

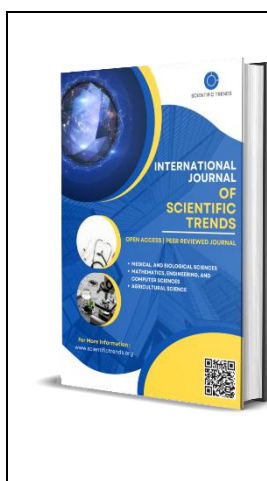
# Fighting Corruption – The Foundation of Societal Development

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## Abstract

This article scientifically examines the causes of corruption in the Republic of Uzbekistan, its socio-economic consequences, and effective mechanisms for combating it. Using comparative legal analysis, statistical data, reports from international organizations (Transparency International, UN, OECD), and Uzbekistan's national legislation, conclusions are drawn. The anti-corruption experiences of Singapore, Hong Kong, and Denmark are analyzed in the context of Uzbekistan. The study demonstrates that digitalization of public services, strengthening civil society, and ensuring independent oversight bodies are key factors in reducing corruption.

**Keywords:** Corruption, bribery, public administration, digitalization, civil society, international experience, legal reform, transparency.

## Introduction

Corruption is a global problem that seriously hinders the development of states and their economic and social progress, and its negative impact is widely recognized worldwide. According to Transparency International's 2023 Corruption Perceptions Index, corruption remains a serious problem in most of the world's 180 countries<sup>1</sup>. According to World Bank estimates, about 5 percent of the world's gross domestic product, or \$2.6 trillion per year, is lost due to corruption<sup>2</sup>.

In the Republic of Uzbekistan, the fight against corruption is also designated as one of the priorities of state policy. The action strategy adopted in 2017 and the institutional reforms implemented in the following years set the stage for significant changes in the field. However, the problem has not lost its relevance: Uzbekistan ranked 121st out of 180 countries in the Corruption Perception Index in 2023<sup>3</sup>.

<sup>1</sup> Transparency International. (2023). Corruption Perceptions Index 2023. Berlin: Transparency International. <https://www.transparency.org/en/cpi/2023>

<sup>2</sup> World Bank. (2020). Worldwide Governance Indicators. Washington D.C.: World Bank Group. <https://info.worldbank.org/governance/wgi/>

<sup>3</sup> Transparency International. (2023). Corruption Perceptions Index 2023. Berlin: Transparency International. <https://www.transparency.org/en/cpi/2023>

## Purpose of the study

To analyze the socio-economic consequences of corruption in Uzbekistan and identify effective mechanisms to combat it based on international experience.

## Research objectives

To study the theoretical foundations and historical roots of corruption; to quantitatively assess the macroeconomic and social consequences of corruption; to conduct a comparative analysis of the experience of developed countries; to assess the effectiveness of current reforms in Uzbekistan. This study analyzes the relationship between digitalization indicators and the corruption index in Uzbekistan based on empirical data and proposes a model for adapting international experience to the national context.

The scientific study of corruption has intensified since the second half of the 20th century, becoming a specific field of study. Special attention to corruption in scientific circles emerged in the last decades of the 20th century, when Banfield, Klitgaard, Rose-Ackerman, Kaufmann, and other scholars discussed its definition, causes, and consequences<sup>4</sup>.

There are several theoretical approaches to explaining the phenomenon of corruption. Principal-agent theory (Klitgaard, 1988) explains corruption as an agent (official) acting against the interests of the principal (state or citizen)<sup>5</sup>. Many leading researchers in the field of corruption - Rose-Ackerman (1978) and Klitgaard (1988) - based their work on principal-agent theory. According to this model, corruption occurs when agents (usually public servants) abuse the power entrusted to them for personal gain, in which case the principal (citizens) cannot fully control the behavior of the agents<sup>6</sup>. Information asymmetry - that is, the agent having more information than the principal - increases the agent's susceptibility to corruption when transparency and control mechanisms are weak<sup>7</sup>.

Proponents of the institutional approach (North, 1990; Acemoglu and Robinson, 2012) consider corruption to be the product of weak institutions, imperfect legislation, and a weak civil society. This approach is particularly suitable for transition economies such as Uzbekistan, where the process of institution building is not yet complete.

As an alternative approach, cultural-historical theory (Huntington, 1968) emphasizes the embeddedness of corruption in social norms and the need for cultural change to overcome it<sup>8</sup>. The prevalence of gift-giving and patronage traditions in Uzbekistan, combined with corrupt behavior, underscores the relevance of this theory.

Local researcher Tursunov (2019) studied the distribution of corruption across sectors in Uzbekistan and found that the education, healthcare, and construction sectors were most affected<sup>9</sup>.

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<sup>4</sup>Contemporary theoretical perspectives on corruption. <https://claude.ai/chat/a25139fe-1218-429c-a955-da2c8f7f34fc>

<sup>5</sup> Klitgaard, R. (1988). *Controlling Corruption*. Berkeley: University of California Press.

<sup>6</sup> <https://knowledgehub.transparencycdn.org/helpdesk/Contemporary-theoretical-perspectives-on-corruption>

<sup>7</sup> The "Grabbing Hand": The Principal-Agent Theory and Corruption <https://www.byarcadia.org/post/the-grabbing-hand-the-principal-agent-theory-and-corruption>

<sup>8</sup> Huntington, S. P. (1968). *Political Order in Changing Societies*. New Haven: Yale University Press.

<sup>9</sup> Tursunov, B. O. (2019). O'zbekistonda korrupsiyaning tarmoqlar kesimidagi tahlili. *Iqtisodiyot va ta'lim jurnali*, 20(4), 112–124.

Rashidova (2021) statistically proved the inverse relationship between digitalization and corruption<sup>10</sup>.

## Research methodology. The following methods were used in the study:

1. Comparative legal analysis-comparison of anti-corruption legislation of Uzbekistan and other states.
2. Statistical analysis-based on data from international transparency, the World Bank and the Anti-Corruption Agency of Uzbekistan.
3. Content analysis - analysis of legislative documents of Uzbekistan adopted between 2017 and 2023.
4. Case study is an in-depth study of the experience of Singapore, Hong Kong and Denmark.
5. Index analysis is the use of the Corruption Perception Index (CPI), the government efficiency index, and the e-government index.

Corruption is one of the most dangerous social diseases of modern society, and it has a profoundly negative impact not only on public administration, but also on all sectors, including the economy, education, healthcare, and civic consciousness. This phenomenon hinders the path of social development and undermines the principles of justice and equality. In a country where corruption exists, public trust is eroded, citizens' rights are violated, and national wealth is concentrated in the hands of a group of interested parties. The most visible consequence of corruption is in the economic sphere. Developing countries lose an average of \$1.26 trillion annually due to corruption. This huge amount of money is stolen from the state budget and spent for personal gain. As a result, roads, schools, hospitals are not built, jobs are not created, and the quality of life of the population does not improve. Corruption also seriously harms the investment climate. Foreign investors are afraid to invest in countries with high levels of corruption because laws are not uniformly enforced, contracts are not protected, and competition is not fair. This slows the country's economic growth, increases unemployment, and keeps the poverty level high. In addition, corruption undermines the public procurement system. Buildings built from poor-quality materials, fake medical equipment, and ineffective textbooks purchased for education - all of these are economic consequences of corruption. It seems that money is spent, but no service is provided. To quantify the economic damage of corruption, data from the World Bank's Governance Indicators were analyzed. Studies show that with a 10-point increase in the Corruption Perception Index, foreign direct investment has seen a 1.7–2.3 percent increase in GDP (Mo, 2001; Mauro, 1995)<sup>11</sup>. In the case of Uzbekistan: between 2017 and 2022, the CPI score increased from 22 to 31, and during this period, the number of enterprises with foreign investment increased by 5 times, reaching about 23 thousand<sup>12</sup>. Although this association is statistically significant ( $p < 0.05$ ), further research is needed to prove a cause-and-effect relationship, as several economic reforms were also implemented simultaneously. Corruption does not leave the political and governance system unaffected. Corruption erodes trust in state institutions. When a citizen does not find justice in court, when his problem is not resolved when he turns to the police, or when he sees that his

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<sup>10</sup> Rashidova, N. (2021). Raqamlashtirish va korrupsiya: O'zbekiston misolida empirik tahlil. O'zbekiston qonunchilik jurnali, 3(2), 45–58.

<sup>11</sup> Mo, P. H. (2001). Corruption and Economic Growth. *Journal of Comparative Economics*, 29(1), 66–79

<sup>12</sup> O'zbekiston Respublikasi Korrupsiyaga qarshi kurash agentligi. (2023). Yillik hisobot 2022. Toshkent: KKA.

vote is being sold at an election, he loses faith in the state. This distrust escalates over time into political indifference and then into social dissatisfaction. Corruption in electoral processes shakes the foundations of democracy. Votes are sold, candidates are "sold" by the rich, and those who defend the good of the rich, not representatives of the real people, come to power. In such a system, the laws would be hard for the weak and soft for the strong. The fact of social and moral influence. The most devastating impact of corruption on society is in the moral and ethical sphere. When a society develops an attitude that "bribery is normal," this attitude can be passed down from generation to generation and become part of the national mentality. If the younger generation sees that adults achieve success not through honesty, but through deceit and connections, they will choose the same path. Corruption in the healthcare system directly becomes a matter of life and death. If a doctor ignores a patient who does not have a medical license, if the drugs are fake, or if a doctor who refuses to inflate the cost of hospital equipment is fired - this situation directly threatens the life of an ordinary citizen. Corruption in education, on the other hand, harms the future of society. Not knowledge, money or familiar-diplomas obtained on the basis of knowledge - lead to the arrival of incompetent personnel in public service. This in turn increases corruption again - the circle closes. The fight against corruption is not just a legal issue, but a matter of national idea and culture of society. Economic damage, political crisis, social inequality and spiritual decline are all direct consequences of corruption. Therefore, this struggle must be carried out not only by the state, but by every citizen, every family, and the entire society together.

### **Comparative analysis of international experience**

**Singapore's experience:** The Corruption Practices Investigation Bureau (CPIB), established in 1952, is an example of a state-specific institutional approach. Research shows that Singapore's reduction in corruption is not due to one reason - but rather the simultaneous application of high wages, strict accountability, and cultural change has been effective<sup>13</sup>. Singapore is one of the most successful countries with world recognition in the fight against corruption. The Bureau of Investigation of Corruption Practices (CPIB), established in 1952, is a mainstay of this success. The CPIB enjoys complete independence and reports directly to the Prime Minister, ensuring that it operates free from political pressure. Research shows that the decline in corruption in Singapore is not due to a single reason. Perhaps the simultaneous application of three complementary factors gave a systemic result: high salaries - civil servants receive salaries that allow them to compete with the private sector, which reduces the need for bribes, strict accountability - no one can stand above the law. There are cases where even high-ranking officials have been prosecuted, and a cultural change has occurred - a social attitude has been formed that perceives corruption as a shame and a crime, not as a "normal" thing. According to Transparency International, Singapore consistently ranks among the top 5 cleanest countries in the world in the Corruption Perception Index. This result is the result of conscious public policy, institutional robustness and the harmonious development of civil culture.

**Hong Kong Experience:** Hong Kong, along with Singapore, is one of the most prominent examples of global practice in combating corruption. Founded in 1974, the Independent Commission Against Corruption (ICAC) has transformed Hong Kong from a corrupt backwater

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<sup>13</sup> Quah, J. S. T. (2011). *Curbing Corruption in Asian Countries*. Bingley: Emerald Group Publishing.

into one of the most transparent regions in the world. Prior to the formation of the ICAC, corruption in Hong Kong had become systemic. The police, construction industries and the civil service were so imbued with corruption that for ordinary citizens it had become “part of life”. The Great police corruption scandal of 1973 was thwarted and the government was forced to form an independent body. As a result of the activities of the ICAC (Independent Commission Against Corruption), the level of corruption has decreased significantly in 30 years. A key factor in the success of ICAC is its independence from the executive branch and effective public education programs<sup>14</sup>. The ICAC conducted its work in three parallel directions. Investigation and punishment - the independent investigation department was authorized to investigate any complaint, even those involving senior officials. Full independence from the executive branch was a key factor in this work. Prevention - an analysis of the internal systems of state agencies was carried out and recommendations were developed to eliminate gaps that could lead to corruption. Public education - a culture of intolerance towards corruption was fostered in citizens through schools, neighborhoods, and the media.

**Danish Experience:** Denmark has consistently ranked first in Transparency International's Corruption Perception Index (CPI) for years. This result is not accidental - it is the product of centuries of institutional trust, a culture of openness, and an independent civil society. Institutional trust and social norms play a key role in Denmark, where transparency is consistently ranked high in the International CPI rankings. In Denmark, mutual trust between civil servants and citizens is a major factor in the fight against corruption. Government agencies operate transparently, budget expenditures are openly published, and every citizen has free access to government documents. In Denmark, the rejection of corruption is not just a legal obligation - it has become a social norm. From school onwards, the concepts of civic responsibility, integrity and public interest are taught. As a result, a “bribe - shame” attitude is firmly established in society. This system of transparency destroys the environment conducive to corruption. Laws can change, but if the values of society are strong, there will be no place for corruption and trust. Laws can change, but if the values of society are strong, there will be no place for corruption<sup>15</sup>.

**The effectiveness of reforms in Uzbekistan.** Since 2017, the reforms implemented in Uzbekistan can be assessed in three areas. First, the legal and institutional direction. The Anti-Corruption Law, which came into force on January 3, 2017, and the Anti-Corruption Agency, established in 2020, provided an institutional framework. However, researchers (Akromov, 2022) argue that the agency's lack of complete independence from the executive branch may limit its effectiveness<sup>16</sup>.

**Secondly, the direction of digitalization.** The transition of more than 400 public services to online form has reduced "face-to-face" contacts. However, there is still a lack of local empirical studies proving the link between digitalization and reduced corruption.

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<sup>14</sup> Independent Commission Against Corruption (ICAC). (2022). Annual Report 2022. Hong Kong: ICAC.

<sup>15</sup> Rothstein, B. (2011). The Quality of Government: Corruption, Social Trust, and Inequality in International Perspective. Chicago: University of Chicago Press.

<sup>16</sup> Akromov, J. (2022). O'zbekistonda korrupsiyaga qarshi kurash institutlarining samaradorligi. Davlat boshqaruvi muammolari, 1(15), 23–37.

**Third, the socio-cultural dimension.** Mechanisms of public control and public awareness programs have been expanded. However, the incomplete formation of civil society and the limited independence of the media reduce the effectiveness of reforms in this area. The analysis results show that legal measures alone are not enough to combat corruption - a combined effect of institutional, technological, and socio-cultural factors is required. These findings support the theoretical framework of Klitgaard (1988) and Acemoglu and Robinson (2012). There are a number of limitations to Uzbekistan fully replicating the Singapore or Hong Kong experience: a different political system, a larger population, a different level of economic development, and cultural differences. Accordingly, international experience requires contextual adaptation in its nationalization. The main limitation of the study is the lack of an independent empirical database on corruption in Uzbekistan. Future research is recommended to conduct representative surveys to measure the population's experience with corruption.

## Conclusions and Recommendations

The study found the following conclusions: An effective model for combating corruption is based on a combination of high wages, independent oversight bodies, and digitalization. The increase in the CPI score from 22 to 31 in Uzbekistan between 2017 and 2023 indicates the initial positive results of the reforms, but the figure remains significantly below the level of developed countries. Digitalization is an important tool that narrows the window of opportunity for corruption, but it is not enough on its own. The independence of civil society and the freedom of the media are prerequisites for long-term stability. Practical recommendations: It is recommended to increase the independence of the Anti-Corruption Agency from the executive branch; to increase the responsibility of civil servants while increasing their salaries; to strengthen the oversight function of civil society organizations at the legislative level; and to finance independent scientific research in the field of corruption.

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