals and better education to make people behave more decently.

Better work by the police, decreasing state redistribution of resources.

# Corruption from a Political Perspective

Is corruption more widespread in general in the Czech Republic now compared with five years ago?



**Figure 1:** Half the politicians polled (55%) believe that corruption is as widespread in 2006 as in 2001. More than a third of politicians (39%) stated that corruption is even more widespread. Only 29 politicians (6%) stated that corruption is less widespread.

## Better or Worse?

Most of the politicians who responded claim that corruption was at the same level in 2006 as in 2001. Two-fifths of politicians believe the situation is worse now. On the other hand, a corruption perceptions study by Transparency International recorded an improvement in perceptions of corruption in the Czech Republic.<sup>3</sup> Also, according to the index of corruption that Transparency International puts out every year, the environment in the Czech Republic has significantly improved in the past five years.<sup>4</sup>

## Impressions and Ideas

We have no means of examining the true extent of corrupt behavior. Instead, we analyzed the perceptions of corruption among two groups of the population that are directly affected by it. The high participation in the study and the uniform adverse opinion of corruption expressed by all respondents gives the impression that the fight against corruption in the Czech Republic is very much underway. We see the respondents' tendency toward self-criticism as rather a typical Czech national sport, as the respondents managed to suggest quite a lot of effective measures for improving the fight against corruption (see the chapter The Portrait of the Emperor, page 12).

*“Corruption reminds me of the yeti. Everybody talks about it, but just about nobody has seen it. We need to create a social environment in which corruption doesn't pay.”*

ODS politician

*“Until there is a change in the fact that most people aren't really bothered by corruption, then unfortunately not much will change.”*

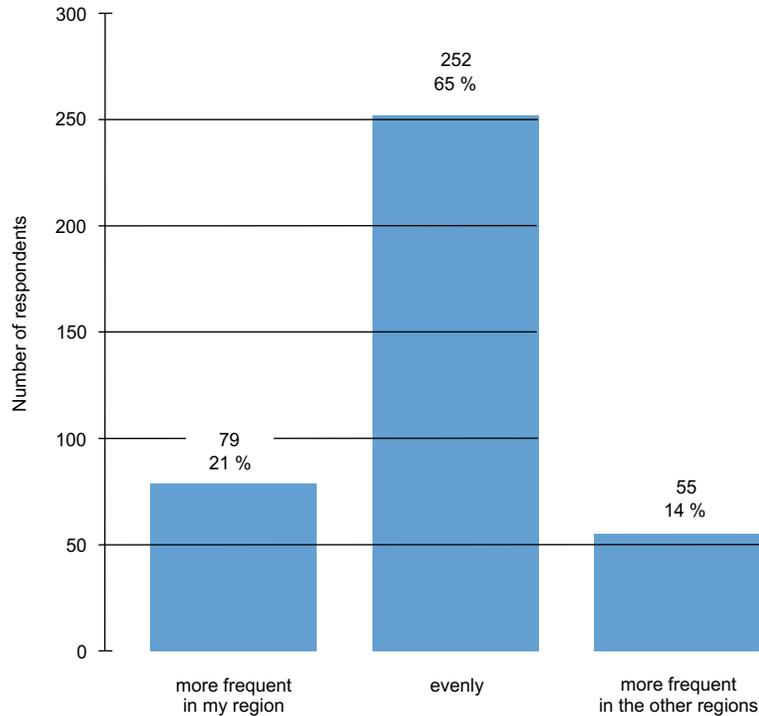
Manager in finance industry

<sup>3</sup>In 2003, 21 percent of Czechs apparently gave bribes, whereas in 2006 this number had fallen to 17 percent (see Transparency International. Global Corruption Barometer /GCB/ 2006 and GCB 2003).

<sup>4</sup>In 2006, the Czech Republic received a score of 4.8, whereas in 2002 it was only 3.7 (Transparency International. Corruption Perception Index /CPI/ 2002 and CPI 2006. This finding is somewhat less reliable by the lower statistical probability and the large confidence intervals for values given by TI for the Czech Republic).

## My Neighbor's Goat

### Is corruption evenly distributed throughout the Czech Republic?



**Figure 2:** Most politicians (65%) stated that corruption in the Czech Republic is about the same in all regions. A fifth (21%) of them believe the region in which they hold office suffers more than the rest of the country. Only 14 percent of politicians believe corruption in their region is less widespread than elsewhere in the Czech Republic.

*“Corruption is present in every competitive environment; its level is a reflection of the overall moral standard of society.”*

KSČM politician

*“The company that does not bribe has to bear the worst effects of corruption in the Czech Republic. It has no chance of winning any contract.”*

Top manager, manufacturing industry

### What about Prague?

Most of the politicians who responded stated that in the region in which they hold office corruption is as widespread as in other regions of the Czech Republic. A fifth of respondents said corruption is more widespread in their region. A majority of these politicians (58%) were referring to Prague.

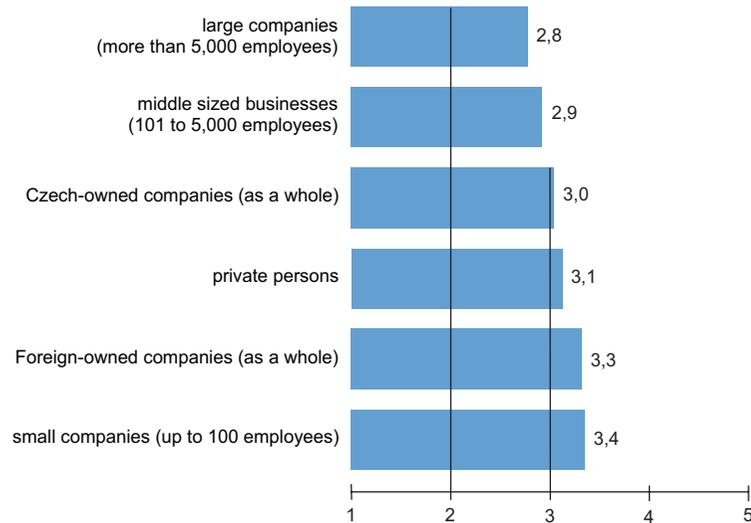
### Opportunity Makes a Thief

The research shows that the capital city of Prague is the region of the Czech Republic in which, according to politicians, corruption is most widespread. Perhaps this is because Prague is home to most central administration offices. The respondents claim that civil servants at ministries are the ones to most often request bribes (see The Law of Demand chapter, p. 4).

# The Law of Supply

## Who offers bribes, and how often?

(1 = at every opportunity, 2 = often, 3 = occasionally, 4 = rarely, 5 = never)



**Figure 3:** Politicians who participated in the survey claim that bribes are most frequently offered by large companies (with more than 5,000 employees) and midsize companies (101 to 5,000 employees). Each private entity at least occasionally offers a bribe. Czech companies offer bribes more frequently than foreign companies.

### Companies on the Hot Seat

Politicians view the business environment more positively than managers do. According to managers, only foreign companies received marks above “3,” meaning that they offer bribes only occasionally. The others offer bribes more frequently. Only a small number of politicians and managers claim there are economic entities that offer bribes quite frequently or even at every opportunity.

### A Matter of Company Culture

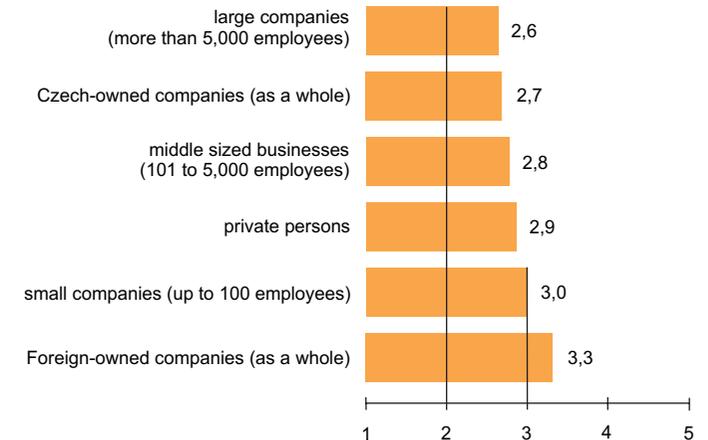
According to 37 percent of the managers polled, foreign companies only offer bribes rarely or do not offer them at all. Only a tenth (8%) of them thought the same about Czech companies. Politicians also believe small companies offer bribes the least frequently of all. Politicians and managers agree that bribes are most frequently offered by large Czech companies. Which ones might these be?

*“Corruption has a chance where an unmotivated civil servant, employee or politician ‘sells’ something he doesn’t own or make legal profit on.”*

ODA politician

*“Primarily, corruption has to be prevented.”*

Manager from Prague

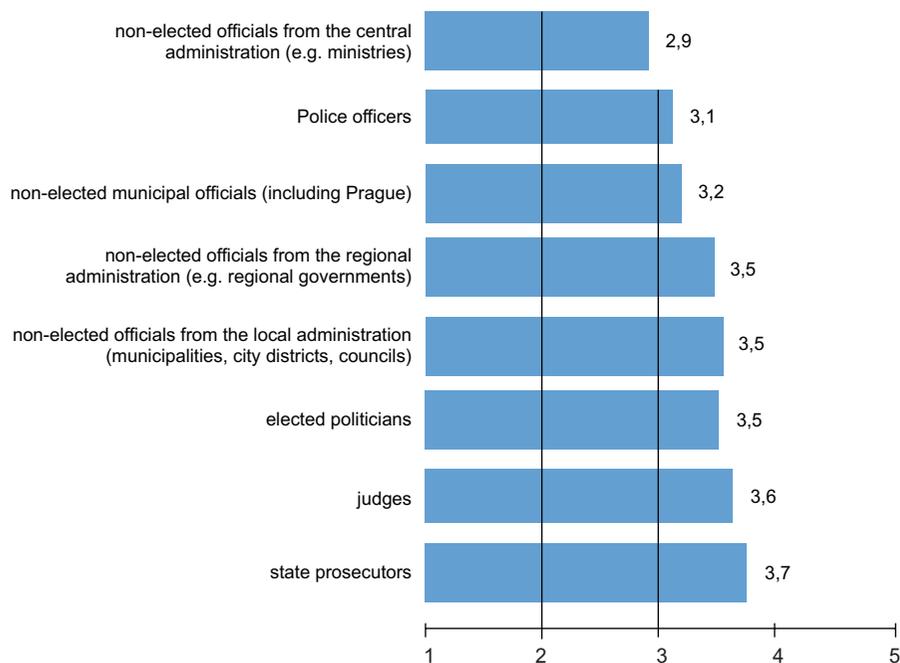


**Figure 4:** Managers claim that bribes are offered most frequently by large companies (with more than 5,000 employees) and by all Czech companies in general.

# The Law of Demand

## Who requests bribes, and how often?

(1 = at every opportunity, 2 = often, 3 = occasionally, 4 = rarely, 5 = never)



**Figure 5:** Politicians claim that bribes are most frequently requested among others by civil servants at ministries and policemen. Public prosecutors and judges allegedly request bribes only rarely.

### State on the Hot Seat

Politicians hold a much better opinion of government representatives and civil servants than managers do. According to politicians polled, bribes are most frequently requested by civil servants of the central administration. According to managers polled, bribes are most frequently requested by civil servants, policemen and even elected politicians with the exception of public prosecutors and judges. Managers and politicians display a similar degree of trust in public prosecutors and judges.

### A Matter of Political Culture and the Civil Service

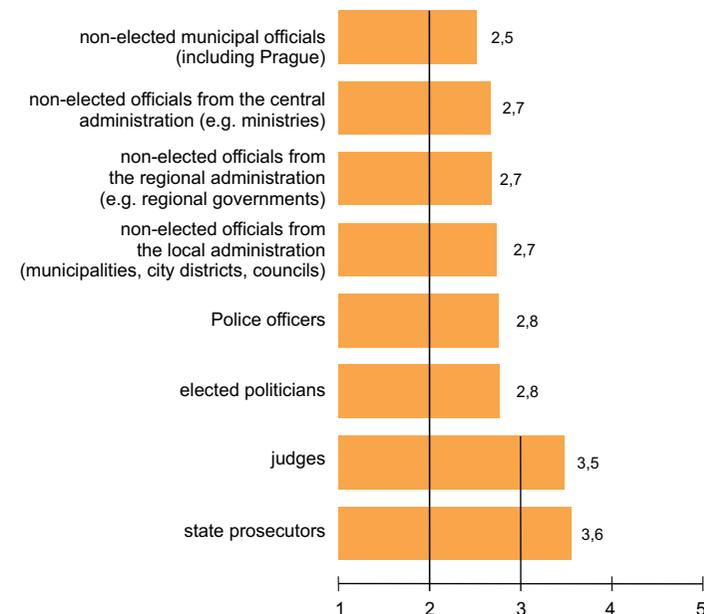
The worst reputation with politicians and managers is evidently suffered by civil servants in the central administration and at Prague City Hall. Politicians and managers have the greatest degree of trust in judges and public prosecutors, who apparently request bribes only rarely. Nevertheless, the results are not satisfactory, as

*“Corruption is related to decisions by the bureaucracy, but above all it’s an ethical problem. A football referee is not a civil servant and neither is a doctor who prescribes drugs made by the pharmaceutical company that pays for his vacations. The rule of law is key.”*

KDU-ČSL politician

*“There is too much tolerance of corruption, the people involved and the proceeds of it. Corrupt behavior is accepted as a low but common standard.”*

Top manager, Prague

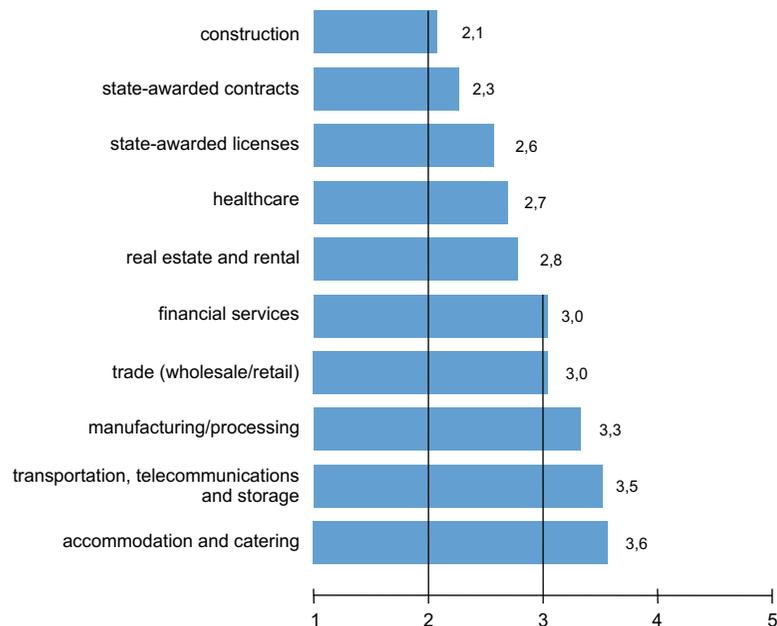


**Figure 6:** Managers believe bribes are most frequently requested by civil servants of cities, including Prague, and civil servants in the central administration. Judges are perceived to only occasionally request bribes and public prosecutors are said to do so only rarely.

# Something Rotten

## How frequent is corruption?

(1 = regular, 2 = often, 3 = occasional, 4 = rare, 5 = none)



**Figure 7:** According to the politicians, corruption is the most widespread in the construction industry and public tenders. It is the least widespread in accommodation, catering, transport and communications industries.

### Public Procurement

According to the politicians, corruption is frequent in construction and public procurement. According to the managers polled, corruption in the Czech Republic is frequent in the field of public tenders, construction and the granting of licenses and health care. The politicians claimed that corruption in accommodation and transport is rare. Managers did not identify any area in which corruption is an exception or is completely missing.

### Freemasons

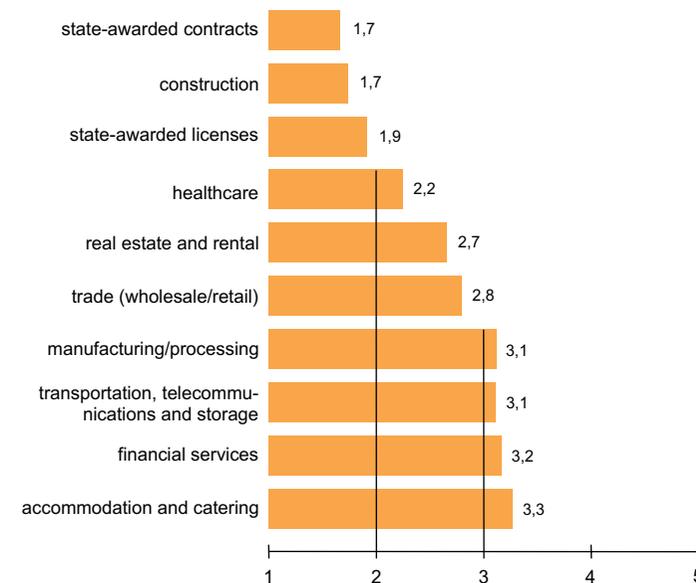
A state order for construction work evidently represents the worst imaginable combination and chance for corruption occurring. The construction of Czech transport infrastructure involves a huge amount of money from EU funds. The idea that part of the money ends as backhanders on the accounts of civil servants, politicians and political parties, and therefore serves to maintain the status quo, is frightening. This sector is dominated in the Czech Republic by foreign companies declaring their high company culture that rejects bribery. How else could this be, considering their respective countries of origin ranked much higher than the Czech Republic in Transparency International's ratings? Or do they operate differently here?

*“Corrupt behavior has a number of refined forms and the attempt to obtain a benefit will go on forever despite repression and control. Still, anti-corruption efforts must be increased.”*

Volba pro město politician

*“The problem is that a majority of the public, politicians and businessmen does not see corruption as something fundamentally bad and damnable. They tolerate it in a way. There is no pressure from society at large or from voters in particular.”*

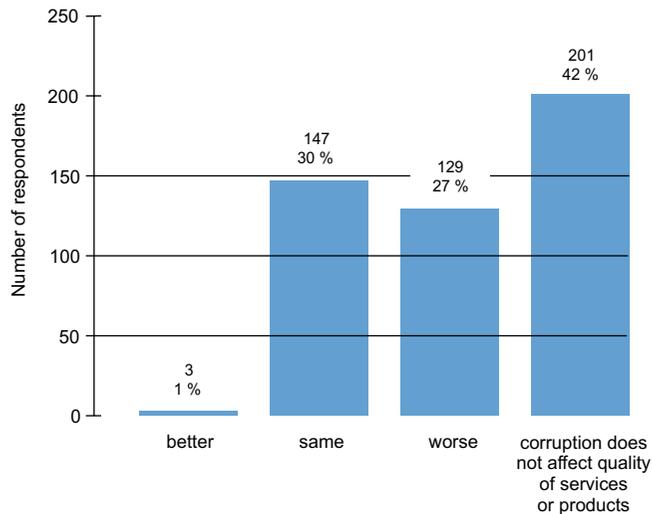
Manager in wholesale/retail



**Figure 8:** According to managers, corruption is most widespread in public tenders and the construction industry. It is least widespread in accommodation and catering and in the manufacturing industry, including transport and communications.

# Cosa Nostra

## Does a company that bribes provide better or worse services or products than a company that does not bribe?



**Figure 9:** Almost half of politicians polled (42%) believe corruption does not affect the quality of services or products. A third (30%) of them claim that a company that bribes provides services and products of the same standard as a company that does not bribe. Only a quarter (27%) of them hold an opposing opinion.

### Quality

Most politicians believe there is no relationship between bribing and quality of work. This is in direct contrast to what managers think. Almost half of the managers who responded claim that a company that gives a bribe provides services or products which are clearly of a lower standard than those of a company that does not bribe.

### Shiny White

What is the price of corruption? Managers correctly judge that if one gives a bribe, one has to take that money from somewhere. The idea that a person who gives a bribe is saving money is a myth. The U.S. government saw this clearly when suppliers billed it a whopping \$465 for a single hammer and \$643 for a toilet seat, as a part of the defense budget.<sup>5</sup> It is the same with motorways, bridges, television broadcasting and even toilet paper at police stations and state schools. The taxpayer pays for Kleenex and gets shiny white. The difference is swallowed up by corruption. What does the ordinary politician have to say about this? He claims that corruption does not affect the quality of work. However, somebody has to pay the money dissolved in corruption. In addition, if the criterion of business success is quality of contacts and not the quality of a service or product, it is natural for contacts, and not products, to be researched and developed.

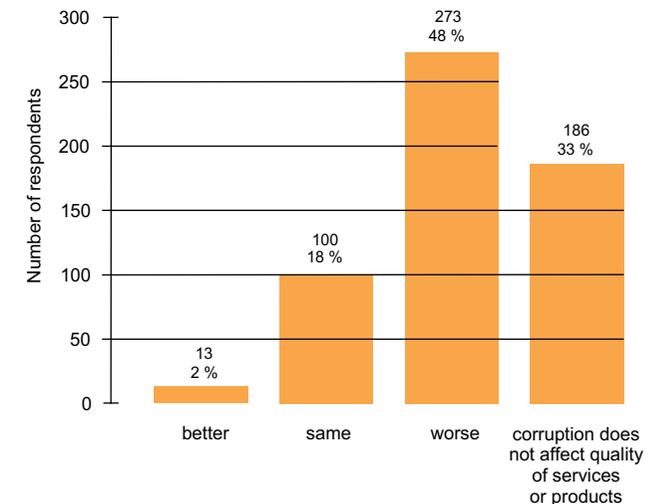
<sup>5</sup>See the Project on Government Oversight ([www.pogo.org](http://www.pogo.org)).

*"The problem is in the amount of effort to enforce quality. It is a good idea, mostly financially, to work with the tried and tested partners."*

ODS politician

*"[It is necessary] to reach a state where corrupt behavior is punished, to create the opinion that such behavior does not pay at the moment, it's the other way round."*

Manager in the transport industry

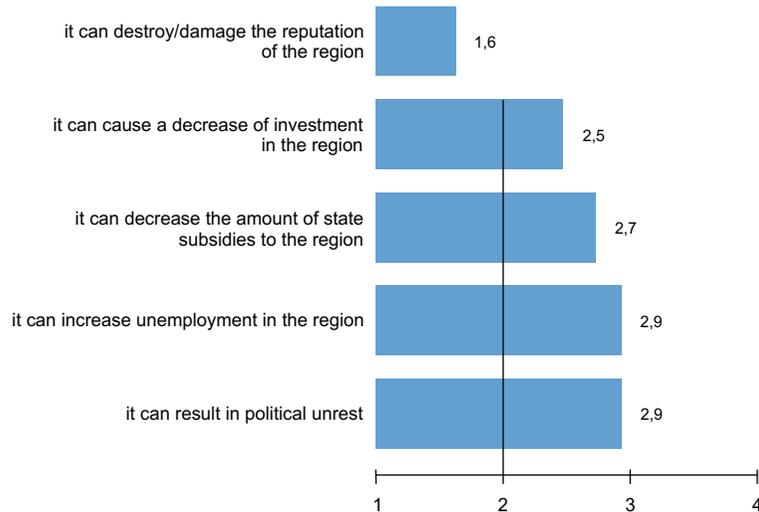


**Figure 10:** Almost half the managers (48%) believe that a company that bribes does clearly worse work than a company that does not bribe. A third (33%) claims that corruption does not affect the quality of work done. A fifth (17%) stated that a company that bribes does work of the same quality as a company that does not bribe.

# The Invisible Hand of Corruption

## What are the direct economic consequences of corrupt behavior?

(1 = definitely, 2 = probably, 3 = probably not, 4 = definitely not)



**Figure 11:** Politicians claim that corruption can worsen the reputation of an administrative region. It can also lead to a reduction in the volume of investment into a region. It will probably not affect the volume of government grants for a region or the unemployment rate. Corruption does not evidently cause political disturbances.

### Corruption is Antisocial

Politicians believe corruption will cause a worsening of a region's reputation and also a reduction in the volume of investment into the region. Managers also believe there could be an increase in unemployment as a consequence of corrupt behavior.

### Morals and Economics

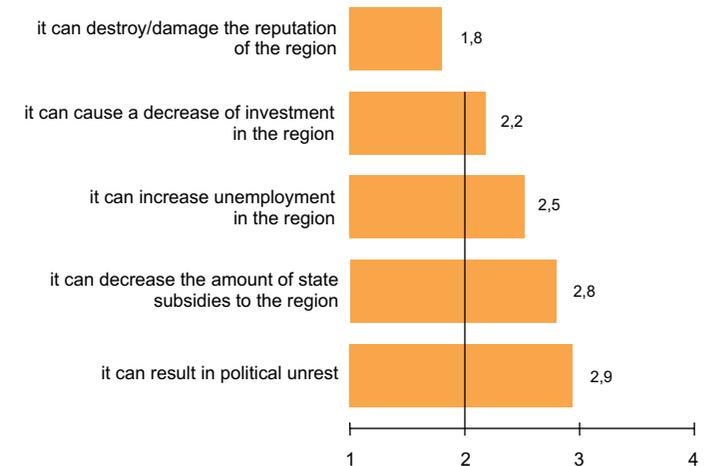
Corruption has direct negative economic consequences. If there were no corruption, it could be expected that some economic problems would be less prominent. The same as with the issue of global warming, everyone can contribute a little in the fight against corruption. As it has become a habit in the Czech Republic to recycle paper, wouldn't it be a good idea to limit corruption, at least a little? The entire private sector should have a stake in a transparent business environment but this can only be provided by a transparent state administration that is based on a high political culture. The main responsibility of a government in a democratic society be it orange or blue is creating and maintaining the playing field.

*"I don't know how big corruption is in the country, but I think that people who give [bribes] want a benefit that they can't get in a standard way. Everybody should be able to get everything in a standard way without unnecessary bureaucracy, and then there wouldn't be a problem with corruption if it indeed exists."*

ODS politician

*"We must stop business and political power amalgamating."*

Top manager from Prague

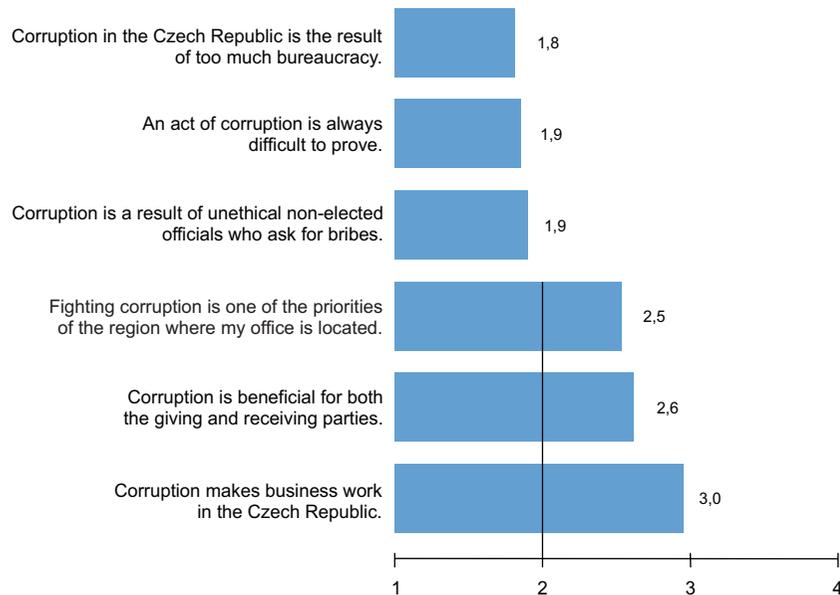


**Figure 12:** Managers believe corruption worsens the reputation of a region and leads to a reduction in the volume of investment into a region. It could even lead to an increase in unemployment. Evidently, however, it will not affect the volume of state subsidies for a region or cause political disturbances.

# ¡No Pasarán!

## Would things work in the Czech Republic without corruption?

(1 = strongly agree, 2 = agree, 3 = disagree, 4 = strongly disagree)



**Figure 13:** Politicians claim that corruption is hard to prove, a consequence of the high degree of bureaucracy in the Czech Republic and unethical behavior by civil servants who request bribes. Politicians disagree with the statement that without corruption things wouldn't work.

### Things Work Without Corruption

Politicians claim that corruption is a consequence of the high degree of bureaucracy and that it can be hard to prove. They also claim it is a consequence of the unethical behavior of civil servants who request bribes. Managers answered in a similar way. In addition, managers claim the fight against corruption is not quite a political priority. Managers and politicians agree that things would work in the Czech Republic without corruption.

### Thou Shalt Not Covet

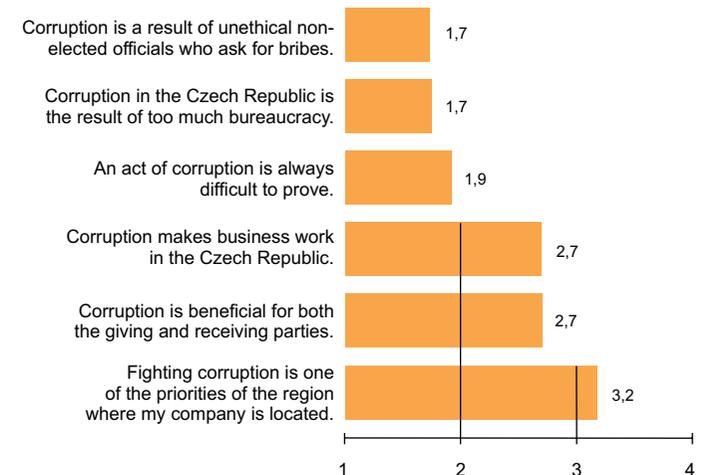
Not everything is lost. Politicians and managers confirm that things can work in the Czech Republic without corruption. This position may not be unanimous but it is valuable. This is an opinion of representatives of the groups of the population that can do something about corruption: managers by ensuring their companies do not give bribes and politicians by promoting equal opportunities for all.

*"We need time, society has to mature ... democracy has to be absorbed and it won't be tomorrow; the bad apples will eventually rot away."*

ODS politician

*"At work, I do not regard corruption as a serious problem. Maybe this is because the vast majority of our suppliers and customers are from abroad. Basically, as head of the company for three years, I have only encountered one shy offer of corruption. And rejecting it was no problem. In my private life I have not directly encountered corruption. Really! And I've repaired two houses, been through inheritance proceedings, swapped a flat and sold property that I got in restitution proceedings."*

Top manager in the manufacturing industry

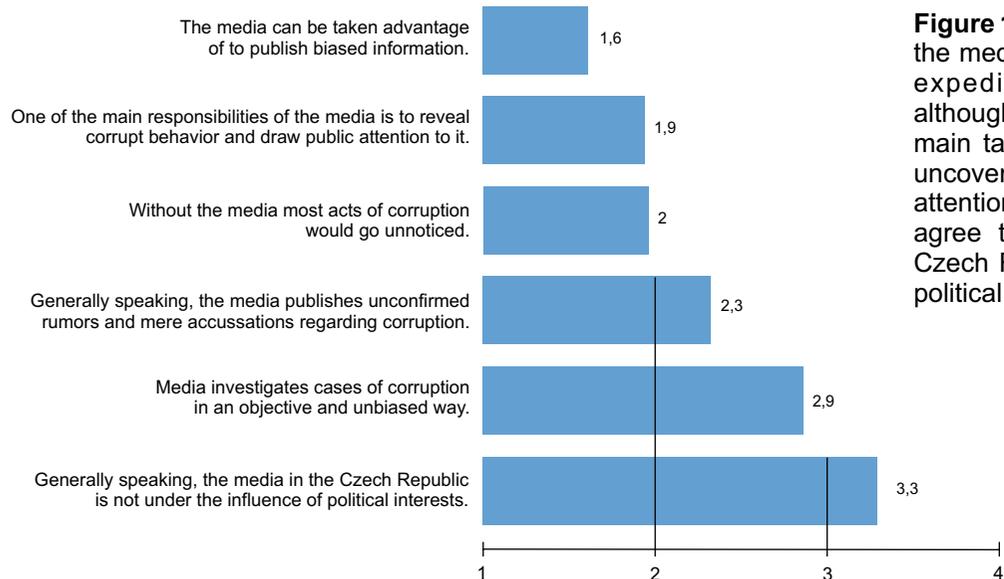


**Figure 14:** Managers claim that one of the causes of the corrupt environment in the Czech Republic is the unethical behavior of civil servants and the high degree of bureaucracy. They also agree that corruption is hard to prove. They do not really believe the fight against corruption is a priority in the region in which their company is based.

# Obligation to the Truth

## What is the role of the media in the fight against corruption?

(1 = definitely agree, 2 = agree, 3 = disagree, 4 = definitely disagree)



**Figure 15:** Politicians claim that the media could be abused for expedient interpretations, although they agree that one of main tasks of the media is to uncover corruption and draw attention to it. Politicians also agree that the media in the Czech Republic are subject to political pressures.

### The Role of Media

Politicians and managers agree that the media could be abused to provide one-sided interpretations and that one of the main tasks of the media is to expose corruption and draw attention to it. They also agree that, without the media, corruption would go unnoticed. On the other hand, they do not agree that the media report on corruption impartially and in an unbiased fashion. Politicians and managers alike claim the media in the Czech Republic are evidently subject to political interests.

### The Price of Truth

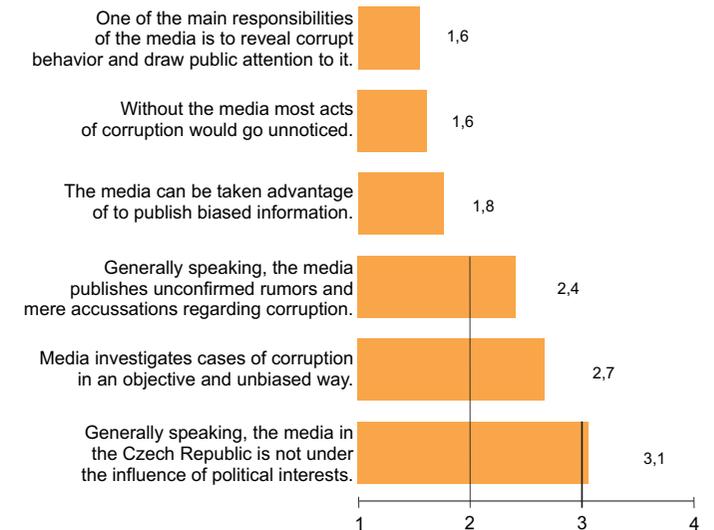
Publishing has found its role in a democratic society by taking advantage of the law and freedom of speech. Sometimes it would be good if, in the modern confusion and hunt for profit, newspaper publishers and television broadcasters did not forget the core values of journalism. Just like attorneys, doctors, teachers, politicians and all decent people, journalists have a duty to tell the truth. Although they are not paid for it, every day they must remind themselves that the truth cannot be bought, as its value is priceless.

*"There are no good role models; the media want sensations and are helping devastate morality."*

KSČM politician

*"The media should thoroughly investigate all suspicious cases."*

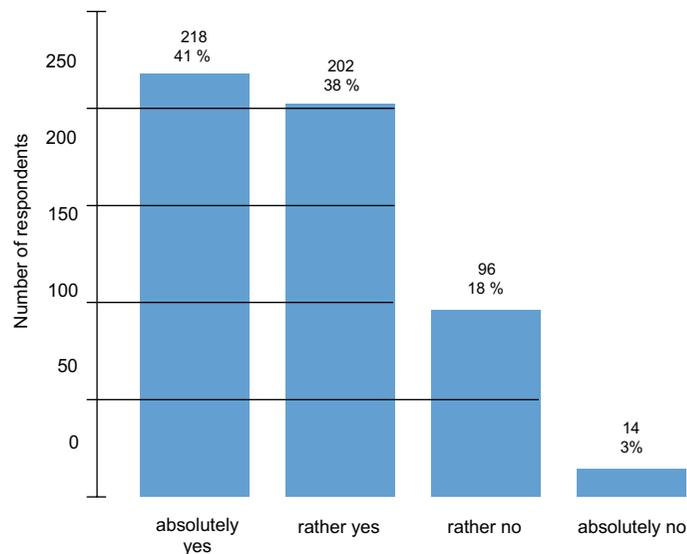
Employee of a financial institution



**Figure 16:** Managers almost unanimously believe the media's task is to uncover corruption and report on it. They also claim that most cases of corruption would remain hidden from the public eye without the media's help.

# All Animals Are Equal

Does corrupt behavior damage politicians and their parties' chances of success in elections?



**Figure 17:** The vast majority of politicians (79%) believe corrupt behavior damages politicians and parties' chances of succeeding in elections. Almost half (41%) of them are definitely convinced of this.

## Elections

Most of the politicians and managers believe that corrupt behavior damages their chances of succeeding in elections. Two-fifths of politicians confirmed that this is definitely the case.

## Interest of political parties

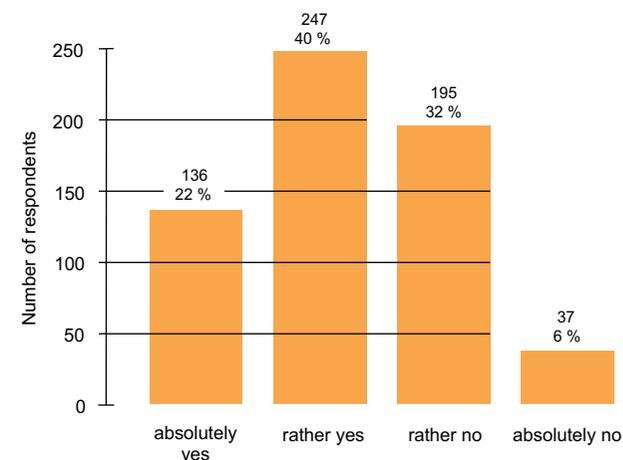
Managers were much more critical of whether corrupt behavior reduces politicians' and political parties' chances of succeeding in elections. Some of the respondents claim that it is a problem of the voters, who, when making decisions, look at a politician's party and not at the candidates' personality or moral integrity. Despite this, it is necessary to emphasize that the vast majority of politicians (79%) and most managers (62%) agree that a candidate's corrupt behavior negatively affects his party's chances of success in elections. Perhaps the fight against corrupt behavior by politicians is in the interest of all political parties.

*"My advice is: Elect the candidates who are able, and in particular willing, to fight[corruption]."*

KSČM politician

*"Limit deputies' terms in office in regional assemblies and above (Parliament) to only two consecutive terms."*

Top manager in the construction industry

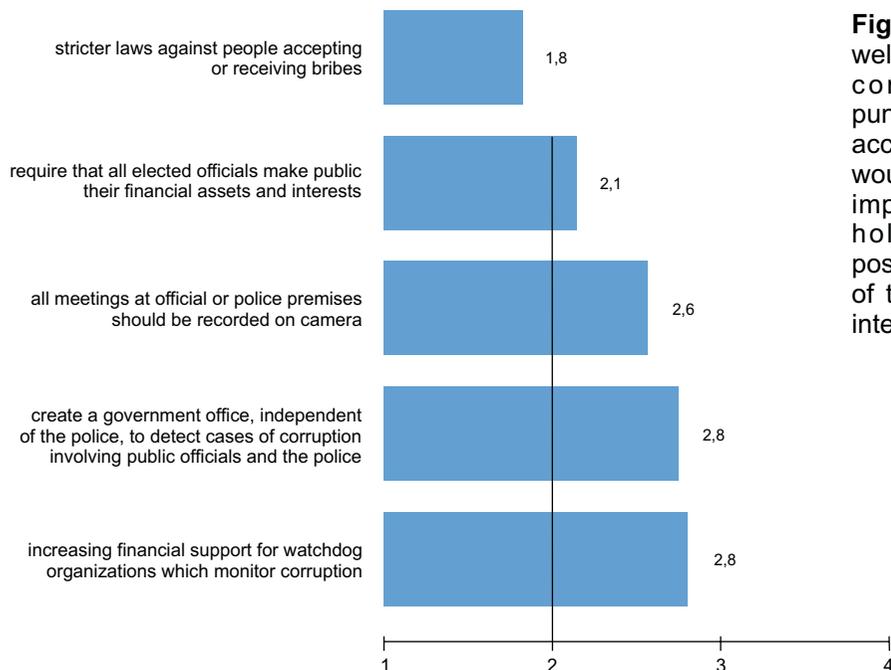


**Figure 18:** Most managers (62%) believe corruption hinders the chances of politicians and parties in elections. Only a fifth of managers (22%) are convinced of this.

# Draconian Transparency

## How can the level of corruption in the Czech Republic be effectively reduced?

(1 = highly effective, 2 = effective, 3 = ineffective, 4 = highly ineffective)



**Figure 19:** Politicians would welcome stricter laws against corruption and harsher punishment for persons who accept or give bribes. They would also like to see a duty imposed upon all persons holding elected political positions to make public details of their assets and ownership interests.

### Strict Laws

Politicians believe corruption in the Czech Republic can be reduced by stricter punishment and by codifying the duty of all persons in elected political positions to make public information about their personal assets. Managers also believe there should be an agency created to fight corruption and that there should be an increase in financial contributions to organizations that monitor corruption. Managers also agree that the recording of all official meetings by camera would reduce the chances for corruption to occur.

### The Corruption Highway

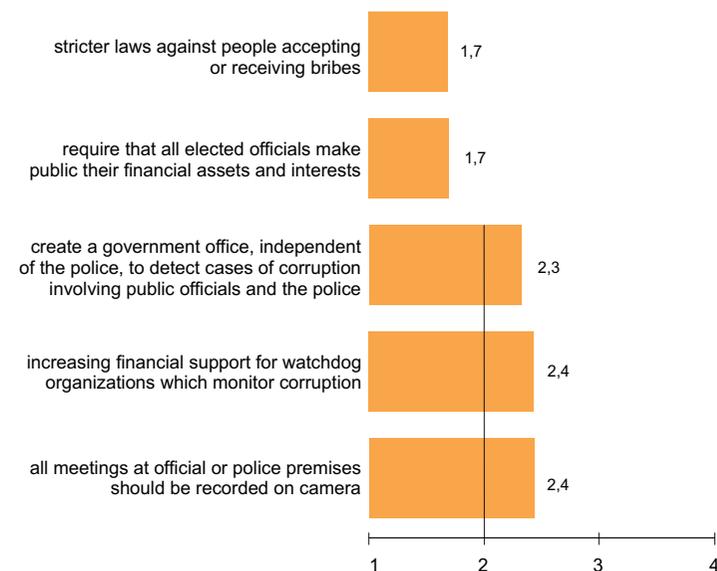
The Czech motoring public has experienced the recent tightening of sanctions for breaches of driving rules. Nevertheless, everyone will confirm there are drivers that notoriously refuse to comply with speed limits. Will speeding disappear if we chop off hands in retaliation? Similarly, are Draconian laws punishing corruption enforceable? We would be better off limiting the space for corruption, for example, by making video recordings of all activities of the city police. One manager even claimed that the police should not be involved in collecting fines. People who are fined could pay by text message instead, thus reducing the temptation.

*“Corruption is a plague that is engulfing society, and it is not only in politics. It's just more visible there.”*

ČSSD politician

*“It starts at the top, in both social and political life, i.e. from the state administration, including elected representatives and in private life.”*

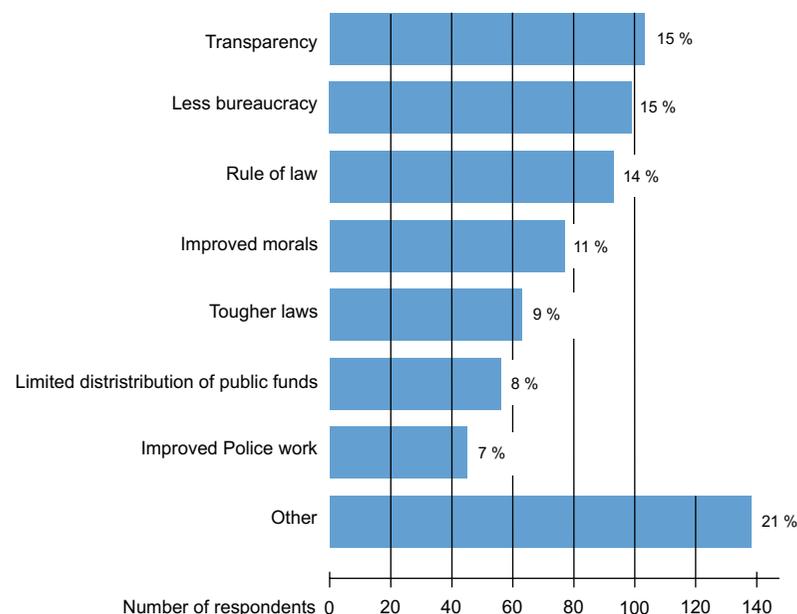
Top manager in wholesale/retail



**Figure 20:** Most of the managers agree that stricter laws and a duty to publish information about politicians' assets are effective measures to reduce corruption.

## The Portrait of the Emperor I

### Which measures will reduce corruption in the Czech Republic?



**Figure 21:** Politicians agree that increasing transparency, reducing bureaucracy and improving the legal environment are the most effective measures for preventing corrupt behavior.

### Whac-A-Mole

With regard to the importance of taking steps to reduce corruption in the Czech Republic, we asked the respondents politicians and managers to share their opinions with us. Politicians and managers agree that the transparency of the state administration is fundamental for dealing with corruption in society. What is important for managers is also the predictability of laws and an improved legal environment. Politicians bet mostly on limiting bureaucracy and reducing the volume of funds re-distributed by the government. Managers expressed discontent by asking for outright political reform, including strengthening civic society in the Czech Republic and increasing overt public interest in political events.

### Whistleblowers

Politicians and managers frequently requested the establishment of the institution of a police agent provocateur. The problem with this solution is highlighted by Jaroslav Hašek in his satirical masterpiece *The Good Soldier Švejk*, which takes place during the Austro-Hungarian Empire. In one of the episodes, a police informer has a pub owner, Palivec, nabbed for treason. When Palivec takes down the emperor's picture, he remarks only that the flies had befouled the emperor. This happens when state provocateurs are paid per piece. Managers who are not from the Czech Republic originally often propose to promote an environment that protects whistleblowers. There is certainly a multitude of ways to circumvent *omertí*, the code of silence. Now, in doing so, it is important not to create new opportunities for corruption.

### Politicians:

*"The internal mechanisms of political parties should be set to roll over somebody who is suspected of corruption."* (ODS politician)

*"The most effective way is to restrict or eliminate the causes of corrupt behavior. For example, the allocation of flats by local magistrates."* (ODS politician)

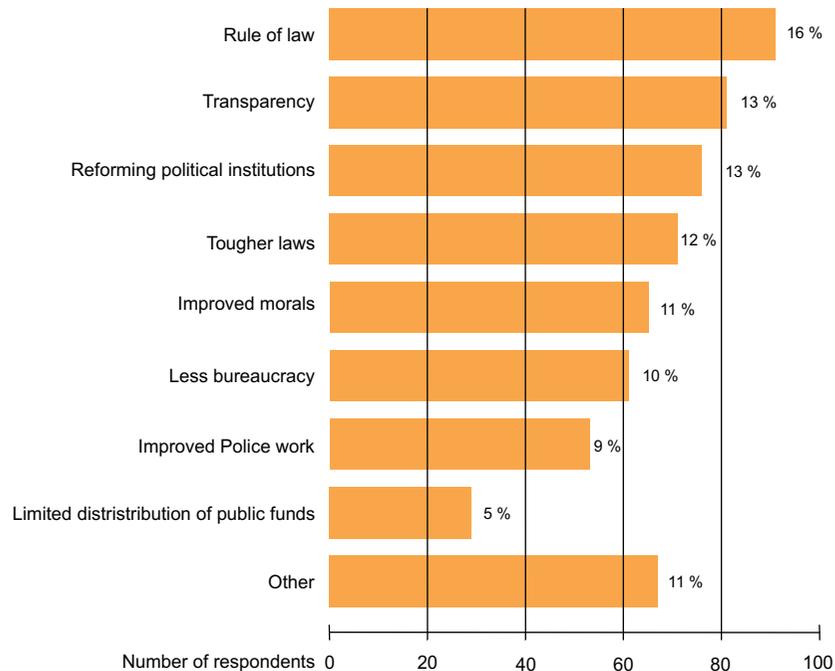
*"Corruption in the Czech Republic is markedly inflated and used as a weapon in political infighting. The media play a very negative role in all of this, and media expediently disseminate unverified information, so people wrongly believe that social and political life is immoral and contemptible. My own experience tells me that it isn't."* (ČSSD politician)

*"There should be two questions: 1. What should be done to reduce corruption; 2. What should be done to reduce the corruption perception index."* (ČSSD politician)

*"If corruption stops being beneficial for one of the actors involved, it will disappear by itself. It is necessary not to try to deal with everything using laws, orders and controls, but to introduce principles that pull out the roots."* (ODS politician)

## The Portrait of the Emperor II

### Which measures will reduce corruption in the Czech Republic?



**Figure 22:** Managers agree that the most effective measures for preventing corruption include an improved legal environment, transparency and general political reform.

#### Managers:

*"I suggest using the Internet to control the state administration's decision-making by publishing information on its website about decisions that have been made and by publishing information about public procurement and the results of public tenders."* (Top manager in real estate)

*"Keep only the good ones and reward their work at the market rate. Low salaries in state administration could actually be a motive for corrupt behavior in itself."* (Manager from Prague)

*"Politicians should resign from their positions if they are found out."* (Employee from Prague)

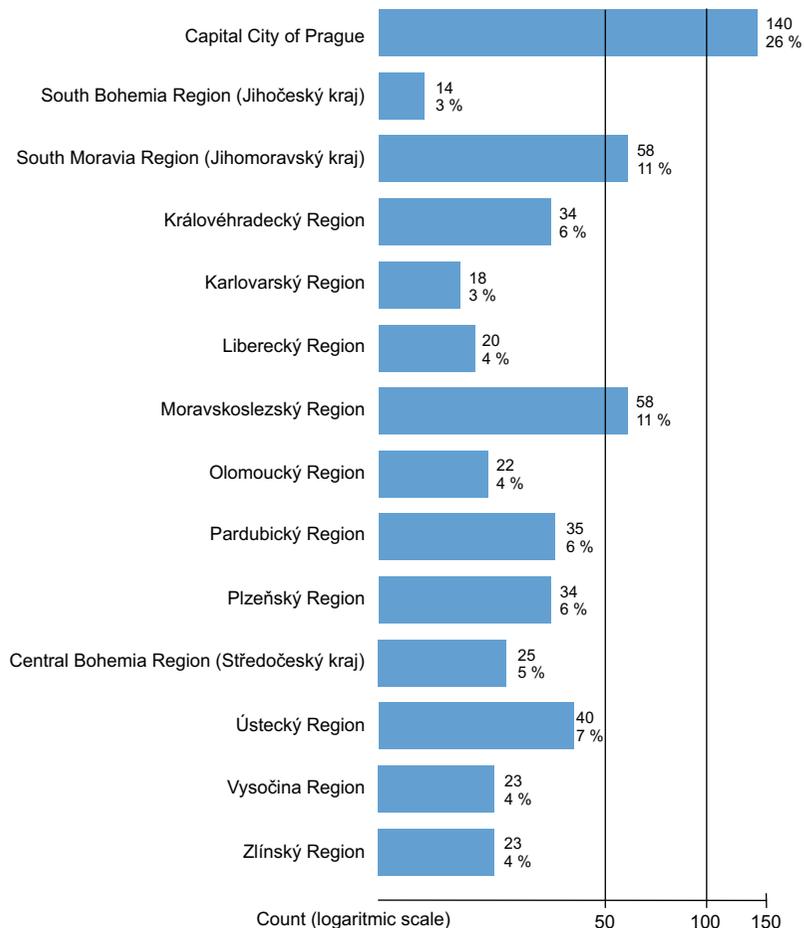
*"A public procurement order must really be public at all stages of its implementation. All bidders should stand a fair chance in the bid for the order, not just a handful of the chosen."* (Top manager from the South Moravian region)

*"It is necessary to change the cultural belief that a person who does not steal for his family is actually stealing from his family."* (Employee from Prague)

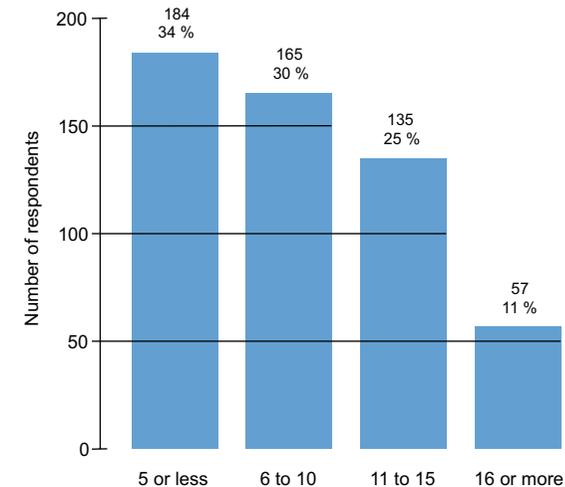
*"Corruption is a word, like evil, used to designate people who don't behave like us. Instead, we should be talking about what corrupt behavior really is."* (Employee from Prague)

# Profiles of Respondents

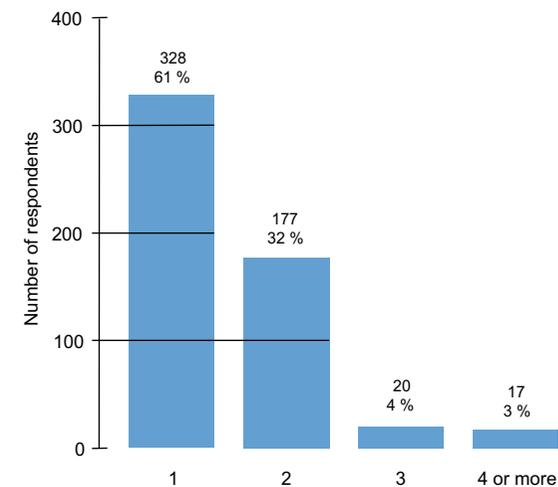
## Politicians



**Figure 23:** A fifth of politicians (25%) who participated in the research have offices in Prague. The other respondents have offices in other regions of the Czech Republic.



**Figure 24:** Most of the politicians who responded have been active in politics for more than six years (66%). A tenth of the respondents (11%) have been in politics since before 1989.



**Figure 25:** Most of the politicians (61%) polled hold one political mandate, i.e. a total of 328 among them. The remainder (39%) of politicians hold more mandates, i.e. more than 428 among these. All together, respondents have no less than 756 political mandates.

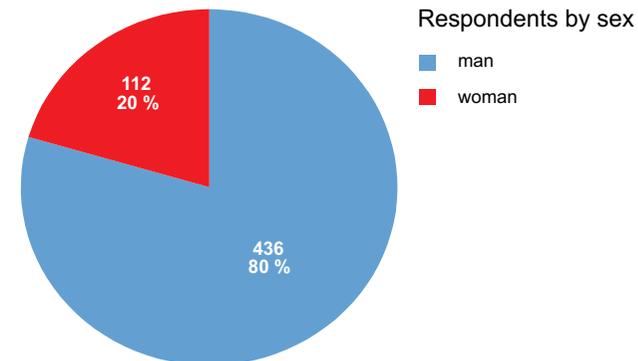
# Profiles of Respondents

## Politicians

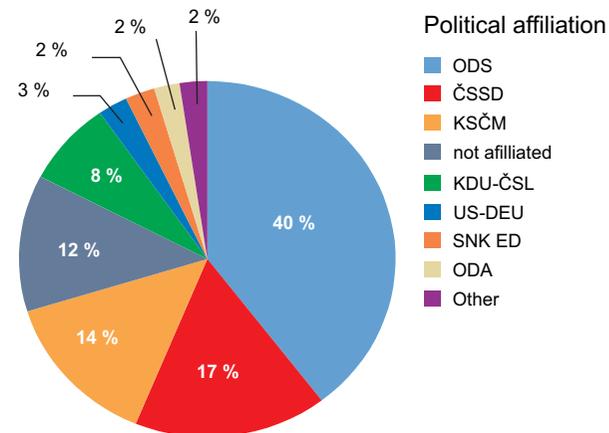
Působnost respondenta	Počet ve vzorku	Procent ve vzorku <sup>6</sup>
The European Parliament	10	1,8
The Czech Parliament	90	16,4
The Cabinet	1	0,2
Regional Councils	166	30,3
The Prague Council	135	24,6
Other Municipalities	272	49,6
Other Central Government Offices	3	0,5

<sup>6</sup> Due to overlapping political mandates this column cannot add up to 100.

**Table 1:** Half of respondents hold offices in the administration of smaller towns, boroughs or municipalities (50%); the remainder are in regional self-government (30%), city magistrates (25%), Czech Parliament and the European Parliament. One respondent is a member of the Cabinet and three are members of other central state administration bodies.



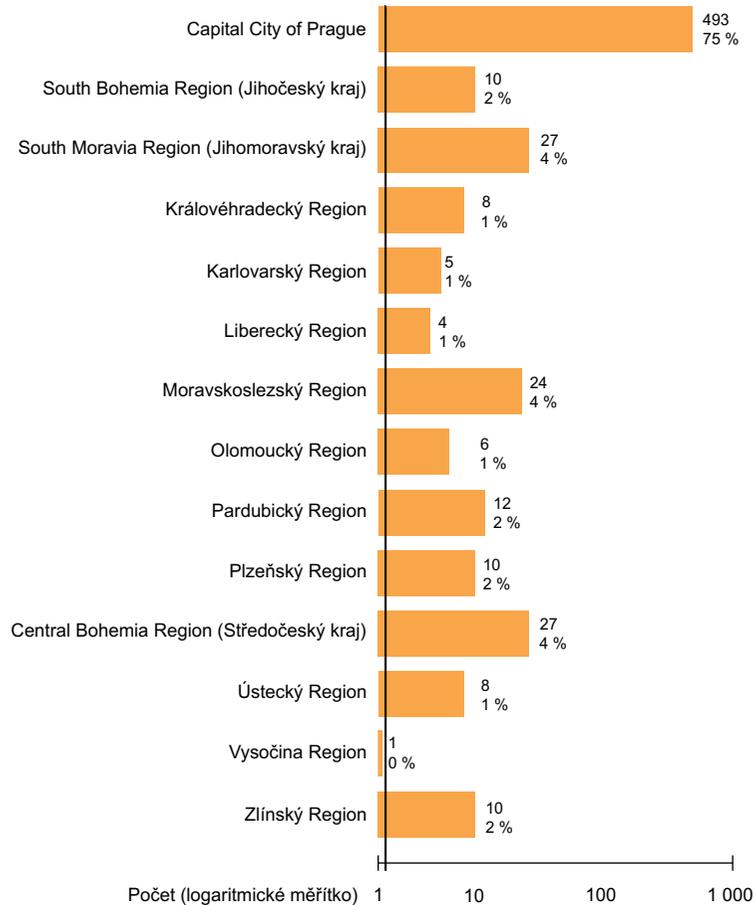
**Figure 26:** Most politicians who responded in this survey are men (80%).



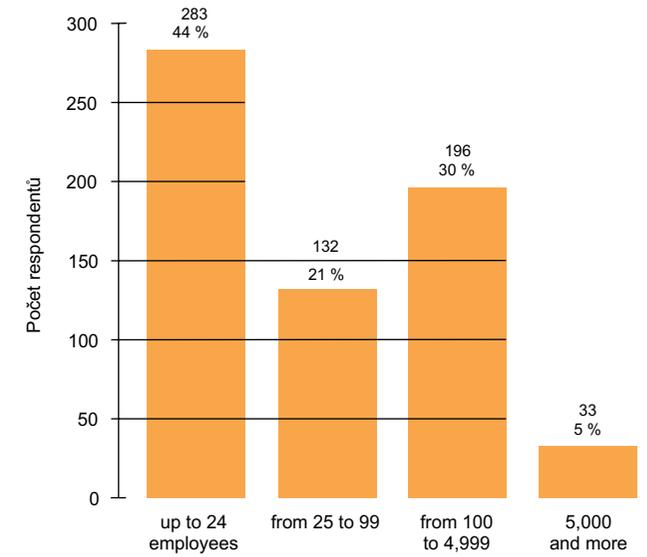
**Figure 27:** More than a third of the politicians who took part in this survey (40%) are from the right-wing ODS, 17 percent from the left-wing ČSSD, 14 percent from the communist KSČM, 12 percent are without political affiliation, 8 percent from the Christian Democrats (KDU-ČSL) and 2 percent each from the right-wing US-DEU, center-to-right SNK ED, right wing ODA and from other political parties.

# Profiles of Respondents

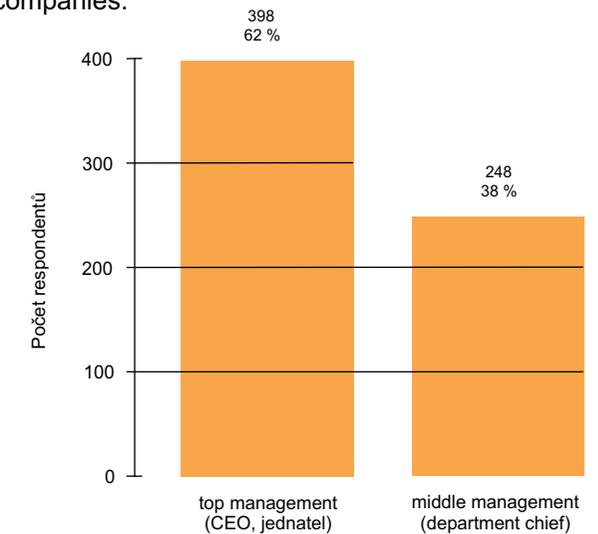
## Managers



**Figure 28:** Most managers who took part in the survey (75%) are based in Prague.



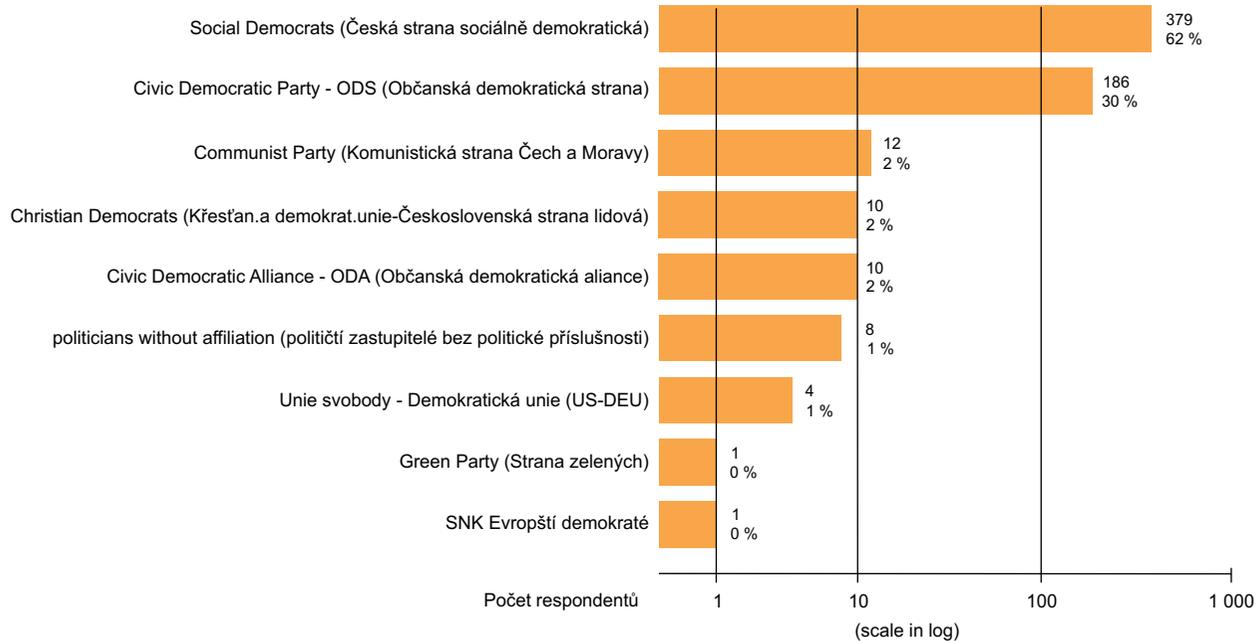
**Figure 29:** Most of the managers who shared their opinions in this survey work in companies with 25 or more employees. The remainder (44%) work for smaller companies.



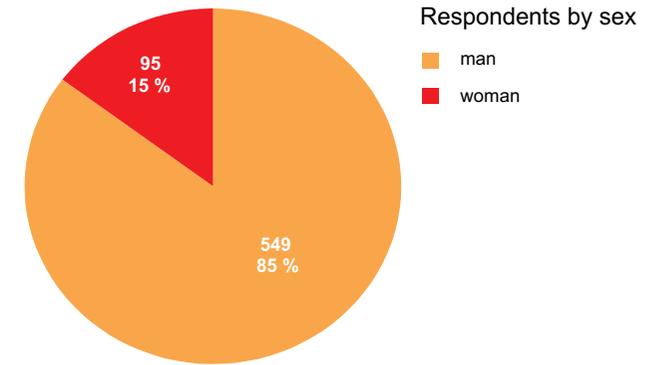
**Figure 30:** Most managers who responded in the survey (62%) hold top managerial positions in the company at which they work. The rest (38%) are in middle management.

# Profiles of Respondents

## Managers



**Figure 32:** Most managers who responded (62%) said they mostly link corruption with the ČSSD. A third of the managers (30%) linked corruption chiefly with the ODS. Almost no managers linked corruption with any other parties. The ČSSD and ODS have had a long-term influence on the fields that are often linked with corruption, such as the state redistribution of resources and public tenders. Most of the managers who took part in the survey (95 % of 611 respondents) openly provided their opinion on this.



**Figure 31:** Most respondents are men (85%).

## Aims

The aim of this study is to map out opinions on corruption from among Czech political representatives and the managerial public. Although corruption is a sensitive topic, it is clear that in the Czech Republic there is a society-wide consensus that corrupt behavior should be rejected. The subject of the study was therefore to examine the consequences that corrupt behavior could have and also to ascertain the areas that are regarded as the most prone to corruption.

## Respondents

During the data-gathering phase, we approached people with decision-making powers. In total, we approached 2,296 people who, between Oct. 18 and Nov. 19, 2006, held at least one political mandate. In addition, between Oct. 26 and Nov. 19, 2006, we approached 5,865 subscribers of The Fleet Sheet's Final Word service ([www.fsfinalword.cz](http://www.fsfinalword.cz)). A total of 548 (22.8%) of politicians and 646 (11%) of managers who subscribe to Final Word participated.

## Sources of Information

In the survey-design phase, we took advantage of the Role of Government 2006 research performed by the Institute of Sociology as a part of the International Social Survey Program ([www.ISSP.org](http://www.ISSP.org)), the Global Corruption Index and the Global Corruption Barometer of Transparency International ([www.transparency.org](http://www.transparency.org)), and of an analysis of Lubomír Lízal and Evžen Kočena, Corruption and Anticorruption in the Czech Republic, published by the CERGE-EI/William Davidson Institute in Working Paper No. 345 ([www.wdi.bus.umich.edu](http://www.wdi.bus.umich.edu)).

## Statistical Relevance

The presented findings concern solely the group of 1,193 respondents with decision-making powers in politics and business. For methodological purposes, this is not a representative sample of the population with a similar demographic profile. The data gathering took place in the form of a poll in which each respondent received a personal invitation to fill in an Internet-based questionnaire. Data were gathered with the help of the Internet; duplicates were removed from the data set before statistical evaluation. Systems running on MS SQL platform, MS Access and SPSS software were used to collect and process the data.

## Political Affiliation

Political affiliation was researched only for respondents who were politicians. The ascertained state corresponds to the political affiliation specified by the Czech Statistics Office at [www.volby.cz](http://www.volby.cz). For more information, see the Profiles of Respondents section (page 14).

## About the Authors

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### The Fleet Sheet's Final Word

This is an English-language opinion and news bulletin about political and economic events in the Czech Republic. More at <http://www.fsfinalword.cz/>.

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