

“Ethnic” Corruption

When Ethnic Identity Meets Political Corruption

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Abstract

Corruption is a complex phenomenon which can appear in various forms and political corruption remains one of the most common forms. Political corruption further encompasses many forms, one of which is ethnic corruption. Ethnic corruption is one of form of corruption that involves giving certain ethnic groups privileges that other groups do not have. The purpose of these privileges is for the ruling political structure to stay in power. This type of corruption was common practice in the former Yugoslavia and the former Soviet Union, and continues in its successor, the Russian Federation.. Pronounced ethnic corruption remains prevalent in many countries across Asia and Africa. With an increasingly polarized voting base in the United States, new forms of ethnic corruption have started to appear. Because of its characteristics, ethnic corruption is one of the most challenging types of corruption to address.

Keyword: ethnic identity; corruption; political corruption; ethnic corruption

Introduction

Corruption is a complex political phenomenon, whose framework often consists of several interconnected elements. These include, but are not limited to (Šumah, 2024):

- the work and tasks performed by politicians,
- the transparency of their actions,
- the powers granted to politicians,¹
- the responsibilities and morals of individuals in exposed positions,²
- public control, including public opinion, and
- the technical monopoly over decision-making that politicians hold due to the nature of their work.

While corruption is influenced by social norms, moral and ethical values, and personal characteristics of individuals, it is essential to note that also other factors, for instance, various extortions, pressures (from a broader political context, the community, and individuals), and the level of politicians’ salaries play an equally relevant role. Although corruption always benefits certain individuals or a certain group of people, it is seldom a

¹ Power in this context refers to both public powers granted by local communities or the state, as well as discretionary powers determined by their work and way of working.

² Exposed positions refer to all positions identified as vulnerable to bribery and corruption.

monocausal phenomenon. The number of beneficiaries might be either broad or narrow. They can include (among others): private and public companies, clubs and associations, political groups, as well as local communities in general (the latter two usually gaining mutual benefits). Such acts of corruption can erode the distinction between individual or group interests and the responsibilities of politicians, thereby undermining the ethical foundation upon which the field of politics rests and which allows for effective conflict resolution (Philp, 1997). In order to stay in power even when faced with the inability to resolve accumulated problems, politicians often resort to various corrupt practices. One such kind of corruption includes offering certain privileges, such as tax breaks and other forms of positive discrimination, to a specific ethnic group (or groups) to broaden or secure their political support. This article pays particular attention to such actions in hopes of advancing the politically significant debate about corruption.

Political corruption

To grasp the concept of ethnic corruption, it is first necessary for one to understand the full account of political corruption. Political corruption (in a narrow sense) corresponds to any irrational and unjustified spending or misuse of public money, any abuse of public authority, or conscious violation of legislation (Šumah, 2020/2). In political corruption, such acts are carried out to achieve or retain political power or influence. Following Amundsen (1999), the author explains that corruption becomes political corruption when political decision-makers use the political power they have to maintain their position, status, or wealth. Political corruption, for Amundsen (1999), is something more than a deviation from formal or written legal norms, professional codes of ethics, or court decisions. Political corruption can be committed by both democratically elected and politically appointed officials (with political officials also being strictly distinguished from career officials). However, the concept of political corruption always includes a certain degree of moral judgment. As Navot (2014) asserts, a conventional understanding of political corruption is not only related to definitions, but also connotations; political corruption does not merely constitute the abuse of public power for private gain, but it also implies that such an abuse is, in its essence, bad, unethical, and overall negative for society.

Political corruption occurs when officials in power systematically abuse, circumvent, ignore, or even adopt laws and regulations to serve their interests. Political corruption thus, unlike bureaucratic or official corruption which most often occurs in public administration (or at other lower levels of decision-making), usually takes place at the highest levels of the state and carries significant political consequences. Della Porta and Vannucci (1997) concluded that economic and social costs must be added to the political costs of corruption, as political corruption often generates them. Corruption, when left untreated, often produces a series of vicious circles which can lead to a parallel growth of corruption, inefficiency, clientelism, and even politically protected organized crime.

Ethnic corruption

Ethnic corruption remains largely undertheorized by most scholarly inquiry. The phenomenon is often grouped under the umbrella concept of political corruption. However, as this paper argues, due to its specificity and political significance, it is worthy of independent consideration as one of the forms of political corruption. While ethnic diversity has been studied as one of the factors in the complex puzzle of political corruption, literature on ethnic corruption as a specific form of corruption remains fairly limited. The term “ethnic corruption” was first coined by Herščak in the preface of *Kratka zgodovina korupcije* (prevod). Although insightful, this paper will argue that Herščak’s definition of ethnic corruption remains too narrow.

Treisman (2000) and Glaeser and Saks (2004) believe that one of the factors contributing to the high level of corruption is ethnic diversity. As Treisman (2000) explains, members of a specific ethnic group often act in an ethnocentric way, favoring their group members over non-members. In a political context, this might not only slow down economic development overall but also make members of a specific ethnic group turn a blind eye to their co-ethnic representatives, allowing for an environment where acts of corruption remain overlooked. Glaeser and Saks (2004) explain that in ethnically fragmented societies, ruling parties tend to allocate resources to the members of their own ethnic affiliation. In this way, the beneficiary ethnic group will likely continue to support their co-ethnic representatives even when they are known to be corrupt. Such a phenomenon ultimately boils down to a form of political corruption, where political leaders exploit specific ethnic groups within a society to advance or retain their political power. It is important to emphasize, however, that this applies to practices that would otherwise be considered legally or ethically dubious, but which some ethnic groups nevertheless practice.. Ethnic corruption, therefore, remains one of the most sophisticated forms of political corruption. In this context, the governing policy—which is, with some rare exceptions, almost always ethnically homogeneous—provides benefits to members of its ethnic group. Such policies include (but are not limited to) granting leading positions such as positions in the state economy and judiciary, as well as various other state subsidies that benefit a particular ethnic group over another. Such practices have been common in many transitional democracies that are ethnically fragmented and have previously been the subject of colonial rule.

As Yehoue (2007) observes, political parties in such systems often align themselves along the previously existing ethnic lines that were largely suppressed by the previous colonial regime. Because of a starting point makes it difficult for any single party to secure the majority of votes and the only viable option for governance is the formation of a coalition, which is primarily based on a system of rewards for cooperation.. A candidate elected in such a coalition must therefore maintain their position by appeasing the members of a specific ethnic group. As already stated, this often includes patronage in the form of

vital positions in politics, administration, economy, and other sectors. Ethnicity in these scenarios, therefore, operates as a mechanism for rent extraction. This indeed diminishes the autonomy of the state, which essentially requires a certain degree of isolation from the surrounding social structures in order to ensure effective economic policies and growth.

Ethnic Corruption in the Balkans: Yugoslavia as a Case Study

As already discussed, ethnic corruption presupposes a certain degree of “favoring certain citizens on the basis of their ethnic identity to perform tasks in which one’s ethnicity should not be conceived as central” (Heršćak in Brioschi, 2007). Such corruption, argues, was very much present in Yugoslavia before the Second World War. Terms such as *beograjska čaršija* (Belgrade bazaar) and *srbska posla* (Serbian business) were coined during this period and refer to the corrupt processes—based on privileging Yugoslav citizens of Serbian origin—of obtaining the highest-ranking jobs in the state administration, judiciary, and army (Heršćak in Brioschi, 2007). The very few non-Serbian officials and bureaucrats, in order to keep their positions, had to subscribe to the increasingly nationalistic politics of Greater Serbia.

Another such example of ethnic corruption—this time at the local level—took place in the Croatian city of Petrinje between the years 1948 and 1991. During this period, extensive manipulations in employment favoring individuals of Serbian nationality ensued, resulting in significant changes in the local ethnic structure. Particularly notable changes are said to have occurred after 1971 when Mikelić (a native Serb) became the director of the then state-owned but locally significant company Gavrilović.

Although insightful, Heršćak’s definition of ethnic corruption solely addresses the preferential treatment of a certain ethnic group in the case of employment. As such, the definition remains too narrow to capture the full extent of ethnic corruption. In most cases, ethnic corruption extends beyond mere employment advantages and often also includes other areas such as access to education and healthcare services, as well as the allocation of state funds.

Indeed, ethnic corruption was widespread in Yugoslavia, especially in the former Socialist Republic of Serbia. In Kosovo and the Vojvodina region—at the time the territory of the Socialist Republic of Serbia—the minority population of Serbs enjoyed particular privileges and strongly dominated the state administration. The Kosovo Albanians, therefore, became a significantly underrepresented group considering that they were a significantly bigger ethnic group in that particular region.

Ethnic Corruption: Common Practice Around the World?

Looking a century back into history, numerous other instances of ethnic corruption can be observed. One notable and arguably one of the most famous examples would

be the treatment (or rather the mistreatment) of the Irish majority by the British minority in Ireland. The case of Ireland can be an example of the negative effects of ethnic corruption. The privileged position held by the British over the Irish resulted in increasing socio-economic disparities, which eventually resulted in mass emigrations of the Irish to the United States. Besides the case of Ireland, similar instances of ethnic corruption also took place with Slavic communities living in Italy and then the Austro-Hungarian Empire. Slavic communities living in these territories were deemed culturally inferior, while public administration was overwhelmingly represented by the ethnic Italians, Austrians, and Germans. In this way, the ethnic corruption which took place further entrenched the already existing ethnic hierarchies and marginalization.

Many questions about ethnic corruption have recently been posed in the case of the United States, where many institutions started to employ policies of positive discrimination. As a result, in this case party affiliation on the basis of racial, ethnic or even gender identity is becoming an increasingly pressing but at the same time sensitive topic of both public and academic debates. In particular, African-Americans and Americans of Latin American descent have—due to their often decisive electoral power—been progressively targeted with populist rhetoric. Sowell (in M. Eberling, 2012) speaks of “affirmative action” and about positive discrimination, so asserts that people of color admitted through affirmative action policies scored significantly lower on standardized college entrance tests (an average of 952 points) compared to their white and Asian counterparts (who scored on average around 1,300 points). This disproportionate acceptance criteria, as Sowell argues, has contributed to an increased number of dropouts among African Americans, who now at the University of California, Berkeley, have a dropout rate of 70%. This trend in Sowell’s research also persists at lower-ranked universities, where students of color are increasingly admitted with fewer points obtained through standardized testing in comparison to applicants of Asian and white descent. As the example of the University of California, Berkeley shows, positive discrimination, in some instances, even if intended to benefit students and the university, might ultimately produce certain negative impacts.

Ethnic corruption is in our time particularly pronounced in some Asian and African countries, where members of the majority nation or the ruling ethnic group enjoy significantly more rights and privileges than other ethnic groups in the country. The People’s Republic of China is one of a typical example of ethnic corruption in Asia. Members of the Han people there have a privileged position compared to the country’s minorities, for instance the Uyghurs and Tibetans.

Similar is the case in parts of India where the majority ethnic groups often hold significant advantages over others, especially regarding employment opportunities. Other examples also include Turkey, where the Kurdish population has become a marginalized minority facing systemic disadvantages. In Libya, the regime under Gaddafi initially relied heavily on members of Bedouin tribes, who often occupied high positions in the state’s administration

following the successful coup d'état. Later on, efforts were made to construct a unified Libyan identity; however, this only further exacerbated the tribal divisions.

For these countries is also characteristic that they rank very poorly on Transparency International's Corruption Perceptions Index. In fact, most of them are categorized as "countries with institutional corruption." In some places where religion is closely associated with ethnic identity, corruption may occur along the lines of religious cleavages. Such was the case of Iraq during the Saddam Hussein era. During his presidency, the Sunni minority, which organized itself through the Baath Party, enjoyed significantly more privileges such as employment advantages and the right to study abroad compared to the Shi'ite majority and the Kurds.

The mistreatment of minorities and ethnic corruption can also be seen in the case of Myanmar, where conflicts over ethnic issues and sub-national autonomy have been constant since the country's independence in 1948. Most conflicts there occur between the ethnic majority of Bamar, which constitutes around 70% of the demographic and resides in the country's geographical center, and other ethnic minorities which usually live on the outskirts of the country and Myanmar society is becoming increasingly homogeneous, often at the expense of ethnic diversity. The government of Myanmar has—through the repression of ethnic minorities and ethnic corruption—produced mass emigration of Burmese Indians, Burmese Chinese, and the Rohingya ethnic minority into the neighboring countries. While Myanmar still remains a religiously diverse country, identifying as non-Buddhist has made it difficult for a number of citizens aiming to join the army or pursue a career in politics.

Ethnic Corruption: What can be done?

Conclusion

Although ethnic corruption remains less present in Europe, the recent invasion of Ukraine has once again shown that ethnic corruption can occur even in this region of the world. The Russian troops being drafted to fight against Ukraine, disproportionately consisting of ethnically non-Russian soldiers, are a clear indicator of ethnic corruption in Russia. Nevertheless, ethnic corruption still remains more common in many African and Asian nations as well as, some claim, in the form of "positive discrimination" in the United States.

Ethnic corruption remains an extremely challenging form of corruption to eradicate. It prevails in countries with hybrid and autocratic regimes and, in most cases, benefits the ruling political structures. It is particularly important, however, to point out that highly corrupt governments which use the existing ethnic divides to stay in power (with the exception of China) often receive high amounts of international aid. This ultimately

creates a situation in which largely developed countries with low corruption levels paradoxically fund corrupt regimes, thereby further perpetuating the cycles of corruption in these countries. International aid, therefore, often serves as an infusion for corrupt governments and only rarely ends up in places that need it the most. Indeed, large portions of aid often get lost somewhere in the government machinery and therefore only benefit the regime supporters. Furthermore, in some cases, it is this misallocation of international aid, in particular, that makes certain supporters of the regime rich.

To confirm this thesis, data on the recipients of international aid has been collected. For comparison, data on the largest donors (the European Union and the United States) has been also collected. In 2022, the United States has budgeted approximately 38 billion US dollars for foreign aid, and as of the time of this study, distributed more than 32 billion US dollars. Almost 25% of this money has been invested in governments which are marked by pronounced ethnic corruption. Countries in which this aid ends up are often undemocratic, controlled by dictators or warlords, therefore there is a risk of aid displacement regardless of who the distributor of aid is. Indeed, the organizations responsible for aid distribution are often associated with the individuals in power.

According to some recent studies, this relationship is clear in the case of the United Nations, which often turns a blind eye to irregularities when it comes to aid distribution and therefore directly supports corrupt regimes. Other studies have shown that multinational corporations, similarly to certain governments, behave in ethical ways in developed countries but adopt corrupt practices when they operate in countries facing high levels of corruption. International aid and multinational corporations from developed countries therefore often inadvertently perpetuate the corruption cycle in some countries in the Global South.

Several measures should be taken to overcome ethnic corruption. It is first and foremost crucial to enhance the control over the distribution of international aid. This enhancement should include sanctions—ranging from weapon export bans to economic sanctions—directed at countries which actively displace international aid. It should also be pivotal to establish a fair legal system which is built upon the principle of equal treatment. External measures such as diplomatic pressure and limited military involvement may also be necessary when trying to combat instances of ethnic corruption. Additionally, resolving long-standing ethnic and tribal disputes as well as limiting the power of local elites could also prove paramount.

Potential measures are numerous, however, questions still arise. Should “an enlightened,” but externally placed government be a better solution than a new “democratically” elected one? The complexity of these issues requires a meticulous case-by-case analysis with the highest degree of transparency. Interventions, to be effective, should therefore be conducted strategically and in the most ethical way possible.

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DP13193-DP13194 28-2010 Academicus International Scientific Journal
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Presented: May 2024

Included for Publishing: June 2024

Published: July 2024 , Volume 14, Issue 30 Academicus International Scientific Journal