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Corruption in Post-Communist Countries:

***How does radical rupture between the past and present influence
the space for corruption?***

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**3rd International Conference
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Corruption in Post-Communist Countries.

How does radical rupture between the past and present influence the space for corruption?¹

Summary

The fall of communism and the processes of transition, formation, institutionalization and consolidation of the new systems represent the deepest social, economic and political changes in modern history. On the other hand it is often argued that widespread corruption in post-communist countries is a product of their communist past, mainly in the fields of political, legal and economic culture, and the survival of informal networks. Contrarily, an institutional approach is also present, that connects corruption in post-communist countries with the weak party competition in the early years of transition that enable the formation of a “larger system of unregulated and unrestricted party funding”. This paper presents a different approach to addressing the question as to why and how it happened? What was the initial situation like and what were the sources? It was the character of the post-communist state and the social and economic structure of the (post)communist societies that influenced the shaping of basic institutional settings and the formation of key political and economic actors. Together with the huge sources that were available through the privatization of state owned property, European funds and the prevailing international neoliberal environment there was almost no chance of avoiding corruption and its metamorphosis into a systemic one.

Keywords: Corruption, post-communism, state-building, oversight institutions,

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**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

Introduction

Corruption is a phenomenon with a long tradition; it is present in democracies, authoritarian and even totalitarian regimes, corruption can be found both in developed and underdeveloped countries, in centralized and decentralized political systems and states with varying levels of economic regulation. All of these and additional factors can influence the type and character of corruption, research into them can help to determine the causal links as to how the space for corruption has been formed, how it spreads and what are its impacts on social, economic and political life.

The fall of communism and the processes of transition, formation, institutionalization and consolidation of the new systems represent the deepest social and economic¹ changes in modern history. Prevailing optimism and positive expectations during the initial months and even years of transformation was replaced by frustration and a lacking in values. Newly formed authoritarian or hybrid regimes developed in most of the post-soviet republics, authoritarian temptation and populist/nationalist appeals shape the political discourse of many other post-communist countries including members of the EU and NATO. Democratic procedures, constitutionalism and the principles of the rule of law, even though sometimes formally implemented during the last two decades, have recently been openly contested mainly by political elites. Internal political conflicts are less about policy shaping and making and more about access to state resources. In many countries the character of corruption gained systemic features. The weakness and fragility of some of the post-communist states raise fears about the possibility of state capture.

In this paper we try to find the answers to how and why such a large corruption opportunity space was formed in this region. Is it the legacy of the past? There are no doubts, that diverse types of corruption were present in the communist regimes, that social position of the individual depended on affiliation with particular clientelistic networks, and that a patronage was a systemic instrument

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

for power sustainability. So, does corruption in post-communist states, regardless the deep political, social and economic changes, only follow the previous practices? Is the current corruption product of former clientelistic networks easily adapted to new conditions, because of the continuity of political, legal and economic culture? And what does change mean and what does continuity mean? Is the radical purification of the personnel in state apparatus the way to change the logics of working of the institution or, by contrast, does it reproduce the logics of working of the previous institution that was based on strict control and imposed loyalty? And how important was the process of transformation? What were the factors that influenced the further development?

We argue that the roots of systemic corruption in post-communist countries are to be found in the beginning of the transformation processes and in the way transformation developed in the first years of transformation. It was the character of the post-communist state and the social and economic structure of the (post)communist societies that influenced the shaping of basic institutional settings and the formation of key political and economic actors. Together with the huge sources that were available through privatization of state owned property funds and the prevailing international neoliberal environment there was almost no chance of avoiding corruption and its metamorphosis into a systemic one.

The article is organised as follows: The first section outlines the basic conceptual underpinning, the second part concentrates on the state, its basic features in the communist regime, the process of (no)transformation and its role in post-communist countries. The third part examines the formation of political and economic actors in the new system.

In this article we spoke about post-communist countries in general, but if not specified, our deliberations are based on countries that were not part of the Soviet Union, although they were part of the Soviet sphere of influence, and nowadays they are members of the EU.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

Conceptual underpinning

The term corruption we use in a very broad and obvious sense as *“an abuse of public roles or resources for private benefit”* (Johnston 2005: 12),² and we concentrate on systemic³ political corruption in the sense derived from the characteristics of Donatella della Porta and Alberto Vannucci (Heidenheimer, Johnston eds. 2011: 721). They mainly stress that in systemic political corruption *“the parties’ discretionary management of public spending often becomes an objective in itself”*. Spending is mostly diverted to such sectors where the gains from corruption and clientelistic exchange are the greatest and the risks the lowest. Little attention is paid to public interest and the demands of public (della Porta and Alberto Vannucci in Heidenheimer, Johnston eds. 2011: 721).

The research interest on corruption in post-communist countries developed soon after the transformation process started (i.e. Holmes 1993; 1997; Sajó 1998) and it experienced different approaches.

Many important questions were raised in the debate emanating from two conferences in Princeton University (Kotkin, Sajó 2002) which considered the problems of corruption in countries that went through the transition to democracy (including Central and Eastern Europe). Comparing and reconsidering the experiences of these countries opened the question of the interconnection of the state, nation-building and democracy- building in different cultural, social and political environments (Burt 2004; Grzymala-Busse 2007; 2008; Dvořáková, Vymětal 2014), supported by thorough research that interconnected corruption with other phenomena including the character of the party systems and party competition (Grzymala-Busse 2007; 2008; Véronique Pujas and Martin Rhodes in: Heidenheimer, Johnston eds. 2011: 739-760), clientelism and patronage (Kopecky, Mair, Spirova,

² For an in depth discussion about the concept of corruption see Heidenheimer, Johnston eds. 2011: 25- 58)

³ We can find many other partly overlapping terms used for political corruption: i.e. grand, endemic. We prefer the term systemic as it has strong impact on the functioning of the political system.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

2012) , weak principles of good governance, accountability and oversight institutions (Mungiu-Pippidi 2014; 2015, Morlino 2012), state building (O'Dwyer2006).

However, there were unique factors that gave specific logics to the character of corruption in post-communist countries: transformation started in the situation of social structure without entrepreneurial subjects, there was no available private capital but, on the other hand, there were available enormous sources that could be privatized during short periods of time (Offe 1991; Možný 2009; Szelényi I., Szelényi S. 1995). These unique factors were powerful determinants of the political and economic upward mobility of individuals and the whole clientelistic networks were often based on previous social capital (Možný 2009). Thus, corruption in post-communist countries can result from particular historical, economic and social circumstances that have never previously happened.

The transformation of the communist state and its impact on the space for corruption

To explain how the radical rupture with the past influenced the space for corruption in post-communist countries we have to initially consider the problem of the transformation of the state. The role of the state is crucial, because the state represents the basic unit, that delineates the environment in which the main political actors operate. It is the place where the character of the rules and of the institutional framework influence how the political community (polity) through political conflicts, competition and cooperation (politics) formulate the policies to be implemented. The initial phase of transformation after the fall of the “old” regime is very important, because the rules, procedures and institutions are to be set and also the political community is reshaped and reconstructed.

As was argued by D. Rustow (1970) such tasks can be realized only in the situation of “national unity”, that means when all the relevant political groups identify themselves with the existing state, and political conflicts do not call the boundaries of the state as well as who is the part of the

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

political community into question. However, such a condition was not immediately fulfilled and in some countries it has still not currently been fulfilled ; all the former communist federations (Yugoslavia, Czechoslovakia, the Soviet Union) collapsed and disintegrated and the former delineation of the state broke down. Many successor states, mainly in post-Soviet and partly post-Yugoslavia regions, are still not sure of their boundaries and who is and who is not part of their political community. Although the level of corruption is mostly very high in such countries and the political conflicts are often between clientelistic networks of particular oligarchs who use nationalist and populist appeals for own purposes, we have to put such cases aside in our deliberations, because the logics of state-building are absolutely different.

Transition to democracy is mostly about the conditions for political competition, because the free and competitive elections are not only a symbol of democracy but also a minimum standard to define the newly formed regime as democratic. Nevertheless, the newly elected leaders play the political game in the playground, which needs deep changes and (re)construction. J.-M Brut analysing the Latin American experience stressed the necessity of the building of the state, that forms the capacity for the leaders *“to exert authority over the society and economics but in which there are mechanisms of accountability at different levels that protect citizens and the market against arbitrary actions undertaken by state makers. In this sense, state making and democracy building can be a mutually reinforcing process, but they are not necessary so”* (Burt 2004: 248).

Long-run historical experience of Latin America could serve as a warning regarding the impacts of underestimation of state making, but in late 80's and the beginning of the 90's neither in Latin American nor in Central Europe did the mutually reinforcing process of state and democracy building occur. Furthermore, neither domestic nor international observers and experts paid attention to state building (Grzymala-Busse 2007, 2). Transformation models and blueprints reflected the recommendations applied to solving the problems and the crisis of the then welfare state through

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

deregulations and privatization. The prevailing atmosphere of neoliberalism and its simplified ideological implementation in post-communist countries interpreted the state and its regulation and oversight institutions almost as the main enemy for the market economy. But the communist state was not by its character the welfare state and it missed basic regulations of private economic activities and basic institutional oversight frameworks (Mlčoch, Machonin, 2000: 79).

So, what was the communist state like at the moment of its collapse? To cover the main features we use the indicators typical for democratic state.

1. Checks and balances: Institutional checks and balances were absent. Although formally you could see a separation of powers (legislative, executive and judiciary), the leading role of the “communist” party was declared in the communist constitutions and moved the decision-making centre into the Central Committee of the party, respectively in the political bureau of the CC.
2. Oversight: The principles of oversight were weak and under political control and influence.
3. Accountability: The concept (and even the term) of “accountability” was not known and not utilized.
4. State administration: State administration was politically dependent and controlled
5. The state and the party: The state and party bureaucracy co-existed in parallel structures and at the same time they were personally interwoven with one another.
6. Authorities and competences: The politicians together with party and state administration set, run and controlled the economic activities with no clearly defined formal and informal boundaries of authorities and competences.

Certainly, there were specific features and differences in the character of the communist state in particular countries, but generally in all of them we can find the interconnection of politics, party and state bureaucracy that influenced formal and informal economic activities and the social position of

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

the individuals. It was party affiliation, and/or affiliation to certain clientelistic networks that was the determining factor for the formation of personal social capital.

In general, the communist state was a weak state, with a low level of capacities (including institutional, technical, administrative and political ones - see Grindle 2003: 8) and without autonomy that would separate the functioning of the state structures and political decision-making from the structures that govern (Rueschmeyer, Stephens, Stephens 1992: 64).

The collapse of the communist regimes did not give rise to the radical transformation of the state. In fact, the state only changed the “owner”, and it did not play a very important role in determining what was shared among the new “owners” of dissent, grey zone⁴ or nomenclature. The key factor for further transformation was that the new “owners” had at their disposal a state with no regulations, no oversight institutions and with state administration controlled by politicians. Despite the depth of personnel changes in state apparatus, the institutional construction produced politically dependent civil servants who were aware of the fact that loyalty to the new leadership is the basic condition for keeping a job in state apparatus. Attempts to build professional non-political bureaucracy through “lustrations”⁴ or other forms of purification of the state apparatus from former communists mostly occurred during the first months and years after the collapse of communism but they did not fulfil expectations; in some sense it strengthened concerns about maintaining employment in the state apparatus and thus the traditional obedience of the civil service to politicians. At the moment when control of the state became dominated by newcomers, the old mechanisms were partly reproduced and partly adapted to new conditions. Thus the state apparatus continued to be dependent on political (party) decision-making machines, power positions and power conflicts inside newly reconstructed political elites.

⁴ Grey zone is the term coined by Jiřina Šiklová that determines a broad group of people who were not active in dissent and also were not part of communist nomenclature (Šiklová 1990).

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

Not surprisingly, such a non-transformed state started to grow. According to Grzymala-Busse (2007, 133-188) the growth of the state apparatus did neither reflect functional needs, nor popular demands for clientelism or traditional forms of patronage, “state administration expanded in the process of gaining control over state resources” (GB 148). There were two basic methods: discretionary hiring and parastatal and extrabudgetary funds and agencies (e.g. privatization agencies, state-owned banks boards). We have to stress again: this happened in the state that had almost no regulations, monitoring or oversight.

Additionally, part of the old/new elites swiftly understood that direct political control of the state makes retaining political and economic positions easier and it can partly eliminate the uncertainties of power position in the new situation of political competition. In this sense a process of limited state development was intentionally undertaken in order to prevent the formation of an independent oversight system. The conditions for it were favourable. In a society, where the word “accountability” was absolutely unknown and where independent watch-dog organisations did not exist, such approaches were broadly accepted by the public as legitimate during the first years of transformation; legitimacy of these approaches was even strengthened by most of the blueprints prepared for or adapted to the post-communist situation by external actors (i.e. Washington consensus), that recommended the weakening of the state without any initiative or pressure dealing with the building of the state.

The political elites could implement various strategies to prevent the foundation of a functional oversight system. They could prohibit or delay the creation of the oversight institutions, they could construct politicized institutions loyal to the governing parties and they could form weak formal institutions that contained few provisions for enforcement (Grzymala-Busse 2007: 82-85). All the three strategies were used during the transformation processes, and to some extent they are still used today. The choice or prevalence of concrete strategy depended on concrete situations and

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

development, both internal (mainly at the level of party competition) and external (mainly pressure from the EU or other external actors) ones.

As has been mentioned above, during the beginning of the transformation no external actor supervised the building of the state. Only since 1997 when the admission process with some of the post-communist countries got under way, did the EU start to pay attention to the institutional framework and the capacities of the state. Unfortunately, it was too late, firstly, the basic institutional framework had been completed (Grzymala-Busse 2007: 89), secondly, the basic networks and ties between politics, economics and state administration were (re)constructed. So, what was the character of the post-communist state in the first years of transformation compared to its communist predecessor?

1. Checks and balances: Although formally the basic principles of checks and balances (separation of powers) were installed, the formation of some of the important institutions was delayed or politicized (the new constitutions, ombudsman, constitutional courts)
2. Oversight: The principles of oversight and monitoring did not exist or were weak and under political control and influence (Law on civil service, law on conflict of interests, National Accounting Office, Securities and exchange Commission) Grzymala-Busse 2007, 100-101)
3. Accountability: The concept (and even the term) of “accountability” was not introduced to broader public.
4. State administration: State administration was politically dependent and controlled (no new laws on the civil service).
5. The state and the party bureaucracy: Discretionary hiring enabling the co-existence of parallel structures (“advisors”, specific agencies)

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

6. Authorities and competences: The politicians together with party and state administration set, run and controlled the economic activities with no clearly defined formal and informal boundaries of authorities and competences.

Paradoxical as it may be, such a state became the first “Mover” to market economy and also played the role of the “Maker” (“Creator”) of the economic society. In a society without capital and capitalists (Offe 1991) there was opened the window of opportunities for very fast upward economic, political and social mobility for those who had the state at their disposal.

Formation of the political actors

The Communist state, that failed, was based on a rather narrow political community (hierarchically structured nomenclature) with privileged position in the state that formed and implemented the policies; the economic and social status of the individual was derived from affiliation to political and power networks.

Herbert Kitschelt et al when studying the formation of party systems in Central Europe presented a typology of communist regimes that reflected diverse patron-client relations (Kitschelt, Mansfeldová, Markowski, Tóka 1999: 25ff) and the goals of patronage. The authors differentiate three types of communist regimes: Bureaucratic authoritarian (Czechoslovakia), national-accommodative (Poland, Hungary) and patrimonial (Bulgaria), the roots of which can be partly found in the character of pre-war social and economic modernity and which influenced the mode of transition from communism. This typology is useful for our deliberations, because it can show the impacts of historical and structural differences on the political community formation. Let us develop this topic giving more focus to the period of the 70’s and the 80’s which was crucial for further development.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

The Czechoslovak bureaucratic authoritarian type produced a regime that radically reduced the spectrum of the political community after the purges that followed at the end of the Prague Spring and the occupation of Czechoslovakia in 1968. At the same time the regime was not challenged by strong opposition, the political activities of dissents were rather weak with low levels of public mobilisation. The power position was based mostly on the bureaucratization and institutionalization, party patronage was not so much motivated by concrete personal goals (Naxera 2015, 79), but by joint interest of this narrow political group to coerce loyalty towards the system. The last twenty years were characterized by power stability with almost no newcomers included among the narrow group of the top leaders.

Kitschelt et al classify the communist regime in Hungary and Poland as national-accommodative. The regime was partly inclusive⁵, the younger generation of pragmatic reformers (often educated abroad or at least familiarized with the western type of institution) intruded on party structures.

Additionally, in both countries the opposition was rather strong and able to mobilize the public. The controlling of the institutions was part of the personal power position, and also an instrument to push through some reforms. The reformers and dissents were not totally separated from each other as in the Czechoslovak case, nevertheless the boundaries were still clear.

The third type of communist regime, “patrimonial communism”, which can be represented by Bulgaria, was strongly based on a personal patron-client relationship, often having the character of nepotism. Opposition was neutralised with no ability to mobilize the public and the regime in the final years of the communist regime tried to strengthen its legitimacy through nationalist appeal against the Turkish minority.

⁵ So called goulash communism in Hungary based on the principles „who is not against us is with us“. The Polish situation differed, after the 1981 imposition of martial law the reprisals grew, but from the mid 80's the regime became more inclusive again.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

Each type also bequeaths a particular mode of transition from communism, with the rapid collapse of communism in Czechoslovakia, negotiated transition in the case of Hungary and Poland and preventive change carried out by communists in Bulgaria. Although in all the types, former communist parties remained in the political game, the level of ideological continuity with the past differed. While the Czech communists (there was a different situation in Slovakia) went through rather restrained changes, they sustained stable support in the parliamentary elections (10-15 %), but were excluded from cabinet formation, in Hungary, Poland and Bulgaria, the communist ideology was abandoned in favour of social democratic ideology. In Poland and Hungary the post-communists were soon able to share executive power (1993,1994) after elections, in Bulgaria post-communists were those who managed the first years of transformation.

Although we witness differences in the character of the communist regimes even inside the soviet sphere of influence, still there are some general features of politics that worked in all these types and could influence the formation of the political actors in new conditions.

- 1) Political competition: The communist parties had a specific position coined in the constitutions, that guaranteed the leading role of this party in the political system. If we translate this principle into the real working of the system, no challenger could jeopardize its position
- 2) Channels for communication and feedback from “civil society”: There were almost no channels for communication with “civil society”. Most of the activities were controlled from above through constructed, controlled and paid structures of “unified” organisations and associations that serve as an instrument for the enforcement of the communist politics and control. No possibility to have independent financing of activities through sponsors or projects.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

- 3) The power position: of individuals or groups were based on clientelistic networks, that combined loyalty, reciprocal services and direct or indirect connection to economic sphere.
- 4) Police: Specific position of the police, mainly secret police as a part of power structure and clientelistic networks; prosecutors and judiciary under political control
- 5) Financing of politics: although fees were paid by members, the party financing was mainly through the state budget.

Despite different strategies and modes of transitions, dismantling of the old regimes were mostly connected with broadly ideologically set political formations like Solidarity, Civic Forum, Public Against Violence, Democratic Forum mostly with no hierarchical power structure, without clearly defined rules for decision-making, responsibilities and accountabilities. These broad movements were unified against old regimes but necessarily disintegrated when building new ones. The successor political groups together with more or less transformed communist parties and reconstructed parties with pre-war and pre-communist traditions formed the base of the emerging party system. During the transformation process the conditions for politics partly changed and partly reproduced the old models.

The most radical change and in particular the first one that was realized was connected with the end of the privilege position of the communist parties and the formation of conditions for the free and competitive elections. This brought a real and deep strike into the logics of politics.

By contrast, the (re)constructed political parties had problems in finding their social base, because of the deformed social structure with no entrepreneurs and an extremely small middle class. Weak civil society (Dvořáková 2008) could neither play the role of watch-dog, nor to formulate its demands, send signals, or feedback to politics. As was once characterized by Attila Agh, the parties in post-communist countries were „floating above the society“. That is why we see the reproduction of

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

the traditional modes of the decision-making process from above, implementation of some policies without taking the societal situation and development into consideration.

In the situation when there are no channels to society and societal feedback, logically the power position of individuals and groups (in politics generally, and inside the party groups) are to be based on patronage and clientelistic networks, the occupation of important institutions and attempts to control and use them. Although little studied, very interesting are the processes of institutional occupying of the police, secret police, prosecutors office. As much as the fear from the influence of the agents of the communist secret police could be relevant, such a fear was mostly used only to cover the political conflicts, the party would control the police, secret services and the access to files of former secret police (Dvořáková, Kunc 2000; Růžek; Grajewski 2004). These structures became a part of newly formed power networks and are still relevant.

Thus, the main challenge for the functioning of the parties was the problem of where to find financial sources for their activities. On the one hand no „capital and capitalists“, narrow middle class, low standard of living limited the possibilities for private financing of the parties, on the other hand existence of huge state owned enterprises that could either be used for direct financing (sponsorship) – contribution to party coffers and/or privatized provoked temptation to use these sources that were within easy reach. Furthermore, the risks and costs were extremely low. Those who governed had at their disposal a politically dependent state apparatus and a state that lacked the basic institutions of oversight and regulation, It was so easy to build „longer-term access to state resources where possible“ mainly through delaying the introduction of oversight and regulation of state assets and by expansion of the discretionary sector of state administration (Grzymala Busse 2007: 4-8). An important role played the fact that party funding was not regulated and restricted and the regulation of conflicts of interest, if any, was extremely weak. (Grzymala Busse 2007: 8).

What were the basic features of politics in the first phase of transition:

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

- 1) Political competition: The end of a privileged position of the communist party, possibility of free political competition.
- 2) Channels for communication and feedback from “civil society”: No possibility to have independent financing of activities through sponsors or projects.
- 3) The power position: of individuals or groups were based on clientelistic networks, that combined loyalty, reciprocal services and direct or indirect connection to the economic sphere.
- 4) Police: Specific position of police, mainly secret police as a part of the power structure and clientelistic networks; prosecutors and judiciary under political control
- 5) Financing of politics: although fees by members were paid, the party financing was mainly through the state budget.

However, there was another important task that political actors had to realize: to form important economic actors. Seemingly, this could be a radical rupture with the past, because of the “classless” character of the communist society. Was it really?

The formation of economic actors

Anyone could agree with Andrew Roberts (2010:202) that “converting a planned economy with near universal state ownership into a market economy with private ownership generated enormous opportunities for corruption... The temptation of personal enrichment was enormous”

Unfortunately, the problem was much more complicated. The conversion was not only about personal integrity and temptation of personal enrichment, it was mainly about the formation of an economic society, that included both economic actors and economic regulations.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

Free and legal private economic activities were exceptional in the communist regimes of the soviet type, although some limited activities in agriculture, trade and crafts were present in Poland and Hungary. Even in such cases strong state regulations were present, limiting numbers of employees, prices, profits, assessing special taxes and contributions, determining what and how goods could be produced, and where and at what price the production can be realized. These regulations had to prevent the formation of the “capitalist” class, at the same time, the private activities had to solve the typical phenomenon of the socialist economy: scarce goods and services.

Circumvention of such regulations were obvious and the black market played a strong role in the everyday life of common citizens. Instead of the socialist entrepreneurs, mentioned above, the black market was comprised mostly of “petty” actors such as black marketeers, illicit money changers, smugglers, small-time thieves (misappropriation of socialist property) of bribed junior staff of civil servants were part of local networks in the sense, that it was common knowledge who could arrange services or get the scarce goods. Communist anti-corruption propaganda concentrated on these activities, both stressing the moral side of such behaviour and real prosecution. Economic liberalization during the beginning of the transformation process provided more opportunities for non-regulated private activities by these persons; the sphere of “business” interest continued in their orientation towards untaxed alcohol and cigarettes, prostitution, tax evasion. Mostly they did not become the key actors in the economic transformation, nevertheless, reconstructed contacts and networks strengthened (semi)criminal the character of this type of entrepreneurship. Moreover, among the new chiefs of the gangland we can find people who went through such a personal history. The formation of the economic society and main economic actors could not be based on these “petty” actors and deregulation. The key was privatization of the large socialist enterprises and the role of senior staff in these enterprises, often part of the nomenclature. Although the socialist economy was centrally planned, the relationship between suppliers and customers did not work.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

The managers were motivated to carry out the plan, because of their personal bonuses and also the bonuses for their employees were derived from economic results, but it was “mission impossible” if based only on legal socialist economic relations. In addition, any innovation and changes had to be approved.

The reaction to such a situation was the use of informal political relations that could decide and impose the decisions on someone else and also an important role was played by the horizontal network of the managers of state enterprises - middle size nomenclature. Both forms of clientelism were mutually interconnected (Marada 2003) and gave its members special access to scarce goods and services, and mainly power and social capital (Možný 2009).

For the last phase of the communist regimes (80's) it is typical to investigate the reforms about how to stop the growing gap between the capitalist and socialist economies, and at the same time, how to utilise political and social capital to create a better economic environment. Jadwiga Staniszkis (2006) analysing Polish development speaks about socialist mercantilism in the 80's through which the transformation moved into political capitalism with particular phases. In some countries there were formed or reconstructed enterprises based on private motivations and activities interconnecting politics, secret police and senior management (Glenny 2009; Naxera 2015, 150).

To understand the main stream of the formation of strong economic actors in post-communist transformation we need to focus on the senior management of large socialist enterprises. The privileged position of this senior staff was derived from the affiliation to nomenclature (being screened and approved at some level of communist hierarchy), political and economic network that formed a specific access to personal enrichment. Nevertheless, the applicability of the personal profits was strongly limited in the communist regimes. Firstly, the level of consumption was rather low, it was not possible to exhibit extraordinary luxury and provoke attention. Secondly, there were not possibilities for investment and legalization of profit.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

The Czech sociologist Ivo Možný (2009), whose analysis was based on Bourdieu's concept of social capital, argued, that the senior officials of high-ranking socialist management had at their disposal social capital and the main question in late 80's was how to change it into an economic one. Social capital cannot come into inheritance, but the economic one can. Another disadvantage of social capital is its contextuality: "Dirty acquisitions cannot be saved in any bank, and then used in a different context, dirty money can be saved" (Možný 2009: 106) .

Možný was correct only to some extent. The character of the transformation process showed that even dirty acquisitions could be used and former social capital played an important role mainly in the first years of transformation regardless the depth of political changes (2015 83-111). It is symptomatic of the future development of corruption, that in the strong anti-communist atmosphere and investigation of communist crimes, that accompanied the first years of transformation, there did not occur any investigation into corruption of the high-ranking managers of socialist enterprises.

Studies concentrated on the elite change confirm that mainly senior managers (not necessarily the highest ones) of socialist enterprises were able to transform their social capital into an economic one during the first years of transformation. The situation in particular countries differed, but generally there was a lower level of continuity in politics, than in economics (Naxera 2015: 154-156; Szelényi and Szelényi 1995).

The role of those who govern was extraordinary. They decided about the rules and procedures dealing with economic regulations and processes of privatization. They determined (through state owned banks) about access to loans, through appointments to supervisory/managing boards and boards of directors of state owned enterprises, politicians and civil servants decided about approval of concrete privatization projects.

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

As has been mentioned above, at the beginning of the transformation process there was available a large amount of national (state) property that was to be privatized. Privatization formed an unprecedented source for corrupt activities; nevertheless, any source is limited and national property became exhausted in the late 90's. Subsequent development differed in particular countries: In non-EU countries the conflict about the further control of the resources led either to centralization of power (with the goal to get the corruption space and oligarchs under the stronger power control of the centre), or it led to deep internal conflicts between particular oligarchs about the control of the regional/state sources⁶ mostly covered by nationalist/separatist and pro-western/pro-eastern appeals to public.

The countries which underwent the accession process in the EU transferred their resources to European money in both the pre-accession and mostly post-accession periods. Money was mainly supposed to help develop the countries and underdeveloped regions. Financial sources were partly misused to control political and decision-making processes and to "finance" potential supporters and collaborators (support of particular project proposals was conditioned by adding the "assistants" of politicians, "sponsors", or even members of oversight or watch-dog institutions to the expert staff of projects financed by EU); mostly through kickbacks and public procurements we have witnessed a direct form of corruption mostly in the form of bribery strengthening positions for the local oligarchs (god-fathers) .

Conclusion

In this study we ask the question why and how such a large corruption opportunity space was formed in this region. Is it a legacy of the past? Is current corruption a result of the political, legal and economic culture that formed favourable environments for former clientelistic networks to

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

easily adapt to new conditions? Or is current corruption rooted in the character of the transformation process?

There are no doubts, that corruption is, besides other things, also a cultural phenomenon, that reflects tradition, the way “how things have been done and decided”. In short, political, legal and economic cultures matter. History is always present, and sometimes with deeper roots than we would expect. So, it is at least worth mentioning some features of the communist culture that substantially influenced the corruption. The principle of accountability had never been practiced before and even the word was not part of the vocabulary. The constitution, laws and rules were supposed to be only declaratory and, the common ability to bypass the law or rules was very developed. The communist regimes worked contrary to their own constitutions, and, although the legitimacy of the regime was declared as based on people’s support and masses were “organised” in many organisations and time to time mobilised to present their support and loyalty, there were mostly low levels of public activity (with the exceptions of Poland and Hungary). Civil society, in the sense of political and financial independent activities, did not exist. Private economic activities could mostly operate only on the black market, with no legal framework and no regulations.

Regardless of all these factors, which without doubt played important roles and are to be taken into consideration when trying to understand the character and phenomenon of corruption in post-communist countries, the deep causes of systemic corruption in post-communist countries are to be found somewhere else.

We argue that the roots of systemic corruption in post-communist countries are to be found in the beginning of the transformation processes and the way in which transformation developed in the early years of transformation.

It is important to stress, that the transformation from communism with a centrally planned economy to democracy with a market economy started without being theoretically anchored, even without

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

“blueprints” that would take into consideration the real character of the communist regime. On the other hand, it did not take place in a vacuum. The prevailing neoliberal approach dating from the 80’s tried to find an answer to the crisis of the welfare state and this approach was applied to post-communist countries. But communist states were not welfare states.

The key factor that negatively influenced the future development was an underestimation of state-building in spite of the fact that a post-communist state had to serve as both as a “mover” of the market economy and maker of the capitalist system and capitalists. Instead of building the capacities of the state, its capacities were reduced. As a result, the state did not gain autonomy, and was used for the purposes of those who governed.

It was not as difficult to form new political actors; free and competitive elections gave legitimacy to them. But new or reconstructed political parties, and politics in general, lack financing in a country with no capitalist social structure. New political elites had at their disposal the state that was not transformed, where professional and independent state apparatus did not exist, such as no oversight institutions. Even though it is proven that the level of delaying the introduction of the oversight system depended on the character of party competition, even in cases with robust party competition in the first years of transformation, later development showed an instability of checks and balances and oversight system. The parties were able to build longer-term access to state resources, and also, they reproduced and reconstructed the traditional interconnection between political and economic networks that formed a power base for particular politicians or political factions during the economic transformation. It was not as important whether the clientelistic networks from the communist past were used or if they built new ones (both processes happened), but the future development was influenced by the simple fact, that the new political actors were those, who had to form economic society. Such formation included both basic regulations and economic actors. Taking into consideration huge sources that included immense national (state)

**3rd International Conference
on Public Policy (ICPP3)
June 28-30, 2017 – Singapore**

property that was to be privatized under regulations and rules prepared by new political elites and the state apparatus. Thus, interconnection between politics, business and the state apparatus enabled the space for systemic corruption.

To conclude, it was the character of the post-communist state and the social and economic structure of the (post)communist societies that influenced the shaping of basic institutional settings and the formation of key political and economic actors. Together with the huge sources that were available through privatization of state-owned property and the prevailing international neoliberal environment, there was almost no chance of avoiding corruption and its metamorphosis into a systemic one. The fall of communism brought radical social and economic changes, that at the same time reproduced old approaches about how to govern in the new conditions that opened unprecedented opportunities and space for corruption.

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June 28-30, 2017 – Singapore**

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