Roger Schoenman  
Dissertation Summary  
Captains or Pirates? Elites, Conflict and the State  

Chapter 1- Introduction  

This chapter introduces the theoretical and empirical question of the dissertation: What explains the enormous variation we observe in state consolidation and elite corruption? How is modern state power developed when societal actors have an interest in blocking state consolidation? These are central questions in the study of political economy.

The emergence of a new elite connected to the market economy was one of the key by-products of the post-socialist transition. These businesspeople, or “early winners” of the reform process, were widely considered the primary obstacle to reform and institution building because blocking further reform enabled them to lock-in their early gains. Hence, the isolation of political elites from economic elites was seen as essential to both market and state consolidation.

I identify two weaknesses of this approach. First, it is unable to explain why in some cases early winners have found it in their interest to abstain from the most disruptive forms of corruption. Second, this approach is flatly contradicted by empirical evidence, which I present in chapters 3, 4 and 5. My findings demonstrate that where networks among economic and state actors are most dense, the state is more consolidated. Hence, we require a theory that incorporates the relational dimension of bargaining over institutions.

I argue that in the past decade, the emphasis on institutional accounts has caused scholars to overlook the ultimate determinant of state consolidation: elite conflict and contestation. Elite contestation determines the existing institutions and consequently, the possibilities and payoffs for corruption. Thus, Chapter 1 proposes a shift from an excessive emphasis on institutions to elite contestation, in the quest to better understand state consolidation in post-socialism. By shifting the explanatory emphasis to the relative power of groups in the process of negotiation over institutions, it becomes possible to bring politics back into the state.

Chapter 2- Theory and Methodology  

How can we explain the paradox of dense ties in consolidated states, developed in Chapter 1? What alternative explanation does the elite contestation approach offer? By theorizing the opportunity and pay-offs for corruption as a function of interest group configurations, Chapter 2 sets out a theoretical foundation for understanding state consolidation in post-socialism.

It begins with the argument that for political parties, a period in government can generate great benefits since firms are willing to contribute to campaign finances in order to obtain support from the state. Similarly, for economic actors, particular firms try to generate political ties that will allow them to thrive more than others. However, the context of contestation will determine the extent to which each group can capitalize on
these opportunities. The context of elite contestation is specified by two variables: the structure of political competition and the structure of economic networks (i.e. control of the political and economic spheres respectively).

In Poland, where political competition is polarized in a predictable way and economic networks are dense and centralized, relations between firms and parties tend to become relatively stable and focused on long-term gains. Dense networks permit many points of contact between the state and firms, thus making the possibilities for securing political intervention on one’s behalf relatively widespread, and allowing politicians broad access to political financing without being captive to any specific firms. We would expect increased contacts to raise corruption. Instead, predictable polarization limits the possibilities for corruption because both firms and politicians are aware that in the next election the opposition will come into power and scrutinize their transactions.

Where there is no polarization and economic networks are dense, as in Romania, opportunities open up for corruption because there is no threat of a countervailing political force coming into power and punishing the corrupt. Finally, in Bulgaria, where there is polarization but it is erratic and unpredictable, and where economic networks are sparse, it becomes possible for a small group of firms or political insiders to monopolize government contracts and favorable legislation. They must, however, focus on the short-term.

Chapter 3- Poland: Order From Chaos

Chapter 3 explores the emergence of the critical actors in the Polish case, the most successfully reforming country in post-socialist Europe. It then explains how the configuration of these actors impacted state consolidation by structuring the choices of individual players.

Poland has experienced a predictable pattern of alternation between neo-communists and anti-communists in government. The resulting high polarization and dense network ties assured that no firm or group of firms received an excessively large share of preferences. This pluralism of groups imposed long term time horizons on economic and political actors alike. In turn, this restricted the abuse of broad contacts between the state and private business. It forced both political and economic actors who would survive political uncertainty to use links between them for profitable long-term policy and economic ventures. Pitched electoral competition meant that parties were less willing to support asset stripping, preferring to provide advantages that would translate into productive ventures and thus, sustainable sources of campaign funding. This coincidence of interests between the political and economic elite consolidated state power.

Chapter 4-Romania: The Predatory State

This chapter explores the effect of single political coalition dominance over 11 of the last 15 years, on the behavior of firms in their interactions with the state. In the Romanian case, the low polarization and sparse firm networks facilitated corrupt activities. Political elites could seek collusive deals with business leaders, without fearing punishment by an opposition party. Hence, preferential regulation, subsidy and other forms of favoritism were handed out with little concern for the long-term consequences.
Thus, the process of state consolidation in Romania has progressed less than in any other post-socialist country in Europe. The Romanian state can be categorized as a predatory state.

Chapter 5-Bulgaria: Hostage State

Chapter 5 explores the impact of a combination of high polarization but low density networks. Erratic and unpredictable political competition, and sparse networks allowed small groups of firms to extract benefits and alter the rules of the game in a narrow, self-interested manner. This made it possible for a small group of firms and political insiders to monopolize government contracts and favorable legislation. This dynamic of negotiation has often led to deep and open conflict between the state and firms that are powerful enough to challenge it. In fact, prominent business and government figures, including a former prime minister, have been assassinated. The unpredictable political future caused firms and politicians to focus on short-term gains. As a result, corruption and state capture are rampant. The Bulgarian state remains a weak state.

Chapter 6-Conclusion

How has the interaction discussed above affected state consolidation in each of the three cases? This chapter draws together the empirical cases and theory to conclude that state consolidation is sustained by predictable political alternation and elite contestation. This finding challenges the notion that strong governments and repeated electoral success of a single party aids the reform process in favor of a pluralist model. Finally, it underscores the importance of elite based accounts in understanding institutional histories and consequently, the outcomes that result from the struggle over institutions. Chapter 6 concludes by proposing implications for policies that deal with state consolidation and corruption.