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Is corruption more of a problem in Central East European transition states than elsewhere?

If so, why is this?

Abstract

In this essay the inner logic of Soviet type societies is considered. One of the special characteristics of such societies is existence of a system of incentives and remuneration that is parallel to the official one. Such system had been "filling the gap" which was in the economic system of the Socialist's block countries. In the course of the Post-Soviet transformation, countries of East Central Europe have to solve problem of general corruptibility of their societies. This corruptibility, on the one side, is an inevitable part of the social and economic system of the Soviet type societies, and on the other another side, is considered in contemporary democratic world as one of the main threats for building and stable functioning of democracy and market relations.

Premises

I would like to begin this essay with four premises, which are an implicit base for further considerations and conclusions.

To base oneself on the classical work of Putnam et al. "Making democracy work" [Putnam, Leonardi, Nonetti, 1993] I argue, "History has matter". In my essay, this thesis takes form of a statement that, while studying the present, one should scrutinize at least recent past, especially in such cases as the Post-Soviet transformation. Saying this I, however, do not think in deterministic way that history must determine present days and future.

For understanding differences between ways of the Post-soviet transformation in Central East Europe (*below - CEE*) countries, the number of years spent by each of these countries in the Soviet Union or in the Socialist block is important.

Differences in ways and successes of transformation depend on the availability in a definite CEE country of its own, mentally non-Soviet elite. Here I refer to Hroch's thesis about an importance of "complete social structure" as significant precondition for obtaining and sustaining the independence [Hroch, 2008]¹. I presume, that for a successful transformation, a country should have a "complete social structure", i.e. non-Soviet or counter-elite.

And the fourth premise's importance is affirmed by the last achievements of reform in Georgia. Success of transformation depends on elite's ability to implement quick and required reforms. It was done at the beginning of 1990s in "Visegrad four" and in the Baltic countries, in the mid of 2000s in Georgia, but it was never done in Belarus, Moldova or Ukraine.

Formulation of the problem

From the beginning of the 1980s, the topic of corruption has been more and more discussed and examined². In the USA, in Western Europe, later in other countries, the question of corruption and bribery was defined as one of the biggest dangers for functioning of democracy and for development of economy. It is hard to deny such assertions as far as objective indicators show the following situation: countries where corruption is a widespread phenomenon tend to stand behind in areas of economic development, quality of life, progress of democratic rights and freedom of population.

However, the question is whether citizens of those countries consider corruption as the biggest and the most important problem? Studies of Miller, Gredeland and Koshechkina show that, although practice of the bribe solicitation causes discontent and indignation, «corruption wouldn't

¹ It is important to note, that Hroch's thesis is empirically proved for the period after WWI.

² Statement has been made on the basis of the Syllabus "CSS intensive Seminar on Corruption 2012".

be considered as acute social problem at least at the east part of the Central Europe» [Міллер, Гределанд, Кошечкіна, 2004, р. 2] without a strong external pressure. Miller et al. highlight that in the Czech Republic, Slovakia, Bulgaria and in Ukraine «corruption is not the most common or the most maddening side of the relationship with petty bureaucracy... although at some countries corruption is a great source of maddening» [Міллер, Гределанд, Кошечкіна, 2004, р. 2].

If we continue the examination of this question in terms of social theory, we can make the following generalization: corruption is as economic and political problem, as it is a social problem, thereafter, it is a constructed problem³. It depends on how it is presented, accepted and by whom, whether social, cultural, economic and political situation of society where such a construction takes place has an impact on it.

History and local culture in the countries of CEE have an especially strong influence on the construction of corruption as the problem, and this influence reflects on the functioning of these societies. It is exactly here, that the border of the Western and Orthodox civilization lies across the territory of Ukraine and Belarus [Huntington, 1997], and it leaves a mark on the functioning of the economy, and especially on politics and culture of CEE countries.

Moreover, CEE countries were hostages to one of the biggest experiment in the XX century – the Soviet one. Societies and states were obliged to live in bounds of the Soviet system for between 45 to 70 years. In my opinion, it is exactly this – Soviet – history, which makes CEE region distinct from Western world in spite of its practically complete belonging to Huntington's Western civilization.

Considering problem of corruption in each particular society, one should pay attention to two above-mentioned dimensions, i.e. to the social construction of a problem and to peculiarities of historical development. In the case of CEE, such special feature which distinguishes this region from Western world is its (*CEE region*) belonging during a long time in the XX century to the Soviet system.

I believe, that certain special features of this system are a determining factor, which makes corruption in the countries of CEE not only a constructed problem, but one of the inner mechanisms of society functioning.

Soviet-type society

Among philosophers, historians and social scientists, there exist various opposing opinions as how to interpret and research the Soviet Union. There are suggestions to consider the Soviet system

³ See Berger & Luckmann "The Social Construction of Reality".

as completely alien to Western societies⁴, or to see it as just another kind of the Western one. There is also third view, represented by Soviet/Russian philosopher and social scientists A. Zinoviev and American political scientists K. Jowitt.

According to A. Zinoviev, the USSR in the XX century, in comparison with England, which in the XIX century was a state of classic capitalism, became a state of classic communism [ЗИНОВЬЕВ, 1981, p. 8]. He claims that in the USSR, the new type of society has been formed with its own rules of behavior, its mobilization mechanisms and even with its special type of individual [ЗИНОВЬЕВ, 1981, p. 15]. However, this part of social reality remains, according to Zinoviev, practically uninvestigated. And the main cause of it is inability to regard this society as a “thing in itself”, and to try to establish a new system of categories for studying the Soviet society [ЗИНОВЬЕВ, 1982, p.157].

Jowitt argues, that for a fully-fledged and real research of the Soviet system, one should withhold from the extremes of totalitarian paradigm, and instead start seriously analysis of terms and concepts produced by the Soviet system itself⁵. The researcher should try to study those concepts and social phenomena as defined by them to be important for understanding of the Soviet system [Jowitt, 1992, p. VIII].

Below, I will try to describe peculiarities of the Soviet system functioning and I will explain how these peculiarities can influence the spread and continuation of corruption in CEE countries. In this text I define corruption as twofold a) as an abuse of public offices for satisfaction of private interest; and b) as an act of giving bribery to public officials for satisfaction of interests of the bribers.

The logic of functioning of the Soviet-type system

According to ideological premises, the Communist party has assigned itself a very strange task, namely to build new social and economic relations, i.e. to create simultaneously new productive means and new production relationships, and, of course a new political regime⁶. Even though, the Communist party was the only one who knows how to realize this task, it's decisions were highly important for the whole society. The general question: “Who takes a decision?” in the Soviet society had much more important sense, than elsewhere.

This inner logic of the Soviet system has also been well reconstructed by Voslensky. While analyzing Lenin's work “What is to be done?”, he stressed that one of the main ideas of this book,

⁴ For example, account of polish philosopher and social scientist Staniszkis who scrutinize Soviet type societies as societies with its own ontology [Staniszkis, 1992].

⁵ Such as Lenin's "party of a new type"

⁶ About this see Djilas "The New Ruling Class".

apart from establishing the party of professional revolutionaries, is the idea of an “introduction of a right consciousness from outside” [Voslensky, 1984, p.22]. Special right for “introduction” has “the party of a new type” which was placed outside the society and became an independent social organism obeying its own rules [Voslensky, 1984, p. 27].

New revolution must begin not as a consequence of historical and economic development of a society, but it should be a starting point of this development. The economy lost its leading role and it must subordinate to politics. Neither the entrepreneurs, nor the proletariat make the important decisions, but people who have a possibility to make such political decisions.

Shlapentokh, who studied the public and private life in the Soviet Union, has also said that during 1950-1980s in the Soviet Union, a gradual removal of all human activities from total state control had been happening. This process, on the side, was linked to the state failure to evaluate and to reward economic performance of its people, and on the other hand, it was related to the growth of illegal private economic sector [Shlapentokh, 1989, p.227]. However, the state still had a tremendous apparatus of cohesion, and that is why it was able to put out the development of illegal political sector and to make the majority of the Soviet people manifest their political loyalty. Relative easiness of this state’s action can be explained by the fact that political directives do not impinge on the vital material interests of people and the need to follow these requirements do not require significant physical and mental resources [Shlapentokh, 1989, p. 13, 95-96]. By the end of its existence, the Soviet system meets again with its own contradiction: political sphere is much more important for system survival than economy. The weakening of power and control (ideological) meant a suicide for the Soviet system [Djilas, 1957, p. 161. ЗиНОВЬЕВ, 1990, p. 156-157].

Here I want to bring another example from the field of economical sociology. As Szelenyi et al. said, the central hypotheses of their article sounds contrary to the assessments of most economists and social scientists, but it corresponds with my logic of investigation. “The fundamental problem of socialism was not economic, but political” and concerns the question of legitimacy [Szelenyi I., & Beckett K., & King L.P, 1994, p. 247]. They also stressed the thesis about the prevalence in the Socialist system of the “substantial rationality” or the rationality of purposes over the “formal or market rationality”, which in practice meant that “politics was in command” [Szelenyi I., & Beckett K., & King L.P, 1994, p. 234], i.e. and a special importance comes again to the question: “Who takes a decision?”

If one wants to reconstruct very briefly the logic of the Soviet system functioning, it can be said that from the beginning politics was prevailing over economy; all power was concentrated in the hands of one party which aspired to change society according to its own plan. Yet, the party has

gradually lost its total power, and question of subjugation changed to the question of loyalty. However, the exercising of power remained vitally important for existence of the Soviet system. And precisely because of that system all decisions had to be made in one controlling center (at least on ideological level).

Voslensky wrote that in the Soviet Union, there existed a special group, stratum or class (different terms in different authors) of people who were “controllers”. This is why, there had also existed another group of those who are “controlled”. According to Marxist terminology, Voslensky identified the group of “controllers” as a class and named it the “nomenclature” [Voslensky, 1984, p. 5-11]. Despite the name of the phenomenon - class, group or institution - I prefer to highlight once again the main question that remains, namely, ”Who takes a decision?”

Before the Bolshevik Revolution, Lenin has talked only about the party of a new type, the party of professional revolutionaries who carried out revolution in the right way. Yet, after gaining power this idea has consequently transformed into idea of the “ruling class of administrators”, which was distinct from the whole society and, especially, from the working class, itself an officially “ruling class” in the USSR [Voslensky, 1984, p. 42].

The party of professional revolutionaries was only the core of the new ruling group. However, this numerically weak group did not physically occupy all the important positions in the huge country, especially in the process of rapid industrialization and modernization started after the revolution. The Soviets had to renew the old ones and to create their own new institutions of governance and so they did. The party of the professional revolutionaries transforms through a three-stage process (Leninist party of a new type, rapid industrialization and formation the bureaucracy, gaining all power) into a special kind of bureaucracy – nomenclature, as Voslensky named it [Voslensky, 1984, p.62. Djilas, 1957, p. 52-53].

However, the process of the Soviet bureaucracy formation was not only the process of qualitative growth of the ruling strata. It was also a process of formation of a new type of social stratification, including social position, organization structure, inner differentiation and polarization of society and a formation of new system of moral norms [Voslensky, 1984, p. 77-81; Djilas, 1957, p. 43, 152].

I may suppose that it is only because of the special inner logic of the Soviet system, that the new bureaucracy attained so immense and enormous power over society. However, if one makes a little expansion of one’s perspective, the situation will appear in a slightly different way.

Weber on bureaucracy

According to Weber, the development of bureaucracy “irreversibly linked to the development

the territorial state and the capitalist economy, whose administrative needs could not be met by traditional means” [Beetham, 1987, p. 59]. “Without [bureaucratic apparatus] ... a society like our own – with the separation of officials, employees, and workers from ownership of the means of administration, depended on discipline and technical training – could not longer function...” [Weber, 1952, p. 26].

Since bureaucracy realizes its power based on a special technical knowledge, it is difficult to control it. Bureaucracy reliance on special knowledge attains it an extraordinary power. However, there exists a tendency towards an increase in this power by the use of knowledge “growing out of experience of service” [Weber, 1952, p. 26]. That is why Weber stresses the idea of “countervailing power” to bureaucracy. He says that only creating the balance of social forces may control bureaucracy, i.e. there must be an independent leadership, whether in industry (entrepreneurs) or in politic (elected leaders) [Beetham, 1987, p. 61-62].

Using this concept of bureaucracy Weber has also analyzed the socialist system. Due to the creation of the central planning system of production, the socialism produced significantly higher level of bureaucratization of society. In the private property system, different types of bureaucracies could at least countervail each other, but in socialism “they would be forged together into a single all-embracing hierarchy” whose officials concentrate in their hands all power over society. That is why “the unintended consequences of working class attempts to abolish the so called ‘anarchy of the market’, and bring their social processes under conscious collective control would be to put themselves under the sway of a more powerful, because more unified, hierarchy than before” [Beetham, 1987, p. 63].

In the Soviet system the mechanism of “countervailing power” was destroyed by liquidation of private property and political pluralism, consequently, all uncontrolled power was concentrated in the hand of the Communist party and party state bureaucracy.

Special characteristics of the Soviet bureaucracy

In order to understand the peculiarity of the Soviet bureaucracy, it is useful to compare both types of bureaucracies: the Weberian ideal-type bureaucracy and the Soviet bureaucracy.

Soviet bureaucracy as an ideal type of bureaucracy had its own special hierarchy, or, in fact, two hierarchies each of them having its own sphere of competence. However, contrary to the ideal type of bureaucracy, the Soviet bureaucracy’s distribution of competence occurred in a non-legal sense. Of course, Soviet officials had also been working in offices and they were subject to discipline and control according to established rules. However, there are a lot of differences between two types of bureaucracies. Instead of technical qualification, the main criterion for an appointment was political

reliability, which logically influenced the relation toward authority, thus leading toward a complete dependency on party bosses. Property relations and form of remuneration had also been completely different; they derived from inner logic of the Soviet system making bureaucracy more powerful than it is in capitalist's societies.

There was also an important difference in organizational structure. As Voslensky noted, the modes of Soviet bureaucracy was "cone within the cone": various bureaucratic posts in 'outer' cone, and the same – controlling posts, occupied by party nomenclature [Voslensky, 1984, p. 102-103]. It can be said that the main institution of the Soviet system was not a bureaucracy itself, but a special kind of bureaucracy – party bureaucracy.

Since in the Soviet system there had been no countervailing power to bureaucracy, it had reached unlimited, practically absolute power and control over society. Morose Weber's scenario of development the Socialist bureaucracy was completely realized in the Soviet system.

Conclusion

The main consequence of inner logic of the Soviet system is that all power was concentrated in the hands of one single party, which preserved for itself the possession of knowledge on society development. It meant that politics prevailed over economy. After the Revolution, the central institution of the Soviet system – Soviet bureaucracy, nomenclature was established. It concentrated all power and control over society in its hands. In latest periods of the system's existence, the real life demonstrated the economic failure of the ruling party. That is why it was only the visibility of power that remained. However, it meant for the system, where it was vitally important to make all decisions in one institution, started to destroy itself.

In the condition of economic insufficiency of the Soviet system, the uncontrolled and unquestioned ruling of the nomenclature over all common resources on the one hand, and miserable salary of low and middle level specialists in social, cultural, educational and service spheres, on the other hand, resulted in the following. Side by side with official economical relationships, so called shadow, informal or gray economy has developed, yet not only informal economy, but culture, politics and social life too. Shlapentokh [Shlapentokh, 1989] described these processes as the withdrawal drivers of human activity into informal sphere, which was not controlled by the state and the Communist Party. Parallel society with its own rules and norms of behavior, its values, and authorities and, of course, with its own prices was created.

It is exactly such uncontrolled monopolization of distribution of common resources by the nomenclature, and - caused by the economical insufficiency of the Soviet system - the development of parallel to official social, political, cultural and economical relationships, which in the end

created and maintained widely accepted practice of parallel to official payments for given services.

After liquidation of the Communist Party's monopoly on political power and the collapse of the Soviet Union, they disappeared as restraining factors. As a result, the system of general corruptibility, as an important element of functioning of the Soviet-type system, was able to flourish fully. In such a way, historical and institutional legacy of the Soviet system, where corruption and bribery were inevitable elements which "filled the gaps" of the Soviet economy and politics, remained as one of the most important factors what defines "face" of the new Post-Soviet societies of CEE. Nevertheless, as the case of last reforms in Georgia demonstrates, it is possible and necessary to change these factors of influence.

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