Informality and Informal Practices in East Central and South East Europe

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Abstract: The paper investigates elite perceptions of and exposure to informal practice in general and informal networks in particular. It presents quantitative and qualitative survey data from the Czech Republic, Slovenia, Bulgaria and Romania. Three key hypotheses are discussed and tested: (1) informality is primarily a response to transition, though also in part a left-over from communism and an inherent part of the national culture; (2) informality is less wide-spread in post-communist EU member than EU-applicant states and also more widespread in the Czech Republic than in Slovenia, and in Romania than Bulgaria; (3) informality causes corruption. The paper concludes with an evaluation of various measures to reduce the negative impact of informal networks, put forward by the respondents themselves. A distinction is made between measures aimed at addressing the root causes and measures aimed at addressing the manifestations of such networks.

Introduction

A key feature of communism was the organisation of society into formal and informal spheres. Formally, communist society was defined by a vast number of laws, rules and regulations and the economy was regulated by short-term and long-term plans. As laws were frequently idealistic – and consequently also often unrealistic[1] – and plans (carrying the status of law) usually too taut to be implemented, informality[2] became a useful tool to circumvent the former and secure fulfilment of the latter. It was also used by the general public as a strategy for coping with everyday life: having a contact in the right place gave access to consumer goods that were in short supply and otherwise impossible to obtain. Finally, informality was used to gain privileges, such as the right to study at a good university, easy military service, a good position, or nice housing.[3]

On the one hand, transition has largely removed the purposes for which informal practices were used during communism, as the planned economy has been replaced by the market and the shortages that were so widespread before 1989 have been replaced by (relative) abundance – though the average person's purchasing powers are still low. Besides, the emphasis on the rule of law has largely sought to enhance formal at the expense of informal society.[4] Consequently, to the extent informal practice in communist states was a response to specific systemic circumstances and situations rather than a part of the national culture, there would no longer be a need for it after the collapse of communism.

On the other hand, it is possible that transition itself has produced a set of circumstances that either require or encourage informal responses. Politicians and business people in East Central and South East Europe, for instance, have on numerous occasions successfully manipulated – in certain instances ignored altogether – laws and regulations to their advantage.[5] For this reason, some observers of post-communist states view informality primarily as a result of transition. Ledeneva argues that 'it is not that the components of the rule of law are absent. Rather, the ability of the rule of law to function coherently has been subverted by a powerful set of practices that has evolved organically in the post-communist milieu.'[6] A Romanian lawyer offers one explanation: 'as a jurist, I have to confess that I feel totally helpless in front of this avalanche of laws, especially when it is about adapting to a completely new system that is foreign to every one of us...'(CoE-2, Ro[7]). For ordinary people keeping track of laws, rules and regulations is undoubtedly even more difficult.

Informal behaviour may also be more deeply embedded in the national culture, shaped by historical events and social norms that are fairly resistant to change. Hofstede and Bond

define culture as 'the collective programming of the mind that distinguishes the members of one category of people from those of another. Culture is composed of certain values, which shape behaviour as well as one's perception of the world.' Adler argues that culture influences people's values, which in turn shape their attitudes and behaviour. Finally, Hofstede claims that changes in cultural patterns are mainly a result of external influences such as natural forces (climatic changes or the spread of diseases) or human forces (trade, conquest, political and economic domination, scientific discoveries, technological breakthrough, etc.), but that norms rarely change through direct adoption of outside values.[8]

Based on the above it could be argued that as communism and transition in East Central and South East Europe were largely imposed upon this region from the outside, the adjustments they have required from people in terms of behaviour, may not necessarily have affected the values and norms underpinning people's behaviour as such. Consequently, informality may be an inherent part of the national culture rather than a "temporary" coping strategy applied in response to specific circumstances brought about by communism or transition.[9] In this case, the collapse of communism and the onset of transition would not have any significant impact on informal practice.

Our previous study of public encounters with low-level government officials in the Former Soviet Union and East Central Europe suggests that ethnic Turks in Bulgaria "try harder" to influence officials than ethnic Bulgarians to compensate for perceived or real disadvantages.[10] The historical experiences of some of Europe's post-communist states may have required similar strategies: minority status – be it ethnic or religious – may have made certain nations more prone to the use of informal practice. In addition, moving from dependence to independence may have created conditions conducive to informal behaviour. The new states that emerged out of Europe's faltering empires in the late 19th and early 20th centuries were essentially weak states, characterised by arbitrary rule, and they were heavily influenced by foreign interests. This, in turn, bred distrust in state institutions and the need for citizens to protect themselves against decisions they perceived as illegitimate. As a result, the populations of such states may have grown accustomed to "trying harder" when dealing with state institutions.

Despite the tendency to view informality primarily as a product of transition, it seems more plausible that informality in post-communist states is a combined result of all the factors referred to above. Human behaviour is shaped by social norms. And social norms are much more resistant to change than formal rules. Therefore, to quote Kurkchiyan, 'when law is deliberately used for social engineering as it has been in transition, can it successfully

displace the norms and informal practices previously established in society?'[11] If Kurkchiyan is right, then informality in post-communist societies should be viewed not only as a response to specific circumstances caused by transition, but also as a continued expression of the national culture and/or communist experience.

The root causes of informal behaviour – to the extent such behaviour produces negative results in general and are conducive to corruption in particular – are especially important in terms of reform. Informal behaviour caused by specific circumstances typical of transition requires different responses than that which reflects behaviour characteristic of pre-transitional society (i.e. by the wider national culture or communism).   Reform efforts in post-communist states in transition to date have primarily focused on formal structures of government as well as on formal legislation, which in our view explains their limited impact. Further, to the extent reform has targeted institutional behaviour, it has focused on the individuals working within these institutions, while largely ignoring those people interacting with them from the outside. Our qualitative data suggest that the latter, to a larger extent than the former, are carriers of pre-transition values and culture.[12] Therefore, unless both groups are targeted, reform is likely to have only a limited impact.

This paper addresses elite perceptions of informal practice and their suggestions for reform in four post-communist states in transition: the Czech Republic, Slovenia, Bulgaria and Romania.[13] The first part of the paper identifies various factors related to national culture, communism and transition that are likely to explain differences in terms of extent of informality in these countries, and formulates three hypotheses to be tested. It is followed by a presentation of qualitative and quantitative findings on informal practice and an analysis of various non-country specific factors influencing elite perceptions on informality. The last part of the paper provides a discussion of (a) our hypotheses, based on our empirical findings; and (b) the relevance of various suggestions for reform identified by the elites themselves – linking the former to the root causes as well as the manifestations of informality.

Factors assumed to influence Informal Practice during Transition

Studying the impact of national culture on human behaviour is not only notoriously difficult but also highly controversial. We will therefore not make an attempt at providing an exhaustive analysis of factors affecting national cultures, nor of these cultures themselves. Yet it seems plausible that the historical experiences of nations and ethnic groups make an imprint on their national culture. Consequently, past – i.e. historical – experience of informal encounters with the state may also affect such encounters with the state at present. Secondly,

the type of communist society experienced by post-communist nations is likely to have affected not only the perceptions of informality amongst the people living in them, but also the starting point of – as well as the ability of rulers to implement – transition and reform. Finally, various aspects of the transition itself, as manifested in individual post-communist states, are likely to impact on the need for informal responses. An account of some of these factors is given below.[14]

(i) History and National Culture

All countries included in our study have previously been part of empires. Slovenia and the Czech Republic belonged to the Austrian-Hungarian Empire. Bulgaria was under Ottoman rule. In contrast, the three Romanian principalities Transylvania, Wallachia and Moldavia endured several centuries of war and foreign rule – though with periods of independence in between. By the end of the 18th century, the Romanian principalities had become a clashing area for the three neighbouring empires (the Habsburg Empire, the Ottoman Empire and the Russian Empire).[15]   Experiences of foreign rule differ greatly in these states.

The Ottoman Empire was organised by religion rather than ethnicity[16] and religious communities were organised in 'millets'.[17] The millets were – at least in theory – given equal rights. Still, non-Muslims were in some ways disadvantaged compared to Muslims, and especially those whose ethnic and religious identities overlapped.[18] During the earlier stages of Ottoman rule relations between the different religious communities were characterised by 'peaceful co-existence'.[19] Besides, the interests of the various ethnic, religious and cultural communities were easily articulated within the centre.

There are some indications that the state administration during the zenith of Ottoman rule was well-functioning and non-corrupt.   However, later territorial expansion was accompanied by massive centralisation to strengthen control over the new-won territories. As a result, the old administrative structure eventually weakened and collapsed, causing extensive corruption[20], disadvantaging the periphery and fuelling national sentiments amongst ethnic communities.[21] It has been suggested that the negative effects of these events – including corruption – are still observed in the Balkans.[22]

Bulgaria was a part of the Ottoman Empire for several centuries and was located along its Western border. Besides, Bulgarians were Orthodox Christians. If ethnic and/or religious minorities within the empire used informality as a means by which to compensate for their perceived and/or real disadvantages, Bulgarians would thus have had a history of seeking informal solutions to their problems before they gained independence in 1878.[23]

The Austrian-Hungarian Empire of the 19th century, was better organised than the Ottoman Empire. The need for informal solutions to compensate for the lack of formal channels through which to solve problems, was therefore perhaps less pronounced. The territories of present day Slovenia and the Czech Republic were under Habsburg rule for several centuries. Besides, the Slovenes and Czechs belonged to the empire's Slav minority. If the "try harder" hypothesis applies historically, the Slovenes and Czechs would have had to try harder than the ethnic titular groups within the empire.

However, other factors may also have been at play, weakening or strengthening the need for using informality. Slovenes did not experience independent rule prior to being incorporated into the Austrian-Hungarian Empire, and were until the mid-19th century largely loyal to the Habsburgs, perceiving them as a guarantee for the preservation of the Slovenian nation. Slovenian intellectuals also sought to enhance the formal status of the Slavs within the empire by promoting "three-pillarism" – the pillars being represented by the ethnic German, Hungarian and Slav people[24], respectively. Initially, the Slovenian "cause" was enthusiastically supported by German liberals within the empire. However, the onset of "Germanisation" within the Austrian territory in the second half of the 19th century, may have caused the Slovenes to feel relatively more disadvantaged than previously, and consequently made them more prone to seek informal solutions to their problems.

In contrast, the Czechs were much more sceptical to Habsburg rule. They had previously enjoyed a longer period of independence (Bohemian Kingdom) and garnered aspirations for future independence.[25] Besides, the Czech Lands were considerably better off economically and inhabited by better educated people than the predominantly rural Slovenian Lands.[26] Further, the Czechs rejected attempts at promoting Catholicism – i.e. the dominant religion of the empire – on "their" territory. What is more, they were located at the periphery of the empire, along its north-western border. Finally, they were to some extent dependent on the Germans who largely controlled bureaucratic institutions in the Czech Lands.[27] They may, therefore, have had more possibilities for or needs to engage in informal behaviour than the Slovenes, who were located within "core-Austria".

On the other hand, the cultural ties between Czechs and Germans residing in Bohemia and Moravia were close – at least until the mid-19th century. The Czech Lands were considerably better off financially and more technologically advanced than other parts of the empire. Besides, the strong migration of Czechs and Germans to Vienna obviously to some extent compensated for the disadvantage of being located at the periphery of the empire and to some extent disadvantaged compared to the ethnic Germans.[28] It is therefore possible that

these factors may – at least to some extent – have lessened the need on the part of the Czechs to use informality as a means by which to compensate for disadvantages – be they perceived or real.

If our "try harder" hypothesis also applies historically and if it is more prevalent in unstable than stable states, then the Romanians may have had to "try harder" than the Czechs, Slovenes and Bulgarians who endured more stable foreign rule – and Bulgarians may have had to try harder than Slovenes and Czechs. Further, as the large majority of ethnic Romanians in Transylvania were prevented from taking part in political life as they refused to convert to Catholicism, they may have had to "try even harder" than ethnic Romanians residing in Wallachia or Moldavia. Or they may have given up altogether, just like our previous project found that ethnic Roma in post-communist countries do.[29]

All countries included in our study gained independence during the late 19th/early 20th century – though the present day Czech Republic and Slovenia initially not as independent states but as parts of larger entities. The Czechs and Slovaks joined forces in Czechoslovakia, whereas Slovenia together with the Serbs and Croats formed the Yugoslav Kingdom in 1918. Romania and Bulgaria gained state independence earlier, but were initially weak states, characterised by a high degree of arbitrary rule. The rulers of these states paid lip-service to Europe's bigger states and did not always have the best interests of their own people in mind. Besides, these states got embroiled in war and suffered considerable hardship, as a result. Finally, both had large ethnic minorities (ethnic Turks in Bulgaria and ethnic Hungarians in Romania) to contend with. In terms of economic development, the Czechs fared considerably better economically during early independent statehood than the Slovenes, Bulgarians and Romanians. Czechoslovakia inherited a large share of the Empire's industrial facilities and had a strong business community of its own.[30]

To the extent historical experiences affect levels of informality in contemporary states, the legacy of empire may have had a more significant impact on the Bulgarians than on the Slovenes and Czechs – and possibly more on the Czechs than Slovenes. It does, however, seem likely that the relative economic strength of the Czech community in Austria-Hungary to some extent limited their sense of being disadvantaged. Slovenia fared better than the other parts of the Yugoslav Kingdom, which in turn fared better than Bulgaria and Romania. Consequently – to the extent history impacts on the national culture and national culture affects informal practice – informality should be more widespread in Bulgaria and Romania than in Slovenia and the Czech Republic.

(ii) The Communist Experience

The countries included in our study experienced different types of communism. The Czech Republic and Bulgaria adhered to "Soviet-style" communism (or "developed socialism" as it was usually referred to by the Soviet Communist Party[31]). Romania followed a national-style communism found nowhere else, whereas Slovenia as part of Yugoslavia, followed Tito-style communism. Economic management and structure differed considerably in these countries, as did the degree of exposure to the West. As a result, they embarked on transition from very different starting points. An account of these factors is given below.[32]

Economic Structure during Communism

The Slovenian economy was much more exposed to and also structurally similar to modern Western economies than those of the other three countries. Limited private enterprise was allowed, and the Slovenes had the added advantage that trade with Western countries accounted for a considerable share of their economy. A fairly large percentage of Slovenian hard-currency earnings were generated by tourism – primarily from Austrians en route to the Dalmatian coast in Croatia. Besides, economic restructuring in the former was undertaken from the early 1980s onwards. Finally, Yugoslav citizens were permitted to work abroad – many of them in Germany. At the outset of transition Slovenia was therefore advantaged compared to most other communist states.

The Czechs unsuccessfully tried to introduce economic and political reform in 1968. This attempt was put down by the Warsaw Pact, and as a result, the pro-reformers were replaced by hard-liners who were neither committed to economic reform, nor to more relaxed relations with the West. Trade in the Czech Republic and also Bulgaria was primarily oriented towards other countries in the COMECON[33] and suffered heavily from the political and economic crisis of Europe's communist states in the late 1980s.[34]

Romania – though a net exporter of raw materials to the West – did not have a well developed light industry. Besides, the construction of big oil refineries intended to boost Romanian foreign earnings, failed, as oil prices increased and the huge debts incurred in connection with their construction and purchase of oil, had to be serviced. To ensure speedy repayment, almost all domestic produce, and agricultural products in particular, was therefore exported. This policy not only caused widespread poverty and shortages within Romania, but also slowed down investments in Romania's industry and general infrastructure.[35]

Exposure to the West during Communism

To the extent that Western democracies are better able to cope with the negative manifestations of informality, exposure to the West prior to the collapse of communism may have made people in post-communist states more aware of the positive aspects of democracy.

The Slovenes had since the mid-19th century onwards garnered aspirations for independence[36] and the rights of the republics of Tito's Yugoslavia were gradually expanded due to pressure on the part of the Slovenes. Further, compared to the Czechs, Bulgarians and Romanians, Slovenes were much more exposed to Western society during communism – which may to some extent explain their commitment to reform following independence in 1990. Slovenes were free to travel and it was common for people to go to Italy or Austria on day-trips as well as on longer holidays. Besides, Western magazines were more or less freely available.

Czechs faced more restrictions in terms of travel and had less opportunity to officially access information from the West. Unofficially, however, such information was obtained through "samizdat" (self-published and self-distributed) publications. After 1968 a vibrant, alternative intellectual community that exposed the shortcomings of the communist system through literature, theatre, music and human rights' societies such as Charta 77 and the Helsinki Union, emerged in the Czech Republic. Though short-lived, the Prague Spring thus laid the foundation for the Velvet Revolution 21 years later.

Officially sanctioned exposure to the West was much more limited in Bulgaria and Romania. While Bulgarians could travel relatively freely to other COMECON member states, travel to the West was restricted. Although the Bulgarian regime was amongst the most Moscow-loyal regimes in Eastern Europe, its loyalty was perhaps based less on ideological conviction than on gratitude for Russia's war against the Ottoman Empire in the late 19th century and the subsequent establishment of an independent Bulgarian state in 1878.

Unlike Bulgaria, Romania followed its own brand of communism. While the Ceausescu regime maintained close and good relations with Western regimes, it ruled the country with an iron fist. Foreign travel was next to impossible and opposition to the regime both limited and dangerous. It was therefore not accidental that the Romanian regime was the last of the East European communist regimes to fall in December 1989. The ouster of Ceausescu was much more violent than in other countries and amongst Romanians there is little – if any – nostalgia for the past. The dislike of the Ceausescu regime may, to some extent, have compensated for lack of exposure to Western ideas in terms of support for reform

– but clearly not enough to match that of other post-communist states, and particularly that of Slovenia.

(iii) The Transitional Experience

It could be argued that informal behaviour during transition would be more widespread during its early than later stages, given that formal institutions, laws and regulations are less stable at that stage. On the other hand, transition has affected post-communist states in East Central and South East Europe differently. Firstly, the number of transitions which these states have undertaken varies. Secondly, the sequence of these transitions differs by country in that they to a greater extent overlap in some than in others. Those countries that have been most successful during transition are characterised by a high degree of political consensus. Besides, there is some evidence that small countries that are fairly ethnically homogeneous or that have benefited from large-scale external assistance and/or investment, have fared better than others. An assessment of the potential for informal behaviour in post-communist transitional societies therefore needs to take account of all these factors.

Level of Political Consensus

Post-communist political discourse in Slovenia since 1991 – as opposed to Bulgaria and Romania, and to some extent also the Czech Republic – has been characterised by a high degree of consensus. Communist reformers, who introduced reform in the early 1980s and who were politically very experienced, were in power during the early and crucial years of transition. Besides, there was no serious ideological confrontation between the former nomenklatura and the democratic elite that appeared on the political scene once independence had been attained. While this may have been a disadvantage in the sense that it has taken time to negotiate viable and durable compromises on economic and political reform, once in place, reform measures have enjoyed the support of more or less the entire political establishment. Added to this, Slovenia is a small country (geographically as well as population-wise), which appears to have been an asset in terms of maintaining political stability.

Post-communist Czechoslovakia and later the independent Czech Republic, on the other hand, was characterised by a high level of tension between the democratic forces that orchestrated the Velvet Revolution, and the former nomenklatura. The failure of 1968 and the harsh regime that followed it, generated considerable bitterness in Czech society, as did lustration, introduced after the Velvet Revolution. As a result of the latter, former Communist

Party members who had held important positions in society, were removed from their positions for a certain number of years, to prevent them from undermining democracy during its initial and most fragile stage. This, together with the break-up of Czechoslovakia in 1992, slowed down the first stage of economic reform in the Czech Republic in the early 1990s.

In contrast, Bulgaria was ruled by a succession of "democratic" and socialist governments whose political mandates were weak. In addition, for much of this period there was continued conflict between prime minister and president, which resulted in severe economic crisis in 1996.[37] In addition, crime was widespread in Bulgaria in the early 1990s. In Romania, Ceausescu was replaced by "reformed" communists. Although they introduced economic reform, reforms were slow, further impoverished Romania's already poor population and further weakened the country's already weak economy.[38] For these and other reasons, Western companies were much more reluctant to invest in Bulgaria and Romania than in the Czech Republic and Slovenia, which further disadvantaged the former in terms of economic development.[39]

Number of Transitions

The number of transitions undertaken by post-communist states varies. In addition, some states gained independence either as a direct result of the collapse of communism or shortly after. What is more, in many states independence came about as a result of war. Thus, general economic and political reform have been carried out more or less in parallel with post-war reconstruction and statebuilding. Finally, several post-communist states in East Central and South East Europe applied for EU membership in the late 1990s and immediately after embarked on a lengthy and demanding process of implementing institutional and legal changes as required by EU.

As noted above, transitions cause disruptions that in turn may trigger informal responses. The Czech Republic and Slovenia have carried out four transitions (i.e. from communism to democratic rule, from state planning to the market, from being a constituent part of larger state entities to independence, and to EU membership).[40] Bulgaria and Romania have experienced three (i.e. from communism to democratic rule, from state planning to the market, and to EU membership – both countries are due for EU membership in January 2007).

To the extent transitions represent a disruption and therefore generate informal responses, one would expect the Czech Republic and Slovenia to be worse off than Bulgaria and Romania. The factors referred to above, however, in combination with other factors that

are discussed below, appear to have compensated for this disadvantage. Besides, the euphoria of gaining independence (at least in Slovenia) seems to have made people more willing to put up with hardship – during the early stages of reform. As noted above, economic crisis in Bulgaria and Romania was much more severe than in the Czech Republic and Slovenia. Besides, poverty was widespread in Romania before economic reform was introduced.

Sequence and Timing of Transition

Not only the number of transitions, but also the order in which they appear, is likely to have an impact on informal practice in post-communist societies. Those countries whose economies had started recovering before starting the EU accession process, are at an advantage compared to those countries in which economic crisis either immediately preceded or coinsided with the adjustment to EU.

In Slovenia, economic restructuring dates back to the early 1980s and was, following independence, continued by the very same people who originally initiated and implemented it. In Czechoslovakia the communists were not only voted out of office but also prevented from holding any positions of significance as a result of lustration. Although the colour of government alternated in the 1990s, both the conservatives and the social democrats emerged out of Obcanske Forum (Civic Forum) – the very movement that toppled the communist regime. Besides, they were equally committed to reform.

As noted above, the Slovenes in particular but also the Czechs, were more familiar with the economic and political models they were transitioning towards, given their exposure to the West during communism, and therefore also more willing to endure a period of hardship while implementing these models. West European investors were also more willing to invest in the Czech Republic and Slovenia than in Bulgaria and Romania.[41] Consequently, they were able to put the most difficult initial stage of transition behind them relatively quickly.

Reform in Bulgaria and Romania, on the other hand, was carried out by 'rapidly reformed' communists and a politically inexperienced opposition – both of whom lacked the necessary political mandate to implement radical reform. Much as a result of this, in Bulgaria the state of the economy deteriorated during the 1990s, culminating in an economic crisis in 1996. Romania, on its part, was in the early 1990s ruled by 'reformed communists' who were – at least initially – not so eager to introduce adequate and efficient reform. Little effort was made to address the excesses of the past. Besides, in addition to economic and political

reform, they also had to deal with the ethnic Hungarian minority and also with the Moldovan question. Consequently reform in the early 1990s progressed much more slowly in Romania than elsewhere. Bulgaria and Romania were therefore just recovering from the worst effects of economic reform as they started the EU accession process.

Transition and Corruption

Above, we suggested that informal behaviour may cause corruption. There is some evidence that big political and economic disruptions generate corruption and that the greater the disruption, the higher the perceived and/or real levels of corruption. Our previous study of the interaction between low-level government officials and the general public in the Former Soviet Union and East Central Europe carried out at Glasgow University in the late 1990s, found that levels of corruption had increased in these countries since the collapse of communism, and that such corruption was primarily – though not only – a response to the social and economic problems caused by transition.[42]

Levels of perceived corruption in the new EU member and EU applicant states suggest that corruption is less extensive in those countries that have moved furthest down the path of transition. Transparency International's Corruption Perception Index for 2006, for instance, indicates that levels of corruption are relatively low in Estonia and Slovenia, somewhat higher in Hungary and Lithuania, higher again in the Czech Republic, Slovakia, Latvia and Bulgaria, and very high in Croatia and Romania.[43]

The new EU member states have fulfilled the acquis communautaire – i.e. the requirements made by the European Commission to new members of the EU.   Formally, their transitions have therefore been more extensive than those of the EU applicant states. Adjusting to the formal context now in place, however, requires time. If lower levels of perceived corruption may be taken as an indicator of progress with transition, Slovenia appears to have fared much better than the other countries included in our study. Further, a comparison of each country's score on Transparency International's Corruption Perception Index for 2001 and 2005 shows that there has been very little improvement in terms of reducing corruption in all these countries except Slovenia.[44]

Potential for Informal Behaviour by Country

Based on the above, we firstly hypothesise that informality in post-communist states is partly a result of the national culture, partly a result of communism, but primarily a result of

transition. Secondly, we assume that informality is less widespread in post-communist EU member states than EU candidate states and also – for the reasons outlined above – more widespread in Romania than in Bulgaria, and in the Czech Republic than Slovenia. Finally, to the extent informality causes corruption, we assume that this is a more common phenomenon in the post-communist EU candidate states than new EU member states.

We are not in a position to test the actual impact (if any) of each one of the factors presented above on informality, nor to examine their possible combined effect, empirically. Still, we have good reason to believe that these factors do affect levels of informality in post-communist states. What is more, we are able to check them against empirical data on levels of informality as such and on the link between informality and corruption. If our empirical data confirm our country hypotheses, we will be able to claim – with some confidence – that the factors referred to above are likely to have an effect on levels of informality.

Approach & Methodology

What exactly is meant by informality? To some people "informal" refers to something which is not formal. The term "the informal economy", for instance, refers to a part of the economy which is hidden – i.e. does not respond to formal laws, rules and regulations. As noted above, Ledeneva understands informality as a set of unwritten rules subverting written rules and laws. Others, such as Helmke and Levitsky use the term 'informal institutions' to refer to 'socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels.'[45]

Our perspective is somewhat different. Although we are interested in manifestations of informality, we are primarily concerned with the mechanisms facilitating it rather than the rules regulating it. More specifically, we are particularly interested in the manner in which these mechanisms promote informality in politics, public procurement and the judiciary. Further, while informality, informal practice and informal institutions are often implicitly understood to represent something negative, our understanding is value-neutral: informality in itself is neither positive, nor negative – rather it may be used either way.

People may behave informally to facilitate **legitimate** as well as **illegitimate** outcomes. To the extent informality is applied to achieve the former, it may help people gain something to which they are entitled by law – for instance publicly available information which is difficult to access, assistance from public offices that are hard to make contact with, and the like. Informality may also help facilitate trust and professionalism in post-communist

societies characterised by low levels of institutional and inter-personal trust. In addition, informality may be used for more clandestine purposes, such as giving people access to something to which they are not entitled, undermining fair competition and professionalism in society and promoting illegitimate interests, thus facilitating corruption.

Informal requests may be conveyed <u>directly</u>, by a person or group of people in need of assistance, or <u>indirectly</u>, through somebody else. Direct requests are usually made by <u>people who carry some clout</u> – i.e. who are able to wield sufficient power or who possess sufficient (financial) means to facilitate the desired outcome, either by means of intimidation or by offering material or immaterial incentives, of some sort. Indirect requests, on the other hand, may be conveyed through a <u>contact</u> or an <u>informal network</u>.

A person who belongs to an informal network may be able to draw on the individual or collective resources of one, several or all the people linked together in the network. Besides, whereas a contact may be approached by someone on an on-off basis or on several occasions, informal networks usually link people together over time. Further, the informal network is usually able to muster sufficient collective resources to solve a number of different types of problems whereas the contact usually – though not always – is more dependent on his/her own resources.

We have chosen to define contacts and informal networks as follows:

Informal Network	Contact
<u>DEF</u>: 'An informal circle of people able and willing to help each other.'	<u>DEF</u>: 'A person who is able and willing to help someone.'
(1) These people <u>derive some benefit</u> from their interaction;	(1) Both the <u>person who is helping</u> and the <u>person who is helped derive some benefit</u> from their interaction;
(2) They therefore make an effort to <u>maintain the network over time</u>;	(2) A contact may be approached on an <u>on-off basis</u> for help to <u>solve a particular problem</u>;
(3) A <u>failure to comply</u> with the wishes of other people in the network may lead to one's <u>"exclusion" from the network</u> altogether;	(3) A <u>failure to comply</u> with the wishes of the contact may result in the <u>loss of the contact</u>;
(4) They therefore have a <u>sense of obligation</u> towards other people in the network.	(4) One therefore has a <u>sense of obligation</u> towards one's contact.

Informal networks are usually investigated through case studies of specific institutions – or, more specifically, the link between people working in these institutions. The bulk of these studies focuses on information flows in businesses with the aim to improve efficiency, though studies have also been undertaken into how businesses seek to enhance their profitability by operating through informal networks.[46] In addition, network theory has been applied to investigate informal links at the political level.[47] The latter usually requires access to detailed information such as media footage, telephone- or meetings' logs, which are difficult to obtain, or they call for direct observation – even participation – over time. A draw-back with the case study approach is that although it may generate very detailed and accurate information about one network, it fails to put the activities of this network into a broader context.

As noted above, we are primarily interested in the ways in which contacts and informal networks manifest themselves in society more generally and in politics, public procurement and the judiciary in particular. Secondly, we would like to know how common informal practices are in these sectors, as compared to formal practices. And thirdly, we are particularly interested in negative aspects of informal practices – i.e. in corruption. Conducting case studies for this purpose would simply not be feasible. For our purposes, we have therefore found it more useful to collect data through a combination of qualitative and quantitative methods – allowing us to conduct large N-studies and thus to ensure a high level of representativeness of our data.[48]

Work on the project commenced in March 2003 and ended March 2006. Data for the project were collected in three stages: (1) in-depth interviews; (2) roundtable discussions and (3) national quota-based surveys (N=600 x 4). The in-depth interviews and roundtable discussions were completed in late 2003/early 2004 and the summer of 2004 respectively[49], whereas the national surveys were conducted in 2005.

For the quantitative surveys we interviewed the following categories of elites: (1) elected representatives; (2) political party representatives; (3) prosecutors and judges; (4) representatives of local businesses; (5) representatives of foreign businesses; (6) public procurement officials; (7) media representatives; and (8) NGO representatives. We aimed for 75 respondents per category – i.e. a total of 600 respondents per country. Sampling was conducted by local pollsters according to a detailed sampling scheme prepared at NIBR. Interviews were conducted face-to-face to a structured and close-ended questionnaire and lasted on average one hour.[50] One third of the interviews were carried out in the capital (two

thirds at national and one third at capital level) and the remaining two thirds in the regions. The latter were conducted in large cities and towns at NUTS II level[51] (see appendix for details).

Surveying elites is more complicated than surveying members of the general public, in that refusal rates tend to be higher and also as organising the interviews is more difficult from a logistical point of view due to time constraints on the part of the respondents. On top of this, the topic of our survey – informality and corruption – is rather sensitive. In all countries except Bulgaria, refusal rates were therefore high.[52] Still – given the relatively large number of respondents interviewed in each country as well as the geographical spread of our sample – we feel that our survey design is fairly robust and that the views expressed by the respondents are likely to be representative of the types of elites they represent as such. However, we cannot rule out the possibility of systematic failure to answer questions honestly on the part of some categories of respondents.

As the total number of interviews conducted in each country slightly exceeded the 600 interviews aimed for, we weighted each national sample down to N=600 (i.e. 75 respondents x 8 categories) before conducting the actual analysis.[53] This paper presents quantitative findings by country. Whenever appropriate, quantitative findings are illustrated by verbatims from in-depth interviews.[54]

Elite Perceptions of Informality

Measuring levels of informality in itself is difficult as the concept is fairly intangible. To get a better idea of how widespread informal as opposed to formal behaviour is, we asked our respondents to choose between a number of statements in which informality was contrasted with the rule of law. The law is, as noted by Kurkchiyan above, a key element of post-communist transition. Consequently, it could be argued that transition is more likely to succeed in states where the law is held in high regard.

As seen in table 1, almost two thirds of the respondents in the Czech Republic and Slovenia and close to half of the Bulgarian and Romanian respondents thought their countries were 'a society formally defined by the rule of law, but in which the rule of law is not functioning properly.' We expected the majority of the respondents to choose this option: all countries are still in a stage of transition and although the Czech Republic and Slovenia have formally met the accession criteria set by the European Commission, it will no doubt take some time for the new institutions to function properly and for laws and regulations to

become effective. Then as pointed out by a Bulgarian respondent of our qualitative survey: 'the problem is in the totally confused legislation that changes every day…' (ER-9, Bu).

It is more alarming that approximately one fifth of the respondents in the Czech Republic, Slovenia and Romania and roughly one third of the Bulgarian respondents, claimed that their country is 'a society formally defined by the rule of law, but in which people prefer to do things informally'. And even more so, that close to one fifth of the Bulgarian and Romanian respondents described their countries as 'a disorganised society, defined by contradicting laws that people largely ignore.' The latter is particularly worrying as both countries are due for EU membership in early 2007.

Table 1. If you were to describe [COUNTRY] as it is today, would you say that it is…				
	Cz.R %	Slov %	Bulg %	Rom %
a well-functioning and well-organised society defined by the rule of law	8	9	4	3
a society formally defined by the rule of law, but in which the rule of law is not functioning properly	62	71	41	45
a society formally defined by the rule of law, but in which people prefer to do things informally	19	18	32	22
a disorganised society, defined by contradicting laws that people largely ignore	7	2	19	24
a mix of these/depends/don't know	4	1	4	6
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country (75 respondents per category of respondents). Decimals rounded up or down to the nearest whole number.				

Our in-depth interviews shed some light on the reasons for such preferences. Some of the *Czech* respondents suggested that ignoring or circumventing the law has become a habit in their country and that this habit is partly a result of the national culture and partly a left-over from communism – though also a result of transition: 'in the Czech Republic not respecting the law is a hobby…' (IB-6, CR); 'I think this is the heritage from the past, when people robbed the state and it was alright.' (PP-8, CR); 'it is based on the historic experience, when everybody ran away from the law and did not respect it. But more likely, you can see real ignorance of the law…' (PP-2, CR); 'from the communist (period) people here are used to steal from the state…' (ER-3, CR); 'the level of red tape…the moment you want to respect the rule of law, you would not be able to go on at all.' (Me-3, CR).

Slovenian respondents primarily blamed people's failure to observe formal rules on the Slovenes themselves – though the state institutions were also to blame. In their view,

people's behaviour is to some extent influenced by culture, to a lesser extent by communism: 'they didn't respect them (i.e. the laws) in the previous times…people don't change over night and the majority of the people were raised at that time when there was such a climate and regime.' (PP-2, Sl); 'looking for holes in the laws was a national sport and it is the same now.' (Le-9, Sl); 'we should not blame the Slovenes, but the state, because those that do not obey them (i.e. the laws) benefit.' (PP-9, Sl).

A large number of *Bulgarian* respondents hinted that their country was a disorganised society, that people prefer to seek informal solutions to their problems and they disregarded the law mainly because of the national culture: 'Bulgarians always look for ways to bypass the law, even when this is not necessary…it's a national trait…' (Pr-10, Bu); 'for historical reasons from the near and not so distant past, the rule of law is not held in regard. Our attitude…is such that we oppose everything above us, even God.' (NB-4, Bu); 'Bulgarians do not respect the rule of law. This attitude has largely been shaped by the historical destiny of the Bulgarian people…' (Pr-2, Bu); 'the problem is the "irresponsibility of the legislators". They are passing laws that they know will not be observed…citizens do not feel bound to observe the laws…and the level of awareness of the legislation is low…the frequent amendments to the legislation…are creating "chaos"…' (NGO-2, Bu).

Communism and transition were less frequently explicitly referred to as possible explanations – though some respondents alleged that laws were not functioning properly – thus causing people to avoid them. Besides, people were not perceived as being equal before the law: 'by and large they are not abided by because the laws are imperfect.' (Pr-9, Bu); '…people and institutions alike are bound to amend imperfections (in the law) by sidestepping them.' (ER-8, Bu); 'not all are equal before the law in this country.' (GO-5, Bu); 'people are convinced that the law does not protect them and hence they do not respect it…' (Le-5, Bu); 'there is no liability for any criminal acts committed, or for any administrative violations, except in minor cases…public administrative and other bodies and authorities in their turn do not respect court decisions…' (Le-4, Bu).

Romanian respondents also frequently referred to their country as a disorganised society and also pointed out that people largely prefer to solve problems informally. In their view, there is no incentive to change, given that informality is so widespread: 'our society is not organised and mature enough…(and) laws often don't reflect the needs of society…' (EU-2, Ro); 'people don't trust the law in principle. Taking into account that the parliament is one of the least trusted institutions in Romania, probably anything emanating from this parliament

suffers from this approach…(besides) "why should (people) comply with the law if most people don't?'(ER-9, Ro).

Culture, communism and transition were blamed for this in equal measure: 'because of our mentality and customs most (people) tend to evade some aspects of the laws.' (Pr-5, Ro); 'we have a tradition of seeking ways to avoid the law. Our imagination regarding the breaking of the law has no limits and has rich traditions.' (Pr-6, Ro); 'during all those years spent under the communist regime (people) were inculcated with the idea that you can break the law and nothing happens if you have "pile" (i.e. contacts) and connections. (Besides) the…judicial system has lots of deficiencies…people realise that those who stole hundreds of billions benefited from illegal privatisations…(and) received only mild punishment or (none at all). Of course people do not believe in justice…' (PP-9, Ro); 'the actual survival strategies have transformed rightness…' (NGO-8, Ro).

Seeking Informal Outcomes in the Respondent's Own Sector

Based on the above, it is perhaps not so surprising that respondents in Bulgaria and Romania thought that seeking informal outcomes in their own sectors was very common.   As seen in table 2, some two thirds of the respondents in both countries held this view. Czech and Slovenian respondents, on the other hand, thought informality in their sector was common or uncommon in almost equal measure.[55]

Table 2. How common is it for people to seek outcomes in (RESPONDENT'S SECTOR) informally?				
	Cz.R %	Slov %	Bulg %	Rom %
(very) common	40	40	71	69
(very) uncommon	43	40	24	16
it never happens	8	18	1	7
depends/don't know	9	2	5	7
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country. Decimals rounded up or down to the nearest whole number.				

There were also big differences across countries between respondents denying that people seek informal outcomes in their sector: 18 per cent of the Slovenian respondents held this view, compared to only one per cent of the Bulgarian respondents! Perceived levels of informality were lowest in the Czech Republic, slightly more common in Slovenia, considerably higher in Bulgaria and highest in Romania, for the following categories of elites:

local business, international business, political party representatives and NGO representatives. Elected representatives in the Czech Republic, however, were more than 16 per cent more likely than Slovenian elected representatives to hold the view that informality is (very) common in their sector. Further, only 7.1 per cent of the Slovenian respondents from the judiciary-category thought this was the case in their sector, compared to 24.2 per cent of the Czechs. A similar trend is observed for public procurement officials: 24.3 per cent of the Slovenian procurement officials thought informality is (very) common in their sector, whereas 42.9 per cent of the Czech respondents held the same view.

Some of the sharp differences between the Czech Republic and Slovenia may be attributed to the fact that the pollsters in Slovenia had to obtain formal permission to interview respondents working within the judiciary and public procurement. This might in turn have made these respondents more inclined to provide conservative answers to our questions.

As for the elected representatives, the Czech Prime Minister was involved in a corruption scandal shortly before our survey was carried out there. This might have impacted on the Czech respondents' answers in that they were more inclined to think that informality is widespread in their sector to a larger extent than the Slovenian respondents – to the extent they think there is a link between informal behaviour and corruption. Consequently, although in the Czech Republic and Slovenia informality as such appears to be more or less equally common – differences are still found between various types of elites.

For Bulgaria and Romania differences between categories were in most cases only small – though with some major exceptions. Most strikingly, 72.9 per cent of the Bulgarian respondents representing the judiciary thought informality was (very) common in their sector, compared to only 52.5 per cent of the Romanian respondents! Bulgarian public procurement officials were also somewhat more inclined to perceive informality in their sector as commonplace than respondents in Romania (9 per cent difference), whereas informality appeared to be more widespread in the Romanian than in the Bulgarian media (10 per cent more) and local business (6 per cent more).

Reasons for Seeking Informal Outcomes

Why do people seek informal outcomes? Do they do this primarily in response to transition – i.e. as a strategy to cope with new formal structures and a large number of laws and regulations? Do they do so out of habit? Or is informal behaviour first and foremost motivated by personal interest – i.e. to gain personal benefits?

We asked the respondents to choose between five different statements – each with a different motive attached to it. One of these statements – "solving problems informally has become a habit", suggests that informal behaviour is part of the national culture – either as a result of communism (or even pre-communist times) or as a result of circumstances typical of transition. Two statements – "it is not possible to solve problems formally" and "solving problems informally is quicker" – indicate that informality has become a strategy by which to cope with negative aspects of transition, such as inefficiency, red tape and unclear formal rules and regulations. However, the latter statement may also apply to transitional societies where the bottle-necks of transition have largely been removed and where people seek personal benefit rather than respond to bureaucracy and red tape. The latter type of behaviour is harmful to others in that those who are not able to try to speed up their cases informally, end up being considerably worse off than they would otherwise have been.

Respondents were also given another option – i.e. that "it is easier to secure a favourable outcome informally". On the one hand, this statement may describe societies in which formal structures are not working properly (i.e. the relative chaos of transition). On the other, respondents may have in mind illegitimate outcomes. To secure such outcomes, formal rules would have to be circumvented.

Table 3 suggests that, the motivation for seeking informal outcomes differs somewhat by country. Czech and Bulgarian respondents claimed that informal problem-solving is partly a habit (i.e. either a part of the national culture or a left-over from communism) and partly a strategy to secure favourable outcomes. Respondents in Slovenia used informal strategies to solve problems faster or to secure favourable outcomes. Informal problem-solving in Romania is primarily a habit, though also a means by which to ensure favourable outcomes.

Table 3. Main Reason for solving problems in (COUNTRY) in an informal rather than formal manner				
	Cz.R %	Slov %	Bulg %	Rom %
It is not possible to solve them formally	10	7	7	3
It is easier to secure a favourable outcome this way	28	29	28	25
Solving problems informally has become a habit	27	19	27	37
Solving problems informally is quicker	15	32	18	19
A combination of these	11	8	14	12
None of these	3	4	2	1
Depends/don't know	7	2	3	4
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country. Decimals rounded up or down to the nearest whole number.				

Reasons for using Informal Networks

There is a fair amount of anecdotal evidence of the use of contacts and informal networks during communism. Consequently, it may be tempting to conclude that such networks are essentially a product of that period. However, the opposite could also be the case: pluralism, facilitated by transition, has made it easier for people to connect. Further, general lack of control in society, economic and other opportunities generated by transition, and low levels of interpersonal and institutional trust in society, encourage people to link up informally. It is also possible that culture and history have an impact on informal practice.   We therefore asked our respondents whether informal networks in their country are a result of culture, communism and transition.

Table 4. Would you say that informal networks in (COUNTRY) are a result of…				
	Cz.R %	Slov %	Bulg %	Rom %
(COUNTRY's) culture	22	28	22	22
(COUNTRY's) communist past	21	10	12	27
The transition to the market	18	30	20	23
A combination of these	24	15	31	18
Neither of these	6	14	7	6
Don't know	10	3	7	5
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country. Decimals rounded up or down to the nearest whole number.				

Czech respondents opted for all the answer categories in equal measure. Some respondents thought the number of informal networks had increased during transition as a result of political pluralism. Others thought the number of networks was smaller now than during communism as the purposes for which they were used had vanished. Yet others were firmly convinced that informal networks are used differently now from in the past. In their view, during communism informal networks were used for survival, whereas at present they are primarily used for business.

Some of the respondents of our qualitative survey held the view that informal networks are used for the same purposes now as they were in the past – namely to gain political and economic power: 'networks are now used more than during communism, because there is no(t only) one political party...' (Pr-1, CR); 'during communism there were only (a) few networks: StB[56], communists, homosexuals. Now we have thousands...' (IB-9, CR); 'nothing has changed. The networks are means (by which) to gain political and

economic power.' (IB-10, CR); 'I think their goal is different. Under communism it was about survival…it was about getting a good job or your child to school…today, most networks are used for business purposes...' (ER-3, CR).

Slovenian respondents, on their part, thought informal networks were a combined result of Slovenia's culture and the transition to the market.[57] Such views were also expressed by the in-depth interview respondents: 'then (i.e. during communism) only one network existed…now there are more of them.' (NB-10, Sl); 'in the past they were not so powerful and not known by the public…' (Pr-4, Sl); 'they are a new phenomenon…' (EU-2, Sl); 'I think (they are) more used (now) because of the internet opportunities, (the) connect(ed) world, you can talk and change the opinion in a short time with people from Australia, America, etc.' (NGO-10, Sl).

Bulgarian respondents thought informal networks were partly a result of their country's culture, partly a result of transition, but to an even larger extent a result of all factors in combination. Our qualitative data provide more detail: 'they didn't appear out of nowhere, but are an inherited vice of the previous system.' (Pr-6, Bu); '(during communism) there were even situations when, in order to get something that you wanted, you had to resort to complicated combinations involving several people…you just have to pay for the goods now.' (NGO-4, Bu); 'they were used in equal measure then…the difference is (that) what they were after back then were material acquisitions, whereas now it is financial gain.' (IB-8, Bu); 'when you're living under a dictatorship it is not possible, it is not safe, to share dangerous political opinions. Back then, you could only share such things within the network…' (ER-10, Bu); 'I don't think there were any informal networks during communism. They are the product of the new times.' (ER-7, Bu); 'there were no informal networks during communism, I think.' (NB-6, Bu).

Romanian respondents primarily viewed informal networks as a result of the communist past – though also to some extent as a reflection of the national culture and a result of transition. Again, our qualitative data provide some explanation: 'During communism…their (i.e. the networks') purposes were to find material resources needed to survive. Now…they are not necessary any more.' (NGO-6, Ro); 'after the revolution the legislation has become less coherent, the institutions have lost their importance and all these factors have determined the appearance of the informal networks.' (Me-2, Ro); 'it is normal that they are more used at the present time. Society is different.' (PP-6, Ro); 'there are more possibilities now and we have more liberty to act.' (Pr-2, Ro); 'during communism I would say there were no networks…' (Le-3, Ro).

The Impact of Informal Networks

There were also some differences between countries in terms of the impact of informal networks on public life. As seen in table 5, respondents in the Czech Republic and Romania assessed the overall impact of informal networks as being more negative than the Slovenian and Bulgarian respondents. The overwhelming majority of respondents in all countries thought informal networks also exerted influence within their sector.

Whereas the respondents assessed their influence as being equally positive and negative in Slovenia and as just slightly more negative than positive in the Czech Republic, Bulgarian and Romanian respondents thought the impact of informal networks in their own sector was primarily negative. Still, a large number of respondents in all countries found it rather difficult to estimate the influence of informal networks in their sector.

Table 5. The Impact of Informal Networks				
Do you think informal networks have primarily a positive or primarily a negative impact on public life in (COUNTRY)?				
	Cz.R %	Slov %	Bulg %	Rom %
IFNs primarily have a positive impact	9	13	12	9
IFNs have a mixed impact	36	57	48	35
IFNs primarily have a negative impact	34	23	26	46
IFNs have neither a positive nor a negative impact	7	6	4	2
Depends/don't know	15	2	10	7
N=	(600)	(600)	(600)	(600)
Would you say that informal networks influence (RESPONDENT'S SECTOR) in a positive or negative way?				
IFNs influence (RS) positively	20	27	17	25
IFNs influence (RS) negatively	25	27	27	34
IFNs do not influence (RS) at all	16	15	9	12
There are no influential IFNs in (RS)	10	12	7	6
Difficult to say/mixed/don't know	29	19	40	23
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country. Decimals rounded up or down to the nearest whole number.				

We also asked our respondents to which extent they thought informal networks cause corruption. As can be seen in table 6, the majority in all countries thought this was the case. Czech and Romanian respondents were considerably more inclined to (strongly) agree than

were the Slovenian and Bulgarian respondents. Our in-depth interviews shed some light on what kind of corruption networks cause.

Czech respondents predominantly thought informal networks facilitate corruption, though many of them "thought" so rather than "were convinced" or "knew" so. Their stories were more abstract than stories told by respondents in other countries in the sense that the respondents were trying to imagine situations in which informal networks would facilitate corruption – corruption meaning informal payments, traffic of influence, or gaining other advantages.   Some respondents argued that informal networks were particularly useful vehicles for corruption as acting in a corrupt manner is easier when those engaged in the corrupt act know each other: 'difficult to tell, but I think they do.' (NGO-3, CR); 'yes, (I am) hundred percent (sure). I think there are about 10% of good goals in networks and 90 % negative. It is a clear thing that (they are) not transparent.' (ER-3, CR); 'informal networks 100 per cent encourage corruption; I even think that they directly organize it. (Le-5, CR); 'it is much easier to corrupt somebody whom you know than a complete stranger.' (NB-3, CR).

Slovenian respondents were much more assertive than Czech respondents when claiming that there was a link between informal networks and contacts. Like some of the Czechs, some of them emphasized that networks were not a local phenomenon only. Corruption was understood primarily as nepotism, cronyism, traffic of influence, and (the) speeding up (of) procedures – less as monetary exchanges. Slovenian respondents held the view that networks facilitate corruption because people know each other: 'if I say no, it would sound ridiculous.' (Me-7, Sl); 'yes, not only in Slovenia, (but also) everywhere.' (NB-4, Sl); 'it is not about getting a blue envelope, it is about promotion in a different field, some influence, (a) project…' (ER-6, Sl); 'yes, if we mean corruption in the broadest sense. Corruption emerges when connections do not work any more.' (Pr-9, Sl); 'it is easier to hide things if more people are connected together.' (PP-6, Sl).

Bulgarian respondents thought that informal networks facilitate corruption as giving money to people unknown to the giver could cause a lot of problems. Most respondents equalled corruption caused by informal networks with grand corruption and gave numerous examples of how it manifested itself, especially in politics and public procurement: 'the informal networks are conducive to corruption, because it is far easier for me to offer a bribe to an old acquaintance of mine. Even if he turned it down, at least I wouldn't be afraid that he might give me away…' (NGO-4, Bu); 'you can't go to court and pay just anyone 2,000 leva, as they will throw you out, obviously.' (Pr-2, Bu); 'informal networks are the main channels

through which corruption is effected…they are the main source of political party funding.' (ER-2, Bu).

Romanian respondents were much more convinced that informal networks facilitate corruption, answering that "of course they do", "that's obvious", "I am sure" or "definitely yes". Romanian networks facilitating corruption are perceived to be so influential that even state institutions are afraid of challenging them. Whereas examples of network corruption in Bulgaria primarily focused on monetary exchanges, several Romanian respondents emphasized the role undertaken by informal networks in terms of trafficking of influence and providing access to information: 'informal networks generate corruption through the trafficking of influence.' (Me-1, Ro); '(informal networks facilitate corruption) by not observing the confidentiality principles.' (Pr-5, Ro); 'these networks may pressure those who work in the judiciary, and the prosecutors are afraid of politicians and businessmen. Some prosecutors avoid accusing those who are members of informal networks because the networks are much stronger than the public institutions.' (Me-3, Ro); 'yes, especially in justice and (the) city councils.' (GO-2, Ro).

Table 6. To which extent do you agree of disagree with the following statement? "Informal networks cause corruption"				
	Cz.R %	Slov %	Bulg %	Rom %
(strongly) agree	53	35	38	53
agree to some extent	21	42	31	28
(strongly) disagree	16	20	21	14
depends/don't know	10	3	9	5
N=	(600)	(600)	(600)	(600)
Notes: Data weighted down to 600 per country. Decimals rounded up or down to the nearest whole number.				

Informality, Informal Networks, Corruption and Reform

This paper tested three hypotheses: that (1) informality is primarily a result of transition, but also a left-over from communism and a part of the national culture; (2) informality is less widespread in post-communist EU member than EU candidate states and also more widespread in the Czech Republic than in Slovenia, and in Romania than in Bulgaria; and (3) informality causes corruption.

As regards our first hypothesis, respondents emphasised the impact of culture and communism on informal practice to a rather larger extent than we expected. Czech and Romanian respondents thought national culture, communism, transition and a mix of these

factors explained informal practice almost in equal measure. Slovenes and Bulgarians put less emphasis on the communist experience, viewing informality as a result of culture and the transition to the market. Czechs and Romanians assessed the impact of informal networks on society as mostly negative, whereas Slovenes and Bulgarians thought their impact was mixed.

As noted above, opposition to communism was stronger in the Czech Republic and Romania than elsewhere, in that the Czechs failed to get rid of communism in 1968, and the Romanians suffered badly materially, as a result of Ceausescu rule. To the extent informal networks represent a negative phenomenon (which a large percentage of the respondents of our qualitative survey suggested) it is perhaps natural that they "blame" their existence on communism. An interesting parallel is the way in which Greeks, Armenians and Bulgarians often blame negative aspects in their countries on the Turks and Ottoman rule.

Our respondents' assessment of the purposes for which informal practice was used, emphasised the impact of the past: Romanians thought informal behaviour was primarily a habit. Czechs and Bulgarians, on the other hand, thought networks were primarily used to obtain favourable outcomes, though also out of habit, whereas Slovenian respondents held the view that in Slovenia informality was mainly a means by which to obtain personal benefits – i.e. favourable outcomes or to speed up procedures.

Data presented above, confirm our hypothesis that society in EU candidate states Bulgaria and Romania is less formal than in the Czech Republic and Slovenia, which are both members of the EU. As seen in table 1, while the formal mechanisms of the rule of law appear to be in place but not yet functioning properly in the Czech Republic and Slovenia, transition seems to have generated a fair amount of contradictions and confusion in Bulgaria and Romania. In this sense, not only the need for informal approaches but also the opportunities for informal behaviour appear to be greater in the two latter countries.

Respondents in Bulgaria and Romania primarily who took part in the quantitative survey, assessed the impact of informal networks in their sectors as negative. Slovenes thought it was positive and negative in equal measure and Czechs held the view that informal networks had a slightly more negative than positive impact. It thus seems likely that informal networks in post-communist non-EU member states are not only used to promote personal but also professional interests. As such, their use is more in line with that of democratic states in Western Europe – though we cannot rule out the possibility that respondents underreported the negative impact of informal networks within their own sector.

As regards our last hypothesis – i.e. that informal networks facilitate corruption – we found no big country differences. However, Czech and Romanian respondents to a

considerably larger extent (strongly) agreed that this was the case, than Slovenian and Bulgarian respondents. As noted above, elites in the Czech Republic and Romania primarily view informal networks as a result of communism. Given that the communist period carries stronger negative connotations in these two countries than the other two, it is perhaps not so surprising that respondents in the Czech Republic and Romania argue that informal networks facilitate corruption with more conviction, than the Slovenians and Bulgarians. While our third hypothesis – i.e. that informal networks facilitate corruption – was confirmed in all countries, it could be argued that they do so to a lesser extent in (a) Slovenia than the Czech Republic, and (b) Bulgaria than Romania. In this regard our findings also "match" these countries' scores on the Transparency International Corruption Perception Index: i.e. that there is more corruption in the Czech Republic than in Slovenia and more corruption in Romania than Bulgaria.

Reducing the Negative Impact of Informal Networks in Post-Communist States
Our data suggest that national culture and the communist experience have a larger impact on post-communist transitional societies than often assumed. Reform efforts should therefore take account of these differences and be designed in such a way as to target the root-causes of negative aspects of informal networks – in addition to the negative manifestations themselves.[58]

We gave the respondents a list containing 16 different measures that may – either on their own or in combination – reduce the harmful impact of informal networks and asked them to select the most, the second most and the third most effective measure. This list was in part informed by findings from our qualitative survey. Four of these measures – efforts to strengthen the rule of law, change people's mentality through education, strengthen public trust in the state, and lustration – primarily address the root causes (i.e. social norms) of negative informality, rather than their manifestations. Other measures are more technical and primarily address the negative manifestations of informality. Figure 1 shows how effective the respondents assessed each measure to be. The area in black indicates the percentage that thought the given measure would be the most effective, whereas the grey area indicates the additional percentage of respondents who selected it as the second or third most effective.

Fig. 1 The Effectiveness of Reform Measures aimed at reducing the negative Impact of Informal Networks
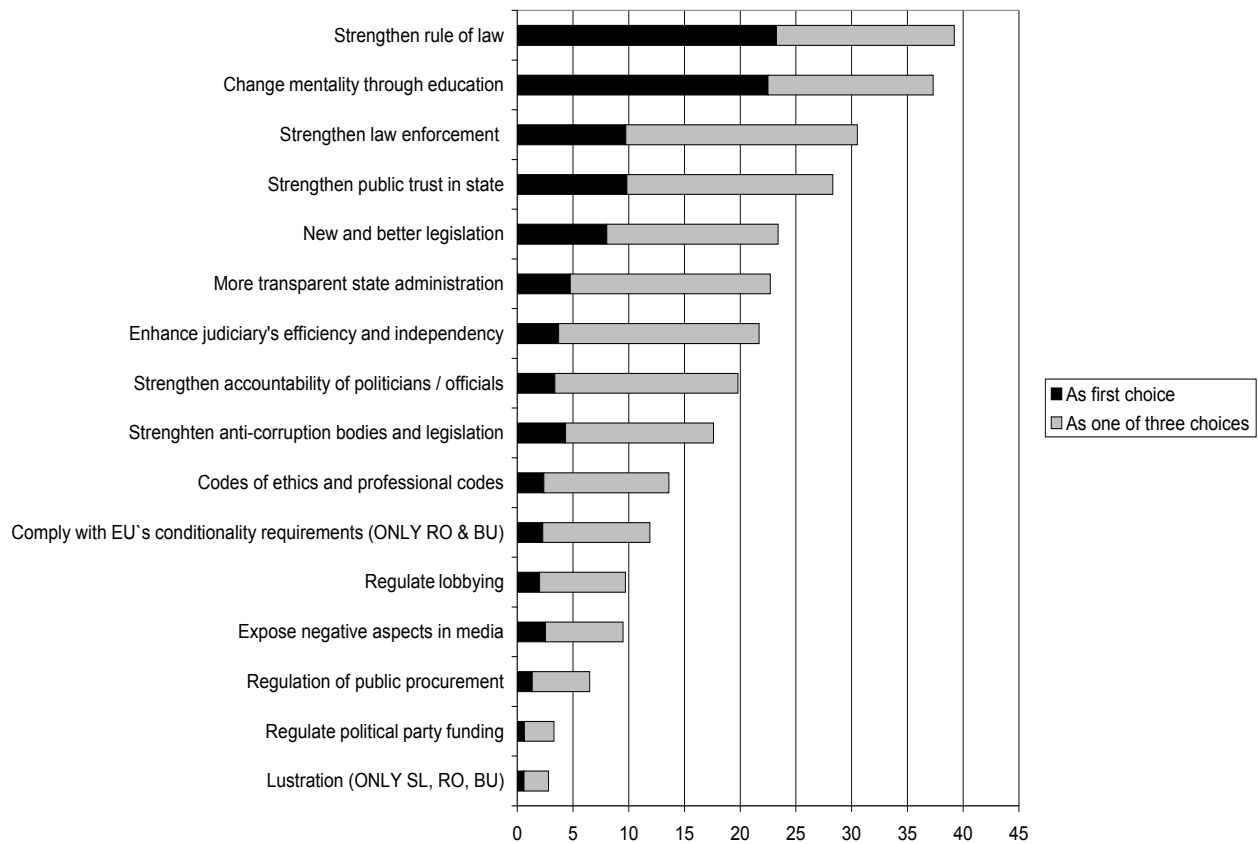
The process of adjusting to EU membership has largely focused on formal rules and formal institutions. It is therefore particularly interesting that our respondents gave preference to two measures aimed at addressing the negative impact of the past – i.e. efforts to strengthen the rule of law and to change people's mentality through education – as the two most effective measures with which to address the negative manifestations of informal networks. Measures aimed at strengthening public trust in the state also received a fairly high score. In contrast, the need to introduce lustration was assessed as very low in all countries.

Efforts to strengthen the law – i.e. new and better laws, better law enforcement, enhancing the efficiency and independence of the judiciary – also scored reasonably well. Such measures would be effective in countries where the formal mechanisms of modern democratic institutions are in place, but where laws are not yet functioning properly and where law enforcement is still poor. Promoting openness and transparency received lower scores, as did efforts to promote a more professional state administration. In contrast, regulation was considerably less popular. Given that communist states tended to be rather over-regulated, this is not a big surprise. Besides, those groups to be regulated are considered

to be highly corrupt.[59] Consequently, efforts to regulate them are not particularly likely to succeed, given that those responsible for introducing and overseeing reform are not only likely to resist such efforts, but also given that they are, to some extent, able to decide whether they should be regulated or not. Politicians, for instance, tend to oppose the idea of regulating political party funding and lobbying regardless of the type of society they operate within.

<u>Addressing the Communist Past and National Culture</u>

Given that informal practice are conditioned by national culture, communism and transition and not only by transition itself, reform should address all three. Measures focusing on the root causes of negative informality received high scores in Slovenia, Bulgaria and Romania. In Slovenia, strengthening the rule of law, changing people's mentality through education and strengthening public trust in state institutions came first, second and third on the list of most effective measures. Bulgarian respondents opted for strengthening the rule of law and changing people's mentality through education in equal measure. These measures received not only an equal, but also the highest, score, whereas strengthening public trust in state institutions came third. Changing people's mentality through education scored highest in Romania. It was followed by efforts to strengthen the rule of law. Strengthening public trust in state institutions was less popular, ranked as the 9th most effective measure.

In contrast, Czech respondents focused on measures aimed at enhancing the legal state: law enforcement received the highest score, followed by efforts to strengthen the rule of law and introducing new legislation. Strengthening public trust in state institutions received the fifth highest and changing people's mentality through education the seventh highest scores. The high scores given to measures primarily aimed at addressing aspects of informal networks conditioned by the historical past, thus suggest that the emphasis of reform on impact needs to be supplemented by measures addressing this past. These measures are explored in more detail below.

Strengthening the Rule of Law

Efforts to strengthen the rule of law not only address current conditions that make it difficult for people to abide by the law, but also their attitudes to the law at a more general level. Such attitudes in part reflect the national culture: a Bulgarian proverb, for instance, describes the law as "an open door in the middle of a field". Consequently, there is no need to walk through it. However, they also reflect attitudes to the law typical of the communist period,

when the law had a qualitatively different meaning from what it has at present and also served different purposes.[60]

One of the key elements of Soviet perestroika was to promote the rule of law. It is therefore a relatively new concept not only to people living in the successor states to the Soviet Union, but also to people living in many other post-communist states.[61] For this reason it would be naïve to assume that people's attitudes to the law automatically changed as transition was introduced. The high score given to measures aimed at strengthening the rule of law should be seen as a reflection of this.

In terms of country, there were no major differences, though Slovenian respondents were rather more in favour of strengthening the rule of law (46 per cent) than respondents in the Czech Republic (37 per cent), Bulgaria (39 per cent) and Romania (35 per cent). Our qualitative data suggest that people in post-communist states are still not equal before the law – and that politicians should set a positive example in this regard: '(doing away with the negative impact of informality) depends only on the rule of law.' (Me-9, CR); '…state institutions have to…by their example show that everyone is equal before the law and that obeying the law is a value…' (PP-9, Sl); 'the state should do anything possible to make people believe in the merits of the laws and to obey them…not break them.' (IB-3, Bu); 'it's…a matter of changing the entire moral paradigm (in society) and (also a matter) of the rule of law, because it is as yet not in place…' (Le-4, Bu); 'I think everybody should respect the law.' (Le-2, Ro).

Informal networks sometimes engage in illegal and in other cases, illegitimate activities. In some instances breaking the law is a conscious decision. In other cases, laws are violated due to ignorance or a failure to correctly interpret the law. Illegitimate activities, on the other hand, often reflect more deep-seated attitudes to the law, the state, state institutions and society. As noted by the Romanian lawyer quoted in the introduction to this paper, there is some confusion in post-communist societies as to what exactly they are transitioning to. Concepts are in some instances not even clear to the people who are in charge of overseeing transition. Consequently, people have little – if any – incentive to change their thinking and behaviour, and changes end up being cosmetic, or formal, rather than real. In addition to enhancing public awareness about the informal networks and the harm caused by them, changes in people's mentality at a more general level are also required.

Changing People's Mentality through Education

Changing people's mentality through education received a much higher score in Romania (54 per cent – putting it first on the list of effective measures) than in the other countries included in our project. Support for this measure was considerably lower in Bulgaria (39 per cent – second measure on the list) and Slovenia (36 per cent – second measure on the list) than in the Czech Republic (21 per cent – eighth measure on the list). Romania was the most 'orthodox' communist state of all four included in our study and the need to teach people democratic values and root out old thinking and habits undermining them, is therefore greater in this country than in others.

Our qualitative data suggest that there is a need to teach people basic moral values, to increase their ethical awareness and make them more knowledgeable of their rights.   Some respondents blamed the absence of a public value system on the collapse of communism: 'what's important, is education and upbringing that make you believe that one should not steal and act like a pig. But (here) there is a social environment in which swinery is rewarded by personal perks. Where it pays to act like a pig...if there is a change of the social climate and people start believing that foul play doesn't pay, it will be OK. If we teach our children that acting foul is despicable. But that's daydreaming and wishful thinking.' (NGO-5, CR); '…we have to educate and raise the awareness of the people. When we got independence in 1991, the whole ethics system disappeared. We still have not found a new one…we will have to teach our people that the laws are there to be followed...' (CoE-2, Sl); 'we should correct the system of upbringing, education, to emphasize values such as "do not steal".' (ER-10, Sl); 'we should become different people and educate our children in a different way.' (Le-7, Bu); 'we need more education…' (NB-9, Ro); '…there are too many people who do not know their rights.' (PP-8, Ro).

Enhancing Public Trust in State Institutions

Distrust in the state and in state institutions is fairly high in most post-communist states. Although such distrust is primarily a result of the manner in which transition has been handled on the part of political and economic elites, its root causes are to be found in the previous system.   Distrust in state institutions and everything emanating from it, was widespread during communism – as was public disregard for the law. Support for measures aimed at strengthening public trust in state institutions therefore to some extent represent a response to continued widespread distrust in state institutions after the collapse of communism. As state institutions rid themselves of the negative aspects of the past, people

are either not aware of this, convince themselves that nothing is changing or are so deeply mistrustful of state institutions to begin with that improvements are perceived as accidental rather than symptomatic of real change.

Added to this, as the early stages of transition were supervised by former elites who manipulated changes (especially the privatisation process) to their advantage and as the elites that replaced them were similarly intent on personally benefiting from transition, elite behaviour caused by the collapse of the previous system generated widespread distrust not only in the transition process, but also in the institutions overseeing it. Finally, distrust in the state may also to some extent reflect public discontent with the role of the state in post-communist societies as well as the rights and duties of the citizens during post-communism. One point to bear in mind is cuts in social security and the gradual disappearance of the paternalistic state.

Respondents perceived efforts to strengthen public trust in state institutions as an effective means by which to address negative aspects of informal networks. Some 46 per cent of the Slovenian, 39 per cent of the Bulgarian, 37 per cent of the Czech and 35 per cent of the Romanian respondents held this view.   In contrast, only three of the 360 respondents interviewed for our qualitative survey specifically mentioned the need for trust-building measures.   These respondents were all located in Romania. One of them explained the need for more trust in society as follows: '…this is something left from Ceausescu's time: there is a policy of generating suspicion among (people).   With so many types of police and Securitate[62] any trust among people is reduced to zero. And this general suspicion, this lack of institutional trust and "constitutional attitude", as I call it, nurtures the development of evil networks.' (IB-1, Ro).

Lustration

Lustration was perceived as the least effective means by which to fight the negative aspects of informal networks – and in all countries.[63]   Only three countries – the Czech Republic, Hungary and East Germany – introduced lustration following the collapse of communism. As noted above, the Velvet Revolution in the Czech Republic brought new elites with radically different political views from the nomenklatura, to power. In contrast, Slovenian politics have since 1990 been characterised by consensus rather than conflict. This explains why the Slovenes do not see the need for lustration in their country. The division between former and current elites in Bulgaria, on the other hand, has not been sufficiently sharp to warrant the ouster of former elites from power. In Romania old elites still occupy a number of important

positions in the state hierarchy. Introducing lustration would therefore not be feasible at this stage as the very elites who would be affected by it are strong enough to oppose it.

Lustration failed to gain the support also of the respondents of our qualitative survey. Only one respondent in Bulgaria and one respondent in Romania specifically referred to lustration when asked how to do away with the negative aspects of informal networks: '(regarding the network of members of State Security) the only possible regulation is by law. I mean (by) opening the secret files…this was done in Germany, Hungary and the Czech Republic and none of them have been in a position of authority in a state institution. It proved highly effective…the only way of preventing this network from becoming dangerously effective against society, is for the public to know who these people are…' (Me-5, Bu); 'exposing the former Securitate officers…' (EU-2, Ro).

Addressing Transition

As noted above, the main vehicle of transition is the law. Demands for more and/or improved legislation should thus be taken as an indication that reform is inadequate. The same could be said for better regulation. Demands to enhance the functioning of the law – including through the strengthening of the judiciary and the creation of other regulating bodies, on the other hand, suggest that reform measures are not being properly enforced – i.e. that transition is weak. Other measures, such as promoting ethics, transparency and accountability, are associated with Western-style democracy – though it could be argued that there is a deficit of these measures also in Europe's old democracies. In post-communist transitional states such measures are to some extent undermined by "old thinking", to some extent by a lack of understanding with regard to what exactly these concepts entail and why it is so important to promote them.

Transition has been characterised by the introduction of a myriad of new laws and regulations that frequently change and/or are replaced by new laws. Further, such laws and regulations are based on democratic concepts characteristic of "Western" democracies. These concepts are, as pointed out in the introduction of this paper, not always clear to those people overseeing the reform process, nor to the people affected by it. Besides, transition – at least its early stages – has been characterised by a lack of proper law enforcement and control.

Legislative Measures

Elite support for measures to strengthen law enforcement to some extent reflect the poor capacity of the judiciary due to a lack of funds, to some extent inadequate training of, and a

shortage of, staff. However, it also reflects the reluctance of the legislative in some post-communist states, notably the Czech Republic, to increase the independence of the judiciary. Strengthening law enforcement came third both in terms of the most effective measure and as the second or third most effective measure to reduce the negative impact of informal networks. There were, however, fairly big differences across counties. Whereas only 16 per cent of the Slovenian respondents thought strengthening law enforcement would be effective, 38 per cent of the Czech, 34 per cent of the Bulgarian and 34 per cent of the Romanian respondents held the same view. One reason for this may be that law enforcement bodies in Slovenia are more effective and people in Slovenia also more law-abiding than elsewhere.

Again, our qualitative data shed some light on why improving law enforcement would be effective.   Slovenian respondents suggested that state institutions meant to implement the law were not functioning properly and that fighting the negative aspects of informal networks would only make sense once they were working 100 per cent objectively: 'state institutions have to function and through their example show that everyone is the same before the law and that obeying the law is a value…' (PP-9, Sl).

Czech respondents suggested that those enforcing the law should change their behaviour or for stricter treatment of those violating the law. Bulgarian and Romanian respondents thought measures were needed to ensure that institutions in charge of law enforcement enforced the law properly: 'to improve the law enforcement and improve its quality and reduce the preferential treatment of certain groups (as compared to) other groups.' (Me-10, CR); 'when the informal network breaks the law, it is necessary to be very strict.' (Me-6, CR); 'to reinforce the law in this country, although that implies tougher control.' (Me-8, Bu); 'reducing the negative aspects of networks may be achieved by "carrying out the law" and thus prevent abuse and malfeasance.' (PP-10, Bu); 'the law should be enforced.' (NB-5, Ro); 'we need more stable control institutions…' (NGO-6, Ro).

Czechs were rather more positive to *new legislation* than Bulgarians, Romanians and Slovenes. Whereas 29 per cent of the Czech respondents favoured the introduction of new legislation, 20 per cent of the Slovenes, 23 per cent of the Bulgarians and 22 per cent of the Romanians did the same. Given that both the Czech Republic and Slovenia have joined the EU and consequently radically revised their legal base, the big difference between the two countries is rather surprising. Data from our in-depth interviews suggest that Czechs are not satisfied with the quality of the law: 'we need…good, correct laws…' (Pr-5, CR); 'when we will have more perfect laws, I think we could reduce the negative aspects of informal networks to a minimum.' (Pr-7, CR).

In contrast, Slovenian and Romanian respondents called for stricter and better laws. Bulgarian respondents proposed more clearly defined laws as well as laws addressing areas not currently regulated: 'some form of legislation and supplementation of the penal code, which would use repression to restrain these sort of things…' (Me-10, Sl); 'Bulgarian laws leave a great many loopholes…it is possible not to apply the law on public procurement if the (procurement) is split into several smaller amounts…(and) several stories have appeared in the media on how the law on public procurement is circumvented because of alleged national security considerations…' (Me-9, Bu); 'I'd say there should be some legal restrictions regarding close family connections.' (NGO-4, Bu); 'I think that we should have very strict legislation in order to diminish the effects of the political and economic networks…' (Me-3, Ro).

Enhancing Judicial Efficiency and Independence

At the initial stage of judicial reform, the emphasis was very much on legislation. Empowering the judiciary and other bodies in charge of implementing this legislation was not given the same priority.   As noted above, during communism, the main purpose of the judiciary was to protect the socialist order and the rights of the citizens. The judiciary thus primarily served a political purpose, as 'an inferior servant, rather than an equal partner, of the executive and legislature.'[64]   Transition brought about a dramatic change in the role of the judiciary: from being subordinated to political structures it was to become fully independent, acting as a counter-balance to the legislative and the executive. Besides, its tasks were greatly expanded.[65]

Common to the judiciary in most post-communist states is that it is short of funds, short of qualified staff and equipment, and not sufficiently independent, to operate effectively. One of the main criticisms EU has raised against Romania and Bulgaria is that their judiciaries are in need of further reform and measures aimed at reducing corruption. In spite of this, enhancing the efficiency – and also the independence – of the judiciary received a lower score that one might expect, at just over 20 per cent. There were, however, fairly big differences between countries. Romanian respondents were considerably more in favour of such measures (27 per cent), compared to the Czech respondents (16 per cent) – with the Slovenian (23 per cent) and Bulgarian (21 per cent) somewhere in between.

In a similar manner, few of the respondents of our qualitative survey spoke about the judiciary as such: 'when the state administration works, the judiciary, the police and the political system of the democratic state rules…then the networks will automatically

lose…influence.' (Le-8, CR); '…you know that businessmen here are extremely corrupt. You can't change their ethics, but you can show that as a government you are serious about it, by empowering the police, by educating them, by giving them more money, and so on. The same goes for the prosecutor's office…the whole system is inefficient.' (GO-2, Sl); '…good performance of the judiciary, quick reactions (so)…that procedures (do not take) several years…' (PP-2, Sl); 'we need more stable control institutions…' (NGO-6, Ro).

Increasing the Transparency of the State Administration

During communism, state administration was characterised by red tape, cumbersome procedures, long queues and corruption. Some of these habits appear to linger on, despite more recent efforts to do away with them as part of administrative reform. Roughly a quarter of respondents in all countries were in favour of more transparent state administration. There were no major differences between countries: some 25 per cent of the Czechs, 24 per cent of the Slovenes, 24 per cent of the Bulgarians and 19 per cent of the Bulgarians thought this would be an effective measure.

Czech respondents who took part in the qualitative survey, suggested that decision-making processes in their country are too closed and that they should be "opened up". Similar views were voiced by *Slovenian* respondents: 'they should open up decision-making processes, publish their outcomes and not hide them. Ministries and other authorities often conceal the results of public tenders and money appropriation procedures. (Ground) rules and public information about the outcomes of the decision-making processes should be generally demanded…the thinking of decision-makers must be cultivated. Most decisions are still being made behind closed doors…' (NGO-4, CR); 'if the government administration was less bureaucratic and more transparent there wouldn't be a need to use contacts…' (Me-6, Sl); 'transparency of public politics is the best answer to the illegitimate or even illegal activities of informal networks.' (PP-5, Sl).

Bulgarian respondents favoured more transparency in public administration as this would make officials more accountable to the general public and consequently reduce their possibilities for engaging in illegitimate activities. *Romanian* respondents failed to specify how transparency would improve public administration: 'there should be more transparency…there should be more opportunities and ways (in which) to receive information and the government officials should know precisely what information they can and what they cannot give.' (EU-1, Bu); '…more transparency…it is important that things are open and the responsibility of the decision-maker is made public…he should have the freedom to make

decisions, and…his responsibility should be public…' (Le-10, Bu); 'transparency has to be strengthened…' (PP-1, Ro); 'basic transparency will make everybody's lives easier…' (Pr-3, Ro).

Regulating Party Funding, Lobbying and Public Procurement

One of the most frequently heard complaints after the collapse of communism was that society was that there was a need for more control from above – for a "strong hand", so to speak. On the other hand, communist societies were typically over-regulated, which may explain the reluctance on the part of our respondents to promote regulation as an effective measure against negative aspects of informal networks. Further, if regulations are not properly enforced then there is no point in increasing the number of regulations. The fact that improved law enforcement received a fairly high score, lends some support to such an assumption. However, even old and established democracies are still debating issues related to party funding and lobbying. Besides, corruption in public procurement is a problem in most of them.[66] Further, a survey recently conducted by OECD revealed that lobbying is adequately regulated only in a handful of countries – only some of them located in "the West".

Regulating political party funding received very limited support in all countries, though somewhat more in the Czech Republic (6 per cent) than in Slovenia (3 per cent), Bulgaria (2 per cent) and Romania (2 per cent). Regulating lobbying was somewhat more popular, though support for this measure was also low: only 13 per cent of the Slovenian, 12 per cent of the Czech, 9 per cent of the Bulgarian and 6 per cent of the Romanian respondents thought this measure would be effective. Finally, regulating public procurement also received low scores: 11 per cent of the Czech, 7 per cent of the Slovenian, 6 per cent of the Bulgarian and 3 per cent of the Romanian respondents supported this measure.

As will be shown below, our qualitative data suggest that there is no real political will to do away with informal networks in any of the countries included in our project. It could therefore be argued that regulating party funding and lobbying makes no sense as such regulations would most likely not only be watered out but also not abided by. Still, some respondents of our qualitative survey – including politicians themselves – suggested that regulating party funding and lobbying may be effective, in the sense that this would limit network influence on political parties and also make it easier for people to distinguish between benign and harmful forms of lobbying: 'if we had a different system of party funding, it would improve the situation very much. The networks control the political party

because they sponsor it.' (ER-2, CR); 'as many regulations as possible…' (PP-2, Sl); 'in most sectors in Romania regulation is excessive…at least in the area of lobbying there should be clearer regulation to differentiate what (constitutes) lobbying and what (constitutes) traffic of influence…' (NB-2, Ro); 'if we regulated the lobbying system, the state would make some gains.' (PP-2, Ro).

One of the Czech respondents suggested that regulation would not do away with the negative effects of informal networks, while a Slovenian respondent thought the draft law on lobbying was targeting the wrong group of people. Finally, one Romanian respondent suggested that Romania is already ove-rregulated and warned against the draw-backs: 'it could probably be handled by laws, regulations, but they are bound to be broken.' (Me-4, CR); 'for example, now they are preparing a law on lobbying and I am dying of laughter. It is not logical to control the lobbyists, you have to control the politicians…' (NB-1, Sl); 'if one has too many regulations, one takes the liberty and responsibility from the people. This is (what) Romania has to learn.' (IB-1, Ro).

Strengthening Accountability and Promoting Openness

Accountability and exposure are both important features of democracy. Strengthening the accountability of politicians and officials was rather more popular in the Czech Republic (28 per cent) than in Slovenia (22 per cent) and Romania (20 per cent), and considerably less popular in Bulgaria (9 per cent). One possible reason for the latter could be that Bulgarian civil society organisations in recent years have exposed the lack of accountability on the part of politicians and officials. For this reason the problem may be perceived as being so extensive that measures aimed at enhancing accountability would not be likely to work. In this sense, other measures may be more successful in achieving this.

Media exposure, on the other hand, was much more popular amongst the Slovenian respondents (19 per cent) than respondents elsewhere (Czech Republic: 7 per cent; Bulgaria; 6 per cent; Romania: 6 per cent). Slovenia has had a vibrant and fairly independent media landscape since the late 1980s and it is generally trusted by the population. Besides, Slovenia is a small country in which media exposure possibly has a larger impact than in states whose populations are larger, such as Bulgaria and Romania. In contrast, media in Bulgaria and Romania are often accused of being bought and voicing the interests of their owners rather than those of the general public.

Only two of the Slovenian respondents who were interviewed for the qualitative survey specifically mentioned the media as a means by which to expose networks. A larger

number of respondents emphasised the need for the general public to be informed: 'the public should be informed.' (ER-3, Sl); 'the so-called "ordinary people" are not in a position to use these networks. If they had the knowledge and were informed about them, maybe this could help restrain their influence.' (Me-4, Sl); 'media must expose the networks.' (Pr-8, Sl).

Respondents in other countries in most cases simply listed media exposure as a means by which to reduce the negative impact of informal networks, though a minority of them provided more detailed answers: '…the media can play a very positive role.' (ER-1, CR); 'public awareness should be boosted so that people stop accepting such activities.' (NGO-6, Bu); 'the media have already reported cases of appointments based on favouritism. This has had a good effect. It has created an atmosphere of intolerance to such practices, and besides, it has acted as a deterrent to similar practices in the future.' (Pr-1, Bu); 'we need information campaigns…' (NGO-10, Ro); 'basic transparency will make everybody's lives easier…' (Pr-3, Ro).

However, also the media has its limits: 'perhaps this is part of the Bulgarian character. People are a bit indifferent towards these things, and they are not interested in the fact that this person is connected with that person, they say "it's all the same to me. For me it's most important that the person doesn't disturb me personally, otherwise he's quite a guy, and looks fine on TV." As for the fact that he's connected with an informal network, people don't want to believe it, even though in some cases it's obvious.' (Pr-8, Bu).

Anti-Corruption Reform

Anti-corruption reform was considered a fairly effective tool with which to reduce the negative aspects of informal networks in all countries except Slovenia. Some 23 per cent of the Romanian respondents, 21 per cent of the Czech respondents, 16 per cent of the Bulgarian respondents, but only 11 per cent of the Slovenian respondents favoured such reform. As noted above, Slovenia received a much better score on Transparency International's corruption perception index for 2005 than the Czech Republic and Bulgaria. Romania, on the other hand, received a very low score. The country has been heavily criticised by the EU for not doing enough to reduce levels of corruption in their country and an anti-corruption campaign that was conducted in 2004 and corruption, as an issue, has received considerable attention in the media.

The Czech Republic and Bulgaria received fairly similar scores in the Transparency International corruption perception index. As already mentioned, the Czech Prime Minister was involved in a corruption scandal shortly before our quantitative survey was carried out.

This may have made elites more aware of corruption as an issue. In Bulgaria, corruption has been closely monitored by the local media and local NGOs for several years, and a number of measures have been introduced to reduce its impact. Consequently, Bulgarian elites may see less need for introducing yet more anti-corruption measures. Those very few respondents who took part in our qualitative survey and who explicitly referred to anti-corruption reform, did not provide much detail with regard to why they thought anti-corruption efforts would be effective: 'to prepare severe and unambiguous resources concerning corruption and clientelism.'(Pr-10, CR); 'prevent corruption…money or influence should not play a role…' (PP-6, Sl); 'better anti-corruption regulations…' (EU-2, Ro); 'clear anti-corruption laws…' (Me-8, Ro).

Promoting Ethics and EU Conditionality Requirements

Other measures that might also strengthen law-abidingness and reduce illegitimate behaviour, such as introducing a code of ethics or implementing the remaining EU conditionality requirements, received limited support – though Slovenes (22 per cent) were somewhat more in favour of introducing a code of ethics, than the Czechs (15 per cent), Romanians (10 per cent) and Bulgarians (7 per cent). There was no major difference between Bulgaria and Romania in terms of complying with the acquis communautaire: 11 per cent of the Bulgarian and 13 per cent of the Romanian respondents supported this measure.   The in-depth interviews provided some detail: 'I think we should have the rules generated by the EU.' (Pr-3, Ro); 'I consider our integration into the European Union to be an important challenge for the Romanian public administration.' (Le-9, Ro).

Prospects for Reform

Supporting reform measures is one thing – deciding to try them out and then implementing them, quite another. We did not explicitly ask our respondents whether reform efforts would be likely to succeed or not. However, quite a few respondents of our qualitative survey spontaneously raised this issue themselves.

Slovenes and Czechs thought tackling informal networks would be difficult, but not impossible. Bulgarians were more inclined to think that regulating informal networks would be impossible and some thought there was not enough political will. Similar views were expressed by some of the Romanian respondents. The latter more frequently than respondents elsewhere saw a lack of political will as the main reason why nothing could be done. What is more, almost all of them represented local NGOs: 'unfortunately…political will and effort are

missing…' (Pr-8, CR); 'the politicians have to…set a positive example and…show that they respect the law…' (ER-1, Bu); 'hardly anything can be done at the legislative level…there is not sufficient will…' (Pr-1, Bu); '…I don't think there is political will. I can't see it.' (IB-4, Ro); 'at the declarative level there is political will for anything in this country. But our politicians do not have an agenda for their political will….' (NGO-10, Ro); 'there is only simulated political will. The politicians do not have real political will.' (Pr-2, Ro).

The reform efforts referred to above all require political will. If our respondents' views regarding political will, or rather its absence, accurately reflect political realities on the ground, which we believe they do, then reform is unlikely to be successful. This gives reason for concern as civil society, which could challenge politicians to instigate changes, is rather weak in post-communist states. Public participation is also lower in these states than in Western Europe and in addition, public scepticism to NGOs is fairly widespread.[67] It is therefore all the more important to try to root out old habits and patterns of thinking that encourage illegitimate and/or illegal forms of informality in post-communist states. These old habits and patterns are in part defined by national culture, have in part been carried over from communism and still to a considerable extent affect human and institutional relations in East Central and South Europe. Measures to address such habits and patterns provide no "quick-fix", but are in the long term more likely to generate more lasting changes than formal measures focusing on the negative manifestations of informal networks only.

Appendix: Project Design

<table>
<tr><td colspan="4">Quota-based surveys: samples</td></tr>
<tr><td>Czech Republic</td><td>Slovenia</td><td>Bulgaria</td><td>Romania</td></tr>
<tr>
<td>

National/capital level

Prague – 200∗

Regional level

Mladá Boleslav - 57
(Central Bohemia)

Plzeň - 57
(South-West)

Ústí nad Labem - 58
(North-West)

Hradec Králové - 57
(North-East)

Brno - 57
(South East)

Olomouc - 57
(Central Moravia)

Ostrava - 57
(Moravskoslezsko)

</td>
<td>

National/capital level

Ljubljana – 200∗

Regional level

Maribor - 67
(Pomurska&Podravska)

Celje - 67
(Koroska & Savijska)

Novo Mesto - 67
(Dolenjska & Posavje)

Kranj - 66
(Gorenjska)

Koper - 67
(Primorska&Notranjska)

Nova Gorica - 66
(Goriska)

</td>
<td>

National/capital level

Sofia - 200∗

Regional level

Pernik - 50
(Sofia region)

Bourgas - 50
(Bourgas)

Varna - 50
(Varna)

Pleven - 50
(Lovech)

Vratsa - 50
(Montana)

Plovdiv - 50
(Plovdiv)

Rousse - 50
(Rousse)

Haskovo - 50
(Haskovo)

</td>
<td>

National/capital level

Buchureşti - 200∗

Regional level

Iaşi - 57
(North-East)

Constanţa - 57
(South-East)

Ploieşti - 57
(South)

Craiova - 57
(South-West)

Timişoara - 57
(West)

Cluj Napoca - 58
(North-West)

Braşov - 57
(Centre)

</td>
</tr>
</table>

* In each capital we conducted 120 interviews at national and 80 interviews at capital level.
(1) Surveys were carried out in 2005 by GfK-Prague under the direction of Klára Trávničková, by CATI in Slovenia under the direction of Tomaž Hohkraut and Renata Rakusa, by Vitosha Research in Sofia under the direction of Alexander Stoyanov, and by Gallup Romania under the direction of Alexandru Toth.
(3) To ensure cross-national comparability, we specified eight quota samples x 75 respondents in each country. For each quota, we specified the number of respondents to be interviewed at national (15), capital (10) and regional (50) level. As the number of regions varied slightly by country, the 50 respondents to be interviewed for each quota within each country were evenly spread between the regions. This allowed us to compare (1) equally sized samples by country; (2) equally sized national, capital and regional samples by country; and (3) equally sized regional samples within each country.
(4) Interviews in the regions were conducted at NUTS II level, more specifically in a big city or town within each NUTS II region in each country. As Slovenia only has two NUTS II regions – i.e. (1) Ljubljana, and (2) the rest of the country – the regional interviews were conducted in a limited number of NUTS III regions and in the biggest town within each of them.
(5) As the number of potential respondents in some of the regions was limited and as we were primarily interested in interviewing people in leadership positions, we did not specifically request that the quotas be spread widely across ages and gender.

[1] Marshall Goldman. *The Spoils of Progress: Environmental Pollution in the Soviet Union* (Cambridge, Massachusetts, 1972).

[2] For definitions, see page 17.

[3] Åse B. Grødeland , Tatyana Y. Koshechkina and William L. Miller. 'Foolish to give and yet more foolish not to take': in-depth interviews with postcommunist citizens on their everyday use of bribes and contacts. *Europe-Asia Studies,* vol. 50, no. 4, June 1998, pp. 649-75.

[4] For an account of perceptions of the rule of law in East Central and South East Europe, see Åse Berit Grødeland. Informal Networks and Corruption in the Judiciary: Elite Interview Findings from the Czech Republic, Slovenia, Bulgaria and Romania. Paper presented at World Bank conference on 'New Frontiers of Social Policy', Arusha, Tanzania, 12-15 December 2005, at http://web.worldbank.org/.../0,,contentMDK:20692493~pagePK:210058~piPK:210062~theSitePK:244363,00.html

[5] Martin Brusis, Iris Kempe and Wim van Meurs. 'Central and Eastern Europe and the Baltic States. Political Corruption.', in Robin Hodess, Tanya Inowlocki and Toby Wolfe (eds). Transparency International. *Global Corruption Report 2003* (London: Profile Books, 2003), pp. 181-82; Open Society Institute, EU Accession Monitoring Program. *Monitoring the EU Accession Process: Corruption and Anti-corruption Policy* (Budapest: Open Society Institute, 2002), pp. 106-08 and pp. 451-516.

[6] Ledeneva quoted in Alina Mungiu-Pippidi. 'Informal Institutions and Societies. Post-Communist Modernization Strategies in East Central Europe.' State-of-the-art paper for ECPR Research Group on Informal Institutions in Eastern Europe, 2001.

[7] Quotations are marked as follows: ER (elected representative); PP (political party representative); NB (representative of national – i.e. local company); IB (representative of international company); Me (media representative); NGO (NGO representative); Pr (public procurement official); Le (judge or prosecutor); GO (government official working in anti-corruption); EU (EU representative); CoE (Council of Europe representative). The number of the respondent is also indicated, as is the country in which the interview took place: CR refers to interviews conducted in the Czech Republic, Sl refers to Slovenia, Bu refers to Bulgaria and Ro refers to Romania. CoE-2, Ro indicates that the respondent represents the Council of Europe, is respondent number 2 from this organisation and based in Romania.

[8] For a discussion of national culture – including the contributions made by Hofstede, Bond and Adler, see Chuck C Y Kwok and Solomon Tadesse. 'National Culture and Financial Systems', *Journal of International Business Studies,* vol. 37, 2006, pp. 227-47.

[9] However, it is of course also possible that the impact of communism has been so profound that informal behaviour typical of communism has been co-opted into the national culture. Should this be the case, people may continue behaving informally in much the same manner as they did during communism, even though the political, economic and social framework within which act, has changed and such behaviour is no longer called for.

[10] William L. Miller, Åse B. Grødeland and Tatyana Y. Koshechkina. *A Culture of Corruption? Coping with Government in Postcommunist Europe* (Budapest: Central European University Press, 2001).

[11] Denis J. Galligan and Marina Kurkchiyan (eds.) *Law and Informal Practices. The Post-Communist Experience* (Oxford: Oxford University Press, 2003), p. viii.

[12] Åse Berit Grødeland. "Red Mobs", "Yuppies" and "Lamb Heads": Informal Networks and Politics in the Czech Republic, Slovenia, Bulgaria and Romania, in *Europe-Asia Studies* (accepted for publication – forthcoming, December 2006).

[13] The project was funded by the Research Council of Norway (grant no. 156856/V10) and carried out jointly by NIBR, the Centre for Social and Economic Strategies, Charles University, Prague/GfK-Prague (Czech Republic), Faculty of Criminal Justice, University of Maribor (Slovenia), Vitosha Research (Bulgaria) and the Romanian Academic Society/Gallup (Romania).

[14] Other factors may of course also affect informal practice in post-communist states. For reasons of space we are not able to look at each one of them. However, we have included those factors that in our view are particularly relevant to culture and communism as opposed to transition.

[15] Romania's statehood dates back to 1859, when the principalities of Wallachia and Moldavia entered into a union with each other. Richard J. Crampton. *Eastern Europe in the Twentieth Century – and After.* Second Edition. (London: Routledge, 1997), p. 23.

[16] Charles Ingrao. 'Ten Untaught Lessons about Central Europe: An Historical Perspective', *Habsburg Occasional Papers*, No. 1, 1996, at www.h-net.org/~habsweb/occasionalpapers/untaughtlesons.html, accessed on 20 September 2006.

[17] Bernard Lewis. *The Emergence of Modern Turkey* (London: Publisher, 1965), p. 329, quoted in Yeğen. 'The Kurdish Question in Turkish State Discourse', in *Journal of Contemporary History,* vol. 34, no. 4, 1999, pp. 555-68, at p. 557.

[18] Yeğen (1999).

[19] Relations between ethnic Turks and Greeks are described in Nikos Kazantsakis. Freedom and Death (London and Boston: Faber and Faber, 1966) and Dido Sotiriou's book *Farewell Anatolia!* (Athens: Kedros, 1992). Louis de Bernieres provide a vivid account of relations between ethnic Turks, Greeks and Armenians in a small town in Southern Turkey before the Armenian genocide and the Greek-Turkish population exchange, *in Birds without Wings* (London: Secker & Warburg, 2004).

[20] Avigdor Levy. 'Christians, Jews and Muslims in the Ottoman Empire: Lessons for Contemporary Coexistence', Near Eastern and Jewish Studies Department, Brandeis University, September 2000, at http://www.brandeis.edu/ethics/resources/publications/faculty_research/sec_4.pdf; Norman Itzkowitz. 'Ottoman Empire. III. Ottoman Society and Institutions', at http://encarta.msn.com/text_761553949___Ottoman_Empire.html,; Stephen W. Sowards. Twenty-Five Lectures on Modern Balkan History. Lecture 3: The Principle of Ottoman Rule in the Balkans, 10 pp, at p. 9, at http://www.lib.msu.edu/sowards/balkan/lecture3.html. All sources accessed on 20 September 2006.

[21] West European ideas – including the idea of the ethnically-based nation state – gained support amongst and started being articulated by ethnic groups within the empire. The ethnic Armenians, for instance, yearned for the independence they had lost, whereas a fair share of the ethnic Greeks dreamt about joining Greece proper (pan-Hellenic idea). Joseph R. Masih and Robert O.Krikorian. *Armenia at the Crossroads* (Amsterdam: Harwood Academic Publisers, 1999), pp. xxii-xxiii; Gagik Sarkisyan, Kostantin Khdaverdyan and Karen Yuzbasyan. *Potomki Khayka* (Erevan: Armianskaia entsiklopedia, 1998), p. 177.

[22] Ingrao suggests that 'the sultans were the archetypal oriental despots: In theory they claimed to have absolute power over everyone and everything; in practice, they cared less about how their empire was run, so long as each of their dominions provided them with a steady supply of revenue and recruits for the army. This diffidence helped incubate traditions of public ignorance, technological backwardness, local corruption, social injustice, lawlessness, and violence that are still evident in the Balkans today.' Ingrao (1996), 15 pp, at p. 4.

[23] Bulgaria was given status as an autonomous principality within the Ottoman Empire in 1878 and gained complete independence in 1908.

[24] James Gow and Cathie Carmichael. *Slovenia and the Slovenes. A Small State and the New Europe* (London: Hurst & Company, 2000), p. 19.

[25] Vaclav Prucha in Jiri Musil (ed.) The End of Czechoslovakia (Budapest: Central European University Press, 1995), p. 41.

[26] The economic factor also to some extent explains differences attitudes to the Empire amongst Czechs and Slovenes: by the time of the collapse of Austria-Hungary the Czechs found themselves in control of some 60 per cent of the empire's manufacturing industry. The Slovak historian L.Liptak has described the state of the Czech Lands in the final days of the empire as follows: '…the Czech Lands were some kind of easternmost foreground of western capitalist industrial civilization, but standing a little lower than its peak...' Prucha (1995), p. 43.

[27] Crampton (1997), p. 13.

[28] There are, however, also some indications that relations between ethnic Czechs and Germans were good – at least until the mid-19th century. Kann notes that 'Czech culture, regardless of national objectives, was related to the over-all Austrian culture because Germans and Czechs had lived so closely together for many centuries that a kind of osmosis between literary, musical, artistic, and scholarly activities resulted. The strong migration of Czechs and Germans to Vienna played an additional important part. The intensified national conflict between the two peoples after the revolution of 1848 did not impede this cultural interchange, and in some respects furthered it…' Robert A. Kann *A History of the Habsburg Empire 1526-1918* (Berkeley/Los Angeles/London: University of California Press, 1980), p. 533.

[29] Miller, Grødeland and Koshechkina (2001).

[30] Good, in an analysis of the economies of the Central European states following the collapse of Austria-Hungary, concludes that 'Austria and pre-1939 Czechoslovakia followed more closely the Western European path, Bulgaria and Romania adhered more closely to the Russian and Soviet pattern, while Hungary, Yugoslavia and Poland fell somewhere in the middle.' David F. Good. 'Economic Transformation in Central Europe: the View from History', Centre for Austrian Studies, University of Minnesota, Working Paper 92-1, 1992, accessed at http://www.cas.umn.edu/publications/papers.html on 1 December 2006.

[31] For practical purposes we will refer to socialist/communist rule in the Czech Republic, Slovenia, Bulgaria and Romania as "communism".

[32] Other factors may of course also be at play, though in our opinion, these two factors are particularly important.

[33] In 1988, export to the USSR accounted for 62.5 per cent of Bulgaria's total exports, whereas 53.5 per cent of its imports came from the Soviet Union. www.photius.com/countries/bulgaria/economy/bulgaria_economy_bulgaria_in_comecon.html, accessed on 28 October 2006.

[34] National income per capita in Bulgaria in the 1980s was close to that of Hungary. John S. Dryzek and Leslie Holmes. *Post-Communist Democratization. Political Discourses across Thirteen Countries* (Cambridge: Cambridge University Press, 2002), p. 207.

[35] In 1989 Czechoslovakia had the highest GDP per capita (in US $) at 9,809 followed by Bulgaria at 7,556, Yugoslavia at 6,471 and Romania at 5,408. The Economist, 7 July 1990, referred to by Good (1992), p. 3.

[36] Slovenian aspirations for statehood became pronounced in the final stages of the Habsburg Empire. Gow and Carmichael (2000), p. 25. Slovenian nationalism in socialist Yugoslavia has been referred to as 'reformist and pro-European.' Dryzek and Holmes (2002), p. 59.

[37] Crampton (1997), pp. 435-37.

[38] Crampton (1997), pp. 450-52.

[39] A study of political discourse in Eastern Europe at the beginning of the 20th century concludes that while there was support for the idea of reform in Bulgaria, the way in which it proceeded was condemned. In Romania there was little nostalgia for the communist past. Dryzek and Holmes (2002), p. 207, p. 203.

[40] Unlike Bulgaria and Romania, the Czech Republic and Slovenia did not exist as independent national states prior to the collapse of communism. Slovenia gained independence in 1990, having faught a brief war with Serbia. The Czech Republic, on its part, became independent in 1992, following the peaceful dissolution of Czechoslovakia.

[41] Whereas Slovenia had considerable economic interactions with West European countries prior to the collapse of Yugoslavia, Czechoslovakia's economy was primarily geared towards COMECON. However, the country benefited from the '1968-factor', its radical break with communism in 1989 and its location in the middle of Europe, and soon started attracting foreign investments

[42] Miller, Grødeland and Koshechkina (2001).

[43] On an index ranging from 1 (endemic corruption) to 10 (no corruption), Estonia received a score of 6.7 and Slovenia – a score of 6.4. Hungary's score was 5.2, Lithuania and the Czech Republic both scored 4.8, followed by Latvia and Slovakia at 4.7, Bulgaria at 4.0, Poland at 3.7 and Romania at 3.1.   See www.transparency.org/layout/set/print/news_room/in_focus/cpi_table, accessed on 7 November 2006.

[44] Slovenia's score for 2006 was 1.2 points better than in 2001. The score for the Czech Republic was 0.9 points better. Bulgaria's score improved by a meagre 0.1 points and improvements in Romania were just as dismal (0.3 points). www.transparency.org/policy_research/surveys_indices/cpi, accessed on 1 December 2006.

[45] Christoph H. Stefes. *Understanding Post-Soviet Transitions. Corruption, Collusion and Clientelism* (Basingstoke, Hampshire/New York, N.Y.: Palgrave Macmillan, 2006); Galligan and Kurkchiyan (2003).

[46] Mark J. Garmaise and Tobias J. Moskowitz. 'Informal Financial Networks: Theory and Evidence', *The Review of Financial Studies*, 16, 4, 2003, pp. 1007-40.

[47] Luis Moreno Ocampo. Corruption and Democracy. The Peruvian Case of Montesinos. Paper presented at the 11th IACC, Seoul, 26 May 2003.

[48] Whereas in-depth interviews are frequently used to study informal networks, surveys are less commonly used. While some more recent studies have made use of internet surveys to collect data, it is still a widely held view amongst people studying networks that surveys are better avoided. For an account of the former, see Rob Cross, Nitin Nohria and Andrew Parker. 'Six Myths about Informal Networks – and how to overcome them', *MIT Sloan Management Review*, Spring 2002, pp. 67-75. Watts argues that surveys are not a very reliable way to obtain high-quality data on networks 'not only because people have a hard time remembering who they know without being suitably prodded, but also because two acquaintances may have quite different views of their relationship. So it can be hard to tell what is actually going on. The method also requires a lot of effort on behalf of the subjects and particularly the investigator. A much better approach is to record what it is that people actually do, who they interact with, and how they interact.' Duncan J. Watts. *Six Degrees. The Science of a Connected Age* (New York/London, W.W. Norton & Company, 2003), p. 26. As we are not so much interested in how people in networks are linked with each other, but more with the impact of informal networks in the political sphere, in the judiciary and in public procurement, the flaws Watts refers to are not relevant to our study.

[49] For an account of the methodology applied for the qualitative part of the research, see Grodeland (2005).

[50] The questionnaire contained a total of 308 questions. It was translated from English into Czech, Slovenian, Bulgarian and Romanian respectively and then translated back into English. Translations and back-translations were checked for accuracy both by native speakers (social scientists) not affiliated with the project and by Grodeland.

[51] NUTS (nomenclature of territorial units) II is the main analytical level used in EU regional policy analysis.

[52] The average refusal rate for all categories of respondents in the Czech Republic was 59 per cent, in Romania it was 55 per cent, in Slovenia 71 per cent and in Bulgaria 17 per cent.

[53] Findings presented in this article have not been weighted by category of elites – i.e. by the potential number of respondents for each elite category – as (a) it is not possible to construct accurate weights for all of them, (b)

quota samples are fairly small and (c) not all respondents answered the most sensitive questions on contacts and informal networks. However, we have compared weighted and non-weighted findings for those categories of elites for which we were able to create approximate weights. Weights were calculated based on the discrepancy between the probability of selection and the actual number of respondents for each category. Such data were available for six categories in Bulgaria, five in Slovenia and four in Romania. We did not have access to such data for the Czech Republic. Differences between weighted and non-weighted results were checked for those categories of respondents whose actual or estimated weights differed from one. At the aggregate level (cross-country comparison) results differed only by a few percentages (0-2). Weighted and non-weighted findings were not compared at the more disaggregated level, as the number of respondents was small and consequently, differences in weights would have a big impact on results.

[54] For a description of how the qualitative data were analysed, see Grødeland (2005).

[55] For an account of how informal practice manifests itself in politics, the judiciary and public procurement based on qualitative project findings, see Åse Berit Grødeland. "Red Mobs", "Yuppies" and "Lamb Heads": Informal Networks and Politics in the Czech Republic, Slovenia, Bulgaria and Romania, in *Europe-Asia Studies* (accepted for publication, forthcoming December 2006); Grodeland (World Bank, 2005) and Åse Berit Grødeland. 'Bulgaria, Czech Republic, Romania and Slovenia: The Use of Contacts and Informal Networks in Public Procurement', in *Fighting Corruption and Promoting Integrity in Public Procurement* (Paris: OECD, 2005), pp. 59-76.

[56] StB is an abbreviation for Statni Bezpecnost, or the State Security Service.

[57] Respondents of our qualitative survey, on the other hand, did not refer to culture when elaborating on the origins of informal networks.

[58] It could be argued that elite assessments of reform efforts may not be entirely accurate and also that different types of informal networks should be counteracted with different measures to reflect the type of harmful results they produce. The elites included in our survey, however, have a good understanding of informal networks: politicians and business people because the most common informal networks are those linking politicians with business, public procurement officials because they are frequently dealing with such networks in their work. Civil society institutions because they not only engage in informal activities themselves, but also act as a "watch-dog", exposing the negative impact of informal networks. The judiciary, because it is exposed to networks on a daily basis. We are therefore fairly confident that the solutions offered by the respondents of our qualitative and quantitative surveys are fairly well informed – although we can of course not exclude the possibility of misleading answers on the part of some respondents.

[59] Grødeland (2004; 2005).

[60] The Communist Party was above the law and society was characterised by widespread disregard for the law Grødeland (2005).

[61] Our previous research (Grødeland, 2006) suggests that in post communist states in East Central and South East Europe there is an emphasis on ethical behaviour in the personal sphere. The public sphere, on the other hand, is characterised by fairly relaxed attitudes towards the law – both on the part of the general public and those charged with implementing and upholding the law.

[62] Securitate was the name of the Romanian secret police during communism.

[63] This question was not asked in the Czech Republic.

[64] Eliška Wagnerová. "Position of Judges in the Czech Republic", in *Systems of Justice in Transition. Central European Experiences since 1989*, ed. J. Přibáň, P. Roberts and James Young (Aldershot: Ashgate, 2003), p. 169.

[65] Administrative law was administered predominantly by the Ministry of Economy and its substructures. The courts, on their part, primarily administered civil and criminal law. Anderson, Bernstein and Gray (2005), p. 9.

[66] Grødeland (2004).

[67] Åse Berit Grødeland. 'Public perceptions of non-governmental organisations in Serbia, Bosnia & Herzegovina, and Macedonia'. *Communist and Post-Communist Studies,* vol. 39, 2006, pp. 221-46; Marc Morjé Howard. *The Weakness of Civil Society in Post-Communist Europe* (Cambridge: Cambridge University Press, 2003).