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Book Review:

Rebuilding Leviathan: Party Competition and State Exploitation in Post-Communist Democracies by Anna Grzymala-Busse, 2007, Cambridge: Cambridge University Press

Ivan Vukovic*

In the years following the historic 1989, academic discussions about the future of the countries in Central-Eastern Europe (CEE) were mainly focused on the challenges of their political and economic reforms. Democratic governance and market economy were widely perceived as the basic coordinates defining the course of their post-communist development. At the same time, general interest for the process of their state (re)building in this period was much smaller. Only recently has this particular aspect of the CEE countries' transition from communism begun to receive more scholarly attention (Ganev, 2007; Kitschelt, 2003; O' Dwyer, 2006). With her 2007 book *Rebuilding Leviathan: Party Competition and State Exploitation in Post-Communist Democracies*, Anna Grzymala-Busse has contributed immensely to this emerging strand of research.

Grzymala-Busse examines the reconstruction of state institutions and authority in the new CEE democracies – Latvia, Lithuania, Estonia, Slovenia, the Czech Republic, Slovakia, Poland, Hungary, and Bulgaria – within the fifteen years from the breakdown of communism to their EU accession¹. She finds that one of the main features of this process was state exploitation by the governing parties. On the one hand, with full political legitimacy and few institutional constraints, they played a key role in the structural rebuilding of these countries. On the other hand, poorly organised, with a small number of members, and no certain sources of income, they were in desperate need of electoral and material support. Under such circumstances, as Grzymala-Busse points out, the state represented “the most lucrative and readily wellspring of material resources”, and hence “an inevitable target of governing parties seeking material assets” (p. 31). Therefore, being the key architects of state reconstruction, these parties used the process in order to establish long-term access to state resources and so ensure political survival. In the author's words, “rebuilding the post-communist Leviathan – the structures of the state – thus comprised both competition and exploitation” (p. 2).

In addition, Grzymala-Busse reminds that in the early phase of post-communist transition, both the strength of domestic institutions and the influence of international organisations in the CEE countries were too weak to effectively constrain their governing parties. For that reason, the extent to which the incumbents were able to exploit these states, according to the author, could only be determined by their competition with other political actors. However, she makes clear that party contestation *per se* was not enough to place limits on the incumbents' extraction of state resources. For that to happen, she says, ruling parties had to be faced with a credible risk of replacement. In that situation, namely, they would “rather constrain themselves, and all subsequent governments, than allow their successors to have access to state resources” (p. 81).

At this point, Grzymala-Busse emphasises – thereby presenting her most important theoretical argument - that, in order to create such a threat to incumbents, party competition had to be *robust*, i.e. “characterized by an opposition that is clearly identifiable, plausible as a governing alternative, and vociferously critical, constantly monitoring and censoring government action” (Ibid). The author persuasively argues that only this kind of political alternative could make parties in office worry about the possibility of losing in the next elections, and, consequently, create a mechanism of constraint on

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1 Bulgaria has entered the EU in 2007.

their behaviour. In view of that, she identifies robust party competition as the main cause of different trajectories of post-communist state building in the CEE countries. Thus, in new democracies that experienced robust competition (Slovenia, Poland Hungary, Estonia, and Lithuania) the level of state exploitation was much lower than in those countries where, for different reasons, it was missing for most of their transition (the Czech Republic, Slovakia, Latvia, and Bulgaria). Interestingly, with the exception of Estonia, Grzymala-Busse finds the main source of robust competition in these states in former communist parties that, after exiting office, managed to reform and reinvent themselves as committed and credible democrats.

The author recognises three main forms of state exploitation i.e. three arenas in which governing parties could ensure their political survival in post-communist states: the creation of state institutions of oversight and monitoring, the discretionary expansion of state administration employment, and the appropriation of privatisation profits and unregulated public subsidies (p. 4). Therefore, after shortly presenting the aforementioned arguments in the introductory part of the book, she continues with their further theoretical elaboration and empirical validity testing in each of these state domains.

In chapter 2, Grzymala-Busse explains why, among various tactics for political survival, governing parties in post-communist democracies dominantly opted for state exploitation. Their strategic choice, according to the author, was determined by the degree of their commitment to democratic rules of competition, and local organisational resources at their disposal (p. 31). Thus, being loyal to the idea of democratic pluralism as an institutional guarantee against the possibility of relapse into one-party hegemony, the incumbents could neither fuse with the structures of state nor predatorily extract its resources without their further redistribution. Moreover, given their weak infrastructure and scarce membership, they were also unable to create clientelistic networks based on the exchange of electoral support for the provision of private goods (p. 35). Therefore, in pursuit of resources, these parties chose to exploit the state through extraction of its assets.

Having said this, Grzymala-Busse points out that the level of state exploitation by ruling parties considerably diverged across the CEE post-communist countries. By comparing two aforementioned clusters of states, the author shows that the diversity in terms of their functional demands and institutional deficits inherited from the *ancien régime* may not serve as an adequate explanation of the variation. Instead of these structural factors, she hence focuses on political contestation among parties in the legislatures as the main architects of state reconstruction in the new democracies (p. 49). Yet, unlike most scholars dealing with party competition, Grzymala-Busse does not rely on its common indicators, such as fragmentation, ideological polarisation, electoral turnover/party system openness, volatility, etc. Instead, the author takes a completely new approach to this problem, convincingly arguing that the extent to which the ruling parties in these post-communist democracies were able to exploit the state was dominantly influenced by the robustness of political competition, i.e. the power of parliamentary opposition to constrain their behaviour. By confirming a high negative correlation between these two variables (-.85), she clearly shows that in those countries where the opposition parties were a clear and plausible governing alternative, the incumbents, threatened by the possibility of electoral replacement, did not take full advantage of privileged access to resources of state in the course of its reconstruction.

One of the main reasons for that, according to Grzymala-Busse, relates to the rise of new formal state institutions in CEE democracies (national accounting offices, civil service laws, auditing chambers, ombudsmen, etc.), providing insight and control of party behaviour (p. 82). As she points out in chapter 3, “faced with a high risk of losing next elections, they [incumbents] would want to constrain the opposition by creating new institutions of monitoring and oversight so that no successor would benefit from the state” (p. 97). This way, robust political competition led governing parties to embark on the process of post-communist institutional building, thereby tying their own hands and limiting their leeway in disposing and redistributing state resources (p. 81).

Moreover, contrary to some theories, Grzymala-Busse argues that the diverse patterns of state institutional construction in CEE democracies could not be determined by the influence of the

European Union or any other important international political player. She reminds that the EU political pressures aimed at improving administrative capacities of these states came too late for the frontrunners of state building which had already been erected the basic institutional framework (p. 90). At the same time, the EU leverage on the countries that considerably delayed this process was mostly passive and too inconsistent to bring about implementation of the administrative reforms.

The process of formal state institutions building, as Grzymala-Busse explains in chapter 4, was followed by the efforts of governing parties to increase the access to state resources and, by extracting them, ensure future political gains (p. 133). In that respect, she identifies two main exploitation strategies used by the incumbents in CEE democracies. The first one was based on unrestricted expansion of state administration, i.e. “the unregulated and unmonitored growth in the number of those employed in the central state ministries, regulatory and tax agencies, social security administration, and their territorial offices” (p. 133). Subsequent to the 1989 regime change, due to the lack of civil service regulation inherited from the communist era, new ruling parties could freely ‘pack’ the administration with loyal staff and, thus, control both the state resources and the decision-making power (p. 162). At the same time, the second mechanism of state exploitation employed by the incumbents comprised the creation of numerous new quasi-public agencies, such as privatisation agencies, regulatory commissions, health insurance boards, etc. Having a vast range of competencies, such as granting concessions, administering privatisation, public funds distribution, and welfare provisions, these parastatal organisations were also managed by people of trust to the ruling parties. Finally, in the last chapter, the author analyses different funding strategies of political parties in CEE democracies. In the early phase of post-communist transition, the political survival of these parties – with almost no resources of material support, impoverished and fickle electorates and private companies mainly uninterested in financing them – was highly uncertain. Under such circumstances, as Grzymala-Busse points out, they recognised the state, i.e. the extraction of its assets, as the most attractive and stable source of funding (p. 182). In this sense, she differentiates between the two basic types of state extraction by political parties: formal and informal. And while explaining the former in terms of party financing through direct state subsidies, including parliamentary subventions, electoral campaign funding, and funding for the maintenance of party offices and staff, the author calls attention to the latter, as potentially much more lucrative (p. 188). At the same time, she shows that the actual level to which the ruling parties could informally extract the resources of state was strongly influenced by the character of political competition.

Anna Grzymala-Busse sheds new light on the post-1989 transition of Central-Eastern European countries. Unlike most of her colleagues, who focus on their democratic and economic reforms, she follows the course of their state (re)building after the collapse of communism. She shows that due to enormous policy-making power resulting from the institutional weaknesses of CEE democracies and the lack of external restraints on their actions, political parties played a central role in this process. Moreover, striving to ensure political survival, these parties could accordingly use the state reconstruction to establish longer-term access to its assets as the most stable source of funding. In this respect, the robust political competition as a component of “the very democracy that gave rise to these political parties”, could significantly constrain their exploitation of the state (p. 222).

Keeping all this in mind, I rest assured that Grzymala-Busse deserves a lot of credit for both the contribution to the related literature and, in particular, the originality of her main argument. By emphasising the importance of party competition on shaping the character of state-building processes in the CEE democracies, she presents a completely new theoretical perspective on the post-communist transition of these countries. At the same time, by confirming a very high correlation between the robustness of the competition and the level of state exploitation by the main actors, she proves its strong empirical foundation.

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