

A NUMBER OF ANTI CORRUPTION ACTIVITIES IN ARMENIA

A.S. Saribekyan

Yerevan State University

Corruption is considered one of the key issues in the modern world nowadays which the importance of fighting against is conditioned by. Developments of corruption in Armenia are also very worrying. Despite the fact that the corruption in Armenia has relatively good rating compared to regional countries, it is still quite below the average global rate of corruption. This means that a benchmark above the average global rate of corruption should be set as the target of the fight against corruption and one of the main objectives of the fight against corruption should be regarded the gap between the indicators of factual and targeted corruption. The article outlines the main directions and principles of the fight against corruption in Armenia.

Key words: corruption, anticorruption programs, shade economy, tax potential, shade indicator, economic corruption, fight against corruption, rating position of corruption, world average evaluation of corruption, index of comprehending the corruption.

Introduction

The fight against corruption is recognized as one of the main directions of the strategy of national security in Armenia.

The corruption, penetrating to all spheres of social and economic relations, has become a quite complicated and multi-layered phenomenon. From this viewpoint corruption may be characterized as «deterioration and deformation of the system in vitally important spheres» of social, political, social-economic, cultural and psychological and moral multilateral relations [1: 196-197]. In the context of such perceptions of corruption, the role of economic corruption is crucial in its multifaceted manifestations. Its essential feature is that by directly participating in illegal redistribution of public income created by economic entities, it damages both the economy and public life thus becoming a serious threat to national and international security.

Set of conflict and research results

The main task of anti-corruption activities in Armenia is to effectively prevent corruption and to apply public support measures to reduce corruption levels in both public administration and a number of spheres and sectors of the economy. Improvement of the RA legislation which regulates the policy of development of the sectors and spheres involved in the fight against corruption corresponds to international standards and one of the most important directions of prevention of corruption are also the effectiveness, transparency, publicity and accountability of the activities of state bodies. It will be facilitated by the clarification, improvement of the functions of state bodies, the definition of professional standards of employees. Criminalization is one of the directions of no less importance.

Corruption is regarded as one of the key issues in the modern world nowadays due to which the attention of the world community is focused on fighting against it and preventing it. The problem has become even more topical and urgent today amidst the conditions of widespread development of corruption.

According to estimations of various international sources¹⁰, developed countries with a high standard of living are at the forefront with low level of corruption which fight continuously against

¹⁰ Source *Transparency International. Corruption Perceptions Index 2018*
https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018

corruption. And, on the contrary, developing countries with particularly ineffective governance system and low level of socio-economic development such as Azerbaijan, Russia, Ukraine, Kazakhstan, Iran etc. are especially noted as highly corrupted in rating list.

Armenia is now in rather favorable situation in terms of corruption rate compared to other countries of the region occupying the 105th place (Fig. 1).

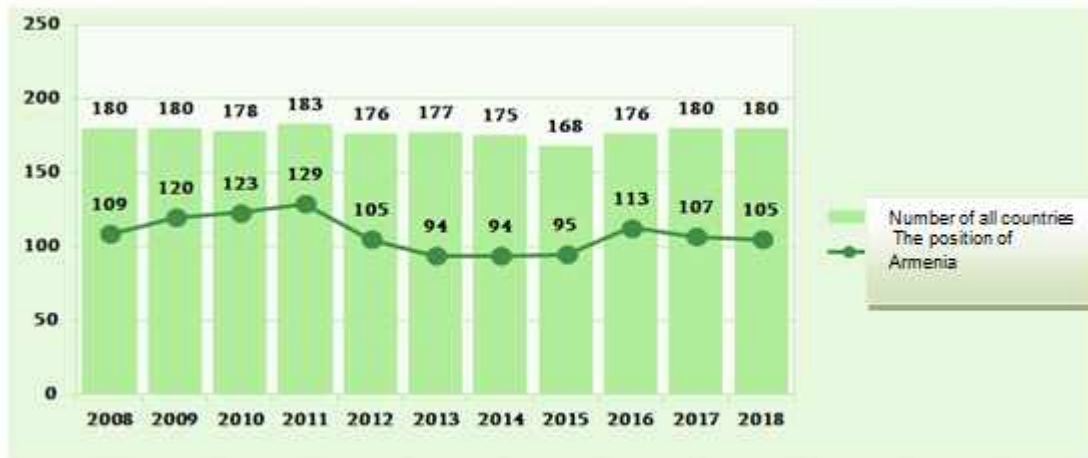


Fig. 1 Position of RA according to the index of corruption rate [2]

According to the data by Transparency International organization, the corruption rate which had been fluctuating during the last 11 years in Armenia, has not shown stable behavioral tendencies. Such a picture we have according to the estimation of corruption level by Freedom House (Fig. 2).



Fig. 2 Corruption level in RA according to Freedom House [3]

According to the chart, the level of corruption in Armenia had declined by only 0,25 points over the last ten years which is a very small indicator and is largely due to not the anti-corruption policy adopted by the state but to the increasing corruption concealed by modern technological opportunities.

The indices of corruption of Armenia which have shown some fluctuations in recent years have not been changed significantly. This is due not only to the inefficiency of anti-corruption programs in the country but also to the progressive corruption rates in other countries which condition the relatively stable unfavorable position of Armenia in the ranking. This is also evidenced by the fact that the assessment of corruption in Armenia is still below the world average (Fig. 3).

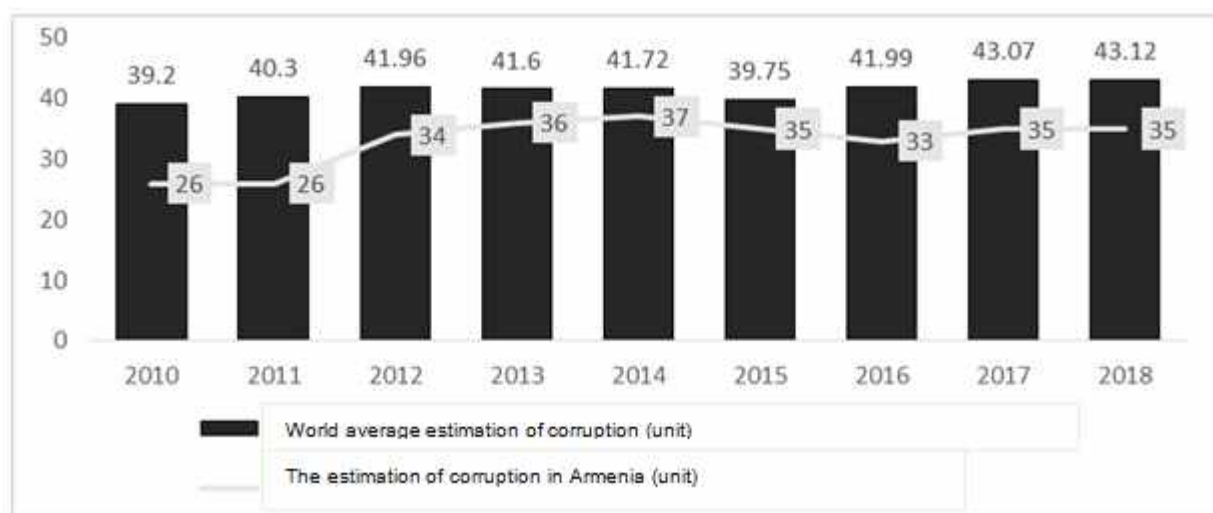


Fig. 3 The estimation of corruption of RA and World average[□] [4]

So we can conclude that the realistic and basic criterion of aimed fight against corruption in Armenia should be adopted the one which is higher than world average and filling the gap between the factual and purposeful indices of corruption should be regarded as one of the main issues of fighting against corruption.

The interrelated and interconnected wide scale evaluations of corruption and <<shade>> have deep negative impact on the social–economic developments of the country [5:164-182].

- shade economy forms corruptive relations in those spheres of politics and economics which the welfare is dependent on,
- shade economy is developing in the conditions of severe corruption of state government,
- corruption effects the continuity of shade economy and development of illegal activity,
- corruption creates bases for the formation of new spheres and new types of shade economy.

Despite the contextual features and functional differences of corruption and the shade economy, there is a close interdependence and interconnection between them, whereby the shade economy generates corruption and the corruption, in its turn, promotes shade activity, creates serious misbalance and distortions in macro and micro economics.

Practical observations [5] in corruption and <<shade>> also state the direct relation of corruption level and the scales of shade economy/the higher is corruption the larger are <<shade>> developments and vice versa/ and their impact on social-economic situation of the country. Particularly, mainly the same countries appear in high, low and middle groups with targeted rating groups of corruption and shade economy with certain exceptions. Taking into account the given patterns of interaction between corruption and the shade economy and regarding corruption and the shade economy as the key component of “anti-economy”, it is important to fight against corruption through a coherent and systematic approach by ceasing corruption and reducing the shade economy and by regular implementation of proper activities. This should be one of the important approaches to the fight against corruption.

In the modern world, corruption is one of the most important issues in the creation of a competitive economy and the formation of civilized entrepreneurship. According to Transparency International [4], about 40% of entrepreneurs around the world have to corrupt to provide “favorable”

□ The world average rate of corruption is calculated by the average indices of the countries included in the research. The data of corruption have been calculated by multiplying them by 10 since 2012 conditioned by the change of estimation methodology for the security of their compatibility. The RA average corruption rate was calculated by their arithmetical average.

conditions for their business and to avoid tax payments. In developed countries this rate is 15%, in Asian countries - 30% and in CIC countries - 60%. Armenia is not an exception either. The problem has become more evident on the one hand in case of slow economic growth and reducing tax revenues and on the other hand in the continuing tendency of the business world striving for “shade”. In this context the issues of reducing the formal economy, reducing tax evasion and thus bringing the collected taxes to the maximum tax potential are of utmost importance [6:178-197]. Here the remarkable statement of RA Minister of Finance Atom Janjughazyan is notable: “We have to bring our tax revenues to our tax potential or we have to agree that we have no shade and no problem. According to our estimation the taxes collected for 2018 are less for about 438 billion drams without the share of privileges» [7].

The tax potential is the sum of the taxes actually collected and the tax breaks (unpaid taxes) stated by the administration and legislation. Tax administration may not be perfect not only in Armenia but in other countries as well, as it would be possible in case of perfect tax legislation which is also not realistic. In such conditions, part of the tax revenue circulating in the economy is concealed by legislative and administrative gaps without replenishing the state budget. Thus, the tax legislative and administrative gaps are the uncollected revenues of the state or so called unpaid taxes. Thus, the issue of reducing administrative and legislative gaps in the country, unpaid taxes /tax shadowing/, maximizing the collection of taxes and bringing it closer to tax potential is an important priority in the fight against corruption.

Here we should understand how many the administrative and legislative gaps are and what the acceptable start is, how much the unpaid taxes and tax shade are, how the tax potential is according to the legislation and what the permitted start of inclination from the maximum rate of tax collection form tax potential etc.

Unfortunately, we should say that all these question are missed in official statistical publications. In this regard the actual rate of 438 billion AMD which was officially announced on unpaid taxes in Armenia in 2018, allows us to suppose that it is possible to calculate. Moreover, by middle term cost program of RA the targeting is improving year by year for 0,2 percent of GDP to the tax administration [7]. Such calculations are done in fact but they are not published. Even such key indices as shade volume, shade weight in GDP etc. are not available. Despite the opinion that it is difficult to give the proper estimation to the shade, however, it is implemented in international practice. Often it is estimated by the index of unpaid taxes to current GDP. It enables to estimate the concealed real revenue and product life cycle and get the real picture of the economy. On the contrary we will have the distorted picture of the economy: the real size of GDP is distorted because the uncounted portion of goods and services for satisfaction of public needs is not accounted while determining GDP.

The inclusion of the shade indicator in GDP will limit the possibility of various speculations of the GDP indicator on the growth of the economy, increase of tax rates, reduction of shade etc. which in its turn will allow to calculate the state tax burden, to assess the possible tax revenues and/or tax lost revenues. Such approach will promote the abolition of monopolies in Armenia and the formation of an open competitive economy [8:86]. If the shade/GDP ratio is clearly calculated and formally adopted, then “... it will mean that the economic policy of Armenia should be revised and the tax field should be changed” [9], where the shade/GDP ratio along with the tax/GDP ratio should be key index and should be viewed as a target indicator of the fight against shade. The indices of tax potential, collected revenues and unpaid taxes are also important here. It means that all of these criteria must be formally adopted, calculated, published and circulated. This approach should be a key component of the fight against corruption and shade.

One more important point is noted in the fight against corruption: as we see in Table 1, the estimations of various international sources on corruption are quite different. It can be supposed that this is due both to the methods used in evaluating corruption and to the factors and criteria selected for evaluation. This obviously complicates the objective and complex identification of the developments of corruption, their manifestations and existing problems. This is particularly relevant to Armenia as

regulated assessments and analyzes of corruption and shade are not formally carried out yet. And their assessments by researchers and stakeholders are mostly sectoral with serious deviations from current regulations and/or sometimes contradict them. For example, in the analysis of corruption and shade economy in Armenia there is an inverse dependence in certain cases: in case of the growth of the shade economy there is a decline in corruption and vice versa [5: 178]. Taking into account that the possibility of such developments practically tends to be zero, we may only suppose that the results of such analysis may be due to either the lack of information or methodological misunderstandings.

So we can conclude that the task of clarifying the methodology of calculation of “shade” and corruption and the balance between them is very severe today in terms of regarding the totally objective estimation of corruption and “shade” and their impact on the social-economic situation of the country and, consequently, as a guarantee of proper diagnosis and correct solutions of the situation.

Such an approach will enable to totally estimate the economic situation and make the policy of the country more targeted, and, at last, to terminate the doubts towards the estimation of the index and/or limit the chance of their manipulations.

In addition it should be noted that the experience of different countries has shown that the best result in the process of assessing and calculating tax potential and shade can only be achieved through joining the efforts by state legal authorities and through mutual understanding and effective cooperation of state and society as an effective means of fight against corruption.

According to the Survey on Corruption among those with higher education in the Republic of Armenia [□], 60,9 % of respondents consider corruption to be very topical in Armenia and 23,9% consider it to be topical thus considering that there are more important issues, 2,2% do not consider it topical at all and 13% find it difficult to answer the question. 39,1% of respondents definitely criticize those corrupted, 28,2% criticize more than agree with, 17,4% are more indifferent than to criticize and 15,2% does not criticize such people at all. 37% of the respondents clearly criticize the people who initiate corruption and do it and 10,9% do not criticize such people at all. 69,6% of the respondents consider the level of corruption in Armenia high and 19,6% - very high. 54,3% of the respondents believe that the level of corruption will decrease in the near future, 17,4% - it will decrease significantly, 21,7% think it will not change and 6,5% find it difficult to answer this question. The results of the survey create a rather contradictory picture. On the one hand, the level of corruption in Armenia is considered high, but there is no general intolerance regarding the practice of corruption and on the other hand, they believe that the level of corruption will decrease in the near future. This means that there is still no clear attitude towards corruption in our country which implies consistent work by the state and public level to realize the danger of corruption and to create an atmosphere of public intolerance in the country as a key component of the fight against corruption.

Conclusion

Summarizing, we can say that corruption and the shade economy in Armenia have systemic character with serious structural problems which means that the fight against corruption and shade economy must be systemic as a priority for structural reforms. The experience of foreign countries shows that in order to rise the level of effectiveness of the fight against corruption the policies adopted by these countries are developing in one direction with the establishment of an independent anti-corruption institutional body that will regulate the implementation of all measures aimed at reducing corruption.

We suggest creating an anti-corruption strategic plan among the fighting activities noted in Armenia which will have

- organizing and implementation of activities of certain events,
- monitoring and evaluation of the project,

[□] The survey was done by their own initiative. The targeted group were people with higher education. Questionnaire was formed by the authors of the following book –Levakin I. V., Okhotskiy E. V., Okhotskiy I. E., Shedy M. V., «Anti corruption activities», manual and practice for baccalaureate and specialists /under editing of E. V. Okhotskiy, 3rd edition, M., publishing house Yourite, 2018.

- summarizing the reports on the progress of the implementation of the project etc.

References

1. Kachkin A.V., Corruption in nowadays Russia /A. V. Kachkin //Ten years of sociological observations, M., Institute of the fund «Public opinion», 2003, p. 196-197.
2. Analytical centre of Yuriy Levada «Levada Centre», URL: <http://www.levada.ru/tag/korruptsiya/>
3. Gorshenkov G. N., Anti corruption politics and activity // Current issues of economics and law, 2014, №1(29).
4. Klyukovskaya I. N., Borisova O. V., Efficiency of legality of the anti corruption policy: criteria of evaluation, problems of realization and directions of their implementation // Humanitarian and juridical research, 2017, №3
5. Nur ShafiqKapeli, Nafsiah Mohamed. Insight of Anti-Corruption Initiatives in Malaysia. URL: <https://www.sciencedirect.com/science/article/pii/S2212567115011971>, Zulkefli Muhammad Hanapiyah, SalinaDaud, Wan Mohammad Taufik Wan Abdullah. Human Governance and Level of Corruption Risk. URL: <https://www.sciencedirect.com/science/article/pii/S2212567116000174?via%3Dihub> <http://www.transparency.org/research/cpi/overview>
6. <https://freedomhouse.org/report/nations-transit/2018/armenia>
7. *Transparency International. Corruption Perceptions Index 2018:*
8. Saribekyan A., Misakyan H., Relation of corruption and shade economy, manifestations and tasks, <<Alternative>> scientific journal, N3, July-September, 2019, p. 164-182
9. Saribekyan A., Minasyan H., Factual impacts of shade economy and its manifestations of consequences, What to do 2nd scientific practical conference, <<Economic reform: perception and unemployment>>, Department of Economics of YSU and Union of businessmen of Armenia, Yerevan, Antares publication, 2019, p.178-197
10. Tax shade, legislative gap or unused potential? 168.AM, 04.05.2019
11. Saribekyan A., The theoretical and practical manifestations and problems of shade economy: Armenian shade economy in that context, Bulletin of high technology, 3 /7/, 2018, Shushi, p.74-89
12. Harutyunyan T., International fund of foreign currency (IFC) on shade, <http://www.aravot.am/2012/11/14/311366/>, 2017

ՈՒՏԴ – 330.3:346.7.9

ՀԱՅԱՍՏԱՆՈՒՄ ԿՈՌՈՒՊՏԻՈՆ ԴՐՍԵՎՈՐՈՒՄՆԵՐԻ ԴԵՄ ՊԱՅՔԱՐԻ ՄԻ ՇԱՐՔ ՄԻՋՈՑԱՌՈՒՄՆԵՐԻ ՄԱՍԻՆ

Ա.Ա. Սարիբեկյան

Երևանի պետական համալսարան

Կոռուպցիան այսօր համարվում է ժամանակակից աշխարհի առանցքային հիմնախնդիրներից մեկը, ինչով էլ պայմանավորված է դրա դեմ պայքարի կարևորությունը: Հայաստանում նույնպես կոռուպցիոն զարգացումները բավական մտահոգիչ են: Չնայած տարածաշրջանային երկրների համեմատ Հայաստանի կոռուպցիայի հարաբերական լավ վարկանշային դիրքին, այնուամենայնիվ, կոռուպցիայի համաշխարհային միջին գնահատականից

այն դեռևս բավական ցածր է: Սա նշանակում է, որ Հայաստանում՝ որպես կոռուպցիայի դեմ պայքարի նպատակային չափորոշիչ պետք է սահմանել կոռուպցիայի համաշխարհային միջին գնահատականից բարձր շեմային ցուցանիշ, և կոռուպցիայի դեմ պայքարի հիմնական խնդիրներից մեկը դիտարկել կոռուպցիայի փաստացի ու նպատակային ցուցանիշների միջև առկա ճեղքի հաղթահարումը: Հոդվածում ներկայացվել են Հայաստանում կոռուպցիայի դեմ պայքարի հիմնական ուղղությունները և սկզբունքային մոտեցումները:

Բանալի բառեր. կոռուպցիա, հակակոռուպցիոն ծրագրեր, ստվերային տնտեսություն, հարկային պոտենցիալ, ստվերի ցուցանիշ, տնտեսական կոռուպցիա, պայքար կոռուպցիայի դեմ, կոռուպցիայի վարկանշային դիրք, կոռուպցիայի համաշխարհային միջին գնահատական, կոռուպցիայի ընկալման ինդեքս:

УДК – 330.3:346.7.9

ОСНОВНЫЕ НАПРАВЛЕНИЯ И ПОДХОДЫ БОРЬБЫ ПРОТИВ КОРРУПЦИИ В РА

А. С. Сарибекян

Ереванский государственный университет

Коррупция сегодня считается одной из ключевых проблем в современном мире, чем и обусловлена важность борьбы против нее. В Армении также борьба против коррупции стала актуальной. Несмотря на относительно хорошую рейтинговую позицию коррупции Армении по сравнению с территориальными странами, она намного ниже средней всемирной оценки коррупции. Это означает, что в Армении в качестве целевой критерии борьбы против коррупции нужно устанавливать показатель выше средней всемирной оценки, и одной из основных проблем борьбы против коррупции рассматривать преодоление существующего разрыва между фактической и целевой показателями коррупции. В статье также представлены основные направления и принципиальные подходы борьбы против коррупции в Армении.

Ключевые слова: коррупция, теневая экономика, борьба против коррупции, рейтинговая позиция коррупции, средняя всемирная оценка коррупции, индекс восприятия коррупции.

Ներկայացվել է՝ 11.07.2019թ.

Գրախոսման է ուղարկվել՝ 16.07.2019թ.

Երաշխավորվել է տպագրության՝ 12.12.2019թ.