



## Preventing conflicts of interest in law and in practice

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For two long years the Serbian Minister Zoran Loncar kept himself in a conflict of interest. It was only recently that the State Committee for the Prevention of Conflicts of Interest cautioned him “non-publicly” that he should not occupy any more public offices. It would have been good, had the Minister taken this caution to heart and offered his resignation. It would also have been good if the Committee had reacted earlier.

This problem of multiple offices in Serbia is much deeper and should be debated in public more often to increase the sensitivity of citizens and officials to conflicts of interest as a main cause of corruption. The law seems to be inconsistent on this issue. For example, Minister Loncar and his colleagues Minister of Science, Aleksandar Popovic, Minister of Police Dragan Jovic and Minister of Energy, Radomir Naumov are all members of the Management Board of the Building Directorate of Serbia. What do they have to do with this Directorate? Srdjan Djuric, the head of the Government’s Media Office, has been appointed to the Management Board of Vecernje novosti “to protect the State’s share of the capital”. The Minister Slobodan Lalovic is a Member of Parliament, a member of the Management Board of the Fund for Development, and the Chairman of the National Employment Service, where many other ministers are to be found as well. According to the Official Gazette, the Serbian Ambassador for Switzerland, Dragan Marsicanin, is also Chairman of the Management Board of the Fund for Development. How does he perform his duties from Zurich, where he is currently posted? Why should the ministers Naumov and Parivodic sit on the Shareholders’ Meeting of the Oil Industry of Serbia (NIS) and are they paid for this? Why is it that members of the Bank Rehabilitation Agency include Vesna Dzinic, the Assistant Finance Minister, Mladjan Dinkic, the Finance Minister, Goran Andjelic, the Assistant Finance Minister, and Dejan Simic, the Vice-Governor of the National Bank? Different functions, combined in this way, at the very least create confusion, but also raise doubts because of an excessive concentration of power, particularly given the fact that many of these people are party comrades.

Such as it is, the Act on the Prevention of Conflicts of Interest was passed only because members of parliament were exempt from it. Otherwise they would not have voted for the Act. Now they can enjoy sitting on the management boards of various public corporations, institutions, agencies and companies and have a plethora of other functions as well. How is it that lord mayors may also be members of parliament and which of those two jobs are they really doing? What explains such an accumulation of functions, some of which are incompatible due to conflicts of interest? The answer is that we have an oligarchically structured society, wherein power is concentrated in only a few hands, mostly those of the party leaderships, which are fused with the government and with the MPs and commercial functions. A dispersal of functions – the principle of “one functionary – one function” - is avoided because the subjects in the parties, the State and the economy are more difficult to control if the functions are dispersed among a large number of individuals. When these people monopolize several functions and several sources of income, they enter into the political class, which is the chief mediator and beneficiary within Serbia today.

The above examples only give a partial illustration of how our Conflict of Interest Act is narrow in scope. In addition, it is not implemented fully, data is often not properly verified and is therefore often incorrect and incomplete (information on the membership of members of the parliament in the management boards of the

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public companies is missing for example). When a conflict of interest does occur, those concerned are first reprimanded "non-publicly". Only if they disregard the reprimand does the matter become public. But even when this happens, there is no sanction available. Furthermore, information concerning a functionaries' income and assets, something that the Committee for the Prevention of Conflicts of Interest is supposed to record, is not open to the public. It is also impossible to obtain information on tax payments, especially for politicians and other public personalities. The Conflict of Interest Act was adopted in the beginning of 2005. Up until this point, we had no such law at all. But the beginning seems to last too long. It is time to amend it and improve the Act, especially regarding the scope of persons that are subject to it, to apply it publicly and equally to all, and to introduce effective controls. This is a question of democracy, of the rule of law, and of a responsible, efficient and transparent government. Where this is lacking, it is only natural for the corruption to flourish.

## **Bribery**

The National Investment Plan (NIP) of Serbia provides for a transfer of public monies to private purses. That is exactly what will happen when 150 million Euros are invested into the construction of 4,000 apartments for government employees, who are to get them for a fraction of the market price. What is the reason for this robbery that also discriminates against some citizens? The Finance Minister, Mr. Dinkic, claims that otherwise the best civil servants will leave the government for better paid jobs. The Minister's solution for keeping the good employees is bad.

Giving apartments at a discounted price will create obedient and corrupted people, rather than proficient, objective and incorruptible civil servants, whose loyalty lies with the citizens and with the public interest. Giving apartments at a discounted price to able persons, regardless of their profession, will create privileged groups. Why shouldn't an employee of a private company, a blue-collar worker or a pensioner have that same right? And why should he/she have to pay the apartments for the privileged?

In the market, the State must behave just like all other actors of the transition in any sector. If the State wishes to keep its best employees, it must pay them more than it pays the others, and let them buy their apartments with their salaries in the market. The market will work for them, and we shall all profit from having good and non-corrupt civil servants.

Dinkic's proposal does not solve the problem. Five years after getting the apartment, the employee has a right to leave the civil service and keep the apartment. What happens then? Shall we again buy apartments for some new civil servants? And one more thing, does anyone actually believe that the apartments will go to the best employees? How will the citizens control the distribution of the apartments which they are subsidizing? They will not. It seems that the days of party comrades are back again.