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**UNLEARNED SOCIAL CHANGE: A STUDY OF
TRANSITORY ORDER**

PhD Dissertation

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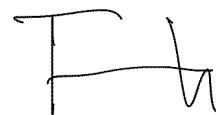
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Prague, October 24th, 2022.

Marcel Tomášek

A handwritten signature in black ink, consisting of stylized letters that appear to be 'M', 'T', and 'M'.

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Abstract

The thesis is a qualitative study of grey zones and grey phenomena on the border of economy and politics in the Czech Republic from 1995 to 2013. The widely ingrained presupposition that the closing dot to the 'transition phase' was the Europeanization process as connected to the procedures associated with becoming an EU member is commonly spread and taken for granted. Given verifying this presumption, the research field has been divided into two distinctive subperiods: the first one investigates patterns of practice as they were associated primarily with the stage of the change, which may be labelled as post-privatization/secondary privatization (1995-2004). The second subperiod in focus (2004-2013) has been the period from entering the EU in 2004 to the shockwave of reconstitution of the Czech political scene in 2013 after the government-parliamentary-clan-clientelist structures collision and the resignation of the Czech government. The empirical sources for the inquiry have been primarily the particular instances of happenings and problematic undertakings in the overlap of politics and economy as they are registered and referred to, for the given period of 1995-2013, in the weekly periodicals - Respekt, Ekonom.

The theoretical grounding of the study has been developed from identifying four waves in conceptualizing social change in CEE - in the form of 'stages schema' (transition-democratic consolidation; transformation-path dependency; state capture-Europeanization; varieties of capitalism-own pattern) and extending this theoretical grounding to more general social dynamics theories and theoretical controversies: pluralist theory versus systemic crisis approach; neoclassical approach versus institutional economics; culture-based reproaches for understanding social change). While working with qualitative data, the category of 'hybridity' has emerged. Also, in this functional context, 'canon' and changing 'canons,' as related to the peculiar flexibility of 'transitory order' and cultural patterns associated with real socialism and free-market democracies, turned out to be an associated category. Linking the qualitative research part and theoretical segment led to creating a 'cyclical schema,' dissimilar from the initially used 'stages schema.'

Keywords

Transition/Transformation; State Capture; Varieties of Capitalism; Europeanization; Hybridity; Canon

Abstrakt

Práce je kvalitativní studií šedých zón a šedých aktivit na pomezí ekonomiky a politiky v České republice v letech 1995 až 2013. Všeobecně zakořeněný předpoklad, že závěrečnou tečkou za "přechodnou fází" byl proces evropeizace spojený s procedurami spojenými se vstupem do EU, je všeobecně rozšířen a považován za samozřejmost. Vzhledem k verifikaci tohoto předpokladu bylo výzkumné pole rozděleno na dvě výrazná dílčí období: první zkoumá praktiky, jak byly spojeny především s fází změny, kterou lze označit jako postprivatizační/sekundární privatizaci (1995-2004). Druhé sledované obdobím (2004-2013) představuje období od vstupu do EU v roce 2004 do kolapsu české politické scény v roce 2013 po odhalení vládních, parlamentních a klanově-klientelistických struktur a demisi české vlády. Empirickými zdroji pro šetření byly především konkrétní případy dění a problematických situací na překryvu politiky a ekonomiky, jak jsou pro dané období 1995-2013 zaznamenány a zmiňovány v týdenících – Respekt, Ekonom.

Teoretické ukotvení studie proběhlo prostřednictvím identifikace čtyř vln v konceptualizaci společenské změny ve střední a východní Evropě - v podobě "etapového schématu" (transformace-demokratická konsolidace; transformace-závislost na cestě; převzetí státu-evropeizace; verze kapitalismu-vlastní verze) a rozšířením tohoto teoretického základu na obecnější teorie sociální dynamiky a teoretické kontroverze: pluralistická teorie versus přístup systémové krize; neoklasický přístup versus institucionální kulturní přístup k chápání společenské změny). Při práci s kvalitativními daty se objevila kategorie "hybridita". Také se v tomto funkčním kontextu ukázal "kánon" a měnící se "kánony" související se specifickou flexibilitou "transitního režimu" a kulturními vzorci spojenými s reálným socialismem a volnotržními demokraciemi, jako přidružené kategorie. Propojení kvalitativní části výzkumu a teoretického segmentu vedlo k vytvoření "cyklického schématu", odlišného od původně vstupně vyvinutého "etapového schématu".

Klíčová slova

Tranzice/Transformace; Převzetí státu; Varieties of Capitalism; Evropeizace; Hybridita; Kánon

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Foreword

Happenings at the turn of 2012/2013 and throughout 2013 may be interpreted in political terms as a certain benchmark in the development of the overlaps functioning at the borderline of politics and economy in the Czech Republic. The presidential amnesty of January 2013 effectively and irreversibly stopped or pardoned most of the ongoing court cases ensuing from happenings in the 90s and at the beginning of the new millennium. At the same time, police intervention at the Prime Minister's office and an extensive investigation of wider lobbyist-clientele networks¹ in 2013 of reconstitution of the political scene, not comprising the usual cycling of opposition and governing parties stretched out into the key Lower House and among previously somehow obscurely resigned MPs and consequently led to the downfall of the cabinet and early elections. This brought a shockwave or the emergence of another party through a split from an existing party (as in 1997) but in the rise of new ideologically and organizationally difficult to identify or read 'entrepreneur' parties².

As a result, a new dubious era emerged as many of the associated occurrences led to both positive and negative implications³ emerging on the background of more profound recognition of dubious characteristic mechanisms of overlapping politics and the economic

¹ Along with deeper changes in the functioning of the state prosecution which has made such police intervention possible, particularly due to limiting political interference and illegal passing of information on undertaken criminal inquiries to investigated parties.

² However, the entrepreneur political project of the party (Václav Bárta's 'Public Affairs' party) had been part of the initial version of Nečas' cabinet coalition. As the very first party of this type, it may have been taken as a precursor of this new trend.

³ i.e., initial anti-corruption and transparency campaign of the new main party ANO while, at the same time, Czech Police and OLAF have been investigating the tunneling of EU funds by the corporation of Andrej Babiš – founder, leader, and a vice premier in the government – on behalf of his ANO political undertaking, or dissolving of the special anti-mafia police unit (ÚOOZ - Útvar pro odhalování organizovaného zločinu / Unit for Investigation of Organized Crime) in the ranks of special anti-corruption police unit – ÚOKFK (which was, at that time, investigated precisely by this special anti-mafia police unit – ÚOOZ for the leak in a public contract investigation involving Social Democrats) forced through by the Social Democrats Minister of Interior Chovanec and Prime Minister Sobotka against the opposition of Babiš's ANO party and Christian Democrat ministers in the previous coalition government (2014-2017). It was this ÚOOZ police unit that, while conducting an ambitious and far-reaching investigation of organized crime, reached the level of the Prime Minister's Office and MPs taking lucrative positions in state firms, which led to the above-mentioned downfall of the center-right Nečas cabinet in June 2013.

sphere in the previous 'classical party' period.⁴ The thesis thus looks at these mechanisms and typical spheres of overlapping politics and economy since the accomplishments of the very first reforms by the mid-1990s – identified and considered by some as the actual achievement of free-market democracy (e. g. by Václav Klaus in his declarations in 1994 and 1995). Given this mid-1990s opening benchmark for our research, the focus of the thesis is on the period 1995-2013, which only slowly emerges as a distinctive and substantial arena worth detailed attention. Most of the attention is usually paid to the 'phenomenal' ice-breaking undertakings of the 'transition to the free market' as associated with the initial reform or presently revealed cases of dubious overlaps of politics and business that – although traceable back to the period in between 2013 and the mid of 1990s – are the matter of present-day highly politically charged discussions in presentism manner⁵.

I am to proceed in this undertaking, which is coined even very initially by the somehow sublimated nature of the phenomena described as dubious mechanisms and typical spheres of overlapping politics and economy in a way that is to take us from a more general and broader exposé of social change and its various models and waves towards a more specifically delineated terrain of overlapping politics and economy. This funnel-shaped passage is somehow paralleled in the way the Czech Republic's case is narrowed down from a broader Central Eastern European scale.

⁴ In the parties of this era back to power at the end of 2021 in the form of essentially the whole party scene 'block of democratic parties' as only as that overcoming ANO of Andrej Babiš – is a return to classical party politics as it has had been most current light, one has to ask a question – to what degree the contemporary coming of these classical political scene known in the Czech Republic before Andrej Babiš and his personal ANO-movement party coming to power. Certainly, also not disregarding another new significant element in this – the breakthrough of the Pirates Party (with a hardly attributable position on the left-right spectrum of the mentioned Czech Republic's classical political scene of pre-Babiš coming to power era), which has decisively reached out of – by many attributed – obscurity and, in numerous moments, has become the leading force of 'come back of democratic parties rule' in the Czech Republic in 2021. Although, by numerous political scientists perceived as another representative of this not on the left-right spectrum, clearly anchored somehow in its organizational form alternative 'challenge' party with a fluid target group among voters. In this sense, in line with – from the classical political scene – breaking away trend represented by ANO, frequently Pirates Party has been labeled as the “populist party” for middle-class voters.

⁵ Associatively putting these occurrences into one basket with the avalanche of initial reform developments of the first half of the 1990s.

However, at this initial point, it needs to be noted that the focus on the Czech case is an opportunity to uncover happenings and developments characteristic of Central Eastern Europe (CEE) since the 1990s – but rather than through the comparative method, it is instead done through deep inner analysis from within. What, in this line, recasts the usual framing of the issue, however? The undertakings taking place in the Czech Republic have long been perceived abroad, particularly in the Euro-Atlantic context, as the top of the class in the CEE region, although factually, comparatively, and from the ex-post view, many of the occurring developments, particularly throughout the 1990s and the turn of the millennium, were doubtful, taking into account the advances and the rate of growth in the other CEE countries.⁶ This ambiguity in the perception and assessment of the happenings in the Czech Republic at the time is a particularly suitable starting point for a deeper reproach to what has really been crucial for the success of the changes and catching up of the CEE countries in a more time-extended view.

Still, in the beginning, let us remark that speaking of social change and transitory order in CEE, we could approach this change through various significant and remarkable spheres – ranging from social policy reform through the shift in the character of employment and professional career patterns or lustration laws up to family life and intimate sphere transformations or anything else. But the field of social change (as associated with what is here understood as a situation and time-specific 'transitory order') has been here particularly delineated as the arena of overlap of politics and economy, principally in the sense of dubious characteristic mechanisms and patterns of this overlap, since this possibly more than other

⁶ While most of the other CEE countries have experienced continuous above-average, quite fluid, and in some instances extraordinarily high GDP growth (Poland) pretty much from the mid-1990s till the break-out of the global crisis in 2008 (Poland retained this growth even throughout most of the global crisis to maintain later growth well above the EU countries usual growth rates as common for their 'growth times'), the Czech Republic had rather noticeable GDP growth (above usual Western European average levels) only briefly – for two years in the mid-1990s (1995 – 1996), and then only as closing to the mid of the first decade in the new millennium before the global crisis set in, if relative economic boom of later years of the second decade of new millennium not counted as not being the part of the inquired period.

spheres may throw light on peculiar and varying change dynamics in the CEE context throughout the last two and half decades.

1. Theoretical and Methodological Introduction

1. 1. Introductions as They Might Have Been

When, for our purpose, trying to come up with a definition and delineation of what I have started over the years to call 'transitory order,' I have decided for an unorthodox way of approaching this task to see how we may have looked at the issue of radical social change and transitory order and outline possible research thereof at various times since the mid-1990s; how we may have understood transitory order at the time, i.e., at various times and moments; what other phenomena – related to transitory order – had been coming to the forefront at the various given times. I go through my own authentic various research proposals on transitory order and social change at different times since the mid-1990s (various genuine research papers, conference and publication proposals over the time), and try to select particular passages and parts that enable us to see changing and developing viewpoints and possible outlines and understanding of the terrain over the time in the intellectual and conceptualizing boundaries of a single researcher. This reflexive procedure is to help us to sharpen and clarify our analytical toolkit for 2022-coined recognition of the crucial and decisive essence of transitory order and social change.

The transformation processes in the CEE countries have gone through numerous convulsions and political upheavals. In most of the CEE countries, we have witnessed stormy political developments that brought the successors of the original parties from the communist era to power (Poland, Hungary) or resulted in a switch to nationalist politics quite close to the pre-1989 governing patterns (Slovakia). However, the course of the economic transformations has

remained the same in all the CEE countries, irrespective of the political color of their governments. Thus, despite a great variety in the ideological orientations of the dominant political forces, the solutions to the problems these countries face are perceived similarly. In a way, a similar disappearance of alternatives may have also been noticed in Western Europe. France has experienced privatization under Mitterand's socialist government. The policies of political forces in Western Europe, in spite of their ideological differences, have come to be quite close when confronting economic problems⁷.

My 1998 research outline made the European integration issue an inherent part of the CEE transition/transformation debate and read as follows⁸... The integration of CEE countries into the European Union (EU) depends, to a large extent, on successful transformation to a free market/democratic type of economy/polity compatible with the Western European one. However, it is likely that this transformation will be fully achieved only in the course of the actual accession to the EU. CEE societies, while attempting to replicate the Western European economic and political patterns, reached the stage where, despite implementing a decisive share of components characteristic for the democratic/free market societal model (speaking in terms of law-making and institutional arrangements), the existing socio-economic-political structures do not represent the corresponding kind of entity, but seem rather constitute a political, economic and socio-institutional fabric of distinctive self-sustaining quality. Though this unique 'transitory order' tends to be still perceived in the Western context in terms of political instability and economic crisis, internally, CEE societies in transformation appear to enjoy, in many ways, the political and economic stability of Western free-market democracies (changing governments after democratic elections, a growing share of the private sector). Thus, as in the

⁷ The introductory paragraph from the my very initial 1997 Research Proposal in the field of 'transition studies' (Central European University, Warsaw, 11th May 1997).

⁸ Note that extensive parts of the research proposals and my various conference papers from 1998 on, presented further here in the text, constituted parts of my later publications in English (Tomášek 2001[translation into German – 2002b], 2005, 2010, 2018), and also in Czech (2002a, 2006, 2009), and Croatian (2003).

Western European democracies, the crisis discourse due to the growing discrepancy of well-established welfare-state type of economy/polity (as it took shape in the post-war period) and the rationality of its functioning confronted with globalization pressures comes to the forefront, in the case of CEE countries, in spite of the complexity of transformation tasks we encounter a tendency towards stabilization and consolidation as the process of the transformation advances and the functional rationale behind it accommodates its transitory nature on the cost of the transition goals. The process and mechanisms of this accommodation within the CEE context and the potential of the EU to challenge those in the course of enlargement are the major themes of the study.

Economic and political transformation institutions initiating the introduction of the free market that involve at the same time an unprecedented redistribution of resources happen to reach the stage in the transformation process where it is in the interest of those institutions while conducting and performing transition towards a free-market system, to maintain transformation features of the current socio-economic-political system, which is missing some of the elementary self-preserving elements of the free-market economic-political system. In this manner, transitory order, 'the rationality of transformation' is violated. ... The factors contributing to the mutations of introduced western free-market patterns have traditionally been described as the residual communist legacies interfering with an outright implementation of the free market (Crawford, Lipjhart eds. 1997) or as the paradoxes inescapably resulting from complex transformation tasks (e.g., Jansen, Miszlivetz eds. 1993).

As it has become more apparent that even introducing the core part of the free-market reforms did not lead to true replication of the western free-market model and its patterns of functioning but resulted rather in multiplying features distinctive for transformative politics and economy, a new explanatory model was introduced – 'incomplete transformation' (Myant, Fleischer, et al. 1995) for the immediate economic context and 'premature consolidation'

(Richard, 1996) or 'restoration' (Wnuk-Lipinski 1996) for the wider socio-institutional perspective. This line of interpreting the current stage of the free-market establishment process has been widely taken into consideration and, in some contexts, has even become the fundamental point of departure when assessing the situation in CEE (e.g., the appraisal of present economies as mixed economies based on interwoven ownership [Chavance, Magnin 1997]). This way of grasping the issue has been developed so far that the aspects of transformation which initially labeled as legacies or paradoxes representing the most apparent obstacles to transformation to a free-market economy came to be perceived in more inclusive terms of their evolutionary and innovative potential for the particular countries (Grabher, Stark eds.1997).

This quite problematic aspect of the current stage and foreseeable prospects of transformation in Central/Eastern Europe, despite substantial advancements towards initial procedures associated with the accession process, is not taken sufficiently into account in the 'enlargement discourse.'

The roots of premature consolidation tend to be associated with the cultural base determined by mixing the civilizational patterns attached to the democratic/free-market type of society and the state-socialist cultural model. The combination of socio-economical elements of those models certainly leads to the establishment of a distinctive self-sustaining socio-economic-political formation. The question is though how far the cultural aspect (socio-cultural consequences of the communist past) is involved and to what extent the appearance of premature consolidation is related to shorter-term determinants based in economic and political realms and dependent on mutual interference of those spheres. The examples of some Latin American countries suffering from similar manifestations of mingling interests that halt or otherwise harm the progress of the transition toward an upgraded western-like free-market system suggest that the question is more universal. The problem-framing of socio-economic-

political transition goes beyond the explanatory model of communist legacies, and the 'rules of conduct' for transitory processes spring up much more from the inner transitory logic associated with already rearranged structures than from the particular historical background.

Along with this issue, we encounter another fundamental question: is the premature consolidation associated anyhow with the holding of power in CEE countries by post-communist political parties (successors of governing parties of communist provenience from before 1989), which seemed to be the prevailing pattern in the mid-90s, or does the process occur irrespective of the political set-up of governments and thus persist even after discharging the post-communist equipage (Poland, Hungary?) and even in the countries which have not passed such a phase of post-communist party rule (clearly the Czech Rep. and with some reservations Slovak Rep.)?⁹

In restating the research agenda in 2000, I indicatively described the tendencies in further detail... The phenomenon may be detected in various forms and depicted from various perspectives. Thus, in a more strict political approach, we take as its manifestation the come-back of ex-communist parties to power which swept the essential part of the CEE region in the mid-90s (Wnuk Lipinski 1996, 1999). The elements of premature consolidation tendencies can be detected in the economic sphere. The intensity may vary, clearly, their presence touching primarily the extent and degree of economic restructuring and the actual share of truly structuralized enterprises functioning and operating in a Western-European-like manner. From a more comprehensive perspective, we may try to interrelate their manifestations in various spheres and analyze whether there is any correlation among them. In this context a crucial position in our inquiry is to have the case of the Czech Republic where, in contrast to most of the other CEE countries, the right-wing coalitions were determining continuously the course of

⁹ Research Proposal (Graduate School for Social Research, Warsaw, April 1998)

transformation till mid-1998 and the main right-wing party – Vaclav Klaus’s CDP – preserved a decisive influence on the course of changes even after installing the Social Democratic minority government¹⁰ and where, at the same time, premature consolidation tendencies manifested themselves extensively in the economic sphere (prevailing decline or very limited economic growth since the beginning of the 90s due to an inadequately restructured economy characterized by an ownership tangle involving to a substantial degree a state not capable of exercising control over its assets) and, at the end, in a particular way also in the political realm (a drive towards institutionalizing the dominance of the two major 'transitory transformation' by concluding special agreements among them and instrumental shifting of the electoral system towards the majority principle and further changes affecting the constitutional order)...

In common understanding, the extension of the EU is to proceed only at the moment when new candidates have successfully accomplished the transition to the Western-European-like free-market system. In this regard, the crucial point about this inquiry is that it presupposes that the complete and full-scale transformation in CEE countries will be achieved only in the course of and due to actual incorporation into the EU. The implication of this premise is that the Central/Eastern and South East and East European countries which do not get close enough to the EU will not accomplish the full transition to the Western-European-like free-market system and that cross-regional differentiation in terms of advancements in transition is to depend on the degree of involvement with the EU.

The early notions of transition did not apprehend the stage of the transition process characterized by distortion and ever-postponed fulfillment of the essential transitory goals. The literal understanding of transition as a journey from point A to point B with exactly given

¹⁰ The strongest party from the right segment of the political scene - the Civic Democratic Party of Vaclav Klaus - opted for a "Patent of Tolerance - Opposition Contract" with the Social Democrats that enabled the Social Democratic Party to establish a minority government in July 1998 irrespective of an overall majority of right-wing parties.

coordinates in some relatively exactly anticipated time span does not presuppose much autonomous action of actors and agencies typical for transition and their own *raison d'être* coming into existence. Once crucial democratic institutional arrangements are firmly installed, and the juncture of no return to the communist regime has passed, and the other phase starts; economic questions come to the forefront, and the issue of economic and social modernization of the country and perspective shifting in the direction of advanced free-market democracies become the leading motive in the transition context. This other phase in its advanced stage may be regarded as, to an important degree, common for both CEE and Latin America. The countries in CEE, in this stage, give up initially the old economic and social systems. During its disintegration and collapse in a somehow chaotic manner, a free market without adjectives¹¹ arises. The CEE countries have relatively rapidly advanced towards a not very well-regulated free-market economy suffering from a variety of structurally produced pathological phenomena that is, speaking in qualitative terms, not far from the one existent in many Latin American countries.¹²

Research may touch – though in varying degrees – on the Czech Republic, Slovak Republic, Poland, and Hungary. In our inquiry directed towards the recognition of premature consolidation tendencies in CEE as substantially affecting the course of the transformation and testing the presumption that such tendencies manifest themselves relatively independently of the political color and the past of the parties coming into power; the primary focus is to be placed on the Czech Republic which – not experiencing a come-back of the post-communist

¹¹ A favorite description of Václav Klaus, though in Klaus's understanding it was meant to characterize the desired outcome of 'transition'.

¹² In November 2000, at the New School for Social Research, Adam Michnik delivered a guest lecture on the dangers of montesinoization of CEE politics. It is an irony of history that Adam Michnik was soon to play the key role in exposing this trend in Poland and taking the practices in the highest echelons of Polish politics to the spotlight of live TV coverage in style reminiscent of the live TV coverage of the Peruvian parliament in 2000 (disclosing MPs corrupted by the head of Peruvian Secret Service Montesinos).

political circles – has been showing a wide range of signals indicating ongoing processes associated with premature consolidation (in the economic as well as political sphere).¹³

In 2001, the issue, in view of looming EU membership, was recapped in my conference paper in the following way... The successful finishing of the transition to a Western-like advanced free-market system in CEE depends on the degree of integration with the EU and associated EU interference with the distorted and deformed functional patterns characterizing the present economic-political arrangements in the countries of the region. Though, paradoxically, the accession of the countries from the region to the EU is conditioned on substantial advancements and putting the record straight even before actually acceding to the EU.

The troubling institutionalization and functionality of the free-market/democratic order are to be shown primarily through the case of the Czech Republic. The problematic nature of the process is best exemplified by privatization and post-privatization developments that have contributed decisively to what may be labeled as 'transitory order' (however, using the criteria attached to the target model of transition – Western-like free-market/democratic system – this formation would be better described in categories of stabilized disorder and chaos). The question – how far the cultural aspect (socio-cultural consequences of the communist past) is involved and to what extent the existence of 'transitory order' is attached to the shorter-term determinants based in economic and political realms and dependent on mutual interference of those – is argued in the way giving priority in shaping the transitory order to the shorter-term currently or in recent past emerged factors. The corporate governance and banking sector represents the decisive area for emerging powers and agents at play in the course of the privatization and post-privatization period.

¹³ Research project: Challenging Transitory Order in CEE through European Integration; The Premature Consolidation Tendencies in the Context of the Czech Republic's Accession to the EU (New School, New York, November 2000)

... In a common-sense understanding, those forms represent a transitory phase. However, it has gradually emerged that the "temporary existence" of those structural and functional forms becomes more permanent than expected. They appear to some degree to determine the shape of the region's free-market system in the longer-term outlook. As many of those distinctive features do not correspond to the spirit of advanced free market/democratic structures of the Western European provenience, they incarnate a stumbling block in the course of integrating CEE countries into the European Union.¹⁴

My 2005 conference exposé reproached the issue from the view of implications for the EU... Those structural and functional forms that were expected to be temporary have actually become more permanent over time. Rent-seeking tendencies in post-communist politics and economies were firmly imbedded in an unconstrained and unregulated overlap, leading to an institutional lock-up preventing the full shift to an advanced free-market society of the Western European sort. The successful completion of transitions to a Western European-like advanced free-market system in post-communist countries depends on the degree of integration with the EU and the associated EU interference with distorted and deformed functional patterns that characterized the transitory regime. In this sense, still extensive elements of the transitory regime and related practices which are to be eliminated through Europeanization have brought a backlash and led to a breakthrough of the political forces representing these rudimentary elements of the transitory regime at the European level (viz prevailing CDP-dominated Euroskeptic camp in the ranks of the Czech MEPs – 17 (9 CDP)).^{15,16}

¹⁴ Transitory Order and Premature Consolidation Tendencies in the Czech Republic on the Background of CEE Countries Access to the EU (First YEN Research meeting on Europeanization in Siena, 2nd – 3rd November 2001)

¹⁵ From Transition to Europeanization (and back to Easternization) (ESA 7th Conference Political Economy Research Network, Torun, 9th – 13th September 2005)

¹⁶ CDP, on the occasion of the first election to the European Parliament in CEE, together with MEPs on behalf of British Conservative party founded the new outspokenly Euroskeptic party group in the European Parliament.

More general and permanent features of – what I had, with an undertone of dynamical temporality over these numerous years, described as 'transitory order' – were exposed in my 2007 paper in the following manner... As a consequence of the legal weakening of the category of state/collective ownership in favor of private ownership (in the sense that state/collective ownership has been too frequently privately exploited depending on individuals' social access and disrespect for the rule of law and ethical norms) economic exchanges in the post-socialist era stopped being clearly distinguishable along the lines of state/collective vs. private or group interest. The newly emerging post-socialist world has been characterized by a variety of crucial areas and mechanisms of murky exchanges that would be regarded as clearly illegal in the Western context but which in CEE contributed substantially to the "founding" of private capital and the speedy injection of it into the veins of the new free-market system under construction. The illegal and unethical practices implemented in acquiring ownership may have long discredited the very concept of private ownership. These hybrid practices implemented in acquiring ownership may have long affected the very concept of private ownership.

Thus, developments in CEE suggest a certain reevaluation of the clear-cut public-private distinction principle. Illegality in economic life in an advanced free-market system tends to occur rather on an individual basis, in contrast to the situation, in transition economies, wherein illegal and shadowy economic activities rest very near to the fundamentals of the new socio-economic order and are constituted as an everyday practice. This is not incidental; illegality implies a violation of legal codes or a bridging of the prerogatives associated with particular positions and functions, yet such codes and prerogatives are hardly present in CEE; in fact they are only being created or imposed from the EU level. Still, this is not simply a casual relationship. The extensively informal and shadowy character of the economy under the conditions of prolonged transition, and the ever delayed road toward the fulfillment of transitory goals may be described in more systemic terms. ... Somehow surprisingly common

characteristics and definition frames may be found for recent scandals with corporate accounting and manipulation of share-prices and other internal undertakings of American and European corporations (WorldCom, Enron, Parmalat) and tunneling (asset-stripping) in the Czech privatization funds, banks and enterprises including debts trading through the Consolidation Bank/Agency.¹⁷

As follows from the above reflective sequence of my own considerations over the years regarding what I today describe as *dubious mechanisms and typical spheres of overlapping politics and economy*, the crucial settings have been *the transitory phase* which came to be characterized extensively as *transitory order*, and *Europeanization* that happened to be regarded as the final boundary of *transitory order* persistence. Drawing on this it seems that it is finally time to try to test this widely ingrained presupposition that the closing dot to the 'transition phase' was the Europeanization process as connected to the procedures associated with becoming an EU member.

In view of verifying this presumption, the research field is divided into two distinctive periods: 1) investigating patterns of practice as they were associated primarily with the stage of the change which may be labeled as post-privatization/secondary privatization (1995-2004). I have dealt with this period already in various publications (Tomášek 2001, 2002a, 2002b, 2003, 2006), however, this time the intention is to show more clearly that most of the decisive property transfers that established the economic-political set-up extensively up to the present along with the associated long persisting twisted practices on the borderline of economy and politics occurred in the period of post-privatization, alias secondary privatization.

¹⁷ Hybrid Patterns of Property Management in CEE and Their Potential Longer-term Consequences; The Case of the Czech Republic (Workshop – *Private Property: Postsocialist Promises and Experiences*, New Europe College/Institute for Advanced Studies, Bucharest, 15-16th June 2007)

By this is meant not the actual act of small and two waves of large-scale privatization in the period of 1990 -1994, considered at the time by the decision-makers to be – among some other realized reform steps – the actual 'transition'¹⁸ but the period of factual privatization/post-privatization beyond the initial hand-out and 'investment' of privatization vouchers. The process leading to the emergence of actual owners started to a decisive extent only by the formal closing of the 'large privatization' that brought the essential part of formal ownership to millions of individual shareholders. However, their shares happened to be managed and in fact, controlled mostly by IPFs (Investment Privatization Funds). IPFs were supposed to represent the investor's interests and guarantee an adequate profit from the shares for them. As it happened, in the end, these IPFs were primarily instrumental in the secondary privatization/post-privatization takeover of these shares – mostly realized in a very dubious and shady manner at the expense of these individual small shareholders. This fundamental process is approached by identifying crucial areas of problematic interactions between politics and the economy for the period of 1995-2004.

2) The second period in focus (2004-2013) is the period from entering the EU¹⁹ to the shockwave of reconstitution of the Czech political scene that was opened in 2013²⁰ (leading to a substantial governmental practice shift culminating in – by particular 'business party' dominated government). Although the general understood *raison d'etre* of this post-accession period has been closely related to the usual reasoning in the direction of corrective effect of increased FDI and improved institutional environment due to the imposition of the EU law

¹⁸ i.e., Prime Minister V. Klaus's texts on accomplished and essentially finished transition and privatization process in *Lidové noviny* on 26th May 1994 or also in *Lidové noviny* on 2nd January 1995.

¹⁹ The emerged cleavage in the Czech party system regarding the Europeanization at the time of entering the EU is the focus of my study from 2005 (Tomášek 2005).

²⁰ First contours of recognizing this period as a distinct 'analytical unite' probably in 'Grey Zones of Entrepreneurship and Hybrid Patterns of Property in CEE' (Conference – *Exploring the Grey Zones: Governance, Conflict and (In)Security in Eastern Europe*, Aarhus University, 1-2nd November 2013), further also in 'Hybrid Patterns of Property Management in CEE and Their Potential Longer-term Consequences: How Many capitalisms? In View of the Czech Case' (international conference: *Democracy, State and Informal Politics in Comparative Perspective* (Faculty of Arts, Charles University, Prague, 20th November 2014).

requirements and various associated practices (immediately preceding the EU membership or following the actual entering of the EU)²¹, the government-parliamentary-clan-clientelist structures collision of 2013 signified another political scene and political context-shaking moment putting in substantial doubt the customary impression of the EU membership impact (i. e. the final and ultimate switch to proper free-market democracy).

The purpose of the 2004 time divide is to establish specific features of the overlap of economy and politics in these two periods. The post-2004 period stands for legally sanctioned belonging to the Euro-Atlantic type of advanced free-market society, or at least its immediate proximity (since it is assumed that transitory rent-seeking, rent-creating mechanisms and associated vicious circles in intersecting spheres of politics and economy have been violated through the process of 'Europeanization').

A comparison of the practices and situations before 2004 and after 2004 that should qualitatively differ (due to codified conditions and requirements of the EU membership) is to lead us to find continuities and flexible adaptations of the patterns characteristic of the pre-accession period in the post-accession period. At the same time, frames in the public sphere allowing for the overcoming of the clash between EU membership and further continuation and adaptation of the pre-accession patterns are to be identified.

The research project primarily consists of an analysis of the particular instances of happenings and problematic occurrences in intersecting spheres of politics and economy in the Czech Republic – stages in the development of various emerging and prevailing situations and incidents and their coming to the surface are distinguished and recognized. The method is thus a qualitative one, using primarily the tool of qualitatively establishing the categories as provided

²¹ These mechanisms in their variety have been widely dealt with in literature – ranging from a specific focus on conditionality (Grabbe 2006) or other particular mechanisms (Paraskevopoulos 2001) to wider understandings of Europeanization processes (Featherstone, Radaelli (Eds) 2003; Hécartier et al 2001). There exists extensive literature focusing on these mechanisms regionally – particularly for Central Eastern European enlargement (Schimmelfenning, Sedelmaier 2005; Mansfeldová, Sparschuh, Wenninger (Eds) 2005, Dimitrova (ed.) 2004; Zubeck 2008, Fiala et al. 2009; Marek, Baun 2010/2011).

by grounded theory (Strauss, Corbin 1990)²², i.e., relying above all on open coding and accompanying the establishment of initial categories and association of the acquired data with the categories. The empirical sources for the inquiry are primarily the particular instances of happenings and problematic undertakings at the overlap of politics and economy as they are registered and referred to in weekly periodicals (Respekt, Ekonom).

The choice of weeklies is determined first of all by the practical consideration of manageability as to the need to cover a long period (coverage of extensive time periods in sustainable completeness and accuracy through daily periodicals turned out, when attempted, to be very demanding and practically unattainable). However, in terms of weekly periodicals' profiles, the criterion that comes more substantially to the forefront is the particular focus of the given periodicals on politics and economy and, at the same time, a certain difference between them so as not to have a very same or similar type of periodicals. 'Respekt' emerged from the realm of independent samizdat publishing before 1989 with an authentically critical and investigative profile substantially formed by this particular origin. 'Ekonom' was originally the regime's weekly for economic and business affairs, i.e., targeted at state enterprise managers and other economic practitioners in the state-socialist context. 'Respekt' has a critical investigative profile, while 'Ekonom', after 1989, developed further along with its specialist appeal to economic affairs. These characteristics may however appear relative. In the case of 'Ekonom', there has been, over these two decades, a noticeable shift from the standpoint of a specialist-oriented weekly towards a periodical targeting a more open and general readership. Another aspect negatively affecting the variety and differences is the fact that, following 2008,

²² The book of Anselm Strauss and Juliet Corbin by now attaining the status of one of the very primary textbooks of the 'Grounded Theory' qualitative approach – from among the whole range of expertise on Grounded Theory and its development from the mid-1960, when it first started to emerge (intentionally) as qualitative methodological 'deeper under the surface' inductive tool-kit – parallel to quantitative more easily experimental design-natural sciences based established methodology. I have taught the master methodology seminar on Grounded Theory and a great deal, specifically on this particular book in the Historical Sociology program at the Faculty of Humanities for nearly a decade (2011-2020).

'Ekonom' ended up under the roof of the same publishing house as the previously acquired 'Respekt', coincidentally owned by one of the profiteers of the dubious processes that are the focus of the thesis project.

Using these periodicals as the source while involving at the same time the theme of politics may somehow stereotypically imply a public discourse-focused methodological framing of the issue. Public discourse construction and descriptive empirical undertakings in the line of the discourse-construction paradigm are not methodologically the focus of the thesis. Although the thesis is aware of the issues of discussions and confabulations in the general public at various given times throughout the researched periods, what is methodologically an integral part of the research is the issue of changing academic frames and paradigms of social change and happenings at the overlap of politics and economy in the Czech Republic, and potentially Central and Eastern Europe in a more general sense.

1. 2. Four Waves of Conceptualizing Social Change in CEE: Transition, Transformation, State Capture or Varieties of Capitalism?

Putting aside the simple and perfectly sequential domino effect ex-post narrative of 1989 real socialism breakdown (that has prevailed in recent decades), for specialists focusing on the Soviet Block, the collapse of communism in 1989 was an equally great surprise as it was for the general public.²³ Since the dynamics of change were understood as caused by relatively gradual reforms in the Soviet Union changes were usually depicted in terms known from earlier liberalizing waves within the context of communist vassal regimes (Poland 1956, Czechoslovakia 1968). Experts on the state-socialist countries did not have ready scenarios designed to foresee further developments, nor had answers as to the eventual collapse of the

²³ This has been recognized quite clearly even by the Sovietologists themselves at their congress in 1990.

state-socialist order and the unfolding dilemmas of the unavoidable shift to the free-market democracy (Tomasek 2018: 52).

At the given moment effectively only worked through the conceptual frame at hand was drawn on the experience and analysis of the developments in Latin American and South European authoritarian regimes²⁴. This meant focusing primarily on the dynamics of the negotiated switch from an authoritarian rule to liberalized and adventuallly democratic regimes in some instances in an interplay with economic reforms of strongly paternalistic and state-leaning economies.

*1.2.1. Transition or Transformation?*²⁵

Marking down the origins of the early analytical conceptualization of the developments in the CEE ('transition') above, the identified initial situation must be a primary consideration given further alterations in theorizing the changes. The analytical frame that originated in assessing the changes in Latin America and Southern Europe is to be critically approached and reflected upon from the CEE-bounded post-collapse happenings. This way, the alternative conceptualization of unfolding change has emerged and could be put under the comprehensive label of 'transformation.' The inquiry, according to Stark, is of 'paths that differ in kind and not simply in degree' (1992, 301 via Tomášek 2018: 52-53). The rudiments shaping the changes that earlier were understood in the analytical frame of 'transition' as the outright application of the reform steps result from the decision-making processes that are explainable in line with rational choice axioms. The subsequent methodological and conceptual debate dominated the arena extensively, even at the start of the second decade of change in CEE. The

²⁴ This stream of analyses is connected to the intellectual tradition of historical analysis of Nazi and fascist regimes in Europe (most famously Juan Linz).

²⁵ Note that further identification of waves of conceptualization of social change in CEE follows the line I outlined in 2018 in one of the introductory texts (Tomášek 2018: 52-58) to *Understanding Central Europe* (eds Moskalewicz, Przybylski 2018), a handbook on CEE, first published by Routledge in 2018, or in an earlier version in *Atlas of Transformation* (eds Baladrán, Havránek 2010), published by JRP Ringier (Tomasek 2010: 659-665).

transition/transformation debate was the departure point for further discussion of the happenings in CEE (for ex. Dobry 2000, 49-70, Federowitz 2000, 91-106, Greskovits 2000, 19-48, Bunce 2000, 71- 90, Bönker, Müller, Pickel 2002, 1-38, Csaba 2002, 39-54, Greskovits 2002, 219-246 via Tomášek 2018: 52-53).

What appears to be the advantages and disadvantages of the single concepts in the transition/transformation debate?²⁶ Transition, as branded by the desired result has been firmly encoded in the concept as the 'extrication path.' It is the sequence of reform undertakings to be followed in the given concrete context to arrive at a particular set of results. Precisely, this teleological character of 'transition' has been the point of departure for the 'transformation' reassessment of the developments in CEE. In this past-bound analytical frame, it is uncertain where the dependence path leads and what will be the outcome of 'transformation' as each society 'extricates' itself from the preceding order in a particular way (Tomášek 2018: 52-53). Its further path is given by concrete fragments and the way they are recombined in the new regime.

The initial outline of the 'transition' concept came from discourse on Latin American and South European developments. In this sense, operating with this particular concept of change carries with it embodied comparative element, and the usual question concerning the character and the role of the past²⁷ comes into the picture. For Bunce, bringing in the question of the past specifically implies overcoming the usual focus of transitionologists - covering Latin American and Southern European developments in terms of 'temporally proximate games of high politics' at the time of the shift from democracy to dictatorship²⁸. Assumptions that give priority to elites rather than society, politics, the economy, and international influences (Bunce

²⁶ If commonly attributed characteristics polarizing both concepts (action x structure, subjectivism x objectivism, strategic x structural, interactive x deterministic) are put aside.

²⁷ V. Bunce speaks literally of an authoritarian past which may be questionable for most of the communist countries at the time.

²⁸ Here Bunce means especially O'Donnell, Schmitter, and Whitehead (1986)

2000,72-73), and notions of ‘crafted’ democracies (especially Di Palma 1990), have been exposed by events in CEE and in this way put to a broader test. The dilemma of ‘historical inheritance’ (Bunce 2000) contra ‘the needs and resources of the moment, as dictated in particular by the uncertain political context of the transition itself and the incentives attached to various political options’ (Bunce 2000, 73) – thus made from the question of the conditions for ‘democracy becoming the only game in town’ a more complex and comprehensive issue and created space for a ‘communist legacy’ repertoire of arguments in the debate. These arguments have been common, particularly when explaining the lag in reforms and the inefficiencies of the free market in establishing itself in post-communist countries (e.g., Crawford, Lijphart 1997 [eds.]).

Przeworski’s depiction of democratization as not given 'by the point of departure' but rather by the 'games of the transition' (Przeworski 1991 as quoted by Bunce 2000: 73) springing from inclusiveness developing as moving toward the goal, has got particular meaning for our inquiry. The necessity of accenting more broadly the deeper and in essence simultaneous character – not only the comprehensive political but also the fundamentally economic character (perhaps in the first place), and not the least, crucial social 'transitions' is in play here. While in the accounts of 'transition' that originated through assessing the events and happenings in Latin America and Southern Europe the defining issue was the attainment of a democratic process and launching it as 'the only game in town' (Linz, Stephan 1995 via Tomášek 2018: 52-54), in most post-communist CEE countries, the truly lasting nucleus of transition changes rested in the economic undertakings (even though Latin American and South European countries were often subjected to wide-ranging state dirigisme, which in a number of instances could be characterized as corporative, also in view of the fascist heritage, still, principally, no matter how rudimentary their markets seemed to be, they were essentially free market societies).

In post-communist societies much more crucial simultaneity was at stake – even as far as the actual 'democratization' was concerned – in that the institutional change to a democratic frame was the quite clear and principally inevitable step after the crumbling of the real-socialist regimes. The really disputed and ambiguous focal point of change was in the sphere of economic happenings (regarding the necessity to restructure the state-run, hierarchically organized, and centrally planned economy). However, the term 'reform' as overtaken from Latin American and South European 'transition' discourse and earlier attempts to alternate the state-socialist economies may be perceived rather as a euphemism, taken either way: either as an understatement considering an enormous and multidimensional sequence of changes to be put in place or as an overstatement due to the rent-seeking and rent-creating nature of the political steps undertaken.

The unfolding economic happenings became the crucial battleground (and the main sector of 'the only game in town'), even if perhaps in the guise of pluralist political contestation. In this line, it may be claimed that the 'game of economic transition' evolving in the course of socio-economic changes is thus, in the post-communist circumstances, the main ground of transitory politics (Tomášek 2018: 53).

Bunce, in her comparative theoretical assessment of post-communist and Latin American and Southern European transitions, points out shared doubts about the limited compatibility of macro-economic stabilization, privatization and free-trade reforms, and democratic institution-building (as pointed by Linz and Stephan 1995, Haggard, Kaufman 1995 via Tomášek 2018: 53), and in line with other authors recognizes their problematic compatibility as a particularly obvious issue in the post-communist circumstances (Przeworski 1993, Mason 1995, Ost 1995 via Tomášek 2018: 53). The crucial influence of this 'sharp deviation from southern norm' (Bunce 2000, 80-81 via Tomášek 2018: 54) was a hastily unfolding democracy as correlated with the fast switch to a free market (Bunce 2000 via

Tomášek 2018: 53). However, in Bunce's understanding, 'in the East the democracy then goes with, not against economic reform' (Bunce 2000, 81 via Tomášek 2018: 54). Bunce goes even further, as according her, rupture with the authoritarian past – through a victory by the non-communist liberal opposition in the first competitive election – foretold fairly well the degree of economic reform among post-communist countries (Bunce 2000: 81 via Tomášek 2018: 54). This assertion may be sound when differentiating Central European countries from the countries of South Eastern Europe, but mainly within the inner Central European setting – this connection appears as much more intricate and vague. As Bunce noted, this stated 'rule' connects a great deal to the fact that 'engineering transition to capitalism and liberal democracy is tied up and proceeds together' (2000: 81 via Tomášek 2018: 54). The simultaneous nature of 'transition' is behind the political honeymoon enjoyed by governments in the early moments on the one hand and, on the other, boosts the ex-communists shift of 'their attention on future prospects, rather than past advantages' (Bunce 2000: 82 via Tomášek 2018: 54), and results thus in converting their political capital into economic capital. Although both of these things, while at first forward the economic conversion, simultaneously bring ambiguous baggage. Contrary to the case of altering governments in Poland throughout the first half of the 1990s, in the Czech Republic's instance, Right-center coalition governments prevailed until 1997. This exposes the fact that even enduring, supposedly pro-reform conditions complementing practically a perfect political constellation (relative steadiness of vocally pro-reform professed political representation with tiny opposition) does not assure the genuine achievement of the essential sequence of reform steps (Tomášek 2018: 54).²⁹

²⁹ Right-center coalition governments lasting in the Czech Republic till 1997 declaratively conducted the 'shock therapy' and were particularly outspoken about it, but the factual steps undertaken resulted in the words of later Social Democratic Minister of Finance Mertlík 'transition from state ownership to state ownership in 5 years' (Mertlík 1996) due to the policy of delay in the privatization of banks (and along with collecting citizens' privatization vouchers by these state-owned banks and still retaining substantial control over, at the time, so-called 'family silver' – crucial industrial conglomerates.

Coming back to the original features of 'transition' and 'transformation' analytical frames may lead us to push the single concepts into boundaries of their original geographical bounding and distinguish 'transformation' as CEE related concept that in a particular way registers the matter of the given 'communist legacies' in CEE countries and 'transitions' as characteristic for the switch from authoritative to democratic rule in Latin America and Southern Europe or more generally in non-communist contexts in countries with strong state-paternalistic elements but generally not exposed to the necessity of complete and unavoidable simultaneous construction of almost entirety of economy and politics or society in a more general sense. However, even the 'transition' concept as characterized by 'extrication paths' with presupposed results at the end can not be stripped of credit for CEE countries. After all, the expected results of changes in CEE are explained by the demand for a socio-economic and political regime corresponding to a Euro-Atlantic like advanced free-market order falling within limits given and clearly outlined by the EU. This 'teleological' aspect of change in CEE embodied in heading to the socio-economic and political system of the original 'West' 15 EU member countries³⁰ has been now, methodologically speaking, a functional part of the 'transition/transformation puzzle.'

1.2.2. Transformation and Path-dependency

In view of later 'conceptualizing' waves, 'capitalism by design' is a key term brought by the second wave usually known primarily under 'transformation' with associated state or better to be said mechanism of 'path-dependency'. In the explanatory frame of transition, post-communist societies, while breaking off from their authoritarian/totalitarian past, emerged – due to a certain institutional loosening – as accurate terrain for founding 'capitalism by design'. Promoters of the notion of 'transformation' find in this central nucleus fuel for their critique.

³⁰ As a matter of fact, the 4th enlargement preceding the so-called 'Eastern enlargement' since consisting of Finland, Sweden and Austria further obscured the customary description of the EU as the 'West', not to mention the earlier enlargement wave including the countries regarded as distinctively Southern European countries (Spain, Portugal, and Greece).

'The new does not come from the new or from nothing but from reshaping existing resources' (Stark 1992 via Tomášek 2018: 54). Stark takes notice of 'fragmented relicts' that in their reassembled and reconfigured form determine the path of the change. Along with these, however, the particular 'extrication path' from the earlier regime is also extensively at play, shaping further change. Dobry (2000: 60 via Tomášek 2018: 54) recognizes an assortment of causal essential imaginaries of path dependence approaches (classical-technological development based 'theoretical enigma', 'little historical event', 'social mechanisms of self-consolidation and self-enforcement of reproduction of initial advantages').

The first one is classical-technological development-based 'theoretical enigma' through which Dobry is drawing attention to the 'possible occurrence of suboptimal "equilibriums"' as commonly postulated in economics.' The second points out the meaning of 'little historical event'. The third, crucially for this particular inquiry, is emphasizing 'the existence of social mechanisms of self-consolidation and self-enforcement of reproduction of initial advantages' (Dobry 2000: 60). Even though Dobry still makes his considerations under the spell of the technological analogy he concludes that 'self-consolidation processes are presumed to lead to a situation of closure or locking in, it becomes practically impossible, exceedingly costly, or even inconceivable for the actors caught up in this type of process, to opt for any other competing technologies (or any other institutional system)' (2000: 60).

When path-dependency literature is presented, these implications of path-dependency are not usually exposed though the risks of 'voluntaristic introduction of the "market"' into the CEE economies are present and their potential longer-term consequences indicated. Getting to the paradoxical nature of the historical and technological legacies bounded explanations, Grabher and Stark state that 'the very mechanisms that foster allocative efficiency might eventually lock in economic development to a path which is inefficient when viewed dynamically' (1997: 5 via Tomášek 2018: 55). In this sense, 'the mechanisms that are conducive

for the synchronic adaptation of the economy to a specific environment may, at the same time, undermine economy's diachronic adaptability' (1997: 5 via Tomášek 2018: 55). The legacies continued to be the focal point of Graber's and Stark's interest in their hunt for shapers of new orders, however, in their 'dual potential' to block and support 'transformation' (lately, e.g., Stark 2009: 35-36,75,80, 185-186).

Relocating the emphasis on 'actors' choices' and 'their tactical dilemmas' with attention paid to the process of recombination and reforming the rudiments coming from the old regime has been taken as the basis of the paradigmatic change which led to stress on so-called 'communist legacies' in the overall understanding of the CEE post-communist setting. 'Communist legacies,' in the face of the first broadly disclosed trends of lapse of the undertaking and the sequence of the reforms in the second half of the 1990s this way prevailed as the description at hand marking the analytical insight into stumbling reforms in the CEE.

Is a search for the causes of these 'stumbles' in institutional and organizational legacies and in the recombination of the composition rudiments of the former communist regimes the most accurate response? The flashiest concept in that track has been presented by Staniszkis (1991,1999 via Tomášek 2018: 55) when she plainly pronounces 'political capitalism' emerged in the CEE as an institutional extension of mercantilist strategies typical for the closing era of real-socialism.³¹

While investigating the principal stumbling changes, meaning those representing the main processes of the fundamental shift from the state-owned firms, planned and directive economy, to the private enterprise-dominated free-market economy, it appears that although the processes, in overall, have occurred in the conditions of institutional 'bricolage', the essential variations happened anew, rather than being mainly built on the institutional and organizational rudiments of the 'old regime'. Did the ultimate stumbling and distraction of the undertakings in

³¹ Establishment of networks and redistributing coalitions determining 'post-communism' coming then.

CEE (leading to detours protracting the shift to more Western European-like socio-economic and political forms and practices) happen mainly because of the real-socialism institutional legacies, or did they constitute rather only the outcome of, so to say, 'the new' emerging in the process of change? (Tomášek 2018: 55)

Bruszt (2000 via Tomášek 2018: 55), while linking the character of occurrences in Russia and the Czech Republic, describes the consequences of state regulations keenly neglected to depict the property structure that had appeared in a manner that endured taking advantage of its position in terms of weakening the market character of the economy. The unintended consequences of neglected state regulations in the Czech Republic should be the focus when talking about the nature of the shift of the first half of the 1990s. They happened crucially to determine the nature of the Czech road to capitalism, essentially to the present day. The fathers of the Czech privatization have acknowledged counting on premeditated neglect of state regulations as a fit attribute for introducing the free market type of economy in the post-realsocialism circumstance; such exemplary pronouncements as – Tomáš Ježek's: 'Economists must come before lawyers', Václav Klaus's: 'I do not recognize something as dirty money' (Tomášek 2018: 55-56). Regarding the Czech circumstances and in view of these 'unexpected' consequences, based on the pronouncements of the main creators and proponents of the privatization scheme, this, in Bruszt's perception, unintended neglect of state regulations appears to be the trait of the intended sequence of the changes in economy and setup of a new economic regime. It has been already noted (Tomášek 2018: 56) even as it was becoming clearer that these emerging economic regimes are only partially reconcilable with the desired features of an advanced free-market economy as recognized in the Euro-Atlantic context, the required correcting procedures were knowingly or even calculatingly stalled, scaled down to limit their effect.

Descending at a more imaginable, concrete level, a figure of Tomáš Ježek is worth of mentioning here in view of the evolvement of the Czech capital market regulation as desperately fought for by Tomáš Ježek after reconciling himself with the idea of self-preserving regulation as the prerequisite for functioning free-markets (practically only one person from the original garrison of governmental 'neoliberal reformers' behind, to an extensive degree, experimental 'privatization', who had courage and responsibility to come back and try to correct and deal with further in time degrading consequences). Tomáš Ježek in a part of these 'neoliberal' politicians with a background in economics that hijacked the Federal Czechoslovak government in the early 1990s was from those very few who (without just inflated careerist office-hunting pretention) had substantial knowledge of the neoliberal economic theory (prior to 1989 he translated and published in samizdat F. A. Hayek's Law, Legislation and Liberty) which allowed him to reflect the contradicting nature of numerous reform steps taken, respectively not taken or all too frequent omitted, cut down or otherwise neglected needed even for just a rudimentary free market status of the economy 'in construction.'

1.2.3. State Capture or Varieties of Capitalism?

The third wave in theorizing the changes after 1989 is linked with such concepts as 'premature consolidation' (Rychard 1996 via Tomášek 2018: 56), 'restoration' (Wnuk-Lipinski 1999 via Tomášek 2018: 56), and 'state capture' (Hellman 1998, Hellman, Jones, Kaufmann 2000, 2003 via Tomášek 2018: 56), that are in various degrees pointing to the limited ability of the transitory order to head toward advanced free-market societies in consequence of rent-seeking mechanisms and accompanying vicious circles. This is largely the outcome of the overlap of already new evolving socio-economic and political interests having an impact on the regulation of newly built-up socio-economic and political systems. With the deconstruction of real-socialist regimes, often in the form of actual breakdown and fast disintegration of the existing

structure/s, the CEE countries (even as multiplying – splitting into more countries, at the same time) have gone quite fast toward 'a free market without adjectives' which however incorporated a range of structurally generated pathological phenomena. Qualitatively speaking, in the light of certain initial similarities with Latin American countries, for the CEE countries that were not proceeding much further from this rudimentary state, the turning moment has been linked with the expectation of remedy of foreign direct investment influx and institutional upgrade prescribed from the EU level (directly preceding the EU membership or immediately following it). However, how far has this 'Europeanization' done the trick? (Tomášek 2018: 57)

In the course of more than 15 fifteen years, a discourse of 'varieties of capitalism' (VoC) has quite established itself given the present unstable state and changes of long, steadily developing post-war welfare capitalism (Soskice, Hall 2001; Elsner, Hanappi – eds. 2008, Hancké – ed. 2009 via Tomášek 2018: 57). As proposed by Lane and Myant (eds., 2007 via Tomášek 2018: 57) or Frane, Primož and Matevž (2009 via Tomášek 2018: 57) (though, VoC in connection with economies in transition is registered already in the title of the proceedings from 1998 5th EACES conference in Varna, see Dimitrov, Andreff, Csaba eds. 1999), may the identification of particular practices of the CEE capitalism within this frame be the answer to the analytical dilemma?

Table no. 1: Four waves of conceptualizing the social change in CEE (Tomášek 2018:56)

	Identified condition	Next stage or implications
1	transition (Linz, Stepan 1995)	democratic consolidation
2	transformation (Grabher, Stark (eds.) 1997, Chavance, Mognin E., 1997, Stark, Bruszt 1998)	communist legacies, path-dependency
3	premature consolidation (Rychard 1996), restoration (Wnuk-Lipinski 1999), state capture (Hellman 1998, Hellman, Jones, Kaufmann 2000, 2003)	Europeanization
4	varieties of capitalism (Lane and Myant (eds.) 2007, Frane, Primož, Matevž 2009, Norkus 2012)	distinctive CEE long-lasting pattern

Assessing the conceptualizations of social change that have taken place in CEE in the course of more than 25 years, they may be divided essentially into four waves. Each conceptual approach associated with a particular wave has indicated a next stage or implications resulting from the identified initial condition of ongoing social change. This way, the first wave may be associated with the term 'transition'. The next stage within this wave of conceptualizing social change is democratic consolidation. The second conceptualization wave is connected with the term 'transformation' and the characteristic implication of the approaches falling into this wave is path-dependency, which extensively determines future development. The third – somehow overlooked – wave is associated with such concepts as 'premature consolidation,' 'restoration,' and most profoundly, 'state capture'³² that to various degrees indicate the limited capability of the transitory orders as established in CEE after starting the switch to free market societies following the collapse of state-socialist regimes to evolve in the direction of advanced free-market societies due to rent-seeking mechanisms and vicious circles.

These result from an overlap of socio-economic and political interests that have been affecting the regulation and institutional build-up of newly constructed socio-economic and political systems. The next stage of social change in this wave of conceptualization is Europeanization. The successful fulfillment of the original transition goals – a switch to a Euro-Atlantic-like advanced free-market society – has been conditioned on the process of Europeanization. But is the nature of these deficiencies determined by wrongly processed and recreated systemic features, or is it a matter of culture; is Europeanization a cure, or does the end lie in the particular CEE version of capitalism or even several variations of it?

³² The concept of 'state capture' has been used globally as originally introduced by World Bank associates [see, in particular, Hellman, Jones, Kaufmann 2000, 2003]. It involves regular publishing of 'state capture' indexes – measuring improper tangles of political and economic spheres and the rate of taking over of the governments by economic groups and interests.

1. 3. General Social Dynamics Theories and the CEE Region-Specific Conceptualizations

From more region-specific or region-related waves of conceptualizing social change in CEE, we should move now to recognition of more general social dynamics theories that have had some relevance in the particular context of CEE developments and thinking about them.³³ To do this, we have to go back to the very start of the 90s and identify an intellectual sequence or sub-fields of the social dynamics theories at hand as they emerged locally and prevailed at particular times.

Essentially, in this way, we initially arrive at two particularly crucial theoretical concepts competing in the early 1990s in the Czech and Czechoslovak settings. From today's viewpoint of 30 years on, it may seem that the neoclassical economic approach swept the intellectual imagination overwhelmingly during this period, which even intruded on neighboring social science disciplines. But, in more detailed academic and social science archeology of the early 1990s, it may be noticed that, at that time of recovery of social sciences,³⁴ besides the neoclassical economics wave³⁵ making its way into the wider public domain, there was, as political science departments were established, an extensive talk of pluralist theories (most prominently associated with R. A. Dahl³⁶)³⁷.

³³ Though it may seem that this does not respect the principle of funnel-shaped narrowing down of themes and issues – declared initially as the way of this thesis text.

³⁴ Or actually rather their new inception in many instances – certainly in the case of political science.

³⁵ See iconic widely spread Czech editions at the time (Hayek 1990, Friedman – Friedman 1992, Bastiat 1991, Ježek ed. 1993)

³⁶ The Czech edition of 'Democracy and its Critics' was published in 1995 (rather paradoxically it was one of the few publications of Victoria Publishing, the publishing house financed by Viktor Kožený, the founder of the privatization investment fund Harvard Funds – iconically representing the story of the Czech voucher privatization).

³⁷ However, R. A. Dahl's pluralism theorizing was effectively presented and spread through other pluralist and other competing theories (regarding the role of state and democracy) overview publications (e.g. Swensson 1995, Held 1987). Characteristic proliferation venues were early – no longer illegal – seminars of the Jan Hus foundation and emerging TEMPUS program bringing Western European social scientists to the Czech Republic (e.g., the 'Foundations of Political Science Course', with multiple lectures from abroad that took place in July and August 1991 in Brno, see Palle Svensson's lectures on theories of democracy extensively presenting the reflections of R. A. Dahl and associated David Held).

That is why attention is paid to these impulses in understanding the sources of social dynamics or, rather, to the substantial theoretical discussions evoked by these initially straightforward prevailing concepts. Probably the most publicly exposed discussion of the two is the one involving the neoclassical approach and institutional economics as it has emerged publicly (mainly due to the numerous books published at the time and later on over the many years following by the economist Lubomír Mlčoch). However, the text in this section opens with another discussion – pluralist theory versus systemic crisis approach – as this one more immediately relates to the 3rd and 4th waves' considerations about various vicious circles taking over the transitory regime, as referred to in the previous section. Although this discussion in the sense of engaging the neo-Marxist post-Frankfurt School perspective was not much publicly present at the time, except for my research proposals and publications [1998, 2002, 2006], it is somewhat reflective of the contemporary emergence of this position as superficially invoked by the intellectually fashionable trend of leftist criticism among younger researchers of the current state of affairs.

The third section of the chapter presents culture-based reproaches for understanding social change as they surfaced over the years. In terms of the epistemological spectrum, they somehow complement two previous social dynamics debates. But also, in a way, this third reproach anticipates heading toward explaining the argument behind the stability and persistence of the transitory order.

1. 3. 1. Pluralist Theory versus Systemic Crisis Approach

To begin with, this subsection attempts to approach particular works of thinkers representing neo-Marxist and neo-pluralist theory on the grounds of their interpretation of the socio-economic-political structural framework of current free-market democracies. However, the particular intention is to highlight certain features of Habermas's (1973) and Offe's (1985)

position on the contrasting background of the development of neo-pluralist thought (Dahl 1977, Lindblom 1977).

The initial issue to resolve is a distinction between the actual neo-Marxist and neo-pluralist contributions from the previous Marxist and pluralist input since, in some instances, the same authors have played a crucial role in both stages of the theories' evolution (clearly, the cases of Lindblom and Dahl). This descriptive analysis (particularly in view of these two pluralist theory Nestors' development of their positions at the end of the 1970s and 1980s) may surprise recipients of their pluralist theory after 1989 in CEE.

Neo-Marxism: Clarification, Theoretical Background,³⁸ and Where Does the Systemic Crisis Argument Come From?

The problem of drawing a line between Marxist and neo-Marxist theory appears to be the issue in the case of Miliband, who tends to be labeled in most instances as a Marxist. Miliband's 'The State in Capitalist Society' (1969) is mentioned here in the neo-Marxist context, though, due to his provocative impulse leading Nicos Poulantzas, clearly, a neo-Marxist thinker, to investigate structural components of capitalist domination of the state. Thus, acknowledging a certain degree of independence of the state from capitalist interests – evidently in the case of Ralph Miliband as just a more minor part of the overall picture of capitalist state functioning – was followed by Poulantzas's shift of the focus onto the structural aspects of the state.

Poulantzas responded to Miliband's arguments by emphasizing the structural components of the 'capitalist' state in maintaining socio-economic order. Along with David Held [1987], it may be claimed that Poulantzas shifted focus from the social background of state officials and links between them and members of powerful institutions as the major determinant of the socio-economic order to structural aspects of the 'capitalist' system. From

³⁸ Cf. David Held's more detailed descriptions (1982, 1987: 205 – 214)

Poulantzas's point of view, due to the vulnerability of the dominant classes and fragmentation, the long-term interest of a 'capitalist' requires protection by a centralized political authority. The state may perform this function only if it is relatively autonomous from the interests of diverse fractions. In this perspective, the state functions as a certain integrative device for the dominating class, which, because of competitive pressures and differences of immediate interest, is broken up into class fractions (Poulantzas 1973, 1978 as summarized by Held 1987: 207-10). Consequently, the 'capitalist' socio-economic order is not to be seen as a monolithic entity capable of straightforward corrections in maintaining order for the best-accommodating interest of the 'capitalist class.'

The issue of rationality in connection with the expansion of the state as a symptom of the crisis tendencies present in Western, i.e., Euro-Atlantic area, societies is first exposed by Jurgen Habermas at the beginning of the 1960s (1971). For Habermas, a more significant presence of administrators and technicians in social and economic life was characteristic of the advancement of crisis trends. Politics was transformed into a realm governed by technicians and professional administrators, who were supposed to eliminate dysfunctions and avoid risks threatening the system [Held 1982: 181]. Habermas developed those ideas much further in the 'Legitimation Crisis' (1973). Offes's more recently published 'Contradictions of the Welfare State' (1984) and 'Disorganized Capitalism' (1985)³⁹ further engaged in this direction of 'late capitalist' state analysis, particularly the structure and function of welfare state 'capitalism.'

Short Account of Systemic Crisis Categories of the 'Late Capitalist' Welfare State

The Western – or Euro-Atlantic – the welfare state, following the long post-WWII boom, has come to be perceived extensively in terms of crisis. This discourse was essentially introduced in a more outspoken manner by Jurgen Habermas at the threshold of the 70s. Claus Offe later

³⁹ Though, in fact, mostly collected into articles written in German and translated into English from the 1970s and the turn of the 1970s and 80s.

advanced his own system crisis concept.

Reconsidering and integrating what was until that time separately perceived problems of economic, rational, legitimization, and motivation crises into one body (Habermas 1976, 45) brought Habermas to an explanation of persistence and mechanisms of stabilizing 'late capitalism' despite tendencies to crisis identified in various spheres of the socio-economic and political system.

In Habermas's view, the crisis occurs in three areas that may be described as subsystems - economic, political-administrative, and socio-cultural. Within the area delineated by these three subsystems, four basic crises in advanced capitalism have been identified – economic, rational, legitimization, and motivation crises. At the same time, crises in single subsystems were further distinguished as belonging to the system type of crisis or identity type of crisis. Thus, economic crises as well as rational crises were the system type of crisis. Legitimization and motivation crises are the identity type of crises. The political-administrative subsystem is hit in particular as rationality and legitimization crises occur in this subsystem (Habermas 1976, 43). Economic crisis surfaces primarily in the course of the mutual interference of the private sector and state administration.

The system theory schema offered by Offe operates with fewer categories. 'Late capitalist' societies are presented as a system structured in three interdependent subsystems. The structures of socialization and legitimization (piloted by normative rules) are attached to one of the subsystems. The other two are affixed to the economy (guided by commodity production and free-market exchange relationships) and by the (welfare) state (associated with the mechanisms of political and administrative power and persuasion) (Offe 1984).

Crisis management involves the political and administrative institutions (representing the state subsystem) trying to manage the structures of socialization and the economy. The state intervenes in the economic subsystem given its decommodification

function. 'Privately owned capital is the chief foundation of economic enterprise, but economic ownership confers no direct political power'; nevertheless, 'the capital generated through private accumulation is the material basis upon which the finances of the state depend' (Held 1987: 210). This ambiguous position of the state subsystem leads to what may be termed a 'self-limiting state' (Held 1987) and, at the same time, constantly carries the crisis effect.

The dissonance between the existing well-established welfare-state type of economy/polity and the rationality of its functioning has its equivalent in the surprisingly well-established transitory order and the rationality behind it as confronted with the normative goals of transition.

Neo-pluralist Assault of 'Competitive Equilibrium' and Hierarchy

The original position of what John F. Manley defined as Pluralism I. [1983] in view of Euro-Atlantic democracies and their politico-economic system was characterized by total identification with Madison's idea of factions competing one with another and mutually counterbalancing each other as the major feature of these democracies. Thus, in the classical pluralist concept, factions and different interest groups are the structural sources of stability and central expression of democracy. Classical pluralists took for granted the imperfection of everyday political reality. They committed themselves to descriptive analysis in pursuit of an empirical democratic theory that would uncover general patterns contributing to the overall democratic character of Euro-Atlantic democracies (1983).

Even though there are many inequalities in society and not all groups have equal access to resources, power is the subject of competition and is not hierarchically structured. Thus, in the Pluralist I. perspective, numerous groups representing different interests compete for power. Those interest groups are frequently structured around particular economic or cultural splits and differences, though those 'coalitions' change over time, and also the commitment of single

interest groups in pursuit of certain goals fluctuate over time (Manley 1983).

The critical role in pluralist democracies or polyarchies (using Lindblom's and Dahl's terminology) is plaid by so called 'competitive equilibrium.' Dahl, in his study of city politics in the USA – 'Who governs?' uncovered multiple coalitions seeking to influence public policy. Summarizing with Manley (1983) – conflicts accompanying the pursuit of different interests and sectorial claims of single groups are mediated by governmental agencies and lead toward achieving 'competitive equilibrium' representing a political line acceptable at least to a certain extent to most groupings in the society. This was the proper way, in Dahl's view, an agreement is to be reinforced and social peace maintained within the society.

With the revision of their original concepts most prominent pluralists – Lindblom Dahl, actually digressed the connection between pluralism and free market democracy as they openly faced the antagonizing issue of 'socialism' vs. 'capitalism', pronounced socialism and pluralist democracy compatible. Their receptive attitude has been characterized by the recognition that 'the Americans have an irrational commitment to private ownership and control of economic enterprises that prevents us from thinking clearly about economic arrangements' (Dahl, Lindblom 1976: XXVI). Consequently, it was not very difficult for them to figure out that 'to democratize the American polyarchy further will require a redistribution of wealth and income.' (Dahl, Lindblom 1976: XXXII). Dahl, in his later article 'Pluralism Revisited' (1977) made clear, having in mind the case of Yugoslavian reform and the case of Chile till the military coup, that the term pluralism 'is no longer limited to Western bourgeois thought nor is it necessarily an epithet among Marxists or other socialists' (1977: 192). At this time, it appears that Lindblom in his 'Politics and Markets' (1977) had gone much further in his assessments reflecting the privilege role of business in a 'free market' society when he stated that the 'mere possibility that business and property dominate polyarchy opens up the paradoxical possibility that polyarchy is tied to the market system not because it is democratic but because it is not' (1977: 168-169).

Lindblom points out that, in the USA, 60% of production is corporate and that the biggest corporations are, by the amount of revenue, larger than the governments of California, New York State, and New York City, which are giants among state and city governments (Lindblom 1977: 94). The solution to the problems of hierarchical character of public and corporate bureaucracy in respect to maintenance of democratic control suggested by Lindblom is the dissolution of hierarchical structures and implementation of mutual adjustment techniques. Thus, authorities should work out their conflicts and arrange for cooperation, in the absence of an authoritative overseer, through mutual adjustment among themselves. Even large-scale politico-economic organization is possible either through unilateral coordination in hierarchy bureaucracy or through mutual adjustment among authorities that practice an extended use of their authority in order to control each other. (Lindblom 1977: 30-31).

Really radical suggestions on how to deal with the growing influence of corporations were offered by Dahl in his 'Preface to Economic Democracy' (1985). For Dahl, the only solution to the 'privileged position' of business embodied in the capitalist socioeconomic system is self-government in all spheres of society, including economy. Dahl recognized that self-government could not be fully achieved without a major reduction in the power of corporations. To fulfill the promise of political liberty requires the establishment of a widespread system of cooperative forms of ownership and control in firms, that is, the extension of democratic principles to industry itself. Thus, in Dahl's view; 'by committing itself to a system of self-governing enterprises, a democratic people would take an important step toward attaining the goals of political equality, justice, efficiency, and liberty, both political and economic' (Dahl 1985: 136). Dahl was, at the time (before the demission of real socialism in CEE), fully committed to the claim that 'if democracy is justified in governing the state, then it is also justified in governing economic enterprises: what is more, if it cannot be justified in governing economic enterprises, we do not quite see how it can be justified in governing the state' (1985:

134 - 135).

The convergence of neo-pluralism and neo-Marxist analysis in the 1980s has manifested in recognition of the extraordinary potential and capacity of businesses and corporations to press for their interests in the sphere of public and governmental structures. However, both theoretical assumptions implied that there is something wrong with the relationships between the state and interest groups drawing their influence from the economic sphere; explanations of this dysfunctionality differ though. Paradoxically, in the context of the growing political power of hierarchically structured corporations, the state is perceived by neo-pluralists to a large extent in terms of the direct influence of corporations on political decision-making – thus neo-pluralists actually implement a pre-neo-Marxist position. Subsequently, the immediate solutions they offer – implementing the elements of participatory democracy in the political as well as the economic sphere – are radical, if not to say revolutionary.

In contrast to that, proponents of the systemic crisis argument as represented particularly by Offe appear in many ways rather modest since they do not tend to be that biased with respect to corporations. In fact, in some ways they actually share the position towards interest groups with what we earlier described as 'pluralism I'. So, in the neo-Marxist interpretation, the power of trade unions and corporations with respect to the state does not differ that much, as in both cases this power stems from the economic sphere and attempts to achieve a 'better deal', to put it in such an idiomatic manner, for those who possess that power. As the result, neo-Marxist analysis is not that much preoccupied with power and the problem of who possesses power but rather deals with the functioning of the given structure and rationality behind this function. In this way, Offe and Habermas may see problems of politico-economic structures of society in terms of a rationality crisis or, even more specifically, in terms of a crisis of 'rational administration.'

The explanation how such a type of political structure survives this deepening crisis of

rationality is provided by Habermas's and Offe's crisis models, highlighting how getting crises under check in one sub-system is achieved only at the expense of transferring rationality inconsistencies into another sub-system so that the overall system – the one facing crisis tendencies – manages to retain a largely balanced state and in this way remains capable of further existence.

One of the main intentions of Held's prominent theorizing account of 'models of democracy' at the 'turn of the ages' (if the disappearance of 'state-socialism' can be coined that way) is casting light upon what he describes in pluralist vocabulary as the 'crisis of the liberal democratic welfare state', as he, at the same time, terms it a 'crisis of the democratic capitalist state' in Marxist jargon. Analytically the difference between the two is in the deeper inner nature of the crisis and its 'rules' or inner 'principles.' For pluralist analysis, the crisis is outlined as an 'overloaded government' (Held 1987: 230 – 233), while in the neo-Marxist approach, what is at stake is a 'legitimation crisis of the state' (Held 1987: 233 – 238).⁴⁰ However, in both of the crisis models, crucially, a vicious circle appears.

So in the pluralist take, in the following sequence closed into the circle, the boom and economic prosperity of post-war years lead to 'increased expectations' resulting in 'the "decline in deference"⁴¹ reinforced aspirations'; then single 'groups press with increasing confidence sectional aims to determine favorable policy outcomes from the state,' and 'politicians of all parties seek short-run political gains,' which results in 'further increased expectations'; 'governments then pursue policies of appeasement', that is accompanied by 'escalating number of state agencies of unwieldy proportions'; at the end, 'state loses the capacity to manage effectively' and, along with that, 'private wealth-making power is destroyed', and the 'vicious circle' is closed in and operational (Held 1987: 230 – 233).

⁴⁰ See the two model schemas in Held (1987: 231, 234).

⁴¹ Held understood this as the result of, among other things, 'growing affluence, "free" welfare, health, and education which undermine private initiative and responsibility, and egalitarian and meritocratic ideologies which promised much more than could ever realistically achieved' (1987: 232)

In what I term the ‘systemic crisis’ view, or what is pointed out as a ‘legitimation crisis of the state’ (of course by Habermas [1976] in the first place), a vivid ‘vicious circle’ is identifiable [Held 1987: 223, 230, 233–238]). Again, we start from essentially the same circumstance as in the case of a pluralist ‘overloaded government’ vicious circle – two decades of post-war high growth resulting in an ‘inherently unstable economy as growth is disrupted by crises’; ‘state engages in continuous attempts to regulate the economy and maintain political order to ensure political support of key groups’, and in this way, over time, ‘is forced to shoulder an increasing share of the costs of production and welfare.’ The state’s internal complexity increases (as does its own cost)’, which leads to a ‘fiscal crisis’, and the ‘crisis in public finances gets worse’ as ‘compounded by inflation’. ‘Persisting difficulties for government, trying to enact coherent policies’ in fact embody a ‘rationality crisis’. Along with that, ‘confidence in the political system is undermined, which further stimulates demands upon it’ and the ‘crisis of legitimacy and motivation’ deepens ... leading – for Held thinking about it in the mid-1980s (i.e., a few years before the ‘state socialism’ collapse) – to an ‘authoritarian attempt to control demand’ in order to recover ‘confidence in the political system’. Alternatively, ‘a crisis of legitimacy and motivation’ leads to ‘slow revolutionary transformation as the political order’s capacity to be reproduced breaks down’ (Held 1987: 233 – 238).

Though these accounts of viciously failing ‘models of democracy’, at the threshold of an impending collapse of the state-socialism camp, may seem somehow radical, the fact is that taking into account – in terms of the political-ideologies scale existent at the time – various theoretical positions and directions, it may be easily established that even quite right-wing leaning theorizing could have easily perceived the state of liberal democracy in terms of an ‘overloaded government’. We may easily claim that, by the second half of the 1980s, this perspective of a ‘vicious circle’ and systemic failure constituted a crucial theoretical and

analytical position.⁴²

Transitory Order in Light of the Systemic Crisis Argument

Following the logic of the systemic crisis argument (as highlighted by Offe 1984, 1985; Habermas 1976), I suggest that the essentially ambiguous way in which the Western, i.e., Euro-North Atlantic, area and governments have been functioning has had a parallel in the dubious nature of transition processes in CEE. This parallel has become a unique tool for analyzing the present stage of transition. In the context of the systemic crisis account of the western socio-economic-political system and its functioning, it becomes clear that the rationality of the transitory order is distorted in a somehow similar manner⁴³. If normative roles attached to the legitimation subsystem in Offe's explanatory framework are to be for us associated with the normative ends of transition (a transition plan, i.e., copying and reanimating western socio-economic-political structures), we discover that the stability of the transitory order has been maintained on the expense of normative constants of the transition plan (delaying and distorting the Western and Euro-North Atlantic area-like structures and practices under the pretext of the need for autonomous self-development of free-market rules). The state-in-transition context is an ambiguous position as in Offe's framework, although the distortion pressures are reversed – the state's mission is commodification, but the economic subsystem experiences dubious momentum, and the crucial push goes in the opposite direction – towards nationalization of investment risks and capital attainment. This results in the attainment of capital through corrupted deals with the management of state-controlled banks or from bankruptcy-destined small, cooperative, recently founded banks, by taking advantage of inadequately regulated investment privatization funds or enterprises privatized through voucher privatization or other

⁴² Quite descriptive of this state of theorizing is Held's schema (1987: 224) suggesting that as neo-pluralism constituted an outreach in the left direction, that this 'vicious circle' viewpoint, at the minimum, engaged central and central-left thinking.

⁴³ An example of such 'transitory order' may be the Czech Republic (cf. in detail Tomášek 2002a, Tomášek 2006).

numerous dubious practices bordering on economic crime that has spread throughout all sectors of the economy. In this way, capital sources have actually been expropriated from state or other collective owners emerging in the course reform steps undertaken (such as the 'voucher privatization' in the Czech case).

The easiest 'escape' from the inconsistencies resulting from this principal arrangement represents an alteration and distortion of the normative ends of the transition. Particularly as this is easy to be done since the normative ends delineating the transition agenda may be presented, on the level of general statements, for the public in an uncompromised form and, simultaneously, at the level of expert and technical discourse, may turn out to be an entirely different story that satisfies more the particular political-economical arrangements and the concrete set-up of interests.⁴⁴

The main forces behind this 'distortion' have been related to those elements in the single CEE economic and political landscapes which became actors and agents in the privatization and post-privatization chaos and half-way-restructured conditions of the economy and have not been capable of switching to the regular modes of free-market behavior and political

⁴⁴ On a preliminary note, in view of our analysis concerning the Czech setting, let's notice even in this early stage an outstanding discordance in the very center of what was, at the time, described as 'radical economic reform', or 'shock therapy'. Particularly in the case of the CDP coalition, governments led by the declaratively privatization-oriented and 'Thatcher-like' ODS in the mid-1990s were the easiest to identify. Examples of crises of state-controlled banks in the Baltic countries in the first half of the 1990s were clearly due to the inefficiency of the state as the dominant bank owner, and that was even more, the case in economies undergoing systemic reforms. Counter-productiveness and moral hazard associated with the politically purposeful maintenance of state-owned banks as key elements of the reforming economy arose in the Czech context clearly already in the mid-1990s. The banking sector in the Czech Republic, with the exception of one 'incest privatization,' i.e., the takeover by bank management through the misuse of the bank's own assets (the Investment and Post Bank), was privatized at the beginning of the new millennium virtually only under the pressure of accession to the EU, which was principally to prevent this 'incest privatization' – actually state support of capitalless gainers of state-owned assets (through presumed negligence of the agencies managing the assets). Even more-or-less usual privatization into the hands of Western European banks at the end was highly problematic in view of the previous necessity of enormous debt relief for these state-dominated banking institutions after long years of managements' rent-extraction and government party interference and the actual involvement of notoriously corrupt politicians extorting graft from the privatizing Western European banks (e.g., Austrian Erste Bank's payment to Civic Democratic Party MP Miroslav Macek for 'assistance' in acquiring Czech Savings Bank). Such enormous debt relief for these banks from public funds would be hardly thinkable in the EU regulatory framework after entering the EU in 2004 (Tomášek 2002b, 2006).

competition such as prevail in the Western European, i.e., Euro-Atlantic, context.

It may be suggested that even Habermas's and Offe's framework as classically understood covers such practices as the state covering some or even growing extensive investments that the private sector is clearly profiting from economic. However, the point of distinction rests in the fact that those decommodification practices concern primarily shared infrastructures and other collectively produced preconditions of further overall development, while in the transitory context the decommodification drive of the state is factually directed towards covering individual investment risks and capital attainment precisely in the core of the private sector. This is even more a sign of a rationality crisis, as in the transitory context the main declared goal of the state is commodification. This twisted economic and political-administrative systems relationship still affects the legitimization system as the normative ends of transition are called into doubt and openly questioned.

Table 2 A) as combined from J. Habermas (1976) and C. Offe (1984) and schema B) the previous as adapted for the transitory context (Tomášek 2002a, Tomášek 2002b)

Economic Sector	{decommodification	Political-Administrative Sector	providing social services}	Sector Socialization and Legitimization
(based on free-marketed exchange)	fiscal skim-off}		{mass loyalty	(based on normative rules)

Economic Sector	{commodification	Political-Administrative Sector	negligence and ignorance of transition goals}	Sector Socialization and Legitimization
	nationalization of investment risks and attainment of capital}		{mass loyalty	(normatively based on transition plan and goals)

This structural and functional arrangement, which was seen as temporary, became more permanent over time. The search for rent in post-socialist politics and the economy was firmly embedded in the only minimally controlled overlap of these two spheres, resulting in an institutional lockout preventing a sufficient shift in the direction of advanced free-market societies of the Western and Euro-Atlantic type. The successful completion of change and shifting towards an advanced free-market democratic system in the countries began to be prospectively associated with the degree of integration with the EU achieved and the related EU intervention in the straightening, demolition, and correction of distorted functional models substantively coining the 'transformation regime' (Tomášek 2005, 2006).

Introducing and adopting systemic crisis argument-hypothesis for the CEE transitory context is our innovative contribution to what is represented in our initial outline and clarification of the various waves by the third wave in theorizing social change in CEE. The third wave of conceptualization of political and economic change in Central Europe has been represented by a number of concepts, such as 'premature consolidation' (Richard 1996), 'restauration' (Wnuk-Lipinski 1999), 'state capture' (Hellman, Jones, Kaufmann 2000, 2003), not associable with the more general description as in the case of the first two conceptualization waves. In these third-wave concepts, attention is paid to mechanisms of rent creation and the associated locking-in of vicious circles in the context given by unregulated overlap of the spheres of politics and economy that, in CEE after 1989, have been built extensively from scratch and, at the same time, evolved uncontrollably hand-in-hand irrespective of elementary rules of separation of these two spheres. Thus, given the concurrency and the immediate interconnectedness of the changes in politics and the economy after 1989, the rules of their interaction, against the backdrop of only hard-going vertical consolidation (Elster, Offe, Preuss 1998: 27-29), were not firmly defined or were defined only formally. The systemic character of persistent deficiencies and defects in Central European countries, with special regard to the

Czech Republic, may be explained through the systemic crisis argument (see earlier theoretical as well as empirical accounts applying the systemic crisis argument Tomášek 2001, 2002a, 2002b, 2006), however, going further in this line of argument we get to longer-term implications of this 'transitory order' described by the third wave – deeper, more complex and consistently sustained features that are regarded by the 'Varieties of Capitalism' (VoC) approach, developed recently in a more global context, as the matter of characteristics specific culturally and patterns established by a particular society. With 'Varieties of Capitalism' (4th wave in Central European capitalism deficiency explanations) applied regionally, we end up with culture and cultural and particular societies patterns in our hunt for answers.

1. 3. 2. Neoclassical Approach versus Institutional Economics

A relatively sudden disciplinary, as well as substantially epistemological, the jump is done at this point of our proceedings – the inquiry now turns to what is associated with the start of the 1990s probably the most. 'Reintroducing pluralism', using the vocabulary of the turn of the 1980s and 90s, has been wiped out in our memory by what was in the first half of the 1990s the prevailing economically focused discourse, particularly in the form of, even at the very popular level, widespread newspeak of 'economic liberalism' or 'neoliberalism'. At our more academic level of inquiry, though, our attention has shifted to clarification of some of the key terms and concerns of neoclassical economics in distinction from institutional economics.

Neoclassical Approach and its Criticism

In neoclassical understanding, firms perform at the limits of maximal utility and profit and consumers choose from complete range of goods and services; both firms and individuals are rational subjects and may be characterized as striving for maximum efficiency. On the same

note, but regarding the more comprehensive features of the neoclassical approach, it may be implied that undertakings by individual actors are aggregated simply in a linear manner without any consideration for nonlinear dynamics of social phenomena emerging beyond a certain point of critical mass and substantially shifting in this way the essence of the phenomena. In a similar manner, in the neoclassical approach, the essential phenomena of the firm and the processes constituting it are disregarded. Even more substantially, the economic cycle or even economic growth itself as related to various factors (including for example technological innovation) are not taken as a part of the economic sphere. Failure of the market in this approach is not a matter of the market itself but is caused by 'external' and 'foreign' influences from beyond the economy. This brings us back to the fundamental of an ideal 'economic equilibrium' as the general functional feature in the neoclassical approach.

In the view of institutional economy, the main omission of social reality in the neoclassical approach rests in its overall character given by its focus on an optimally functioning economy which views study not as research of actually existing relations and phenomena but rather as a study of a never existing imaginary economy. This character of the neoclassical approach may be identified in very particular features of the neoclassical study of economy. This way, in a neoclassical perspective, markets operate effectively and there are no limits on the form of 'transactions costs' (such as various limits established by law, customary norms, various fees, and taxes).

Negligence and laxity in the process of establishing elementary institutions and rules delimiting the market along with long-term unbridgeable 'information asymmetries' associated therewith (widespread insider trading at capital markets, inadequately regulated field of investment privatization funds in state voucher schemes) at the very core of the free-market system has long characterized some of the CEE countries.

In view of this CEE registering context, a crucially analytical concept of 'path dependency' came to the forefront, however not in the original specific sense of technological innovations and their path dependencies but in a wider sense of alternations and development of essential social institutions constituting a free-market economy. Thus, the impact of tradition, customary norms long valid laws, and other habits and personal preferences in this more ambitious wider institutional approach was not taken primarily as somehow a technical obstacle to a 'proper market' and the source of transaction costs but a general explanation of social dynamics of the shift from state-socialist systems toward free-market democracies (Stark 1992; Grapher, Stark 1997). The resulting question of hybrid socio-economic structures in-between essentially became the study field of 'transformation' and may be taken as a representation of the paradigmatic shift from straightforward rational choice interpretations and projections of neoclassical economists.

Neo-liberal Reform vs. Institutional Economy; How to Reflect Politics in Economics?

This distorted nature of the overlapping economy and politics was reflected at the time locally (Rychard 1996, Wnuk-Lipinski 1996, 1999) as well as internationally (Myant, Fleischer, at. al. 1995). Debates on changes in CEE were, however, reflected in a particular way in the Czech context. Milan Žák (1999: 11-25) theory about these political developments and the emergence of 'middle ground politics' and, on this background, presented the neo-classical theory of political economic cycles including the distinction between 'government failure' and 'market failure'.⁴⁵ Within the context of the previously described third wave in the theorizing of the sources of socio-economic change, the frequently used concept of rent-seeking (primarily in the sense of particular interest groups taking advantage of the government and the state) has

⁴⁵ See model with opportunistic parties and non-rational voters – 'Nordhaus model', a model with opportunistic parties and rational voters – 'rational opportunistic model', ideological parties and non-rational voters – 'Hibbs ideological model' and ideological parties and rational voters – 'rational ideological model.'

been presented in the light of the rational choice interpretation of interactions between government and economy (Žák 1999: 11-25). Žák, in another text, focused particularly on the governmental failure in the transition process (1999: 51-56) and, in connection with these mentioned failures, presented the neo-classical theory. In the Czech context, the main battleground in economics emerged through the middle of neo-institutional theory (Heyek inspired neo-liberal reformers from Prognostic and Banking institutes⁴⁶ vs. institutional economy praying practitioners – designers or contributors to 1968 economic reform that spent the 1970s and '80s in late-socialism companies⁴⁷). Žák presented a schema in which public choice theory is applied to the 'border between economic and political actors' and institutional economics to 'the border between economic and cultural sectors' (1999: 54). Žák, in this divisions-defying account, touched upon fundamental problems of overlapping politics, economics and culture in transitory order,⁴⁸ which he summarized particularly in view of the inefficient decision-making of the government as follows: information flaw –asymmetric information, rent-seeking (not positive), regulation captured by interest groups and/or pressure groups, the influence of bureaucracy (1999: 64).

Similarly, ideological and methodological divides overcoming position in view of the neo-institutional theory took Tomáš Ježek (2002: 9-14). Inspired by the Chicago school, Ježek drew attention to common views of law and economy. Ježek, over time, started to view successful reform undertakings as contingent upon the full-cooperation of the law, ethics, and the economy. In this sense, for Ježek, the split of law and ethics from economics (as occurred at the end of the 19th century in those societies in which institutions necessary to the promotion

⁴⁶ E.g. Klaus, Dlouhý, Tříška, Dyba, Kočárník among the most prominent.

⁴⁷ Kouba, Šulc, Klusot, Mlčoch, Kožušník, Turek, if the most important named. In view of Pulpán these economists at the time of silencing and forced transfer and work in real-socialist businesses lost the reminiscence attached to the 'socialist market and gained first-hand knowledge of the real happenings and strategies at work in the sphere of real-socialist entrepreneurship, possibly vital for designing a suitable way out of the games of the state-socialist economy (2004: 85-94).

⁴⁸ Žák treated them as separate from corruption and corruption's impact on the economy, that otherwise were his theme – he has written on extensively (e.g., Žák 2003: 38-66).

of the rules of proper action function sufficiently 'so that the mainstream economy may exclude them beyond its focus with impunity')⁴⁹ represented the cardinal issue for the transition developments. This division may be fateful for the countries undergoing a transition as economics and economists in these societies may not easily take for granted the existence of the rules of proper action in the way it is by economists and economics of the mainstream, as represented by Samuelson (2002: 10-11). Ježek clearly stated that 'if economist in former communist countries, in spite of this, silently takes for granted the existence of the rules of proper acting they commit themselves to highly unprofessional stand' (2002:11). Similarly, ethics as a precondition for an effective market has been expounded extensively by Pavlík (2002) through Buchanan unavoidable ethics and economy conditioning connection.

Neo-liberal Reform vs. Institutional Economy: Czech Economists' View of Czech Privatization at the Time

For governmental neo-liberally declared economists evaluating privatization in terms of speed and scale, the privatization process was a decisive success. In the light of institutional economics, however, the results of this process appeared much more dubious (Mlčoch 1997b: 55-100, 2000a, 2000b).

The quite limited legally existing investment capital, taking into account the scale and range of assets on offer, numbered among its most dubious features.⁵⁰ Scandalously extensive amounts of state property suddenly subjected to the process aggravated the lack of legally nonexistent capital and moved the process far from the regular free-market procedures. So-called 'privatization waves' conducted in the shortest possible time invoked an atmosphere of a gold rush.

⁴⁹ For the social context, it has been 'restituted back' by Lipka (2002: 62).

⁵⁰ Domestic investment from the private sphere was negligible, the availability of investment loans from domestic banks was limited and doubtful (as a consequence of virtually nonexistent reliable data about the credited investment projects and questionable application of criteria, among other things), while foreign investment was soon restrained and not encouraged compared to other CEE countries (such as Hungary or Poland).

Lubomír Mlčoch (1997b) pointed out that instead of the mode of establishing capitalism which would at least partly reflect the classical capitalist values described by Max Weber, for example, that was clear to some degree applicable even when explaining the post-war German economic miracle, it seems to be much more suitable to attempt to highlight the beginnings of 'capitalism' in the Czech Republic via other perspectives. Mlčoch suggested that the Czech privatization process and its political background carried clear characteristics of 'the spirit of revolt'⁵¹ in the sense of refusal of traditional institutions and traditional morality (Mlčoch 1997b: 67). In this view, 'even in the period of privatization we should not find an apology for wild forms of privatization ... traditional morality does not include special ethics of revolutionary times – wild privatizers belong to the same genotype of people as the revolutionaries organizing expropriations of property from 50 years ago' (Mlčoch 1997b: 68).

Czech mainstream academic economists have routinely described the particular privatization steps and undertakings as they were happening and come close to identifying the basic features of the process, including the nonexistence of necessary legislation and the lack of domestic investment capital (Zavíral 1997, Vostrovská 1997). Frequently, even in this initial period, the cardinal inefficiencies of the process and associated results were actually indicated before they started to appear steadily. Vostrovská pointed out particularly the 'emergence of missing ownership' following the realization of the 'privatization mix' with the substantial 'voucher method' element (1997: 33). Vostrovská, as early as 1997, while representing mainstream accounts of privatization in the major Czech economic journal, posed the question of whether this form of fulfillment of ownership rights was not, in fact, worse than state ownership. She connected this with the issue of ownership concentration which, at the time the text was released, was occurring at the expense of millions of minority shareholders due to inadequate legal regulation. At the same time, however, Vostrovská did not forget to emphasize

⁵¹ As, in Mlčoch's understanding, highlighted by Hannah Arendt or, for that matter, by Marx and Nietzsche (Mlčoch 1997b: 67).

that in spite of the voucher scheme used, property in the value of the 1st 'privatization wave' (200 billion CZK) remained in the hands of state.

In these early accounts of privatization, it is worth noting the treatment of an 'alternative scenario' associated with the economists stigmatized by their involvement in the 1968 economic reform. Vostrovská presented this 'alternative scenario'⁵² as putting emphasis on creating conditions for enterprises at the micro-economic level (1997: 34). At the same time, she acknowledged 'alternative scenario' application in the countries where the 'shock-therapy' method may have been socially unbearable (obscurely, Hungary was included by Vostrovská in the group of those so called 'second wave' reform countries (1997: 34)⁵³).

Heczko described the competing visions of reform, presumably finished by then, as the 'gradual scenario' of followers of the ecologically oriented social market economy on the one hand, and the 'shock-therapy scenario' of proponents of a 'market without adjectives' on the other. In his understanding, 'gradualists' focused attention at the micro level on structural changes. They were to be prioritized in view of other systemic transition undertakings, as in their view, only factual (non-price) competitiveness was decisive and could be improved only in the case of systemic insistent effort (1997: 14- 15) that was likely to result from an active structural policy of the government. Heczko (1997: 16) took notice of the 'gradualist' insistence on the legality and legitimacy of the privatization process (social and legal transparency).

Vostrovská, for one of the further issues of the same journal⁵⁴ two years later, ended up with the question – 'has the mistake rested in the privatization itself?' (1999: 64), which is actually a manifestation of the shift from the earlier mention of the doubts about privatization

⁵² I. e. commonly tagged as 'gradualist' (as in opposition to 'shock-therapy') as we speak of the time of prevailing dominance of 'Klausian reformers'.

⁵³ This actually describes in a perfect manner the feeling of exclusivity of the Czech 'shock-therapy' undertakings in the CEE context that was widespread in the ranks of Czech economists.

⁵⁴ *Acta oeconomica Pragensia*

outcomes (regarding the resulting patterns of ownership) to analyzing them, at the core of her assessment.

The jumpy economic and political developments of this period⁵⁵ and the decline of 'shock therapy' political rhetoric, along with the fall of the monetarist-dominated approach from the paradigmatic pedestal were accompanied by the first critical mainstream rapprochement to the 'we are number one in shock therapy' position which had hitherto dominated economic discourse in the Czech Republic. Single alternative, in many instances institutional economic voices from the mid-90s⁵⁶ (Kouba 1994, 1995, 1997, Kouba, Klacek 1996a, 1996b, Mertlík 1996, Mlčoch 1997a, Mlčoch 1997b), while being quoted by the end of 1990s, had touched the mainstream of Czech economics.

1. 3. 3. Culture-based Reproaches for Understanding Social Change

In the last part of the exposé,⁵⁷ after exposing the regionally relevant conceptual dilemma of Pluralist Theory versus Systemic Crisis Approach alongside the more commonly perceived arena of Neoclassical Approach versus Institutional Economics,⁵⁸ we arrive at the third approach or domain of distinctive explanations of social dynamics, and that is the realm of culture-based approaches to the understanding of social change in CEE. Even if in this highly variable analytical sphere, we do not run into such a binary and antithetical character of theoretical conflict as in the case of the two previous theoretical exposés, to an extent, a certain

⁵⁵ Two packages of restrictive measures in reaction to sky-rocketing trade deficit in 1997, devaluation of Czech currency, collapse of the right-center coalition government at the end of 1997 in the wake of major corruption scandal of privatization-driven financing of the Civic Democratic Party, the Freedom Union splitting away from CDP and the Social Democratic minority government coming to power in 1998.

⁵⁶ But in a specific Czech way as the paradigmatic opposition to monetarist cures to transition economy.

⁵⁷ Oriented at more general social dynamic's theoretical approaches but relevant in view of the region-specific conceptualizations.

⁵⁸ Although even in this case, mostly without sufficient understanding of the conflict within the neoclassical and institution-emphasizing market approaches.

conflict, perhaps even principle split in this sphere of culture-based approaches is revealed as well.

On the one hand, a range of takes on approaching and examining immediate cultural elements and this way variety of approaches and starting points through which social change has been and is approached⁵⁹ are presented in order to innovatively reflect an already decades-long journey to Western sort of advanced free-market society, respectively characteristically associated with the Euro-Atlantic historicist space. An alternative culturological starting point, in the circumstance of here undertaken research, is the specific prism of the collective memory approach, a somewhat paradoxical way, offering itself as the actual course of late social change undertakings is affected by the collective memory perception of the earlier, particularly, the initial phases of this social change.

Culture-based Approaches to Social Change Viable in the CEE Context

Looking back at the initial influx of knowledge, which came immediately with the fall of real socialism, alongside the terminology associated with transitions (brought over by Linz and Stepan and a host of others from the context of liberalizing transitions in the 1970s and 1980s, military juntas in southern Europe and South America), and thus understanding change primarily in terms of the restoration of pluralistic competition between political parties and the restoration of constitutional order, including the reduction of the enormous influence of the security-repressive apparatus to its proper limits, ethnography very soon emerged in an academic sense as a starting point for research on ongoing change, as the 1980s saw the emergence of the ethnography even in view of not yet unfolded happenings in CEE but already researched by several Western researchers conducting anthropological research in the various

⁵⁹ But really in the sense of a straightforward accession to immediately identifiable cultural elements in a more positivist sense.

CEE countries.⁶⁰ The opportunity, already free of censoring controls, to come to the countries of their interest and to pursue them even in the moment of hectic change of 1989 and immediately after was seized by a number of anthropologists and ethnographers. The significant wave of so-called 'ethnographies of postsocialism' emerged unavoidably marking the field.

Katherine Verdery (1996) is a typical representative of this wave in the sense of its explicitly ethnographic character, dealing primarily with Romania initially but very soon contributing to the creation of the whole ethnographic-anthropological stream of post-socialist studies (see her compilation of an influential collection of texts together with Michael Burawoy on *Uncertain Transition - Ethnographies of Change in the post-socialist World* [1999]). Verdery also co-authored the introductory chapter of another essential collection of texts on postsocialism compiled by Chris Hann (ed. 2002)⁶¹ and similarly compiled collections of ethnographic accounts of social change in CEE primarily concerned with truly ethnographic descriptions of change in the 1990s.⁶² But often, through mere certain profiling, the more specific interpretive theoretical framework of the essential contours of social change in postsocialism may already be indicated. Thus, Mandel and Humphrey (eds 2002) speak of 'markets moralities' in their recognition of ethnographies of postsocialism.⁶³ Trying to summarize somehow the background and perspective of these ethnographic accounts, if that is possible, perhaps already referred title of Katherine Verdery's 1996 publication – 'What was socialism, and what comes next?' would be suitable for this.

⁶⁰ For example, David Stark's research on enterprises and workers in the final perestroika-liberalization phase of 'goulash socialism' in Hungary was profiled or presented as ethnographic-anthropological research.

⁶¹ Chris Hann (2002), in his own introductory text, talks about 'farewell to the socialist "other"' and it seems that his position is not as sharply distinguishing as that of Katherine Verdery.

⁶² Often change/non-change in agricultural areas as that tends to be a traditional arena of ethnographic research.

⁶³ The anthropological perspective on post-socialist Europe, edited by Kürti Skalník (ed 2009), can be approached with similar intentions.

Although through Verdery herself, as present in our pool of expert knowledge, we got, based on her study of the 'economic transition' of the first half of the 1990s in Romania,⁶⁴ a rather bleak picture of the 'transition from socialism to feudalism.'^{65,66} Still, a quarter of a century later, this bleak picture shows itself more widely than just in the original 'pyramidally Draculaesque' Romania of the 1990s. How to think about the wave of takeovers of single CEE countries by authoritarian establishments in the last five to ten years, falling into the personal kingdoms of individual autocratic figures (Orban's Hungary, Kaczynski's Poland, Fico's Slovakia, Babiš's Czech Republic⁶⁷)?

'Prebendal and tributary forms' as mentioned by Verdery (1996: 227), are noticeable in the contemporary CEE context as looking at Hungary, where, given the antagonism of EU-Hungarian relations, 'prebends' and 'tributes' pumped from EU funds into Orban family-linked businesses have been exposed. Similarly, regarding the long-existing 'Fico's regime,' there has been an established group of personally related businessmen⁶⁸ individually receiving prebends and having their 'tributes' paid through EU-funded contracts to the Slovak government or public enterprises and services. In the context of Slovakia, in particular, however, the question arises whether there has been another more profound dimension to this system besides this personal court of dubious 'entrepreneurs' around Fico and the SMER party leadership. That would correspond to the medieval idea of a feudal ruler surrounded by personal favorites who are rising from such a privileged position due to their relationship to the king and the party he

⁶⁴ Also, in connection with the development of pyramid schemes (Verdery 1996: 168-203).

⁶⁵ With which, of course, she was not alone - see Verdery's reference to Staniszkis and her 'estates' state' in the medievalist sense of the word. Staniszkis, however, anticipated the evolution of this immediately post-socialist state towards the corporate state.

⁶⁶ Thought of in the process-analytical sense as well as in the metaphorical sense.

⁶⁷ Although most recently, after mobilizing the political camps of essentially all democratic parties in Slovakia (even selected fringe populist parties in the case of Slovakia) and the Czech Republic, the situations in these countries have changed after the last elections, essentially, both countries happened to be under quite explicit threat of an imminent return of the rule of populist profiled authoritative political forces.

⁶⁸ Výboch, Brhel, Široký, Kopecký, previously until 2006 – Poór, Gabriel (in Slovak realities, this entourage around Fico and the leadership of the SMER party are referred to, respectively these oligarchs 'at the court' are distinguished as oligarchs of the so-called the 'first' and the 'second' wave).

represents. This could be precisely the mafia principle but taken somewhat in the original historical Italian social sense of a specific prevailing social force behind guaranteeing a stable social existence without economic and political disruptions outside the given society.

A society imbued with mafia structure and principle as a form of social stability? Returning to the Slovak example - is it possible to consider the structure referred to by civil servants⁶⁹ as 'the system'⁷⁰ – as a more profound form or mechanism of social stability and continuity? Even as the government coalition presented essentially as the anti-corruption mission, is letting the key persons of the 'system' go⁷¹? The prospects of the evolvement of this above-indicated structure behind the 'democratic order' appearance somehow sliding into populist politics remain currently open.

May this principle of a more rudimentary 'system' and feudal usurpation beyond the liberal-democratic public face, as it has been manifested in Slovakia, be considered in the Czech context as a more straightforward project of the 'political movement' of one of the wealthiest businessmen in the Czech Republic, who has gained immediate control of the government administration for some time and thus also infiltrated various systems of the state?

⁶⁹ Ranging from various security forces, extensively the prosecutor's office (including the Special Prosecutor's Office – dedicated to investigating the most serious organized crime) to the whole range of courts and judges through the whole judicial system and their many different levels including the governmental-ministerial supervision over them.

⁷⁰ The key within a number of these bodies was whether the person employed within them was a part of the parallel network self-described and technically and practically understood as 'the system' and, at the same time, (often as a senior member of staff) whether they could ask other staff and subordinates for 'favours' alias getting things done in accordance with the needs and intentions of 'the system'.

⁷¹ Current Chief Special Prosecutor and Head of the Special Prosecutor's Office, Daniel Lipšic, in a lengthy panel discussion with one of Slovakia's key investigative journalists, Mark Vegovič, in 2019 (i.e., relatively long before the 2020 elections and his ascension to the position of Chief Special Prosecutor), identified basically 2-3 deeper, far-reaching mafia structures affecting extensively large-scale economic and political developments in Slovakia: so-called 'Bodorovci' (family, mainly father and son – with a whole range of economic activities, at the same time long-time owners and representatives of a major private security agency/service in Slovakia) and Zoro Kollár, alongside with Jaroslav Haščák, a key representative of one of the most influential and wealthy groups in Slovakia – Penta (which is in the center of what has been known since 2006, or became known, actually, since 2011 as the 'Gorilla file/cause'). Marian Kočner, exposed due to Jan Kučiak's and his girlfriend's murders, happened to be mentioned in connection with his sophisticated ability to achieve goals through personal connections in the prosecutorial and judicial system. However, a mere partial actor in the sector of influence, or the 'system' Jaroslav Haščák, prosecuted since the end of 2020 for the earlier bribery of the Head of the Slovak Information Service regarding the Gorilla file, stopped being prosecuted in August 2021 by an extraordinary measure of the General Prosecutor's Office (with amnesty effect).

As ethnographic accounts of postsocialism in CEE more generally have been exposed here, it is probably worth turning our attention to other or more specific ethnographies that may be related to social change. One of these is undoubtedly economic ethnography, often examining the formation and functioning of markets in terms of cultural practices. Given the somehow uneven and bumpy establishment of stock markets in CEE after 1989, respectively, at least in the Czech case⁷² and also given getting closer to the sources of this outspokenly troubling record, e. g. Ellen Hertz's book *The Trading Crowd: 'an ethnography of the Shanghai Stock Market'* (1998) could be of good use.

By focusing on economic ethnography, however, we could get to more specific anthropologies and ethnographies. Among these, not surprisingly, would be the field of *study of clans*⁷³. Typically, e.g., Kathleen Collins (2006) and her study of 'Clan Politics and Regime Transition in Central Asia' may represent this ethnographic field, which could be perceived as mainly a matter of post-Soviet studies, but more recent oligarchic twists and deeper engagement and persistent invasion of oligarchs into politics even in the Central European parts of CEE region legitimizes the application of this ethnographic approach even here.

Being aware of the clan and corruption activities field, another distinct anthropology field may be understood as the *study of rituals and associated cultural elements*. Though possibly perceived as somehow related for example when looking at the purifying rituals and cultural rites as at play in Sighart Neckel's study of political scandals (2005). While outlining the role and function of political scandals in this sense, i.e., as not exceptional but a regularly

⁷²It took almost a decade and countless legislative interventions in the Czech Republic to get the stock market to function at least to some acceptable standard. Delaying the introduction of the basic mechanisms of the stock market and merely pretending its existence as a trap for naive investors and shareholders from extensively dubious voucher privatization was one of the defining characteristics of the era of the later secondary privatization in the Czech Republic. It is noteworthy that CEE countries differed in this respect, and it seems that countries with a longer or not completely abandoned tradition of entrepreneurship during the real socialism (Poland, Hungary) were better off in this specific respect and, e.g., Warsaw stock market has become quite early established and looked for.

⁷³ Perhaps in a more extended span also corruption.

established practice and cultural procedure, we are entering quite different fields of anthropology.

Having in mind all these ethnographic and anthropological tracks and fields of study as relevant in CEE it is easier and easier to reveal and accept yet another distinguishing field in this regional context – the *study of hybridization*. Although the term hybridization may imply a particularly critical and negative undertone in the political sense as possibly perceived as corruption of some introduced, established, and verified norms it may be taken by now as a regular – not this way, in the first place, ‘loaded’ – field of study⁷⁴.

Social Change as Collective Memory Representation

As this inquiry may be perceived as a concerning 'transition'/'transformation' change resulting from the 1989 breakthrough, so, at the first instance, extensively the privatization and other economic change undertakings (taken as – from 1989 breakthrough – a building stone coming out and establishing 'a new'), maybe, in a dubious manner, identified as a closed past, which have occurred and came effectively to definitive closure⁷⁵, however, still, at the same time, perceived somehow coining today economical happenings. As this paradoxical setup is now stretching out into the time span of more than 'a quarter of a century after' this, in public imaginary, historically magic 'big bang' it actually happens that the actual understanding and interpretation of the social change in a more comprehensive and substantial sense that

⁷⁴ See e. g. Galina Miazhevich's 2009 study of 'hybridization of business norms as intercultural dialogue' in the case of two post-Soviet countries.

⁷⁵ As being primarily associated with initial privatization 'wave' impulses – the voucher privatization along with 'shock-therapy' intensely presented in clouds of Western-style neo-liberal rhetoric 'the Czech Way to capitalism' (among other things putting aside foreigner involvement – investment and knowledge capital) is, in public awareness marked as the thing occurred essentially in the first half of the 1990s or in the mid of 1990s at the latest. Awareness of the substantial phenomena of secondary privatization has been limited or, respectively, is emerging only with uncovering particular individual trajectories of the emergence of corporate oligarchs who happen to come in the spotlight.

constitutes what is superficially associated with that initial ‘big bang’ moment, is extensively and in this long time-span the subject of collective memory processes.

Using, ad hoc, the following more general frame (Šubrt, Tomášek 2014) drawing attention, in research methodological-theoretical border light, to characteristic collective memory processes and positions, we may identify not yet much recognize the factor in the study of ‘transition’/‘transformation’ change in CEE.

At a more general methodological-theoretical level, the scheme works with two columns of approaches. The first, *i.e.*, in the left-hand column, works with the approaches that quite obviously immediately emerge as at offer in sociological and historical-sociological perspective. The right column identifies in a more innovative way those more recently emerging approaches that are, however, in some way responsive or relatable to the approaches and positions in the left column.

The discursive field in relation to recent memory, actively occurring and by interacting actors realized changes. The public discursive field is the site of action of actors who can actively introduce and influence thematic motives entering or existing in this field and thus shift or specifically profile the interpretive frameworks in this space, which overlaps with collective memory.

Specifically, in relation to the socio-economic-political changes since the mid-1990s, there is already a very obvious alteration of the prevailing framework of interpretation of the economic ‘transition’/‘transformation’ changes of the first half of the 1990s in the collective memory dimension. The start of this change in – till then somehow prevailing canon interpretation – has emerged in the context of the coming 25th anniversary of the events of 1989 (*i.e.*, in months preceding November 2014), an alternative interpretation of the political-economic events of the

beginning of the 1990s⁷⁶ had become more significantly present in this public space (when until then it had been quite prevalent as at the time of the beginning of these changes at the beginning of the 1990s – i.e., the '90s politically prevailing neoliberal framework of 'shock therapy' of rapid relaxation and dissolution of the real-socialist state-enterprise structure characterized as 'the Czech way').

In parallel with the *discursive field* approach, a second collective memory research viewpoint concentrating on the *narrative and its structure* may be identified. At a time of emerging diverse narratives of socio-economic and political change, which started in the first half of the 1990s, there is awareness of the role of *narratives* and also of the possibilities of studying *narratives and their structure*.

At the same time, already moving to the more methodologically innovative right side, the relatively recently emerging approach of *social (cultural, collective) trauma*⁷⁷ may serve us

⁷⁶ The most representative is the final part of the 'feature-documentary' television series 'Czech Century' (dealing with key moments in the history of Czechoslovakia) about the political negotiations of the last weeks of December 1989. In what is probably a quite simple shortening given the complexity of this dense moment of Czech history, this alternative interpretative frame may be expressed as saying that, although it appears that people in the late 1980s and early 1990s enthusiastically identified with the shock therapy economic-liberalization program presented by Václav Klaus and the rapidly crystallizing right-wing parties such as ODS in the first place, in fact, at the turn of 1989 and 1990, most people were counting on a kind of 'capitalism with a human face', i.e. somehow a continuation or 'updated' analogy of the 'third way', but understood not as a 'third' way 'in between' so much as a way 'from' real socialism to an advanced free-market economy – advanced by going for a Western European 'welfare state', yet before the 'neo-liberal revolution' mainly associated with developments in the UK (here it should be noted that of course a certain 'decommission' of welfare state was taking place in Western Europe in the 1980s more broadly, see e.g. the privatization underway in France).

Even from this contextual brief summary characterization of the 'third way' idea – 'what is about to happen, what direction will be taken' in the moments after Václav Havel's ascension to the presidency and with the first reformist government in place, now tucked away and unnoticed in the truly deep layers of collective memory (under the layers of the fast-following world-turning events) – one may analytically read that the scandalously sounding revelation of 'how it was – what people really wanted at the turn of 1989-90', which thus emerged near the moments of the 25th anniversary of the 1989 events and widely appeared in the public discourse, is a certain misunderstanding or a rather superficial interpretive shortcut from a more substantive analytical and more deeply accentuated perspective. The society and public, isolated for decades behind the Iron Curtain, while at the same time already overexposed for decades to the regime constructs and 'realities' of real socialism, had virtually no other point of reference and no idea of what any change in the system towards a liberal regime might look like than the one of a dynamic shift of 1968, i.e., that of the 'third way', including the modus operandi of putting a 'human face' on it. In the moments of closing months of 1989 other 'realistically conceivable' ideas of the imminent developments could be present in the ranks of the wider public only to a very limited extent.

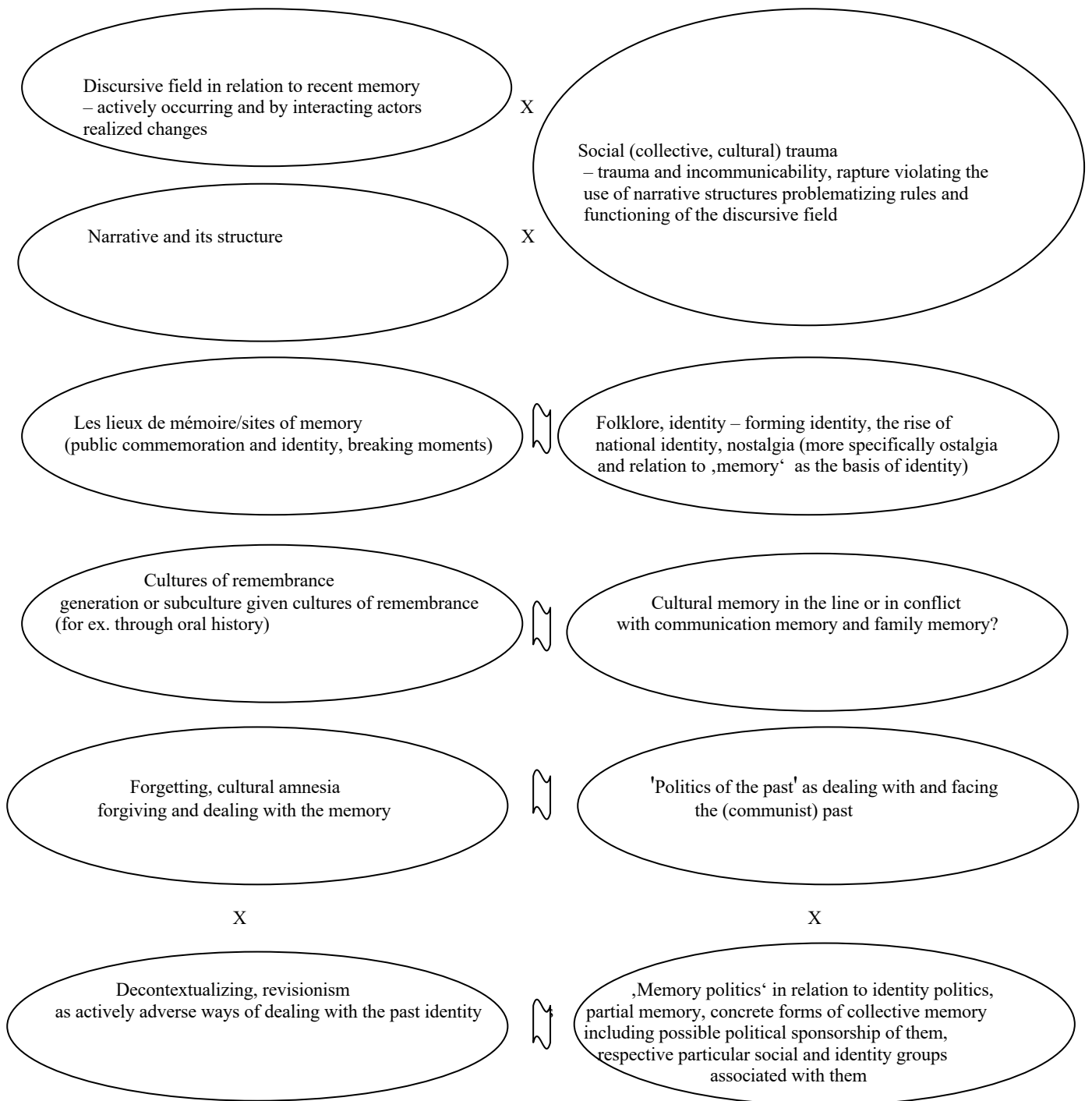
⁷⁷ An international meeting-workshop of a group of prominent social scientists as part of one of the elite-milieu targeted programs at Stanford University in 1999 (resulting in a collection of studies by J. C. Alexander, R. Eyerman, B. Giesen, N. J. Smelser and P. Sztompka from 2004 – titled *Cultural Trauma and Collective Identity*) brought the concept used so far mostly only in psycho-analytical discourse and, at most, only in the context of

well in view of social change in CEE. In relation to the more or less radical or declarative social change taking place in CEE, the key theorist of this analytical approach is the Krakow sociologist Piotr Sztompka (2000a, 2000b, 2001, 2004), who has described the hectic changes of the late 1980s and early 1990s as 'a hectic time of change' and was one of the first to interpret the early 1990s in the light not only of the acute social traumatic shock of the immediate early 1990s (usually associated with the so-called 'transition recession') but as a question of deeper social or cultural trauma. In this sense, this approach may be distinguished from the more straightforward methodological assumptions of the *discursive field* approach *in relation to the recent past* and the research approach of *narrative and its structure* (see the source definition of trauma in the original individual-level primarily coined by non-correspondence with established narrative structures and given discursive frameworks). However, it may be said that reflecting on the phenomenon of established more general narrative and discursive structures of narrated and publicly presented history and past emerges as crucial with respect to the emergence of the trauma sequence⁷⁸ and further ex-post its significance for the analysis of collective-memory frames and identification, or, more substantively, the self-awareness of the specificity of the 'traumatic narrative' (however paradoxical such a label may sound) emerging in the collective-memory dimension. In the case of social, cultural, or collective trauma, a certain rupture appears significant, disrupting or making impossible the use of established narrative structures or problematizing the rules and modes of functioning of the discursive field with how trauma is associated with an incommunicability that, when surpassed and resulting into a certain traumatic narrative of a certain event, carries with it considerable power and metaphorical potential for the tragic narrative that this way asserts itself (Tomášek 2014: 185).


small social groups (transmission of trauma in the family, work collectives, etc.) to the level of society-wide collectives. This was not a specific sub-conceptual wave; the concept of collective, cultural, or social trauma should be interpreted against the broader background of the turn to 'cultural sociology' since the 1990s, influentially represented by J.C. Alexander.

⁷⁸ Distinction of the trauma process into sequences and non-negligible phases (see detailed theoretical elaboration and diagram of Sztompka [2000a, 2000b, 2004]).

Table 3. (Šubrt, Tomášek 2014)



X - conflict

 - consonance

As somewhat complex as this may sound, in practical implications, this approach may help us to explain seemingly paradoxical and irrational actions even at the level of large-scale collectives-societies (trauma as an explanatory for irrational action).

The turn to the primary reference concept *les lieux de mémoire*/sites of memory by Pierre Nora,⁷⁹ which made a great breakthrough and established itself in the French context in the 1980s in parallel with the revival of interest in Halbwachs' thinking on collective memory (2009⁸⁰), may also be seen as an established approach in the left column. With the third decade since the beginning of the changes set off by the events of 1989, the question is what are *les lieux de mémoire*, or what is commemorated as the great and associated with this new order or 'regime,' as many people even in standard reference would say. Are these public commemorations of the new 'regime' turning points alias the annual contests over 'what holds from the 1990s', usually on the occasion of 17th November, mostly won? (both defended by still-living celebrating actors or actors still present in politics with exclusive access to public opinion-shaping mass media). When does the challenge to this social collective memory status quo arrive, and what does it represent?

The parallel approach in the innovative right column, although seemingly working with similar categories of publicly and privately shown manifestations, brings us to a more ethnographic view of collective memory, i. e. to folklore taking shape over more extended time and thus, no matter how euphemistically it may sound, to identity formation. When we asked ourselves above, what is challenging the new, with a heroic aureole established, collective memory status quo, it may be, in the context of last decades' social change, the phenomenon of so-called 'ostalgia,' specifically identified in CEE. I. e. with time, a kind of nostalgia for

⁷⁹ The anthology series published from 1983 to the 1990s in French, characterized by frequent interdisciplinary crossings, as attaining an iconic status translated into English.

⁸⁰ The original collection of chapters on collective memory by Maurice Halbwachs, who died during World War II, originated in the 1950 edition.

rudiments associated with the pre-1989 order came to the fore. 'Ostalgia', initially identified mainly in the GDR against the backdrop of the return and renewal of commercial brands from the times of real socialism,⁸¹ however, possibly brought undertone political implications, as has been extensively demonstrated, at least in the case of the Czech Republic or Slovakia, in connection with the rise and serious persistence of populist regimes (under the premierships of Babiš and Fico), for which this ostalgie trend was one of several, but registrable, factors behind their political persistence. Whether in the case of A. Babiš or R. Fico, sub-textually – either by their life story and the association with the previous real-socialist regime or by the active profiling of their folksiness and their approach to the 'masses' – this ostalgie aspect of a return to the 'stability, passive being taken care of and provisioning' of the old pre-1989 times is being quite easily identified as well as its active political exploitation.

Another classic approach in the left-hand slope of the above diagram is what we would steadily refer to as oral history.⁸² Indeed, it is now possible to speak of oral histories of the change in the last three decades. It is no longer just the interface of the narrative of the parent generation's memories to the children. Still, we are also getting to the level of interpretation-transmission of oral history from grandparents to grandchildren (e.g., even immediately in the socio-economic and transformational scope of the founding and establishment of a family business or enterprise). Thus, in these referential transcriptions, even, e.g., the 1990s are already the subject of a retro-recall of the 'iconic' past of the 'free' and 'anything goes, anything is possible and no restrain' 1990s, even in media or programs devoted to the formerly retro-mindedness regarding pre-1989.

⁸¹ Rather, at the turn of the millennium, it started to be associated initially perhaps with young people approaching middle age, who, in nostalgic associative childhood recalling of real socialism, began, at the moment of achieving their economic stability and solvency, to focus on seeking out commercial production or media content – movies and music associated with or inspired by real socialism.

⁸² Given some frequent generational and subcultural limitations in the understanding and practice of research in the oral-historical methodological tradition, this methodological position here is being expressed more accurately by the more critical label 'cultures of remembering', noting how many oral-historical interview collections tend to be generational or subcultural cultures of remembering.

Shifting at this analytical-methodological level to the right column of recent methodological innovations, we encounter the issue of reflecting the limits of oral history as it is commonly practiced⁸³ and as it has been touched upon here in terms of inter-generational transmissions within the family. Considering the exemplary study of H. Welzer, S. Moller, and K. Tschuggnall (2010, originally in German 2002), we may ask to what extent reminiscence transferred in this way across generations correspond to the factual situation. The study by Welzer, Moller, and Tschuggnall addresses the question of the transfer of memories and images of the Second World War and crimes committed by grandparents (a three-generation study of selected children and parents) and attempts to identify the various mechanisms of distortion or sometimes even fabrication occurring in this 'transfer' process (in the narratives, criminality disappears or falls into an imperceptible background). Is more 'objective' memory, i.e., process-reflective memory, and this way, somehow wider and deeper socio-cultural memory, in conflict with communicative⁸⁴ and family memory? The questions about social change and transition/transformation, and about remembering them, leap to the fore with how in the process, many people have become, euphemistically speaking, 'transformation winners' and less euphemistically the 'losers,' given the whole series of large-scale systemic neglect⁸⁵ (suspected quite deliberate drains of public resources or assets of ordinary participants in economic reforms.⁸⁶ In the light of the study by Welzer, Moller, and Tschuggnall (2010), remembering the ordinarily hard-to-accept practices of the 1990s in this way makes us similarly subject to the obfuscation of guilt or complicity in these inappropriate acts and practices, which were quite

⁸³ With regard to the nature and manner of the narrative, usually not a very critically analyzed record of an often biographically profiled narrative.

⁸⁴ Welzer, Moller, and Tschuggnall (2010), in addition to this, disappearing or receding into the background of criminality or criminal context when 'viewing family albums with grandparents', identified in the grandparents they studied the tendency of adoption of narratives or situations from the movies and media mainstream production about World War II and the Holocaust, sometimes to the verge of putting themselves in the role of victims.

⁸⁵ For example, the characteristic deletion of the key sentence in the Investment Privatization Funds Act separating IPF management ownership from managed shares, which allowed the seizure and tunneling of IPF coupon investors' shares on an industrial scale – harming many hundreds of thousands of people.

⁸⁶ Even as employees of companies, etc.

often associated with the milieu of the 'winners' of the 'transition'/'transformation,' or, conversely, to the forgetting and sidelining of these in the context of the need to come to terms with them, if being harmed and victimized. In these methodological contexts, we come to the point that rather than recording memories, we should be concerned with recognizing how and by what they are distorted and with the processes of that distortion. Such constructed and distorted 'memories' of social change and 'transition'/'transformation' since the first half of the 1990s are the severe elements that play a role in attitudes toward the subsequent phases of change even after the 1990s.

The last four approaches may be more easily explained in relation to each other. In the left-hand column, we have here relatively easily identifiable 'at usual offer' approaches to collective memory or coping (analytical recognition of these coping processes). I.e., in the first of these, it is natural forgetting, a kind of natural, not very conflicting cultural amnesia that allows forgiveness of wrongs and coping with the past affected by such wrongs versus the 'opposite' approach of revisionism as an actively aversive way of coping with the past (usually in the form of an exacerbated decontextualization and focusing on partial moments and decontextualizing them by putting them on a pedestal and or through purposeful fabrication. The modus operandi directly in the political sphere in the right column corresponds to these two positions.

Forgiveness and dealing with the past is thus linked in the right-hand column to what we would rather call in the context of collective memory discourse in the German-speaking academic milieu the 'Politics of the Past', i.e., in the sense of political and, through political institutions, coming to terms with the past and a reflexive avoidance of the mistakes of the past, versus, on the level of decontextualization and revisionism, 'Politics of Memory' as primarily identity politics (saying it short) – i.e., a focus on partial memories or their specific presentation

for the quite straightforward purpose of often confrontationally saving political electoral support.

It is on the last four described bobble spots that the socio-economic-political undertones are being extensively played out, often referentially benefiting from or reacting to the social change/'transformation' launched in the first half of the 1990s reminiscently locating it in the past, even though in fact these economic-political actors in the political field are still directly building on or continue to develop agendas of transformative social change.⁸⁷

2. Beyond Privatization and Europeanization: The Czech Republic Case

2. 1. How the Story of Privatization may be Told and, Frequently, Great Deal is Told

2. 1. 1. Definitions, Designs, and Experiments

As narrowing attention, at the moment, on what is usually in the Czech Republic considered a process of privatization, numerous issues of ambiguity are encountered. 'Privatization' entered Euro-Atlantic discourse extensively in the 1980s as the wave of selling state assets swept through Western Europe (Thatcher's Great Britain, Mitterand's France). In practical terms that meant selling state enterprises, which represented too big a burden for the state coming lean. In most instances, that meant the careful, well-considered, and quite time-consuming procedure of touching enterprises one by one. Usually, this carried with it, at first, satisfying the perspective developmental and restructuring needs of the particular enterprises, and secondly, at the same token, selling each particular enterprise at a price close to market terms. If this is understood as the definitional frame of privatization, privatization transfers and developments from the 1990s are to be considered with vigilance since the process labeled as 'privatization'

⁸⁷ Still, with respect to advanced free market democracies, agendas of the not yet standard regimes (practically still bounded to 'transformation' or even more rudimentary 'transition' agenda) and teetering on the edge of jumping back to authoritarianism/totalitarianism of the 1980s.

in the Czech Republic differed in many instances quite decisively from the above-described frame of definition⁸⁸.

As already indicated one of the most substantial features of the process was that it started initially with quite limited legally existing investment capital; foreign investment was initially illogically restrained and even later not consistently encouraged⁸⁹ (given the scale and range of assets on offer at the time). Unprecedentedly extensive amounts of state property subjected to the process aggravated the lack of legally nonexistent capital and moved the process far from the regular free-market procedures along with rhetorics of privatization switch' in the 'shortest possible time'.

The speed of privatization surfaced as the absolute priority within the context of the neo-liberally declared approach.⁹⁰ This in practical terms meant privatizing the maximum number of enterprises in the shortest possible time. The fundamental method of privatization in accordance with these priorities was so called 'voucher privatization'. Initially, foreign investments tended to be pushed out into the waiting room (Klaus' and Ježek's intention was to let in foreign investment in substantial degree only after the 'Big Bang', i.e. the first privatization wave [Husák 1997]).⁹¹ Foreign investments appeared in the picture as big

⁸⁸ In contrast to the Polish and Hungarian approaches which much more satisfied the usual definition frame of privatization – one by one enterprise which may have carried with it time and effort burden.

⁸⁹ Essentially, after the very initial dissidence of the Czech national government (in regard to the general privatization policy of the Federal Czechoslovak government) allowing for the privatization of some 60 firms with the participation of foreign strategic investors at the very start of the reform undertakings (1990 – 1992, e.g., till the split of Czechoslovakia), foreigner investment started to be encouraged only at the end of the 1990s as Social Democrats got to power. Though at that point, except privatization of 3 state-dominated major banks into the hands of foreign strategic investors, this encouraging effort has not concerned privatizations but FDI founding new production sites and enterprises from the scratch.

⁹⁰ The other pillars of their economic reform as initially outlined were: restrictive monetary policy (since 1990), liberalization of prices and liberal trade (from January 1991), internal convertibility of Koruna (1991/1992), and tax reform (from 1993).

⁹¹ One of the very limited exceptions was the Auto-Skoda-Wokswagen deal, realized in line with Czech vice president Vlasák's approach, characteristic in its effort to search for strategic foreign partners and investors for single Czech enterprises. It is a real paradox that this is one of few privatizations arranged initially by Pithart's Czech administration into the hands of the strategic investor, accounts with associated domestic suppliers for the spinal cord of the current Czech economy.

privatization advanced behind 'voucher method' associated waves only when dealing with some of the large state monopolies (i.e., Czech Telecom)⁹².

In technical terms privatization of state enterprises under the 'big privatization' scheme can be outlined in the following steps: 1) the management of the enterprise or other curious parties having an interest in transforming the enterprise—like the founding ministry, ministry of privatization, economic ministers, government (in the case of direct sales or disagreement about the project and privatization method) or group of outsider entrepreneurs⁹³ suggests privatization project – 2) one of the privatization projects implying a particular privatization method or a mix of methods is selected (i.e., transforming to a stock company, voucher privatization, public sale, shares being sold in public sale or at the stock market, direct sale to selected party) – 3) the enterprise becomes the property of the National Property Fund (NPF) – 4) which is realizing the privatization through 'the standard methods.'⁹⁴ Along with that, the Ministry of Finance realizes the distribution of shares demarcated for 'voucher privatization'⁹⁵ – 5) enterprise is privatized - undistributed shares remain in the hands of the National Property Fund.

⁹² The range of main privatization undertakings in the Czech case could be outlined more or less chronologically as follows:

1) small-scale privatization (small businesses - mostly from the area of distributive trade and services -distributed through public auctions - considered as fair by the population though money used in this privatization was in most instances of doubtful origin, this privatization practically meant also dissolving some of the state owned chains, which could be offered as a whole to foreign investors)

2) large-scale privatization (1992–1995; decisive part realized primarily through specially designed method of 'voucher privatization' though, theoretically, the substantial share of the economy was privatized, still many of the privatized assets were under direct state control (some enterprises stayed or their decisive shares remained in the hands of National Property Fund) as well as indirect control of the state (through state dominated banks and their investment privatization funds)

3) restitution (smaller properties – housing properties-blocks of apartments, agricultural land and farm property, smaller trade and service workshops; the property nationalized after 25th February 1948; more substantial properties, particularly factories and other industrial enterprises were nationalized before this date).

⁹³ Postponing the start of the first wave of voucher privatization from the end of 1991 to mid of 1992 to give time to outsider entrepreneurs to prepare their projects was the source of conflict between the federal minister of finance Václav Klaus and the minister of privatization in the Czech government Tomas Ježek as Václav Klaus considered this delay enabling outsider private entrepreneurs to take part to be a 'sabotage' of the whole economic reform process (Husák 1997).

⁹⁴ Transforming to a stock company, public sale, shares being sold in public sale or at the stock market, direct sale to selected party

⁹⁵ Newly designed methods introduced along with standard methods.

A substantial part of assets in the Czech economy was distributed through the newly introduced method of 'voucher privatization.' The final combination of privatization methods introduced was the result of significant alterations to the original intentions and decision-making in the course of the privatization process.⁹⁶ Employing this mix of methods on an all-inclusive scale under the given circumstances (particularly in view of inadequate regulation of experimental 'voucher method'⁹⁷ among other things) led to the establishment of a very particular environment characterized by distinctive – truly peculiar – autonomous practices and codes. Those practices and codes represent the initial step in constituting particular economic practices attached to the transitory order. For governmental neo-liberally coined economists evaluating privatization in terms of speed and scale, the privatization process was a decisive success. As it has been already noted, the process and its results appeared much more doubtful, already at the time, for other economists (e.g. Kouba 1994, 1995, 1997; Kouba, Klacek 1996a, 1996b; Mertlík 1996; Mlčoch 1997b, 2000a, 2000b).

While assessing the accounts of privatization, various crucial shifts may be indicated. Many of the notable elements of the privatization process associated with such shifts have been present in the privatization-driven discussions from the very initial stages.

2. 1. 2. The Actual Undertakings

Setting aside the debate about the priority of a rapid shift of assets into private hands – euphemistically worded 'How far and at what point are the legal constraints to be applied in the

⁹⁶ The original intention had been to keep the ratio between items restituted and those privatized through the voucher privatization at 3/97 percent. What happened was that 10 percent of the assets were in the end restituted to the original owners or their heirs. From the remaining 90 percent, somewhat less than 50 percent ended up being given out through the 'voucher method'. The rest was distributed through various forms of direct sales, while the smaller part of the remaining assets stayed in the hands of the National Property Fund, and some shares and assets were passed to municipalities (Tomášek 2001: 34). Tense and jumpy ways of the privatization design coming into being in the Czech Republic are probably best described in unauthorized extensive 'talks' with Tomáš Ježek published by Petr Husák (1997). In a more academic manner, the events and the sequence of happenings are outlined by Ježek ten years later (2006).

⁹⁷ Unanticipated decisive role and missing adequate regulation of investment privatization funds (IPF) that institutionally became the main driving force in 'voucher privatization'.

course of privatization?' question started to peep up soon. It must be said that the realization of privatization did not follow the initial predispositions as set up by the figures initiating the economic reform in individual ministerial and other positions. Thus, at the time, the federal minister of finance Václav Klaus expected privatization to start by the end of 1991 and that 97% of assets would be distributed through the voucher privatization. Due to the time constraints, Václav Klaus was taking for granted that the state socialist management – not essentially challenged in the meantime – was to come up with most of the privatization projects (Husák 1997). Tomas Ježek, who was initially an adviser to Václav Klaus at the Federal Ministry of Finance, altered this initial projection by introducing the restitution principle, which was to cover in the end some 10% of privatized assets and opened more space for outsider privatization proposals. When it came to the actual process of decision-making about the privatization projects and designating the assets for the voucher privatization, the designed procedure could not be followed; as only a smaller part of the privatization, projects could be accepted without corrections and alterations (Husák 1997).⁹⁸

The whole process entered a new stage after the elections of 1992. Václav Klaus's Czech government coming to power in pre-split Czechoslovakia, on the one hand, tried to define more clear and free-market-like criteria for approving the privatization projects,⁹⁹ however, on the other, was introducing numerous revisions of the law on large privatization, weakening transparency of the privatization processes.¹⁰⁰ The changes in the Czech judicial system further

⁹⁸ Here it is needed to describe the crucial step 2 of the privatization procedure. Attention must be turned to the process of selection and approval of the privatization projects. The whole decision story was starting with the founding ministry giving the opinion on privatization project. The Ministry for Privatization suggested the decision. The particular minister delivered his comments on accepted as well as refused projects within ten days. If potential critical remarks were not settled with the Ministry of Privatization, the Council of Economic Ministers (since June 1992 Governmental Privatization Committee) stepped in. If even that did not lead to the decision, the government itself decided. Finally, a list of accepted privatization projects was produced.

⁹⁹ Priority for projects leading to demonopolisation, smaller enterprises should have been preferably privatized through tenders, in direct sales the highest offer should have been decided if there was just one offer it should have been higher than the nominal value of an enterprise.

¹⁰⁰ Revisions n. 554/1992, n. 210/1993 - enabling the decision-making body to change conditions, the extent, and the method of the privatization presented in the project, those revisions also closed the decision-making about privatization to the public and effectively took the decision-making on privatization out of the competence of

aggravated the situation of legal control of the privatization process as newly introduced state attorneys could act only as responding to other persons' particular accusations of crime and lost the responsibility for supervising public officials. The new National Audit Office, as re-established in mid-1993, had its powers substantially limited – the office could no longer choose where verifying audit was to be done. Essentially the office in the new form could make any verification just on request of the government, president, or MPs and only till the moment of passing an asset from the hands of the National Privatization Fund (Reed 1999: 181).

So far, attention has been focused on decision-making about privatization projects and the potential for their distortion. However, the actual 'technical' realization was also quite problematic. Quentin Reed (1999) detected in the functioning of the National Privatization Fund (NPF) substantial deficiencies opening the space for non-standard arrangements and situations; those primarily may have touched the purposefully distorted assessment of capabilities of buyers to fulfill their financial as well as developmental obligations in respect to a particular enterprise (e.g., the privatization of steelworks Poldi Kladno¹⁰¹), similarly the changes in the capital assets record as practiced by NPF in the course of privatizing process could be purposeful distortion inflicted in the interest of the particular party. The quite apparent violation of privatization rules represented the engagement of NPF with the Investment Bank (later IPB) through its privatization investment fond 'První investiční.'¹⁰²

courts, additionally liability of the National Property Fond for the credits of sold companies has been practically eliminated, particularly after the revision n. 224/1994 (Reed 1999: 181).

¹⁰¹ Despite offers from the foreigner steel producing companies, Poldi Kladno was privatized into the hands of Vladimír Stehlik, an architect who covered the credits taken to acquire the company literally by steelworks money and by a declaration that he overtook the steel-works debts.

¹⁰² 'První investiční' has got shares of Čokoládovny Praha (chocolate producer of which 43% share was owned by Nestle) at a preferential rate. National Property Fund paid for the purchase of its headquarters from the Investment Bank with the remaining shares of 25 enterprises from the first privatization wave which turned out to be an unprecedentedly profitable move for the Investment Bank (Reed 1999: 186-187).

2. 1. 3. The Implications

Looking back at the wave of economic liberalization at the start of the 1990s in CEE, the sequence of the reform steps necessary for the switch from the command economy – restrictive monetary policy, liberalization of prices and trade, privatization, internal convertibility of currency and tax reform – followed the pattern with a good deal of conformity. However, some of the steps took a more universal line; some steps turned out more shadowy.

The common sequence, to a substantial degree, emerged in response to the fast-changing conditions of the international economy after the collapse of the Council for Mutual Economic Aid; some steps, such as liberalization of prices and liberal trade or international convertibility were conditioned primarily by the circumstances in which these economies emerged after state-socialism. They were realized straightforwardly with some differences in speed and inclusiveness but essentially following the same path. Still, the steps that happened to stretch out in time and appeared far more complex as having the label of unprecedented operation could avoid the spell of practice as standard in the international economic environment. The practice after 1989 has shown that probably the most extensive spectrum of alternative paths in the sequence of necessary reform steps has been experienced in the process of privatization.

The 'Czech model' of privatization has been for long regarded, if not as the most successful, so at least as the most alternative. The Czech privatization process had been considered one big experiment even at the time of its start. Václav Klaus' presentation skills and the expertise of his co-specialists from the Institute for Prognosis provided sound standing to this undertaking, not the least because of the other relatively smoothly outlined and factually run macroeconomic reform steps. Thus, the charm of the famous 'privatization'– the idea of which took the hearts of western analysts and fulfilled not too clear expectations of neo-liberal advisers operating in the discourse rooted rather in the changes of the late 1980s Latin America – led to the decisive prevalence of this particular expertise.

The following developments coming out of this experimental solution to privatization dilemmas involving a tremendous number of enterprises nationwide may have been evaluated only much later, particularly given the trajectories of the other CEE countries.

The strategy of privatizing the maximum number of enterprises in the shortest possible amount of time – the key criterion in this experimental model – ignored the cost and the longer-term effect of such privatization practices, which too frequently took the form of mere formal denationalization (switching to ownership by IPFs associated with state-dominated banks) for the particular individual enterprises, and limited other eligible options for single enterprises. Still, in this particular sense, the argument for decisive, massive, and swift action supported by macro-economic expertise prevailed and became the coat of arms for neo-liberally coined reformers associated with Václav Klaus, the federal (Czechoslovak) Minister of Finance at the time. However, it should not be forgotten that there was another vein of expertise regarding privatization. This 'other way' of privatization undertakings (individual sales of the critical auto, technical and mechanical engineering industries to western strategic partners) was portrayed as a dangerous gradualist one by those who opposed it. It was represented by the expertise and concrete privatization steps of Pithart's Czech government (particularly Vice-premier Fr. Vlasák) which were soon cut as Czecho-Slovakia disintegrated following the landslide victories of Mečiar Movement for Democratic Slovakia and Klaus' newly established Civic Democratic Party.

Reed (1999) showed the legislative alternations of the privatization procedure, which did not contribute to the transparency and openness of the privatization process, but in the end, rather to the opposite, particularly after the CDP-led coalition came to power following the elections in June 1992. Reed further pointed out an extensive range of examples of clashing institutional and individual interests at play.

Coming to the particular cases, one of the first disruptions on the privatization scene appeared in connection with the privatization of Karlovarsky porcelain. The initial project of the management of the Karlovarsky porcelain has undergone open scrutiny at the Ministry of Industry and was accepted (keeping the company essentially together and just three marginal units were to be distributed separately), but at the Ministry of Privatization which was supposed to agree or not to agree it was decided to sell directly eight most profitable units for a nominal price (Reed 1999:167–170).¹⁰³

Even more exemplar of privatization ‘misdemeanors’ was the case of selling off the state wholesale book company. As Reed (1999: 170 - 174) pointed out, in this case, the crucial role was played by Miroslav Macek, at the time the vice-president of the Civic Democratic Party,¹⁰⁴ who later, after a long-lasting public outcry, resigned from the political posts – but

¹⁰³ On top of it, those suddenly appearing privatization projects have not been offered for assessment at the Ministry of Industry (Local Committee for Privatization started privatization procedures even before the Ministry of Industry assessed the value of the enterprises, the head of the committee Michal Soukup – later involved in the management and boards of the three companies which attained the profitable enterprises – became the secretary of the minister for privatization). The director of Karlovarsky porcelain who was trying to charge the decision at court was dismissed by the new minister of industry Vladimír Dlouhý in the new Czech government of Václav Klaus. The same fate met the following director as he did not take back the indictment at court. Despite the letter of Igor Němec (the minister of control) to the minister of privatization Jiří Skalický, informing about ongoing investigations, the ownership rights were immediately transferred to new owners. According to Libor Kudláček, the former secretary and advisor of the Minister for privatization, the procedure of privatization as it took place in the case of Karlovarsky Porcelain was to be quite characteristic (Reed 1999, 167 – 170).

¹⁰⁴ Miroslav Macek (plus two co-owners of the ‘Telegraf Company’) managed to get the company’s privatization project selected and accepted by the Ministry of Culture, Ministry of Privatization, The Council of Economic Ministers and Government after Macek with one the co-owners of the original ‘Telegraf Company’ found the new company ‘Telegraf Praha’ and ex-post changed the originally approved privatization project, made the Ministry of Privatization to send falsified announcements to authors of the other privatization projects (the official who was in charge of State wholesale book company privatization at the Ministry for Privatization soon left and became the economic director of the Macek’s Telegraf Praha company). The price for the state wholesale book company between approving the project and actual signing the selling contract dropped as the consequence of the above-indicated manipulations from initial 50,7 million to 23 million Kč (the nominal value given by the Ministry of Culture was 182 271 000 Kč, an independent estate agency suggested the market value of 500 million Kč), on the top of it some crucial terms of the contract which were, at the time, nearly the norm for sales at the preferential price (in this case – commitment to continuing the business in the field of book trade for next ten years) have disappeared from the project and contract. Right after concluding the deal with the National Property Fund one of the company’s Prague buildings was sold for 89 million Kč to the Commercial Bank. Though the creditors of the state wholesale book company initiated the measures at the Commercial Court to stop the sale of the assets of the company - the concurs had been delayed till Macek sold numerous assets and finally got rid of the ‘leftovers.’ company by selling it to new owners who sold the last building belonging to the company. 370 million Kč of the company’s debt remained unpaid (Reed 1999: 170 – 174).

sometime later after the split-off Freedom Union from Civic Democratic Party in 1997 – came back and reestablished his influence within the Civic Democratic Party.

Even though Reed has intended to highlight the ground and conditions for corruption in the Czech privatization context, he has uncovered much more of an essential phenomenon.

2. 2. Structure of Grey Zones and Grey Phenomena in the Period 1995 – 2004 versus the Period after Entering the EU (2004-2013)

Going beyond the opening part of the second part of the thesis – we move now to the presentation based on originally gathered primary data and comparing the emerged categories and their distributional arrangements for the two periods. Practically, this core task of the presentation of the thesis research – and also particularly because of distinguishing the two distinctive periods – should be ideally done the way that each of the parts for the particular periods would start with the categories distributional layout (for the given period) – followed by a more lengthy description of categories in (in view of the each of the layouts) structured texts. However, putting the layouts as the initial opening texts of chapters would violate the conventional flow of written text. This is why these two lists of categories are attached as an appendix (see two lists behind the conclusion each for the given Period (1995-2004; 2005-2013)).

The naturally clear-cut structure (at the same time also in line with chronological principle) is accompanied by a short chapter note on the emergence of Euroscepticism in the Czech political mainstream, which coincidentally is put in between the two single periods related parts (though it's positioning – as the note is concerned with the breaking point of 2004 entry into the EU – coincides with the chronological principle). Primary data-based presentations for each of the periods evolves into simultaneous work with the categories from both sets.

2. 2. 1. Post-privatization/Secondary Privatization Characteristic Patterns and Practices (1995-2004); Methods of Asset Stripping – 'Tunneling ' and Further Along Processes Elsewhere

Investment privatization funds

In practice, the whole range of methods that took advantage of the half-privatized economy (state-dominated banks, countless IPFs managing and controlling shares of millions of individuals) was described as 'tunneling.' It became a phenomenon that crucially shaped the subsequent economic changes.

Investment funds and investment privatization funds became a vast arena for such operations in the first place. The procedures were more closely analyzed in the Czech context in the report of the Czech Finance Ministry 'Analysis of the Czech Stock Market' (Růžička 1999, 22-60, Nett 1999, 126-141).

The leading methods among these were - loss-making trading with securities which harms investments funds (the value of the investment fund assets was decreased through trading by management breaking the obligations to buy securities at the lowest price and sell at the highest price), buying worthless shares (persons controlling the investment fund found a joint-stock company - shares of the company represent valueless or overvalued assets such as debt claims, know-how, etc.; shares were then bought and put into a portfolio of the investment fund) and exaggerated contract warranties – when the penalties for breaking the warranties attached to contracts on transfers of securities frequently overtop a number of times the value of the contract. Of course, breaking the warranty was agreed upon through personal connections of the contract sides. The fund then covered the "penalty" towards the firm, owned by persons connected with the fund's management.

Among more sophisticated, less explicit ways belonged – concluding forward transactions and future options while not covering the potential risk of unfavorable development of securities rates but making the investment funds hold the securities irrespective of the

changes in their rates so that they might be sold at the contracted time. The partner receiving securities has secured an option that allowed him not to take the securities in the contract. Such contracts were concluded to enable compensation-free property transfer from one contract partner to the other by paying out the agreed option premium without selling the securities.

Another similar way involved remitting advance payments for securities acquisitions. An investment fund or company was to put substantial amounts of money in the account of a securities dealer at zero interest and with no profit for the investment company or fund shareholder. However, if the securities dealer was using those means for own trading deals, the dealer may have gone bankrupt and transferred money were not to come back to the investment company or fund; the transfers of financial means on the dealer's account are done without a guarantee.

Further misuse of securities entailed long-term due dates for sold and borrowed securities - this was the charge for which the already mentioned Šrajber found himself implicated and imprisoned - trading securities for low prices, senseless changing of securities prices. There were cases with due dates in years. Usually, a debtor was declared bankrupt by the time of such due date and was put into liquidation without a penny in the company account). Law no. 248/1992 on investment companies and funds as regulated by later provisions allowed for borrowing securities from portfolios of investment funds for a period no longer than 30 days under the conditions that adequate assurances were provided for the possibility that the debtor did not give back securities in time. In practice, both of these restrictions were commonly violated and securities were borrowed from investment funds portfolios without assurances and even without determining the fee for borrowing. Frequently - the legal provisions restricting lending securities to investment companies were avoided by concluding a contract about selling securities from the investment fund they were managing to other allied legal persons for a very low price. Informally it was agreed that securities are to be passed back for the same price after

some time. The person which got given securities from the fund's portfolio may have traded them and could realize a profit, mediation charges, etc. Sometimes there were whole chains of companies through which particular security was passing in order to get back to the original fund portfolio but for a much higher price, the companies in the chain gained profit paid by the investment fund.

Belonging to the realm of similar misdemeanors were the new emissions of securities for excessively high prices among allied companies and funds (the shares of the company were traded on the stock market for a much lower price than among allied companies) or management trading on its own account while using inside information gained from the supervising boards of joint-stock companies. This would have been possible if an investment fund might have had a high share in the company (the 20 % maximal limit for IPFs was reduced to 11% in 1998), the fund has been entitled to a seat in the supervising board. At the board meetings or in other ways a representative of the fund got insider information on the future companies' orders and other deals which were to affect substantially the prosperity of the company and consequently the prices of shares. Information was passed then to employees of the fund or other close persons who had an advantage when trading at the stock market

Another negative IPF involving phenomena that were occurring in the Czech financial sector embraced concentrating and holding extensive deposits in investment funds' and companies' bank accounts¹⁰⁵ and disregarding the risk-reducing limits as given by the law; law no. 248/1992 on investment companies and funds as regulated by later provisions placed limits on the acquisition of securities with respect to the overall portfolio of the investment fund. Some of the investment funds bought shares of the banks and by this bridged the limits for reducing the risks. Some of the banks, shares of which have been possessed by the investment funds,

¹⁰⁵ Holding high amounts of investment fund property in the form of bank deposits was the way in which the bank controlling this investment fund has been trying to solve the problem of its own liquidity; in this way the bank could hide its problems from bank supervision and delayed insolvency. With the bank's collapse the fund's deposits were badly affected.

went under compulsory administration or were liquidated, the value of their shares dropped and investment funds suffered serious losses.

Enterprises

Firms and enterprises belong to the next group of economic entities that were extensively affected by the commonly occurring tunneling in the Czech Republic throughout the 90s' and the turn of the new millennium. Those economic establishments suffered from procedures such as so-called incursions, whereby, at shareholders' meeting taken over by invaders (gained voting majority), certain transactions were decided and the company suffered (Nett 1999, 134). Enterprises under the conditions of politically long-protracted transitory order suffered extensively from the draining off of profit. A limited company or small joint-stock company was founded; the management of 'the mother company' sold assets of the company for a small or book keeping price to this new company. Along with that, orders and deals of the original company were passed on to the new company; the company still produced; however, profit was taken over by new firms, supplying or receiving from the original company. A simpler form of such drain was taking the form of provisions for members of the mother company management from the supplier or receiving firm after concluding an advantageous deal covered by the mother company (Nett 1999, 134 –135).

Another tunneling method has been decreasing the value of companies. This occurred mostly in connection with privatization. The economic situation of the firm was purposefully distorted; the firm assets were intentionally disregarded and firm liabilities exposed, and concluding crucial contract was delayed in order to enable the management or another party to gain shares or to take over the company for low price. A further method known even to the Euro-Atlantic context of advanced free-market countries was the use of inside information, in which a member of the board of directors took advantage of inside information and purchased

goods or a particular lot necessary to extending the company which he/she sold to his/her own company through associated company (Nett 1999, 135 –136).

Banking sector

The development of the bank sector has been crucially tied up with the whole economic transformation throughout the '90s up to the actual entering EU when dubious practices characterizing the very essence of just formally state-dominated sector of major banks and coining the character of economic life more generally had to stop as besides the EU rules these major banks were privatized into hands of major Western European banks. The doubtful character of the changes in the financial sphere was initially indicated by the first wave of bank bankruptcies. This wave between 1993 and 1996 involved small banks which, mostly due to essential transfer irregularities, ended in insolvency (Jáč 1997: 36-51). Even though they were able, from the beginning, to employ regular swindles as they occur in the West (fictitious bank guarantees, fictitious securities through capital deposit confirmation etc.), new procedures that were rather characteristic of the transitory context had emerged.

An example of such a procedure was giving credit to bank share-holders, which played a major role in this first wave of bank collapses. Illustrative of this procedure is the case of the Credit and Industrial Bank. The founder Antonín Moravec, in 1991, bought the bottling house “Ida” on credit. The factory was then put up as collateral in order to gain the 50 million Kč needed for the initial capital of the newly founded bank. After getting the license from the Czech National Bank, Moravec managed to borrow three billion Kč from other banks, but then lent 800 million Kč to dozens of his own firms and to other debtors who later failed to pay, and his, bank, which in turn did not repay its loans from the other banks ended under compulsory administration. The Czech National Bank covered some 40 billion Kč in such cases.

The next wave of bankruptcies followed shortly thereafter—76 cooperative trustee savings banks, the type of financial institutions which started to mushroom with political cross-party backing in the mid-1990s, were ruined through improper management and the taking advantage of deposits in the second half of the 1990s. However, the first fiddle occurs when it comes to the amount of money lost by the biggest banks, which remained “state controlled” (decisive share in state hands) and only before entering the EU were privatized. Privatization revealed enormous uncollectible credits given throughout the 1990s. It turned out that one could expect that claims would be transferred from the Commercial Bank, Czech Savings Bank and Investment and Postal Bank in amounts up to 600 billion Kč to The Consolidation Bank. This was the result of bank management policies and practices from the various stages of transition¹⁰⁶; undoubtedly deformations and distortions leading to this involved the selling of credits by management, and the own deals of the management and political interference and press on behalf of particular enterprises.

From bird’s point of view characteristic fields of post-privatization hybrid patterns of property management and entrepreneur practices may be split as follows (see also listed particular instances of establishments characterizing the hybrid procedures in the given field):

Banking and insurance sector - IPB bankruptcy (145 billion Kč of bad credits); Nemeth’s claim (7 billion of claims used by various companies for tax evasion); Commercial Bank - creditives to B.C.L Trading (7 billion) plus other non-standard “friendly” credits (such as credits for CAS), Housing building company H system - and its credits in the Commercial Bank, over-all necessary rescue (unpaid credits) – 60-80 billion; (cooperative) trustee saving

¹⁰⁶ It would seem logical that most of the uncollectible credits should be limited to the start of the 1990s, however, the fact is that there were numerous cases of such extraordinary and unreasonable credits handouts even at the end of the 1990s.

banks; Motoinvest – its take over of Agrarian Bank and its subsequent bankruptcy; Credit Bank; Moravia Bank; PPF group 'wild privatization' of the Czech Insurance Company

Investment Privatization Funds (IPF) - Harvard Funds - Harvards industrial holding; Czech Investment Holding; YSE2 Bohemia Venture; Trend; C.S. funds; STI funds (Šrejber)¹⁰⁷

Holdings (industries) – Setuza; Chemapol; Škoda-holding; TV Nova – the hijacking of the TV by Czech license holders (TV director and one of the license holders Železný); TH system - the key Czech hardware and software distributor as acquired by CHS electronics being hijacking by the Czech management;

Assets-stripping in companies – Most Coal Company (MUS) – ‘incest privatization’ by its management; similarly half-state owned companies - Ostrava-Karvina and Czech-Moravian coal-mines suspiciously tunneled through Karbon Invest Company; Chirana Company; Liberta Company (convicted Finance Minister Svoboda in Zeman’s government), privatization of weapons dealer Omnipol – harming small share-holders;

Stock-market – disregard for and harming small share-holders as a general practice; insider trading (in certain periods affected 1/3 of trading at the stock-market); prevailing disregard for minority shareholders rights (such a prevailing trend that, frequently, even from the side of Western European investing on companies), the most elementary regulation – the plain functionality of stock-market is conditioned on – only a decade after founding the stock

¹⁰⁷ Due to most likely intentional omission in the legislation regulating IPF – loophole created – allowing for extorting-overtaking by the IPF managements (on behalf of their costumers) managed shares.

market, artificial purposeful improper manipulation of prices of the stock market as late as n 2004.

However, further various throughout the whole sectors of the economy emerging or long-established grey practices directed at public sources exploitation by private parties or overtaking assets should not be neglected and disregarded.

So-called LTO schemes (declaring diesel oil as light heating oil) swept throughout the whole sector of the economy in the mid of 1990s¹⁰⁸ and had been through suspicious or even perhaps purposeful negligence of responsible ministries sustained for years (see – compare with similar whole sectors of the economy scale of the phenomena at the time in Hungary) and evolved over the time since the second half of the 1990s into the whole range of tax evasion and carousel trading schemes over the national borders.¹⁰⁹

At the same time, the attention to ranges of phenomena coming to light and evolving at the close of the first research period (1995-2004, i.e., Czech Republic entering the EU) should not be omitted. Compared to the scale of public and otherwise collectively owned assets expropriation and various forms of tunneling at the time the issue of public contracts as an otherwise usual field of public funds expropriation had been emerging gradually.

The public contract for abroad delivery of building D47 highway, as in the post-privatization/secondary privatization era context, was one of the initial far-reaching incidents which exposed the issue of ‘tunneling’ in a new sense (as an appropriation of public sources through or perhaps better said under not clearly enough formulated public-private contract).

¹⁰⁸ At certain point of time, so much of LTO-light heating oil has been declared as imported to the Czech Republic that, beside the actual heating, most of the by lorries and cars used diesel oil was declared as LTO (even with the assistance of major official companies and corporations – i.e. Chemapol).

¹⁰⁹ In the last decade tackled through EU assisted cooperation among single countries.

The troubling issue of public contracts became even more obvious as a journalist started to look back at the Ministry of Defense contracts.

But still if trying to remain with the “opportunities” particularly given by persisting grey zone nature of post-socialist era the focus should probably stay with trading of debts and claims by Consolidation Bank/Agency¹¹⁰ which happened to be in its ambiguous – grey nature in the 1990s sense of the word – (just prior 2004 entering the EU) a comeback to the gold rush of mid-1990s Klondike. Comparable in effect and intolerance to clearly ambiguous and unethical procedures as the result of loopholes for IPF managements to take over their customers assets, long nurturing conditions for insider trading at the Czech stock market along with disregard for minority shareholders' rights or even suspicious or even perhaps purposeful negligence of LTO schemes for years from the side of responsible ministries. Maybe even closer, at the end of the day, to the processes of 'wild' and 'incest' privatizations or 'Third Wave' take-overs¹¹¹ as in numerous instances, debtors from times of these privatizations finally managed to achieve or recover full control of the enterprises as unethically buying out at the fraction of value the debts of their enterprises through arranged intermediaries disguising the nature of unethical and the rule of law violating transfers.

A similar kind of use of “opportunities” given by the grey practices dominated post-real socialism circumstances even as entering the EU was the extensive wave of manipulative and money-extorting false bankruptcy proceedings that happened to be declared in some parts of

¹¹⁰ By state overtaken debts from privatized or in the course or consequence of privatization bankrupted enterprises, banks and other entities.

¹¹¹ Unofficial ‘Third Wave of Privatization’ – illicit coercive campaign declared from the side of post-privitizers/secondary privitizers in direction to usual small individual shareholders and IPF costumers/shareholders as resulting from the two official waves of voucher privatization – purposefully taking advantage of various in legislation “coincidentally” present loopholes stripping these small individual shareholders of possibilities to safeguard and conduct their rights as shareholders.

the Czech Republic which at the certain point reached even the level of Union Bank, a financial institution in its scale next to the layer of 3 major originally state-owned banks.

As one of the last categories in the resulting list of categories of dubious and grey practices in the context of political-economic change (actually subsection particularly pointing occurrences coining the later part of 1995-2004 period) is listed as what is described as 'politicians non-transparent investment resources after leaving politics'. In an attempt to clarify the difference from the further category of 'financing political parties' I choose for illustration the case of the social democratic minister of interior and later prime minister Stanislav Gross, who was forced to resign from prime minister post early in 2005 as it has been revealed that he is not able to clarify from where he or his family got the money for an earlier acquired new apartment.

A few years later while already a good deal of time out of politics he made, out of sudden, miraculous deal – the purchase of shares that with the next selling brought him to profit in tens of millions of Kč. What is attempted to be brought up here is a distinction between “simple” personal illegitimate income (in this case in a range of single millions of Kč for an apartment) and more systemic actually dubious “gift income” at the borderline of tens and hundred million of Kč in carefully legalized form.

While heading to the category of 'financing of political parties'¹¹² which splits this particular data set – regarding this particular category – into articles on financing CDP with a large number¹¹³ of articles, Social Democracy, Civic Democratic Alliance (mostly in the light of corruptive sponsoring scandals) and financing parties in more general sense besides again coming to the issue of corruption scandals of single politicians. This time approaching it more from the systemic perspective of political parties' financing practices – a question emerges

¹¹² See also previous comments and notes on the financing of political parties and associated occurrences.

¹¹³ The research was purely qualitative, so the expression – 'large number' is rather rhetorical and in no way is to imply the intention of systematic quantitative comparison of single categories and their particular splits. The research was driven toward establishing categories regardless of their quantitative strength.

whether the characteristic case at offer (already mentioned in the text) describes the actual transgression from individual one concrete person corruption into more systemic party essence of corruption.

The case of serious double crossing of the lines in not that long political career of Miroslav Macek, as being twice one of the CDP leading figures, has probably by now become legendary. After the scandal with privatization – or more adequately described – tunneling of the State wholesale book company and straight ostentatious ripping off the creditors of the company in the first half of the 1990s Macek was able, at the turn of the millennium, to extort a provision of 10 million Kč from Ernste Bank for assistance with their bit during the privatization of the Czech Saving Bank (Česká spořitelna), however, he was in no official capacity involved in this privatization¹¹⁴.

Macek has not been ever charged and his peripeties throw light at the nature of combinatory deals either private or on behalf of the parties or maybe rather on behalf of mostly hidden ‘sponsors’ arranging for something from the CDP at the high time of the party in the 1990s or at the end and turn of the first millennial decade. Till today, for many of the core sympathizers of the 1990s CDP zeal regarding 'the real politics in a crossover with the economy' Miroslav Macek, along with Václav Klaus, has been representing the golden period of CDP and the uncompromising ways how things should be practically done.

In connection with party finances in the first researched period and exposed scandals regarding financing – the segment of this category related to media should not be omitted. Although TV NOVA developments as the case of ownership hijack have been listed already above in connection with holdings and industries, the reason for listing it again in the context of the first research period is the corruptive and clientelist nature of support from hijacked TV (in favor of politicians who did not object the hijack of the TV from its US owner). This may

¹¹⁴ Though one should be aware of the 'oppositional agreement' between 'oppositional' CDP and governing Social Democrats at the time.

appear as not necessarily significant detail but from the qualitative point of view, this happened to be something new that started to occasionally appear more elsewhere in the private media sphere even as this the various sectors of electronic media (not newspapers¹¹⁵) were not that common till that time.

From the above split of characteristic fields of post-privatization hybrid patterns of property management and entrepreneur practices and listed examples of particular holdings, companies, investment privatization funds, and other categories¹¹⁶ of a grey area undertakings frequently at the borderline of economy and politics we may imply that there had to be not that negligible implications for the overall societal habitus and public discourse accompanying it, even besides the actual 'technical' essence and the issue of immediate practical consequences of the phenomena of improper and overwhelmingly corrupted overlaps of economy and politics as described above.

In a wider societal sense what has been constituting the crucial background to these above-described happenings as identified through the indication of various developments in particular segments of the economy is the 1990s more general ethos of coming back to Europe. Which stepping up of Western European assistance from the very beginning and ES/EU membership coming into view has been becoming a real option for the future.

Though as with coming closer to this 'dream to become true' more technical and demanding nature of 'coming back to Europe' started to come to the forefront, and, besides particular post-privatization/secondary privatization grey zone developments¹¹⁷ the other ever-

¹¹⁵ There was a number of newspapers in the 1990s, particularly in their start, which were clearly politically and ideologically profiled. However, in contrast to TV and other electronic media, this in the case of printed newspapers was even expected as following the previous traditions of party newspapers in the Czechoslovak context as even formally or perhaps even to some degree maintained still in the course of real socialism era.

¹¹⁶ Not exhaustive though, but still covering both – these most prominent and major one instances – as well as – these less known and with time somehow faded – both importantly indicating the scale and character of entire economic sectors swept by grey hybrid practices.

¹¹⁷ Frequently quite openly obscure and absurd as their dubiously twisted essence face to face to Western European practices of advanced free markets was obvious.

impending reality started to be the one of integration into the EU. Entering the EU was supposed to be conditioned on the legislative switch to strict adherence to the rule of law and practices of the fair advanced free market. Besides the logical and naturally expectable entry threshold, this, in a more dynamic perspective, should have motivated the 'transition economies' – how the CEE countries, even the most prospective ones, were labeled (and understood) at the time – to the throughout switch to advanced free-market economies standards.¹¹⁸

Although, from today's (more than 15 years later) perspective, approaching and achieving EU membership for the Czech Republic may seem like a continuous clear-cut forward mission (so the whole Czech Republic's state entity dream may have come true). In fact, this heading as being associated with the explicit exposure to these demanded standards and requirements has not been as straightforward as it may have seemed.

Paradoxically, at certain moments, in view of advancement and deepening 'transition' changes through adhering to the standards of the EU – some of the key political forces behind the initial shift from real-socialism and state-dominated economy were getting into the Eurosceptic tendency preceding the entry, on equal footing with the pre-1989 regime adoring Communist Party (CPBM).

The following rather political science research note traces the development of the attitudes of individual political parties to the EU up to the moment of accession, i.e., in the period 1995-2004, including very initial positions. The aim of this section is to reflect, in a political science light, the approaches to the ongoing social change and the respective changes of the individual parties' positions regarding EU and accession.¹¹⁹ As putting above presented research of post-privatization hybrid patterns of property management and entrepreneur practices along with the

¹¹⁸ May be better said and understood – to avoid traps of economic reductionism of Heyek's proponents still strongly reminiscently present in the Czech context – as standards of advanced free-market democracies.

¹¹⁹ The entry may have been jeopardized by these policies of social change (respectively not enough change or not the expected direction of change).

inquiry into the emergence of Euroscepticism and involvement of other positions regarding European integration and EU in the Czech Republic the intention is to reveal the more complex nature of phenomena and various processes at play. This way goes beyond what may have been perceived as a hunt for a one-dimensional technical outline and technically mapping mere corruptive practices in the economy.

2. 2. 2. Political Science Note: Towards 2004 EU membership – Emergence of Euroscepticism in the Czech Political Mainstream (in the Light of Analytical Findings on Euroscepticism and the Impact of Europeanization on Party System)¹²⁰

In historical terms, the relatively recent (i.e., since the 1990s) emergence of party alternatives and their rather fluid character in the Czech context has been reflected in the frequent revising and reworking of the fundamental features of party programs and documents. This in turn has resulted in party descriptions and alignments being more dynamic than is usual in long-entrenched party systems. Two typologies of structuring party attitudes to European integration and the EU have been used widely to indicate party positions (Conti, Verzichelli 2002, Kopecky, Mudde 2002, see table no. 5 and 6). Although these two typologies came into being relatively independently of each other most of the party alignments and stages in party alignments correspond closely.

Still, playing the dynamic element down, from the party programs and other party documents two major positions on the Czech scene of the parliamentary parties could be, around the time of entering the EU almost two decades ago indicated: A) pro-integration position – (at the time) anticipating the deepening of European integration and its further

¹²⁰ Note that this extended comment bringing in the issue of Euroscepticism emerging and its developing throughout the sequence of the 'transitional' social change in the Czech Republic is based on my extensive research and primary data analysis-based study (Tomášek 2005), which is summarized and further developed here in the light of involvement and sustainment of the areas of grey practices on the political-economic borderline. For further data and detailed analysis see Tomášek, M. 2005. 'Metamorphosis of the Civic Democratic Party Attitudes to European Integration: on the New Cleavage in the Czech Party System.' *Politique européenne* 16 (2): 125–154.

overlap into the political sphere - as taken by a majority of 'democratic'¹²¹ parliamentary parties; B) integration process and its further deepening rejection position, which among 'democratic' parliamentary parties was taken up by the Civic Democratic Party (CDP). In between those two stands, the Communist party ambiguously positioned itself as combining a declarative pro-federalist appeal with real populist-nationalist anti-German motives.

Development of Czech Politics in the Light of Analytical Findings on Euroscepticism and the Impact of Europeanization on Party Systems

The development of Europeanization in different party systems and Euroscepticism within the ranks of individual political parties have been extensively debated. Until recently, i.e., the affair with the referendum vote on Great Britain leaving the EU, a whole range of analytical findings have been widely taken for granted in this particular field of political parties analysis. One of the key presumptions has been that, although 'Europe has clearly generated new parties, particularly within that segment of opinion that is hostile or skeptical towards (further) European integration,' 'strictly speaking ... their impact on the format of domestic party systems has been almost non-existent' and 'they have typically confined themselves to contesting the elections to the European Parliament and have eschewed strictly domestic competition' (Mair 2000: 31).

In this light, the issue of European integration has been for long designated as a 'touchstone of domestic dissent' for peripheral parties (Taggart 1998: 384). Hooghe, Marks, and Wilson (2002) argued that besides 'strategic responses' – involving predominantly peripheral parties – ideology is another key factor in structuring party positions on European

¹²¹ Be aware of the use and reference to the distinction of 'democratic' versus 'not really democratic' respective 'totalitarian' parties at the time (in the 1990s and at the start of the new millennium) for the needs of this particular note (i.e., for limited use). Something that started to change at around the start of zero years as the Communist party in the Czech Republic (Communist party of Bohemia and Moravia – CPBM) happened to be invited among mainstream political parties through the mainstream parties' embracement of various agendas characteristic for peripheral extreme parties (Euroscepticism, anti-German xenophobia).

integration. However, ideology differentiates peripheral extreme parties from core parties. Hooghe, Marks and Wilson indicate that the 'conventional left/right dimension' structures party positions to European integration and, thus, political control of the economy (in the sense of degree of regulation) as the center of contestation.

A distinctive pattern of Euroscepticism among CEE new member states in the EU was identified by Taggart and Szczerbiak (2002), who have sought to explain Euroscepticism in terms of the loss of sovereignty during the communist period. But such a view has been highly speculative. At a minimum, the Czech case may hardly be analyzed and interpreted with reference to the factors used to explain the structure of party positions on European integration and impact of Europeanization on party systems in the pre-accession Western European context (as used e. g. by Mair 2000, Taggart 1998). With a membership of the EU coming close almost two decades ago the structure of the Czech party system had been noticeably shifted by European integration, particularly as turning 2004 corner, and the spectrum of major non-peripheral parties have gradually suffered clear-cut and deep splits on the issue of European integration and the EU. The battle for EU membership on the domestic front became the source of coalition building among pro-integration opposition parties (such as the 1999 Coalition of Fourth – Christian Democratic Union - Czechoslovak Peoples Party - ChDU-CPP, Civic Democratic Alliance - CDA, Freedom Union - FU, Democratic Union - DU and an emergence of a new party Freedom Union – which later became a member of a governing coalition). This party cleavage has been significant to the extent that the first EP elections in the Czech Rep. resulted in the breakthrough of the new and strongly pro-European party – European Democrats, though, at the same time, the Euroskeptical Independent Movement also entered the EP as well. The structure of party positions on European integration can not be easily explained through applying 'conventional left/right dimension,' as was the case for the pre-enlargement EU by Hooghe, Marks and Wilson (2002). Within the Czech domain, even the parties which

had for a long time shared positions on the left/right axis and fundamental transformation and modernization strategies were, in terms of attitudes to European integration and the EU – in the course of the actual entry and integration process – positioned on very opposite sides of the axis (e.g., CDP and CDA). What is therefore the prevailing factor in the development of this 'twisted' and frequently somewhat reversed structure of party positions on European integration and the EU? The answer lies beyond the realm of political parties *per se* and involves the complex issue of establishment of 'transitory order' in the pre-accession period.

Development of Czech Political Parties' Positions towards the EU in the Light of their 'Transition Strategies'

Almost all major Czech political parties after 1989 explicitly supported 'return to Europe' - in practice most frequently associated with the approach to membership in EC/EU. This long-running consensual position of the majority of political parties has been differentiated and questioned only with the close prospect of becoming an EU member (the CDP gradually exposed itself as an even more explicit and determined Eurosceptic party than the traditionally nationalistic agenda utilizing the Communist Party). This scenario - regarding the party positions' evolution conspicuously contrasts with the maturation of the party positions towards entering NATO; initially the membership was supported unanimously only by certain parties (differentiated attitudes - from the refusal through neutrality up to extensive cooperation with NATO) but the actual moment of entering was distinguished by wide consensus. The explanation of the rather unusual shift from the consensus to differentiated party positions in the case of approaching and entering the EU is not likely to be found in the autonomously and evolutionarily understood development of the single parties' approaches in the course of gaining EU membership but has been related extensively to the 'transition strategies' applied by single parties. Differentiated party positions regarding EU membership may be topologically

related to the basic 'transition strategies' (the way they were outlined by, e.g., Machonin, Šťastnová, Kroupa, Glasová (1996)¹²², see table no. 4) and the shifts in these strategies themselves and their changes can explain the diversification of party stands towards the EU. Most importantly, while using the categories of Machonin, Šťastnová, Kroupa, Glasová (1996), this may be illustrated by the case of the CDP.

At the beginning of the 1990s, the Civic Democratic Party together with Civic Democratic Alliance represented the key liberally defined reform-oriented parties that launched the initial extensive 'transition' impulse. Clear foreign policy orientation implying the fastest possible integration into the Euro-Atlantic and European structures – NATO and European Community was an inherent part of the 'transition' and modernization plan. Declining the initial reform impetus of the CDP as connected to its key position and enormous involvement with the extensive 'transition' agenda (the political actors responding to new emerging economic interests taking advantage of the unique and specific conditions of the transitory regime) resulted in a substantial shift in 'transition strategy' and the trend of maintaining centrally controlled regime¹²³ blocking alteration of the specific transitory conditions of a non-regulated rudimentary market which effectively led the CDP to the adaptation of more conservative etatist position. Reluctance to the Czech Republic becoming an EU member emerged as one of the

¹²² The typology distinguishes: Right-wing authoritative strategies, Liberal democratic strategies, Left-wing authoritative populist strategies. Right-wing authoritative strategies are split into 1. Radical authoritative right-wing populism with nationalist undertones 2. Authoritative radicalism with anticommunist undertones. For the extensive category of Liberal democratic strategies, there are further under-categories 1. Conservative etatist neo-liberalism 2. Liberal democratism of right-wing orientation, 3. Liberal reformism of social orientation, 4. State interventionist social reformism, 5. Democratic socialism. Communism is taken as the only significantly prevailing Left-wing authoritarian populist strategy and further under-groups are not distinguished.

¹²³ Delaying the re-establishment of regional self-government, unfavorable approach to the recovering structures of civil society, or – in more economic perspective paradoxically maintaining so-called 'bank socialism' (Mertlík 1996), i.e., prevailing state (= CDP as a governing party or one of the Oppositional agreement 'duopoly' parties) influence on major non-privatized banks (the core of the banking system consisting from originally pre-1989 state banks). 'Bank socialism' also, at the same time, to some degree represents 'national treasures in native hands' – ideological position has been reversed under the pressure of impending EU membership. I.e., pre-1989 state banks (except IPB-Investment and Postal Bank – the victim of wild managerial overtake with the latter fateful step in of Nomura Bank) have been all privatized in planned, cautious, and considered manner into the hands of 'Western' banks at the end – paradoxically, under the auspices of Social Democratic government from which more pro-state-influence on banking position may have been expected.

features when distinguishing 'conservative etatist neo-liberalism from 'liberal democratism of right-wing orientation' already in the mentioned study of Machonin, Šťastnová, Kroupa, Glasová (1996). The ideological shift in this direction was intensified further by the split of the long-time governing right-wing coalition (CDP, Christian Democratic Union - Czechoslovak Peoples Party, Civic Democratic Alliance), which released the CDP from a common pro-integration position, and the secession of the group of CDP pro-integration politicians establishing the Freedom Union at the beginning of 1998 as an outspokenly pro-European right-wing party ('liberal democratism of right-wing orientation'). During Zeman's social democratic government the issue of relations with Sudeten Germans emerged as a crucial theme, which started to be interconnected with the issue of European integration (e.g., in the Manifesto of Czech Eurorealism) (Tomášek 2005, 127 – 156).

Eurosceptic exposés were multiplied in their effect by the fact that CDP figures occupied key parliamentary posts as the consequence of the 'Oppositional agreement' (e.g., V. Klaus exposé at the meeting of the heads of candidate countries' parliaments in December 2001). The undertaking of the Sudeten German issue represented a radical program shift that brought CDP closer to extreme and populist groupings (Communist Party). A certain move from 'conservative etatist neo-liberalism' to 'radical authoritative right-wing populism with nationalist undertones' may have been indicated.

At the beginning of the 1990's, the Civic Democratic Party (CDP) together with Civic Democratic Alliance belonged to the key liberally defined reform-oriented parties which launched the initial reform impulse. Clear foreign policy orientation which implied the fastest possible integration into the Euro-Atlantic and European structures – NATO and the EU was an inherent part of the 'transition' and modernization plan. The CDP has gradually shifted from 'liberal democratism of right-wing orientation' to 'conservative etatist neo-liberalism,' after

1998, even attaining features of 'authoritative right-wing populism with nationalist undertones.' This, however, may explain the sociologically significant paradox of a pro-European CDP following¹²⁴ – still voting on the initial 'transition' and modernization strategy including the original clearly and outspokenly pro-integration position of CDP.

Research of political parties has uncovered and established in quite comprehensive and all-inclusive manner determinants of change in party systems and parties themselves (changes are classically conceptualized in terms of social context as the matter of changing social structure or type of electoral behavior dominating the particular electoral market, alternatively or simultaneously, changes are conceptualized in terms of institutional context). However, the question is how these general indicators based in those contexts reconcile with the emergence and development of political parties in evolving transitory environments as characteristic of Central Eastern Europe. By now classical study of party systems after real-socialism in CEE – for illustration – claims that 'habitual party identification often is not an option due to relatively recent emergence of the party alternative' and 'rational voting can be impaired where politics do not present voters identifiable program alternatives' (Kitschelt, Mansfeldova, Markowski, Toka 1999: 19 via Tomášek 2005: 125-154). At the same time, it comes out that the all-sweeping change throughout the last 30 years has not resulted in the total abolition of historic parties' heritage. At the minimum, we have dealt with some form of continuity of communist parties from the previous real socialist regime period¹²⁵ – but frequently also with other parties that survived in the shadow of communist party dominance in the real-socialist period, often

¹²⁴ Exit Polls among CDP voters in June 2003 (referendum on the EU membership) showed a high percentage of yes vote (up to 91%).

¹²⁵ Essentially two types might have been for long distinguished - parties reformed into essentially social democratic parties (for ex. in Poland, Hungary, Slovakia and Bulgaria) and not really reformed communist parties (clearly in the Czech Republic, Eastern Germany). However, with the populist avalanche of the last years, the intrusion of populism agendas even into the programs and rhetoric of social democratic parties may have put this distinction into doubts in the instance of particular social democratic parties.

carrying the tradition of pre-second world war parties (e.g., Czech People's Party) if not reestablished only after 1989 (Czech Social Democratic Party).

The degree of consolidation of the Czech party system and its coming close to particularly Western European party systems has been extensively discussed, particularly in view of the unique power-sharing arrangement between 1998-2002 and more recently in view of the phenomenon of single business entrepreneurs parties putting in doubt right-left axis in the mainstream area (Babiš's ANO) of the political scene as well as at the extreme margins (Okamura's 'Úsvit').

As I have already noted, while trying to identify the character and dynamics of the Czech political scene prior to and at the moment of entering the EU (Tomášek 2005: 125-154), among the Czech political scientists regarding the phenomenon of so-called 'Oppositional agreement' even at the time, two relatively sharply outlined positions emerged; e.g., in view of Miroslav Novák (1999: 133-145), the Czech party system in the mid of 1990s achieved the set-up corresponding extensively to the Western patterns and become in the region most closely comparable with Western European democracies. In contrast to that, a qualitatively low degree of consolidation of the Czech party system and incomplete 'learning process' was pointed out, at the time, by M. Strmiska (1999a: 162-168; 1999b: 11-36; 2001: 31-32). Despite the sharpened positions, an agreement on the decisive cleavage in the Czech party system has for long prevailed. Social-liberal split (Novák 1999, 136) or also 'socio-economic conflict line of transformation' (Hloušek 2000, 381) has been considered as the key cleavage line on the Czech political scene¹²⁶. Right-left understanding of the political scene split (Vlachová, Matějů 1998) in certain accordance with social-class diversification (Matějů, Řeháková, Evans 1999: 231-251) – in which Civic Democratic Party and Czech Social Democratic Party have been taken as basic poles and People's Party and Freedom Union-Democratic Union (at the time of its

¹²⁶ 'Socio-economic conflict line of transformation' has been delineated in contrast to 'nationalist conflict line' which has been for long significant in Croatia and Slovakia.

existence) were understood as right-center or pivotal centrist parties mediating transfers among these poles – has been taken for a long time as the long term model arrangement of the Czech party system. However, with a quite explicit polarization of the party stands on the European agenda and its coming into the center of domestic politics new cleavage has come into play following the integration into the EU. Petr Fiala, coincidentally nowadays Prime Minister and from the start of the second-decade contributor to the cleavage (particularly in the first half of that decade) initially coined this cleavage as 'European integration versus national state' (Fiala 2001: 37) while noting that this more and more obvious cleavage has not had for long a potential to result in new parties, which has changed only at the turn of the first and second decade with the breakthrough of various relaunched formations of Tomio Okamura. On this note, though, it is necessary to underline that this advancing cleavage (of course among other factors) played a role already in establishing and further development of the Freedom Union in 1998, later in the case of European Democrats (2002), but more recently and more significantly in view of coming into existence of TOP 09 (in program terms extensively shadowing CDP except its Eurosceptic position)¹²⁷.

The split in the party system in view of the distinction between pro-integration parties (Czech Social Democratic Party, Christian Democratic Union - Czechoslovak Peoples Party, Freedom Union) and outspoken Eurosceptic parties (Civic Democratic Party) at the turn of the millennium had specific implications for Europeanization in the Czech Republic and other new CEE member countries in general, particularly in the sense of contesting further deepening of integration and forcing integration-minimizing agenda at the European level¹²⁸. Thus, the

¹²⁷ At the time of emergence of TOP 09 close to end of the first new-millennium decade, it was speculated that this 'CDP rebranding', respective creating parallel 'Europe-leaning CDP' for, on various grounds, dissatisfied CDP right wing voters is essentially master plan for CDP controlled relaunch and consolidation of right wing voters support.

¹²⁸ The first elections to the European Parliament (EP) in new CEE member countries in June 2005 were characterized by breakthrough of the political forces representing these rudimentary elements of transitory regimes at the European level, i.e. prevailing CDP dominated Eurosceptic camp in the ranks of the Czech MEPs - 17 (9 CDP) of 24, 27 of 54 Polish MEPs (The Polish Peoples Party and some representatives of the Self-defense party, however, dropped out from Eurosceptic ranks later. Still, the events surrounding the vote on a Constitution for

political representation of the actors involved in sustaining and taking advantage of the ‘temporary’ transitory order in the Czech Republic while attempting, at the European level, to limit the impact of Europeanization on transitory orders may have been at the start of certain backlash along with more traditional Eurosceptical British position – the culmination of which has been witnessed throughout the last years (besides heading of Great Britain to Brexit in last years, the prevalence of more self-centered autarkic regimes in Hungary and Poland actually in much longer timespan). In the context and longer-term perspective, we may come up with the question of whether one of the stumbling blocs for further development of the EU hasn’t been represented by the power of still persisting transitory regimes in CEE.¹²⁹

Europe in the EP shown that Euroscepticism, after first European elections did spread further into the ranks of Polish center-right MEPs, particularly within the strongest Polish party in the EP – the Civic Platform represented by 15 MEPs.

¹²⁹ Perhaps think of certain ‘Easternisation’ trend in contrast to so much emphasized Europeanization, i.e. as not just one way, so to speak, colonization process but more complexed and wider scale phenomenon.

Table 4.

Czech parliamentary parties and their transition strategies till Czech Republic becoming the EU member¹³⁰

Parliamentary parties	Year founded	Transition strategies undertaken	Affiliation in EP, number of MEPs
Christian Democratic Union – Czechoslovak Peoples Party (ChDU-CPP)	existed during the communist regime	‘Liberal reformism of social orientation’	EPP-ED 2
Civic Democratic Alliance (CDA)	1990	‘Liberal democratism of right-wing orientation’	
Civic Democratic Party (CDP)	1992	1992 – 1994 – ‘Liberal democratism of right-wing orientation’ 1994 – 1998 – ‘Conservative etatist neo-liberalism’ 1998 – 2002 – shift in direction to ‘Radical authoritative right-wing populism with nationalist undertones’ 2003 – ‘Conservative etatist neo-liberalism’	EPP-ED 9
Communist Party of Bohemia and Moravia (CPBM)	existed during the communist regime	‘Left-wing authoritarian populist strategy’ involving elements of populism with nationalist undertones	EUL/ NGL 6
Czech Social Democratic Party (CSDP)	1990	1993 – 2001 (under M. Zeman’s leadership) – ‘State interventionist social reformism’ 2001 – 2004 (during the leadership of V. Špidla and while in the coalition government with ChDU-CPP and FU-DU) shift in direction to – ‘Liberal reformism of social orientation’	PES 2
Freedom Union – Democratic Union (FU-DU)	1998	‘Liberal democratism of right-wing orientation’, FU incorporated DU – small right wing party with elements of ‘Authoritative radicalism with anticommunist undertones’	

Table 5. Czech parties’ attitudes to European integration in Conti and Verzichelli’s typology (2002) as quoted by N. Conti (2003)

Party attitudes to European integration	
Hard Euroscepticism	CDP (1998-2002), CPBM (1998-2002), <i>IM</i>
Soft Euroscepticism	CDP (1997-98, 2003), CDA (1994-96), CPBM (1996-98, 2003)
No commitment/No mention	CPBM (1990-96)
Functional Europeanism	CDP (1994-97), CSDP (1990-96), ChDU-CPP (1990-92), CDA (1993-94, 1996-98)
Identity Europeanism	CDP (1992-94), CSDP (1996-2003), ChDU-CPP (1992-2003), FU-DU, CDA (1990-93, 1998-2003), <i>IU-ED</i>

¹³⁰ From among non-parliamentary parties the representatives of 3 other parties entered the EP in 2004:
- Independent Union (EPP-ED, 2), European Democrats (EPP-ED,1) - IU and ED had a joined candidate list
- Independent Movement (IM) (IND/DEM, 1), J. Bobošíková originally voted in on the Independent Movement list was non-attached.

Table 6. Czech parties' attitudes to European integration and EU in Kopecky and Mudde's typology (2002)

Endorsement of European Integration			
		Euroenthusiasts	Europragmatists
Endorsement of EU			
	EU-optimists	Euroenthusiastic CDP (1992-94) CDA (1990-93, 1998-2003) CSDP (1996-2003) ChDU-CPP (1992-2003) FU-DU <i>IU-ED</i>	Europragmatic CDP (1994-97) CDA (1993-94, 1996-98) CSDP (1990-96) ChDU-CPP (1990-92)
	EU-pessimists	Euroseptics CDP (1997-98, 2003) CDA (1994-96) CPBM (1996-98, 2003)	Eurorejects CDP (1998-2002) CPBM (1998-2002) <i>IM</i>

Ending up through the extended note above with ‘the transitory order sources of the Euroscepticism in CEE’ postulate (as indicated for the mid and 2nd half of the 1st new-millennium decade) it may be thought now –10-15 years later that the developments both in EU and CEE went at least to some degree in the direction indicated. Great Britain is out of the EU and Brexit is an appalling realist scenario adored by all the populists constituting in the last 10 years in Europe qualitatively new stage of politics. Though it may be, in contrast to perhaps overexposed Brexit shock, claimed that Western European democracies managed to pass the test of the populist threat of the mid of the 2nd decade of the new millennium and resolve it in the last five years for quite good. This is hard to be said about CEE countries – as semi-authoritarian regimes in Hungary and Poland consistently extend their timespan in spite of the EU required minimum democratic and the rule of law standards, and Slovakia and the Czech Republic happened to be balancing –after hastily mobilizing the whole spectrum of democratic parties and the public in the last elections – on the verge of the very realistic sliding back to previous well-entrenched populist and in both their cases also openly state capturing for explicit economic gain ‘entrepreneur’ regimes.

2. 2. 3. Period after Entering the EU: Europeanization and FDI Corrective Factors? Characteristic Patterns and Practices (2004-2013); from Post(secondary)-privatization Asset Stripping/Tunneling to DeEuropeanization through EU Funds Embezzlement

Accession to the European Union in May 2004 was actually supposed to mark the end of even the very last remnant of 'transition'. In some areas, there were certain transitional periods after accession to fully complete the alignment of Czech legislation with the EU legal framework, but in principle, by May 2004 the Czech Republic was to respect the standard of rule of law as it was common, prevalent and respected in the EU before the extensive eastern enlargement (2004-2007),¹³¹ which appeared to be unprecedented. And not only in its own immediate scope – an extension-inclusion of more than 110 million inhabitants,¹³² but also with regard to the originally more essential, more extensive and deeper discrepancies with their socio-economic setting coined – only one end half decade since really full¹³³ swing real socialism – by 'radical social change' ... that had not been that radical.

Speaking of the dynamics of change, perhaps it would be better to use the plural and speak of the dynamics of change, as historically we speak of dynamics not only in the post-1989 era, or the momentum that immediately started this era, but also before this breaking point. The 'imagery of the dynamics' of the departure from real socialism prevalent in the usual

¹³¹ One might argue that – given the expansion mainly involved the Central European countries and, in the other regard, significant group of more northern Baltic countries, besides the other 2 Balkan countries that joined a little later (Bulgaria, Romania 1. 1. 2007), not to mention Malta and Cyprus – the designation of the expanding wave as 'eastern' is rather indicative of the persistent stereotype from before 1989 associating the entering countries with Soviet era Russian domination.

Wouldn't this really be the true eastern extension (in a more geographic sense) of the next 60-million-strong wave of Ukraine and Moldova, including Belarus in the event of the collapse of even the Lukashenko's regime as a result of possible defeat of Putin's Russia in Ukraine? (possibly, even Georgia). The geographic designation of this next wave of EU enlargement may be blurred by the simultaneous entry of some often very southern Balkan adepts (Northern Macedonia, Montenegro, Albania or even possibly Kosovo), alongside in the longer-term possible entry (interest in entry) of Bosnia-Herzegovina and Serbia.

¹³² In terms of the absolute number of one-off increases in new EU population, but in relative comparison – a fully comparable enlargement in terms of the severity of one-off population increases is the first enlargement that included Great Britain, Ireland and Denmark in 1973, practically, the enlargement of then still European Communities (EC) by 1/3 of the population (in the case of the subsequent, i.e. the so-called Southern enlargement in the 1980's – Spain, Portugal and Greece, it was an increase of slightly less than 1/4, the next enlargement in the 1990's Sweden, Finland and Austria – with a population increase of just over 20 million negligible, is, though, comparable to the large 'Eastern' enlargement in an increase of territorial area).

¹³³ In actually prevailing number of instances – as noted-developed further.

historical public discourse is dominantly determined by the developmental sequence in the early 'liberalizing camp' within the ranks of the real socialist countries – in fact the camp of only two Central European countries, Hungary and Poland.^{134, 135, 136} Wasn't it that dynamics/non-dynamics was to be marked by what in the Czech context would be characterized as Brezhnev-Husakian normalization, only carefully rhetorically covered with flour dust on the hard normalization bread protected by the crust, the core of which consisted from distancing oneself from any changes that could resemble in any way the liberalization changes of 1968?

Similarly, a surprisingly incongruous image of EU accession is found in the commonly disseminated and reproduced 'imagery of the dynamics' of the Czech Republic's accession to the EU as a culminating achievement, not only in the sense of achieving the desired goal but also as a principle of accelerating further progress and success.

¹³⁴ From the mid-1980s, possibly earlier in Hungary. The developments in Yugoslavia (and its sub-republics) were taken as a very separate thing, given also the geopolitical position in the mid of non-aligned countries (meaning the 'camp' of countries outside the bipolar division at the time). Similarly, though from the opposite perspective, it is probably appropriate to approach the dynamic developments in the Baltic republics, where the issue of national independence and regaining of statehood from the Soviet Union was dominantly foregrounded, rather than the more far-reaching agenda of liberalizing reforms in the economic sense.

¹³⁵ The case of Poland, deserves an ad hoc remark – effectively subordinated for a long time to General Jaruzelski military government, in a peculiar way opening this specific era of real-socialist regimes 'evaporating'. Despite the notion of a 'military dictatorial' Jaruzelski's regime, it had to be pragmatic in the face of the circumstances (even before Jaruzelski himself took office in 1981, the coming economic collapse of the post-Stalinist economy that had suddenly opened up to the 'West' in the 1970s), and specific liberal manifestations flowed from this, perhaps more in the sense of culture and possible exchange and transfer between the contemporary 'West' and 'East' (freethinking in culture outside politics and not preventing mutual cultural exchange, practically also, due to the collapsing economy, much more liberal position allowing for work abroad, including the regime's calculation with remittances to Poland) allow us to refer to Poland in this liberalizing sense. Besides, politically, noticed and emphasized early renewal of the 'government versus opposition' dynamic in the second half of the 1980s fast heading to opening 'round table' negotiations of 1988/89.

¹³⁶ The developments in Hungary and Poland, of course, raised enormous hopes at the time – and, it should be noted, above all – in the ranks of publicists and people leaving the real-socialist CEE countries (and sending hopes back to their home countries). So, on the one hand, there was 'Poland's disturbing image' of reappearing strikes of 1988 (spontaneous and, actually, an unexpected surprise for the surviving remnants of the original Solidarity trade union) seemingly, confronting en masse, what was, at the time, from foreigner distance, seen as almost a 'military junta'. This is in contrast to the rather 'communist regime coming to its senses' image – how was the situation perceived for Hungary, a scenario that might have been more in the line with how people – listeners of independent radio broadcasts from abroad could imagine a departure from real socialism (in the late 1980s dynamics not yet happening – the key 'reality' model of the 1968 liberalization authentically initiated and implemented on a large scale from within the Communist Party – practically the only example of liberalization of a real socialist regime and a possible departure from it until 1989).

The following text attempts to more fully portray the emerging categories expressing the post-EU era and thus also to identify the characteristics that allow us to establish its features and the usual *modus operandi* in the areas of economic-political overlaps.

With regard to the problematic privatization procedure standards in the Czech Republic (in the 'Western' sense of the word, in numerous instances, privatizations could hardly be called privatizations), what was important for the Czech authorities was to avoid potential accusations of inappropriate public support to business entities. So, the last of substantial privatizations were completed before entering the EU, and included “just in time” – very prior to the entry privatization of three flagship banking houses¹³⁷ (originating from the major pre-1989 state banking entities) servicing most of the Czech economy.

It seems that the EU and its accession may indeed be thanked for the end of the so-called 'bank socialism' (intentionally sustaining major, originally, pre-1989 primary state banks as not privatized - see Mertlík 1996) established by the CDP governments in the first half of the 1990s and carefully nurtured towards the second half of the 1990s, also through the 'Oppositional Agreement' (carrying features of Social Democracy-CDP party 'duopoly', even more in the economic sphere and occupying supervisory boards of public and state enterprises or enterprises with a large state share).

With the end of post-privatization/secondary privatization allowing for inappropriate public support to various entities or even often rather an explicit asset stripping (the prevalence of which in the Czech economic environment led to an emergence of a specific Czech term - 'tunnelling', which has become accepted over time internationally) public resources expropriating activities in a wider sense began to emerge on a large scale *in the sphere of public administration and associated agencies and funds and state-owned enterprises*.

¹³⁷ I.e., besides IPB-Investment and Postal Bank - the victim of wild managerial overtake with latter fateful 'intervening privatization' of Nomura Bank.

Public Administration and Associated Agencies and Funds and State-owned Enterprises

State agencies and funds

Among the significant cases of state agencies and funds¹³⁸, one may certainly include the example of abuse of the State Environmental Fund – the so-called Drobil case, revolving around pushing for depositing the funds of the State Environmental Fund in Commercial Bank (Komerční banka) "in exchange" for Commercial Bank's sponsorship of CDP.

Similarly, in the less publicly registered case of the state agency Czech Invest, which was supposed to be an active instrument of the state administration to attract, promote and facilitate foreign investment from the beginning of the 1990s, and which after several twists and turns (2007, 2012) after a very promising start (unprecedentedly opening the field even to young people joining the agency) drowned in a sea of problematic and even fraudulent – resource-draining negotiations (huge increase and distribution of subsidies under the OP Entrepreneurship and Innovation – exploitation of networks in Ministry of Industry and Trade, preparation of the spin-off of the real estate consultancy service to a private company).¹³⁹ The Czech Invest has thus become extensively known for a rather sophisticated creation of public resource spin-off procedures within public agencies linked to progressive and forward-looking agendas.

The Land Fund (Pozemkový fond) became a similarly significant or perhaps even more substantial space for these operations, as "spontaneously-systemically" most of the land in the vicinity of large cities such as Prague, Brno, Ostrava began to be acquired in a privileged way not by people restituting their property-lands but by speculators with restitution claims. The problem of the Land Fund was clearly "illuminated" for the public when it came into the

¹³⁸ Also, in the sense of their resonance in the public.

¹³⁹ It led to the dismissal of the Director General Miroslav Křížek (2012); several number of directors in the relatively short time span since the start of the agency should be noted.

national spotlight in connection with the pushing by some insiders in the political parties for privatization of Ruzyně Airport (now Václav Havel Airport) in the second half of the 2000s.¹⁴⁰

Another example of a state agency right in the middle of a several-year sectoral dubious economic boom has been the State Energy Authority (Energetický úřad) since the introduction of support for solar energy and the not entirely clear handling of the procedure. During the so-called 'solar boom' from the mid of the first decade onwards, the machinations with the construction of solar power plants led to the activation of groups known actually from the post-privatization/secondary privatization era (see e.g., the case of Zdeněk Zemek's companies, entrepreneurs in metallurgical production and transport since the 1990s privatization times – including the debts bought from the Consolidation Bank/Agency at the start of the new millennium). In addition to these individual notable holdings, similarly as in the sector of the Land Fund, the "spontaneous-systemic" nature of third-party profitable activities in the direction of largely public energy company ČEZ may be noted (privileged sales of freshly built solar power plants with the certainty of unprecedented profits received from ČEZ).

In journalistic terms, it is 'not surprising' that the last example of this phenomenon/trend is also linked to the breaking point leading to the collapse of the political party scene as it has been known for a long time (practically since the early or mid-1990s).¹⁴¹ The General Health Insurance Company (Všeobecná zdravotní pojišťovna - VZP), the largest health insurance market dominating public insurer, became, through the IZIP digitalization project, the subject of a money-spin, directly, linked to two Civic Democratic Party MPs. Regarding the incriminated MPs, this played a role in weakening support for Nečas government even from within the inner ranks of CDP MPs.

¹⁴⁰ See, for example, the case of land machinations prior to the building of another airport runway (the Land Fund did not receive notice from the Building Authority that a public interest development was being considered on the site).

¹⁴¹ In this sense, it is also the case connected with the end point of the 2nd research period presented here, i.e. the end of government of Nečas (2013).

A boom of a profitable-extorting activity at certain moments affecting the whole sector of the economy is the phenomena known from the 1990s and early 2000. Privileged acquisitions not by the actual owners restituting the land property but by speculators with restitution claims of most of the land around large cities such as Prague, Brno, Ostrava through the Land Fund or ČEZ purchases of solar power plants built by private sector could be compared with the phenomena common in the first period under study, 1995-2004, given the sudden boom and also the scale (i.e. the light fuel oil - LTO machinations and the role of the responsible ministries in the mid-1990s).

Ministries

Another sector repeatedly affected by exploitative pressures in the public administration, with regard to the characteristic categories that emerged during the research, was the ministries. Perhaps, one might note, 'surprisingly directly' ministries.

Repeatedly, and through the same structures, public resources were diverted from the Ministry of Social Affairs, especially through IT contracts (Šiška's case), and to some extent it may be concluded that many of the problems of managing the social affairs agenda and its administration at the end of the first decade and the turn of the second decade of the new millennium occurred quite likely with regard to the purposeful manipulation of IT solutions.

Another ministry where similar tendencies were identified, although not as widely exposed in relation to public discourse due to their more expert and publicly distant nature, was the Ministry of Industry and Trade and its Department of Structural Funds and Technical Assistance. Precisely, in connection with the management of Miroslav Elfmark, who through supervision and control of projects had an influence on the use of EU structural funds, more significant nature of these processes in the ministries (EU funds related decision-making) has begun to come to the fore (this aside from Elfmark's decision to outsource 2 agencies and part

of the administration of structural funds formally leading to Elfmark's departure from the ministry).

Almost a classic example of the 'IT "procurement" story was the one at the Ministry Foreigner Affairs, which did not find its final unraveling even under the rule of Prince Schwarzenberg (the head of the IT department, having revealed the overpricing of IT contracts in the tens of millions of Euros, was dismissed and the Police of the Czech Republic shelved the case, and even the presence of an open and fair minister with a credit for defending dissidents before 1989 did not help the matter much).

Regional authorities and their components

Moving, somewhat paradoxically, from the exclusive level of ministries to the more cursory level of regional authorities and their units (where we would perhaps more commonly imagine everyday intermingling of public administration with 'economic real' life as characterizing this category of exploitation of the public at the borderline of the economy and political spheres) the management and financing of hospitals in North Bohemia¹⁴² may be described as such a fulfilment of the category of exploitation of the public in the area of the economic-political overlap. What is significant in this case is that the "usual or ordinary" 'leeching' of public procurement and services was in this case linked to the coming opportunity of the EU funding and resulted in multiplication of "pull factors" for extortive undertakings.

This threatened and eventually was one of the elements of the puzzle resulting in blocking-limiting the EU funds for 2 out of 5 NUTS – territorial distributive units covering the Czech Republic in the first full scale 7 years EU structural-investment program-period that the Czech republic took part in from 2007.

¹⁴² Merged, to an extent, on purpose – with regard to the intended exploitative activity.

It is qualitatively unmissable circumstance that in connection with this exploitative, perhaps one could use the term 'systematic' activity affecting the entire region, the critical-civic public and the more general rational principle managed to come to the fore and push for the election of a person to the Parliament, who would substantively and concretely address the problem of the seemingly "legal" existence and practice of this exploitation and embezzlement. In fact, in this case, perhaps for the first time, a situation is witnessed in the context of the Czech parliamentary system when – not on a purposeful campaign basis using an anti-corruption program/pretext – someone on the matter of a specific type of concretized happening is elected to the Parliament to change this, or influence others in the Parliament to change that.

State-owned enterprises

As we may rise, or actually come back, in connection with the State Energy Authority, to the question of several years lasting sectoral dubious rocket increase in the buildup of solar plants in the second half of the first decade, what is to be noted is that the essential part of this boom consisted of – yes, private construction of solar power plants – but then, in preferential circumstances¹⁴³ purchased by the state controlled-dominated ČEZ energy company.

Even more, a "standard" type of this 'business' may be regarded as the field of management of state-owned forests.¹⁴⁴ It may be considered symptomatic here that since the beginning of the first decade, the key company obtaining more and more contracts from the State Forests company was initially a small company of a person (who few years before as *enfant terrible* of the 1990s emerged from the late 1980 real-socialist corporate management

¹⁴³ The issue of (higher) price for which they were purchased respectively guaranteed buy and otherwise preferential treatment by ČEZ regarding particular entrepreneurs.

¹⁴⁴ In this context it is worth noting, even in the context of publicly owned forests alone, the further diversification and distribution of the actually enormous area and economic activities associated with them (i.e. besides the State Forests enterprise there is still an enormous extent of forests falling under the Ministry of Defense and its company Military Forests). It may be worth mentioning here the suspension and review of the contracts of the mutual exchange of forest areas between State Forests company and Military Forests by the government after the elections in autumn 2021, with these identified as suspicious and awareness rising for an unclear purpose by the previous.

conditions in the chemical industry) undergone probably the biggest bankruptcy in modern Czech or Czechoslovak history (i.e., the whole sector covering Chemapol corporation).

In this context, it is therefore not too surprising that after Andrej Babiš's entry into the government, one of the characteristic areas of business growth of his chemical-agricultural corporation has become, in addition to the agricultural production with various extensive agricultural subsidies paid per hectare or another measure unit,¹⁴⁵ the area of forest management with exponentially increasing contracts from State Forest company.

In view of other similar groups, not to mention Andrej Babiš too much, since the 1990s, another example of a "dream area" of business with the state sector was Ruzyně Airport (later Václav Havel Airport),¹⁴⁶ not only in the sense of various related and interrelated activities but due to, at the turn of the first and second decade, culminating push for privatization from the side of specific groups. With CDP's return to executive influence and Mirek Topolánek's government, this was a characteristic area of political-economic overlap at the turn of the first and second decade of the new millennium. Perhaps even more "politically fueled business" through non-transparent state contracts could be identified in unprecedented scope in regard to the Roads and Motorways Authority (Ředitelství silnic a dálnic). Construction, mainly motorways, extensively supervised by the Ministry of Transport and Minister Řebíček had brought a meteoric magnitude of growth for the construction company controlled by Řebíček, prior to him becoming the Minister of Transport.

It is the context of the right-center Civic Democratic Party-led governments in the second half of the first decade and at the turn of the second decade and the 'economic' trends and opportunities associated that is well-suited for introducing and presenting another category characterizing the second era under study (2005-2013). Although this not to mean that a similar

¹⁴⁵ Regardless of the nature and size of the agricultural activity carried out, which is usually a serious criterion in other European countries, whether the former 'Western' 12 (or 15) or even former socialist countries.

¹⁴⁶ Steady growth of users for most of the period since the 1990s.

slightly earlier phase of this was not existent in the context of the Social Democratic governments (around 2000 and into the mid of the first decade then).

'The World for Itself'

This category is what in the existing list of categories and their terminological formal hitherto character (quite factual, concrete, exact labeling) has not appeared yet, as 'the world for itself' is rather an *in vivo* designation of the category.¹⁴⁷

What we highlight through this category is a specific area of hard-to-describe 'the world emerging for itself' or better said 'worlds' reaching (sometimes quite far) beyond the simple continuity with the environment of state administration and beyond the visible politics, i.e., something perceivable or imaginable as 'taking over politics' or fulfilling politics through economic actors seemingly not related and not intersected with it.

Influential economic groups in the foundation of economic happenings

If we were to label something as a more specific subcategory – let's say coining it '*Influential economic groups in the foundation of economic happenings*' (as to work with more various subcategories), it would probably not be surprising to see the mention of Pavel Tykač's Czech Coal¹⁴⁸ and, in view of the court prosecution of the embezzlement of what is now the Czech Coal, i.e., actually resold MUS.¹⁴⁹ At the same time, another mention could be Appian –

¹⁴⁷ As presenting the category '**the world for itself**' in view of the classical qualitative research, i.e. Grounded Theory (Strauss, Corbin 1990), it must be of course recognized in view of quite specific research circumstances – that the category is not generated from interviews and particular '*in vivo*' pinpointed pronouncements from the speech of communication partners, but that it is generated from reading and interpreting journalistic content and a type of designation that seemingly 'spontaneously' occurs to us as a pragmatic all expressing phrase-label.

¹⁴⁸ Company of Pavel Tykač – one of the main figures behind the 'financial group' Motoinvest from the 1990s.

¹⁴⁹ The relatively well-known and by public registered judicial prosecution of initially 4 top managers (most prominently Antonín Koláček) of the formerly state-owned mining company Mostecká Coal Company (Mostecká uhelná - MUS) in Switzerland started ten years ago there (passing proceeds from hidden incestuous "wild privatization" through bank accounts in Switzerland happened to be identified as laundering of billions of Kč) after the prosecution of the covert takeover of the company, which this managers were supposed to manage on behalf of the state, was initially declined by the Czech law enforcement authorities. In view of this one of the biggest

seemingly foreign company in hidden way controlled by the management of MUS. Appian was also associated with the division-liquidation and privatization of the remaining part of Škoda Plzeň by the state restructuring representative Martin Roman (later director of state dominated energy company ČEZ, who subsequently ensured the existence of the privatized part of Škoda Plzeň through contracts for the renewal of ČEZ coal-fired power plants, besides already mentioned purchases of privately build photovoltaic plants by ČEZ). Are you starting to get lost in this - in the structure of links, connections and interconnections¹⁵⁰ – actually determining the 'redistribution' of enormous economic resources originally or even still currently belonging to the public taxpayer? This is the origin of the *in vivo* designation of this vast category.

The various similar nuclei of these 'the worlds for themselves' at the borderline of economics and politics penetrated through broad field of economics and politics, especially where they touch and overlap (in the immediately postsocialist context, and even in the post-EU entering era, or perhaps even more so in this era?). Sometimes it is possible to identify a particular leaning towards political circles associated with a particular party more clearly, an example of this inclination would probably be the 'the world for itself' of Andrej Babiš and his Agrofert (during the takeover of chemical industry in close cooperation with Social Democratic political representations, even during the ultimately not fulfilled privatization of Unipetrol, or

cases of tunneling public company by its management it seemed at the start of the second decade that prosecution of offences committed in the Czech Republic (in key economic areas) since the 1990s is thus actually only possible abroad – a paradox of paradoxes? (In similar paradoxical mode what have sticking out recently was the 'defense' of the 'right' to various European subsidies by various companies of the Agrofert concern, until recently 'defended' by the official authorities of the Czech Republic). After Pavel Zeman became Highest Prosecutor tunneling MUS eventually started to be prosecuted in the Czech Republic too.

¹⁵⁰ To explain: three figures mentioned are some of the crucial key names and icons substantially taking advantage of overlapping politics and economy at certain given times of 'transition'/'transformation' and after. In contrast to interconnecting them in above opening paragraph on economic groups, in usual common public (media) record, they happen to appear as three separated unrelated figures (Pavel Tykač and Motoinvest as the major user and profiteer of the 'bank socialism' hybrid era - openly omitting fundamental regulations for the illicit profits of particular stratas of actors - provisions in the 1990s and at the turn of the millennium; Koláček one of the key managers of Mostecká Coal Company – MUS asset-stripping the company from inside in 1990s; Martin Roman known as the longtime person behind ČEZ and in control of it and its projects, thus one the most influential figures in the economic sphere of the late first decade and the turn of the second decade).

while confronting the other actors active in the chemical sector – e.g. Tomáš Pitr and his Setuza)¹⁵¹.

What to suggest, how to proceed further, after mentioning the two of the several main influence groups – to go through the other groups and illuminate their being part of the 'world(s) for themselves' and their specific leanings in view of overlaps into the political sphere? Creating a historical exhaustive overview of the 'causes' and 'groups' is not the outlined goal of the research being conducted. The point of conducting this qualitative research is rather to uncover different and diverse categories (while in the factual dimension reach far as the nature of the data allows – browsing through individual articles on the overlap between economics and politics but only in 2 specific periodicals for the period 1995-2004 and 2005-2013, i.e., follow how influential 'business' groups¹⁵² appeared in these 2 periodicals, their position on the scene at the time, or with only a few-year delay when hidden criminal things at issue,¹⁵³ in the given relatively not-too-long period segments.¹⁵⁴

The arguably even more important empirical methodological insight from working with a dataset divided into two periods in this way is that, at the overlap of economy and politics, things often not obviously taking place in the public eye or often only noticed at a certain time

¹⁵¹ Many of the readers following current and recent Czech politics and wider socio-economic dynamics may happen to be surprised by this identification of already well spread out 'world for itself' of Andrej Babiš and Agrofert 15 years before the most people started to realize his impact and exploitation of the influence on the state for private gain respectively gain for Agrofert.

¹⁵² Other groups (besides the ones already mentioned) founded on the basis of assets appropriated extensively through wild privatization and postprivatization processes mentioned in the dataset until 2013 include PPF, JT, Penta, or the entrepreneur Šimáně, among others (less reported in the press and other media).

¹⁵³ I.e., within the period in question or, in the case of the second period – further back in the overlap into the first period (1995-2004).

¹⁵⁴ Although in terms of relative social dynamics – eventful periods, if compared to the not-long preceding era of real socialism.

distance (often borderline incidents, which only with the passage of times and surfacing of more information move substantially into the area of criminal prosecution ^{155, 156}).

But perhaps with the above-described – parallel stories of 'the world for itself' as associated with the individual established business kingdoms ranking at the top of the Forbes ownership rankings for the Czech Republic, more complex qualities and dimensions of this unique category may have been omitted. In this sense, another dimension to the private *influential economic groups in the foundation of economic happenings* are the *supervisory and directorial boards and management of publicly owned enterprises* in interaction and continuity with happenings in these influential economic groups.

Supervisory and directorial boards and management of publicly owned enterprises

In this context, how should this phenomenon be regarded, should it be considered as a specific form of lobbying in the Czech Republic (i. e. not to be seen as 'just' filling directorial and supervisory boards and management by competent people)?¹⁵⁷ – thinking still beside-outside

¹⁵⁵ Looking at MUS or 'the Stork's Nest' cases – familiar to us by their repeated presence in the text above, or in the case of 'the Stork's Nest' by its constant presence in public media and becoming a certain folkloric color of the times – so much so that not noticed in the media in the first place as criminal activity anymore. Although in reality, with the further and further uncovering of details in the years following the revelations, the activity gradually moves into the realm of the most serious criminal activity (in the case of MUS, the removal of assets worth hundreds of millions of CZK, in the case of the 'the Stork's Nest', "only" 50 million CZK, however, from EU funds which are considered more serious misdemeanor).

¹⁵⁶ I.e., the experience of our research reveals that the initial drops of information of such incidents happen to come within a few years or a decade, in some instances, more than a decade after (depending on whether we speak about "only" full info revealed or court verdict achieved). From this perspective (although the period covered by the research is defined by the boundary of 2013), the research regarding 2013 is in the light of the current 2022 year pretty much recent research, when taking into account this usual delay in relaying information on sensitive hidden instances of situations such as 'the Stork's Nest'. 'The Stork's Nest' hint occurred in 2008, an initial first drop of info came with the filming of a documentary about Andrej Babiš by Vít Klusák, Filip Remunda in 2014, so, although from 2008, the 'case' is this way, actually, on the boundary of the primary research data pool.

¹⁵⁷ The issue - the agendas of filling the supervisory and directorial boards of publicly owned enterprises emerged in the first half of the 1990s against the background of hectic changes in thousands of formerly publicly owned enterprises. However, the initial acquisition of a programmatically 'political flavor', or rather a not insignificant and actually significant importance in terms of intra-party circles, was in the second half of the 1990s. In the second half of the 1990s, after the conclusion of the government-opposition 'Opposition Agreement' between ODS and Social Democracy (focusing on 'influence arrangements'), which resulted in a concentrated wave of changes in the management and supervisory boards - registering from a more global perspective as a change in the direction of greater influence and numerical influence of the candidates for these boards from the Social Democracy party.

of the most recent context of the current criminal case at the Prague municipal level (Prague Transport Company – from the side of one particular member of the City Council the promotion of candidates into the board of directors and management with the intention to extort bribes for awarding public contracts). How to view these occurrences in these various emerging macro and micro perspectives, be it with various coal and energy 'barons', oligarchs in the agricultural and chemical industries, or local 'godfathers' taking advantage of a city traffic company – at the end of the day, isn't it actually a specific starting point of 'private' business in the Czech Republic - as a business a priori at the borderline with the public sector? ¹⁵⁸

So-called 'godfathers' and 'political entrepreneurs'

Above indicated wish to avoid particular various parallel stories of individual private *economic groups of influence in the foundation of economic happenings* has shifted us fast to the *supervisory and directorial boards and management of publicly owned enterprises*; however, soon we are back to them, as finding them in interactions with the private economic groups of influence. Slipping, this way, into a certain parallel level of a phenomenon characterized by extensive interconnections often no longer understandable or explainable without each other.

Compared to the actors 'in the big picture', if the attention would be fixed on so-called '*godfathers*' and '*political entrepreneurs*' for the purpose of practicality,¹⁵⁹ this dimension is easily associable with such names as Ivo Rittig¹⁶⁰ or Roman Janoušek.¹⁶¹ However, in the sense

¹⁵⁸ One would ed – after all those long years and decades of 'transition'/'transformation' changes.

¹⁵⁹ Even in view of repeated presence in the media light.

¹⁶⁰ Ivo Rittig became (apart from his previous continuous behind the scenes presence in the dimension of Prague municipal politics) a well-known figure after revealing of his ties to Jana Nagyová, a close associate of Prime Minister Nečas, de facto head of Nečas's Government Office in 2013, at the moment of the collapse of the government in the aftermath of the corruption-lobbyist scandal (negotiating support for the government through trading resignation of CDP intra-party opposition MPs in exchange for lucrative positions in public companies). Besides other less important matters, one of which was precisely Ivo Rittig's 'information line' to Jan Nagyovora at the Prime Minister's Office (in view of a number of problematic cases of money being siphoned off from public companies in Prague and their ongoing investigations by the Czech Police - Ivo Rittig was hoping for a possible quick warning and the possibility of a flight-escape and the use of his Monaco citizenship).

¹⁶¹ Roman Janoušek – again, 'political entrepreneur' in the Prague dimension, repeatedly associated with a number of municipal cases, whose general public notoriety is linked to the leaked transcripts of phone conversations (including the ironically attention-grabbing code names used) with the late 1990s and after 2000 Prague Mayor

of the explicitly understood adjective 'political', it may be more explicitly described through the example of one of the North Bohemian mayors, Alexander Novák (from Chomutov), at the municipal level taking advantage of public resources (40 million Kč bribe for influencing sell of municipal shares in the regional gas and electricity infrastructure companies), but gradually moving into the regional dimension of diverting public resources through regional projects co-financed by the EU.¹⁶²

In the sense of the degree of 'party-business' systemic nature, a certain next level or intermediate stage could be Vít Bárta and the party he founded – initially, at the Prague level – the party 'Public Affairs' (Věci veřejné), which later became part of the center-right Nečas' coalition government (characterized, in view of the opening 'era of business parties politics', still in line with 'classical' center-right or center-left distinctions of governments, as they had been prevalent for a long time since the first half of the 1990s).

Even though we have initially distinguished the world of so-called 'godfathers' and 'political entrepreneurs' as in contrast to the layer of 'big oligarchs', associated with the category of 'influential economic groups in the foundation of economic happenings', it is obviously impossible not to touch upon the situationally unique instance – in recent years dominating party alias political movement ANO of Andrej Babiš, at the same time, one of the figures most commonly labeled as 'oligarch'. Coining the party as 'business party' has gone far beyond the political science discourse and it has become a commonly used political term (possibly documenting, at the same time, the changing character of the traditional understanding of the political scene as a right-left spectrum).

Pavel Bém, also an important CDP representative and MP. Janoušek has become even more notoriously known because of his later trial and subsequent conviction for attempted manslaughter after a traffic accident (attempted to run over the female driver of the car he hit earlier in the traffic accident) and then also because of privileged long prison break under the pretext long-term medical discharge.

¹⁶² The figure of Alexandr Novák may be, for us, a way of connection /transition between 'a big picture' (Novák as a member of the Senate on behalf of CDP) and more 'local pictures' or, perhaps, actually vice versa in the sense of growth and infiltration of local 'godfathers' and 'political entrepreneurs' into regional or even national level of party management and politics, the development which, particularly, in the case of CDP, was, at the end of the first decade of the new millennium, noticed by the heads of CDP themselves (Topolánek, Nečas).

As uncovering morphologies of the actors from the borderline of politics and economy, ANO may be considered a unique example of a 'business party' transforming the system of local and partial extraction of public resources (e.g., on the territory of individual Prague districts or Prague) through partial local 'godfathers' and clientelist groupings often within the usual nation-wide operating party entities¹⁶³ or more recently also parties founded by entrepreneurs (V. Bárta) into an "openly" multi-sectoral 'business party' influence operation linking with the state administration and thus transferring the 'world of so-called godfathers and political entrepreneurs' from the local level as a principle to the national level and, simultaneously, multiplying its application in many economic sectors, at the same time.

How this newly emerging phenomenon of 'political entrepreneurs' is to be distinguished in qualitative essence from the existence and functioning of above at the opening identified 'influential economic groups' frequently emerged at the beginning of the economic changes soon after the departure from real socialism? A qualitative difference may be sought, at least, in the extent of the explicit and systematic long-lasting public economic resources extortion, as distinguished from predominantly 'just' an initial grab of publicly or collectively owned property as a capital to start up and operate in their sector of business (without the tendency of further extortion of publicly or collectively owned).

But may these two territories of 'influential economic groups' involved from the early start in the economic sphere and the 'world of so-called 'godfathers' and political entrepreneurs' really be distinguished? Do we use the label 'oligarchs' for persons from this world/worlds – presumably depending on the scale and volume of economic activity influenced by them or is it rather that 'godfathers' and 'political entrepreneurs' are seen as such in distinction from individual representatives of 'influential economic groups'?

¹⁶³ For example, the aforementioned Alexander Novák, or the Prague clientelist structures-schemas of Ivo Rittig and Roman Janoušek.

Are the representatives of 'influential economic groups' lobbying for their candidates in supervisory and directorial boards or management of public enterprises¹⁶⁴ merely legitimate 'oligarchs' (given by the ability to influence the sector, alternatively, by multi-sectoral omnipotence), or illegitimate politically entrepreneurial 'godfathers', in spite that we have so far associated 'godfathers' with regionally or locally definable clientelist structures?

Networks

Parties – 'networks of acquaintances' or rather obscure structures behind '*godfathers*' and '*political entrepreneurs*'? Topolánek's leadership became aware of their specific negative connotations as associated with CDP. The *networks* may have appeared as predominantly CDP related (the influential power networks as a phenomenon reflected and to some extent acknowledged by the CDP leadership – Mirek Topolánek, Petr Nečas in the immediate pre-ANO era), but the substantive matter of *the networks* is a more widely uncovered topic – i.e., including similar networks linked to the ČSSD. Is this another broader dimension of 'the world for itself', albeit identified in the context of a particular political party revealed?

May the actors who cling to these networks – who, actually, this way form them – be distinguished in principle from the 'world of godfathers' and 'political entrepreneurs' or 'influential economic groups'? In the case of many of these traditional parties, hardly. If we take the main ones, whether CDP (in the period under review) or Social Democracy, in the orbit and web surrounding these parties we find names and associated clientelist networks (for ODS – Tomáš Hrdlička, Ivo Rittig, Roman Janoušek, for Social Democracy – Miroslav Jansta), which have already appeared in the text above. After ANO's dominating intermezzo, the question is whether this character of networks surrounding political parties, as long identified in the case of the long-term parties in the political spectrum since the 1990s – CDP, Social Democracy or

¹⁶⁴ That can and often does lead to the exploitation of public enterprises in a particular direction, often at the expense of the state and taxpayers, and may sometimes lead to a change in the status of the enterprise in question.

ChDP-CPP, or even more recent, to some extent similar, parties having their origins only in the late first decade of the new millennium (TOP 09, Mayors and Independents¹⁶⁵) may be expected also in the case of less orthodox parties newly entering the establishment (Pirates).

Agrofert and its 'encounters' in the Setuza, biolíh, ČEPRO 'cases'

The issue of networks surrounding political parties and the involvement of actors from other spheres (one would like to write mainly from the economic one, but the use of this adjective requires caution) stands out in the pre-ANO period (i.e., before 2013 or even 2011) in a vital way regarding Babiš and his Agrofert.

Precisely the affiliation of Andrej Babiš and his group to the business and influence networks attached to the Social Democratic Party is crucial for understanding the *modus operandi* before the arrival on the political front stage in the past few years and the capture of the public imagination regarding 'how influence is exercised' (i.e., the impression of an economic 'oligarch' setting up openly a political-business party 'fairly' and 'transparently' claiming power). That is to say, the research has thus uncovered the 'prehistory of influence' of the current key figure around whom everything in the critical public's political-economic focus has 'revolved' in the last few years,¹⁶⁶ but who, in the perspective of the two periods under study (1995-2004 and 2004-2013), is just one from a certain diverse range of actors in a spectrum of similar events and phenomena as emerged in the periods in question.

However, paying attention to Andrej Babiš is instrumentally fitting with regard to the two periods under study in the sense of exposing other actors, who were media-monitored and exposed at the time, and who were specific in their own way because, at that moment, they were

¹⁶⁵ See the current revelations (June 2022) of a large-scale corruption octopus at the Prague level in the ranks of the Mayors and Independents and TOP 09, including a similar *modus operandi* of using aliases to make the work of the Police of the Czech Republic more difficult.

¹⁶⁶ Including, ultimately, mobilizational coalition integration of traditional and more recently alternative associated parties in the autumn 2021 elections.

already ascribed the status of mafia-like structures.¹⁶⁷ The media space of the mid of the first decade of the new millennium was dominated by the hardly believable "business" escapades of a few groups and individuals, which, however, indicated the serious state of overlapping politics and economy.

Radovan Krejčíř, a controversial businessman from Ostrava, almost succeeded in claiming billions of CZK from ČEPRO, a key public enterprise and an intermediate depository guaranteeing the security and continuity of fuel supplies in the Czech Republic. Only, as far as the usual procedures are concerned, a completely unusual intervention of the Czech Police at the last moment prevented the completion of a gigantic and almost unimaginable fraud.

Tomáš Pitr and František Mrázek, identified as 'controversial businessmen' and long associated with the control of the chemical company Setuza, the control of which they got 'from nothing' in the privatization waves of the 1990s, attempted in the mid of the first decade to move their 'business' in the direction of profiting more from public resources. The opportunity came in the form of a forthcoming public tender for bioliquid fuel additives, the addition of which was to become mandatory. For the processors and providers of these additives (mostly from rapeseed oil), this was a public contract of dreams.

In both of these cases discussed on the front pages of the newspapers, besides the key importance for the economy (provision and supply of fuels, their treatment), also because publicly emerging mafia-criminal background of these groups,¹⁶⁸ Andrej Babiš, and his business interests appear in a certain unnoticed way. In a sense, it may be claimed that the areas of interest in the economy of these mafia-criminal groups¹⁶⁹ at the time coincided with those of

¹⁶⁷ One would be inclined even to say that, in Central and Eastern European terms, somehow characteristically, specifically linked to the overlapping milieu of so-called 'veksláci' (converters and sellers of Tuzex vouchers and Western currencies) and the 'nomenklatura' world of prominent figures of the late real-socialism regime.

¹⁶⁸ In some cases, their personal origins lie in the complex intertwining of the bourgeois milieu and the regime-nominated milieu before 1989 (Mrázek).

¹⁶⁹ The issue on its own is how, what has been described above as milieu of 'veksláci' (converters and sellers of Tuzex vouchers and Western currencies) involving also figures having ties with pre 1989 'nomenclature' evolves over the time into something what is described and regarded as mafia (both, in the sense of real post-1989 involvement of this pre-1989 informal economic activity-phenomena, as well as, in the rhetorical sense, how

Andrej Babiš, and that, in terms of interest in the borderline of economy and politics and the ways how to generate private profit from this border area, Babiš was where the attention and activity of these groups were directed.

At the time, the above-mentioned groups were exposed (also by the Czech police surveillance) during Stanislav Gross's time as Social Democratic Minister of the Interior and later as Prime Minister, and after his scandal with the financing of his apartment by the subsequent Social Democratic Prime Minister Jiří Paroubek. Tomáš Pitr and František Mrázek as the 'fight' over, which of the agro-chemical industry groups is to profit from bioliquid fuel additives most, heated in the mid of the first millennial decade, they were declared by Paroubek's public administration 'enemies of the state'. This radically unfolding development of the position towards them, however, hides deeper happenings in the networks surrounding the Social Democratic Party.

Babiš, as a member of the networks around Gross, was, actually, the main competitor in above-mentioned. At the end of the day, it is fair to say, that Agrofert companies have benefited most from these dreamily lucrative contracts, and the parliamentary votes on the legislation necessary to implement them (one of the "iconic" examples of the enormous ability to lobby through the Parliament across party lines for explicit profit-generating legislation from the side of Agrofert and Babiš long before the project of own party/movement was even considered).¹⁷⁰

referentially not much relevant term 'mafia' (in pre-1989 era) moves in and particular groups start to be described as 'mafia'.

¹⁷⁰ Regarding the state-owned enterprise ČEPRO, which after a hectic period connected with the criminal attack on it by Radovan Krejčíř (touching also the issue of ČEPRO director Kadlec), it may be said that the new director Pavel Švarc, who took over in 2005, was perceived as the man of Social Democratic Party and Andrej Babiš (Kundra, O.: Policie dala ČEPRO, Respekt 32/2008, p. 8-9). The attention paid to ČEPRO by Andrej Babiš remained, this has manifested itself as contracts on an enormous scale between ČEPRO and Agrofert have been concluded in the course of Babiš's ANO led government. Besides various EU subsidies, Agrofert's contracts with state companies such as ČEPRO or State Forrest Company represent the most enormous public sources inflows into the economy of Agrofert corporation.

Pitr-Mrázek duo's competition with Babiš may, however, be identified earlier – in a similarly promising and lucrative Unipetrol privatization deal in 2001,¹⁷¹ when influences on the leadership of then ruling Social Democrats were even more evenly split and both competing groups had relatively equal access to the top ranks of the Social Democratic Party. Pitr and Mrázek had support from Palas and Škromach, while Babiš was able to operate with the support of Gross and the Social Democratic Party-linked lobbyist Jansta, and through them also Miroslav Grégre, as the Minister of Industry an influential member of the Social Democratic Party.

(Presidential amnesty) and classic parliamentary lobbying

Besides the resignation of the Nečas's government, the second defining event marking the end of the period under review, with an awareness of a certain easy distinctive demarcation of the era, is the announcement of the presidential amnesty at the beginning of 2013. It could be considered, from the immediate practical point of view, as a significant legal and practical step¹⁷², but in reality not solving anything, and sweeping under the carpet the widespread failures,¹⁷³ which in turn brought further misfortune to tens of thousands of people waiting for at least partial compensation for the damages from various fraudulent acts and bankruptcies of

¹⁷¹ After the Social Democracy came to power in 1998, the expansion of the emerging Babiš's corporation may have been traced only in its initial contours (Babiš's led/controlled Agrofert, originally the subsidiary of Slovak PZO Petrimex, Babiš was supposed to represent in the Czech Republic on Behalf of Petrimex, with the help of Charous and Jansta, obtained a half-billion-dollar loan for the privatization of Lovochemie, which was linked to Unipetrol). Although he won the bid for Unipetrol for 11 billion Kč in 2001 (despite the 15 billion Kč offer from another bidder), he was not able to prove, who owns Agrofert for several months. And when the government changed in the meantime, he did not pay for Unipetrol. In the later rounds of privatization, Babiš participated in a consortium with PKN Orlen, which, as we know from the numerous disputes and corruption allegations that filled newspaper stands internationally, resulted in a series of disputes over the lucrative parts of Unipetrol claimed by Babiš's Agrofert. It was the knowledge of the details of the Social Democratic government's preferential approach to Babiš's Agrofert and the threat of exposing its blackmailing ability and influence that earned Pitre and Mrázek the label of enemies of the state from the mouth of the then Social Democratic Prime Minister Jiří Paroubek (Spurný, M.: Premiér na odstřel, Respekt 17/2008, 13-15).

¹⁷² I.e., truly symbolic "full stop" – Vaclav Klaus announcing amnesty, as, at the same time, one of the initial proponents of, legislatively, not well prepared and managed economic undertakings in the first half of the 1990s, frequently related to many of the violations and property appropriations pardoned by the amnesty.

¹⁷³ Respectively, opportunities have arisen across the board leading to the establishment of deeper cultural and longer-term patterns negatively affecting the ability to rebuild a free-market society.

the 1990s and the first half of the 2000s. In a certain sense it was a further encouragement of tunneling, because of making it impossible to recover these compensations from the perpetrators and the ones responsible, and allowed many of them to keep the takings (as they ceased to be recoverable in criminal proceedings and their recoverability only in civil proceedings was subsequently enormously reduced).¹⁷⁴

As thinking about the potential era designating bench marks (possibly closing the second period of the undertaken research) the presidential amnesty may appear as something too particular and, at the same time, from the very end of the period under study, still vividly represents the deeper characteristics of lobbying in the top echalons throughout the researched period, even through being such a partial and rather negligible institutional instance.¹⁷⁵

The phenomenon of presidential amnesty brings in the issue of what should be understood under the term *classical parliamentary lobbying*. Given that most of the text to this point, even on the second – after the EU entering period, is devoted to 'behind the scenes' phenomena (in very restrained vocabulary said) of negotiating preferential access to public

¹⁷⁴ It is estimated that Klaus's amnesty has affected the claims for compensation of 40 to 100 thousand of people (Švehla, M.: Podraz v převleku amnestie, Premiér na odstřel, Respekt 2/2013, 14-15). The most numerous single group were the customers of H-system, the company that was promising to build houses near Prague in the second half of the 1990s, in which tens of thousands of people had invested their family life savings, which were used for other purposes and whose taking advantage of was able to escape attention for a long time thanks to the ability to draw large loans from the Commercial Bank (Komerční banka). Former shareholders in the 1st Credit Union or customers of Union Bank found themselves in a similar situation. The amnesty affected an estimated 350 large corruption and defrauding cases. One hundred of them were instances of "classical" 'tunneling', for example, the case of Chvalkovský, who routinely accompanied Václav Klaus to social and sporting events in the 1990s (Spurný, M.: Mým tunelářům, Respekt 2/2013, 28-29). The announcement of the amnesty was accompanied by immediate suspicious circumstances, raising suspicions that the amnesty announcers were in direct contact with some of the defendants to whom the amnesty was to apply to – Miroslav Vlastník, who had been hiding from prosecution for years in connection with 1,4 billions Kč tunnel in the investment funds Trend, Marcia, returned to the Czech Republic two weeks before the amnesty was announced, which actually allowed him to take advantage of the amnesty, what he would not be able to do as a fugitive abroad (Amnestie zastavuje další kauzy, Respekt 3/2013, 8).

¹⁷⁵ Moreover, in this case, used in such a non-standard manner that it quite obviously revealed a purposeful abuse of the institution of presidential amnesty, i. e. very unusual blanket pardoning of hitherto prosecuted and yet not convicted persons (with criminal proceedings lasting more than 8 years, which to a large extent – without explicitly stating this in the wording of the amnesty – included precisely the cases of complicated serious organized crime in the economic sphere, the investigation and prosecution of which – given the extensive financial resources available to suspects for legal aid and delaying the full range of steps in criminal proceedings or other means at their disposal – such as hiding abroad, has led to long and often seemingly endless criminal proceedings in this specific segment).

contracts and resources, or doing business at the private-public overlap, by pulling out the term lobbying,¹⁷⁶ we are, in a counterintuitive way, trying to define a definition-boundary of something that might still be acceptable in the given existing and initial context of prevailing pofiderness.¹⁷⁷ In this way, it may be proposed to go through the text above and view the dimensions discussed therein in the light of the usual, at least to some extent registerable, areas of lobbying (parliament, other structures, and branches of government).¹⁷⁸

A characteristic and quite fitting illustration (with regard to several characteristic phenomena and situations in one specific case) is the example of an MP on behalf of CDP – Michal Doktor from the beginning of the second period (i.e., after the accession to the EU). Doktor, even considered one of the economic and financial experts of the CDP, together with a group of his party colleagues, tried in 2005 to push through a change in the law that would allow the bank fund for compensation of individual private clients of bankrupt banks to compensate one of the largest private companies – PPF¹⁷⁹ with CZK 1.7 billion. It failed.

Another attempt was made by Doktor in the form of an absolutely unrelated amendment to the law on state symbols, which was noticed and did not pass. When he finally succeeded in pushing through the 'addendum' in less than previously unrelated law (on the abolition of the National Property Fund) in 2006, it ran afoul of the Constitutional Court certifying the unconstitutionality of the addendum.¹⁸⁰

¹⁷⁶ Which in the context of conventional democratic arrangements and regimes may actually indicate a certain blurring of the lines in democratic practice even in relatively mature free market democracies.

¹⁷⁷ That is, in the context of a still somewhat volatile and emerging regime of things (even after accession to the EU, which was theoretically supposed to codify and enforce practices on the political-economic border line to meet at least the minimum standard of advanced free-market democratic regimes of Euro-Atlantic provenance).

¹⁷⁸ Of course, a parallel agenda here is the somewhat (or with this type of legislative norms in the context of 'transitory order' characteristically) 'endlessly' prolonged effort since the 1990s to somehow legally defined and regulated lobbying and lobbying methods in the form of some legislative norm identifying and determining this phenomenon within the formal structures of the rule of law. This was achieved in the Czech Republic only after the period we are looking at - during the 'presidential government' (Rusnok's government and Marie Benešová as the Minister of Justice following the resignation of Nečas and his government).

¹⁷⁹ Known for acquiring substantial part of Czech Insurance Company/Česká pojišťovna through non-transparent ad hoc privatization at preferential terms (conflict of interests – Minister of Industry Dyba employed by PPF not long after).

¹⁸⁰ It was not always possible to form a large enough group of legislators in the House to appeal to the Constitutional Court. The 'sticking practice' – inserting paragraphs about something into unrelated laws remained

Apart from the adhesive evergreens - the idiotic characteristic of the decadent practices associated with lobbying in the Czech Parliament, another common (in fact, regularly annual) ritual was the relatively, compared to other countries, financially extensive procedure of the so-called 'bear butchering', i.e., the ad hoc allocation of contributions from the initiative of the House for partial investments, usually in the place of representation by individual MPs.

Stepping back from this seemingly anecdotal story and trying to focus on more long-term and more complex examples of lobbyist undertakings. It is probably not possible to omit the regulation of gambling (falling under the Ministry of Finance and, at the same time, in overlap under the Ministry of Regional Development) stretching through the second period as an imaginary thread and quite indicative of the state of lobbying and the possibilities of lobbying business groups with regard to the real impact of their activities and the possibilities of limiting them.

The first round in taming the post-1989 unleashed beast was to specify for the untaxed gambling business more as to what are the public benefit purposes to which contributions from the untaxed business should be directed (so as to limit gambling entrepreneurs from returning these contributions to themselves or to friendly entities). This was attempted in 2004 by Bohuslav Sobotka, the Minister of Finance in the Gross government, but he was not very successful. The postponement of these legislative steps may be consistently registered from the early 1990s (see, for example, the vetoing-not signing of the Lottery Act regulating this by President Václav Klaus just before the 2010 parliamentary elections). Even just from the 'non-dynamics' of the above, it is possible to get an idea how, in terms of lobbyist blocking, the actual regulation of gambling could have been carried out when from the second half of the 2000s onwards, whether by civic activists or a number of mayors and local authorities, efforts to

to be a problem of the Czech legislature until the early second decade of the new millennium, when it was still listed among the five main issues at this point of the initiative of high school students attempting to eliminate the most flagrant and shameless often lobbying and corruption-related practices persisting for decades in the Czech Parliament.

control and restrict the business more, in view of the negative social consequences, appeared. In 2005, efforts to regulate gambling on the Internet came to the fore. In 2009, Topolánek's government embarked on a 'battle with Sazka' with its lottery business, in which more than 20 billion Kč was involved, but the prepared norm ended up being rejected by Fisher's temporary caretaker cabinet (similarly, a presidential veto ended the attempt to modify and increase the powers of municipalities in relation to gambling and gaming machines in 2010).

One of the other - resistant to introduction - norms similarly linked to lobbying and, at the same time, the non-introduction of which seems to have contributed in the long term to delaying the above-mentioned legislation in the field of gambling and betting (precisely in the sense of regulation that should have been carried out by the ministries concerned in terms of implementing regulations and drafting legislation), the Civil Service Act should be mentioned. The depoliticization of the civil service was one of the key preconditions for EU accession. Yet, paradoxically, this law at the center of the EU accession preconditions, although agreed by the Parliament after protracted deliberations, has had its entry into force repeatedly postponed (first, the entry into force was postponed twice at the instigation of Vladimír Špidla, who, paradoxically, was behind the passage of the law, then the third postponement came under the government of Jiří Paroubek) and, finally, the enforcement of the repeatedly reconsidered and reintroduced legislation to depoliticize the state administration took place, after utilizing all the transitional periods¹⁸¹ to the maximum, under direct and already serious pressure of sanctions from the EU level coming.

Although, the postponement and obstruction of the entry into force of the Civil Service Act in the context of the persistence of lobbying pressures and their success in influencing regulation specifically in the case of the gambling and lottery business has been mentioned. By

¹⁸¹ Allowing for the delayed application of certain legislative norms, the introduction of which was a condition for the Czech Republic to be admitted to the EU, i.e. to adopt norms creating a minimum common standard of the rule of law.

pointing out the enormous lobbyist brake-mechanism consistently overcoming and prevailing despite governments of all various party provenances, at the same time, importantly – in the moment of enforcement of this depoliticization of the state or public administration by the EU even as one of the basic norms fundamentally defining the character of the rule of law in the member states, we, actually, want to emphasize and move on to meritoriously higher order of this phenomenon as a much more far-reaching phenomenon with serious consequences than it might seem. Indeed, this has been demonstrated by the fact that the failure to implement this norm and to depoliticize public administration has led to one of the few moments when the EU has resorted to the most serious sanctions ever threatening the Czech Republic.¹⁸²

The avoidance – quite systematically and at all costs – of the depoliticization of the public administration was a starting point for the existence of a generally bad state of affairs in all ministries and the creation of opportunities for the application and personal advancement of the interests of specific economic or perhaps one could say rather particularistic white-collar groups. It may be said that this persistent situation of deliberately delaying and practically by this obvious refusal to depoliticize the state administration or to prevent the reduction of politicization and influence of particular parties or even partial partisan groups has been the basic environment that has been prevailing since the early *ad hoc* hectic times of the 1990s.¹⁸³ This has more or less been felt in all sectors where the public administration has had something to say or represent some form of regulation or intervention by the state and public institutions.

Approaching this in a more dynamic perspective, it seems that over time there has been a shift from the simple, somewhat random and occasional use of networks and acquaintances within the public administration sector and ministries, albeit with some 'gifts for favors', but nevertheless characterized at least to some extent by an ever-present personal acquaintance-

¹⁸² A comparable threat from the EU occurred perhaps only in the explicitly non-transparent and, exposed by experts or even the Police, overpriced purchase of Casa military transport aircraft at the end of the noughties.

¹⁸³ If it can be so contradictorily characterized.

bond, to a 'certain institutionalization' – in the vicinity of the figures with galvanizing potential, there were certain individuals in assistant or acquaintance positions, who turned into a kind of lobbyist orbit as these figures established themselves as political stars. Then, without actually already stable established paid assistance of these originally assistant or acquaintance individuals from this surrounding orbit, it was not viable to get some consideration from the side of the state administration, in particular, when it came to larger and more ambitious public investments.¹⁸⁴

At a certain point, the perception of these specific dynamics even led, at least in part of the political spectrum, although more in the ranks of the new currents on the scene perceived as an alternative (the Green Party in 2006), to feel the need to specifically come up with a regulation of lobbying *per se*, using or be inspired by the best practices in Western advanced free market democracies. That is, it was essentially about defining the phenomenon of lobbying as a legitimate part of the rule of law at the moment when, what was expressed and characterized in the paragraph above – i.e., practically trading influence and access to key political decision-makers, regardless of what area or what the subject matter was,¹⁸⁵ paradoxically, happened to stand for legitimate and legal lobbying.

The idea of lobbying as monetizing access to political decision-makers or the backrooms surrounding them (in ministries, in the Parliament, or in other decisive public institutions) including a certain institutionalization of this through establishing communication or media agencies by individuals from these orbits surrounding political stars, prevailed in the mid-2000s. The idea of lobbying as a sophistication of the democratic process (by expanding the professional scope but also the informational input from various groups influenced by given

¹⁸⁴ The model figure for the second half of the first millennial decade is the figure of Marek Dalík, associated with the then star ODS leader Miroslav Topolánek. From the other part of the political spectrum, i.e., around Miloš Zeman and his later successors in the leadership of Social Democracy, we would probably identify Miroslav Šlauf in a similar position, although much earlier than in the case of Marek Dalík.

¹⁸⁵ I. e. not as part of the sophistication of the democratic process through the expansion of its mainly expert scope but also informational input from various groups influenced by given legislation or government action.

legislation or government action) and the need to define it in this way by law only slowly and stumblingly began to enter the parliamentary discourse at the end of the first decade of the new millennium – as it was obvious, that a legislative classification, i.e., a legally binding definition of lobbying, would expose many common practices and emerged structures as outside the rule of law or on the edge of the law.¹⁸⁶

Although the legislative and practical regulations in this sphere have been known or penetrated from such exposed legislatures and institutional contexts as the US Congress or the European Parliament, and not only in purely professional and parliamentary expert-legislative discourse since the 1990s. In the end, the actual passage of the law in some form occurred only after the period under review – after the resignation of Nečas' government and the arrival of its temporary replacement (in terms of the practice of the political system of the Czech Republic, a replacement that is difficult to characterize¹⁸⁷ under the leadership of Jiří Rusnok and with

¹⁸⁶ At the end of the first millennial decade, for example, people from different walks of life are characteristically referred to in media discourse as lobbyists or first-level lobbyists. I.e. On the one hand, we have people from the orbit of political stars and parties - the aforementioned Marek Dalík and Miroslav Šlauf, or others such as Miroslav Jansta or Jana Marcova (former MP for ODS and also its spokesperson), but at the same time identically in the same category of 'lobbyists' and with regard to this, 'what they can get done', people like Roman Janoušek or Ivo Rittig (who, after all, is also behind the fall of the Nečas government through his close ties to the head of Nečas's Prime Minister's Office) are also mentioned, whose early careers in life are not only determined by their explicit affiliation with the world of the so-called 'lobbyists' associated with the end of real socialism (hustling with Tuzex bills, scarce goods, and 'western' currencies - exploiting/exploiting the difference between the official state-administrative exchange rate and the demand exchange rate), Their common *modus operandi* even at the turn of the third decade of the new millennium (e.g. 'ticket tunnel' by Ivo Rittig in Prague Transport Enterprises - including the ability to evade criminal liability in court, Roman Janoušek's machinations with municipal land in the wake of the Prague mayor on behalf ODS Pavel Bem) is strongly reminiscent of this entry into their 'entrepreneurship' at the turn of the 1980s and 90s. In addition to these two distinct and therefore very registerable layers, there is another whole series of 'walks of life' - former people in important governmental engagements or even outside them (Pavel Telička, Vladimír Johanes), people from economic sectors characterized by the prevalence of lobbying - see for example Richard Háva (long-time chairman of the board of directors of the large arms company Omnipol). In this context, one should certainly not omit the actors of 'entrepreneurs' acting in the category of 'lobbyists' in a sense - 'for themselves' as it was understood in the second half of the 1990s and at the turn of the millennium. The image of the clash between František Mrázek - Tomáš Pitr duo and Andrej Babiš (before the formation of his entrepreneurial party ANO) over the whole spectrum of agendas in the chemical industry (from issues related to the privatization of Unipetrol to the state-guaranteed production of bio-based add on to fuel) is characteristically recurring. I.e., even 30 years after the end of real socialism, on the one hand, the influences from the 'vekslácké' milieu, complemented by the environment, practices, persuasion, and influence methods of the agency milieu of former agents and members of the StB (although seemingly completely contradictory - these environments were intertwined before 1989), on the one hand, are involved with the immediate political parties and the parliamentary world).

¹⁸⁷ It was not a classical bureaucratic government in the contextually Czech understanding of the word - the government was formed at the instigation and according to the personal preferences of the recently installed

Maria Benešová as Minister of Justice). In parallel with such a long-delayed and peripatetic legislation on lobbying, the issue of conflicts of interest came to the center of attention substantially and understood as real concern only (in connection with the emergence of a new party entity on the political scene - the ANO political movement - from 2011 and the arrival of its real aspirations to participate in the government, soon to become true). However, at the moment of this exposure, at the beginning of the second new millennium decade, it was primarily a question of the real practice directly apparently commonly happening in the milieu of public administration and politics through the existence of the institute of anonymous share ownership (rewarding individuals in public sphere for "accommodating" decisions and interventions by handing over shares of companies profiting from the decisions). Soon after the invitation of the ANO party to the government formed by Social Democracy, the legislation addressing conflicts of interest and the inevitably related problem of traceability of the ultimate owners of shares and corporate stakes gained a new dimension as the undisguised political project of one of the most wealthy businessmen in the Czech Republic began to get directly to power and key positions in terms of public administration affecting the economy of the Czech Republic (the position of Minister of Finance).

EU Funds

How to present the area of EU funds as an area of grey-zone overlaps between the political and economic spheres, when one of the most memorable processes associated with the EU accession was the pressure to up-date or actually finish the transformation from the legal framework of the real-socialist regime to the rule of law of advanced free-market democratic order and complete the adoption of various and often crucial norms that were supposed to eliminate various conflicts of interest, opaque public support and non-transparent ad hoc favoritism of

President Miloš Zeman, but without parliamentary support and in spite of CDP's and the center-right parties' and the Social Democracy's willingness to form a real government with parliamentary support.

certain economic actors? The area of EU subsidy funds and program and their waves,¹⁸⁸ with respect to the older EU members, disproportionately flooding the newly accepted countries of the former Eastern bloc (2004, 2007), which were and are intended to accelerate the convergence of these countries to the prevailing socio-economic level of the EU, was immediately after the EU accession (and still is today) a significant phenomenon in the economic sphere. If we talk about larger-scale *ad hoc* and one-off temporary phenomena in the context of the development of the economies in question, a comparison with privatization changes (perhaps privatization waves – i.e., 2 waves of coupon privatization? ¹⁸⁹).¹⁹⁰

Only in recent years and not a long time ago concluded trials which still evolve as some of the accused after being convicted decided to cooperate and reveal the highly positioned political figures involved (i.e., the regional head administrator of Ústecký region on behalf of Social Democracy Jana Vaňhová in the case of North-West NUT, along with 27 local CDP and Social Democracy associated figures and local entrepreneurs; similarly the case of Central Bohemia regional head administrator on behalf of Social Democracy David Rath involving extensively EU funds has been already mentioned).

But isn't there some other more subtle similarity besides this coincidental two periods and length similarity? If we open up the issue of the EU's influence and impact in the context of the aforementioned waves of operational programs (2007-2014 the first full-fledged whole

¹⁸⁸ Operational Programs 2007-2014, 2014-2020.

¹⁸⁹ If one takes into account the second full-fledged extensive period of disproportionate rich subsidy investments for countries originally belonging to the Eastern real-socialist bloc has recently ended. And even in terms of the privatization implemented, this is comparable in time, i.e., 1990-2004, if we include the initial small-scale privatization of smaller establishments right from the immediate beginning of the 1990s (a comparable period in terms of time, with the privatization – if counted all period till the final privatization of 3 major still publicly owned originally state banks not long before the entrance into the EU).

¹⁹⁰ It is worth recalling, however, that during these two periods of large subsidy waves (following also part of the previous period immediately after EU accession - 2005-2006), the Czech Republic statistically - in terms of economic standards and GDP levels - reached the level of, or overtook, Greece (which itself went through a deep crisis not long after the Czech Republic joined the EU, in addition to being one of the poorest countries of the original 12 or 15 EC/EU countries) and, perhaps more importantly, Portugal as one of the relatively stable and continuously developing countries after joining then still European Communities.

period after EU accession), what we might notice is a similar capacity failure to cope with the sudden *ad hoc* emergence of a - but predictably - administratively challenging situation.

To a certain extent, similar to the first half of the 1990s, when the large-scale scheme was created (which was to enable the rapid reorganization of enterprises in the direction of market economy practices and lead to the identification and establishment of responsible private owners),¹⁹¹ with the opening of a new era after EU accession, the situation of constructing a large-scale framework or, in fact, or rather, a new system of distribution has again emerged. In practical terms, actually, a decision matrix, determines how decisions will be made – how the enormous and almost unimaginable resources coming from the EU will be distributed.

Turning to specific instances - not only should we turn our attention to the short period (2004-2006) preceding the first full-fledged assistance-investment period mentioned above since 2007 with its extensive, numerous, and seemingly ambitious framework of 24 operational programs, but still to the precursor programs dating back to the Phare era (i.e., the immediate aid and assistance after 1989, in the 1990s and more immediately in the pre-accession period), these funds having been transformed into the Regional Funds¹⁹² (formerly the Foundation for the Development of Regions) after a long protraction.

The circumstance of the need to construct a distributional frame for the efficient investment of EU public funds soon after entering the EU brought into the Czech Republic's context the existence of 24 different administering structures (operational programs)¹⁹³. Thus, at the moment of only 3 years after the EU accession (i.e., without a sufficient number of people

¹⁹¹ To this day, it is widely associated in the Czech Republic, primarily and even iconically, with voucher privatization (an experimental privatization method of which the Czech Republic, or Czechoslovakia at the beginning, was one of the most vocal proponents among the former real-socialist countries). The issue of privatization and its possible models is presented extensively at the beginning of this second part with the dubious character of situational construction indicating the label 'How the story of privatization may be told and, often, a great deal is told', including the accompanying nuanced footnotes to this part of the text (footnotes 83-95).

¹⁹² It should be noted here that the Police of the Czech Republic investigated the 'disappearance' of several hundred million CZK during this transformation, but perhaps what should be noticed even more is that the investigation revealed, one could perhaps rather say stumbled upon, a highly sophisticated scheme created during, or rather, in close parallel with this transformation, so that the removal of funds was difficult to record and punish.

¹⁹³ The division of the agendas for the distribution of EU funds.

with experience in the administration of EU funds to make qualified and professional decisions on their distribution), a complex network covering all different types of investments and seemingly sophisticated in its elaboration, has been created. Which resulted in understaffed overspecialized and not enough supervised and checked structures easy to avoid transparency.

When moving to the actual regional level of distribution current trials involving precisely this first investment period 2007-2014 come into the picture. The prosecution still evolves as some of the accused after being convicted decided to cooperate and reveal the highly positioned political figures involved (i.e., the regional Governor of Ústecký region on behalf of Social Democracy Jana Vaňhová in the case of 'North-West NUT', along with 27 local CDP and Social Democracy associated figures and local entrepreneurs, similarly the case of Central Bohemia regional Governor on behalf of Social Democracy David Rath involving extensively EU funds has been already mentioned). Latest estimates after all various years lasting court proceedings end up at 14 billion Kč worth of EU funds manipulated only in 'North-West NUT' – consisting of Karlovarský and Ústecký region (and only in the years 2008-2011).¹⁹⁴

Military Contracts

A seemingly classic area of diverting public resources, given the associated assumption of certain secrecy practices due to the specific sector, is the area of arms procurement. However, to this classical view of the diverting of public resources on the occasion of arms purchases as endemic to the 'Western' context or the global context in the Czech context after 1989¹⁹⁵ or rather after 1992, it must be added that all too frequently acquisitions have been marked by 'seizing the opportunity' to divert public flows in favor of private companies. What may be

¹⁹⁴ see ČTK (Czech Press Agency) Oct. 12th, 2022 - 'Radil jsem se s kmotry ODS, které projekty máme podpořit, řekl exšéf dotačního úřadu', Aktuálně.cz, <https://zpravy.aktualne.cz/domaci/kusnierz-soud-dotace/r~9b450fd84a2111edb1f50cc47ab5f122/>, Oct. 12th, 2022.

¹⁹⁵ The question is to what extent the characteristic as we identify it here specifically for the Czech context would be applicable to this specific sector of trade in the post-1989 Central and Eastern European context more broadly.

assumed to have a relation to this is the transformation alias taking over of the pre-1989 so-called foreign trade company ('podnik zahraničního obchodu' – 'PZO' as companies with foreign trade permits were called), usually representing or buying for the whole sector of the economy before 1989) - i.e., in this case, Omnipol,¹⁹⁶ which relatively soon became a privately controlled company and, at the same time, actually represented the main company through which almost each of the acquisitions had to go through, even in view of the deliberately maintained practices limiting the choice of suppliers (the provider-guarantor of equipment for the Czech Ministry of Defense must have been for long a Czech company with the security clearance of the Czech Ministry of Defense).¹⁹⁷ As much as this depiction of the sector with systematically prevalent, even institutionalized, tunneling practices may appear too abbreviated or not fully covering all the nuances of this specific sector, let's try to identify these various areas of tunneling in the defense sector.

A surprisingly steady and continuous source of public funds tunneled (in contrast to the usual or 'classic' notion of a 'defense contract rip off' scandal, i.e., associated with any particular arms acquisition) has been extensively and repeatedly linked, even after 2004, to the provision of various permanent and continuous services – see guarding (e. g. ammunition depots) and other ongoing servicing alongside one-off repairs to barracks and other assets.

Another significant category of unfair disbursement of public funds, to varying degrees by the purely pretextual understanding of compliance with the letter of the law, even for the

¹⁹⁶ Here it is necessary to point out that, given the importance of arms production in the Czech context (arms engineering production already during the Austro-Hungarian period), even during the period of real socialism arms production was an important export sector of the economy and was not related only to the expansion of the influence of the post-war Eastern bloc.

¹⁹⁷ Practically over decades, this mechanism of creating a legal pretext for generating extra commission on a large part of acquisitions, especially those coming from abroad, worked in the direction of one particular or a few individual companies - regardless of the specific international bodies, the Czech Republic was becoming part of (NATO, EU)

period after EU accession, is the series of¹⁹⁸ acquisition contracts in the period 2005-2014:¹⁹⁹ from Pandur combat vehicles (connected with the significant moment of the sentencing of the closest adviser of Prime Minister Topolánek to a five-year sentence in connection with the negotiation of this contract) to CASA transport aircraft (serious threat of serious sanctioning of the Czech Republic by the EU for unfair public support and highly suspicious nature of the contract²⁰⁰) to more minor partial *ad hoc* contracts for DINGO and IVECO vehicles or military ambulances (facilitated by the need to equip units in Afghanistan or troops for foreign missions more generally) to mortars to transporters.

The above identified distinctive categories, or in less terminologically charged language, areas of 'grey' suspicious overlaps between economy and politics, noticeably and easily registerable in the post-accession terrain, and, at the same time, entailing a massive drain of economic resources of the public origin in apparent contradiction to the assumed corrective effect of EU accession, are further enriched below by other noticeable categories identifiable as *other areas beyond military contracts*,²⁰¹ and then also as a *disruptive and continuing phenomena from the pre-2004 period* (i.e., before EU accession).

¹⁹⁸ 'A whole series' is not meant as a rhetorical phraseology; it is literally the whole series of acquisitions with an identifiable 'unnecessary' diversion of a portion of the paid public funds in favor of a useless artificial link of the intermediary firm registered in the accounting documentation.

¹⁹⁹ A characteristic precursor from the period before EU accession, both in terms of the form (internationally implemented corrupt behavior) and the enormous scale of public resources involved in the corruption situation in this specific sector, was the lease of JAS 39 fighter aircraft from a British-Swedish consortium (eventually proven to be in this case involved in the act of international corruption - under the British legal system, the arms company BAE Systems was forced to pay a substantial fine as a punishment).

²⁰⁰ Minister of Defence Parkánová was ultimately responsible for the announcement of the contract for military transport aircraft and its implementation after more than a decade or a decade and a half of perturbations, delaying and prolonging the process - almost finally convicted - she achieved last year the reversal of the verdict holding her personally liable for the estimated damage of several hundred million CZK (payment of a significantly higher price than usual for a civilian machine converted into a military machine, moreover, not fully corresponding to the operational needs of the Czech Army).

²⁰¹ I.e., distinctively protruding in the post-accession terrain and constituting with similarly significant categories a certain characteristic perceptible as in some sense similar or uniform for the post-accession era.

Other Areas Beyond Military Contracts

A substantively significant distinct in this category, or area, emerged in the research field, maybe identified. Discern here are a) what could be probably labeled 'ordinary economic crime', as characteristic of the economic transformation era since the 1990s, and b) genuinely common crime (in our case, more generally, fraudulent acts taking on an organized systemic form that occur with some opportunity at a place and time determined by the volatile change underway – see, for example, excessive trading of shares on the capital market by companies representing investors to generate, collect fees, etc.).

Moving on to the first sub-category, more precisely understood – the narrowly or more precisely understood identified category of 'ordinary economic crime in the economic transition' since the 1990s (i. e. in the sense of other areas of inappropriate mutually destructive overlap of economics and politics beyond the defense-related contracts in this specific period of change processes²⁰²) still, despite the formal requirement of pre-accession completion of transformational changes (elimination of dubious features unacceptable in the internal market and the rule of law as in the EU), even after 2004, the continuous phenomena of post-privatization/secondary privatization²⁰³ (see, e.g., typically the purchase of own debts from the Czech Consolidation Agency/Bank through intermediaries by various problematic ways overtaken companies), has been encountered.

Even after the EU accession in 2004, squeeze-outs and artificially lowering of the share prices of minority shareholders prior to buyouts through manipulative and purposeful capital market operations continued on the capital market.²⁰⁴

²⁰² Significantly problematic in the period 2005-2014.

²⁰³, I.e., 'post-privatization/secondary privatization' in the specific sense of the grey - disruptive and appropriative character of these changes.

²⁰⁴ Despite the accession to the EU with relatively well-defined expectations of how the capital market should function, or despite the ongoing parliamentary-legislative activity of Tomáš Ježek, regarding the capital markets in the Czech Republic.

Although carousel trades are a more widespread and long-standing phenomenon in the European cross-border context, there are specific dispositions to them in the Central European context, given the sector-wide wave of light fuel oil (LFO) manipulations in the 1990s.²⁰⁵

The real common crime in the 'true sense of the word', if one would dare to put it that way, in our case may be more generally fraudulent organized actions occurring with a certain coming opportunity of volatile change (e. g. the aforementioned excessive trading of shares on the capital market by companies representing investors for the purpose of generating, collecting fees or similarly forming cartels of companies operating on a single market – then investigated by the Office for the Protection of Competition)²⁰⁶.

Unclear Boundaries

Before moving on to the category of *borderline phenomena*²⁰⁷ and *the continuation of pre-2004 phenomena*, i.e., meant as apparent grey areas of purposeful inappropriate overlap between economy and politics, it is worth acknowledging and identifying the existence of the category that has been labeled as *unclear boundaries*. While we might be misled in characterizing this category-area by, for example, simply labeling it as 'suspicious government contracts', perhaps in a sense we might expect identifying situations of overlap between the public and the private and, at the same time, the negligence of practices creating opportunities but not necessarily nuance and detail possibly distinguishing the merits of the matter more fundamentally.

From the research field (this time perhaps not anxiously emphasizing the time divide of 2004), projects such as 'Internet into Schools' or after 2004 the electronic toll collection system

²⁰⁵ Let us recall that in the "initiation" of the free-market economy in the first half of the mid-1990s, besides the Czech Republic (and even still in the post-Czechoslovak trajectory - Slavonia), the economy-wide LTO manipulations played a significant role also in Hungary.

²⁰⁶ Both misdemeanors really happen in the Czech Republic.

²⁰⁷ The phenomena of the split, rather more temporally understood, as phenomena at the borderline of two periods, i.e., before and after EU accession.

stand out in this perspective (as, at the same time, being well aware of the controversies surrounding both of these projects, given the extensive and almost endless contemporary coverage in the press and media at the time, despite the fact that the corrupt-criminal motives suggested in their context have never been sufficiently confirmed²⁰⁸). Already less well-known examples contributing to the identification of this category of *unclear boundaries* may be, e.g., the mechanisms of state support for companies' expansion abroad (often in specific geographical regions) - e.g., through the state-owned Czech Export Bank or the insurance company EGAP (see support and lending for exports to the East²⁰⁹).

In the immediate context of this category of *unclear boundaries*, there is also the directly deliberate creation of hybrid public-private forms in the form of PPP initiatives - business ventures admittedly based on public-private partnerships. A certain memento in the Czech context is the 'initiation' instance of the PPP project of the D47 motorway from Lipník nad Bečvou to the Polish border. Paradoxically, the Social Democratic government of Miloš Zeman stood behind this precursor with its decision of June 2002, just before the end of its mandate. After the arrival of Špidla's government, it turned out that the contract signed by Minister Jaromír Schling with an Israeli, alternatively, Israeli-registered company was unsustainable (the project in the sense of PPP was of poor quality and allowed for enormous demands in the direction of the Czech state budget)²¹⁰ and the contract was terminated with the payment of half a billion in severance pay.

²⁰⁸ That is, if we disregard the relatively recent suspicions in the direction of one of the top parliamentary representatives of ANO in connection with the issue of changes to the electronic toll and changes to its operator.

²⁰⁹ See the case of Sklostroj's export abroad, which managed to resume supplies to a number of countries of the former Soviet Union, but at the same time the volatile situation threatened with extensive losses - Sacher, T.: Osm ruských miliard: Případ Sklostroj odhaluje fungování státní podpory českých firem při expanzi na východ, Respekt 46/2012, 12-18 November 2022, 44-45.

²¹⁰ There was also a police investigation into suspicions of corruption, including the involvement of a parliamentary commission of inquiry - see Pšenička, J.: Ve stopě Šloufa a Zemana: Finanční krize ohrožuje i partnerství veřejného a soukromého sektoru. Banky žádají od soukromníků větší finanční hotovost, Ekonom 42/2008, 16-22 October 2008, 30-34.

Taking a longer time perspective, it is clear that many of the PPP projects that emerged in the middle of the first decade of the new millennium, although realized, were not financed through the PPP form.

Border Phenomena and Phenomena Continuing from Before 2004

The emerged category-group *unclear boundaries* is accompanied or complemented by the category *border phenomena and phenomena continuing from before 2004*, rather in the temporal understanding, as phenomena on the borderline of the two periods – respectively continuing from the period before 2004 (from before the EU accession).

In this chronological perspective, a clear candidate for an unmissable phenomenon was what may be expressed as 'a new round of Russian debt settlement'²¹¹ – i.e., as a continuation of an opaque procedure from which it is not clear what happened to the debt claims of the Czech authorities and what income was generated from them as exchanging them for the actual payment²¹² of a fixed rather lower amount not corresponding to the value (i.e., amount of the debt in the 'black and white'). The extent, the reasons, and rationality of this reduction, or indeed the decision to have only a fragment of the debt paid, are ambiguous and immediately bring up the issue of embezzlement.

Similarly, one may approach, or rather consider the fate of the enormous amount of collectively owned and managed property from the time of real socialism and realize how the 'settlement of the Russian debt' is analogous to those instances: the former agricultural cooperatives, or the property of the former Union of Socialist Youth,²¹³ i.e., transfer or single

²¹¹ In view of the regime's enormous trade exchange and the extent of Czechoslovak exports to the Soviet Union from before 1989, including the turn of the 1990s and the beginning of the 1990s, this debt had still not been extensively settled by the start of the new millennium. It was only in 2008 in the second wave of resale and debt settlement that the debt was finally settled.

²¹² where applicable, partly for the supply of specific goods or services

²¹³ The 'backbone' leisure-professional and 'whatever else' regime association targeted youth, functioning in the real-socialist context simply under the acronym 'SSM'.

parts transfer to some of the former shareholders or sale to new owners (in the case of the vast Socialist Youth Union - 'SSM' assets managed by, not very clear according to what criteria appointed, liquidator abusing his position²¹⁴), have been embezzled. Thus, when a large part of this type of collectively (cooperatively or union) owned assets was misappropriated²¹⁵ in favour of often not quite obvious private actors (to return to the parallel with the 'deblockation and settlement' of the Russian debt), it is not surprising that it may only have taken place in the shadow of passing a long time and that the transformation of agricultural cooperatives²¹⁶ or the union property of the 'SSM' has actually been prolonged, even legislatively, quite far beyond 2004 (regarding the claims for the assets return or even attempts to reverse the tunneling-appropriative machinations).

Returning to the 'claims business', a not insignificant phenomenon of the EU accession borderline was something that came to be referred to as the 'bankruptcy mafia'.

The phenomenon with origins traceable back to the beginning of the millennium, or roughly to 2002, began to be exposed at the moment when the Mora-Top company belonging to Pavel Juříček, the President of the Industry and Transport Union (Svazu průmyslu a dopravy), became the subject of bankruptcy proceedings due to a relatively low debt of several million (with regard to the scale of production and the scope of business activity) and even another his well-known company - Brano was threatened with bankruptcy related loss. This led to revealing the existence of organized groups including bankruptcy trustees and judges

²¹⁴ Due to the loss of half of its assets (i.e. from the original assets worth 2 billion Kč in 1991-1992) and its non-functionality, the Children and Youth Fund established after the end of SSM for property management was abolished by the Parliament and Pavel Žák was elected liquidator in 2000 for 4 years, who was prosecuted in 2004-2008, along with other people, for a quarter of a billion damage to the sold-off assets (the Ministry of Finance filed 35 lawsuits for the return of the assets) - Štětka, J.: Vždy připraveni na likvidaci, *Ekonom* 38/2008, 18-24 September 2008, 40-44.

²¹⁵ The use of the perhaps somewhat euphemistic term 'forfeit' indicates precisely the opaque or unclear nature of the process and thus the criteria and justifications under which the acquisition of assets at a significantly lower price has generally taken place.

²¹⁶ In 2007, only about a fifth of the former 1,200 cooperatives or their successors or assignees of their assets fulfilled their obligations to the shareholders or parties to whom the successors of the cooperative enterprises had committed themselves - Pravec, J., Kouda J.: Účet za družstva, *Ekonom* 37/2007, 13-19 September 2007, 22-25.

purposely coming up with bankruptcy attacks on ordinary and successfully operating companies of not particularly indebted established entrepreneurs. This kind of attack on Union Bank,²¹⁷ after three originally state-owned and later privatized large banks, one of the largest of the 'smaller' banks in the Czech Republic, was also a warning 'bolt from the blue' during the period of the Czech Republic's accession to the EU. From a broader perspective, it became clear (also from the reports of the Security Information Service warning about these structures up to 2011) that the network of groups capable of this had grown into a rather large social milieu including the environment of private universities or even the study of law at one of the public universities.

The sphere of international arbitrations may appear seemingly as a sphere of individual *ad hoc* situations and at the same time as an occasionally happening instance not particularly linked to radical social change in any systemic way (i.e., not in the sense of consciously generating and shaping grey zones and processes of overlapping politics and economy). However, given some significant cases of international arbitrations associated with operations by the state in the 'transition period', this disjunctive area should not be passed over.

At first glance, the agenda of the arbitration with Nomura²¹⁸, which was dragged into the "post-privatization" of the Investment Postal Bank and its assets (the management of IPB wildly and incestuously privatizing "its" bank earlier), would seem to be a 'model situation' with regard to the status of the 'embezzled bank', but for us, an even more illustrative instance, also due to the temporal proximity of the events at the moment of accession to the EU, is the arbitration case of TV Nova.

²¹⁷ Szirmai, E.: Výnosné konkurzy, *Ekonom* 26/2006, 34-36.

²¹⁸ Respectively, this arbitration aspect could be extended to another dispute with the ultimate recipient of the bank - ČSOB (and its Belgium owners) after the *de facto* collapse of IPB.

On June 10th, 1999, the director and as a Czech citizen - one of the five Czechoslovak citizens-holders of the TV Nova²¹⁹ license to use a specific broadcasting frequency - Vladimír Železný, 'took' the American media company CME-owned and program-serviced TV Nova out from under CME control and replaced its program with the program provided by 'Czech Production 2000' – a subsidiary of the MEF Holding extensively controlled by Jiří Šmejč. The financial resources for coming up with the program content came from the soon-to-go bankrupt Investment Postal Bank (IPB). One could probably say 'daylight theft',²²⁰ which was, however, uncontradicted by the Broadcasting Council (Czech public supervisory body, members²²¹ of which are selected and voted on by the Czech Parliament) became the subject of a Stockholm arbitration, in March 2003. It was decided that the Czech Republic should pay 10.4 billion Kč to CME. Petr Kellner's PPF company (established a decade earlier and becoming important through "miraculous gain" of a significant stake in the Czech Insurance Company - Česká pojišť'ovna²²²), for some time, had already been seeking to control the unclear property structure of the stolen television (5 original holders of the broadcasting license, Jiří Šmejč controlling the 'Česká produkční 2000' television program providing company), in chaotic and sometimes Mafia-like circumstances given by the shared possession of the broadcasting license by five persons who have gone in various life directions since the beginning of the 1990s. The license acquired for a pittance, together with the MEF Holding company acquired under PPF control

²¹⁹ Immediately after 1989 - at the beginning of. In the early 1990s, it was legally required that the holder(s) of the television licence (the 100,000 Kč license fee) be a Czechoslovak entity, or in the case of specific persons, a Czechoslovak citizen(s).

²²⁰ It would seem, even given that it was one of only a few national television stations at the time, that given this exclusivity it should be a completely unique attempt at such a somewhat unorthodox way of taking over a television station, but it should be noted that this 'model' was repeated - applied in the case of a smaller television station of more regional importance, TV3.

²²¹ Politicians and representatives of various organizations; particularly, politicians have been dependent on the media image created by this influential television.

²²² The consequence of *ad hoc* decision by ministers of the Czech government, particularly, Ivan Kočárník, who joined the management of the insurance company a few months later.

(its 85 % stake), was sold by PPF on December 13th 2004 for 14.6 billion Kč "back" to the American media concern CME.²²³

In addition to the substantive problem of arbitration *per se* (adjudication of a conflict between two parties regarding the remediation of financial losses, usually due to some violation of generally binding principles or legitimate expectations), it may be noted that international arbitrations related to operations or obligations on the part of the state in the 'transition period' may end up with such 'discovery' of 14.6 billion Kč, i.e., more precisely in this case, actually to a large extent embezzling a larger part of this amount from the public state budget (10.4 billion Kč?). This opens up the question of what role such 'ground-breaking financial successes' actually play in these significant corporations growing out of really nothing since the 1990s (zero of the original capital although, at the same time, basing itself and having its origin all the quarter of the century in the financial sector – not in some sort of real production of something which could more easily explain the start, breakthrough, and expansion of the business).

To what extent do these types of corporations, which have been around since the very beginning of radical social change, base and feed themselves on such individual gigantic public-private transfers? Is this overlooked long-term coining feature of these 'transitory times' to which the 'radical social change' description may be attributed?

'Radical social change' description may tend most commonly to imply openness to new positive results of changing times but in this above-described light, actually highlights the radicality of the change in the rate, scale, and nature of appropriation of collectively owned assets at the expense of individual little owners (in the case of cooperatives type of establishments) or individual taxpayers alias usual citizens (in the case of state ownership).

The financial group PPF (long associated with Peter Kellner - the richest of the 'self-made entrepreneurs of the 1990s) made the breakthrough as spontaneous unplanned completely

²²³ Pšenička, J.: Asanace v růžové zahradě: Mrázkův přítel Čeněk Absolon se soudí o miliony, které mu prý přislíbila skupina PPF Petra Kellnera, Ekonom 9/2010, 4-10 March 2010, 34-37.

ad hoc privatization of decisive share in the Czech Insurance Company²²⁴ "happened" in explicit favour of this particular group. The substance of the matter, if it could be characterized in this way, was similar to the case associated with generating ten billion Kč by the withdrawal from the state budget as a result of international arbitration after the failure to protect the investment and the virtual seizure of a foreign-owned television station (an operation finalized effectively on the verge of the Czech Republic's accession to the EU).

Trying to find out what the PPF financial group does and what should have kept it as the most financially powerful corporation on the Czech economic scene, one finds that it is, on the one hand, an insurance company in the classical sense of the word (let's not to forget that at one point there was even the merger with the famous Italian insurance company Generali). The second 'business leg' on which PPF stands is its division, which is known not only in the Czech context but also internationally as Home Credit (consumer credit, as it expanded extensively along with economic change and increase in consumer goods sales associated with it; the subsequent expansion to the 'East' taking advantage of the waves of the same dynamics, I. e. first in Russia and later in the Chinese market). Still, even in this perspective of development over time (I.e., for example, in view of the first 15 years of the company's development), it is possible to identify what in the Czech cultural context and language is usually verbalized as a 'small (kick) for home' (the unjustified 'bidding' of some 'winnings' that quite radically improve the situation of the company or some of its activities) is an important part of the company's economy or key milestones in its development.²²⁵

²²⁴ Česká pojišťovna, early years after 1989, was decisively dominating the insurance sector.

²²⁵ It may be telling that a similar key 'small (kick) for home' as a cardinal moment in the development of a person's business may be found in other key business icons (in the ranking of the richest and most successful entrepreneurs in the Czech context) not only in the early days of the person's business but often - in the case of the persons at the top of the ranking - also continuously throughout their career or rather the history of the corporation associated with them. Given the current concentrated attention and 'detailed notoriety' of the life story of Andrej Babiš, also from the top of the property-ownership charts and at the same time a 'stalwart' of the 'big business world' since the 1990s, such turning points - 'small (kicks) for home' - are also identifiable for his Agrofert. See - even at first glance given the already legendary position in the personal history of Andrej Babiš's 'self-made man' - the wild and incestuous privatization during the 1990s and at the turn of 2000 (resp. Babiš's insider position as the director of the Czech branch of Petrimex, similarly, with the help of a 'friendly' insider, the takeover of the state-owned

3. Discussion: Institutions, Systemic Crisis, Culture?

3. 1. Reflection of the Crisis of Governance in the Czech Republic in Czech Social Science²²⁶ in the Era before ANO

Already in the context of the 20th anniversary of the November events, the media began to expose an agenda of a certain looking back and re-evaluation of the 'travel trajectory' since the beginning of the 1990s. With a quarter of a century of change, this wave was already emergent in deeper social science account, although it was also attributable to persistent or deepening crisis phenomena, the explicit concretization of which became the borderline events of President Klaus's amnesty in January 2013 (virtually halting the prosecution of most of the ongoing cases of serious economic crime from the 1990s). The police crackdown on the Prime Minister's Office and the prosecution of suspected bribery of resigning MPs in the middle of 2013²²⁷ led, in fact, to a serious reconstitution of the political scene as it had long established itself in the post-1989 era and as we had known it for a long time, comparable perhaps only, as it turned out, to the temporary breakdown of the political scene in 1997 in connection with the so-called "Sarajevo assassination" and the differentiation within the ranks of the CDP.

company Lovochemie, or even the most recent, currently exposed 'small (kick) for home', which is no longer small at all (in fact, they have always been mostly relatively large at any given time). The European Commission (practically at all levels and sections of the very diverse subsidy titles directed to the Czech Republic) is forced to deal with them. Although, the only thing Babiš is currently being prosecuted for, actually one and a half decades after the fact, is indeed a literal 'small kick for home' (2 million Euro) practically implemented under the pretext of a 'family business' of his relatives.

²²⁶ The post-2014 crisis or alternation of modes of governance in this period and especially in its rather exclusively-dominant second four-year governing phase is not reflected that much yet. Apart from the phenomenon of populism also for the Czech context (against the broader background of CEE or the global wave), the aforementioned alternation, in terms of the even further advanced takeover of the state and the more fundamental alternation of the *Modus operandi* has not been more elaborately undertaken, e.g., it is rather individually identified only with its distinct manifestation in the form of the phenomenon of Andrej Babiš and his company Agrofert. Probably one of the few exceptions going beyond the individualized dimension is research on the phenomenon of business parties and political entrepreneurship (Kopeček, Hloušek, Chytilék, and Svačinová 2018), which attempts to take a more ambitious approach to the prelude and what came after it.

²²⁷ Besides, the public widely noticed the spectacular catch of the major Social Democratic MP and the Central Bohemia Region district Head administrator in May 2012 David Rath with 7 million Kč kickback money in the wine box.

On a closer look, this wave of reevaluating social science accounts stating the state of affairs after 2 decades of change could be identified in an increasing amount, let's say since 2011, i.e., as almost anticipating a certain socio-political crisis connected with the yet to come events of 2013. Before focusing this part of the closing third chapter on this specific social science wave, let's return to the question of conceptual waves in the understanding of social change after 1989, or more precisely, how their understanding is, in a prevailing extent in the Czech context, encountered.

In principle, in the Czech social science context, the dynamics and differentiation of this period, with regard to the events mainly on the economic-political borderline, are elementarily viewed from two perspectives. The first of these conceptualizations of social change after 1989 is associated with the term 'transition', cf. Di Palma 1990; Przeworski 1991; O'Donnell 1993; Pridham 1994; Linz, Stepan 1995; Diamond 1999), with the understanding that in this thinking the phase complementing 'transition' is democratic consolidation (Schmitter 1995; Holmes 1997; Plasser, Ulram 1998; Pridham, Agh 2001(eds.); Beyme 2001; Morlino 2001, 2002). In the Western social science context in the bipolar pre-1989, research on the countries and societies of the real-socialist camp had a unique position for security and strategic reasons. So-called Sovietologists or scholars focusing on Eastern European studies could neither sufficiently predict nor take much notice of the ongoing disintegration of the real-socialist camp and the final irreversible collapse within a few months. The collapse took them by surprise, and even more, they were unable to analytically imply possible scenarios of events to come when it occurred (for a more conceptual discussion of this see Burawoy 1995). Most of these experts assumed a gradual decomposition or perestroika 'transition' of the real-socialist camp within a matter of decades. The social scientists who were able to offer a conceptual apparatus and immediate scenarios of what was to happen next were those who dealt with the 'transitions' and decompositions of fascist and military dictatorships in Latin America and Southern Europe, and

in fact, came up with the concept of 'transition' when they analyzed the processes of political assertion of oppositions within these regimes and the emergence of coalitions leading to the democratization of these regimes. The analysis of the political and bargaining games leading to a change of government and the reconstitution of political forces on the scene is the main focus of this approach in uncovering the principle mechanisms of change and how what the proponents of this perspective call 'democratic consolidation' (the establishment of stabilized procedures of political competition and a functioning political scene with the usual right-left alignment of the political spectrum) is achieved. The most general characteristic of this approach is that it confines, in principle, the question of change and thus 'democratic consolidation' to the political sphere. In contrast to the Latin American countries and the Southern European fascist and dictatorial regimes, which, although with a high degree of state dirigisme, were market economies, the transition from communist regimes in Central and Eastern Europe consisted substantively in the transition from a planned economy to a market economy, or virtually the creation of a market economy from almost a scratch.

This aspect is taken into account more by the second conceptual perspective associated with the term 'transformation' (Stark 1995; Campbell, Pedersen 1996; Grapher, Stark (eds.) 1997; Chavance, Mognin E., 1997,1998; Stark, Bruszt 1998), which tends to be used, confusingly, in Czech even when 'transition' is in mind and which differs from 'transition' precisely by the characteristic implication of 'path-dependency' as the determining form of future development. This, in the context of post-communist society, means above all the so-called 'communist legacies' of diverse social practices inherently determining social paths and ways long after the end of real socialism. This perspective is thus not confined purely and immediately to developments in the political sphere but precisely inclusively covers the interface of different spheres – economy, society, and politics; it is aware of longer-term and more complex processes and in this sense its dependence on past developments, past

institutional and socio-organizational forms and decisions. The immediate pluralization of the political scene and the renewal of the democratic political system is, in this perspective, only a partial moment in a much deeper and more substantive social process dependent on whole chains of institutional decisions and chosen mechanisms long back in time, which may explain why seemingly straightforward and immediate political reform decisions do not work or carry with them unintended consequences that often work not in the desired direction.

In the Czech context, the contours of the predominant attachment to these two perspectives may be determined to some extent by the field of study. Most political scientists working on regime change in the context of post-1989 developments have tended to take a long-term analytical approach from the transitional perspective (e.g., Kubát 2003, 2004, 2013). Even with the authors who have practically introduced and established this approach (Dvořáková, Kunc 1994), however, as the study of Latin American regime transitions was at the center of their attention even before the advent of the regime change agenda in our country, a shift towards the second perspective or even further developed culturally bound explanations of regime change may be observed in their case (Dvořáková 2012). The second perspective of 'transformation' is disciplinarily associated with the sociological-economic edge (Mlčoch, Makhonin, and Sojka 2000) and to some extent with institutional economics, understood, at the time, as an alternative economic approach (characteristically Mlčoch 1996, 1997a 1997b, 1999, 2000). In a way, Kabele (1998, 1999a, 1999b, 2002, 2005) works with the distinction between these two perspectives. In the context of the sociological crowd in the Czech Republic, we encounter innovative insights associated with such processes and categories as modernization (Machonin 1997, 2005; Müller 1998), the middle class (Večerník 1998) or stratification more broadly, including elite transformations (Machonin et al. 1996; Machonin, Tuček 1994, 2002; Tuček et al. 2003, 2006; Frič et al. 2011) or also corruption (Frič 1999 ed.), the belonging to one of the two initially mentioned perspectives may often not be clearly evident.

3. 1. 1. The Break of 2013 and the Reflection of the Crisis of Governance in the Czech Republic in Czech Social Science in the Period before the ANO party of Andrej Babiš Took Office

Understandably, it is not easy to define all social change as such, as may be seen from just the extremely brief preceding one-paragraph summation indicating various aspects. For the following exposé, therefore, let's specify the spectrum of approaches to social change primarily by those borderline events coining essentially the extent of research but also implying perhaps the end of a specific era, i.e., the amnesty of President Klaus in January 2013 extensively halting the prosecution of ongoing cases of serious economic crime from the 1990s and the turn of the millennium, and the same year police crackdown on the Prime Minister's Office and attempted prosecution of traded resignations of MPs, which led, in effect, to a serious reconstitution of the political scene.

In this respect, the social science accounts offer initial takes presenting problematic aspects of social development in the light of economic crime and corruption. Of course, there is a spectrum ranging from a legal-technical-police understanding (Chmelík, Tomica 2011; Chmelík, Bruna: 2015:7-46, 117-158) through social perspective and the classification of the phenomenon and its impacts more broadly (Cejp et al. 2015: 9-91; Kotlánová 2012; Schelle, Tauchen (Eds.) 2013) to a primarily broader societal view implying the organized, white-collar crime and corruption at the political-economic overlap extensively as an inherent key aspect of the transformation (a.k.a social change in more conceptually-neutral terms) after 1989 (Šmíd, Kupka 2011; Naxera 2015; Ryska, Průša 2013).

A specific part of this last group involved focus on practical procedures and measures. While it might imply the technicist approach of the former group, it is primarily based on the society-wide deeper dimension and implications of economic crime and corruption at the economic-political borderline (see, e.g., Jansa, Bureš, et al. 2013; Vondráčka and Havrda 2013).

At the same time, in this, albeit practical and practice-oriented source, what may be encountered is an explicit bridge to what is referred to as lobbying in established free-market democracies (Müller, Laboutková, and Vymětal 2010), but, until relatively recently in the Czech context (and going beyond the time frame of the period covered by the research), did not have a legally or otherwise well-defined or established status (Smith, Prokeš (eds.) 2013), and what, in addition to the phenomena that the term lobbying normally covers, included what fell under corruption, conflict of interest and even serious economic crime²²⁸ (Vondráčka, Havrda 2013: 59-61, 79-81, 119-121).²²⁹

In parallel, or even in the first place, it is suggested to work with economic literature or economic-historical literature attempting to describe the development after 1989 in economic terms. Here it is worth mentioning, beyond the confines of the past six years, the study by Kočand and Lízal (2003),²³⁰ the overview work by Libor Židek (2006), or the almost positivist texts - returns to individual privatization steps and individual components of privatization by Karel Zeman (2015a, including restitution, see 2015b). We cannot forget Tomáš Ježek in his dual role as one of the initiating actors of privatization, i.e., also an expert in the last contemporary detail and an Economist dealing with long-term changes in the economy (2014: 139-242).

Although we could define other specific points of view (e.g., with regard to the development of elites [Frič et al. 2010; Frič Nekola 2011] or to specific cultures of decision-

²²⁸ For example, the trade in influence and access to politicians (see, for example, the 'workings' of the advisor-lobbyist-friend of Prime Minister Topolánek Marek Dalík, which were extensively discussed in court not so long ago) or corruption through lucrative positions in state companies (see the case of Prime Minister Nečas, which was one of the reasons for his resignation and the subject of court proceedings), etc.

²²⁹ At the same time, the aspect of highly organized and economic crime is extensively covered in investigative journalism and non-fiction. Whether it is a focus on key figures from the interface between the world of the Czech post and secondary privatization economy and the world of highly organized criminal groups (Mrázek, Pitr, Krejčíř, Provod, etc.[Kmenta 2015 and earlier publications Kmenta 2007, 2008, 2009, 2010; Kroupa 2011; Horálek 2010: 193-314, 414-428]) or key individual political or business figures who somehow stumbled upon this interface or came close to it (Mach [Mach, Šrámek 2011], Rath [Slonková 2012, Kedroň 2015], Babiš [Pergler 2014]).

²³⁰ Possibly others related to the research carried out in this study (see, e.g., Hanoušek, Kočenda, Švejnar 2007)

making in given institutions, such as the Czech parliamentary culture [Wintr 2010],²³¹ etc.), let us try to identify a circle in this specific wave of literature²³² aiming at a more general social diagnosis and thus having, now seen retrospectively, the ambition to anticipate the threat to democracy. In this spectrum of literature aiming at somewhat broader answers than those purely specialized in a given disciplinary field, one can identify several titles that in this sense make sense to confront each other (although still even for these it is not easy to detach oneself from the disciplinary prism).

Let's try to look first at the titles published before the actual breakdown of the existing long-prevailing 'practice order' in 2013 (the presidential amnesty in January, the police intervention at the Prime Minister's Office, the collapse of the Nečas's government investigation of ex-MPs.), but in a way anticipating it. In 2012, two titles were published that would be casually sorted on a political science bookshelf but which would also be assigned to different groups. Vít Hloušek and Lubomír Kopeček, although in their book *Saving the State? Caretaking and Semi-Political Governments in the Czech Republic and Czecho-Slovakia (Záchrana státu? Úřednické a polo-politické vlády v České Republice a Česko-Slovensku)*, seemingly technically discussed 'intermediate governments' between conventional classically politically constituted governments, actually present in a manner characteristic of one of the groups an understanding of the problem of arriving at situations requiring the emergence of so-called 'intermediate governments'. The political science literature, which focuses mainly on the functioning and patterns of electoral systems, especially in the Euro-Atlantic region, presents them as lapses in the functioning of a long-established political system, despite some sub-optimal characteristics, corresponding to established political and electoral systems. The

²³¹ Here, in a certain overlap with the literature on lobbying, it would be worth mentioning the third chapter in the recent publication by Říchová et al. [2015], which deals with the influence of informal actors on the final form of the amendment to the law on advertising devices along all types of roads in the form of an ex-post case study.

²³² Preceded only by a serious and longer-term threat to democratic practice.

underlying thesis of Hloušek and Kopeček's approach is that 'despite the dangerous tendency to assume that all problems will be solved by a more vigorous fight against corruption ... it also makes sense to have a professional discussion on topics that may not be so popular, but are directly related to the effort to improve the functioning of Czech democracy' (Hloušek, Kopeček 2012: 12). According to Hloušek and Kopeček, the root of the problem of Czech democracy lies in the inappropriately set electoral system, which has immediate implications for the political system as such and its limited capacity for effective or, as Hloušek and Kopeček put it, 'capable governments'. The remedy they offer for a quarter of a century of ills in Czech politics is a transition from the consensual nature of the political system to the majoritarian principle (Hloušek and Kopeček 2012: 25-26).

Michal Kubát's book *Contemporary Czech Politics: what to do with an ineffective regime (Současná česká politika: co s neefektivním režimem)*, published in 2013, considered the issue of the problems of governance in the Czech Republic since the 1990s in a similar way. Kubát spoke almost identically about the danger of 'replacing politics with "the fight against corruption"' (Kubát 2013:15-16). This thesis was further developed terminologically by Kubát when in his understanding 'society's struggle with corruption is part of the *political system*' (2013:16). 'It is a complex phenomenon that involves political as well as social, legal, cultural or international factors' and 'on the other hand, the problem of weak and unstable (not only) Czech governments is a problem of *the political regime* that should be solved within its framework (e. g. through constitutional changes, reform of the electoral system, etc.)' (Kubát 2013:16).

Looking at the second of the titles from 2012, it is immediately obvious how the starting point of the study immediately diverts from the above-mentioned studies. Vladimíra Dvořáková in her *Decomposing/Robbing the State (Rozkládání/Rozkrádání státu)* anticipated the coming climax of the crisis of governance in the Czech Republic. Political culture is the substantive

thing that determines the character of political practice. It is from this perspective that Dvořáková approaches the question of rules and political procedures, i.e., she addresses what is the real content of the actually existing practice of governance at the political-economic borderline apart from the technology or even mechanistically understood functioning of the political and electoral system.²³³ The key for her is the category or mechanism of compromise and how is practiced in a given political practice.²³⁴ From this perspective, she pointed out and presented the negative phenomena characteristic of governance in the Czech Republic (in the era before the rise of Babiš and the ANO party founded by him), noting the consistent tendency of unacceptable ways of achieving and using a compromise in the Czech political environment. Dvořáková links what she understands as existing 'logics of transformation' in the Czech Republic precisely to the nature of the practice of compromise, where 'we encounter compromise in our country more in the division of "spoils", in concessions that limit control mechanisms in relation to power' (2012: 31). Thus, according to Dvořáková, governance in the Czech Republic is approached through the prism of 'let's divide the boards, let's prevent investigations into the strange contracts we have been complicit in. The lack of votes to push through certain policies is solved by specific compromises that already take the pure form of corruption or blackmail'²³⁵ (2012: 31).

²³³ I.e., as given by the constitutional frame and electoral laws amendments.

²³⁴ Let us recall that the trigger for the government crisis and the resignation of the government in June 2013 was precisely the 'way of reaching a compromise' in the government camp and the passage of the budget and some other laws in Parliament (the resignation of three opposing ODS MPs in exchange for filling lucrative positions in state companies for them and their friends).

²³⁵ It should be recalled that Dvořáková's book study was published almost a year before the outbreak of the police investigation of Prime Minister Nečas and three ex-MPs of the ODS (whose actions are accurately described by Dvořáková's characterization - 'The lack of votes to push through a certain policy is solved by specific compromises that already take the pure form of corruption or blackmail' [2012: 31]) in one of the branches of a more complex investigation (another branch of which consists in investigating the influence penetration of the influential godfather-business groups under police investigation into the immediate vicinity of Prime Minister Nečas and the leakage of information from Prime Minister Nečas or his immediate surroundings regarding the seriousness or acuteness of the threat of arrest of key representatives of these groups).

Not surprisingly, in this light, the immediate concretization or terrain for describing such a compromise is the description and analysis of the emergence and functioning of the so-called 'Opposition Contract' (Dvořáková 2012: 31-37). Thus, from a more retrospective perspective, and even for the first group of the technicizing electoral-system approach, the question of the so-called 'Opposition Contract' (signed between ODS and ČSSD in 1998), or its follow-up – the so-called 'Tolerance Patent' (signed between ODS and ČSSD in 2000) comes into focus in these reflections, which, apart from the immediate practical aspect of governance in 1998-2002, are seen, in the first-mentioned group of authors, as the last more comprehensive and meaningful attempt of effective reform of the electoral and political system after the hectic establishment of the Czech Republic in 1992 (see Hloušek, Kopeček 2012: 28-30), and, as a point of irreversibility towards the hell of systemic corruption and clientelism for the latter group, whose starting point we have outlined here through reference to Dvořáková's study (2012).

Actually, in the longer term it may be said (and the question is whether it may be said even in the light of the several years of the ruling era of predominating ANO) that the struggle to identify the problematic and dysfunctional core of Czech political practice has centered around the interpretation of the so-called 'Opposition Contract' and the so-called 'Tolerance Patent' that followed it. Moving on to other social science accounts that may have already reflected the fractious events of 2013, this comes even more to the fore. Lubomír Kopeček devoted an extensive study to the so-called 'Opposition Contract' and the so-called 'Tolerance Patent' in 2015, in which he tried to present them as procedural solutions belonging to the standard mechanisms of functioning of Euro-Atlantic political systems.²³⁶ With Kopeček often explicitly responding to and trying to refute some of the facts and conclusions put forward by

²³⁶ It builds on and develops the theses and approach to the so-called Opposition Treaty presented earlier (see Hloušek, Kopeček 2012: 28-30).

the columnist of the social-critical weekly Respekt, Erik Tabery, in his extensive study on the 'Opposition Contract' and its legacy published in 2006²³⁷ regardless of the detail and thus the potential for depth of analysis of such a narrowed moment in recent history, he falls even further into overlooking the cultural-practical dimension of governance and its longer-term cultural implications and thereby privileging a formally technical-mechanistic understanding of the workings of the political system (see, e.g., Kopeček's 'de-mythicization' of the Television Crisis [2015:197-212]).

For the second group, more recent the position further developing text is certainly Michal Klíma's study *From Totalitarianism to Defective Democracy: Privatization and Colonization of Political Parties by Non-Transparent Business (Od totality k defektní demokracii: Privatizace a kolonizace politických stran netransparentním byznysem)* (2016)²³⁸ describing and implying the transformation of politics itself into an unfair business accompanied by the demise of the right-left conflict, which, as in the case of the authors of the first group, is not primarily associated with the emergence and assertion of 'entrepreneurial' parties such as Public Affairs (Věci veřejné), Tomio Okamura's Úsvit or ANO, and thus with the change of the long-existing party scene with two dominant parties, but is associated in its source with earlier developments within the political-party scene before 2010. Although Klíma's work makes reference to 'state capture' (2016: 15)²³⁹ and the analysis may be seen as broadly convening with this approach, there are still references and allusions to the second conceptualization wave in understanding the change in CEE as the primary manifestation of post-communism through the legacies of real socialism (2016: 20, 37-41).

²³⁷ In the second supplemented edition of 2011

²³⁸ It is a follow-up to his earlier study of the cartelization of parties on the Czech political scene (Klíma 2001), which was the first more comprehensive treatment of the political practice of the so-called Opposition Contract and the so-called 'Tolerance Patent'.

²³⁹ Klíma translates 'state capture' as 'the abduction or seizure of the state', but in the latter part of the text we stick with the more stable and perhaps more analytical, by the same token more sober, 'state takeover'.

Both directions, i.e., the 'technicizing' electoral-system approach²⁴⁰ and the cultural transformations of the economic-political overlap substantializing approach see the beginning of the second decade of the new millennium as a crisis turning point. However, the first strand discussed above views this development as the collapse of a relatively stable functioning political and electoral system which, albeit with some electoral-system design flaws, represented the classical stable political system as we know it from established Euro-Atlantic democracies, as opposed to the second approach, which sees this past political-economic structure as dynamically evolving in the direction of the culmination of self-destructive cartelization encoded and asserted in the newly established order from the very beginning (for most authors of this direction at least since the emergence of the so-called 'Opposition Contract').²⁴¹

3. 1. 2. Relation to Current Conceptualizations of Change in Central and Eastern Europe

In the introduction, the initial theorizing dichotomy of transition and transformation was distinguished; the transition-consolidation framework may be taken as the initial conceptualizing wave. The concept of transformation, associated with path-dependency and the inevitable role of the legacy of real socialism, may be seen as the second wave of theorizing and conceptualizing change in Central and Eastern Europe. However, how does the specifically Czech reflection based on the transition and transformation dichotomy correspond to the trends

²⁴⁰ If we label, or rather, if we characterize the first-mentioned approach in this way.

²⁴¹ For them, Jesus is not an attempt to reform-remodel the electoral system, as for the representatives of the technicist electoral-system approach, but an attempt to fix the clan duopoly and control the economy.

of other more recent waves of conceptualizing social change in CEE and beyond as known from the international academic context?

The third wave may be associated with such characteristics of development as 'premature consolidation' (Rychard 1996), 'restoration' (Wnuk-Lipinski 1999), 'unfinished transition' (Myant, Fleischer, et al., 1995), and last but not least 'state capture' (see Hellman 1998, Hellman, Jones, and Kaufmann 2000, 2003), which imply a limited capacity of the 'transition regime' to move towards a mature free-market order as a result of rent-seeking by existing actors involved in the transition and the resulting closed circles of 'steps towards change.' (regarding the third wave of concepts, see Tomášek 2018, 2010, 2009). These are precisely the result of overlapping newly emerging areas of economic and political interests and are explicitly reflected in the problematic regulation and institutionalization of the newly formed socio-economic and political system. The next phase in this insight, regarding disrupting these closed and looping circles of change - no change, was to be the processes of institutional Europeanisation, together with parallel less institutionalized mechanisms of sudden large-scale increase in foreign investment from the established 'old democracies.'

A hitherto unnoticed insight in the Czech context is the fourth wave in the conceptual approach to change that has taken place in the Czech Republic since 1989. This wave reflects a universal shift towards a discourse of 'varieties of capitalism' in the last 15 years or more (Soskice and Hall 2001; Elsner and Hanappi - eds. 2008, Hancké - eds. 2009). The question is whether identifying the inherent fully autonomous and disjunctive practices of Central European capitalism within this fourth wave of conceptual approaches to social change after 1989 (initially apparently Lane and Myant, eds, 2007; later, e.g., Norkus 2012), we address the analytical dilemmas as identified by previous waves of conceptualizing social change in Central Europe. May the current form of capitalism – free-market economy and pluralist democracy in the Czech Republic, Hungary, Poland, and Slovakia be recognized as a disjunctive social form?

Or are there even more varieties within this Central European version, and 30 years after the end of real socialism, there is its own distinctive 'Czech' version of real capitalism? (regarding the fourth conceptualization wave, see Tomášek 2018: 56-58)

The mechanistic-technical understanding of the functioning of the political scene through the study of electoral systems in line with the starting points and the view of rational choice, as we have encountered it among the authors of the first group and, at the same time, in the initial reflections of the culminating crisis of governance in the Czech Republic at the beginning of the second decade of the new millennium (Hloušek, Kopeček 2012, Kopeček 2015, Kubát 2013), may still be related most to the initial wave of conceptualization of change and mechanisms of change – the transitional-consolidation framework, i.e., the early style of thinking about the straightforward sequence and mechanics of change from twenty-five to thirty years ago.

The approach of Dvořáková (2012) and Klíma (2016) is much more in line with the third and fourth conceptualizing waves, as it is based on a deeper political-cultural approach to the actual dominant practices and the recognition of the practices of state takeover by dubious actors from the post-privatization economic zone still basing their "business" on the privileged extraction and exploitation of public resources (similar *modus operandi* to the one in the privatization era).

3. 2. The Question of Political Clientelism as Coming out From the Practice of the Initial Privatization Plan Implementation

In the prevailing first wave of analysis of the change in CEE as predominating extensively in the context of Czech social science, the root of 'distortions' violating out-right introduction of free-market democracy is explained by corruption or clan structures having origins in the past.

In this sense, however, it is necessary to distinguish between two crucial aspects. Particularly, when engaging with the explanatory frame of corruption, which tends to be immediately employed, one issue is the initial privatization procedure and its evolution in view of the political dominance of particular parties (Civic Democratic Party, Civic Democratic Alliance – representing a neo-liberal program at the time) that tended initially to omit legal and legislative regulation of privatization-related undertakings – irrespective of individual clashes of interest in the case of influential political figures (i.e., Miroslav Macek – an exemplary instance already from the first half of the 1990s).

The other aspect noticeable even at this early moment is privatization and the money of political parties. At this critical juncture, the key has been the phenomena of most likely extensive illicit input to political parties' finances by actors engaged in the privatization of various enterprises (e.g., Šrajber's case). Even though this may apparently foster using the label of political clientelism, it is actually a delicate matter to use this label as the spoiled essence of those privatization happenings has been more complex. This is not to say that elements of political clientelism are not present; factually, they became quite visible with the conclusion of the 'oppositional agreement' and following the split of the influential positions among the CDP and Social Democrats in the period of 1998-2002. The two aspects described above seem to be interwoven, which in turn makes an analytical reading of their consequences more difficult.

It appears that 'neo-liberal' negligence of legal and legislative regulation of the privatization process (as registered by Kouba, Vychodil, Roberts 2005, Večerník 2002, Vostrovská 1997) gained its own existential impetus and that this characteristic feature of the 1990s in the Czech Republic was neither coincidental nor ideologically bounded, but rather integrated the previously outlined key aspects of post-privatization in a more systemic sense. In the new economic system, which lacked domestic capital and which, at the same time, rarely

encouraged foreign investment²⁴², “new investment capital” needed to be “discovered” and introduced into the irritable bloodstream of the system. Thus, the original economic reform that set political forces into motion became a prisoner to the dilemma of conducting the reform toward the original free-market transition goals or of somehow muddling through the hopeless lack of domestic capital and entrepreneurial expertise while, however, maintaining political support at that time through prolonging “temporary” legal neglect in the still partially state-controlled economic sphere, and providing in this way inexhaustible opportunities for existing economic actors to “invent” necessary domestic investment capital while taking advantage of this half-way stage of unregulated capitalism. In this sense, it was quite crucially lagging behind with bank privatization, even though already by the mid-’90s it was already becoming clear that the true restructuring – reaching beyond short-term deals with local actors on the edge of temporarily delayed but nonetheless imminent bankruptcy – was to come only with the privatization of still extensively publicly owned banks, together with their IPFs, into the hands of foreign investors²⁴³.

3. 3. Toward A Culture of Grey Zones and Hybrid Patterns of Economy and Politics?

What is characteristic of the post-privatization period are the 'non-standard' developments that emerged raising serious questions as we turn our attention to the privatization-related financial deals of political parties. Even if the banking sector put aside²⁴⁴ the degree of mutual

²⁴² Limiting participation of foreigner capital in the first wave of privatization, also problems with transparent trade and business practices, legal regulation of economic practices and establishing the rule of law affected willingness of foreigner investors to invest as well as investment opportunities as such.

²⁴³ Aside from the more general danger of persistence of overall state dominance of the banking sector as apparent from mid-1990s imminent banking systems collapses in Baltic countries.

²⁴⁴ Czech political parties, in many instances, were getting loans from banks on the verge of bankruptcy. For example, Bohemia Bank had provided some 100 million Kč to the Civic Democratic Party (CDP), the Civic Democratic Alliance (CDA), and the Peoples’ Party, and it went bankrupt because the banker Antonín Moravec pulled out almost one billion Kč for his own firms over a period of time. The biggest official donation to the CDP in 1996 (3 million Kč) came from the firm Iceberg which was involved in bankrupting a number of small banks. Controversial loans for political parties might also be responsible for the fact that politicians purposely ignored the dubious management practices in one of the biggest banks. In mid-2000, the Investment and Postal Bank (IPB),

involvement between the political revealing of the sources of the CDP's finances at the end of 1997 led to the crucial shake sphere and privatized economy substantially affecting the environment and economic culture in place. The -up of the Czech political scene with the long-term effect of raising new lines of division. It is quite difficult to list the cases of dubious privatizations or even more post-privatizations that resulted in considerable donations to the budgets of governing parties. The extent to which privatization was related to "fundraising" may be illustrated by the statements made by some of the Civic Democratic Party leaders who left the party at the beginning of 1998. They claimed that the CDP possessed a secret bank account in Credit Suisse containing a minimum of tens of million Kč. Speculation about this account initiated the fall of Václav Klaus' government in November 1997. For years lasting police investigation – for long hindered by the necessity of presenting convincing evidence before saving cooperation from Swiss authorities – has not managed to substantiate those claims. The police investigation, however, revealed that 45 million Kč had passed through the account of Ludvik Otto, assistant to the CDP executive deputy chairman Libor Novák. Otto's private bank account was used for transfers of CDP money between 1995 and 1997²⁴⁵.

Another example of this kind of "party financing" is the gift of 14 million Kč received in connection with the privatization of Třinecké Steel Mills. Similar revelations led to the crucial decline and even to the exit of the Civic Democratic Alliance from the political system. In spite of these incidents, the CDP, under Václav Klaus' leadership, managed to keep its

the third largest bank in the Czech Republic and with substantial influence on the economy, experienced serious financial difficulties. After customers withdrew their funds, the IPB was placed in the hands of an official receiver and passed over to the Czechoslovak Trade Bank (Československá obchodní banka) in order to save the bank and prevent the "disappearance" of the bank's and its privatization funds' assets tangled in the complex frame developed to hide the growing share of unpaid loans, and to escape the supervision of the Czech National Bank.

²⁴⁵ The long list of privatized companies that were a likely source of those millions of crowns most probably involved Czech Telecom. The Dutch TV company KRO, one of the owners of the consortium that made the bid for a 27% share in the Czech Telecom Company, bribed politicians and civil servants in several CEE countries to get advantageous privatization deals. CDP and CDA representatives supported KRO's bids. The company later deducted bribes paid in the course of the Czech Telecom privatization from its Dutch tax record. Also, the prolonging of the company's monopoly violated the already concluded chapter covering telecommunications in pre-entrance negotiations with the EU. This led to an open confrontation with EU negotiators.

decisive position on the Czech political scene. It concluded the so-called “Oppositional Contract” with the Social Democrats, which enabled this left-wing party to establish the minority government after the elections in July 1998, in spite of the overall majority won by the right-wing and right-central parties. The court proceedings dealing with donations connected with the privatization of the Třinecké Steel Mills are characteristic of the long-prevailing perception of privatization-related financing of the political parties. Contrary to what one would expect, the case did not deal with the fact that a substantial subsidy was acquired by the former Czech tennis star Šrajber’s company²⁴⁶ while paying 14 million Kč to the CDP. Instead, the CDP’s treasurer was charged with tax evasion when he anonymously received cash which was divided so that the CDP could pay smaller taxes and was declared as the discrete donations of two entirely fictitious persons from abroad.

Similar payment for 'post-privatization' – following so-called ‘privatization by incest’, i.e., illicit taking over of decisive shares of a company with substantial state share through the company’s own money by the actual own state management – was paid to Social Democratic Party²⁴⁷ in the instance of taking over Most Coal Company by the management. At the time, when revealed, any proceeds regarding these illicit payments to the representatives associated with the Social Democratic party have not even been started as essentially the highest echelons of Czech state prosecution had been systematically long-term acting against the implications of Swiss authorities’ investigations and Swiss court proceedings.²⁴⁸

Certainly, it is easy to establish direct ties between the particular parties that controlled the decision-making on most of the privatization and even more importantly post-privatization

²⁴⁶ Šrajber, in another case, was convinced, after a time-consuming and perpetually obstructed process, for selling shares in holding of the IPF managed by him, under the market price, to the other IPF he owned. He even started his prison sentence before taking advantage of the last possible and justice minister-sponsored procedural recall to meet the head of the Lower House at the time - Václav Klaus in person soon after his release.

²⁴⁷ As proved by the investigation of Swiss authorities and their courts.

²⁴⁸ This changed only at the start of the second decade of the new millennium as the purposeful negligence grip on the Czech judicial system was relieved with the push for the new Highest state prosecutor (i.e., Pavel Zeman – coming from beyond the Czech judiciary), later on, accompanied by some new prosecutors at lower levels (noticeably Lenka Bradáčová as a new Prague prosecutor).

agenda (initially mainly the Civic Democratic Party and Civic Democratic Alliance, with Social Democratic Party joining later) and appropriations of particular assets in the given periods. Of course, what is usually considered of grey character or explicitly corrupted was widely present, but with regard to legislation, law implementation, and law enforcement, the essence of the problem – in the Czech context – was clearly systemic. In the Euro-Atlantic context, such mechanisms and practices would be considered clear and outrageous violations of the rule of law. Despite the fact that such occurrences may be personalized and thus put in line with classical corruption schema, changing codes and rules over the course of the transition and taking for granted the hesitance and delay in establishing codes and rules proper is shifting the essence of the phenomena into more systemic categories. For example, Miroslav Macek, CDP Deputy Chairman and one of the leading CDP figures at the time, bought the state book wholesale company in 1992 at extraordinarily preferential terms and sold-out valuable assets of the company with enormous profit in spite of the legal action of the company's creditors. In the end, Macek's claim, however, was that he had only done what any Czech citizen over the age of eighteen would have done in his place and the fact remains that he has never been held legally accountable for the creditors' losses, though he did finally step down from his political posts²⁴⁹.

In this sense, it is not so much the actors themselves who explain the overwhelming distortions within the transitory order but rather the specific economic culture that was established. They made possible the employment of a great variety of advantageous approaches and measures in the given economic environment even without particular financial linkage to

²⁴⁹ What describes the prevailing long-term character of the ways as emerged in the mid of 1990s is the fact that Macek soon after stepping down reemerged in the top party structures (at the time of turmoil leading to the split in CDP at the turn of 1997 and 1998), which did not, however, limited his "entrepreneurial" spirit. Macek has been able to openly extort a provision of 10 million Kč from Ernste Bank for help with their bit during the privatization of the Czech Saving Bank (Česká spořitelna), though he was in no official capacity involved in this privatization. Macek resigned unnoticed from politics in the middle of September 2001, as all public attention was turned to the tragic events in the US. Till today, for many of the core sympathizers of the 1990s CDP zeal regarding 'the real politics in crossover with the economy' Miroslav Macek, along with Václav Klaus, has been representing the golden period of CDP and the uncompromising ways how things should be practically done.

governing parties. Irrespective of the 'direct connections' between the governing political groupings and the economic sphere, the opening of space for autonomous economic activity, which, while certainly accentuating the realities of an inadequately and chaotically regulated order, nevertheless provided the governing coalitions with wide support as the heterogeneous groups profiting from such environment grew in strength.

3.4. Corruption²⁵⁰ or General Culture of Grey Zones and Hybrid Patterns of Economy and Politics?

In looking at the corruption present and tolerated in the Czech Republic extensively even essentially till today²⁵¹, the understanding that the naturally and extensively corrupted regional socio-economic and political system is on the way from being a 'state-dominated, and consequently substantially corrupt establishment' toward becoming a principally corruption

²⁵⁰ Closing decade of the millennium had been witness to a noticeable shift in the treatment of corruption on both academic and policy fronts (Williams and Beare, 1999: 115). Why in the '90s the phenomenon of corruption come to the forefront internationally (Anti-corruption initiatives of international organizations such as the World Bank and the International Monetary Fund, the OECE Anti-Bribery Convention, the formation of non-governmental organizations such as Transparency International) is the question in its own right. Frequently, explanations rely on that 'contemporary classical scapegoat' – globalization (for ex. Glynn, Kobrin, and Naim, 1997: 7). The answer, however, may be more prosaic; the shift of attention is possibly much more related to changes resulting from the events of the '80s, explicitly the collapse of the bipolar political, and along with that, economic division of the world, and general acceptance of the idea of a switch to free-market. In this sense, the processes that unfolded in CEE and in other ex-socialist countries became crucial to the qualitative shift in perception of the phenomenon of corruption. Most explicitly the Cold War-style of bipolar political thinking when regarding economic developments entirely evaporated from the discourse and made space for new developments in the discourse on factors hindering the efficiency of the socio-economic structures. On second thought, however, what seems to be crucial is the transition from a socialist state-controlled economic system to a free market economy, a process which, in the long run, may have somehow challenged the essential understanding of corruption.

²⁵¹ Viz long by all the means legally contested but now after all in court – second half of the zero decade case of deceitful extortion of 50 million Kč EU funds by the company of former prime minister and the head and 'founder-owner' of ANO party Andrej Babiš. 'Stork Nest project' – obscurely hybrid financed „public-private“ retreat with its own ZOO park, possibly, in a somehow explicit way indicates how EU funds have replaced 90s public and collectively owned assets extortion as a crucial source for „doing business“ commonly even by the most established private conglomerates and corporations, flagships of the Czech native economy so to speak (note that Andrej Babiš's Agrofert had its start in overtaking the business and costumers of Prague branch of pre-1989 Bratislava based agro-chemical PZO-Podnik zahraničního obchodu Petrimex – interpreted by some as tunneling/asset stripping of this original real-socialist enterprise, followed then by taking over and concentrating extensive parts of the agricultural, agro-chemical industry and chemical industry as such in the Czech Republic and Slovakia [Pergler 2014]).

free or effectively corruption-reducing socio-economic and political system, prevails. This clear-cut understanding of the switch from state socialism to a free market system, with regard to the phenomenon of corruption, is undoubtedly related to the logical consideration that fast privatizing and denationalization of extensive state property should have had a decisive anti-corruption effect. There have been, however, various occurrences in the course of the transition to a Euro-Atlantic-like free market economic order which essentially ruined this logically supposed linear progression of the process.

Methodologically, the key problem in this sense is the employability of the classical corruption analytical frames in a situation in which the state is quickly withdrawing or collapsing and the distinctions between state, collective, and private ownership and management become unclear. In the process of such withdrawal or collapse, dealings among those spheres are no longer legally and ethically regulated, which in turn establishes new mechanisms and a new rationality hardly comprehensible within the classical corruption frames of analysis based on the principle of clear-cut transfer between state and private. Corruptive exchanges that cannot clearly be conceptualized in this way nonetheless have represented the essential developments constituting the actual functioning of the present, by now long-established, socio-economic and political order in the Czech Republic.

It may be argued that in talking about the deficiencies at the intersection of economy and politics in newly established free-market/democratic systems in CEE, it may have been highly inadequate to use the explanatory concept of classical corruption to describe deformed and twisted practices that have emerged in the economic and political life after state-socialism, as this concept may easily be problematized in the CEE transitory context. This may be done by claiming that 1) absurdly, it is difficult to use the corruption concept in the transitory context since this phenomenon implies violation of certain codes or bridging of the prerogatives associated with particular positions and functions; yet such codes and prerogatives are hardly

present in CEE, in fact, they are only being created; 2) also, among the key features characterizing corruption, at least in most common interpretations, is its occurrence on an individual basis and that it represents in some way an extraordinary arrangement. Clearly, various stadiums of corruption can be defined (standard conceptual schema usually works with the scale divided into four categories – accidental c., spontaneously regulated c. organized c., systemic c. [i.e., Frič, Kabele 1999, 32-34]) though in my understanding even the mere label of the stadium called 'systemic corruption' is a contradiction in terms. Corruption ceases to be corruption anymore as it becomes the rule; it is a system functioning in line with the particular code and rationality – in other words, not representing distortions, but gaining a systemic essence in the sense that it develops systematically along with the actual reconstitution of the economic and political spheres.

3. 5. Illegality or Hybridity after State-socialism?

As the consequence of the legal weakening of the category of state/collective ownership in favor of private ownership (in the sense that state/collectively ownership has been too frequently privately exploited depending on individuals' social access and disrespect for the rule of law and ethical norms), economic exchanges have stopped being clearly distinguishable along the lines of state/collective – private or group interest. The newly emerging world after state socialism or real socialism as we more commonly describe it²⁵² has been characterized by a variety of crucial areas and mechanisms of murky exchanges which would be regarded as clearly illegal in the Euro-Atlantic context but which in the Czech Republic contributed substantially to the “founding” of private capital and the speedy injection of it into the veins of the newly established free-market system. These hybrid practices implemented in acquiring

²⁵² Although 'state-socialism' or 'real-socialism' may appear as mere synonymous labels, the 'state-socialism' implies more of the model or ideal type of pre-1989 regime characteristics, while 'real-socialism' represents, at the first place, down-to-earth true practices constituting the regime as it really was, i.e., in many instances not corresponding to such model 'state-socialism' theorization and abstraction.

ownership may have long affected the very concept of private ownership and shaped post-socialist entrepreneurship on the borderline of public and private spheres.

Thus, developments in CEE suggest a certain reevaluation of the clear-cut public-private distinction principle. Illegality in economic life in an advanced free market system tends to occur rather on an individual basis, in contrast to the situation, in 'transition' and 'post-transition' economies, wherein illegal and shadowy economic activities have rested very near to the fundamentals of the new socio-economic order and are constituted as an everyday practice. This is not incidental; illegality implies a violation of legal codes or a bridging of the prerogatives associated with particular positions and functions, yet such codes and prerogatives have been long hardly present in CEE; in fact, they have been presumably only being created or imposed from the EU level (i.e., in the sense of violating the essence of pre-2004 prevailing 'bank-socialism regime/economy' – dominance of 3 main state-dominated banks, originally, only allowed pre-1989 state banks covering all economy). Still, this is not simply a casual relationship. The extensively informal and shadowy character of the economy under the conditions of prolonged incomplete transition/transformation/social change and the ever-delayed road toward the fulfillment of transitory goals may be described in more systemic terms.

The execution and protection of ownership rights were thus, for a long time, the critical area as management has tended to take advantage of shares and securities in the portfolios of investment privatization funds (mostly set up by state-dominated banks), however, they were supposed to be essentially state guaranteed in view of the dominating status of a state in the banks starting them and running them, besides the elementary principle of respecting the interest of masses of small individual investors having shares in these IPFs, as a result of two waves of voucher privatization.

Similarly, originally state enterprise managements were taking advantage of shares of small numerous individual shareholders resulting from two waves of voucher privatization along with making use also of remaining state shares in the enterprises. This way illicitly generated capital corresponded to the conditions of a post-privatization economy characterized by insufficient amounts of internal capital resulting in – for the emerging economic milieu – devastating practices (i.e., buying credit from bank managements for a percentage from the credited amount into the private pocket of individual bank managers²⁵³, buying on credit and not paying, not using credit for declared purpose). This variety of phenomena may be understood as a certain nationalization of investment risks as it has been made possible extensively through the loans “policy” of banks subjected to state “control,” or rather non-control, as well as by bankrupting smaller private and cooperative banks or insurance funds, and then being bailed out by the state or through direct contributions from the state budget. This semi-legal repertoire of “entrepreneurial” practices was complemented by openly law-bridging mechanisms of capital acquisition, such as, for example, import duty evasion through the declaration of diesel oil as heating oil or other sophisticated import duty evasion schemes that were utilized throughout various sectors of the economy.

The question is as follows: can the free market so attained change fast and deep enough to approximate the Euro-Atlantic free-market model (which has got perhaps some ability to curb and maintain a low degree of illegal and shadow activities)? It has long appeared that it has been in the interest of those actors who emerged in this initial phase of change to prolong the prevalence of the specific ‘temporary economic order’ between real socialism and the free market (including the delay of the legal regulation of a Euro-Atlantic sort), as this continued to

²⁵³ Informal accounts of the practice spreading into public were indicating this „fee“ in the mid and second half of 1990s at around 10% of credited, i. e. handed out amount (credits more then too often have not been payed beck, particularly in the instances of repeated borrowers, many of classified credits have been settled for fraction of the original credited amount by acquiring it through intermediaries by original debtors from the Consolidation Bank/Agency). Intriguingly, Dvořáková (2012) in her more recent account of taking advantage of state and public funds assessed the “fee” at 20% of the value of the amount handed out.

allow them to maximize their advantage of access to a tremendous amount of – although formally privatized – still practically collectively owned property (IPFs, state-dominated banks as well as newly established banks, enterprises in part still owned by state besides substantial shares of small individual shareholders from voucher privatization in such companies and not the last frequently weighty IPFs stocks representing shares of the other extensive number of small individual shareholders from voucher privatization).

3. 6. After Entering the EU: Characteristic Fields of Dubious Practices at the Time of Entering EU, and FDI factors

As we have stated in the opening part of the text while distinguishing various waves in theorizing CEE social change, the concepts of the 3rd wave embrace external international correction, in the CEE context extensively associated with Europeanization, respective an impact of the EU-extension, as the major implication/next stage - key factor – along with foreigner direct investment – in violating the vicious circle preventing the achievement of more advanced free marked society and breaking away from half transformed transitory order²⁵⁴.

Conducted research drown on registering the instances of improper overlaps of economy and politics has been broken into two distinctive periods – first of these two crucial moments-periods – given by the patterns of practice as associated primarily with the stage of the change which may be labeled as post-privatization/secondary privatization (1995-2004), and – the second distinct period as marked by the EU membership (since 2004) associated with the reasoning in the direction of corrective effect of increased FDI and improved institutional environment due to the imposition of the EU law requirements.²⁵⁵ But is it possible to identify this crucial break and shift in changes of happenings and problematic undertakings in the

²⁵⁴ I.e. hybrid arrangements mixing the elements of free market open access economy with restrictive and selective nature of economic advancement and achievement as restrained by the overlap of economy and politics in the course of the switch from state-socialism – itself was decisively based on this overlap.

²⁵⁵ Both – the ones preceding the EU membership as well as the ones following the actual entering EU.

economy and at the overlap of politics and economy? With the turn of millennium and the process of inclusion into the EU, happenings and problematic undertakings became more visible and registered by press in the area of public tenders and contracts (e. g. in the area of various commissions falling under Ministry of Defense in particular).

What may be related to this area of public commissions and still to various post-privatization developments have been sudden miraculous enrichments of some of the politicians after they left office, though seemingly and by the form in a perfectly legal way (e.g., in 2007, social democratic ex-premier Stanislav Gross, on credit in tens of millions Kč, got shares in an energy company and then within a matter of short time sold them at the hundred million rate).

Distinctive fields of dubious practices such as entering the EU may have been associated with the workings of Consolidation Bank/Agency assigned with selling bad assets – classified unpaid credits largely from the post-privatization/secondary privatization era.²⁵⁶ Activities of Consolidation Bank/Agency involved various problematic sectors as described for the 1990s and the turn of the millennium and dealt with tremendous debts resulting from them. Consolidation Bank/Agency purpose was to auction classified claims transferred into its portfolio and to gain for the state at least something from its losses, i.e., unpaid credits primarily from the era of foreign investment excluding from large privatization in the conditions of ‘bank socialism’ (the portfolio of classified assets ‘for sale’ included some 100 billion of outstanding debts²⁵⁷). However, there were substantial signals that the claims in numerous instances were bought by debtors (through intermediaries), and in this way, they managed to settle claims made on them for a fraction of the original value of the claim. This way, throughout the first half of

²⁵⁶ Besides a wide range of various unpaid loans given by and resulting from ‘bank socialism’ institutional and systemic nature (period from the early 1990s to the start of the new millennium), particular classified unpaid credits were associated with the functioning of the National Fond that was, after the large privatization (i.e., consisting extensively of the two waves of mass-privatization through vouchers in 1993 and 1994), responsible for various leftover state-owned assets and dealing with them in the post-privatization/secondary privatization era.

²⁵⁷ For some of the elementary information and statistics regarding the Czech Consolidation Bank/Agency, see Loužek (ed.) (2007).

the zero decades, the whole new arena of further extensive “nationalization” of investment risks emerged (irrespective of the Czech Republic EU membership coming near and the EU insistence on prohibiting preferential public support to selected companies).²⁵⁸

Above extensively described practices of the 1990s and the turn of millennium contributed decisively to establishment of specific politics-economy border regime described as ‘transitory order’; the key characteristics of this particular socio-economic order and political formation as they emerged from the crucial area of overlap of economy and politics at the time of CEE social change may be somehow in very short summarized as failures in the execution and protection of ownership rights (for the Czech case drawing attention to that Šulc 2002, Mlčoch 1997a, Mlčoch 1997b, Mlčoch 1999, Mlčoch 2000a, Mlčoch 2000b). The large privatization as essentially excluding foreigner investment and this way even more sharpening lack of badly needed investment capital²⁵⁹ resulted in post-privatization/secondary privatization developments extensively based on “nationalization” of investment risks (for the political-economical context described to various degrees by Žák 1999: 291-297; Klvačová 1998: 105-122; Kapička 2000: 201-213; Havel 1997; Kouba, Vychodil, Roberts 2004; Cull, Matesová, Shirley 2002: 1-25; Tomášek 2001, 2002a, 2002b, 2006) along with last but not the least utilization of unethical and even law-bridging mechanisms throughout the whole various sectors of the economy (see e. g. Fassmann 2003).

Even though, at the end of the day, economists focused on the macroeconomic development of the Czech economy present the growth dynamics emerged since 2000 till the start of the crisis of 2008) as related to the corrective effect of dynamically increasing FDI and improved institutional environment due to successful imposition of the EU law requirements

²⁵⁸ In particular, various attempts to reclaim assets overtaken by the Czechoslovak Trade Bank after the collapse and overtaking of the Investment and Post Bank, ending then in the Consolidation Bank/Agency.

²⁵⁹ Besides managerial and economico-cultural capital so to speak.

(Spěváček, Vintrová, Hájek, Žďárek 2006), accounts heading towards further Varieties of Capitalism theorizing – i.e., going beyond the 2nd and 3rd wave in conceptual understandings of CEE change – evaluate the effect of the EU membership (including the increased dynamics of FDI) with crucial reservations. Thus, particularly in the case of the Czech Republic, a substantial effect of strong interest groups, ineffective enforcement of legal rules, and corruption in spite of EU membership was indicated (Geršl 2006).

It has appeared for a long time that the self-sustaining culture characteristic of the economic sphere, as overlapping with politics, is hard to be substantially alternated through factors and agents existing within the Czech internal context. The vicious circle has seemed likely to be broken in a decisive manner only through the interference of external factors: firstly, the EU legislative requirements and other prerequisites that were supposed to be fulfilled in the process of CEE countries' accession to the EU (for the particular Czech context see Ježek 2004: 38-49, Wawrosz, Slováčková 2001: 125-174, Klvačová 2001: 5-25) and, secondly, through the 'spill-over' of Western European respectively the original EU 15 entrepreneurship and direct foreign investment (Němcová 1997: 163-67, Zemplinerová 1998: 329-343, Tomšík 1999: 126-146, Chalupský 2002: 23-31). In this way, the EU, along with an overwhelming increase in foreign investment particularly from the Euro-Atlantic area may have emerged as the key factor in limiting failures of free-market and changing these prevailing socio-cultural patterns in the economy. In view of the eastward enlargement of the EU, the massive influx of foreign investment (at all various levels – importantly leading, more than after the whole decade, to the privatization of the banking sector as such) finally started to cover, to a greater extent, the decade-long shortage of investment capital from domestic sources. Thus, the mechanisms of – euphemistically speaking – “inventing domestic capital” through the “nationalizing of investment risks,” i.e., the doubtful, dubious, and shady ways of capital attainment characteristic for the times of post-privatization/secondary privatization in the conditions of so-

called 'bank socialism' seemed to have a chance to be substantially limited. This seemed a straight way for a crucial push towards a higher quality of the free market system and economic culture and environment preconditioning it²⁶⁰. The insistence of the EU on increasing the efficiency of the courts and law enforcement – an impulse for improving the rule of law so to speak – has aimed at wiping out the persisting law-bridging mechanisms as characteristics for the 1990s and the start of the new millennium throughout numerous essential economic sectors.

It may be argued that the 'spill-over' mentioned above, as associated with the influx of direct Euro-Atlantic investment, started a long time ago as, after all, there had been numerous instances of foreign investment even at the beginning of the 1990s and since then. But hitherto results do not imply that much of a decisive breakthrough in the implementation of advanced practices and patterns due to the FDI increase. The dynamics of the 'spill-over' effect in the particular CEE context seem to be somewhat more complex. Thus, in the Czech case, throughout the 1990s and the start of the new millennium zero decade, there were numerous instances when foreign investors tried to exploit twisted local rules and practices (instances of harming small shareholders at the moment of gaining the majority share by a dominant foreigner shareholder) and this way happened to sustain and further develop exploitive practices violating after a big delay introduced regulations. In general, the foreign investors, still not so overwhelmingly numerous, were to go along with the local "rules" and peculiar economic culture or they risked dropping out. It seems that the actual 'spill-over' effect may happen only as FDI reaches a certain overwhelming momentum or a critical mass in the context of the given economy; the 'spill-over' effect, as associated with the growing FDI, does not appear to function according to the rules of a simple linear function.

²⁶⁰ It may be speculated to what degree the dynamics of FDI and positive impact of entering the EU has assisted coming close to the Maastricht criteria regarding state budget deficits and overall public debts as having connection with what has been usually termed 'costs of transition', i. e. state-covered debts produced in the course of change by banks and enterprises (at the moment of becoming an EU member, these forms of public support should had effectively be ceased).

Similarly, the EU legislative requirements and other prerequisites that were supposed to be fulfilled in the process of CEE candidate countries' accession to the EU – either as precondition qualifying for membership or at least later as an effect of the factual incorporation and functioning within the EU context – turn out to be dubious. Many of them even as they were a precondition for becoming an EU member have never been accomplished or their ambition to enforce transparency, open access, and cost-effectiveness along with developmental catching up was essentially doubted and, on the contrary, became the source or – better said – a new occasion in changed circumstances for sustaining hitherto grey zones principles at the overlap of politics and economy. In the Czech post-accession context characteristic feature of this creative maintaining of hybrid order had been for more than a decade the case of the Civil Service Law actually the original precondition for the EU membership that has materialized and gone into effect only more than a decade after the Czech Republic becoming EU member. The law was passed, but its coming into effect had been continuously delayed for years under various pretexts, putting the law in doubt and implying a need for a new law that has not been worked on.²⁶¹ As legal provisions for professional civil service had not been for the whole era in place, instead – missing professionalized civil service and party nomination of even relatively low-rank ministerial employees every time government had changed had been indicated as one of the fundamental conditions safeguarding hybrid and gray nature of interactions mingling politics and economy.

Various procedures and provisions designed by the EU to fasten the development of advanced market democracies have been pushed into a somehow similar position. Rather than be about development, they become, euphemistically speaking, “the sources of capital means” regionally appropriated by cross-political clan networks from the overlap of politics and

²⁶¹ With regard to this specific hybrid regime, the parliamentary phenomenon of so-called 'add-ons' (uncontrolled ad hoc 'add-ons' - additions not related to the actual content of the bill debated in the Parliament) has long belonged to a similar area of characteristic procedures.

economy. The EU-financed programs have been taken advantage of by these groups and saturated for post-privatization era sources and opportunities of expropriation (at the expense of collective owners or public ownership) in the 1990s and at the start of the new millennium.

The parties that came to force in the parliament elections after the earthquake triggered by the police investigation of the Premier's office and several CDP ex-MPs in June 2013 mostly declaratively identified with or at least partially agreed with the initiative of an association of anti-corruption NGOs called 'Reconstruction of the State,' (Rekonstrukce státu) which proposed nine partial legislative initiatives²⁶² intended to systematically approach the extensive intertwining of economy and politics and to enable the restoration of the elementary foundations for moving towards mature free-market democracy in the Czech Republic. Most of these legislative proposals or the most severe problem areas essentially replicated or substantially overlapped with the critical problem areas at the time in the first half of the 1990s. Insufficient elementary regulation along with the steps regarding corruption was not implemented in the first half of the 1990s and, essentially, these were as most critical problems perceived 20 years later (cf. the issue of not only anonymous shares but more broadly, the lack of regulation of investment privatization funds and their functioning on the capital markets and share transactions more generally, de-politicization of the state administration, independent investigations into corruption, the powers of the National Audit Office - Nejvyšší kontrolní úřad, the issue of regulation of lobbying, transparency - public access to contracts concluded by public offices and state administration, the issue of political-clientelist management of public companies or companies with decisive public share, politicians' asset declarations in order to have politicians without secret sponsors).

²⁶² Abolition of anonymous shares, de-politicization of the state administration, laws without add-ons, independent investigation of corruption, an extension of the powers of the National Audit Office, publication of public contracts on the Internet, state firms managed professionally - end of, in Czech so-called 'trafik' ("retirement" positions for politicians dropping out of politics) in state companies, property declarations of politicians, politics without secret sponsors.

Similarly, ten years later, EU accession, or rather the expected pre-accession and accession-related reforms, touched on most of these areas, and their solution was seen as an elementary prerequisite for EU accession. The elementary shortcomings of the existing socio-economic regime, as they have been designated by these initial problematic areas of regulation, have started to be answered, with never-ending problems, with a delay of two decades or a quarter of a century (the demands of the united social initiative 'Reconstruction of the State' from the turn of the first and second decade of the new millennium), define and identify important features and principles of a hybrid system between state socialism or, better said, real socialism and advanced free-market democracy. That is to say, a 'hybrid system,' if to call it that, consists of the paradoxical, contradictory combination of the 'advantages' of both these arrangements to generate privately appropriated capital from publicly and collectively owned resources.

Initially, this character of the socio-economic regime may be identified in all Central European countries struggling with social change. Still, with time, it is possible to consider a certain variability in the development or the degree of sustained hybridity of this regime. Thus, in relation to some countries, rather initial hybridity would be spoken of and, in this context, borrowing from Marxist theory, in a kind of analogy of an initial accumulation of capital followed by, or tending towards, the development of more advanced forms of free-market democracy and thus moving away from this initial hybrid form.

Differently from that, in the case of some other countries on the opposite pole, it has been rather than the initial unavoidable hybridity given by the moment of starting privatization processes in the immediate post-1989 context with its characteristic practices has long persisted and its maintenance as a basic *modus operandi* emerged as a characteristic feature of the long-maintained regime and its accompanying specific socio-cultural forms. That is to say, the initial accumulation of capital is transformed into a more permanent and systemically long-term state,

whereas in the Central European context the 'initial accumulation of capital at the expense of public and collective owner serving to initially set up the free-market regime is not limited in development and time and becomes a consistent key characteristic of the regime, which thus retains its hybrid character with elements of real-socialist functionality and rudimentary free-market arrangements for a long time.

The style of 'primary capital accumulation' at the expense of the public and collective owner persists and after the privatization and post-privatization potential of the de-ethatising economy has been exhausted, other areas at the economic-political borderline are being 'uncovered' in which resources are appropriated at the expense of public and collective ownership (e.g., through public contracts) without, or with, the limited investment development effectiveness of the resources reacquired in this way. Rather than the appropriation of capital for further development, these become rents, the maintenance of which, euphemistically speaking, "requires" also its "investment" in flexible and innovative maintenance and adaptation of a hybrid regime exposed to repeated serious institutional challenges (pressures to achieve the original transformation goals of the reforms of the first half of the 1990s in the later 1990s). The pressure to achieve them came to the forefront again at the time of EU accession; this time it was pressure from the outside, i.e., outside the framework of hybridized actors, practices, and institutional forms, and again in the first half of the second decade of the new millennium, this time under the pressure of the 'initiative of the initiatives' -'Reconstruction of the State' in the pre-lapse moment of the impending crisis of the political order as known for a long time - practically since the early days of the Czech Republic in the first half of the 1990s.

Although Central European countries are stereotypically presented as identical countries in terms of economic characteristics, historically and economically there are fundamental differences between them. Poland, Slovakia, and Hungary are historically agrarian countries that, after partial industrialization in the 19th century and the follow-up between the world wars,

accomplished industrialization in full in the course of real socialism, including the characteristic features of this industrialization (heavy industry-oriented industrialization in the Stalinist period and an overall underestimation of consumer production). The Czech Republic in the inter-war period and even before that was a widely industrialized country, an industrial leader, regionally, even before the arrival of real socialism, and the shift to an emphasis on heavy industry in the Stalinist period brought negligence of developed consumer industry.

This character of the diverse industrialization and its pace was still reflected in diverging economic levels even at the close of the real socialism and although the Czech Republic has been at the head of the peloton of Central European countries trying to catch up with the old EU countries, this 'head of the peloton' position is largely due to its rich industrial past before the beginning of real-socialism. Although the Czech Republic is gradually approaching the average level of the 'old 15-member EU,' other historically long agrarian Central European countries, and especially Poland, are coming closer as well and much faster. Taking into account this specific comparative dynamic, could this be explained through the nature of the accumulation-capital processes in the individual countries or by the relative prevalence and oscillations in the region between the two poles regarding accumulation or long-term persistent unproductive appropriation explained above?

For the Czech Republic in this case, given its long and constant relative lagging behind, or better said in relation to its developmental historical position as a highly industrialized country before the arrival of real socialism, the limited dynamics of approaching the level of the old EU members, and this way rather the Czech Republic catching up with historically more agrarian-profiled countries with a much more recent history of full industrialization, the prevailing and long-term assertion of post-real-socialist appropriation of capital into long-term rent maintenance model and with it the establishment of a hybrid regime culture could be the explanation.

Conclusion: Illegality or Culture of Hybridity?

When trying to summarize the characteristics of the achieved stage and identify the key elements determining the recent prevailing practice of Czech and perhaps even more generally Central European capitalism (if recent years of ANO business party prevalence taken as certain resultant spin-off after the happenings of 2013 and following reconstitution of the political scene) the most revealing disclosure appears to be the identification of hybridity in two dimensions.

Leaving aside the question of the primary and secondary hybridity of CEE regimes regarding their development in the last quarter century²⁶³ (i.e., since 1995 - the beginning of the post-privatization processes in the Czech Republic), what comes into the focus is the hybridity of the prevailing order in the areas of mutual overlap between politics and economy and the secondary influence of these initial elements of the hybrid model on the broader political and economic environment (not directly embedded in the immediate actions and dealings of clientelistic networks). Identifying a sphere of the environment that is not about the initial appropriation of capital for the start-up of entrepreneurial activities and the launching of a new economic system immediately after 1989, but the environment in which the principle of rent is enforced, the maintenance of which 'requires' its 'investments' in the flexible and innovative maintenance and adaptation of the hybrid regime and its wider social longer-term anchoring beyond its own immediate structures of economic-political overlap technically embodying this regime.^{264, 265}

²⁶³ That is, the primary hybridity given by the immediate circumstances of the suddenly emerging reform, associated with the analogy of the initial accumulation of capital in classical Marxist theory, versus the degree to which this hybridity is maintained or sustained over time, and the transition to a secondary persistent hybridity functionally associated with the assertion of the model of a permanent annuity from publicly and collectively owned resources.

²⁶⁴ I.e. in the sense of its quite immediate economic pragmatic *raison d'être*.

²⁶⁵ The past few years of the 'ANO movement' blending into the state and society – going beyond the temporal boundary of the research period focus – may arguably be considered as this 'wider social longer-term anchoring', if going beyond the commonly offered and applied anxiety of the sudden (imminently threatening or imminently happening) 'collapse of the democratic regime'.

The second dimension concerns identifying the hybridity of the prevailing order over time in the sense of an implicit major change from one social system with characteristic cultural practices to another system with codified assumptions and expected cultural practices, that is identifying the important features and principles of a hybrid system between state socialism and advanced free-market democracy – using the paradoxical combination of the 'advantages' of both these 'arrangements of the society' and their associated cultural practices to extract private rents from publicly and collectively owned resources. When speaking of real state socialism, we are usually not in the first place referring to the state-directed principle of the political-economic regime of the time but to the grey-zone character (beyond formal regulations) of economic activities that extensively characterized the practical functioning of the regime and people under it at the time.²⁶⁶

Three objections may be raised when thinking about altering patterns of acting on the background, or better said, in the settings of changing eras; is it viable to refer to canons in the 'non-cultural sphere of creation', i.e., the sphere of politics and economy overlap?, if it is feasible, does that hold even to refer to canons when they are, anthropologically speaking, models of behavior that have established themselves in a relatively short period of time, a little longer than a quarter of a century.²⁶⁷ The third paradoxical objection raised by the research exposé is whether we may speak of a canon of hybridity when hybridity by definition implies a certain instability and flexible change. The impact of long-term established and longstanding influencing behavioral patterns has been extensively at the core of 'transition/path-dependency' concept wave working endlessly with the unbridgeable 'path-beck' driven, what used to be called – 'communist' or even 'Leninist', legacies. Switching to a more 'canon' based

²⁶⁶ Here we strictly differentiate from the political understanding of the term 'grey zone' in real socialism referring to the environment between a clearly oppositional dissent and a majority population conforming to the regime.

²⁶⁷ i.e., in Central European context

understanding²⁶⁸ and perspective of changing canons gives²⁶⁹ social actors emerging on the scene throughout the change more power in presence rather than in the past and more of a projection towards the future rather than to the past.

Substantially, this paradox leads to the question of whether hybridity is not the characteristic feature of Central European capitalism or rather of the transformation to a free-market system. At the same time, we may ask whether the capacity for hybridity is not a more general feature of contemporary globalizing capitalism, as we have seen the crisis and threat of the collapse of large parts of the financial system in the second half of the first decade of the new millennium in the most of advanced capitalist economies, a.k.a. free-market democracies, as a consequence of the risky, unregulated, and inherently paradoxical rent-seeking financial operations of the banking sector bailed out globally with public funds on an unprecedented scale.

Emphasizing a more European dimension in our research exposé, what may be noted is the journey from the neoliberal rhetoric of the period immediately succeeding real socialism through the evolving, 'hybrid context' of the 1990s and in the first millennial decade (accompanied by the rise of Eurosceptic tendencies rejecting European interference) – to a certain reversion the original position, with European subsidies becoming a cardinal source compensating for the appropriation of collectively and publicly owned resources during post-privatization/secondary privatization (i.e., the confiscation of the masses of small investors' privatization shares, or more generally, citizens' shares as shareholders of public assets during the unsparing 'squandering' of these assets). Becoming a temporary recipient of enormous resource flows has led to the 'fracturing of the spikes'²⁷⁰ of Euro-skepticism in mainstream right-

²⁶⁸ I.e., as in usual art-context reference, when canons, although in the very core of artistic activity, are, at the same time, susceptible to change.

²⁶⁹ In the understanding of social change in the Czech Republic, which was intended to be exposed in the theses text extensively.

²⁷⁰ As the common Czech expression 'olámat hroty' goes.

wing parties (mainly CDP). Paradoxically, although the vast array of EU subsidies is considered to be part of the Europeanisation corrective mission, they have to no small extent become an element in the Czech Republic that has sustained post-real socialism hybrid forms in the juncture between politics and the economy to the present day (e.g., the much-exposed situation of Andrej Babiš and his Agrofert).

As has already been noted, developments in CEE may necessitate a reassessment of any clear-cut public-private distinction. Illegality in the economic realm in advanced free market regimes tends to happen rather on an individual basis, in contrast to the state of affairs, in 'transition'/'post-transition' economies, wherein illegal and shadowy economic happenings have rested very close to the foundations of the new socio-economic regime and are established as a commonplace practice. This is not incidental; illegality implies a breaking of lawful codes or a bridging of the prerogatives related to certain positions and roles, yet such codes and prerogatives have been for a pretty long time barely present in the Czech Republic and CEE more generally. As a matter of fact, they have in many instances been established and made compulsory presumably only from the EU level. This is not just a random connection. The widely informal and shadowy nature of the economy in the circumstances of prolonged incomplete transition/transformation/social change and the ever-delayed road toward the accomplishment of transitory goals may be designated in more systemic terms.

Our reevaluation of the clear-cut public-private distinction became in the course of research more complex, though. At an early stage, we identified two crucial moments-periods as 'analytical units': a) patterns of practice as they were associated primarily with the stage of change that may be labeled as post-privatization/secondary privatization (1995-2004)²⁷¹, b) the period following entrance into the EU (2004-2013), as being closely related to the presumed

²⁷¹ Processes following the formal, not much – often falsely – regulated, privatization in the years 1991 – 1994, respectively, various ways of all-embracing privatizations ('velká privatizace') including two waves of voucher privatization.

corrective effect of increased FDI and an improved institutional environment due to the imposition of EU law requirements (however, at the same time, representing the evolving stage for the recent comprehensive and complexly overwhelming state capture 'power- thrilled' by the post-accession extraordinary influx of various extensive EU funding).

The second period-'analytical unit', initially, and also somehow in the 'logic of research' associable with usual reasoning and expectation regarding the corrective effect of EU membership and related increased FDI has developed substantially quite far beyond the mere time-sequence period in the research (and the solution to the initial research problem-issue of the first research period) as conveying an unanticipated result.^{272, 273}

In this sense of economic actors operating on the borderline of politics and the economy looking for further opportunities to take advantage of public sources, the second, post-2004 period markedly involved the phenomenon of EU funds, which may represent extensively the essence of the period of 2004-2013 (however the scale of the problem emerges only retrospectively^{274, 275}).

Coming to the period following the post-2013 shift to business party politics²⁷⁶, it is important not to omit changing nature of this extortion at the borderline of politics and the

²⁷² Distinctive categories, or even the whole quite extensive list of categories of ambiguous and grey phenomena on the overlap between economy and politics happening to evolve from or, in some way, replacing previously existing categories from pre-2004 era.

²⁷³ Let's note that the thesis research proposal with two periods design-outline was accepted in the mid of 2014.

²⁷⁴ Only in recent years and not long time ago concluded trials which still evolve as some of the accused after being convicted decided to cooperate and reveal the highly positioned political figures involved (i.e. the regional Governor of Ústecký region on behalf of Social Democracy Jana Vaňhová in the case of 'North-West NUT', along with 27 local CDP and Social Democracy associated figures and local entrepreneurs, similarly the case of Central Bohemia regional Governor on behalf of Social Democracy David Rath involving extensively EU funds has been already mentioned). Latest estimates after all various years lasting court proceedings end up at 14 billion Kč worth of EU funds manipulated only in 'North-West NUT' – consisting of Karlovarský and Ústecký region (and only in the years 2008-2011), see ČTK (Czech Press Agency) Oct. 12th, 2022 ('Radil jsem se s kmotry ODS, které projekty máme podpořit, řekl exšéf dotačního úřadu', Aktuálně.cz, <https://zpravy.aktualne.cz/domaci/kusnierz-soud-dotace/r~9b450fd84a2111edb1f50cc47ab5f122/>, Oct. 12th, 2022)

²⁷⁵ Recently replaced ANO-led coalition cabinet (tolerated by the Communist party), e.g., as attempting to deflect attention from suspicion of substantial and extensive clash of interest and inappropriateness of drawing from the EU funds by the corporations, Andrej Babiš benefits from, has conducted bias campaign drawing attention to the amount of EU funds which have had to be paid back in the preceding EU funding waves.

²⁷⁶ Taking over the Ministry of Finance besides number of other ministries by the representatives of the ANO business party of Andrej Babiš and following the elections of 2017, even more firm control over numerous ministries, this time without the consent of the Parliament; from July 2018 obstruction of 5 ministries overtaken

economy. It seems hard not to notice that from the level of corrupting single regional representations of political parties²⁷⁷ and the emergence of cross-party corruption networks through infiltration by economic players of a grey nature (or existing economic actors turning grey by mingling with politics in the context of the existing spectrum of political parties) we get to the situation where a single business party takes over²⁷⁸ key ministries.

This single business party is often embodied in the party founder's or his closest associates' rule over these ministries, among other ministerial agendas and processual matters, in line with the interests of the party founder. Lower-rank ministerial officials and various state officials associated with crucial state agencies and institutions tended to go along with these lines, not contradicting the business interest of the founder, or even were willing to go into lengthy judicial battles with the EU in an attempt to keep decisions made despite a conflict of interests (regarding steady flows of public funding and contracts worth billions Kč) binding and sustaining the flow of public support to businesses that happen to belong under one particular corporation.

The question though, is how far or to what degree this qualitatively new level of mingling economy and politics is really new, respectively where it started? The structures and "business model" associated with Andrej Babiš have been here, meaning in the lobby and the MP offices of the Czech Parliament, not to speak maybe more importantly of the cabinets at various ministries, since the second half of the 1990s and these structures have been able decisively to affect even the major legislative acts and Ministries agendas (privatizations) since

in the coalition government by Social Democrats from the side of the President Miloš Zeman (Ministry of Foreigner Affairs, Ministry of Culture and Ministry of Agriculture as effectively shifted under control of a lobbyist nominated and pushed through by Zeman) deeply engaged in mutual pragmatic cooperation and cohabitation with Andrej Babiš's ANO business party (ANO's and Andrej Babiš's support of Miloš Zeman's bid for presidency in 2018).

²⁷⁷ Or by individual single persons or few persons generated instances of corruption schemes within the agendas of single ministries (in the CDP led governments preceding the Social Democratic led coalition government with ANO and the recent ANO led government).

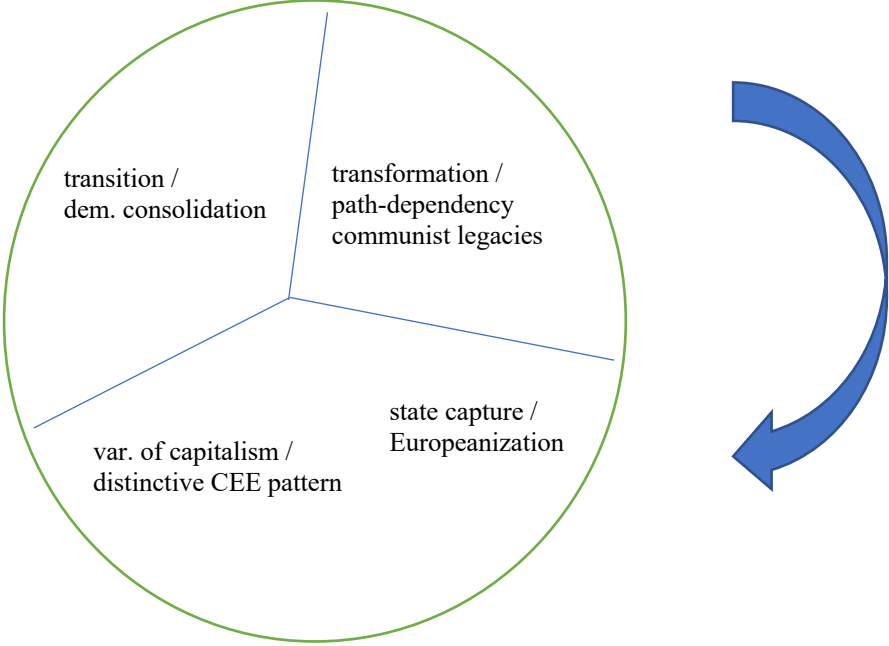
²⁷⁸ The founder and "owner" of the party happens to be, in the current Czech Republic context, one of the leading and most prosperous "winners of transformation," i.e., exploiters of 'transitory order' as described throughout the previous text.

the turn of the millennium (e.g., privatization of Unipetrol). Is not the progression of those structures into the open parliamentary and party politics arena sort of lowering the curtain and revealing the processes which have anyway been present here? Though not with such a disproportionally privileged position regarding one particular group from among a variety of such groups-structures.

Linking the first and the second part of the thesis brings two results 1) at a certain conceptual meta-level, in contrast to the initially presented 'stages schema' a 'cyclical schema' emerges (the path from transition through transformation and later state capture to Varieties of Capitalism returning back to the beginning - transition and trivial issues of purely and most elementarily understood democratic consolidation, see table-scheme no. 7);²⁷⁹ and 2) on a more immediate empirical level, regarding the chosen research period 1995-2013 (and subperiods), the assumption of the corrective role of EU membership falls into problematic light, particularly as enormous almost unmanageable amounts of EU funding happen to be grabbed extensively by dubious groups and structures as a replacement for asset-stripping and tunneling opportunities from the times of the 'secondary privatization'/'post-privatization' of the second half of the 1990 and turn of the millennium.

²⁷⁹ From a waves-stages understanding to a cyclical scheme of understanding. The issue of the character and patterns of progress/development is a classical sociological or historical-sociological question. In view of the Czech context of this theorizing agenda, see Šubrt (2013, 2017).

Table 7.



Overall, have these last three decades witnessed, through various troubled stages, progress to advanced free-market democracies in CEE, or have they, by now, closed into a circle of historical development, back to the semi-totalitarian populism of the end of real socialism? Is it time to recognize the current shape of capitalism in the Czech Republic, Slovakia, Hungary, Poland as having a distinctive and, at the same time, shared populist and authoritarian nature? Have we gotten– after more than 30 years – essentially back to where we started in 1989?

Appendices

Appendix A - Grey Zones and Grey Phenomena in the period 1995 - 2004: list of emerged categories

Financial sector

Banking and Insurance sector

Privatization of large banks

Commercial Bank

IPB (wild privatization)

PPF (wild privatization of the Czech Insurance Company – Česká pojišťovna)

Small bank failures

Kampeličky (credit unions)

Capital market

Capital market/Stock exchange, Investment Privatization Funds (IPF)

Secondary privatization

'Third wave' (capital market regulation)

Manipulation of share prices

Industries, ways of generating resources and taking control

Privatization

Restructuring businesses, lobbying

'Banking socialism', and bankruptcy

'Privatization by incest' (Mostecká uhelná, OKD)

Corporate tunneling

TV Nova takeover model in other industries

Phenomena developing after 2000

Public Private Partnerships (D47)

Debt Sales – Consolidation Bank/Agency

Misuse of bankruptcy proceedings

Embezzling money from the Ministry of Defense

Simple theft ? – Breda store in Opava, Grocery store chain – Potraviny Vít (getting a loan from the bank before bankruptcy)

Non-transparent investment sources after leaving politics

Financing political parties

ODS funding

Social Democracy funding

ODA financing

Party funding more generally

Corruption cases of individual politicians

Media - TV Nova (politicians' willingness to legalize stealing of the media platform)

Appendix B - Period after Entering the EU – Characteristic Patterns and Practices (2004-2013): list of emerged categories

Public administration and self-administration and associated agencies and funds, state-owned enterprises

State agencies and funds

State Environmental Fund (the so-called Drobil case)

Czech Invest

Land Fund – Pozemkový fond

Energy Authority (during the so-called solar boom - e.g. the case of Zdeněk Zemek's companies)

General Health Insurance Company (Všeobecná zdravotní pojišťovna) and its IZIP digitalization project

Ministries

Ministry of Social Affairs (IT contracts and other resource extraction – Šiška case)

Ministry of Industry and Trade (Department of Structural Funds and Technical Assistance - Elfmark case)

Ministry of Foreign Affairs (case of overpricing of IT contracts)

Regional authorities and their agencies and companies

hospitals in North Bohemia

State-owned enterprises

ČEZ (state dominated main Czech electric energy company) – the solar boom (e.g. buying solar power plants)

State Forests Company

preparation of expected privatization of Ruzyně Airport

'A world for itself' (i.e. specific areas of 'worlds for themselves' beyond the simple state administration milieu and, at the same time, 'beyond politics' and in the direction of econ. actors 'taking over politics' or representing mingled politics and economy)

Economic groups of influence in the foundations of economic process

Czech Coal - Pavel Tykač (one of the main persons of Motoinvest from the 1990s) overtaking Mostecká uhelná společnost – MUS (tunneled through Appian)

Appian - also privatization of the residual part of Škoda Plzeň by the state restructuring agent Martin Roman (later director of ČEZ; Škoda Plzeň renovates ČEZ coal power plants)

Agrofert (during the takeover of chem. industry in close cooperation with social democratic political representations, including during the ultimately unfulfilled privatization of Unipetrol or clash with other actors in the chem. sector - e.g. Tomáš Pitr and his Setuza)

other groups (in addition to the above mentioned): PPF, JT, Penta, Šimáně

Supervisory boards of publicly owned enterprises

So-called 'godfathers' and 'political entrepreneurs'

Networks

more narrowly acknowledged by the CDP leaderships – Topolánek, Nečas
networks more broadly - i.e. including similar networks linked to the ČSSD

Agrofert and its 'encounters' in the Setuza, biolíh, Čepro 'cases'

(presidential amnesty) and classic parliamentary lobbying

EU funds

Military contracts

guarding (e.g. ammunition stores) and other ongoing servicing in addition to one-off repairs to
barracks and other stock

arms procurement

Pandury

CASA aircraft

vehicles DINGO, IVECO, Ambulances, mortars on transporters

Other areas beyond military contracts

'ordinary economic crime' (as it became established and became characteristic of what is more
generally referred to as the economic transition of the 1990s).

ongoing phenomena and consequences of post-privatization/secondary privatization (purchase
of own debts from ČKA through intermediaries)

capital market - 'squeeze out' and artificially lowering the buyout shares of minority
shareholders before the buyout

carousel deals (common in the European context but in the CEE special disposition in view of
the sector-wide wave of LTO machinations in the 1990s)

truly ordinary crime (and fraudulent behavior taking on an organized systemic form)

e.g. excessive trading of shares on the capital market by companies representing investors

Unclear boundaries

suspicious government contracts

Border phenomena and phenomena continuing from before 2004

a new round of Russian debt settlement

former agricultural cooperatives, assets of the former Youth Association Union – SSM (actions
for restitution of assets)

bankruptcy mafia

international arbitrations related to undertakings by state in the 'transition period' (TV Nova)

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