



INNOVATIONS FOR SUCCESSFUL SOCIETIES

BALANCING RESPONSIBILITIES: EVOLUTION OF LITHUANIA'S ANTI-CORRUPTION AGENCY 1997–2007

SYNOPSIS

Influence peddling, organized crime, and petty corruption marred Lithuania's post-Soviet transition to democracy. Concerned that those problems were jeopardizing the country's efforts to join NATO and the European Union, the government created in 1997 an elite law enforcement unit within the Ministry of the Interior to combat corruption, called the Special Investigation Service (Specialiųjų tyrimų tarnyba, or STT). Director Juozas Gaudutis rapidly built the early agency's capacity. His successor, Valentinas Junokas, helped the STT establish independence and broaden its mandate to perform corruption prevention activities and oversee education, thereby creating Europe's first multifunctional anti-corruption agency. But Junokas resigned under political pressure after STT agents executed a controversial search of political party offices and investigated multiple legislators for graft just before the 2004 elections. The STT's new director, Povilas Malakauskas, patched relations with parliament and recalibrated the STT's strategy to emphasize preventive and educational measures—"changing the rules of the game" and "changing values," he said. As the STT entered its second decade, its agents investigated hundreds of cases annually but faced difficulties in enlisting a wary public in a long-term war against corruption.

Gabriel Kuris drafted this case study based on interviews conducted in Vilnius, Lithuania, in May and June 2012. Case published November 2012.

INTRODUCTION

In the declining decades of the Soviet Union, an everyday citizen's success—and sometimes survival—depended on networks of personal connections called *blat* in Russian slang. Citizens relied on *blat* to barter for scarce goods and privileges. Authorities turned a blind eye to this influence peddling, believing that it greased the wheels of the centralized economy. Officially, corruption was a disease of capitalism, only acknowledged as a consequence of inherited injustices or foreign sabotage. Unofficially,

citizens knew that the illusion of a corruption-free society was one of the many lies that Soviet life required.¹

"To lie on a daily basis was a common thing," said Henrikas Mickevičius, director of the Human Rights Monitoring Institute in Vilnius and a former Soviet judge. "We lived in a culture of double morality. In formal settings, you often lied, and it was accepted. You were morally prepared to be corrupted. You took some of that back to your family. You didn't hesitate to take advantage of others in your private relationships. From lying to

giving bribes is just a small step.”

To Lithuanians, blat helped sustain a nation suppressed by Soviet occupation. The blat economy undercut Moscow’s authority and kept resources in local circulation. It bound Lithuanian communities together during decades of disruption. “Petty corruption in Soviet Lithuania was even seen as patriotic work,” explained Gintaras Aleknonis, a political scientist at Mykolas Romeris University in Vilnius.

When Lithuania broke free of the Soviet Union in 1990 and transitioned toward a free-market European democracy, corruption was no longer patriotic, but it lived on. Despite Lithuania’s advantages over other postcommunist states—in the forms of ethnic cohesion, competitive politics, and a vibrant private sector—the habits of blat undermined the new state. Officials saw a porous boundary between private gain and public ethics: Citizens slipped “gratitude payments” to doctors and teachers. Traffic police pocketed fines. And smugglers established a shadow economy. Juozas Gaudutis, vice minister of the interior in the mid-1990s, said, “The level of corruption was so high that you couldn’t cross the country without paying off the police three times.”

Lithuania’s linchpin position in northeastern Europe made it a hub of organized crime. Transnational gangs exploited post-Soviet Lithuania’s weak institutions, its glut of decommissioned weapons, and its mismanaged privatization process. Violence crested in 1995 with 502 murders, a homicide rate of 13.51 per 100,000 residents compared with 2.21 in Poland and 9.29 in Belarus.² Aurelijus Gutauskas, an expert in organized crime at Mykolas Romeris University, recalled, “Sometimes it was questionable who was ruling the country: criminals or the government.”

The weakness of Lithuania’s justice system impeded the country’s efforts to join NATO and the European Union (EU)—key strategic goals

shared by all political parties. Povilas Malakauskas, then vice minister of defense, recalled, “NATO and the EU asked us to increase our efforts to fight corruption.”

In 1996, Lithuanians elected a center-right government that campaigned on a law-and-order platform. Although the new administration reorganized law enforcement and gave police new powers to break the crime wave, corruption remained a powerful force across the country. “It became crystal clear that something had to be done about the situation,” recalled Gaudutis.

In 1997, the Ministry of the Interior created a dedicated anti-corruption agency called the Special Investigation Service, known by its Lithuanian abbreviation, STT. Gaudutis became its first permanent director.

THE CHALLENGE

To build the new agency into an effective force, Gaudutis and his colleagues had to recruit and train a staff that would meet high standards of professionalism and integrity. After STT operations ramped up, the agency’s survival required avoiding public disenchantment, political opposition, and turf wars with other justice agencies.

The STT’s capacity-building challenges and its public relations challenges were intertwined. Gaudutis explained: “At the time we established the service, the criminal landscape was complicated. Bribery was booming on a large scale. There was a feeling that if you could achieve something through cash, then why go through official channels?”

A 2002 survey by Transparency International Lithuania found that 61.3% of Lithuanians agreed that “corruption is a big obstacle to public life,” yet 75% said bribery “helps” solve problems and 60% said they would pay a bribe if one were expected in order to solve a very important problem.³ Perceiving the government as highly corrupt, Lithuanians justified their own

participation in bribery as a natural part of the corrupt system in which they lived.

That public toleration of corruption was related to another Soviet legacy: open distrust of anti-corruption campaigns. In the past, such campaigns were often politically motivated, and they sometimes scapegoated everyday citizens. “The fight against corruption in Lithuania is always looked at with some suspicion,” said Aleknonis. “People believe that it is simply used by those with power as a tool of fighting.”

That skepticism extended to law enforcement in general. Like Lithuania’s other investigative agencies, the STT would have to walk a fine line to invoke the authority of law enforcement without triggering memories of the Soviet Union’s oppressive secret police. “People have to trust this service and not be afraid of it,” Gaudutis said. “The service should not be built on foundations of fear.”

Because of those postcommunist sensitivities, the Lithuanian government deliberately divided law enforcement powers among several agencies to prevent any one of them from growing powerful enough to undermine civilian government. The STT was one of six investigative agencies under the Ministry of the Interior, and four of them shared jurisdiction over crimes involving corruption. The overlap posed another challenge to the STT because STT leaders had to manage relations with other law enforcement bodies carefully, especially the prosecutor’s office, which had a controlling role in criminal investigations under Lithuania’s procuratorial justice system (a variant of civil law common among postcommunist countries). Procedural reforms in 2003 made public prosecutors responsible for both supervising all criminal investigations and mediating between investigators and judges during the pretrial process. When a supervising prosecutor decided to open charges and begin the trial process, investigators turned over their case files and

played no further role in the process. “But up to that moment, they are cooperating,” said Gintaras Jasaitis, a leading prosecutor of corruption cases.

Although Lithuania’s prosecutor’s office had changed substantially since independence, it could not easily shed its Soviet-era reputation for favoritism. The public viewed the justice sector as corrupt from top to bottom, partly because of memories of Soviet officials’ dictating of legal outcomes—a process derided as “law by telephone.” Public trust in the courts hovered around 20% in the 2000s.⁴

Public misgivings also ran deep concerning Lithuania’s judiciary, which was not restructured after independence. The public perceived judges as secretive in the self-regulation of their profession. Gutauskas described Lithuanian judges as “separate, like a closed caste.”

Mickevičius added, “This lack of [public] knowledge creates suspicion. People say it is corrupt, because it is closed.”

Judges had a reputation for resisting change and protecting their own. Aleknonis described it this way: “In Lithuania we have a saying: ‘A raven never pecks at the eye of another raven.’ This applies to judges also. They never attack each other.”

Institutional change moved slowly within the judiciary. “Commonly, lawyers enter the system at a young age and stay in it until they retire,” said Mickevičius. “Such a system is not conducive to social, economic, and technological progress and innovation but, rather, contributes to . . . disconnection with societal expectations, [a] closed institutional culture, and defensiveness. The end result is public distrust in the system.”

In contrast, the media enjoyed strong public support. Polls found that about 70% of the public trusted the media—a rate higher than almost any government institution’s.⁵ “When we became independent,” said Rytis Juozapavičius, former director of Transparency International Lithuania, “public trust in the media skyrocketed. . . . It was

the most trusted institution. It was higher than the Catholic Church!” These favorable ratings had little basis, however. Juozapavičius observed, “Most Lithuania media are quite corrupted,” even in regional comparison.

Juozapavičius’s successor, Sergejus Muravjovas, wrote in 2008, “Media corruption is an issue of grave concern in Lithuania . . . with widespread allegations and anecdotal evidence of slander campaigns, prevalent use of advertorials, and general disregard and perceived unawareness of journalist[ic] ethics.”⁶ Individuals, firms, and even public agencies spent heavily on media advertisements in exchange for favorable publicity for themselves or disinformation about opponents, sometimes through sponsored articles nearly indistinguishable from objective reportage. Concentrated media ownership meant that favored clients were promoted across multiple platforms. Readers and viewers were not always able to detect media bias or distinguish fact from rumor in the newly free press. Thus, Juozapavičius said, “In most countries, media is the ally of anti-corruption forces. In this country, not always.”

Lithuanians’ skepticism toward anti-corruption efforts, distrust of the justice system, and sometimes-unjustified faith in the veracity of media reports complicated the STT’s path to build public credibility, a critical guarantor of political independence. In other countries, civil society groups could help anti-corruption agencies win public support, but Lithuania lacked major anti-corruption advocacy organizations besides Transparency International. Without strong allies, the STT had to rely on high-level political support, a vulnerability that shaped the agency’s path from its inception.

FRAMING A RESPONSE

The key to the STT’s successful establishment, according to Gaudutis, was the “balance between political will and real-life necessity.” He said the agency “was lucky in that it

was not attacked by the politicians or the media in the initial stage of its establishment, because everybody understood it had political support.” The STT’s early directors—Vidmantas Bruzgys (1997–98), Gaudutis (1998–99), and Valentinas Junokas (1999–2004)—were high-ranking officials appointed from within the Ministry of the Interior with the prime minister’s support. Gaudutis said, “In the past, I had a good relationship with those people who came into power [after the 1996 elections]; I had their trust.”

While high-level political leaders all favored establishment of the STT, not all agreed with NATO and EU recommendations that the agency be powerful and independent. Some politicians said independence would make the agency unaccountable. Others said the STT should have limited, noncontroversial targets like low-level graft and organized crime. Some wanted an agency that did no more than was needed to satisfy NATO and EU demands.

As a practical compromise, the Ministry of the Interior chose an evolutionary approach to creation of the STT: the STT would gradually transition into an independent agency over five years. Even advocates for a strong STT supported such an approach, hoping that integration within the Ministry of the Interior would facilitate the sharing of information, resources, and expertise. “It was decided to establish it under the Ministry of the Interior to give it access to all of the undercover operational information the ministry had at that time,” Gaudutis said. “It could take five to seven years to make a brand-new network of undercover operations, and for that we had no time.”

The agency’s subordination within the ministry helped it build the support networks necessary to its long-term survival. Junokas emphasized that the STT leaders were wary of the experiences of other countries’ agencies that exerted their independence too early. “Such bodies were quickly wound up and that’s that,” he said.

In contrast, he said, the STT “decided to lay strong foundations, improve relations with the judiciary and the mass media, and win public support. And this took us some time.”

That deliberate, conciliatory approach also explained why the Ministry of the Interior decided against establishing specialized courts or appointing prosecutors to complement the STT—despite concerns over the efficacy of the court system. “By setting up special tribunals, we would send a message to the public that we distrust the judicial system altogether, that it is corrupt or unprofessional,” Gaudutis said. The ministry wanted the STT to strengthen confidence in the justice system rather than undermine it.

In the long term, the STT leadership wanted the agency to resemble the U.S. Federal Bureau of Investigation (FBI), with its reputation for professionalism, its analytic approach to crime solving, and its high level of public credibility. “We reviewed various available models in European countries and the U.S.,” said Gaudutis, “and we decided the FBI model was the most viable, economically feasible, and efficient.”

The FBI provided the STT with advice and support as the STT evolved toward its goal. “We feel ourselves to be the grandchildren or great grandchildren of the FBI,” Junokas said.

GETTING DOWN TO WORK

The evolutionary approach championed by Gaudutis and other early STT leaders required a number of steps. Administratively, the agency had to develop capacity, build a common identity, and secure its independence. Operationally, the agency needed to make attention-grabbing arrests as a way to build a strong reputation and credibly deter wrongdoers. Meanwhile, the STT could not neglect its preventive and educational functions, which were crucial to turning the tide against corruption in the long term.

Building a professional corps

Establishing an effective anti-corruption agency began with hiring the right people. “The first recruitment criterion we established was that these people would not be poisoned by the ‘militia mentality’ of Soviet times,” Gaudutis asserted. In contrast to Soviet-style policing, he said: “An anti-corruption agent doesn’t have to beat or intimidate anybody. It’s white-collar, highly skilled intellectual work. This is the message the public should feel. . . . We didn’t want our agents to think they could get evidence through violence.” The STT especially valued younger agents with little Soviet-era experience. By 2000, the average age of the STT staff was just 33.⁷

During its early years, the agency had to work to win over skeptical recruits who, according to Junokas, were “not sure how long STT was going to live.” However, Junokas said, “we managed to recruit the best people by offering a better salary, more-interesting work, better social guarantees.” The law and statute that governed the STT gave the agency the flexibility to offer performance incentives and benefits beyond the typical compensation package allotted to most civil servants.

The STT’s high wages, career development opportunities, and advanced equipment were costly. “Of course, everything boiled down to the availability of funds,” Gaudutis said. “In order to recruit the best staff and maintain them in their positions without giving them the opportunity to become corrupt themselves, we had to offer them a competitive salary.”

Using his good relationship with high-level political leaders, Gaudutis was able to secure a starting salary for agents of about 5,000 litai (\$1,250) per month, roughly triple the average wage of Lithuanian police officers. “At that time, this was a good salary that helped me headhunt from other agencies,” he said.

The STT recruited both a base of top police academy graduates and an echelon of veterans from other government agencies. The agency especially valued experience in law, finance, and investigation. The scouting of standout staff from other agencies produced some bad feelings. “I recall when the Vice Ministry of the Interior did not allow us in[to the office], to stop us from headhunting!” recalled Junokas, laughing. “The director of the [State Security Department] approached the president and prime minister, requesting they stop us from headhunting among his staff.” Tolerance of such recruiting demonstrated STT’s high-level political support.

Žimantas Pacevičius, an early STT hire who later became director, emphasized that STT recruits had to have strong integrity in addition to superb qualifications. Although postcommunist Lithuania had a relatively high number of police officers for its size (more than 14,000 total in 1998), the pool of potential hires was small because of the STT’s stringent requirements.⁸ Because STT leaders were familiar with most of the potential applicants in this small pool, they reached out to individuals they knew they could trust, and those individuals were vetted and given physical and psychological tests. “We didn’t want to recruit people [if] we didn’t know we could trust them,” Pacevičius said. “We have had no problems in implementing [our] code of ethics, because our initial recruitment was successful.” The STT eventually formalized and opened its recruitment procedures through later reforms.

To ensure a common ethos of professionalism, the STT conducted most training in-house. The agency also used a mentoring system, assigning three or four recent graduates to each veteran investigator. The agency also trained people abroad so that they could bring knowledge back to the country. “We recruited 15 bilingual staff who could speak English and German,” Gaudutis said, in order to study best practices abroad in the U.S., the U.K., Germany, and

Austria. “We knew it was impossible to train people [as well] in the local environment.”

STT leaders also had to deal with the issue of how centralized the agency should be. The agency maintained offices in all five of Lithuania’s regions because the country’s population was dispersed and corruption was rife in remote regional cities such as the port city of Klaipėda. Initially, the STT attempted to expand field offices outside those centers, following the lead of other investigative agencies, but found that a pilot project in the small city of Alytus stretched resources too thin. Pacevičius said the five offices proved “quite sufficient for us.”

Building public confidence

The STT sought to cultivate a professional image but encountered a public conditioned to viewing elite investigators as agents of state repression. Mimicking the FBI, the STT called its officers “agents,” but the term also carried an association with Soviet intelligence operatives. A similar issue emerged in choosing the agency’s name. Gaudutis said that the Ministry of the Interior originally called the agency the National Security Service to frame the fight against corruption patriotically, but the prime minister proposed the name Special Investigation Service as more striking. To Gaudutis, that name had a menacing connotation, but, he said, “We did not object because we thought corrupt people *should* be afraid.”

Gaudutis said he later came to believe that symbols like the STT’s name reinforced rumors of its ruthlessness. For example, shortly after the STT began operating, three men linked to organized crime were shot dead in Klaipėda, and rumors circulated that the STT was behind the shootings. Distrust of the agency’s denial lingered, even after a rival crime syndicate was found responsible.

To fight disinformation, the STT had to work hard to present itself as open and

accountable. “We had to reach a balance between democratic principles and the work of the STT,” Gaudutis said. “We did not welcome an attitude of mass suspicion.”

The STT often found that the media complicated the agency’s efforts to build public relations. Pacevičius said many media channels in Lithuania were “biased” and often “attempted to humiliate” the STT. “Unfortunately, mass media is quite an influential opinion maker,” he said. “Sometimes they can formulate public opinion in such a way that it’s very difficult to undo those negative effects.” Because of the media’s importance, however, he considered open communication essential. “To avoid conflict with the media, you have to give the media concise and concrete information when it asks and not hide anything if facts have to be disclosed,” he advised.

Junokas said public suspicions about the STT eventually dissipated. “As time went by, the public forgot this negative association,” he said. “They saw our vision and approved of it—to protect the society from corruption.”

Early achievements

Under the Ministry of the Interior, the STT’s operations focused on traditional criminal investigations, including investigations of organized crime and administrative corruption. Such operations helped younger recruits gain experience. The operations also were relatively uncontroversial and thus easier to pass through what Pacevičius called the “long chain of prior approvals for our activities,” which the ministry required.

Pacevičius described the STT’s first cases as “petty corruption in the [traffic] police and customs [office], not high profile.” Another early priority, according to Gaudutis, was “to strike a blow against the shadow economy.” Countersmuggling operations required cooperation with other law enforcement

institutions in Lithuania as well as in neighboring countries like Russia and Poland. “Funds coming from Russia would end up in the shadow economy in Lithuania, and we could be successful only if we involved all the stakeholders,” Gaudutis said. The STT’s position within the Ministry of the Interior allowed it to collaborate easily with other domestic investigative agencies to combat organized crime, thereby building relationships and honing investigative skills.

The agency captured headlines in the summer of 1998 with a series of dramatic arrests that disrupted a human-trafficking pipeline stretching from Vietnam to western Europe. “That was quite a successful operation,” recalled Gaudutis. “We managed to temporarily stop the trafficking of people who were kept in inhumane conditions under threat of death.” While the operation was only indirectly aimed at combating graft, the traffickers relied on the bribery of police and customs officers. Unfortunately, the STT failed to secure sufficient evidence against the cartel leader in Russia, and the disruption proved short-lived.

The leaders of the STT saw institutional corruption, rather than organized crime, as the agency’s primary focus. Judicial corruption was an early priority. “To fight corruption, first you have to clean up the judicial base,” Gaudutis said. “At that time there was a general public idea that all the courts were corrupt, and if you need a favorable decision, you just have to buy it.”

Gaudutis used a carrot-and-stick approach. First—to reduce the temptation of bribes and increase the opportunity cost of losing a court post—he lobbied the prime minister to boost judicial salaries until judges were paid even better than legislators. And to avoid alienating the judges and increasing public cynicism, the rationale for the raise was not publicized. Gaudutis said the salary bump gave the government “major leverage, which later on

proved to be successful.”

After judicial salaries were increased, the STT warned judges of an imminent crackdown on corruption. Gaudutis said warnings were more practical than mass arrests because the STT had limited resources and depended on strong relationships with prosecutors and judges. “Several judges stopped [when] warned we had information they were taking bribes,” Gaudutis said. The agency then used undercover sting operations involving cooperative former bribe givers as bait to reel in several judges and prosecutors, who Gaudutis said were “caught red-handed.” Together those steps worked to rebalance the incentive equation of judicial graft. Informants told Gaudutis it was “not worthwhile risking office for bribery because they [bribe takers] could be cornered at any time.” The focus on judges helped attract public support and counter fears that the STT would target only low-level civil servants.

Securing independence and a broader mandate

A change in ministry leadership in October 1998 laid bare the political downside to the STT’s subordination to the Ministry of the Interior. The new minister fired Gaudutis, claiming that at 52, Gaudutis was over the age limit set by ministry regulations. Press reports dismissed that justification and attributed the move to Gaudutis’s close ties to the former minister. At the time, Gaudutis said, “Without a doubt, this was a politicized decision.”⁹ The minister and Gaudutis traded bitter public accusations, briefly enveloping the STT in a political controversy.¹⁰ A defense official, Colonel Andrius Pečkys, replaced Gaudutis but resigned four months later, reportedly under pressure from another new interior minister.¹¹

Junokas, a 55-year-old STT official and police academy lecturer with decades of investigative experience, became permanent director in September 1999, after briefly serving in

an acting capacity. Junokas continued laying the groundwork for STT independence that had begun under Gaudutis. Independence, in Gaudutis’s view, “raised the prestige of STT in the public eye.” With technical advice from lawyers in the American Bar Association, agency leaders worked with high-level government officials to draft STT establishing legislation passed in May 2000. Junokas said the drafting process involved “quite a lot of debate,” but, he added, “we shared an agreement with the president and prime minister that the STT should be an independent body, not subordinate to the Ministry of the Interior or the government.” The law included an explicit prohibition on political interference, and STT officers were barred from party membership and political or labor activities.

The STT law required the agency to report semiannually to the president and parliament (called the Seimas). With parliamentary consent, the president appointed STT’s director to a five-year term. (In June 2000, the president formally reappointed Junokas by using that procedure.) The president could dismiss the director only for reasons specified in the law, such as ill health, criminal conviction, or breach of oath. The law also gave parliament control over STT funding under a separate line in the annual state budget. Before the financial crisis of 2008, the STT received an ample budget that averaged roughly \$5.5 million, or 0.1%, of state spending yearly.

Based on the director’s recommendation, the president appointed the STT’s first deputy director and deputy director. The first deputy director controlled enforcement activities, which were divided into five regional offices and an intelligence department. The deputy director controlled administrative, preventive, and educational activities.

STT officers had broad investigative powers that included search and seizure, access to financial data, electronic surveillance, and undercover activities. Officers were allowed to

commandeer vehicles, carry firearms, and use force when necessary. Generally, an officer could not be searched or arrested in the course of duty without the permission of a supervisor. Officers' identities were state secrets, and only the prosecutor general or a deputy prosecutor general could initiate an investigation against them.

In July 2002, the STT evolved further, developing a separate department for corruption prevention in response to new preventive and educational responsibilities set by the newly passed law on corruption prevention. The law gave the STT some of the watchdog functions typically exercised in the procuratorial system by other institutions such as the state auditor and regulatory agencies. The law also empowered the STT to review all government legislation for corruption risks, and it assigned the agency responsibility for vetting high-level public officials before their hiring. Such roles made the STT something of "an amphibian," according to Juozapavičius, because the agency occupied a unique—and sometimes awkward—ecological niche in the Lithuanian government. According to Sergejus Muravjovas of Transparency International, the model for the revamped STT was "heavily influenced" by the model of Hong Kong's anti-corruption agency, considered a successful integration of investigation, prevention, policy coordination, and education functions.

From 2002 to 2005, the STT's nascent corruption prevention department reviewed nearly 300 legal acts and draft laws and performed 14 corruption risk analyses on government sectors.¹² Staffers played key roles in drafting and coordinating Lithuania's first five-year National Anti-Corruption Program, a condition for EU accession and enacted by parliament in 2002. The STT also began developing educational activities, which were given low priority at first. "At that time there were many skeptics of anti-corruption education," said Aida Martinkėnienė, an STT education specialist. In 2003–04, the STT

conducted more than 100 anti-corruption seminars for public servants and students and began to develop more-relevant curricula.¹³

When appropriate, the STT adapted resources from other sources rather than develop them in-house, including a so-called corruption map developed by Aleksandras Dobryninas, a Vilnius University sociologist and founding director of Transparency International Lithuania. Dobryninas collaborated with academic colleagues to develop a way to measure Lithuanians' opinions and practices involving corruption across many sectors of society. Survey pools included approximately 1,000 common citizens, 500 business leaders, and 500 public servants. "We think it is the most precise measurement out there not only [of] perception but also practice," said Juozapavičius, Dobryninas's successor at Transparency International. Transparency International oversaw the survey, conducted by international research firms.

The first corruption map, conducted in 2001, found that 55.5% of citizens viewed corruption as "a big obstacle to public life," and 39.3% of business leaders saw it as "a big obstacle to business." At first, government representatives and the media interpreted the results as disparaging of Lithuania. Newspapers headlines lamented, "Lithuanians have corruption in their blood" and "The roots of corruption are deep, and its fruit tarnishes the country's image."¹⁴ Juozapavičius said, "They felt like we were attacking them." But Transparency International worked to persuade the public of the importance of accurately assessing Lithuanian corruption. "You cannot improve anything you cannot measure," Juozapavičius said.

Admiring the professionalism and design of the surveys, the STT embraced the corruption map early on as a valuable tool. Starting with the third survey in 2004, the agency took over responsibility for the study, relying on internal funds and international donations to repeat the

survey every one to three years, conducted by international polling firms.

The survey results not only helped raise awareness about corruption and its impact but also helped guide STT investigations. “[Our] priorities [were] based on hot spots of corruption risk areas, based on the corruption map,” said Pacevičius. For example, survey results helped draw the STT’s attention to the pervasiveness of bribery in the health-care sector.

Increased enforcement activities

Under Junokas, the STT intensified investigations, more than doubling criminal investigations to 263 in 2004 from 126 in 2000 and initiating more than 600 criminal proceedings. The increase in activity gained national attention, inspired public confidence, and contributed to a tripling of public corruption complaints received to 675 in 2004 from 215 in 1999.¹⁵ Support by outside institutions helped power the surge in enforcement and included international partners like the United States and the EU, peer anti-corruption agencies in Europe, the United Nations, the Group of States against Corruption (GRECO), the EU’s Anti-Fraud Office, and the Organisation for Economic Co-operation and Development.

From December 2000 to July 2005, a former STT division head, Antanas Klimavičius, served as prosecutor general and helped the STT forge a close relationship with the institution it worked with most closely. Junokas said he felt “no tension whatsoever” with Klimavičius, in contrast to “certain differences of opinion” that he recalled with Klimavičius’s predecessor, especially during the agency’s investigations into high-level judicial corruption.

The STT’s working relations with prosecutors helped it resolve jurisdictional overlaps with other investigative agencies. Prosecutor Jasaitis said in 2012 that the STT was

receiving and investigating “roughly 80 to 90%” of corruption cases in Lithuania.

The legal partnership between the two institutions evolved over time, as court rulings and legislation delineated the relationship between STT agents and their supervising prosecutors. As the junior partner in the relationship, Pacevičius said, “We have to have close cooperation. . . . We have to have to avoid any possible conflicts.” The STT and the prosecutor’s office managed relations both formally—through memorandums of understanding—and informally: through regular leadership meetings. To facilitate the legal process, prosecutors often called meetings with all agencies involved in a case. In addition, agency leaders sometimes established ad hoc joint commissions on thorny topics such as public procurement.

Nevertheless, the structural asymmetry between investigators and prosecutors made some tension inevitable. STT agents tended to think they understood their investigations better than supervising prosecutors did, and prosecutors believed their legal education and trial experience made them better suited to make case decisions. “The prosecutor doesn’t usually have the absolutely full picture of the investigation,” conceded Jasaitis. “For this reason, practical control of the case is under the head of STT, not the prosecutor.” However, the prosecutors sometimes made case decisions based on legal or strategic considerations that were not readily apparent to STT agents. “When the search is done, the responsibility lies on the prosecutor, not the STT,” said Jasaitis. The result, he said, was “a lot of informal meetings.”

As the STT strengthened, the agency took on more big-fish cases, culminating in a major instance of graft known locally as the Rubicon case. Initiated in 2001, the case had grown by 2004 to implicate five members of parliament, including the deputy speaker, as subjects of

bribery by an energy firm, UAB Rubicon Group. In response to prosecutors' move to press charges, parliament voted against stripping the parliamentary immunity of three of the legislators, ending the cases. However, four ultimately resigned their seats under public pressure.

Another target of STT investigation was the popular mayor of Vilnius, Artūras Zuokas, who was implicated in both the Rubicon case and a separate attempt to bribe a city council official before the 2003 mayoral election. (Zuokas was convicted in 2008, although his subsequent election to parliament granted him immunity, prolonging the appeals process.) Those politicians all came from center-left parties, reinforcing critics' perceptions that the STT had a rightward tilt and stoking a growing fire of political opposition to Junokas.

OVERCOMING OBSTACLES

As the STT launched more investigations, opposition escalated, prompting the agency to adopt a more cautious, low-profile strategy. The agency's defensiveness undercut its reputation for impartiality and boldness but arguably enabled its survival as an independent agency fighting corruption on a longer time horizon.

Blowback

During Junokas's term, the STT faced credible threats of violence. "We collected undercover intelligence that STT agents were being targeted," Junokas recalled. Incidents included an agent's narrowly escaping a vehicular assault, as well as intelligence that Junokas was under threat after searching the home of a high-ranking law enforcement officer. The agency responded by bolstering security precautions, especially for its leaders. As of mid-2012, no STT staffers had been harmed because of their work.

One of the security responses the agency implemented was a requirement that to preserve their anonymity, agents wear masks when

executing arrests and search raids. Initially, the STT had resisted the policy as contrary to the image of openness. "STT agents are not fighting bandits," Gaudutis said, arguing that STT agents were more like lawyers and judges than street police. "Their work is analytic, so why should they wear masks?" However, Junokas instituted the policy as a security measure to protect agents and their families, emulating special police units in other countries. The decision had drawbacks, making the STT appear both more fearful of retaliation and more like secret police.

Not surprisingly, politicians who felt threatened by the STT tended to fight back politically. In 2012, Gaudutis called such political opposition the STT's "main obstacle," explaining that there was an inherent tension between the STT and the political leadership to whom they were accountable.

The STT and parliament clashed most strongly in 2004, just as Lithuania formally entered the EU and NATO, relieving pressure to reform. In April, parliament impeached President Rolandas Paksas—who had been elected in January 2003 on an anti-corruption platform—finding him guilty of abuse of his office by his interference in the privatization of state assets and his fast-tracking of a campaign donor's citizenship application. It was Europe's first presidential impeachment, and the process was controversial. The STT found insufficient evidence to investigate Paksas for corruption, leading critics to denounce Junokas as politically biased. Parliament called on Junokas to testify about his frequent visits with Paksas. "My reply," said Junokas, "was that . . . as a direct subordinate to the president, I could never refuse to come to the president's office if I was summoned."

On 22 June 2004, five days before the election of Paksas's successor, STT agents raided the offices of Lithuania's four largest political parties, searching for documents related to the Rubicon case that ultimately implicated five

legislators. The timing of the raids drew strong criticism, even though the courts later determined the searches had been executed legally. Parliamentary leaders noted the searches could have been conducted at a less sensitive time, as the Rubicon case had been under investigation since 2001.¹⁶ Because three of the four parties whose offices were raided supported Paksas's rival Valdas Adamkus, accusations of political motivation gained traction. Parliament immediately held a special session to question Junokas about the raids and asked Prosecutor General Klimavičius to report on the raids' legality. Klimavičius found no violations, and Adamkus went on to win the election.

Relations continued to deteriorate in what the media called a "cold war" between the law enforcement and politicians.¹⁷ In August, parliament began hearings into charges that Junokas had leaked confidential information to the media, which he denied. In addition, an ad hoc parliamentary commission convened to investigate politicization and ethical violations by law enforcement officials. Members of the commission made clear their intent to amend the laws governing law enforcement operations after the October parliamentary elections.¹⁸ Finally, on 15 September 2004, Junokas bowed to pressure to resign, nine months before the end of his term.

Junokas blamed legislators for sheltering their colleagues from prosecution. "The Soviet mentality came into being," he said. "Fellow parliament members protected their peers even though there were serious doubts about their innocence."

Political scientist Aleknonis said, "A lot of people thought that Junokas was a victim . . . of political pressure." Journalist Ramūnas Bogdanas of Web-based news portal *Delfi* added, "It was a signal to all his colleagues, and to the whole agency: Be careful."

Junokas said that what ultimately kept parliament from tampering with the STT law was

a politically significant multiyear, million-dollar grant of technical assistance from the U.S. Department of Justice, conditioned upon the STT's remaining independent.

A course change

Even those who lauded Junokas for his bravery said he did not amply defend the agency against public skepticism. "Courage and honesty are not enough," said Juozapavičius, the former Transparency International director. "You need to have certain skills." Juozapavičius said Junokas had shortcomings as a communicator and that he had failed to counter disinformation.

In contrast, the next STT director, Malakauskas, was a strong communicator and peacemaker. "Malakauskas was a persuader," Juozapavičius said. "He was a talky guy."

Pacevičius, Malakauskas's deputy director and successor, described Malakauskas as "a planner" and "a visionary." Under Malakauskas, the agency avoided political confrontation and refocused on improving public relations and opening new fronts in the fight against corruption. As the STT shied away from controversy, political opposition eased.

President Adamkus appointed Malakauskas in October 2004 "after a series of consultations with potential candidates."¹⁹ The national security adviser reported: "In the president's opinion, the [STT] is in obvious need of reforms. The president hopes that the new chief could introduce Western management methods and transfer the experience of Western management to the institution."²⁰ Malakauskas won near unanimous parliamentary approval.

Unlike Gaudutis and Junokas, Malakauskas was an outsider to the STT: a 49-year-old defense undersecretary trained as a physicist. "I had no experience in [the STT's] area," Malakauskas conceded. As a high-level government official, he said, politicians trusted him to bridge their rift with the STT. "Not many politicians were happy

with what we [at the STT] were doing,” he said. “In such a situation, I was asked to take responsibility for the service.”

During his two and a half years as director, Malakauskas sought to restructure the STT and make its organizational culture less hierarchical. He saw openness and flexibility as potential advantages for the STT in its fight against powerful corrupt interests. “How do you compensate for the big resources on the other side?” he said. “Only by being creative.” For example, Malakauskas eschewed the traditional Lithuanian office culture of sitting behind his desk when meeting with subordinates individually or in small groups. Instead, he held daily morning meetings with even high-level officers at a round table that demonstrated his belief in collegiality and shared responsibility. The meetings helped to ensure agreement on significant matters and to identify emerging stumbling blocks. “At the beginning, it was quite difficult,” he said. “People didn’t want to speak very much. It’s a closed organization. But later, we got good results. People became more open, more creative. . . . [They found] new solutions.” He encouraged all division heads to hold similar meetings with their staffs.

Malakauskas also worked with the STT’s personnel director, Rolandas Knyza, to implement innovative human resources policies. In 2006, the agency added personal-character tests to its recruitment process, based on work by Canadian organizational psychologist Michel Girodo. The tests were designed to reveal latent character traits that could affect work performance. Other government agencies later emulated them.

The agency also developed a more structured performance management system, instituting objective benchmarks. “We believe this system . . . allows staff to be more aware of work requirements and areas for improvement,” Knyza said. “[It’s] very transparent, very objective.” Warmer relations with parliament helped the

STT secure legislative permission to introduce staff performance incentives.

Over time, the STT also moved to a more formal recruitment process and returned to its early preference for young recruits. Knyza said: “Prominent civil servants whom we have recruited from the police or customs [office] sometimes do not fit in the new environment, or they underperform compared with previous achievements. Either way, they leave the service later on. So we refocused on young graduates or people with very short experience.” In 2012, the agency began posting positions publicly to broaden the applicant pool and increase the transparency of the process.

Malakauskas sought a new strategic direction for the STT in its operations. He said his first step was to “find balance” between investigation, prevention and education. “From my point of view, we paid too much attention to prosecution,” he said. “I don’t trust in it. . . . It solves the problem, but temporarily.” Malakauskas saw investigation as a “costly” way to yield fleeting results. In contrast, he said, “we should pay more attention to changing procedures, the rules of the game, to minimize the probability of being corrupt.”

To step up the STT’s preventive activities, Malakauskas put a new focus on the review of draft legislation and on intergovernmental collaboration to simplify bureaucratic procedures and reduce corruption risks. For example, in 2011, an STT review of proposed forestry legislation to facilitate the rebuilding of former farmsteads found that the draft law lacked transparent mechanisms and clear criteria for changing the legal status of public lands. The STT also found that the draft law did not sufficiently guard against abuse of authority and submission of falsified data. Citing the STT’s comments, the president vetoed the draft law.

Malakauskas also reoriented the STT to “pay more attention to education in schools.”

Traditionally dismissed as a slow and imprecise way to fight corruption, education was a way to sow the seeds of a culture that valued transparency and the rule of law. Malakauskas asserted, “Without changes in values, prosecution and ‘changing the rules of the game’ do not necessarily work, or work only temporarily.”

Beginning in 2002, the STT’s education specialists had worked with Danish and British consultants and Lithuanian pedagogical experts to develop a comprehensive sourcebook called *Anti-Corruption Education at School* for integrating anti-corruption materials into all levels of education, from elementary school through university. The methodological materials included ideas for content, advice for integrating corruption-related topics into core subjects like history and ethics, and appendixes of other resources. The curricula treated anti-corruption lessons as promoting positive values and critical thinking skills, not just topical knowledge. “We hope the students being taught this anti-corruption curriculum will think differently from the current generation,” said Martinkėnienė, the STT education specialist who developed the materials.

Martinkėnienė said the idea was inspired by Bulgaria’s anti-corruption agency but that the sourcebook was a “completely Lithuanian product.” As the first such effort in Europe, the sourcebook was tailored to Lithuania. “There was no other country from which we could draw best practices,” she said. The sourcebook was published in 2005 to favorable reception. “High-level officials from the U.S. and U.K. have acknowledged that our education materials are quite effective,” she said. Agencies in Poland, Croatia, Azerbaijan, and other European countries adapted the materials for local use.

After the education ministry approved the program, the STT worked with school administrators to implement it. Schools and universities nationwide adopted annual “anti-corruption week” events, with sponsored contests

for artworks and essays on anti-corruption themes. “It is quite a popular event in most schools,” Martinkėnienė said. Lithuania’s second five-year National Anti-Corruption Program, passed by parliament in July 2008, mandated anti-corruption training for all civil servants. “Now, anti-corruption education is at its peak,” she said in 2012.

At a broader level, the STT’s educational activities included raising awareness of corruption and encouraging citizen complaints. The STT established an anonymous hotline and an e-mail address for whistle-blower complaints and publicized the services through a mass advertising campaign partially funded by the EU. The campaign included advertisements on trolley cars, in print, in social media, and on government Web sites, as well as a series of professionally produced television commercials. The STT persuaded the police to put advertisements for the whistle-blower hotline on the backseats of police cars to discourage petty bribery.

Renata Remeikaitė of the STT public relations office said the advertising campaign increased the number complaints “notably.” However, she noted the difficulty in attracting media attention to corruption prevention: “Of course, the mass media are much more interested in pretrial investigations, so it is no problem to interest the media in these [investigative] stories. We have more problems with education and public awareness, and with prevention, it’s even worse.”

In June 2007, President Adamkus appointed Malakauskas as chief of the State Security Department, the first STT director to leave office willingly. His deputy, Pacevičius, a 10-year STT veteran, was appointed interim chief and then made permanent in October 2007.

ASSESSING RESULTS

The STT’s public data show a clear upward trend in agency performance, as measured by

crimes investigated and public reports received from 1998 to 2008 (Figures 1 and 2).

Public trust of the STT, however, remained relatively low. The 2004 Map of Corruption found that only 23% of respondents perceived the agency as effective and that 56% thought of it as ineffective—only marginally better than results for other law enforcement agencies. The 2008 Map of Corruption found the STT to be perceived as effective in fighting corruption by more respondents than any other institution except the media, with a rating of only 28% (the media rated 49%).

International assessments gave the STT higher marks.

Contemporaneous GRECO reports repeatedly cited the STT as a bright spot in Lithuania’s anti-corruption system. Transparency International’s 2008 Global Integrity Report scored the STT at 83 out of 100, compared with a “weak” score of 65 for Lithuanian law enforcement in general. The STT’s score was comparable to the scores of anti-corruption agencies in Latvia, Poland, and Romania (87, 85, and 84, respectively).

One sign of international confidence in the STT was the EU’s selection of the agency for a 2009–11 “twinning project” that would build the capacity of Azerbaijan’s anti-corruption agency, beating out peer agencies in Germany and the

U.K. Pacevičius said the EU considered the project “quite a success,” helping Azerbaijan achieve several reform benchmarks.

That disparity between the STT’s high performance and low public opinion of it had numerous explanations. Some blamed general public cynicism and disappointment with the pace of Lithuania’s post-communist reforms. Others blamed the media for sensationalizing Lithuania’s corruption problems and giving credence to suspects’ allegations of political motivations behind STT investigations.

Another explanation was that much of the STT’s work involved interagency

collaboration invisible to the public. While the STT had a broader range of functions than typical among investigation-centered, European anti-corruption agencies, it was still only one element in a constellation of corruption control institutions. Those other institutions, many of which had been established in the late 1990s and early 2000s, included the state auditor’s office; the public procurement office, which monitored compliance with government procurement procedures; the Chief Official Ethics Commission, which dealt with conflicts of interest among public officials; and the parliamentary anti-corruption commission, which had the power

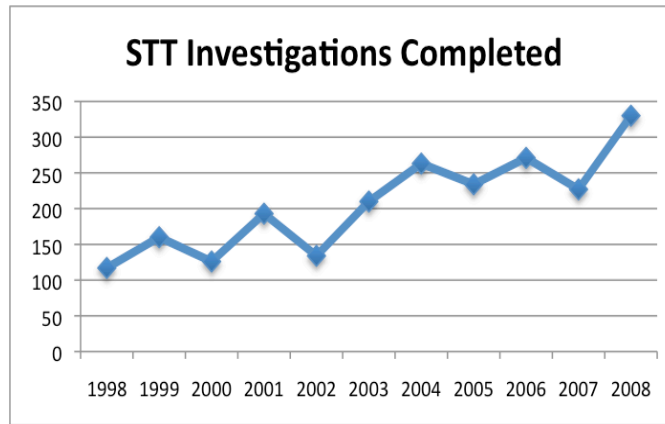


Figure 1: Data from the STT’s publicly available annual reports

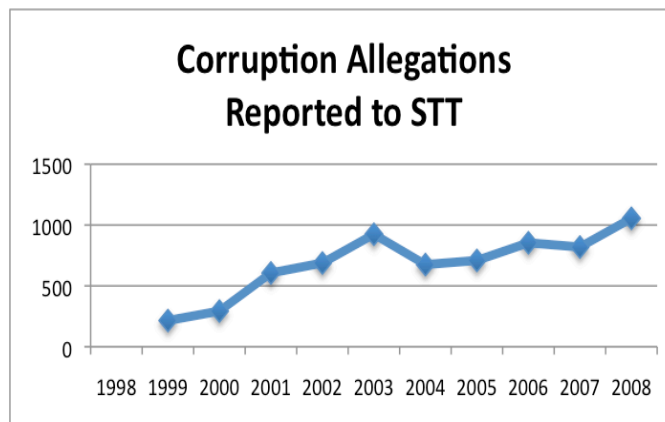


Figure 2: Data from the STT’s publicly available annual reports

to hold hearings and conduct its own investigations.

As the STT evolved toward a broader mandate, it worked in concert with those other institutions. “The STT is our main partner,” said Ligitas Kernagis, chairman of the parliamentary anti-corruption commission. Sometimes the lines of responsibility among the institutions were tangled. For example, STT staffers had an unclear role in the review of public officials’ declarations of interest, collected by the tax agency and used by the ethics commission to identify conflicts of interest.

Perhaps the most common explanation for public disenchantment with the STT was citizens’ frustration with corruption cases that languished in the judicial system. As journalist Bogdanas argued: “The system must work at all levels. It doesn’t matter if the STT is efficient or not, if there is no follow-up. . . . The STT has good investigations, but then the cases are buried in the prosecutor’s office. Very seldom do they reach the court.”

Many of the STT’s most prominent investigations, including the Rubicon case of 2004 and investigations into the mayors of Vilnius and Alytus were still in court in late 2012 and nearing their statute-of-limitations deadlines. Kernagis lamented: “The STT collected all the information and put it into court. So what? Nothing happens.” The media gave prominent coverage to those high-profile cases, reinforcing the public’s cynicism about politicians and judges. “The common belief, suggested by the media, is that all of parliament is corrupt, and all are equal in corruption,” said Kernagis. “That is a very wrong understanding. It’s a problem for all the authorities.”

Observers offered varied reasons for the lethargic judicial process. “[Defendants] have very good advocates; they have money,” said Gutauskas. “Corruption cases are very difficult. It

is necessary to have a lot of knowledge to judge them.” Jasaitis, the prosecutor, pointed to the slow workings of Lithuania’s procuratorial legal system. He also added that the immunity enjoyed by judges and legislators made them difficult to prosecute.

Former judge Mickevičius explained that Lithuanian law gave savvy defendants numerous excuses to delay trials, which judges tended to accept. In prominent cases, defendants prolonged trials with specious claims of illness, avoidable changes in counsel, and the absences of minor witnesses. The Lithuanian government adopted incremental court reforms to address perceived deficiencies in its judicial system, especially after a series of court scandals in 2006.

Some observers suspected that bribery persisted as a substantial problem in the justice system. Bogdanas said: “They said if the salaries were high, the judges wouldn’t be corrupt. What happened? The bribes increased correspondingly. That’s the only result.” While the prevalence of bribery within the judiciary proved difficult to gauge, other observers like Mickevičius said public perceptions overstated the problem and that Lithuanians overestimated corruption in general, discounting the country’s rapid progress since the Soviet era. “It’s all based on perceptions,” he said. “I disagree that corruption in Lithuania is as deep as people think.”

Junokas was hopeful that Lithuania had turned a corner. “Public intolerance to corruption is growing,” he said. “The younger generation is much less tolerant.”

REFLECTIONS

STT leaders operated in an environment of political and structural constraints during the decade that ended in 2007. They did not see viable options among the resources that other strong anti-corruption agencies turned to during political crises: public protests, allies in media and civil society, and high-level political or judicial

interventions. Thus, instead of overcoming political resistance, the STT leadership took a more adaptive approach, shifting its tactics to survive. That survival was an achievement in itself, considering parliament's eagerness to strip the STT of powers after the 2004 elections.

However, the wisdom of the STT's shift away from big-fish investigations remained open to debate. On one hand, by growing more cautiously, the STT lost public credibility and failed to make major inroads into Lithuania's corruption environment. In some cases, other investigative agencies stepped in to fill the gap, such as the financial police's investigation of Labour Party leader Viktor Uspaskich in 2008, ongoing as of 2012 (delayed by legal disputes over Uspaskich's immunity from prosecution after his election to the European Parliament). And the STT still pursued certain significant cases, such as 2008 bribery cases against the deputy mayor of Vilnius and the mayor of nearby Trakai. Presumably, however, many big fish slipped through the net.

On the other hand, the shift away from high-profile investigations freed resources and political capital and gave STT leaders the time they needed to focus their attention on internal reforms as well as preventive and educational measures. While drawing less fanfare than politicians in handcuffs, "changing the rules of the game" and "changing values" could have long-lasting impacts in the war on corruption, as former STT director Povilas Malakauskas argued. The agency's early difficulty in closing a human trafficking pipeline from Asia to Europe showed the transitory gains of a purely enforcement-based approach to fighting corruption.

Likewise, the limited results produced by the STT's efforts demonstrated the limits on what an anti-corruption agency can achieve without government-wide reforms. Sergejus Muravjovas of Transparency International decried Lithuania's "patchwork" anti-corruption efforts. "You can't

expect the anti-corruption commission to create long-term impact without buy-in from others around," he said. "Public-sector institutions must assume responsibility and fix problems in their own backyards. This is what Lithuania has been failing at badly for quite a while." Muravjovas said the STT, as a law enforcement agency, was ill suited to assisting other government agencies with prevention efforts and shifting cultural norms among citizens and public officials. "I would not be surprised if people see them, by and large, as agents with guns," he said. "I believe they're trying to do their best, but is that something that people can relate to?"

Ultimately, Muravjovas said the Lithuanian government and its international partners had underestimated the challenges of establishing a Hong Kong-style multifunctional agency without having the right resources and conditions in place. "[There were] differences in terms of the governance structure of the entire country, the way the country operates, and the amount of money being put in," Muravjovas said. "The Hong Kong [anti-corruption agency] was heavily financed, could afford to do many things simultaneously, and had continuing support from the government in anything they did." Hong Kong's agency was much bigger than the STT, even in proportion to population. The STT covered a nation of 3.5 million Lithuanians with a staff of roughly 230 from 2002 to 2008. In contrast, Hong Kong's agency staff consisted of about 1,200—more than five times as many—to cover a population only twice as large. Still, the STT's ratio of staff to population was relatively high compared with peer agencies in the region.

Rytis Juozapavičius, a former director of Transparency International Lithuania, saw the 2004 forced resignation of STT director Valentinas Junokas as a lesson in the danger of relying on individual heroism to fight a problem that must be addressed systemically. "Mr. Junokas . . . was a brave police officer," he said, "and

somehow he got this idea, maybe encouraged by our president, that he could catch some politicians. . . . What happened? Mr. Junokas lost his job. All the political elites united, and they kicked him out from the office. Mr. Junokas's destiny is an obvious lesson for everyone. If you go into public office to fight corruption, either you should be a madman . . . or a Clint Eastwood type. They will fight back for certain."

EPILOGUE

During the 2008 global economic crisis, Lithuania's economy was among the hardest hit in Europe. The government responded with an austerity program in 2009 that cut budgets across

the board. With its budget reduced by a quarter, the STT managed to avoid drastic layoffs, but the agency curtailed preventive and educational activities. Staff salaries fell to parity with other law enforcement agencies, and performance bonuses disappeared. The salary cuts resulted in an exodus of experienced investigators, which weakened the agency. "The good staff are leaving because of the low salary," said Ligitas Kernagis, chairman of the parliamentary anti-corruption commission. In October 2012, Žimantas Pacevičius stepped down as the first STT director to serve a full term, demonstrating the STT's repaired political relations.

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