



Doctoral School of
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**DO REGULATIONS MATTER?
IMPACT OF POLITICAL FINANCING
REGULATIONS ON PARTY CORRUPTION IN
CROATIA AND SERBIA**

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Gorana Mišić
January 31, 2018

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In the end, I will just leave this here (who knows me will understand why) 🧁

Now back to serious business – party corruption.

ABSTRACT

The dissertation analyses the impact of political financing regulations (PFR) on party corruption after the 2011 regulatory framework reform in Croatia and Serbia. In looking at PFR as an anti-corruption tool, the core research question of the dissertation is: What is the impact of political financing regulations on party corruption in Croatia and Serbia - and through which mechanisms is this impact achieved?

The relationship between political financing regulation and related corruption has not been extensively researched. Overall, the literature on the impact of PFR on party corruption is oriented to large-N quantitative comparative studies, which inevitably involve the use of indicators and proxies. However, these indicators fail to capture what authors claim to measure: corruption indices are much broader than party corruption, and PFR indices and proxies do not include implementation. Moreover, the studies on political financing do not address the mechanisms of how the PFR impact came about. In other words, whereas the existing scholarship finds that PFR failed to tackle corruption, it is often not interested in explaining why this is the case.

To address this gap, the present thesis approaches the study of PFR impact on party corruption from a qualitative perspective. The thesis uses in-depth interviews and structured scenario discussions with relevant stakeholders. By focusing on qualitative data targeting specifically party corruption, rather than aggregate indices, and looking at the implementation of the regulations, rather than only the letter of the law, the thesis offers a more accurate understanding of PFR impact on party corruption. Moreover, the central assumption of the thesis is that to be able to fully understand the impact of regulations or lack of it, it is necessary to look into the motivations of the regulatees to comply. Following these motivations, we can better understand why certain regulatory approaches work – or fail to work. In this sense, the thesis theoretically draws on the regulatory literature combined with the political financing scholarship. Bridging the two bodies of literature is particularly beneficial for a more systematic research of the impact of PFR. Whereas the regulatory literature provides a theoretical framework for understanding motivations of political parties to comply with the regulations, as well as for approaches to regulatory enforcement and design, the political financing literature offers the basis for the analytical framework. In this sense, the present thesis contributes not only to unpacking the mechanisms that regulatory measures are assumed to work on, but also to a better understanding of how exactly PFR affects party corruption in Croatia and Serbia.

The findings show that regulations matter, but cannot work alone. PFR and transparency measures overall made money in party financing ‘traceable’. Parties are more disciplined, financial reports are ‘cleaner’, timely and becoming more accurate over time, oversight is enhanced. Regulations matter for closing the known and existing channels of party corruption. However, political parties seem to adapt their behaviour, find the loopholes and new ‘ways of doing things’ in order to avoid sanctions. Whereas transparency measures closed some of the usual corrupt money channels, they incentivised others and changed the form of corrupt practices. Still, as the thesis shows, PFR and transparency measures have a potential to reveal corruption networks and can be a powerful tool in the hands of free media and strong opposition in holding governments accountable. In this sense, more research about party corruption in practice, compliance motivations of political parties, as well as compliance incentives could make regulatory responses to party corruption more targeted and effective.

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