CORRUPTION AND POLITICAL VIEW POINT OF THE GOVERNMENTS IN TRANSITION COUNTRIES EU MEMBERS

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ABSTRACT

In achieving their goals in conducting measures of their economic policy, governments of transition countries EU members, should realize the importance of suppressing the phenomenon of corruption in economy, especially in regard of reducing the unemployment rate rather than reducing the inflation rate; regardless of the fact if they are constituted of left- or right-wing parties. Should the right-wing governments firmly follow their political viewpoint, and at the same time they would want to reduce the unemployment together with reducing the inflation rate, than they should put bigger ponder on reducing the corruption than it is usually done by left-wing governments. However, if the right-wing parties should opportunistically turn to centre-oriented voters, than to follow their own ideological program, that would enable slightly easier position in suppression of unemployment, due to slightly smaller impact of the corruption. Opportunistic turning to centre-oriented voters would create slightly more difficult position to left-wing governments, who would easier suppress the unemployment if they followed their left-oriented program, due to smaller impact of the corruption. On the other hand, more opportunistic and less ideological behaviour of left- and right-wing parties would not create difficulties in achieving of the economic-monetary goal of keeping lower inflation rate. Right-wing governments in Croatia should especially aim to suppress the corruption, in order to down size the unemployment, by implementing all of economic policy measures. Political parties that would not consider quality of their policy resulting with wanted economic goals can lose their credibility, and at the same time the stability of their electoral body.

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JEL Classification: E3, E6, H1, K4, O4.

Contribution/ Originality

This study is one of very few studies which have investigated corruption and its impact to unemployment and inflation, depending on the fact if current government is constituted by left- or right-oriented party in transition countries EU members. The research enriches existing theoretical evaluations, having its foundation in 'partisan theory'.

1. INTRODUCTION

Transition of economic and political system of ex-socialist countries into a modern market economy was not developing everywhere at the same pace and efficiency. This unique historic period represents at the same time an opportunity for researching of some economic phenomena that can have specific qualities related to their economic environment. Although the process of transition in eleven countries EU members that we observed is at the very end, they still represent a group of countries that differ in many aspects of other EU members.

In the centre of our research is a phenomenon of the corruption and its impact to unemployment and inflation rates, in the frame of specific transition environment, depending on the fact if current government is constituted by left- or right-oriented party. That is why we would observe the corruption in situations when left-oriented governments should be more sensitive to suppression of the unemployment, rather than the inflation; or when right-oriented governments should be more sensitive to suppressing inflation, rather than the unemployment. The results of the research would enrich existing theoretical evaluations, having its foundation in 'partisan theory' and they could also be helpful to transition countries governments in setting goals of implementing of economic policy. They should take into consideration the specific impact of the corruption resulting in easier or more difficult realizing of the goals.

For that very reason, by this research we shall show specific qualities of the influence of the corruption to the unemployment and inflation in observed transition countries, depending on whether bigger ponder was set on priority of economic policy goals, i.e. on suppressing one or the other issue. Disregarding specific impact of the corruption, in view of the priorities of the economic policy, could result in failure of the government in achieving of the economic goals.

2. CORRUPTION AND ITS ECONOMIC CONSEQUENCES

The research of the corruption phenomenon had for a very long time criminal-legislative frame in its basis, while its connection with many social and economic manifestations was ignored. But for last two decades, more authors are interested in economic aspect of the corruption and its connection to shadow economy, foreign direct investment, public infrastructure, international trade, economic growth, inflation, unemployment, etc.

In this sense, Baumol (1990) has come to the conclusion that 'rent seeking', as a specific form of corruption activity, has a negative impact to the economic growth and that it deforms the rewarding system in entrepreneurship. Mauro (1995) established that the corruption and 'rent seeking' influence restructuring of some economic resources towards unproductive activities.

Several authors have concluded that the corruption has a negative influence to the economic growth, such as Mauro (1995; 1996), Brunetti (1997), Poirson (1998), Kaufmann *et al.* (1999), Li *et al.* (2000), Mo (2001), Abed and Davoodi (2002), Leite and Weidmann (1999), Gyimah-Brempong (2002), Aizenman and Glick (2003), Neeman *et al.* (2004) and Welsch (2004). Meon and Sekkat (2005) have confirmed a negative influence of the corruption to the economic growth, but only in case when there is lower efficiency of the government and legislative bodies. Aidt *et al.* (2008) have proved that the corruption has a negative influence on the economic growth, but only on condition that in these countries a higher institutional quality exists. However, Pellegrini and Gerlagh (2004) have considered that the corruption influences the economic growth only in indirect way, while it directly influences investments, trade policies etc. Contrary to above stated researches, (Rock and Bonnett, 2004) have showed that the higher level of the corruption can exist in the countries with higher rate of economic growth, which is known as 'East Asian Paradox'. Barreto (2001) has concluded without any doubt that the corruption stimulates economic growth.

On the other side, some authors, such as Mauro (1996), Brunetti and Weder (1998), Mo (2001), Lambsdorff (2003), Pellegrini and Gerlagh (2004), have concluded that the corruption has a negative influence on the rate of investments. Mauro (1998) has concluded that the corruption influences the growth of the education costs. Johnson *et al.* (1997), Friedman *et al.* (2000) found positive correlation of the corruption and shadow market in their researches. Abed and Davoodi (2002) have concluded that the corruption reduces foreign direct investments. Li *et al.* (2000) established and calculated negative effect of the corruption to employees' rewarding. Some authors, such as Barreto (2001), Gupta *et al.* (2002), and Gyimah-Brempong (2002), have showed that the corruption increases the level and disparity of revenues.

A few authors have researched the impact of the corruption to the inflation rate. However, in view of our research, we should point out that Al-Marhubi (2000), when conducting a broader research, comprising 41 countries, among other things, has established that there is a relatively strong positive connection between corruption and inflation. Abed and Davoodi (2002) have researched the influence of the corruption to the inflation rate in transition countries, and they have also came to the conclusion of their positive correlation. In his researching paper Piplica (2011) demonstrates the positive impact of corruption on inflation in transition countries EU member states, while the strength of its influence is however weak. Honlonkou (2003) showed that corruption has significant impact to changing of retail prices. Bahmani-Oskooee and Nasir (2002) concluded that there was a negative correlation between the corruption and foreign-monetary stability in some countries.

3. POLITICAL MOTIVES AND BEHAVIOUR OF THE CREATORS OF THE ECONOMIC POLICY

Several authors have researched political-economic systems and conducting of proclaimed economic policy according to political motives of left- and right-wing parties in developed western countries before and after the elections. The authors have, depending of various theoretical

evaluations, created certain models explaining the reasons of conducting governmental economic policy, i.e. influence of political elites in some countries to implementation of the economic policy. In this view, Nordhaus (1975) has considered that politicians have winning of the mandate on their minds, so that their behaviour is opportunistic. Such an adaptive-opportunistic model of behaviour has in its basis presumption that left- and right-wing governments have as a goal growth of the outputs and reducing of the unemployment rate before the elections, which results in growth of the prices, while negative consequences of such a policy could be seen by voters only after the elections. Politicians try to make the impression of prosperity before the elections and pay the consequences only after they receive the mandate. Furthermore, the theory of political business cycles has been updated in the perspective of rational expectations that also supposes opportunistic and not ideological politicians with rational electorate body. In this sense Rogoff (1990) and Rogoff and Sibert (1988) agreed with the Nordhaus theory, that even when the electoral body would not have short memory, but the voters would be not wholly informed about the intents of creators of economic politics. Moreover the sophisticated processes of budgeting results with economic participants having rational expectations, but imperfect information basis.

On the other hand, Hibbs (1977) 'partisan theory' relies on a term of Philips's curve, where the author started with the presumption that politicians have party-related/ideological preferences. In his adaptive-party model, workers and lower class of the society should support left-wing parties on elections, because they are interested in reducing of their own unemployment, since they do not posses significant financial capital that would be devaluated in such case. On the other hand, right-oriented voters often posses significant financial means, and they are more interested in reducing the inflation (price stability), than in reducing the unemployment rate. Hibbs (1994) has further refined his theory pointing out incomplete information base and learning processes.

In Alesina (1987) rational party-model, party-related/ideological politicians behave rationally and have rational expectations, therefore they are in dilemma between opportunistic and party-related behaviour. If, in time frame before the elections, political parties have low popularity (in polls) they would incline to more opportunistic than party-related behaviour, and vice versa. Alesina *et al.* (1997) have entered, in their theoretical concept, the surprise variable, which is defined like exact election result minus the possibility of this result happening. They have proved that the surprise variable has a considerable influence on post-electoral unemployment rate and economic growth. Thus, e.g. the victory of the left-wing party, which was considered a surprise, influenced reducing the unemployment rate and economic growth.

In the context of the above stated theoretical evaluations, several authors have conducted researches of transition countries. Pacek (1994) has included Bulgaria, former Czechoslovakia and Poland in the period of 1990-1992 in his research, and has established macro-economic reasons that have influenced voters to take party-side on elections (mostly right-wing parties). A part of the social community which felt more damaged by conducted reforms, inclined to left-wing parties. Some authors like Hallerberg and Vinhas de Souza (2002) found that transition countries in the process of joining to EU had political business cycles. Akhmedov and Zhuravskaya (2004)

recognized the political business cycles in Russia. Maurel (2006) found fiscal manipulation or deficit growth in election periods at a lot of EU member countries except for some middle and central Europe transition countries. Treisman and Gimpelson (2001) concluded that the expectations directly correlated with the actual macroeconomic data in Russia. Brender and Drazen (2005) considered that political deficit cycle is a phenomenon of new democracies. Off course, some other authors have conducted their researches, and mostly came to similar or the same results.

4. ANALYTIC INSTRUMENTS APPLIED TO THE RESEARCH

Our research of the corruption would be done in conditions of transition environment where left- and right-wing governments are fighting for a new term of office. In the centre of the research we have put the presumption that the creators of the economic policy of transition countries could choose between reducing the inflation or the unemployment rate, depending on their ideological preferences, i.e. whether they are left- or right-oriented. Off course, we'll keep in mind that today central banks of transition countries EU members do have high level of independency in implementing monetary policy, and some of them are members of Eurozone. However the necessity of coordination of measures of monetary policy with other measures of economic policy creates their mutual responsibility in achieving of the economic goals. Therefore, we start from simple Phillips curve with the option of trade-off between unemployment and inflation

$\pi = - h (u - u_n)$

whereas:

π - inflation rate,

u - unemployment rate,

u_n - natural rate of unemployment, hypothetical unemployment rate that would exist if inflation were equal to zero

h- positive constant that guarantees that the Phillips curve slopes downwards

The research of the impact of corruption to the unemployment and inflation will be done in relation to possible behaviour of the creators of economic policy and political parties in achieving of set economic goals, as well as keeping the executive power, and as explained in above stated theoretical concepts. However, the research of the corruption in certain countries could not be easily done, because the corruption, by its nature, is almost always concealed, and it is especially difficult to reveal corruptive activities and their perpetrators, that have considerably damaging consequences to the society. There are several reasons why one is afraid to reveal corruptive activities, while on the other side the perpetrators of the corruptive activities have no interest in making such activities public. Moreover, the perpetrators of the corruptive activities may be 'respectable' citizens with certain forms of influence to the authorities responsible for their disclosure and processing, and at the same time the very appearance of the corruption may seem absolutely legal. Therefore corruptive activities are often only visible as a top of an iceberg at open sea. Models made for measuring of the corruption, although not having an absolute precision compared to actual state of the corruption in a certain society, still can be taken as good indicators
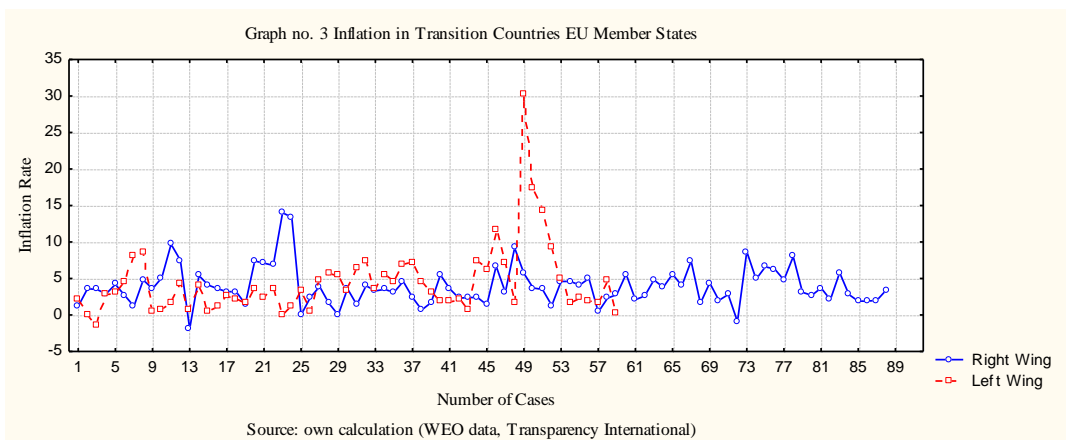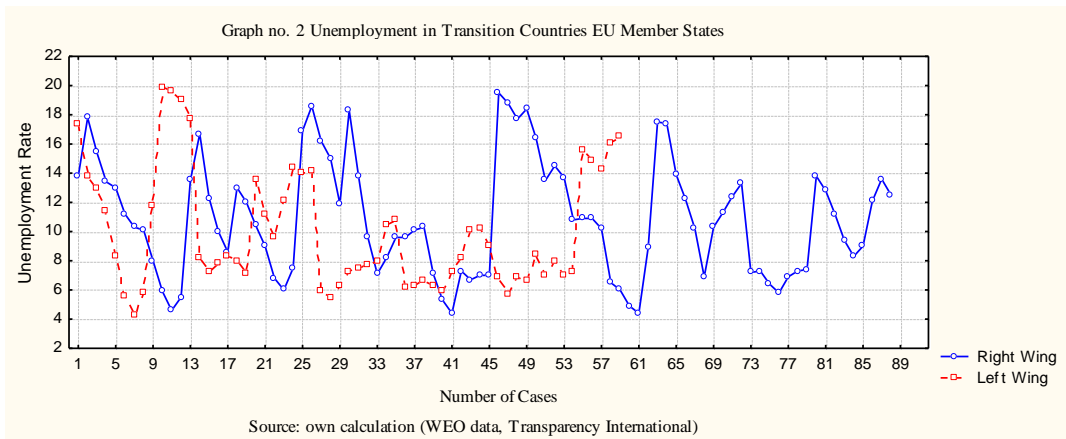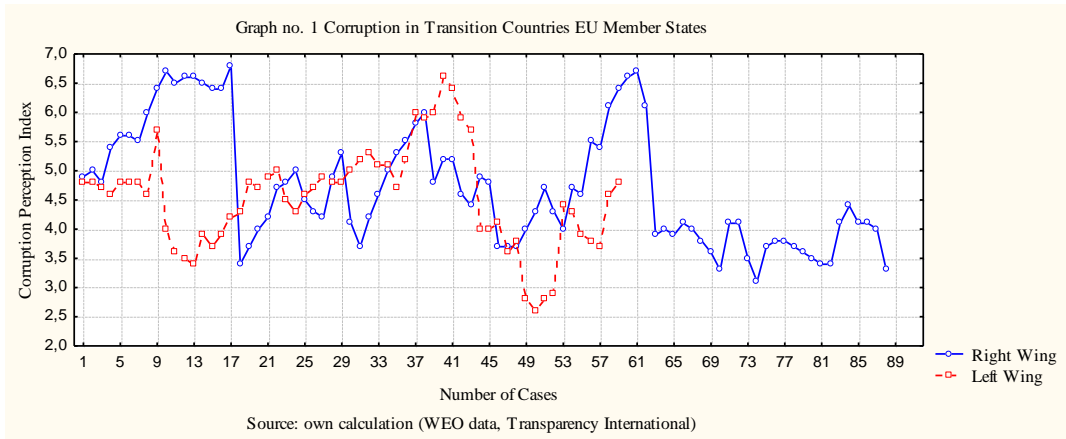
of the corruption level. Such models are primarily based on perception of a certain category of citizens of the existence of a certain level of the corruption in the society.

Today, mostly used models for measuring of the corruption worldwide are Corruption Perceptions Index (CPI), Bribe Payers' Index (BPI), and Global Corruption Barometer (GCB). In this research we shall use Corruption Perceptions Index (CPI), which is based on measuring of the corruption among government officers and politicians, these being the segment of the society where the corruption is potentially the most dangerous. Results of the state of the corruption in a certain society are based on answers of business people and experts, pointing out its substance, giving advantage for its distinction. CPI is used for measuring of the corruption in about 180 countries worldwide, its indicators are comparable by years, giving a quality basis for application in scientific researches.

CPI is constructed so that data from 13 sources and 10 independent different institutions are obtained. Each of the above then calculate frequency or dimension of certain corruptive activities, giving them grades 0-10, whereas bigger number represents lesser level of corruption. Thus, 10 points means that there is absolutely no corruption in the country while 0 points means absolutely corrupted society. Possible disproportions in the measurement system are eliminated by application of certain techniques giving us mutually comparable unit points. Thus obtained indicators are then standardized and a level of corruption for a certain country is established, with confidence scope which is calculated on a 90 per cent probability, giving a five per cent probability that the size is below and a five per cent probability that the size is above this confidence scope. To the above mentioned indicators for the corruption level in a certain country, we have added statistically processed indicators of the unemployment level as well as the inflation rate indicators.

5. THE DATA, THE ESTIMATION AND THE RESULTS

The researching paper covered a total of 11 transition countries, EU members: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and Croatia. The time frame covered by the research was from 2001th to 2013th. We have chosen the above stated period, because at that very time all of the observed countries reached a mature phase of the transition, and some of the observed countries were at the end of the transition process. At the same time markets of the mentioned transition countries had relatively higher state of liberalization, and corruption indicators were measured in all of the countries, so they could be used for their comparison, i.e. for the research. We have joined a total of 147 cases of corruption indicators to the indicators relating to the inflation and unemployment, in years when left- or right-wing parties constituted governments of the transition countries. We have separately analyzed connection and impact of the corruption to the unemployment and inflation in certain countries when executive government was held by right-oriented parities, and separately when left-oriented parties constituted government.

Graph no. 1 Corruption in Transition Countries EU Member States

Source: own calculation (WEO data, Transparency International)

Graph no. 2 Unemployment in Transition Countries EU Member States

Source: own calculation (WEO data, Transparency International)

Graph no. 3 Inflation in Transition Countries EU Member States

Source: own calculation (WEO data, Transparency International)

When we consider corruption and unemployment of all the governments of the observed transition countries, regardless of the fact if they are left- or right-oriented, their slightly positive correlation is obvious. It is expressed in negative correlation of all the indicators for measuring corruption (higher level means lesser corruption) and unemployment (table no. 1). If the governments of the transition countries would like to reduce the unemployment, they have also to actively act in suppressing of corruption activities, which would increase efficiency of the engaged

instruments of the economic policy. On the other hand, developed countries EU members have an average lower level of corruptive activities and lower rate of unemployment, showing better efficiency in implementing of measures of corruption suppression, which eased reducing of the unemployment rate and keeping it on lower level. However, if left- and right-wing parties behaved more opportunistic, turning their policies to centre-oriented electoral body, they would have to be more efficient in suppressing the corruption in order to more easily obtain one of their economic goals – reducing the unemployment rate. Turning to centre-oriented voter would create more difficult position to the left-oriented governments, which if they would follow their left-oriented party program, they would have slightly smaller connection between corruption and unemployment (table no. 7). And vice versa, if the right-oriented parties would turn more to the centre-oriented voter, that would ease their position in suppressing of the unemployment, due to slightly smaller influence of the corruption, than if they were following their right-oriented party program (table no. 3)

Table-1. Corruption and Unemployment in Transition Countries EU Members 2001-2013

Dependent: unemployment   R = 0,27319590   F = 11,69510
R2= 0,07463600   df = 1,145
No. of cases: 147   adjusted R2= 0,06825418   p = 0,000814
Standard error of estimate: 3,898432433
Intercept: 15,861329219 Std.Error: 1,593152 t(145) = 9,9559 p = 0,0000
Var (corruption) beta = - 0,27

Source: own calculation (WEO data, Transparency International)

However, corruption and inflation in the observed transition countries, regardless of the fact if they have left- or right-oriented governments are showing lesser, i.e. slightly positive connection expressed in negative correlation of indicators for measuring corruption (higher level meaning lower corruption) and inflation (table no. 2). One of the important factors influencing their light correlation, for sure is the fact that central banks of transition countries have a high level of the independence, and that their primary aim of monetary policy is keeping price stability, being the task they have successfully done. On the other hand, if left- or right-oriented parties would behave more opportunistic, and in their (pre-election) activities turning more towards centre-oriented voters, that would not create substantial obstacles in obtaining one of their proclaimed economic goals – keeping the stability of the prices (table no, 7 and no. 8)

Table-2. Corruption and Inflation in Transition Countries EU Members 2001-2013

Dependent: inflation   R = 0,16455145   F = 4,035460
R2= 0,02707718   df = 1,145
No. of cases: 147   adjusted R2= 0,02036737   p = 0,046410
Standard error of estimate: 4,413581781
Intercept: 9,896362310 Std.Error: 1,803675 t(145) = 5,4868 p = 0,0000
Var2 (corruption) = - 0,16

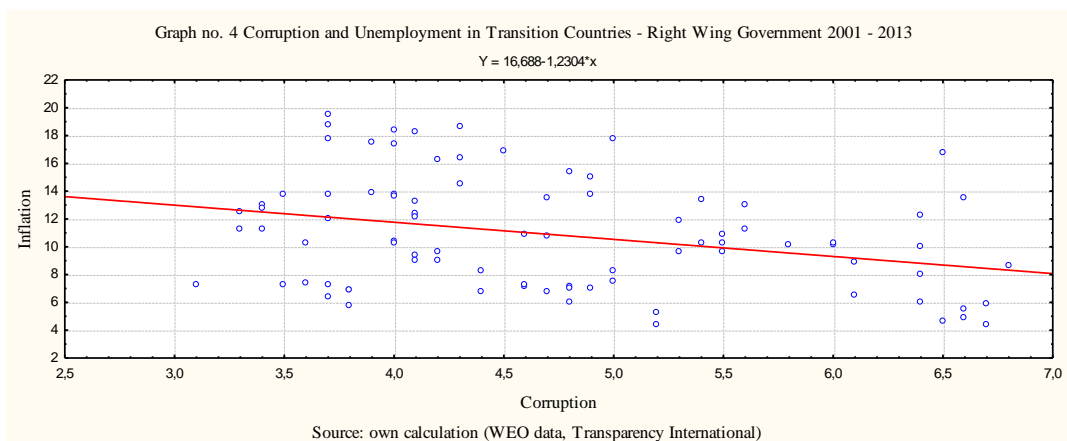**Source:** own calculation (WEO data, Transparency International)

5.1. The Data, the Estimation and the Results When Governments of the Transition Countries were Constituted of Right Wing Parties

However, if we consider connection of the corruption at right wing governments in transition countries, their slightly higher correlation in comparison to the left wing governments is obvious and expressed in negative correlation of indicators for measuring corruption (higher level meaning lower corruption) and unemployment (table no. 3). If right wing governments having higher sensitivity to inflation suppression, but do not put corruption suppression as their top priority, that still would not prevent the creator of monetary policy to achieve his primary goal – stability of the prices. However, more opportunistic right wing governments could have bigger problem in suppression of unemployment than the left wing governments, if they are not successful in corruption suppression. Moreover, electoral body of the observed transition countries is often very sensitive to suppression of the corruption in the country, which on average is on higher level compared to other countries EU members.

Table-3. Corruption and Unemployment in Transition Countries EU Members (Right-Wing Government) 2001-2013

Dependent: unemployment   R = 0,31536489   F = 9,497728
R2 = 0,09945502   df = 1,86
No. of cases: 88   adjusted R2= 0,08898356   p = 0,002764
Standard error of estimate: 3,796205444
Intercept: 16,688037424 Std.Error: 1,928425 t(86) = 8,6537 p = 0,0000
Var beta= - 0,32

Source: own calculation (WEO data, Transparency International)

Graph no. 4 Corruption and Unemployment in Transition Countries - Right Wing Government 2001 - 2013

Y = 16,688-1,2304*x

Source: own calculation (WEO data, Transparency International)

As opposed to the connection with unemployment, the connection between corruption and inflation with right wing governments in the observed transition countries is completely insignificant (table no. 4). Should the right wing governments be less efficient in suppressing of the corruption, this would not disable achieving one of the economic goals – keeping the low inflation rate. In this sense, if they behave more opportunistic and less ideological, this would not significantly change the efficiency of the conduction of their economic measures. Also, such a low inflation rate in the observed transition countries gives certain space for reducing of the

unemployment, without endangering the primary goal of the central bank – keeping the prices stability.

Table-4. Corruption and Inflation in Transition Countries EU Members (Right-Wing Government) 2001-2013

Dependent: inflation   R = 0 ,06869187   F = 0,4077211
R2= 0,00471857   df = 1,86
No. of cases: 88   adjusted R2= -0,00685447   p = 0 ,524825
Standard error of estimate: 2,657918246
Intercept: 4,741804165 Std.Error: 1,350189 t(86) = 3,5120 p = 0,0007
Var beta= - 0,07

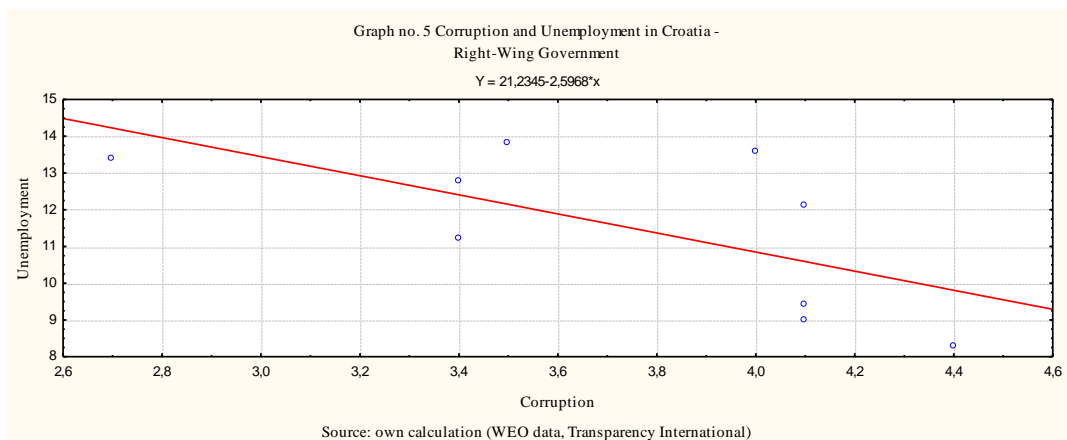**Source:** own calculation (WEO data, Transparency International)

5.2. Case Study Croatia

If we look at the connection of the corruption and unemployment at right wing governments in Croatia, their significant connection would be obvious (table no. 5), taking in consideration that there were less observed cases. However, the expressed result is showing sufficiently that efficiency in suppressing of the corruption with right wing governments in Croatia significantly eases position of the creators of the economic policy to achieve reducing of the unemployment by other instruments of economic policy. Therefore, it is obvious that the mentioned economic goals cannot be achieved only within scope of only one ministry, but they ask for efficiency and accordance of acting of broader state administration, as well as certain (state) bodies, showing independency in their work (judicial authorities, etc.).

Table-5. Corruption and Unemployment in Croatia (Right-Wing Government) 1999-2013

Dependent: unemployment   R = 0,64781888   F = 5,062088
R2= 0,41966930   df = 1,7
No. of cases: 9   adjusted R2= 0,33676491   p = 0,059206
Standard error of estimate: 1,735938455
Intercept: 21,234528487 Std.Error: 4,360261 t(7) = 4,8700 p = 0,0018
Var beta= -0,65

Source: own calculation (WEO data, Transparency International)

Graph no. 5 Corruption and Unemployment in Croatia - Right-Wing Government

$Y = 21,2345-2,5968*x$

Source: own calculation (WEO data, Transparency International)

As opposed to its connection to the unemployment, the connection of the corruption and inflation with right-wing governments is insignificant, but again we have to point out that we observed smaller number of cases. However, the difference is obvious. In this way, the creator of the monetary policy could achieve his primary goal – keeping of the prices stability, regardless of the fact that there is still not enough efficiency in the suppressing of the corruption in Croatia. That this is really so, is shown by the data obtained, where the medium value of the CPI index of TI in the observed period was 3,74 which represents significant level of the corruption actively, while the inflation rate in the observed period was low and, in total an average of 2,97%.

Table-6. Corruption and Inflation in Croatia (Right-Wing Government) 1999-2013

Dependent: inflation   R = 0,16837375   F = 0,2042381
R2= 0,02834972   df = 1,7
No. of cases: 9   adjusted R2= -0,11045746   p = 0,664992
Standard error of estimate: 1,377999369
Intercept: 4,517043222 Std.Error: 3,461204 t(7) = 1,3050 p = 0,2331
Var beta = - 0,17

Source: own calculation (WEO data, Transparency International)

Graph no. 6 Corruption and Inflation in Croatia - Right-Wing Government
Y = 4,517-0,414*x

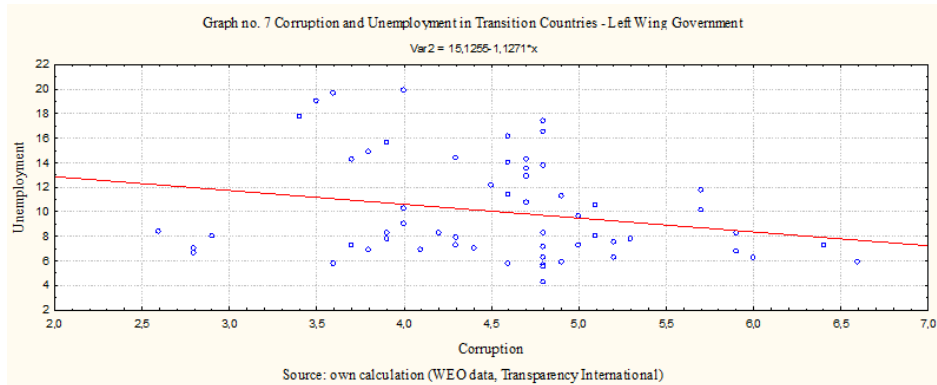Source: own calculation (WEO data, Transparency International)
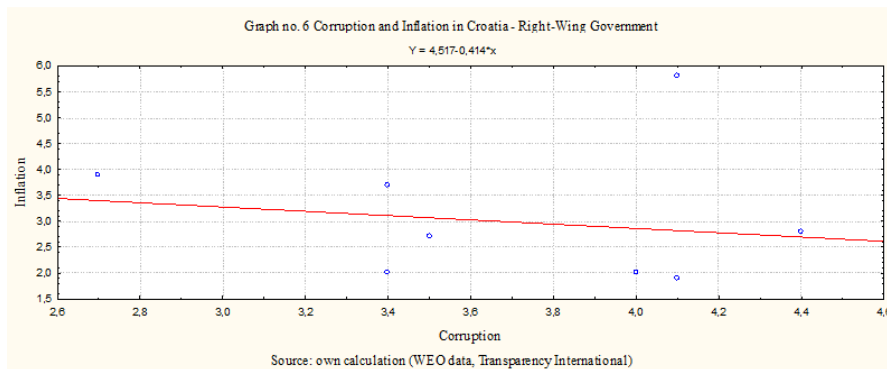
5.3. The Data, the Estimation and the Results When Governments of the Transition Countries were Constituted of Left Wing Parties

Table no. 7 will show weaker connection between the corruption and unemployment at left-wing governments in transition countries, in absolute amounts and in comparison to the right-wing governments, and it is shown as a negative correlation of indicators for measuring corruption (higher level means lower corruption) and unemployment. Still its influence could by no means be ignored. However, possible failure in suppressing the corruption of the left-wing parties, who are more sensitive to the suppression of the unemployment in comparison to the inflation rate, have less negative impact to such governments' efficiency of economic policy measures in suppressing the unemployment rate compared to the right-wing governments. On the other hand, should the left-wing parties behave more opportunistic, and less ideological, and turn to centre-oriented voters, that would influence slightly more significant need for suppressing of the corruption in order to ease efficiency of other measures of the economic policy aimed to the reduction of the unemployment.

Table-7. Corruption and Unemployment in Transition Countries EU Members (Left-Wing Government) 2001-2013

Dependent: unemployment   R = 0,23799915   F = 3,422550
R2= 0,05664359   df =   1,57
No. of cases: 59   adjusted R2= ,04009348   p = 0 ,069497
Standard error of estimate: 4,023184053
Intercept: 15,125482933 Std.Error: 2,819587 t(57) = 5,3644 p = 0,0000
Var beta= - 0,24

Source: own calculation (WEO data, Transparency International)

Graph no. 7 Corruption and Unemployment in Transition Countries - Left Wing Government

Var2 = 15,1255-1,1271*x

Source: own calculation (WEO data, Transparency International)

Connection between corruption and inflation with left-wing governments in the observed transition countries is slightly higher compared to right-wing governments, but it is also completely insignificant (table no. 8), which on the other hand enables to the creator of the monetary policy efficiency of the monetary policy instruments in achieving the stability of the prices. Should left-wing governments be less efficient in suppressing of the corruption, this would not prevent achieving one of the economic goals – keeping the low inflation rate. In this sense their more opportunistic and less ideological behaviour should also not significantly change anything in view of the efficiency of conducting of their economic measures. Likewise, low inflation rate in the observed transition countries leaves some space for easier achievement of their ideological goal – reducing of the unemployment, together with keeping lower inflation rate.

Table-8. Corruption and Inflation in Transition Countries EU Members (Left-Wing Government) 2001-2013

Dependent: inflation   R = 0 ,11977058   F = 0,8295646
R2= 0,01434499   df =   1,57
No. of cases: 59   adjusted R2= -0,00294720   p = 0,366234
Standard error of estimate:13,718801557
Intercept: 14,787661787 Std.Error: 9,614612 t(57) = 1,5380 p = 0,1296
Var beta= - 0,12

Source: own calculation (WEO data, Transparency International)

6. CONCLUSION

Should the creator of the economic policy, regardless of his belonging to the left- or right-viewpoint, fail to take into consideration the importance of the corruption phenomenon in the economy, this could lead to certain problems in achieving of the goals in conducting the measures

of the economic policy, which would more impact reducing of the unemployment, than reducing the inflation rate. Moreover, it is obvious that the mentioned economic goals could not be obtained only by using 'traditional' economic instruments, but the impact of the corruption must be taken as an important factor. Political parties that would not take into account only election victory, but also the quality of the policy that would result in achieving the economic goals, would in effect have to be engaged on suppressing of the corruptive activities. Otherwise, their electoral body would, sooner or later, realize the election fraud, and such parties would lose their credibility, which later would be difficult to regain. On the other hand, stability of the voting body of the left- or right-wing government, as well as obtaining of the confidence of the reluctant voters in choosing of one political option, can depend on such credibility. Opportunistic turning to the centre-oriented voter would create more difficult position to the left-wing government, who would, in case they would follow their left-oriented party program; easier suppress unemployment due to the smaller influence of the corruption. And, of course, vice versa, should right-wing parties turn opportunistically more to 'centre-oriented' voter, that would enable them easier position in suppressing the unemployment, due to weaker influence of the corruption, than in case if they would follow their ideological program. On the other hand, more opportunistic and less ideological acting of both, left- and right-wing parties, would not create significantly difficult situation in achieving of the economic (monetary) goal – keeping the lower inflation rate. Despite smaller number of observed cases, it is obvious that right-wing governments in Croatia should especially be aimed to suppressing of the corruption, in order to reduce the unemployment by a total of economic policy measures, as opposed to monetary authorities, whose primary goal – stability of the prices – could be achieved despite higher level of the corruption activities.

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