DYSFUNCTIONAL SINEWS OF POWER:
Problems of Bureaucracy-Building on the Postcommunist Balkans

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Until recently analyses of the capacity and coherence of bureaucratic structures were largely absent from the mushrooming literature on the contemporary Balkans. Scholarly and journalistic writings published both in the region and in the West offered a staple of well-known themes associated with “the transitions to democracy and market economy” mixed with voluminous discussions of the pathologies of Balkan nationalism. Over the last few years, however, existing bureaucracies and administrative organizations are becoming the focal point of intense scrutinizing. Local publics are increasingly frustrated with the persistent malfunctioning of various state agencies; political leaders routinely make pledges to overcome what is being described as “the crisis of stateness”; fastidious Brussels bureaucrats bluntly single out “the lack of administrative capacity” as one of the main reasons why Balkan countries are considered second-rate candidates for membership in the European Union. The rapidly emerging two-pronged consensus today is that the robustness and effectiveness of state structures is a crucial prerequisite for the socio-economic advancement of the Balkan region – and that this prerequisite is largely absent.

As this promising shift of attention is taking place, however, scholarly interest in the concrete and practical conditions in which state agents function remains intermittent and unmethodical. To the extent that they are launched at all, research projects in this area seek to evaluate recently passed legislation in the light of established Western paragons and to assess the implementation of various aspects of the proverbial acquis.¹

¹ See, for example, Denis J. Gilligan, Richard H. Langan II and Constance Nicandrou, eds., Administrative Justice in the New European Democracies (Budapest: COLPI, 1998), and Tony Verheijen, Administrative
Inevitably, such inquiries contain an amalgam of negative descriptions and policy prescriptions: the emphasis is on the attributes that state structures lack, and the ultimate goal of the analysis is to outline strategies whereby these attributes may be acquired. This general attitude is understandable and perhaps inevitable. At the same time, however, it results in a systematic neglect of a set of important analytical issues: Why do administrative structures lack capacity? Why are state organizations incoherent? What factors militate against the creation of cohesive and efficient civil service? In short, why have efforts to transplant Weberian bureaucracies on Balkan soil in the 1990s failed? In this paper I will offer tentative answers to these hitherto overlooked questions.

An important preliminary step in this intellectual endeavor is to make a choice of narrative frame: what is the overall analytical context in which the concrete phenomena under consideration will be located? One obvious and alluring option is to employ the stock of images and categories associated with what historian Maria Todorova has called “Balkanism”: a discourse that incessantly belabors the “otherness” of the Balkans vis-à-vis the “developed West.” 2 Conceived in this manner, the study of “state weakness” necessarily revolves around well-known arguments invoked to explain other disturbing features attributed to the region: political backwardness, the venality of ruling elites, corrosive corruption, lack of democratic traditions, fragile civil societies, culturally conditioned propensity to succumb to passions which renders rational behavior impossible. The dysfunctional sinews of power on the Balkans, then, will be depicted simply as a concrete manifestation of an all-pervasive malaise that has historically plagued this troubled part of Europe.

In what follows, I will refrain from improvising on the all too familiar theme of “Balkanism.” Instead, I will try to link the study of state structures to an analytical interpretation of postcommunism as a distinct period of organizational change. In other words, I will ground my explorations of the factors that mold the functioning of Balkan bureaucracies into a general understanding of the transformative dynamics unleashed in the region in the late 1980s. More specifically, I will focus on two sets of developments.

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2 Maria Todorova, Imagining the Balkans (Oxford: Oxford University Press, 1997).
First, I will explore the institutional consequences of the collapse of communist regimes. I will argue that in the aftermath of this momentous event postcommunist societies experienced what might be called “the paradox of political openings”: as the political and ideological conditions necessary for the advance of democracy transpired, the institutional tools of governance available to these societies – i.e. bureaucratic structures and administrative agencies – were negatively affected by the swift and unpredictable changes. The very implosion of the communist edifice of power that marked the end of dictatorship also aggravated dramatically uncertainties related to leadership succession, undermined the very principles that sustained existing organizational hierarchies and had a profoundly demoralizing effect on the corps of civil servants. Under these conditions, processes of institutional fragmentation and administrative decay accelerated and deepened. These ruinous tendencies were then magnified by a newly emerging mode of elite behavior that is usually referred to in the literature as “conversion of power.” How these conversions of power impinge upon the workings of state structures: this question provides the second focal point of my inquiry. Thus I will combine more general themes from the literature on how rapid change affects bureaucracies with an analytical account of the historical specificity of postcommunism as a transformative moment.

The most immediate objective of this study is to provide an empirically grounded and theoretically informed diagnosis of the persistent malfunctioning of state structures in various Balkan countries. Hopefully, what will also emerge in the course of my analysis is a more detailed map of the structured interactions between state agents, political entrepreneurs and key non-state constituencies. Most importantly, however, this inquiry is intended to demonstrate the value of analytical approaches that emphatically depart from stereotypical accounts of politics in the Balkans. In order to understand what is wrong with Balkan bureaucracies, we ought to force open the black Balkan box and look at the concrete determinants of institutional performance. The analysis of the institutional consequences of political change and the infrastructural impact of conversions of power should be construed as a first step in that direction.
The collapse of state socialism triggered a gigantic wave of interpretative accounts that touched upon numerous scholarly and non-scholarly concerns. These concerns range from philosophical reflections on the meaning of history and the nature of modernity to more empirically oriented studies of how specific “modes of transition” shape the prospects of democracy and the role of “path dependency” in the choice of privatization schemes. Somewhat surprisingly, however, the institutional ramifications of these dramatic events have remained understudied. It was obvious to everyone that these societies will be governed in new ways, but the dimensions of expected – and desired – change were described by means of categories like “democratization,” “rebirth of politics,” “political and economic reforms,” “the establishment of the rule of law” and “return to Europe.” What was often neglected in these exhilarating debates about the ultimate goals of “the transition” was the question regarding the organizational means available for the accomplishment of these goals. The relation between the goals and means of postcommunist politics cannot be conveyed in a formulaic fashion, but it would perhaps make sense to characterize this relation as the paradox of political opening. On the one hand, the collapse of state socialism was a major turning point that made it possible for society to expand its ideological horizons and engage in the pursuit of a wholly new set of variegated goals and values. On the other hand, however, the same phenomenon set off dramatic institutional changes that inflicted serious damages on the very tools on which modern societies rely in the pursuit of these goals: state bureaucracies, administrative agencies and the corps of civil servants. How and why political openings have a liberating impact on previously repressed societies is too obvious to demand further clarifications. The explanation of the paradox, then, should focus on the often overlooked, at times intangible ways in which dramatic political changes affect existing infrastructures of governance.

Why would it be warranted, indeed reasonable, to expect that “the collapse” of deeply entrenched regimes like the communist one-party systems will result in administrative disarray just as the winds of freedom sweep through the Balkans in the fall of 1989? The answer to this question may begin to emerge if we redefine the “political opening” as a rapid, spontaneous, large-scale revamping of the institutional configurations that were erected by the communists – the same configurations that, whether newly empowered elites and societies liked that or not, still constituted the sole infrastructural fundament for organizing democratic power. More specifically, the end of communist rule affected negatively the morale of civil servants, created an intense “succession crisis” that increased the level of uncertainty in postcommunist bureaucracies, and prompted a stratification among organizations that affected negatively the “ranking” of state agencies vis-à-vis newly emerging organizations. The confluence of all these cumulative developments sapped the capacity of state structures and speeded up the fragmentation of bureaucratic apparatuses. Of course, the analytical distinction between these three processes is to a certain extent arbitrary – in practice, they are propelled by an overlapping dynamic, unfold simultaneously and exert mutually reinforcing effects. The overarching goal of the analysis that follows, then, is not to draw empirically verifiable boundaries between disparate phenomena, but to illuminate the complexity of what is for all intents and purposes a single and yet multifaceted process of organizational change.

A. Radical Political Change and the Bureaucratic “Esprit de Corps.”

A cohesive corps of well-motivated civil servants is by definition a scarce commodity, on the Balkans as well as everywhere else. While the appropriation of the requisite resources is an indispensable component of any strategy for creating efficient bureaucratic institutions, deliberate “institution-building” may succeed to the extent that it nurtures what Peter Evans and Dietrich Rueschemeyer have felicitously called “the non-instrumental sources of cohesion of the bureaucratic apparatus,” in other words
intangibles like loyalty, commitment and discipline. As a general proposition, it is not hard to imagine how these sources will dry up during times of turbulent social change and political volatility. Just as the ultimate values that bestow legitimacy on administrative activities are aggressively questioned and even negated, stable patterns of bureaucratic service are instantly threatened by previously suppressed demands for “large-scale reforms.” Under such circumstances, the “esprit de corps” of civil servants is bound to suffer visible humiliations.

This general proposition fits particularly well in a postcommunist setting. Whether or not communist state-builders on the Balkans did in fact create bureaucracies endowed with administrative capacity is a contentious issue which I will not address here. Clearly, however, the “collapse of state communism” stultified whatever vestiges of cohesiveness and loyalty there might have been in the corps of civil servants on which these societies had to rely during the early stages of postcommunist reforms. The ideological implications of the political change should not be underestimated in this context. After all, bureaucratic cadres, especially those that occupied important positions, were selected according to ideological criteria, and the spectacular breakdown of the ideological project that they had served must have had an unsettling effect on at least a sizable minority among them. It is also not inconceivable that some civil servants might have been affected by publicized exposures of the crimes perpetrated by the regimes whose orders they had more or less faithfully carried out. Whether or not actively opposed to democracy (and arguably resistance to democratization among communist civil servants on the Balkans remained somewhat limited), bureaucratic constituencies must have lost whatever sense of common purpose motivated them under the ancien régime.

But we do not necessarily have to picture low and middle level administrators in countries like Bulgaria and Romania as angst-ridden individuals who have experienced

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5 It is worth noting, however, that as late as the 1980s communist dictators on the Balkans could muster enormous logistical resources in the pursuit of lunatic and patently criminal objectives such as the “Bulgarization” of ethnic Turks in Bulgaria and “territorial restructuring” in Romania.
an existential loss of meaning in order to understand how political change may precipitate the evaporation of intangibles that keep personnel morale high. “The collapse” of communist regimes also gave rise to more mundane questions that determine the flows of motivational energies of bureaucrats of all times and places. For example, the stability of hitherto institutionalized career patterns was shattered, privileges that were taken for granted – for example, rising salaries and access to scarce commodities – melted in the air, and “ubiquitous routines” that created a sense of security were disrupted. The capacity of civil servants to shape their immediate environment was reduced sharply – the fact that they were not among the constituencies represented at the Round Table Talks reveals how limited was their ability to negotiate issues pertinent to their own status. In sum, no matter how one interprets the events of 1989 – as a high drama featuring the fall of ideologies and climactic conflicts of worldviews, or a more prosaic story of how civil servant cope with confusion, anxiety and resentment – it is imperative to include the demoralization of the civil service among the immediate effects of the collapse of state socialism.

B. Radical Political Change as a Leadership Succession Problem.

Another dimension of institutional change related to “the political opening” of 1989 that is worth pondering upon is the instant annihilation of more or less accepted principles for selecting the leadership of extant bureaucracies. Arguably, the magnitude of actual changes could not be determined in advance – and, with the benefit of hindsight, we may assert that dismissals of officials affiliated with the communist regime in the Balkan region were much more limited in scope than originally anticipated. But we should not forget that in the immediate aftermath of the collapse of state socialism it was crystal clear to everyone involved that the next act of the unfolding drama will feature something much more than simply a mechanical rotation of elites. What transpired, in fact, was a phenomenon described by Bernard Silberman as a “leadership succession

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6 On “the ubiquity of routines” and how such routines constitute the armature that sustains organizations, see James G. March and Johan P. Olsen, Rediscovering Institutions: The Organizational Basis of Politics (New York: The Free Press, 1989), pp.21-26.

crisis”: “a substitution of one means of, and criteria for, selecting leaders by another.”

Under these conditions, it would be naïve to expect that powerful administrative agents will accord a high priority to the diligent performance of their duties – both because the overarching normative context in which these duties are defined was disheveled, and because the very idea that career advancement is somehow linked to the level of their “professionalism” evaporated under the pressure of unexpected events.

More generally, the underside of postcommunist breakthroughs is skyrocketing levels of uncertainly in administrative structures. Formal rules of entry and informal rules of promotion and dismissal are equally endangered when potent, reform-hungry – and new – competitors reshape the political landscape. Sophisticated constellations of administrative roles easily become the target of relentless criticism as public discourse is swayed by demands for “change.”

An inescapable aftereffect of the sudden “openings” is that high-ranking civil servants begin to strategize: rather than follow the rules of thumb stabilized by institutionalized rationality, that behave so as to maximize their chances of survival under what they, perhaps not unreasonably, perceive as an assault by unfriendly social forces. Cognitive attention is re-directed from the maintenance of institutional integrity to “external” developments that will ultimately determine the fate of each privileged cadre. Assuming the unpleasant risks inherent in the strict implementation of current rules – for example, the hostility of adversely affected agents or “the opportunity costs” incurred when appealing bribe offers extended by delinquents are disregarded – makes little sense when “the long term” is shrouded in doubt. Information is no longer transmitted up and down organizational channels – once strategizing becomes the order of the day, data are increasingly viewed as a product that may be exchanged in return to what are strictly private benefits of the incumbents.

In a nutshell, then, the “leadership succession crisis” triggered by the demise of communism is inimical to the orderly patterning of interactions that ensures the success of decision-making in a bureaucratic environment. The conventions underpinning the

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internal workings of administrative infrastructures are rendered irrelevant when the
internalized rules regarding the appropriate use of high-level administrative skills loose
their validity – and when the prospect that new leaders may take over looms large on the
horizon. The external conditions in which the managers of these structures operate are
also altered when procedures for selecting leaders are swiftly revamped. For example,
from this vantage point the rise of electoral politics is nothing but yet another threat to the
established relations between rank-and-file civil servants and their superiors that had
hitherto structured interactions in bureaucratic apparatuses. Leadership succession, a sign
of hope for democrats and Westernizers, is also an ominous message that instills
uncertainty and perverse pragmatism among key bureaucratic cohorts.

C. Radical Political Change and the Stratification of Organizations.

The third aspect of the “paradox of political opening” that constitutes the central
theme of my discussion is related to what might be characterized as “stratification of
organizations” that gained an irrevocable momentum as ancien regimes were crumbling
down. This rare mode of stratification is defined by Arthur Stinchcombe as “rapid
structural change [that] introduces uncertainty and dissensus on the principles of ranking
of organizations.”9 Under communism, the main principle underpinning the hierarchy of
organizations was clear and virtually uncontested. These societies were, to use a popular
expression coined by T.H.Rigby, “mono-organizational”: everyone was more or less
coerced to follow the directives of the party-state, the vanguard of the people.10 This was
precisely the modus operandi that faded away in 1989. The end of communist rule was
marked by the proliferation of organizational units that complicated the previously
flattened infrastructural landscape in Balkan societies. Furthermore, these new
organizations were quite vocal in expressing their apprehension as to whether state
structures should retain their hegemonic position. Massively supported public demands

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9 For further clarifications of the idea of “stratification among organizations,” see Arthur Stinchcombe,
“Social Structure and Organizations,” in: James March, ed., Handbook of Organizations (Chicago: Rand

10 See T.H.Rigby, Changing Soviet System: Mono-Organizational Socialism from Its Origins to
for recognition of “civil society” in effect meant that new principles for “ranking organizations” should be established – to the detriment to the sole organization privileged under the status quo, namely the state.

In what sense did this “re-ranking” of organizations affect administrative capacity in postcommunism? To begin with, it precipitated processes of redistribution of prestige and reputation that rather rapidly undermined the appeal of bureaucratic careers. As young and ambitious professionals began to join private businesses and to work for Western companies, the notion of “working for an important organization,” hitherto associated exclusively with the state, was filled with a new content. Even more importantly, it created a new set of incentives for the relatively small pool of talented entrepreneurs in these societies – now they had the opportunity to work for organizations that promised much better rewards than the state. The spectacle of “meteoric careers” made in the non-state sectors cannot but be irritating for civil servants who have primed for success in the long run. Of course, in and of itself the fact that entrepreneurs seek glory in the non-state sector is not socially harmful – perhaps the opposite might be true. The gist of my argument is that the very unsettling of a framework of principles that ensured the primacy of the state has an adversarial impact on the coherence and organizational potential of state structures. At least in the short run, the process of stratification puts the state in a position of a monopolist who has lost its monopoly: it has to cope with numerous competitors while the loyalty of formerly coerced consumers is up for grabs.

What conclusions can we draw from the foregoing discussion of “the paradox of political openings”? The first and most important conclusion is that the collapse of state socialism had important organizational consequences that are rarely spelled out in the literature on the contemporary Balkans (and the postcommunist world more generally). In order to understand these consequences, it is necessary to expand the current repertoire of categories employed to capture dimensions of change in the 1990s, and to underscore the significance of analytical themes like “non-instrumental sources of cohesion in bureaucratic apparatuses,” “leadership succession” and “stratification among organizations.” Even a preliminary consideration of these themes – and I have tried to
offer nothing more ambitious than that in this paper – may help us pinpoint the nature of
and dynamics behind the processes that led to the fragmentation of state structures and
decline of administrative capacity. As they embarked upon the journey towards
democracy, Balkan countries found themselves equipped with rickety bureaucratic
apparatuses and seriously defective tools of governance.

It makes sense, then, to assert that state structures in these countries must be
created and not simply “reformed.”11 The assumption that some sort of functioning
administrative infrastructure actually exists and what is needed is simply to improve its
performance may in fact be perilously misleading: it may lead not only to failure to
recognize the magnitude of the tasks that lie ahead, but also to systematically inadequate
choices of reform strategies or priorities in allocating scarce resources. Moreover, it
should be pointed out that this “creation” will have to occur in an environment where the
temporal organization of bureaucratic careers – which, as we know from Weber, is the
best way of ensuring high levels of motivational energies in administrations – has been
thoroughly disrupted, and therefore the “social sources of administrative effort” are
enfeebled.12 This “creation,” in other words, will have to include not only the daunting
task of institution-building, but also, and quite importantly, a veritable social mobilization
behind the idea that Balkan societies need efficient state structures.

Apart from these general considerations regarding the implications of the collapse
of state socialism for the study of state structures on the contemporary Balkans, there are
two more specific corollaries of “the paradox of political opening” that are worth
mentioning. First, it would be fatuous to expect that some version of the East Asian
“developmental state” may be transplanted on the Balkans.13 Given what we know about
the problems experienced by bureaucracies in the region, it is inconceivable that state
structures will be able to engage with private businesses in “virtuous cycles” whereby
protectionism fosters competitiveness and entails economic growth and technological

11 For a similar insight, see Verheijen, op.cit., p.41.

12 I have borrowed the notion of “social sources of administrative effort” from Arthur Stinchcombe, see his

13 On the “developmental state,” see the fine collection of essays edited by Meredith Woo-Cummings, The
progress. There is a consensus in the literature that “development-enhancing” collaborations between states and businesses rest on four principles: 1/ increased flows of accurate information; 2/ reciprocity; 3/ credible commitment; 4/ trust. None of these principles is likely to be a priority for civil servants that have to cope with the uncertainty inherent in rapid and unpredictable organizational change: they are likely to withhold information or to use it in corrupt ways, to seek benefits from selective enforcement of rules, to avoid commitments or break them when opportunities arise, and to exploit strategic advantages vis-à-vis economic agents. Under these circumstances, reform projects that assign great hopes on government regulation should be considered as utopian as the laissez-faire vision of invisible hands resolving all problems of economic underdevelopment.

The second more concrete conclusion to be drawn from the “paradox of political opening” is that the rule-enforcement function of state agencies will be considerably weakened. Simply put, enforcing rules is not something that civil servants threatened by career uncertainty will readily do. Why create enemies among private economic agents today when tomorrow these same agents may be your employers? And why apply the rules when the answer to the question whether or not such conduct will contribute to your professional advancement is no longer clear? The “ruleness” of the overall institutional milieu is among the first casualties when organizational uncertainty compounds the fear of demoralized public servants.

The developments I have discussed so far might be characterized, in a sense, as the generic consequences of massive organizational change. They are likely to occur every time when an event of the magnitude of “collapse of socialism” takes place. As such, these consequences may, in fact, be deemed desirable – and may also turn out to be

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15 For an excellent institutional analysis of the incentives of “street level bureaucrats” in a context relevant to the study of postcommunism, see Steven Solnick, Stealing the State: Control and Collapse in Soviet Institutions (Cambridge, MA: Harvard University Press, 1998).
short-lived. Indeed, the decrease in administrative capacity attendant to the end of communist rule may be considered a necessary price to pay for the accomplishment of worthwhile objectives: a reform of the civil service (which cannot be carried out without jeopardizing the careers of communist cadres), the advancement of political pluralism (which cannot be done without diminishing the hegemonic stature of the state) and replacement of compromised leaders (which entails a palpable “leadership succession” crisis). And it is not difficult to think of historical cases when the organizational disarray caused by “political openings” was rather rapidly superceded by a period of intense institution-building and the creation of robust bureaucratic structures – Theda Skocpol’s account of the aftermath of “social revolutions” is perhaps the best known example of how radical political change eventually results in stronger, not weaker states.16 This scenario, however, did not materialize on the Balkans in the 1990s. And in order to understand why, we will have to turn our attention to the transformative dynamics of the postcommunist period. In a nutshell, what I am going to argue is that the processes of fragmentation and decline of administrative capacity triggered by the collapse of state socialism were further magnified and intensified by a new development that rendered rapid regeneration of state structures impossible. This new development is “the conversion of power” that allowed strategically located elites to re-assert their influence after the ancien régime which had nurtured them imploded. Thus I will try to supplement my survey of the generic consequences of infrastructural collapse with a discussion of the historically specific institutional conditions that characterize the postcommunist era. Hopefully, what will emerge is a more comprehensive answer to the question why the sinews of power are chronically malfunctioning in the Balkans states.

Conversions of Power in Postcommunism:
Organizational Outflanking, Local Captures and the Embezzlement of the Social Capital of the State

In the literature on postcommunism, the proposition that “former elites converted their political power into economic power” commands the assent of scholars of various

16 Theda Skocpol, States and Social Revolutions: A Comparative Analysis of France, Russia and China (Cambridge: Cambridge University Press, 1979).
tastes and persuasions. While explicit definitions of the term are difficult to come by, it is not hard to distill the analytical essence of the concept: the metaphor encompasses a set of practices (from single “hits” to more or less institutionalized interactions) that allow nomenklatura elites to re-deploy various assets which they controlled under communism into a new institutional context and thus preserve their dominant position. Whether lamented, celebrated or accepted as inevitable, this phenomenon is widely perceived as one of the characteristic attributes of the postcommunist political condition.

At least so far, however, scholarship has focused exclusively on the social and economic implications of conversions, i.e. on how it shaped processes of social stratification and the emerging postcommunist capitalism. For the most part, mainstream analyses are drawn to “the economic power” which is acquired through conversion (or to the question how conversion shapes emergent “market” relations), and rarely broach the question how the nature of “political power” will be changed as this mode of agency gains momentum (or how conversion affects governance). What I will try to demonstrate is that postcommunist conversions also have easily discernible institutional consequences – and these consequences aggravate the tendency towards administrative decay set loose by the collapse of state socialism. Simply put, large-scale conversions of power perpetrated in the peculiar organizational landscape bequeathed by Balkan communist regimes should be considered a uniquely potent factor that systematically militates against the consolidation of state structures.

I am not in the least inclined to cast doubt on the unquestionably valid main message that comes out of the literature on conversions, namely that former nomenklatura cadres are enjoying privileged positions in the new socio-political order. And I will not deal with the very important empirical side of conversions – who gets what, when and how. Instead, I will try to defend a particular way of conceptualizing

17 For a detailed review of the literature on “conversions of power,” see Venelin I. Ganev, Preying on the State: Political Capitalism After Communism, Ph.D. Dissertation, Department of Political Science, The University of Chicago, 2000, Chapter 4.

this phenomenon, in other words I will address the question: how should we think of postcommunist conversions as a process of institutional change? From this perspective, conversions of power in the postcommunist worlds in general and on the Balkans in particular appear, first, as a form of organizational conflict that pits the state against logistically well-endowed organizational competitors that are trying to “outflank” it. Second, in their striving to control resources those who convert power resort to what I would call “local captures,” and these captures should be construed as a source of administrative bottlenecks. Finally, the repertoire of conversion includes a particular and oft used strategy that I would characterize as “embezzlement of the social capital of the state” which affects negatively the fabric of state-society relations in postcommunism. It is to a survey of these implications of conversion that I now turn

A. Organizational Outflanking in Postcommunism, or Conversions as a Form of Conflict.

Typical studies of “conversions of power” seek to elucidate the correlation between the strategic place occupied by individuals and groups in the political structures of the communist regime, and their privileged standing in the emerging economic structures of postcommunism.\(^{19}\) The actual mechanisms whereby this lucky constituency transforms its power are usually not investigated, probably because it is assumed, not unreasonably, that these “transformations” occur as a result of corrupt transactions or illicit inside networking. But it is perhaps worth thinking about these mechanisms in a more analytical manner. What is the best way to characterize the multiplicity of diverse transactions that constitute “the conversion of power”?

A good starting point of the quest for an answer to this question would be to remember the salient characteristics of the environment in which conversions take place. Arguably the most important institutional aspect of the postcommunist political condition is that wealth is not held by individual agents, but is stored in a loosely monitored public

domain. Hence the optimal strategy for amassing private fortunes would be to pursue a form of predatory behavior that elsewhere I have called “extraction from the state.”

To “convert political power” in practice means to establish de facto control over resources that are nominally managed by state agents on behalf of the public – as the dexterous maestros of “conversion” would be the first to recognize. Reflecting on the question why Russian plunged into a civil war after the 1917 Bolshevik coup, but not in the 1990s after the collapse of communism, the lionized Russian oligarch Boris Berezovsky pointed out that “in 1917 property was taken from real people; this time, it was taken from the state, a faceless entity; no one thought of it as its own.”

While Berezovsky’s knack for macro-historical comparisons is remarkable, however, accounts like the one he proffers tend to obscure an important element inherent in all conversions – the acquisition of economic power is the flip side of a process whose main consequence is the displacement of the state from its position as the logistically dominant organization capable of making and enforcing final decisions regarding flows of resources in the public domain. The conversion of power, in other words, should be thought of as a subterranean logistical conflict that pits state agencies against powerful organized competitors.

Conceived as a form of conflict, conversions may be analyzed in terms of their “object,” dynamic and institutional effects. Those who “convert political power into economic power” – we may call them converters – are trying to capture a particular “object,” which might be called “logistical power,” or the capacity to control people, materials and resources. This is also precisely the object that beleaguered agents who are charged with defending the public interest are trying to retain. Given the scale and speed of this operation in a postcommunist setting, it might be assumed that this is a zero-sum game: logistical power amassed by converters is power lost by concrete state agencies. And given the magnitude of this phenomenon, it would not be an exaggeration

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21 This statement is quoted by David Remnick in “The Black Box,” The New Yorker, March 27, 2000, p.44.

22 For a solid discussion of the nature of logistical power, see Michael Mann, The Sources of Social Power, Volume I (Cambridge: Cambridge University Press, 1986), Chapter 1.
to assert that this is the main form of distributional conflict in postcommunism: the distribution of logistical power. The privatization of logistical resources provides the structural basis of personal wealth; it also drains state structures from their capacity to shape effectively social and economic relations.

The dynamic of conversions might be characterized as strategic activation of what is known in the sociological literature as “strong ties.” In contrast to “weak ties” that are usually established among “acquaintances” or colleagues who collaborate on a strictly professional basis, “strong ties” are long-term relationships cemented by reciprocal services and trust.23 The starting point of “the conversion” – the strategic use of “political power” – usually involves coordinated action carried out by a small number of individuals who may engage in forms of collaboration inaccessible to rank-and-file bureaucrats that are only capable of maintaining “weak” ties with strategically located elites within and outside the state. The most pertinent feature of the systematic utilization of “strong ties” in a concrete organizational environment is that it “breeds local cohesion, but leads to overall fragmentation.”24 In other words, the dynamic of conversion creates imbalances, discrepancies and irregularities that systematically disrupt the functioning of the very source of “political power,” the state.

Finally, the most important institutional effect of the conversion is the weakening of the state as an organization. In a passage brilliant in its simplicity, Max Weber once asserted that “an organization exists so far as there is a probability that certain persons will act in such a way as to carry out the order governing the organization.”25 In the context of conversions, it is not the “state order” that molds the behavior of strategically located public agents – it is the schemes of converters that are “carried out.” The very logic of conversions privileges informal, hidden, “confidential,” sub rosa forms of exercising political power; and it is the same logic that reduces dramatically the probability that democratically elected forces and publics more generally may rely on the

23 The best sociological interpretation of the “strong” and “weak” ties is offered by Mark Granovetter, “The Strength of Weak Ties,” American Journal of Sociology, Volume 78, No.6 (May 1973), pp.1360-1380.

24 Granovetter, op.cit., p.1378.

state to implement legislative measures that reflect public preferences. The number of successful conversions, in other words, is inversely related to the number of successfully implemented legislative programs that seek to promote the common interest.

Perhaps the main conclusion that follows from the depiction of “conversion of power” as a form of logistical conflict is that it would be too simplistic, may be even downright erroneous, to think of this phenomenon as a transfer of resources across the boundaries of more or less clearly demarcated domains, the domain of “political power,” and the domain of “economic power.” What is actually going on is the “unhinging” of resources previously guarded by the now defunct repressive organs of the communist regime, accompanied by strategic “shifting of the boundaries” between the two seemingly disparate domains. The significance of this “unhinging” is not confined to the redefinition of the institutional status of these resources, e.g. from “public” to “private.” Even more importantly, it represents the dynamic outcome of an organizational rivalry where the state is “outflanked” by competitors in the contest for control of logistical resources. In the aftermath of successful conversions, the state is an organizational looser bereft of infrastructural potential.

**B. Local Captures, or Conversions as a Source of Administrative Bottlenecks.**

In this section, I will consider one particular form of “conversion,” the “colonization” of state-owned enterprises (SOE) by private interests. This scheme is so well known that it hardly needs further explanations: a set of management-controlled companies occupy strategic positions as suppliers and distributors of the production of the SOE, as a result of which its profits are privatized, and its debts are dumped upon the state. I think that this phenomenon may be called “local captures” – as a result of “conversions of power,” productive units of the public sector of the economy are “captured” by private networks.

Local captures are, of course, a primary example of postcommunist corruption and a major impediment to economic reforms in the Balkan region. But there is

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something else about this form of “conversion” that is worth emphasizing: it casts light on the structure of incentives of those who convert power and elucidates the specificity of the institutional strategies of postcommunist predators in comparison to other groups that seek privileged access to public resources. The main juxtaposition in this context is between “local captures” and what might be called “central captures.” It would be warranted to assume, for example, that the main objective of a “distributional coalition” of the type described by Mancur Olson would attempt to “capture” the central bodies of the state, influence the policy-making process and then rely on the implementation of specific policies by state agencies in order to appropriate “rents.”

27 Clearly, Olsonian rent-seekers need a “strong state” – their expectation is that once they have won the lobbying and legislative battles, robust administrative agencies will help them enjoy the “additional slice of the pie” they have set out to capture. In other words, the rent-seekers who resort to “central captures” – and this is the dominant mode of rent-seeking discussed in the literature on politics in industrial societies – have a vested interest in and an incentive to maintain an orderly process of policy making, increase the efficiency of administration and enhance the cohesion of bureaucratic apparatuses.

Precisely the opposite is true in the case of “local captures.” For such a strategy of “converting power” to work, targeted SOE must be in effect isolated from the normal procedures of oversight and control that impart coherence on administrative structures. To use an expression coined by Guillermo O’Donnell, these SOE become “problematic spaces” which are impervious to bureaucratic control and virtually inaccessible to state agents. 28 Insofar as governance is concerned, “local captures” create black holes: there is a dearth of information about the captured SOE, they are virtually excluded from general regulatory frameworks, and immune to disciplinary regimes that sustain the hierarchies of


28 Guillermo O’Donnell, Modernization and Bureaucratic Authoritarianism: Studies in South American Politics (Berkeley: The University of California Press, 1973), p.65. According to O’Donnell, each political system is characterized by fairly unique constellations of issues reflected in the structure of the “problematic spaces.” In my view, the two most important issues that shape postcommunist problematic spaces on the Balkans are structural reform (i.e. the carving out of a viable private sector in state owned economies) and the weak administrative infrastructure of governance that makes it impossible to reverse the process of privatizing the profits of the public sector.
governance. Thus conversions of power reduce considerably the scope of meaningful policy implementation in contemporary Balkan societies.

The broader conclusion that may be drawn is from this admittedly sketchy analysis is that conversion as a form of rent seeking is imimical to, rather than parasitic upon, bureaucratically efficient governance. It thrives when infrastructures decay, and it gains momentum as processes of orderly lawmaking and rule enforcement collapse. In sum, successful “local captures” are among the major reasons why there are so many administrative “bottlenecks” in postcommunist Balkan countries.

C. Embezzlement of the Social Capital of the State and the Level of State Society Cooperation

There is a third facet of the broader institutional significance of conversions that is also worth reflecting upon. It is a commonplace in the literature that what converters in fact appropriate is financial resources and other forms of “capital” – an observation that is indisputably true. But it should be noted that at times “the repertoire” of conversions is more variegated – it encompasses a resource that might be called “the social capital of the state.” Pierre Bourdieu defines “social capital” as “relations of human acquaintance and recognition [which] entitles the agent to “credit” in the various sense of the word.”29 Just as any other actor, individual or corporate, the state possesses social capital, and its social capital (which is quite distinct from its capacity to exert coercion) is measured by the willingness of citizens to give it “credit,” or to enter medium- and long-term collaborative relations with representatives of the state.30 And – this is the specific claim that I am trying to advance here – just like any other form of capital, this “social capital” may be embezzled when it is employed in violation of the socially acceptable conventions regulating its usage. The empirical scenarios that might be conjured up in this context may feature state officials who urge private depositors to put their money in a particular bank, whereupon the bank is stripped of its assets by the state officials’


collaborators; bureaucrats who request business information that is later passed on to competitors for a price; organized interests that are advised by administrative agents to engage in collaboration with particular private institutions, and then the former are deceived by the latter while the administrative agents receive their cut from the hijacked resources. In a sense, the primary target of this form of conversion is not, strictly speaking, state-controlled assets – what converters appropriate is resources held by non-state agents (depositors, private companies and organized societal groups). However, these conversion schemes can only work if at critical junctures of the collaborative effort the converters may convince the “partners” that they are about to deceive that “the state” is involved in the deal as a guarantor and “backer.” It is because societal actors are prepared to extend “credit” to the state that they enter the partnerships that ultimately facilitate conversions of power. Therefore it is the willingness of societal actors to extend this credit in the future that will suffer when the criminal intent behind the putative partnerships is finally revealed. This is the phenomenon that might be labeled “embezzlement of the social capital of the state.”

The consequences of such embezzlements are clear: the level of cooperation between state agencies and the citizenry – particularly the organized citizenry – will be reduced. Appeals to ordinary men and women to “support the reforms” and “adapt their behavior to new and complicated rules of the game” will fall on deaf ears. The ensuing “disengagement” of social constituencies should be counted among the most troubling manifestation of “state weakness” on the postcommunist Balkans. It bears emphasizing that, at least as often as not, this alienation is rooted not in “historical tradition” or in “local culture,” but in concrete experiences of “engagement” with state agencies during the postcommunist period. The alienation of citizens from the state may, indeed, arise from various sources – but clearly “the embezzlement of social capital,” this peculiar form of “conversion of political power into economic benefits,” is one of them. That is why this enduring form of predatory behavior constitutes a formidable obstacle to the

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“construction of a positive synergy” between states and societies, a synergy that holds the promise of providing a cure for the serious problems of postcommunism restructuring.\(^{32}\)

The “conversion of political power into economic power” is a \textit{sui generis} “route of fungibility of power” and its uniqueness should be duly acknowledged: in European history at least, the routes from wealth into politics and religion into politics are much more familiar and therefore better understood.\(^{33}\) May be that is the reason why, although recognized in a postcommunist context, this mode of elite activity is yet to receive its adequate analytical treatment. The simple message I have been trying to convey is that as a set of empirical developments it is richer than run-of-the-mill references to “botched privatizations” and “corrupt transactions” may lead us to believe, and that as an analytically relevant phenomenon it is very important for understanding patterns of organizational change in postcommunism. It magnified the problems of the immediate past – the infrastructural fragmentation and loss of capacity related to the “paradox of political openings.” And it rendered Balkan societies incapable of facing the challenges of the future, most importantly the creation of legitimate instruments of democratic governance and the organizational basis of market exchange. The three dimensions of conversions discussed above – logistical conflict, creation of bottlenecks and the disruption of cooperative state-society relations – are directly relevant to the syndrome of “state weakness” and administrative incapacitation easily observable in all postcommunist Balkan states today.

Perhaps inevitably, discussions of developments like “conversions of power” must culminate in the formulation of a clearly articulated indictment that specifies the nature of the derelictions committed by culpable elites. There seems to exist ample evidence that the repugnance of the sudden rise of \textit{nouveaux riches} is trans-historical and


trans-cultural – observers of all ages find it deeply disturbing. Benjamin Constant, for example, wryly pointed out that “wealth does not have a retroactive effect” and that property that is “suddenly acquired” can never give to new proprietors “a confidence in their own situation.” As a result, they will be chronically incapable of expanding their intellectual horizons beyond their “narrow interests” and step into the socially beneficial roles played by holders of “old wealth.”

In a postcommunist context, the most succinct charge against those who converted their political power into economic influence is that they behaved as state wreckers, not state-builders. It is true that they stole wealth that did not belong to them and thus contributed directly to the impoverishment of the weak and powerless in their own societies. But they also demolished the organizational basis of democratic governance – thus creating a logistical nightmare that will continue to haunt politics on the Balkans for the foreseeable future.

A Short Conclusion

In this paper, I have tried to approach in analytical manner the problems that plague public administrations and state structures in the Balkan region. I have chosen to forego various interpretative themes that run through the mainstream literature on “the politics of backwardness” and “the Balkans” more generally. Instead, I have emphasized the analytical relevance of the transformative processes that burst out during late communism and early postcommunism. The confluence of two sets of multi-layered dynamics – “the paradox of political opening” and “the conversion of power” – provides, in my view, a solid explanation of the malfunctioning of the sinews of power in Balkan states today. As the uncertainties inherent in institutional collapse are aggravated by the logistical assault on state structures engineered by converters, civil servants become increasingly demoralized, the principles that frame the functioning of administrative

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agencies are compromised, bureaucratic apparatuses fragment and the capacity of state institutions to mobilize logistical resources declines.

If this diagnosis is correct, then unprejudiced observers will be compelled to admit that it will be a while before the lofty “European principles for Public Administration” – reliability and predictability; openness and transparency; accountability; efficiency and effectiveness – become effective in the Balkan region. Moreover, any strategies for “reform” that presuppose “normal” levels of the state’s capacity to monitor private agents or SOE and enforce rules will have to be classified as inapplicable and foredoomed to fail. More broadly, however, it is crucial to recognize that the process of administrative decay in postcommunism has deeper sources that must be sought outside of the domain of “public administration.” My analysis of conversions, for example, demonstrates that certain modes of interaction between state and “civil society” may be construed as an immediate cause of diminished state capacity. The problems plaguing the civil service are inextricably linked to the uncertainties generated within widely fluctuating political societies. And the very meaning of “power” in a postcommunist context cannot be adequately captured if we focus exclusively on either the state, civil society or political society – perhaps the capacity to redefine strategically the boundaries that purportedly demarcate these domains is the manifestation par excellence of postcommunist power. Admittedly, this abstract lucubration does not yield immediate practical insights. But it may perhaps be interpreted as a commonsensical warning against over-reliance on narrowly conceived programs for revamping Balkan bureaucracies that disregard the complexity of the context which will inevitably shape the actual course of all reform initiatives.

Almost fifty years ago Alvin Gouldner noted that scholars attracted to the fairly mundane and unexciting subject of bureaucracy are inexplicably prone to lapse into “metaphysical pathos.” What he was referring to was the fact that any effort to develop sound strategies for enhancing bureaucratic capacity was cast either as a dangerous


exercise in futility or as a sinister prelude to the “ultimate loss of freedom.” I do not want to go into the other extreme and radiate an equally misguided “metaphysic of hope” in the light of which the creation of efficient bureaucracies and logistically well-endowed administrative agencies will appear as the panacea that will help Balkan societies miraculously overcome all the evils that afflict them. But it does seem that the lack of political power understood as a consensually created “medium of communication that allows binding decisions to be transmitted” is among the major problems that confront Balkan states today, and this problem can be resolved only through a conscious, long-term commitment to institution-building projects backed up by key social constituencies. What is important to remember is that the future of these projects will be determined not only by political Don Quixotes seized of great visions, but by the multitude of bureaucratic Sancho Pansas for whom coping with the tensions and paradoxes of the postcommunist political condition is an everyday experience.

38 For further elaboration on this concept of power, see Nicklas Luhmann, The Differentiation of Society (New York: Columbia University Press, 1982), pp.147-165.