

doc.dr. Urban Vehovar

doc.dr. Matjaž Jager

Corruption, Good Governance and Economic growth: the Case of Slovenia

(Draft for comments)

(Paper presented at the conference “Institutions in Transition”,
Kranjska Gora, Slovenia, June 19-21, 2003)

1. Introduction

The exponential growth of scholarly literature on corruption in the 90's signals that this topic is of complex and challenging nature. The complexity is obvious at the very beginning once the problems of definition and adequate conceptualization arise.¹ Moreover, on a more policy oriented level, the examinations of the cause - effect relations lead in several directions, some of them quite surprising.

In addition to moralists, lawyers and political scientists, economists have substantially illuminated causes and consequences of corruption. On the abstract theoretical level they provided a range of basic conceptualizations/models of corruption that led to testable hypothesis (for an overview of contributions see, e.g., Jager, 2003). These hypotheses needed to be tested and the empirical work soon went hand in hand with the theory construction. Empirical testing became the tool for falsifying various hypotheses and moreover, in some cases, to bring about counterintuitive evidence. In the last decade in particular numerous cross-country comparative empirical research projects were carried out (cf. Lambsdorff, 1999).

The present empirical research of corruption cannot but be - due to the hidden nature of this phenomenon - primarily based on subjective assessments. These subjective assessments may, of course, be biased in this way or another. But since the perceptions may be the only data we will ever have on corruption, the gradually improving methodology tries

to consolidate them by using composite indexes based on qualified sources and standardized data (cf., e.g. Lambsdorff, 2002). Such comparative research projects so far tested various conceptual correlations, for example correlations between the level of corruption and the following variables: the amount of investment as a share of GDP (cf. Mauro, 1995, 1998), unproductive public investment into infrastructure and generally poor quality of public infrastructure (cf. Tanzi, Davoodi, 1997), quality of public education (cf. Gupta, Davoodi, Tiogson, 2001) and the like. After establishing various (positive or negative) correlations one had to try to comprehend, i.e., “figure it out” somehow, whether established correlations reflect as well relations of causality and in what direction (cf., e.g. Lambsdorf, 1999).

On general, these empirical studies provide support for the broadly held opinion that corruption produces negative direct and indirect consequences. For example, along with other “corruptologists”, most of economists nowadays do agree that consequences of corruption on development are overwhelmingly bad.²

In this paper we are going to focus on one particular aspect of corruption / development relationship and that is the interrelation between good governance, economic growth and corruption. We will discuss this relation with particular reference to the situation in Slovenia. As a departing point we are going to follow the lead of the recent argument made by Daniel Kaufmann and his collaborators at the World Bank, regarding the specific asymmetric interrelation between good governance and growth. The thesis is the following: Even though research demonstrates that there is a strong positive correlation between per capita income and quality of governance, economic growth does not automatically lead to improvement in governance. In other words, countries deficient in good governance should not expect the improvements in this area to come as a necessary side-effect of economic growth. What is needed in order to improve “good government” variable is a sustainable strategic intervention targeting this area. Or, as Kaufman *et al.* put it “...the fact that good governance is not a “luxury good” to which a country automatically graduates into when it becomes wealthier means in practical terms that **leaders, policy-makers and civil society need to work hard and continuously at improving governance within their countries**” (Kaufman, Kraay, 2003).

Since the level of corruption represents a very important part (and is at the same time a reflection) of the quality of governance, the strategic intervention in this area is a must if

¹ There are many attempts to define corruption. For the purpose of this paper we will follow the definition used by TI: »Corruption is abuse of public office for private gain«.

² But see, classically Leff (1976) for the »grease the wheels« thesis.

better governance wants to be achieved. We will argue that in Slovenia today there is not enough political will for a committed, strategic, prevention oriented and long term effort against corruption. What follows from Kaufman's "asymmetry thesis" is that the quality of governance in Slovenia is not going to improve automatically as a kind of an unavoidable side effect of (eventual) economic growth. Among others, one vital prerequisite for achieving higher quality of governance in Slovenia is the deliberate political change of course in favour of strategic, long term anti-corruption policy and strengthening the rule of law. The incumbent political elite must realize that this kind of change is urgently needed (among other) because of its important impact on development and economic growth.

Moreover, and on the dark side of Slovenia's supposedly successful story of transition, the World Bank data show that Slovenia lacks some of the prerequisites to successfully execute a developmental strategy, along the lines of, e.g., Finland or Ireland.

The fact is that corruption is only one facet in the whole story, as we will also argue in this paper. The level of government effectiveness is just as, or even more, important.³

2. Theoretical background

Recently, a lot of attention is being given to the issues of negative interrelation in between the level of growth and the level of corruption by organisations such as The World Bank and The International Monetary Fund. The latest papers on this matter were published in December 2002 (Mauro, 2002) and in April 2003 (World Economic Outlook, 2003), both by the IMF.⁴ The work of Kaufmann and his collaborators at the WB has to be mentioned also. Of particular importance are their latest papers, published in May (Kaufmann and Kraay, 2003; Kaufmann, Kraay and Mastruzzi, 2003).

The influence of institutions on economic performance is a well-established fact. The impact of chosen institutions, market structures and economic policies is of major importance for a medium and longterm economic growth (cf. Cornelious et al., 2002-2003: 2). Growth Competitiveness Index of the World Economic Forum is one of the most well known instruments defined as a cluster of just mentioned institutions, structures and policies. Actually, it was designed to define those factors that influence economic growth. To be more

³ Both factors must be interconnected; a well trained bureaucracy is, as we claim, far less prone to corrupt practices than a bureaucracy that operates in an environment devoid of basic professional standards and under constant pressure of biased politics.

⁴ WEO 2003 devotes quite a few pages to the subject of growth and institutions, including corruption.

precise, it was designed to allow measurements of the capabilities of national economies to achieve high levels of growth of GDP per capita in the medium term (Hu and Sachs, 1997).⁵

Also, in a broader context, an interrelation in between good governance,⁶ that includes the level of corruption, and growth was shown and proven (cf. Kaufmann and Kraay, 2002).

In 1999 Kaufmann, Kraay and Zoido-Lobaton devised six aggregate governance indicators (Kaufmann, Kraay and Zoido-Lobaton, 1999). They defined governance as traditions and institutions by which authority in a given country is exercised. In fact, six governance indicators are six clusters. The first and the second capture the process by which those in power are selected and replaced. They refer to the first as “Voice and Accountability”, and to the second as “Political Stability”.

The next two capture the ability of the government to formulate and implement sound policies. They refer to the third one as “Government Effectiveness”, and to the fourth one as “Regulatory Quality”. The third one includes indicators of the quality of public service provision, the quality of bureaucracy, the independence of the civil service from political pressures, and the credibility of the government’s commitment to policies. The fourth one includes the incidence of market-unfriendly policies, and perception of the burdens imposed by excessive regulation.

For the purpose of this paper, the most important are the fifth and the sixth cluster, besides the third and the fourth one.⁷ In “Rule of Law” there are several indicators measuring the extent to which agents have confidence in and abide by the rules of the society, including the effectiveness and predictability of the judiciary, and the enforceability of contracts. In fact, these indicators measure the success of a society in developing an environment where fair and predictable rules form the basis for social and economic interactions.⁸ The sixth cluster, “Control of Corruption”, measures perceptions of corruption, ranging from the frequency of additional payments to get things done, to the effects of corruption on business

⁵ When dealing with the interrelation in between corruption and growth, it is also to be mentioned that public institutions index represents one third of the GCI, and that subindex of corruption, at least in the case of Slovenia, represents one sixth of the competitiveness index.

⁶ We define good governance in accordance to Kaufmann, Kraay and Zoido-Lobaton's aggregate governance indicators: the higher the indicators, the better the governance.

⁷ The importance of the third and the fourth one will become obvious as the analysis of the WB data will be undertaken.

⁸ We could refer to these as indicators of »government social capital«, as compatible to »civil social capital« (Collier, 1998).

This is a further debate that could be based on the WB data on aggregate governance indicators / measure. We suppose that GSC and CSC reinforce each other and substantially lower the level of transactions costs, therefore helping the flow of capital.

environment, to “state capture”.⁹ The presence of corruption is often a manifestation of a lack of respect of both the corruptor and the corrupted for rules which govern their interactions (cf. Kaufmann, Kraay and Zoido-Lobaton 1999 and 2002, and Kaufmann, Kraay and Mastruzzi, 2003).¹⁰

The assumption of the good governance as an important prerequisite of growth is confirmed by the study of Kaufmann and Kraay (2002 and 2003). Their results show not only that governance, i.e. the quality of governance, exerts important influence on medium and longterm growth. The other result of the study – and this result is quite new – points to the conclusion that improvements in the area of governance do not occur only due to the developmental process. In other words, high growth does not entail an improved quality of governance by itself! In accordance to that result, to achieve and improve medium and longterm sustainable levels of growth we have to consciously intervene into structures, processes, institutions, and actors that constitute the state apparatus!

We see no reason that the above mentioned would not hold true for the Republic of Slovenia as well. There is no doubt that Slovenia had an extremely favourable starting positions at the beginning of 90’s in comparison to, for example, other EU candidate states. But, at the same time, that does not mean that taking care for “good governance” in this country is redundant, i.e., it does not mean that the quality of governance in the RS will improve by itself! On the contrary, a continuous care for factors that constitute good governance can contribute to additional growth in the RS, it can lower the level of poverty, improve levels of employment, and it can raise the level of legitimacy and trust into political institutions, including the Government.

In our paper we will, besides the analysis of the results of WB’s research, present some of the results of the research on existence of corrupt practices in the RS that was sponsored by The Government Office for Prevention of Corruption of the RS. The results of this survey confirm the assessment of a relatively low quality of governance in the RS.

⁹ Kaufmann, Kraay and Zoido-Lobaton define corruption as the exercise of public power for private gain, a definition in accordance to the one we are using for purposes of this paper.

¹⁰ One of the extremely interesting papers on the subject of disrespect for rules is Hellman's and Kaufmann's »The Inequality of Influence« (2002). They developed a proxy measure of the inequality of influence that exerts a strong and negative impact on assessments of public institutions. Weak

3. The analysis of empirical data

Our point of departure is data collected by Kaufmann and his collaborators at The World Bank.¹¹ Drawing from this data pool we analysed six aggregate governance indicators for the fifteen members of the European Union, as well as for the ten candidate countries. The question is whether a consistent pattern exists that could enable us to define the main characteristics of various subgroups of states, disregarding the status of membership. As the basic criteria we used the perceptions of the Government Effectiveness, followed by the criteria of perceptions of the Control of Corruption /for the data, see Table 1/.

According to the analysis of clusters we decided to form the following types of countries:

1. an ideal type, an assembly of highly advanced countries where all indexes that compose clusters II and III exceed indexes that compose cluster I /Netherlands, Luxembourg, Great Britain, Finland, Austria, Germany, and Ireland/; the control of corruption in these countries is extremely or quite high /the value of index ranging from 2,39 to 1,67/;
2. an almost ideal type /in fact, a subgroup of type 1/, where only one index equals the highest value of respective indexes that compose cluster I, and where all the other indexes exceed indexes that compose cluster I /Denmark and Sweden/; the control of corruption in these countries is extremely high /from 2,26 to 2,19/;
3. a mixed type, where one of the indexes that compose clusters II and III stands lower than the highest index that composes cluster I /Liechtenstein, Spain, Belgium, and France/ /from 1,57 to 1,29/;
4. a border, pre-advanced societies type, where only one index that composes clusters II and III surpasses or equals respective indexes that compose cluster I /Cyprus, Estonia, Portugal, and Italy/ /from 1,33 to 0,66/;
5. a type of societies with an extremely low level of control of corruption /one of the indexes equals any index of cluster I, with an extremely low index of control of corruption which is only half the value of the highest index of cluster I/ /Hungary, Czech Republic, Latvia, and Lithuania/ /from 0,60 to 0,09/, and

firms, as a consequence of their perception of inadequate influence, are more likely to withhold tax revenues, pay bribes, and avoid courts.

¹¹ The data basis and the methodology are explained in detail in the quoted papers of Kaufmann and his collaborators. All of the material, including the papers, is accessible online on the World Bank's website.

6. a type of societies with a low level of governance efficiency, where all indexes that compose clusters II and III stand lower than indexes of cluster I /Malta, **Slovenia**, Poland, and Slovakia/ /from 0,89 to 0,28/.

Table 1: Aggregate Governance Indicators for all members of the EU and for all candidate states, in descending order, according to Government Effectiveness

	cluster I:		cluster II:		cluster III:	
	voice	p stability	gov effect	reg quality	rule of law	control cor
NL	1,63	1,37	2,14	1,87	1,83	2,15
LUX	1,41	1,54	2,13	1,83	2,00	2,00
GBR	1,47	0,81	2,03	1,75	1,81	1,97
FIN	1,70	1,63	2,01	1,93	1,99	2,39
DEN	1,72	1,26	1,99	1,74	1,97	2,26
BELGIUM	1,44	0,97	1,85	1,40	1,45	1,57
SWEDEN	1,65	1,43	1,84	1,70	1,92	2,25
AUSTRIA	1,32	1,29	1,79	1,67	1,91	1,85
GER	1,51	1,06	1,76	1,59	1,73	1,82
FRANCE	1,29	0,73	1,67	1,25	1,33	1,45
LIECHT	1,32	1,31	1,63	1,69	1,55	1,29
IRELAND	1,40	1,31	1,62	1,64	1,72	1,67
SPAIN	1,24	0,82	1,53	1,41	1,15	1,46
MALTA	1,29	1,50	1,16	1,11	1,08	0,80
PORTU	1,31	1,43	1,03	1,47	1,30	1,33
CYPRUS	0,94	0,36	1,00	1,24	0,83	0,89
ITALY	1,11	0,81	0,91	1,15	0,82	0,80
SLO	1,10	1,21	0,82	0,81	1,09	0,89
HUN	1,17	1,08	0,78	1,21	0,90	0,60
ESTONIA	1,05	0,98	0,78	1,35	0,80	0,66
CZECH	0,90	1,02	0,70	1,12	0,74	0,38
LATVIA	0,91	0,82	0,67	0,86	0,46	0,09
LITHUAN	0,89	0,93	0,61	0,98	0,48	0,25
POLAND	1,11	0,71	0,61	0,67	0,65	0,39
SLOVAK	0,92	1,01	0,40	0,76	0,40	0,28

Source: Kaufmann, Kraay and Mastruzzi, 2003

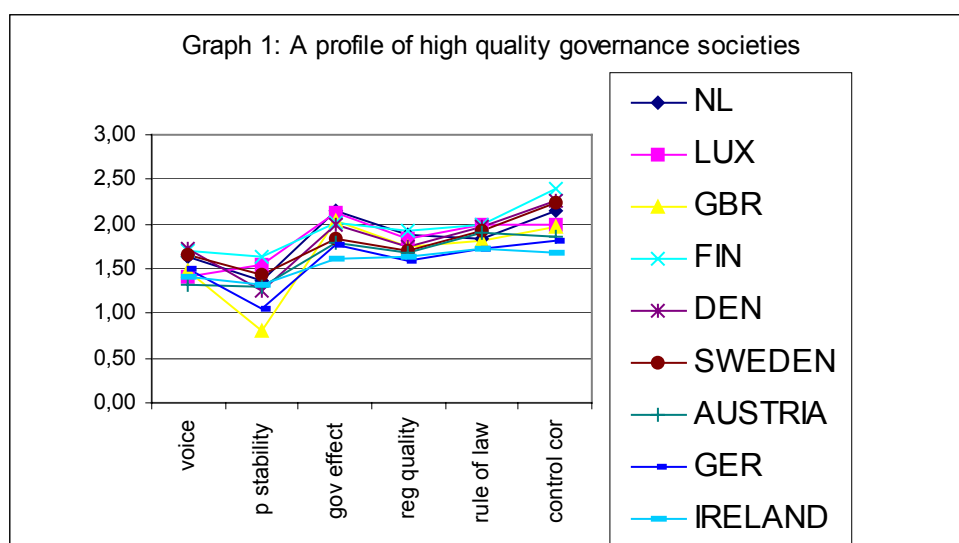
Since there are only a few striking differences in between the types mentioned above, we decided to form two groups of countries, to delineate only the most characteristic features of respective societies. Therefore, we can speak of only two groups of societies:

1. **high quality governance societies / states**, an assembly of states ranging from Netherlands to France /a sum of types from type 1 to type 3/, where all indexes that

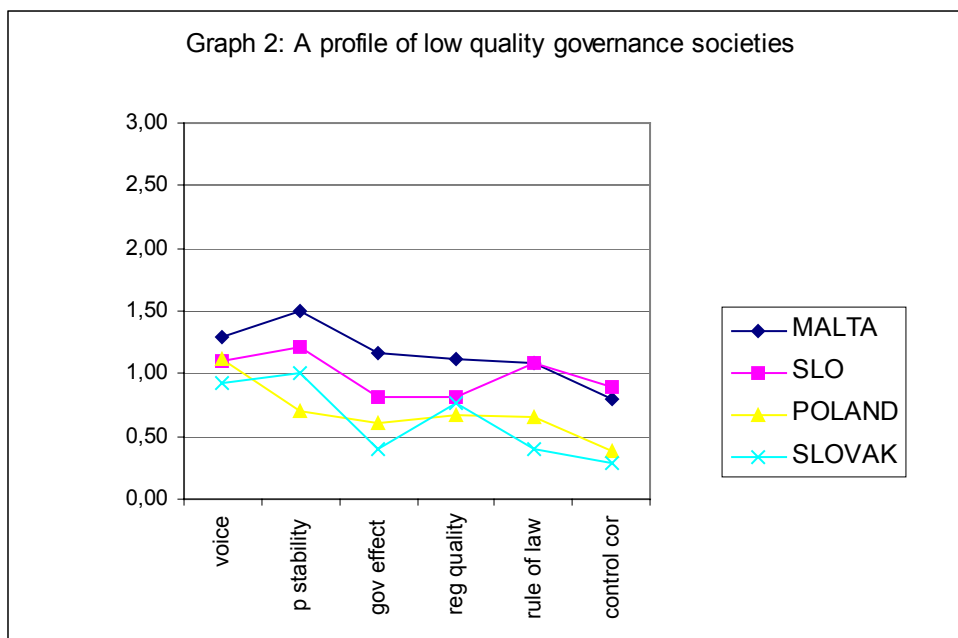
compose clusters II and III surpass indexes of cluster I, or there is only one of these indexes that it is lower of that equals any indexes of cluster I; in this case, we are dealing with highly professional and highly accountable bureaucracies and political elites; the principle of common good is in place and is being implemented, and

2. **low quality governance societies / states**, at the moment an assembly of states ranging from Italy to Slovakia /a sum of types from type 4 to type 6/, where only one of indexes that compose clusters II or III equals or even surpasses any of indexes that compose cluster I, or all of them stand lower than indexes that compose cluster I /the latter one includes Slovenia/; in this case, bureaucracies are temporarily or permanently subdued to political pressures; they are inefficient and far from Max Weber's ideal/; political elites to the great extent use and abuse the state as a feud that is to be exploited; the consequence is the lack of developmental strategies, or these are not (can not be) put into practice, since in existing institutions the criteria of political loyalty and the principle of the profitable use of feud predominate over the principles of meritocracy; the principle of common good is secondary.

To illustrate the differences between high and low quality governance societies we present Graph 1 and Graph 2. Graph 1 shows a very distinctive profile, where the advanced societies achieve relatively high levels of democratisation and political stability, both of them surpassed by the effectiveness of the government, regulative quality, rule of law, and control of corruption.



The analysis of Graph 2 shows just the opposite picture /in this case we present the above described type 6/. It is obvious that the indexes of democratisation and political stability surpass the indexes that capture more substantive aspects of governance.



It is very much obvious that what we observe is a presentation of non-convergence. Democratisation and political stability are clearly not enough to allow for development, therefore democracy as such does not represent a guarantee for the development of a particular society, as is shown by some of the Latin-American countries, and as it probably will be shown by some, or most, of the Central and Eastern European societies.¹²

4. Low level of corruption as a substantial part of quality of governance

The above interpretation of the results shows that we have to deal with two critical elements of quality of government in Slovenia, closely tied to economic growth and development. These two factors are the quality of Slovenian bureaucracy and the quality of Slovenian political elites observed in particular from the point of view of their professional and ethical systems of belief. In this respect the level of corruption and the attitude towards this phenomenon represents the opposite side of the same coin.

¹² We assume that this finding confirms and adds to the thesis that the spontaneous development is a sufficient precondition for a sustainable growth.

We claim that the government in Slovenia does not take this problem seriously and deals with it on the surface only. All transition countries of Central and Eastern Europe and in particular the EU candidate states have recently formally adopted the most up-to-date legal frameworks for tackling corruption. Inasmuch as these new laws and regulations partly fill up the notorious and severe “legislation lag” typical for the decisive years of the robber-baron privatization of the 90’s, they do not - or at least not by themselves - solve any of the problems they address. To fix the law on the books and do nothing else is not much more than mere window dressing. Every sincere anti-corruption policy has to provide for well organized and well trained prevention and enforcement mechanisms with adequate resources at their disposal. Without that the shining law of the books remains a dead letter. The case of Slovenia is a nice example of a candidate country where all major anti-corruption measures introduced recently came as a result of the pressure from outside.¹³ In our case the pressure was made from the EU and the Council of Europe.¹⁴

Even more, in the midst of the “spontaneous privatization” of the 90’s the Slovenian Government officially declared that at that time existent institutional, legal and organizational capacities are up-to-date, well equipped and sufficient for the effective fight against corruption and consequently no additional strategic efforts are needed.¹⁵ Such a standpoint reflects a deliberate disregard of anti-corruption policy as an essential element of the quality of public governance in Slovenia.

Discussion

It is obvious that the so-called political factors /cluster I described above/ represent a fundament upon which one can build the potential for a countries development and welfare. But above and after that the quality of the bureaucracy and the quality of the regulative framework /cluster II/ represent a much more important factor that contributes to the potential for economic growth and welfare. The same goes for the rule of law and control of corruption /cluster III/. Only highly competent and well educated bureaucracy, respecting codes of conduct and norms of professional ethics that does not yield to corrupt practices, and is using

¹³ One of the most recent examples of the debate on »external anchors« is the IMF's »World Economic Outlook« (2003). The EU accession process functioned as such and accelerated institutional reforms which in turn contributed to better market efficiency of the candidate countries (ibid.).

¹⁴ For details, see, Jager, Reed (2002, pp. 581, 582.)

procedures that are transparent and simple to use, can effectively implement government's developmental strategies and policies.

To illustrate the fact that Slovenian bureaucracy lacks some of the prerequisites to successfully implement any putative developmental strategies of the Slovenian Government we present the data gathered by The Government Office for the Prevention of Corruption.

Table 2: The evaluation of the influence of various forms of corruption by Slovenian managers
/Q: Please, evaluate the extent of influence of the following forms of corruption on performance of your company:!

	"considerable" + "major influence" /in %/
patronage and nepotism	36,7
corr of officials - contracts	33,0
corr of officials - procurement	28,7
corr of functionaries - laws	28,4
fin contributions to parties	26,0
corr of MP's - laws	25,0
polit pressures on banks	19,0
corr of lawyers	15,7
corr of judges	13,3
corr of tax officials	11,0

Source: The Office for the Prevention of Corruption, 2002
/"Survey on Business Environment, Business Ethics and Unofficial Payments in Slovenia"/

It is very much obvious that Slovenian managers judge Slovenian bureaucracy as selected by non-meritocratic criteria, ranging patronage and nepotism above any other form of corruption that is taking place in this country.

The World Bank and domestic data presented above show that Slovenia has much to do in the area of good governance. Unfortunately, the analysis of clusters II and III – as well as the mentioned results of the survey of The Office for the Prevention of Corruption - shows that Slovenia does not have a very effective government, and that the Slovenian regulatory quality is quite poor. In fact, these are the poorest results achieved by Slovenia. In comparison to the high quality governance societies Slovenian scores are much lower. It is certainly not a relief that the Slovenian Government brags with the comparisons to the other EU candidate states. Slovenia should be compared with Finland, or at least Austria!

We are very well aware that the available data form only a fragment of the necessary argumentation and that our hypothesis is quite speculative. Nonetheless, there are more and

¹⁵ See, »Temeljna vprašanja in družbena razmerja, ki jih je treba urediti s protikorupcijsko zakonodajo«, (Basic issues and social relations that need to be addressed by the anti-corruption legislation) Poročevalec, Ljubljana 1994, 17, pp. 61-68.

more data and reports that show that Slovenia is beginning to lag behind largely due to its low quality governance which hinders faster development.¹⁶ We refer here first to a report *The Entrance into the EU: The End of Gradualism in Slovenia?* produced by a number of experts, most of them employed at the Government's Institute for Macroeconomic Research and Development /IMAD/, released by the end of November 2002; second *The Report on Development 2003* produced by IMAD, released in April 2003, and finally to the latest report of The Institute for Economic Research, which compiles and analyses data for the Global Competitiveness Report of the World Economic Forum and Global Competitiveness Yearbook of the Institute for Management Development, that was revealed at the press conference on July 3rd 2003.

It may well be that at the very moment we are scratching the last remnants off the bottom of the stock of the very good starting position Slovenia had had at the beginning of 90's. The question is whether this Government is capable of forming a strategy and / or a policy of the economic development that would bring Slovenia closer to the more advanced countries, headed by Finland.¹⁷

There is one thing that must be answered by Slovenian political elite, and that is “Is Slovenia to belong to a group of countries that form a periphery of advanced economies forever?”

Literature:

1. Bednaš, Marijana et al. (2002), *The Entrance into the EU: The End of Gradualism in Slovenia?*, Section for Economic Policy of the Association of Economists of Slovenia,

¹⁶ For example one of the Professors at the Faculty of Economics at the University of Ljubljana, Marko Jaklič, has been criticizing the Government's hostile attitude towards forming of strategies for almost 10 years now!

¹⁷ To give one another example: only a month ago there was a very interesting report on the national TV, on number of permits that Slovenian bureaucracy / state demands to allow an individual to establish a private business. All in all, in sum there are 17 permits needed !! A man that reported on his efforts to establish a business was forced to hire an other private firm to settle his problem, since in his eyes the whole procedure was much too complicated. Finally, he was forced to pay 30.000 SIT to the mentioned private firm. The question is, how much of the money was paid as bribes for various public officials involved in issuing various permits.

The World Bank, as well as other institutions, use the measure of time, needed for doing business with public officials as a proxy measure of corruption that exists in respective country. Besides, Slovenian Government brags that it shortened the time needed for the establishment of a business from 3 /three/ months to only 1 /one/ month. It is almost needles to comment that one month is by far too much, not to mention the 17 /seventeen/ permits.

- Ljubljana /paper presented at the seventh conference of the Section for Economic Policy/.
2. Cornelious, P. et al. (2002), *The Growth Competitiveness Index: Recent Economic Developments and the Prospects for a Sustained Recovery*, v: *Global Competitiveness Report 2002-2003*, World Economic Forum, Geneva.
 3. *Global Competitiveness Report 2001-2002*, World Economic Forum, Geneva.
 4. Gupta, S., Davoodi, H., Tiongson, E., Corruption and the Provision of Health Care and Education Services, in *The Political Economy of Corruption*, Jain, A.K. (ed.), Routledge, 2001, pp. 111-141.
 5. Hellman, Joel and Kaufmann, Daniel (2002), *The Inequality of Influence /draft paper/*, The World Bank, December.
 6. Hu, F. and J. D. Sachs (1997), *Executive Summary*, in: *The Global Competitiveness Report 1997*, World Economic Forum, Geneva.
 7. Jager, M., *The Market and the Criminal Law: The Case of Corruption*, van Duyne, P., von Lampe, K., Newell, J. (eds.), 2003 (forthcoming).
 8. Jager, M., Reed, Q., *Corruption and Anti-corruption Policy in Slovenia*, in *Monitoring the EU Accession Process: Corruption and Anti-corruption Policy*, Open Society Institute, Budapest, 2002, pp. 569-621.
 9. Kaufmann, Daniel, Kraay, Aart in Zoido-Lobaton, Pablo (1999), *Governance Matters*, Policy Research Working Paper 2196, The World Bank.
 10. Kaufmann, Daniel, Kraay, Aart in Zoido-Lobaton, Pablo (2002), *Governance Matters II (Updated Indicators for 2000/01)*, Policy Research Working Paper 2772, The World Bank.
 11. Kaufmann, Daniel in Kraay, Aart (2002), *Growth without Governance /draft paper/*, The World Bank, May .
 12. Kaufmann, Daniel, Kraay, Aart, and Mastruzzi, Massimo (2003), *Governance Matters III (Governance Indicators for 1996-2002) /draft paper/*, The World Bank, May 8.
 13. Knack, Stephen (1999), *Social Capital, Growth and Poverty: A Survey of Cross Country Evidence*, Social Capital Initiative Working Paper No.7, The World Bank
 14. Lambsdorff, J. Graf, *Corruption in Empirical Research – A Review*, http://www.gwdg.de/~uwwv/research_area/lambsdorff_eresearch.html (last accessed March 9, 2003).

15. Lambsdorff, J. Graff, Background Paper to the 2002 Corruption Perception Index: Framework Document 2002, TI and Goettingen University, July 2002, <http://www.transparency.org/cpi/index.html#cpi> (last accessed May 29, 2003).
16. Leff, N., Economic Development through Bureaucratic Corruption, American Behavioural Scientist, November 1964, pp. 8-14.
17. Mauro, P., Corruption and Growth, Quarterly Journal of Economics, Vol. 110, 1995, pp. 681-712.
18. Mauro, P., Corruption and the Composition of Government Expenditure, Journal of Public Economics, Vol. 69, 1998, pp. 263-279.
19. Mauro, Paolo (2002), *The Persistence of Corruption and Slow Economic Growth*, IMF Working Paper WP/02/213, International Monetary Fund.
20. *The Report on Development 2003* (2003), The Institute for Macroeconomic Analysis and Development, Ljubljana.
21. Tanzi V., Davoodi H., Corruption, Public Investment, and Growth, IMF Working Paper WP /97/139, IMF, Washington DC. 1997.
22. »Temeljna vprašanja in družbena razmerja, ki jih je treba urediti s protikorupcijsko zakonodajo«, (Basic issues and social relations that need to be addressed by the anti-corruption legislation) Poročevalec, Ljubljana 1994, 17, str. 61-68.
23. »World Economic Outlook«, Chapter III: Growth and Institutions, The International Monetary Fund (2003).