

Montenegrin Journal of Economics

Vol. 14, No. 3 (2018), 143-154

Corruption Is a Problem of Political Theory and Practice

ANNA VLADISLAVOVNA SHASHKOVA¹

¹ Associate Professor, Department of Constitutional Law, Moscow State Institute of International Relations (University) Moscow, Russia, a.shashkova@inno.mgimo.ru

ARTICLE INFO

Received June 25, 2018 Revised from June 29, 2018 Accepted August 25, 2018 Available online September 15, 2018

JEL classification:

D53.

DOI: 10.14254/1800-5845/2018.14-3.10

Keywords:

globalization, consequences of corruption, political structure, Alexander the Great, corporate corruption.

ABSTRACT

The present article is dedicated to the analysis of "corruption" from the viewpoint of political practice and theory. Hypotheses of the research is that corruption is not a recent phenomenon, it has been following humanity from ancient times causing great damages. The present article studies historical examples of corruption: corruption during the era of Alexander the Great, Carthage and the Roman Republic. The goal of the research is understanding of results of the corruption, e.g., the link between the deaths of great empires and corruption. The article gives the evolution of the term "corruption", pointing out current aspects of the term. The methodological ground of the present article represents the dialectic scientific method of the socio-political, legal and organizational processes with the principles of development, integrity, consistency, etc. The definitions of corruption given in the present article make the author resume that corruption is connected with persons endowed with some form of power. The results of the article give an understanding of effects of corruption, which are generally negative but in certain narrow instances may have positive temporary character as well: at the very short perspective it makes people work harder and think twice. The present article analyzes the results of corruption: economical, political and social. The present article studies most important political consequences of corruption. The author makes a general conclusion that the globalization process increases corruption and corporate corruption comes to the front row.

INTRODUCTION

Corruption has been accompanying humanity since ancient times. This phenomenon was not called "corruption" then, but there are many historical examples when acts of corruption (as it is called today), in fact, took place. Different historical periods pass and political ideas, values and concepts change (Vancea et al, 2017). Some things which were appreciated before may have a negative connotation today. Any phenomenon has its advantages and disadvantages. Even in corruption cases, one can find not only negative effects but certain positive effects as well (Hersh,

2018).

If a person is being offered a bribe, that means that he has some clout in the society. No one will bribe just anybody. A person has to attain a certain position in order to be offered a bribe. This assumes competition. Even speaking about nepotism, competition still take place. And competition is a positive phenomenon: it makes people work harder and think twice (Milovic and Jocovic, 2017).

There are many forms of corruption: bribery, extortion, illegal distribution and redistribution of public resources and funds, protectionism, appropriation of public resources for personal purposes, illegal privatization, lobbying, illegal support and financing of political structures (parties, etc.), the famous Russian "blat" (the use of personal contacts to gain access to public resources – goods, services, sources of income, privileges, rendering public services to relatives, friends, acquaintances (Ledeneva, 1998), etc. Corruption is a global problem.

From a historical point of view, corruption [lat. corruptio] means spoilage, decay, and damage (Shashkova, Rakittskaya and Pavlov, 2017). The contemporary meaning of corruption is bribery: bribery and corruption of public and political figures, government officials and officials. The facts of corruption are present in all countries of the world. Some countries like New Zealand or Denmark have very low levels of corruption (see Table 1), especially when compared with such countries as Syria, South Sudan and Somali. But the corruption perception index never shows 100 out of 100. The maximum result ever shown was Denmark in 2014 – 92 out of 100. That means that even when a country is the best compared to the rest of the world some level of corruption still exists. Thus, what matters is not the corruption itself but the level of corruption, its scale, regularity, disclosure and sanctions.

Table 1. Corruption Perceptions Index 2017

Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score	Region
1	New Zea- land	89	90	91	91	91	90	Asia Pacific
2	Denmark	88	90	91	92	91	90	Europe and Central Asia
3	Finland	85	89	90	89	89	90	Europe and Central Asia
3	Norway	85	85	88	86	86	85	Europe and Central Asia
3	Switzerland	85	86	86	86	85	86	Europe and Central Asia
6	Singapore	84	84	85	84	86	87	Asia Pacific
6	Sweden	84	88	89	87	89	88	Europe and Central Asia
8	Canada	82	82	83	81	81	84	Americas
8	Luxembourg	82	81	85	82	80	80	Europe and Central Asia
8	Netherlands	82	83	84	83	83	84	Europe and Central Asia
8	United Kingdom	82	81	81	78	76	74	Europe and Central Asia
12	Germany	81	81	81	79	78	79	Europe and Central Asia
169	Iraq	18	17	16	16	16	18	Middle East and North Africa
169	Venezuela	18	17	17	19	20	19	Americas
171	Equatorial Guinea	17	N/A	N/A	N/A	N/A	N/A	Sub Saharan Africa
171	Guinea- Bissau	17	16	17	19	19	25	Sub Saharan Africa

171	Korea, North	17	12	8	8	8	8	Asia Pacific
171	Libya	17	14	16	18	15	21	Middle East and North Africa
175	Sudan	16	14	12	11	11	13	Middle East and North Africa
175	Yemen	16	14	18	19	18	23	Middle East and North Africa
177	Afghanistan	15	15	11	12	8	8	Asia Pacific
178	Syria	14	13	18	20	17	26	Middle East and North Africa
179	South Su- dan	12	11	15	15	14	N/A	Sub Saharan Africa
180	Somalia	9	10	8	8	8	8	Sub Saharan Africa

Source: https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table. Accessed 15.07.2018

Different studies are conducted on understanding the phenomenon of corruption and resolving such a problem. Works of political scientists, lawyers, economists and anthropologists are dedicated to the matter. Most researchers believe that the main cause of corruption is the imperfection of political institutions that can provide internal and external containment of corruption. A professor of the University of Bergamo, Italy, D. Torsello (2012, p. 241) in his study of the impact of culture on corruption shows that, for example, in Italy, the exchange of services is an important cultural practice. In this case, the exchange of gifts will be regarded by the state as a factor of corruption. However, in most Asian and African countries, small gifts to officials or employees of commercial enterprises are not considered bribes, as they represent established traditions.

Studies are carried out to understand the relationship between the concepts of "corruption" and "bribery". Is bribery a particular case of corruption or its tool? Is it necessary to dwell exclusively on the aspect of bribery to determine the level of corruption in the state? For example, in the UK, the Bribery Act of 2010 virtually replaced all other previously existing anti-corruption tools. Despite the existence of the 1889 Act on the Corporal Bodies of Corrupt Practices Act, the Prevention of Corruption Act of 1906 and the Anti-Terrorism and Security Act (Crime and Security Act) of 2001, criminal responsibility for corruption crimes arises precisely on the basis of the Act on Combating Bribery¹.

1. CORRUPTION IN ANCIENT TIMES

It is necessary to consider and analyze historical examples of corruption in the world. The historian Ronald Kroese explains that an analysis of the history of corruption helps to understand better modern corruption and methods of combating it (Kroeze, Kerkhoff and Corni, 2013). In the times of Alexander the Great in the 320s BC, Cleomenes, the Greek governor of Egypt, used his position to manipulate the supply of grains from Egypt to Greece (Kuzovkov, 2010, p. 5). At that time there was a shortage of grains in Greece and it was necessary to import them from Egypt. Cleomenes created artificial obstacles on the way of such supplies, thereby earning himself a huge fortune. As a result of such an operation, a grain deficit was created in Greece and Epirus, grain

¹ United Kingdom Review of Implementation of the Convention and 1997 Recommendation Phase I Bis Report. URL: http://www.oecd.org/unitedkingdom/2498215.pdf; Anti-Terrorism, Crime and Security Act 2001. URL: http://www.legislation.gov.uk/ukpga/2001/24/section/109/ni/2001-12-20; Mendelson Mark. The Anti-bribery and Corruption Review. UK> Law Business Research Ltd. 2016. P. 323. URL: https://thelawreviews.co.uk//digital_ assets/83d607ac-3535-41e0-9f83-0c61377f5f09/TLR--Anti-Bribery-and-Anti-Corruption-5.pdf. Accessed 16.07.2018.

prices increased many times, the starvation lasted for five years, and the population came to the verge of extinction.

Analyzing this situation, it should be noted that the power was in the hands of a few people: Alexander the Great and his deputies. This model is called the oligarchy. This small group has practically unlimited power, as a result of which it gets access to all the riches of the country. The population was on the verge of starving to death. Such facts increased social tension in the society. The most typical way out of this situation is a change of power. Change of power can occur forcibly, for example, by popular revolt or voluntary displacement. In this particular case, Alexander the Great, indifferent to wealth, after learning about what happened, ordered the execution of Cleomenes by way of boiling him in oil. Such example says that during the era of Alexander the Great political values did not accept corruption at the central level. The presence of corruption at the regional level led to the punishment of the guilty regional official by the central authorities.

A particular instance of corruption in the ancient world is Carthage in III c. BC. Carthage was richer than Rome, but corruption here had a greater presence. According to the testimony of the Greek historian Polybius in Carthage, nothing that led to profit was considered shameful. Candidates for government posts received these state posts by open payment of bribes (Polibij, 2004). The party, which was in power, according to the German historian T. Mommsen (1997, p. 399) supported the interests of Rome (with whom Carthage was at war) rather than those of Carthage. Consequently, the great Carthaginian commander and head of the People's Party Hannibal practically did not receive reinforcements from Carthage for many years while conducting a military campaign in Italy. Lack of the necessary support ultimately led to his defeat. In this case of Carthage, the governing elite acted in the interests of the enemy in the war against its own country and people.

This instance is a vivid manifestation of corruption. The oligarchy acted in its own interests from the restoration of the trade relations with Rome to the defeat of the people's party led by Hannibal. The main incentive for corruption – the possibility of obtaining the economic rent – is present in this particular case. In this instance corruption corresponded to the values maintained in Carthage. The extreme form of such corruption is the support of the enemy. It led to the destruction of Carthage, which shows the danger of corruption. Thus, the author concludes that, even when corruption is, in fact, maintained at the state level and possesses a character recognized by the state, its destructive power can entail the downfall of such a state. The oligarchy of Carthage did not think about it. In this case, the characteristic pattern of corruption, which is a conflict between the actions of the oligarchy and the interests of the state and society as a whole, is present. The state should react promptly to existing corruption. Delays in the reaction of the state can lead to disastrous consequences.

In the Roman Republic the state legislatively tried to tackle the existing corruption by imposing a ban on senators engaging in maritime trade, financial transactions and government contracts (Ljapustin, 1991, p. 54). In addition, laws on luxury were introduced for the entire population of Rome as were restrictions on land ownership. The laws on luxury limited the expenses on feasts and dinnerware. The laws also limited the daily rate of consumption of certain products, for example, dried and canned meat (Fellmeth, 2001).

However, these laws were easily circumvented; for example, the ban of fattening hens for feasts made it pretty legal to replace hens with roosters (Rat-Veg, 1996). There were certain endeavours to combat manifestations of corruption. The attempt of Tiberius Gracchus in accordance with the old law of 367 BC adopted through the popular vote in 133 BC to stop corruption and to achieve an equitable distribution of state lands led to the fact that a group of senators killed Tiberius Gracchus, a new chairman of the commission for the redistribution of lands Publius Crassus Mutsiana, and Tiberius' younger brother Gaius Gracchus. For several centuries similar confrontations continued.

Only in the year 43 BC did Octavian Augustus manage to redistribute public lands in favour of

hundreds of thousands of ordinary Roman citizens, almost completely destroying the opposing oligarchy. This was achieved at the cost of one of the longest civil wars, lasting at least 50 years (Egorov, 2013, p. 356). Millions of people took part in these wars. These civil wars were caused by social tensions in the society, a huge gap between the poor population and the rich individuals. Because of the widespread use of slave labour for the cultivation of land, the Roman peasants were driven from their lands and reduced to beggars. This was because the labour of slaves did not cost anything whereas the labour of the peasants had to be paid for. Roman senators invented a lot of ways to save the land from the peasants. Another way to eliminate the peasants from the land was to issue loans to them at very high interest rates, which was even increased if the loan was not repaid on time. Thus there were legitimate reasons to drive the peasant families off the land. And it was the Roman peasants who formed the basis of the economy, the basis of the middle class. But the senators did not care for the preservation of such middle class.

Thus, step by step bribes started being considered as a normal phenomenon. All Romans, including senators, believed that bribes were legal and discussed them openly. In case of violation of such an accepted order, initiatives became punishable. Mark Livy Drusus – the people's tribune – asked for a senatorial investigation into the bribes. The result of this step was his prompt murder. The same ended the effective struggle against corruption by Julius Caesar. Civil servants and governors in the provinces were not satisfied with receiving only salaries from their posts.

They believed that, like before, the post should give them unlimited powers and unlimited wealth. The termination of bribes and kick-offs from the population made their work a heavy and thankless state duty, since the intention of corrupt officials assumed obtaining a feeder post and not only a respected one. In the above example, the political values of the Roman state by virtue of the law (the restriction on the ownership of public land by 500 yugurs, the ban on bribery) came into conflict with the greed of the Roman Senate oligarchy in power. This led to civil wars, the destruction of the middle class, subsequent weakening of the state and eventual death of the Roman Republic.

Also, the Roman senators, starting from II century BC, did not seek to develop Rome's trade infrastructure and did not take effective measures against piracy. They should have done it as an elementary defence of the state against an external enemy. And all these despite the substantial population growth and the financial possibilities of the Roman Republic. This situation was also characterized by the manifestation of corruption, although it did not immediately strike the eye. However, if one digs deeper, it can be noted that the oligarchy represented by the Roman senators was mainly represented by large latifundists.

This circle of governors was not interested in the uninterrupted supply of bread. Prices for bread, when there were crises with supplies, increased, which led to more enrichment of landowners. The author notes another manifestation of corruption. The personal greed of the senators led to the impoverishment of the Roman population, the weakening of the Roman ports, and the paralysis of activities to expand the commercial infrastructure.

Such examples reflect corruption, affecting virtually all areas of activity and public life of the Roman Republic. The fact should be noted that the public and the state interests were ignored by the oligarchic elite in favour of the interests of individuals. Even in the absence of an immediate negative effect of corruption on the economy of the Republic of Rome, from the historical perspective, there were catastrophically delayed consequences.

From the above examples, one can come to the conclusion that the oligarchy is always connected to corruption. The interests of the oligarchy are contrary to the interests of the state and the society, so the oligarchy either does not make any attempts to eliminate crime and corruption or does everything to strengthen them. Oligarchy, however, does not mean all the rich people because among the rich people there are also those who are interested in the public and state welfare. Similarly, not all poor people oppose the oligarchy, as some poor persons are interested in the oligarchy, are dependent on it, or support it. Moreover, the poor are usually illiterate and do not

see, and cannot see actually, the prospects for the development of the state (Barkemeyer, Preuss and Ohana, 2018).

In addition, it shall be noted that the interests of the oligarchy are associated with persons directly or indirectly related to anarchy, for example, kidnappers, bandits and pirates. With the help of such people, the oligarchy deals with persons who disagree and try to stop the oligarchy's self-enrichment. The above historical examples reflect today's reality. It is important to note the link between the deaths of great empires and corruption. If the greed of individual people turns against the state and society as a whole, the state, which allows itself such a shaky position from the political point of view, will be wrecked.

2. UNDERSTANDING OF THE MEANING OF "CORRUPTION"

Nowadays the world lives in a consumer society: in a society where the purchase and sale of goods, services, education, work experience and other benefits are the most important social and economic activities. In such a society, wealth is the measure of success. So, having achieved a certain position in the state, public or commercial service, why not take advantage of those benefits that come with this position?

That is why it is necessary to define the term "corruption" to understand which social layer shall be included in this term and who can be affected by such an issue in particular. There are many definitions of the term "corruption". Corruption is defined as the moral disintegration of officials and politicians, which is expressed in illicit enrichment, theft, bribery and intergrowth with mafia (criminal) structures (Ozhegov and Shvedova, 1998). This definition, given with the explanatory dictionary of Ozhegov and Shvedova, concerns only officials and politicians. Outside the scope of this definition, there are both relatives of officials and managers of commercial organizations. Also, in this definition only illegal – criminal – acts are considered. Therefore, to apply this definition, the state must clearly define what is legal and what is not. When the matter concerns corruption, the legality or illegality of the acts is not so obvious. The author concludes that such a definition does not correspond to today's realities.

Corruption can also be defined as a socially dangerous phenomenon in the field of public administration or politics, which is expressed in the deliberate use by officials of their official status to obtain property and non-property benefits unlawfully in any form, as well as bribing those persons. Such a definition, given in the legal dictionary, though in more detail, also leaves commercial structures out of business. Corruption is the abuse of state power to obtain benefits for personal gain (*The background Document of the Anti-corruption Fight of the ONU*, 1995). This definition was also worked out in the 90's of the XX century. It contains personal goals and personal enrichment, which is very important for the interpretation of the concept of corruption. Corruption includes not just illegal actions but actions aimed at extracting personal benefits. The narrowness of this definition of the term "corruption" is the regulation of the matter solely to state power.

Later, the interpretation of the concept of corruption develops: this term begins to include crimes and minor offences not only at the level of officials but also at the level of individuals and organizations. Corruption embodies bribery and any other behaviour of a person who is entrusted with performing certain duties in the public or private sector, which leads to a violation of the duties entrusted to that person by the status of a public official, employee of a private company, independent agent or other and is aimed at obtaining any personal benefits for themselves and others (Luneev, 1999). This definition was developed by the Council of Europe's Multidisciplinary Group on Corruption (GMC). It is more detailed and includes not only the state but also the private sector; it includes bribery but is not limited to bribery.

The definition of corruption in the Russian Federal Law "On Combating Corruption" is quite

consistent with the international standards. Corruption is interpreted as an abuse of power, giving a bribe, accepting of a bribe, commercial bribery, abuse of authority or other illegal use by an individual of his or her official position in violation of the legitimate interests of the state and society to obtain personal benefits in the form of money, valuables, other property or services of a property nature for themselves or other persons or illegal provision of such benefits to other individuals, as well as the commission of such acts on behalf of or for the benefit of a legal entity (*The Federal Law of Counterfighting Corruption*, 2008).

The Oxford dictionary defines corruption as a fraudulent or dishonest behaviour of a person who is endowed with power, usually using bribery. Such definition provides an interpretation of corruption in general terms. It is important to note that in this definition there is no indication of a functionary or other official. The importance of such a definition is that it concerns power at any level, including within a commercial organization. The vocabulary of business terminology develops the concept of corruption. It defines corruption as the improper conduct of an official or a person endowed with power, using illegal, immoral means or means incompatible with ethical standards. This definition is more elaborate because it includes not only issues of political corruption but also the issues of corporate corruption discussed below.

Such transformation of a definition of "corruption" corresponds to political and economic realities. The world has entered the era of globalization, and transnational corporations have gained real political influence. The interests of an individual state and those of individual companies are often in direct contradiction. Globalization has become another problem against which corruption is developing well. First of all, it should be noted that globalization is a market, trade, and speculation is always present in trade. Due to market conditions, it is attractive to purchase the cheapest imported goods due to which, quite often, national production is declining.

Globalization implies low duties for both imports and exports of goods, which often makes home production less lucrative than buying imports. Looking back to the examples of ancient civilizations, including the Roman Republic, this correlation has already been analyzed. What is common in all definitions of corruption given in the present article is that corruption is connected with persons endowed with some form of power. And, if at the initial stages of the definition of the concept of "corruption" the issue concerned only the state, political power, and later with the development of globalization trends, all persons endowed with power began to be included in the concept of "corruption". Globalization leads to the creation of a market economic system, thereby contributing to the development of corruption.

In addition, the change in political systems which took place in recent decades also led to economic and social changes. Not every state is ready for this. In non-market relations, it is extremely difficult to take advantage of the use of material goods. The historian Wallerstein pointed out that, unlike protectionism, which plays an important role in achieving the state's long-term advantages, free trade promotes short-term profit for the class of traders and financiers (Wallerstein, 1974). The author speaks about the class of oligarchy and analyzes the examples of antiquity. Thus one can conclude that the most corrupt states are losing the benefits of globalization. There is a vicious circle: globalization intensifies corruption, and corruption does not allow globalization to show the best side of itself.

And, of course, corruption develops more when there is access to financial means. The possibility of remote asset management leads to the fact that it becomes more difficult to monitor the cash flows circulating in the virtual world; it is increasingly difficult to distinguish legal money flows from illegal cash flows. On the other hand, globalization leads to the possibility of mutual influence of the states on each other: the government of Switzerland, for example, was compelled, under pressure from the governments of other countries, to amend its banking secrecy legislation to prevent the use of Swiss banks for laundering of illegal proceeds (Shashkova, 2013).

3. DISCUSSION

Examples of modern states indicate that corruption is a satellite of weak economies and poor countries (Kulshreshtha, 2007; Draskovic et al., 2017; Peković, 2017). With all the negative consequences of corruption, it is entirely possible that the value orientations of corrupt authorities are in accordance with the laws adopted in the given country. There are examples where corruption has positive, not negative, consequences. The question is the long-term nature of such positive consequences. What are the risks of political practice while indulging in corruption? There is a theory of functionalism, according to which corruption dies by itself as the opposition of political systems weakens when one elite replaces another (Latov, 1999). Is this phenomenon always observed in political practice? Is it possible to overcome corruption in a particular region and not in the whole state? What is corruption: is it a game with pre-established rules or consequences that can be unpredictable?

Are there any positive examples of state corruption? The example of Iraq under the leadership of Saddam Hussein testifies that the population was provided with good medical aid and education. All education and medicine, including expensive drugs, were free (Kuz'min, 2013). At the same time, Saddam Hussein got rich by 10-40 billion US dollars (various sources give different figures). At present, the population of Iraq receives neither medical assistance nor education, and there is a civil war in the country.

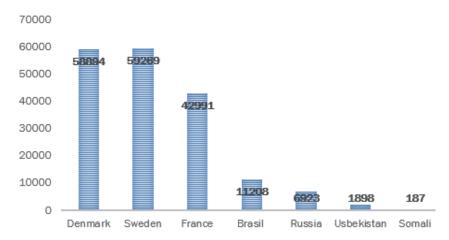
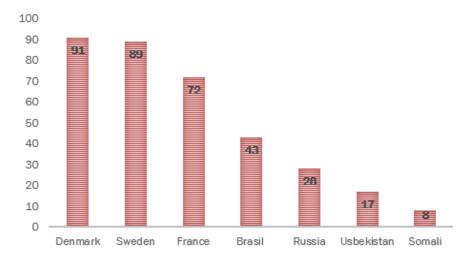


Figure 1. GDP per capita (USD) / Corruption Perception Index

Anna Vladislavovna Shashkova / Montenegrin Journal of Economics, Vol. 14, No. 3 (2018), 143-154



Source: http://www.profile.ru/economics/item/112816-vorovat-nado-menshe. Accessed 13.07.2018.

During the thirty years that Muhammad Suharto was in power in Indonesia, the standard of living of the population increased ten-fold: the average per capita income rose from \$ 50 in 1966 to \$ 1000 at the end of Muhammad Suharto's governance. At the time as of the beginning of the May Revolution of 1998, the fortune of Muhammad Suharto was estimated at 35 billion US dollars. It is to be researched whether in these examples the growth of the welfare of the nation simply coincides with huge rampant corruption. A study conducted by Transparency International on perceptions of corruption, even with a cursory glance on a map of the world, makes it possible to establish that states with a low level of perception of corruption are more successful from the economic and political points of view (see Figure 1).

The list of consequences of corruption is wide. One normally distinguishes several groups of consequences: economic, political, social. The Swedish economist G. Myrdal, the founder of economic studies of corruption, summarized the experience of modernization of the Third World countries in the 1960s. He defined corruption as one of the main factors hindering economic development (Latov, 1999). The author can distinguish the following economic consequences of corruption:

- The shadow economy is growing. The result of such shadow economy growth is a reduction in tax revenues and a weakening of the state budget. As a consequence, the state loses the levers of economic management, and due to non-fulfilment of budget obligations, social problems are aggravated. Scientists at Harvard University calculated that lowering the country's corruption from the Mexican level to the level of Singapore produces an economic effect equivalent to an increase in the collection of taxes by 20% (Kuznecov, Silinskiy and Homutova, 2016).
- Competitive market mechanisms are violated. The winner of state tenders is often not the one who is competitive but the one who has managed to gain advantages with bribes. This entails a decline in market efficiency and discredits the ideas of market competition. An example of this is that after operation "Clean Hands" in Italy, government spending on road construction reduced by 20%.
- It often happens that funds accumulated through bribes are moved out from the active economic turnover and are settled in the form of property or valuables.
- Efficient private owners decline in number, primarily due to violations during privatization.
- Budgetary funds are used inefficiently, e.g. in the case of the allocation of government orders and loans. In future it complicates the budget problems of the state.
- Prices rise due to corruption "overhead costs". As a result, the burden of costs falls on the consumer. Bribes turn into a kind of additional taxation.
- Market participants lose confidence in the authorities' ability to establish and observe honest

rules of the market game. The investment climate is deteriorating and, therefore, the problems of overcoming the decline in production and renewal of fixed assets cannot be resolved.

The scale of corruption is aggravated in non-governmental organizations (at private firms, enterprises, in public organizations). This leads to a decrease in the effectiveness of their work; therefore, the effectiveness of the economy of the country as a whole is reduced.

Among the social consequences of corruption one shall distinguish the following:

- Corruption involves a significant gap between declared and real values and forms a "double standard" of morality and behaviour among members of society. This leads to the fact that money becomes the single measure of all values in society; the significance of a person is determined by the size of his personal state, regardless of the ways of acquiring it. The devaluation and destruction of civilized social regulators of people's behaviour take place, e.g. in morals, religion, public opinion, etc.
- The diversion of colossal funds from the goals of social and humanitarian development happens. Thus, the budget crisis is aggravated and the government is unable to solve social problems.
- The property inequality and poverty of the majority of the population sharply increases. Corruption spurs unjust and unrighteous redistribution of funds in favour of narrow oligarchic groups at the expense of the most vulnerable segments of the population (Policardo and Carrera, 2018; Burns and DeVillé, 2017). Corruption in the system of tax collection allows the rich to evade taxes by shifting the burden of paying taxes to the shoulders of poor citizens.
- Law as the main instrument for regulating the life of the state and society loses its value and is discredited. In the public consciousness, an idea is formed about the defencelessness of citizens and against crime, and in the face of power, active civil society disappears.
- Corruption of law enforcement bodies helps to strengthen organized crime. Crime, merging with corrupt groups of officials and entrepreneurs, is further enhanced by access to political power, thereby gaining additional opportunities for money laundering.
- Social tensions are intensified, hitting the economy and threatening the political stability of the country.

Among the political consequences of corruption, one can distinguish the following:

- The political goals change from national development to ensuring the governing of oligarchic groups.
- There is a decrease in trust in power, and the alienation of power from society is growing. Thus, any good beginnings of power are put in jeopardy. As can be seen from the historical examples given, corrupt regimes are usually politically unstable.
- The prestige of the country on the international level falls, the threat of its economic and political isolation grows.
- Anti-corruption personnel are not prepared to forgo personal interests for public and state purposes.
- Qualified personnel are dismissed from the civil service when they do not accept the system of corruption.
- Political competition declines. The population is disappointed in the values of democracy (Constitutional Control in Foreign Countries, 2017). There is a threat of the disintegration of democratic institutions. The slogan of fighting corruption is capable of turning the state into a dictatorship. The risk of eradicating democracy increases under the prevailing scenario of the arrival of the dictatorship under the pretext of fighting corruption.

Depending on the perception of corruption by one or another state, it is possible to analyze the economic indicators of the state and the indicators of the gross domestic product (GDP) per capita (see Figure 1). When considering these graphs, one can draw a conclusion about the direct dependence of the state's economic welfare and its negative attitude to corruption.

Even with a cursory glance at such negative consequences of corruption, the struggle against it becomes the necessity of a modern civilized state that strives to survive and successfully exist. A question arises if it is necessary, from the point of view of political practice, to drive corruption into the civilized framework of lobbying or to eliminate it by radical means. Each specific state shall develop its most optimal approach to fighting corruption. The methods that successfully work in one state may not yield any positive results in another state.

According to the Marxist view, political practice, like law, the state and other political phenomena and institutions, is an objective phenomenon. At the same time, all these phenomena and institutions are not a constant but are in a constant process of change and movement. Consequently, the political theory, values, and ideological principles of society can influence political practice.

Thus, the study of corruption as a problem of political theory simultaneously influences this problem from the point of view of political practice. Economically successful international corporations can influence political processes. As a result, the problem of investigating corruption as a phenomenon of political theory and practice descends to the level of such corporations.

CONCLUSIONS

Taking into account all of the above, the author comes to the following conclusions:

- Corruption has been with humanity since ancient times. It is necessary to consider historical examples of corruption and the experience of combating it to develop a successful independent experience in the fight against corruption.
- In all definitions of the term "corruption", the sound "a person endowed with power" exists. As the research on corruption expands, the sphere of application of such power widens: gradually, private corporations and individuals are covered.
- The process of globalization of the world leads to increased corruption. With the increase in the globalization process, the role of corporations also increase, and corporate corruption comes to the forefront.

REFERENCES

- Burns, T. R., DeVillé, P. (2017), "Socio-economics: the Approach of Social Systems Theory in a Forty Year Perspective", *Economics and Sociology*, Vol. 10, No. 2, pp. 11-20
- Draskovic, M., Jovovic, R., Draskovic, V., Jovovic, N. (2017),"Levels and Factors of Transitional Crisis in Bosnia and Herzegovina, Montenegro, and Serbia", *Economics and Sociology*, Vol. 10, No. 2. pp. 21-32.
- Egorov, A. B. (2013), Roman Historical Crises, SPb science, Moskow (in Rossian).
- Kocjubinskij, D. (2012), Muhammed Suharto: The General, They Didn't Want to Die, Novaya gazeta. 27.02.2012, http://novayagazeta.spb.ru/articles/7119/,(in Rossian), Accessed 17.05.2018.
- Kuznecov, A. Yu., Silinskiy, Yu. R., Homutova A. V. (2016), *Russian and Foreign Anti-corruption Legislation*, http://www.law.vl.ru/law/corrupt/chapter1.html#5 (in Rossian), Accessed 11.06.2018.
- Kuzovkov, Ju. V. (2010), World History of Corruption, (in Rossian), http://tululu.org/read85095, Accessed 21.06.2018.
- Kuz'min, V. (2013), *How Irak Socializm Looked Like* (in Rossian), http://rusplt.ru/world/irak_kuzmin.html, Accessed 29.06.2018.
- Latov, Ju. V. (1999), Corruption: Reasons, Economic Results and Effects on Society (in Rossian),

- http://www.elitarium.ru/2012/04/16/korrupcija_prichiny_posledstvija_vlijanie.html, Accessed 11.06.2018.
- Luneev, V. V. (1999), XX Century Criminality. World and Regional Trends, Norma, Moskow (in Rossian).
- Liapustin, B. S. (1991), Economic Development of Ancient Rome in the Frame of the Law on Luxury, NNGU Novgorod ((in Rossian).
- Mommzen, T. (1997), The History of Rome, Vol. 1, Science, JuVenta, Moskow (in Rossian).
- Ozhegov, S., Shvedova, N. (1998), Russian Language Dictionary, Moskow (in Rossian).
- Polibij (2004), Universal History, Olma-Press Invest, Moskow (in Rossian).
- Rat-Veg, I. (1996), The History of the Human Stupidity, Feniks, Dubna (in Rossian).

 The background Document of the Anti-corruption Fight of the ONU (1995), A/CONF. 169/14.

 13 April (in Rossian).
- The Federal Law of Counterfighting Corruption (2008), Moskow (in Rossian).
- Fellmeth, U. (2001), Brot und Politik. Ernährung, Tafelluxus und Hunger im antiken Rom, Metzler, Stuttgart und Weimar.
- Kroeze, R., Kerkhoff, T, Corni, S. (eds.). (2013). Corruption and the Rise of Modern Politics. Special issue, *Journal of Modern European History*, Vol. 11, pp. 31–35.
- Kulshreshtha, P. (2007), "Bureaucratic Corruption: Efficiency Virtue or Distributive Vice?", *Journal of Development Economics*, Vol. 83, No. 2, pp. 530–548.
- Ledeneva, A. (1998), Russia Economy of Favours: Blat, Networking and Informal Exchange, Cambridge.
- Milovic, N., Jocovic, M. (2017), "Impact of Foreign Direct Investment on Competitiveness of Montenegrin Economy", *Transformations in Business & Economics*, Vol. 16, No 1 (40), pp. 222-232.
- Peković, D. (2017), "The effects of remittances on poverty alleviation in transition countries", *Journal of International Studies*, Vol. 10, No. 4, pp. 37-46.
- Torsello, D. (2012), The New Environmentalism? Civil Society and Corruption in the Enlarged EU, Ashgate, Oxford.
- Wallerstein, I. (1974), The Modern World-System. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century, New York.
- Hersh, P. (2018), "Corruption issues turning off potential hosts", *Harvard International Review*, Vol. 39, No. 1, pp. 28–33.
- Policardo, L., Carrera, E. J. S. (2018), "Corruption causes inequality, or is it the other way around? An empirical investigation for a panel of countries", *Economic Analysis and Policy*, Vol. 59, pp. 92–102.
- Barkemeyer, R., Preuss, L., Ohana, M. (2018), "Developing country firms and the challenge of corruption: Do company commitments mirror the quality of national-level institutions?", *Journal of Business Research*, Vol. 90, pp. 26–39.
- Shashkova, A. V. (2013), Anti-money Laundering Fight in the Context of the Constitutional Rights, MGIMO-University, Moskow (in Rossian).

 Constitutional Control in Foreign Countries (2017), MGIMO-University, Moskow.
- Shashkova, A. V., Rakittskaya, I. A., Pavlov, E. Ya. (2017), "Emergence and Activity of Legal Entities in Russia in the Pre-revolutionary Period (comparative analysis), *Bylye Gody*, Vol. 46, Issue 4, pp. 1333–1344.
- Vancea, D.P. C., Aivaz, K. A., Duhnea, Ch. (2017), "Political Uncertainty and Volatility on the Financial Markets- the Case of Romania", *Transformations in Business & Economics*, Vol. 16, No 2A (41A), pp. 457-477.