PROBLEMS OF CLIENTELISM AND CORRUPTION IN POLAND

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Abstract: Corruption is linked with the issue of clientelism. This establishes a wide understanding of that phenomenon. This wide context and understanding of corruption is simplified by the recognition of the patron-client system, accompanying corruption or even identified with it. Clientelism may be of personal or mass character, and consists of mutual provision of services, without the need to lay out funds for achieving common goals. Socio-economic transformation as profound and thorough reform of the system and institutions promotes corruption practices (the process of transfer of resources from public to private sector progressed swiftly). Clientelism is linked with the phenomenon of crony capitalism, which is treated as synonymous to corruption or favoring corruption. Corruption provides a means for maintaining and the development of client networks. Patron-client relations are of secondary nature in some societies; in other societies they substantially influence the shape of the political and economic system, as well as social structure. Such relations may transgress the borders between classes, professional groups, organizations, family relations. Where liberal-democratic parliamentarism coincides with the absence of an educated civil society, the civil service of the state, the domination of political parties and pressure groups is present, which favor clientelistic corruption, influencing the development of private sector and formation of capital. Political parties distribute and decide upon thousands of positions. They organize their own client communities. Still, typical clientelistic societies are rather not common. If they were, in the long run they would cause loss of the competitive edge of the economy on the global market. The dynamics of economy indicates that the factors which paralyze economic development have not dominated the economic system in Poland as yet, and that system maintains its autonomy. This does not imply, however, the activation of long-term growth factors and the elimination of what is called lost opportunity costs in the economy.

Keywords: corruption, clientelism, patron-client relation, patronage, cronyism, social-economic transformation, accumulation of capital, political capitalism, patrimonialism, institutional nomadism, corporatism, functionalization of pathologies
INTRODUCTION

Studies by a UN agency define corruption as taking advantage of public authority for private profit, while the scope of corruption comprised: bribery, embezzlement, theft of public property, fraud/cheat, extortion, taking advantage of being in power for preferential treatment of groups or individuals, as well as discriminating treatment of those, favoritism, nepotism (Langseth 2000).

Two kinds of understanding of corruption may be indicated:

– Narrow one, legal, organizational, economic phenomenon, individualized, occasional, or transient, and within those various areas of corruption manifestations;
– Wider one, as phenomenon of “normal” character (continuous, sequential, and permanent), culture and system-related, exceeding even the mere relations between public sphere and private business (it may affect private sector exclusively).

Corruption is linked with the issue of clientelism. This establishes a wide understanding of that phenomenon. This wide context and understanding of corruption is simplified by the recognition of the patron–client system, accompanying corruption or even identified with it. Clientelism may be of personal or mass character, and consists of mutual provision of services, without the need to lay out funds for achieving common goals (Tarkowski 1994). The report Corruption and Anticorruption Policy of the Open Society Institute sees the roots of corruption in countries of Eastern and Central Europe in clientelism itself (Korupcja… 2002: 27). Questions that arise concern the scope and meaning of corruption as activity of an individual, as well as social relations, which have their roots in and contribute to social and economic consequences, which not necessarily are only system anomalies, but may also appear as a regularity, as norm of the system, influencing its reproduction in economic, sociological, and cultural sense. Despite being interesting for the media, corruption is not easy to study. By its nature, corruption is a clandestine phenomenon, where both the one that takes and profits from it, and the one that takes are interested in non-disclosure. In most of the research presented, one can spot the differences between perceiving and experiencing corruption (Corruption… 1999; Kubiak 2004). The above problems do not alter the fact that corruption and clientelism are major problems in Poland, both in social consciousness (media message) and in the conclusions resulting from control activities carried out by institutions appointed to perform them. After Poland has become a member of the EU, chances appear for eliminating those problems.

INTERPRETATIONS OF CORRUPTION
IN TIMES OF SYSTEM TRANSFORMATION

In the early stages of system transformation in Poland, arguments were followed that were based upon the former notion of corruption, that is understanding corruption as system pathology, or upon searching for universal (common) features of corruption (Jasiecki 2002; Grosse 2000): It was then claimed that:
Corruption may speed up the capital and middle-class formation processes. The background for such thinking was the conviction about dishonest sources of big capital, making reference to the early days of capitalism in the West. Richard Pipes, an adviser to Ronald Reagan, claimed in reference to Russia, that it was a good way to depart from state socialism, including corruption or privatization using criminal methods. Another researcher from the University in Freiburg pointed out that today’s cliquish forms of capital accumulation in such countries as Russia or Poland appear to be quite innocent in comparison with the accumulation done by the Netherlands in the form of bloody colonization (Politicus 1994);

Corruption exists as pathology in every economy. In this context, it appears to be the inevitable cost of transformations, a consequence of institutional ill-adjustment of the state apparatus, originating from the previous system. Reduction of such undesirable phenomena has been believed to exist in the further consequent implementation of institutional reforms;

Thanks to modest remuneration of administration personnel, which was compensated by lower bribes, expenditures of the budget are reduced and macroeconomic indices are maintained in equilibrium (Tullock 1996).

A second group of researchers underlined the neo-institutional argumentation, pointing out systemic and structural causes of corruption. Corruption, as an attribute of the economy of shortage (socialist economy) conquered new areas in the conditions of the new system, particularly strong in the times of ownership transformations, intensified relations between public and private sector, as well as providing budgetary means as support of selected business entities and social groups. A version of this interpretation of corruption is the concept of “political capitalism” and its later version – “public sector capitalism” (Staniszkis 2003). 1 Also other researchers opt for the opinion about the systemic nature of corruption in Poland, pointing out in particular its occurrence at top-level authority (Tittenbrun 2000; Jasiecki 2002). A theoretical and practical problem remains, whether clientelism and corruption are of systemic nature, or are secondary in relation to the institutions of the state and market.

MATERIAL AND ORGANIZATIONAL BASE OF CLIENTELISM DURING THE PERIOD OF TRANSFORMATION IN POLAND

Socio-economic transformation as profound and thorough reform of the system and institutions promotes corruption practices. Liberalization, privatization, building of a new legal system and establishing the institutions of market economy all take place in the conditions in which no or not harmonized standards of behavior exist, regulations and procedures adequate for the needs of the new system. This creates the area of clashes between political and economic concepts, as well as conflicts of interest between pressure groups. The transformation in Poland was imposed by superior authorities, yet

1 Among those researchers we can also include K. Jasiecki with his study, frequently cited here (Jasiecki 2002).
in its early stages it had substantial social consent. The authoritative character of transformation, the sociological vacuum regarding the existence of civil society and middle classes provided the elites with much autonomy in their relations with other social groups. This enabled the formation of private capital with the aid of state institutions and the replacement of “state socialism” with “state liberalism” (Jasiecki 2002: 5). Western principles of market economy were introduced selectively. Its moral, legal, and professional standards were implemented on a limited scale. The process of transfer of resources from public to private sector progressed rapidly. Legislation introduced provided privileges for new elites (remuneration, wide range of immunity and privileges). At the same time, state administration and administration of justice were far from efficient. The report prepared by the Open Society Institute states that in the former socialist countries, the following patterns existed (Korupcja… 2002: 45):

- Traditions of substantial corruption at high levels;
- Deeply rooted distrust towards the state;
- Social acceptance for cheating the state;
- Common clientelism and forms of exchange, which were at odds with the official norms of politics and bureaucracy;
- Corruption in the private sector as substitute for fair competition.

The main resources that the authorities had were the nationalized or public state property. In Poland redistribution concerned about 45% of the GDP. In the beginning of 1999 the property of the State Treasury had the estimated value of some 1,020 billion PLN, and was composed of, among others by equity and shares – 38 billion PLN, other proprietary interests (including state-owned enterprises) – 59 billion PLN, financial fixed assets – 14 billion PLN, accounts receivable – 30 billion PLN, property remaining after the liquidation and bankruptcy of state enterprises and companies owned by the State Treasury – 16 billion PLN, state reserves in the economy – 2 billion PLN, yet the real value of assets that could be sold was some 120 billion PLN.\(^2\) The public sector employed 3 million people in 55,000 entities (30% of all people employed in the national economy). It provided financial resources for the existence of 16 million people (41% of the population of Poland). The above provides the picture of the importance of state in the economy and of the area through which enormous sums of money flow, largely distributed by public administration officers. The legal system provided 15 public institutions with the possibility of planning their expenditures at their own discretion, without interference from the government or the minister of finance (the only body that could interfere was the parliament – the Sejm – when voting on the state budget). Those institutions include the chancelleries of the President, the Parliament (Sejm – lower chamber), Senate (upper chamber of parliament), the Supreme Court, the Supreme Administrative Court, the Constitutional Tribunal, the National Council for Radio and Television, the Chief Board of Supervision (NIK), the State Labor Supervision. In the year 2003 the state owned 417 companies, for which the State Treasury was the sole shareholder, and 1213 companies, in which it was one of the shareholders. In the companies owned solely by the State Treasury, its representatives in the supervisory board were guaranteed a

salary equal to the country average. 8609 people represented the State Treasury in supervising boards, 40,000 awaited to take such positions. The salaries ranged between 2 and 11 thousand PLN a month. Specific elements of the public sphere were government agencies, specific purpose funds, and central offices. The funds are included in the financial plan approved by the parliament (Sejm) and in the budgetary act. Such conditions have not been complied with by agencies, established by force of separate legal acts. Each such agency is a legal entity, independent of the State Treasury, although the state provided it with budgetary means. Direct supervision of such institutions belonged, in fact, to the minister and president of a given agency, appointed by the respective minister. Billions of Polish zlotys have been transferred to those agencies. The Chief Board of Supervision (NIK) accused most of the agencies supervised of breaking the law and extravagant spending (Witoszek 1995). In 1999, the agencies and funds portioned out of the budget spent 103 billion PLN. At present, every year 150 billion PLN is spent or used outside the state budget in agencies and funds, that is some 40% of expenditures of the public sector (directly through state budget – 23% [Państwowa... 2001]). When in 1996 Hungary liquidated 30 specific-purpose funds, the budget saved 30% of its expenditure (Kamiński 2001). The participation of the public sphere can be illustrated by the range of public-tender procedures. It is estimated that in contemporary economies such tenders account for some 10–15% GDP. The total value of public procurement through tenders world-wide amounts to about US$ 4 trillion. Daniel Kaufmann – Director of the World Bank Institute estimates that bribes handed over every year only in connection with tender procedures amount to some US$ 400 billion world-wide. 3 This applies also to Poland, where 55 thousand entities are obliged to award contracts in accordance with the public procurement act. In most countries, public procurement is the most corrupted area. In Poland this has been confirmed by the studies of the World Bank and the Chief Board of Supervision (NIK) (Zjawiska... 2000). Every year there are some 30 thousand public tenders in Poland, the value of which is about 70 billion PLN. A vast majority of bidders are Polish firms, which use various methods to avoid the most comprehensive forms of tenders. A favorable environment for favoritism and corruption has been created by the delegated discretionary powers in tax decisions (Stefanowicz and Winiecki 1998). A key issue for the phenomenon of clientelism is also the nomination for positions in state and local administration. As of January 2002, the number of nominated people in civil service was about 800. In the opinion of the head of Civil Service Office (Urząd Surowieś Cywilnej) “the former mono-party nomenclature was replaced with a multi-party one, in which each party attempts to take a certain pool of positions” (Rydlewski 2002: 261). No civil service was established for self-governments. In December 2001 an amendment to the Act on civil services was adopted, which opened the possibility of nominating to senior positions in administration people who were not members of the “corps” of civil servants. In 2002 steps were taken to make the incompetence and corruption in management of 14 companies controlled by the State Treasury public. However, no good practice was established concerning the reduction of the political nominations in such economic

entities. Companies controlled by the State Treasury became the transitory economic subsidiaries of political parties, a source of assets which may be transferred to private companies controlled by a given party (also a place for lucrative employment contracts [Jarosz 2001]).\(^4\) Connected with that is also the issue of employing public officers by private companies, which had been making business with them before, as well as nominations in courts given to supporters of the ruling party or coalition. An additional tool for the clientelism-oriented exchange was the financing of political parties by private business entities connected with the public sector.

**CLIENTELISM AS A FORM OF CORRUPTION IN POLAND**

Corruption and clientelism develop in systems in which social relations are highly naturalized and familiarized, while the interest expression system is under-developed. Social confidence is a factor for developing social capital and reducing the costs of transaction (Fukujama 1997). However, among the natural, personal aspects of human relations the element of cliques, log-rolling, nepotism, and favoritism appear which infringe the model market relations. Antoni Z. Kamiński, referring to real socialism, noted that the activity serving the purpose of filling the gap between the private and public world is corruption (Kamiński 1992), or as other researchers put it, the sphere of informal activities, by which people “tame” the system (Poleszczuk, Marody and Rychard 2000: 188). In the economic history of post-war Poland, corruption appeared both during the economy of shortage, and at the present stage of market-oriented transformations (Krasnodębski 1989: 170). In the semi-monetarized system of socialist economy, corruption mainly had a clientelistic face, as individual and mass clientelism, where the parties of transactions were not only individuals, but also whole social entities, such as enterprises, which gained through giving presents to high-ranking officials, by getting the possibility of “almost fulfilling” the plan. In market economy, the administration is unable to efficiently defend its autonomy towards the private sector hence a corrupt symbiosis is established between the two. This influences the development of competitiveness.

Clientelism is linked to the phenomenon of crony capitalism, which is treated as synonymous to corruption or favoring corruption. Shang Jin-Wei claims that crony capitalism is about such an economic environment, where state officers are in power positions and influence the decisions of the state concerning allocations of resources and legal decisions concerning the economy, privileging kinsmen and friends (Jin-Wei 2000: 1, 2001: 21). In fact, the author uses the corruption index to measure the level of crony capitalism. This reminds of the widespread phenomena of nepotism and log-rolling. Crony capitalism appears mainly in the private sector. Again, corporatism is a form of legalizing interest groups, limiting groups of people authorized and privileged, and integrates them with the state apparatus. In that way, the organizations representing monopolist functional interests obtain the status representing interests

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\(^4\) In accordance with the report on public companies, the driver of the KGHM CEO was paid 40 thousand PLN a month, and secretaries 30 thousand PLN a month each: O nadu¿yciach w spó¿kach. [On corrupt practices in companies.] Rzeczpospolita, 05.08.2002.
and at the same time implementing the policy agreed (Cawson 1995). In more traditional societies, the patron-client system appears, well-rooted and analyzed at first in antique and feudal societies, later on also in contemporary countries of Latin America. The notion may also serve to analyze the systems in Eastern Europe (Gay 2001). In sociology this is a hierarchical exchange relation between actors of different social status and wealth (Tarkowski 1994; Maćzek 1994, 2003). A client is somebody who is connected with people in high social ranks by providing services they expect and, in return, access to various services in kind and privileges. If necessary the patron may count on the support of his clients, they in turn, if only they are faithful and devoted, will not be left without reward. As a rule, this is a personal and voluntary relation, based on mutual confidence and satisfying the private (individual and group) interests.

Clientelism may function in the sphere of the economy, social and moral sphere, or political one, and may be of personal or mass nature. Each human being has his own personal combination of partners, with whom he enters into pair relations (diads). Some authors see in corruption relations a more commercialized and economy-focused social exchange, with less symbolic features than in case of patron-client relation (price defined upfront). Robert Clapham saw in increased corruption the disappearance of clientelism (corruption cools down to familiarism [Tarkowski 1994: 9]). In corruption we often, yet not always, encounter a transaction with direct payment for services. Defined in it are the deadlines, conditions, terms of payment, while bargaining and arriving at the price is something natural. Still, to hand over a bribe, one also needs a personal relation, discretion, and trust. In clientelism the transaction appears to be less selfish. Andreas Sajo claims that corruption and clientelism are two different notions. “Clientelism is a form of social organization, whereas corruption is individual social behavior (....) which may, but does not have to, turn into a massive one”. Further on he writes, however: “In the post-communist context both phenomena appear to be one and the same” (Sajo 1998: 2). Tomasz G. Gross mentions cliental corruption, while he considers clientelism a mutation of political corruption (Grosse 2000). The historian Antoni Maćzek thinks that the widespread character and commonness of client relations facilitates corruption, whereas the latter favors establishing lasting client-patron relations (Maćzek 2003: 252). Also Kazimierz Tarchalski considers patronage, depending on its nature, a benign or malicious form of non-monetary corruption (Tarchalski 2000: 44). Such an approach to corruption implies that it is understood as a systemic, complex, and “normal” phenomenon. 

In the theoretical aspect, the analysis of clientelism, as well as corruption, may be done by means of the economic theory of human behavior, game theory and institutionalism, the theory of public choice, the theory of property rights, group interests (Mancur Olson), transaction costs, behavioral costs, the theory of clubs, principal-agent theory, the theory of asymmetry information, capture theories, rent-seeking theory. Clientelism is strictly connected with the role of the state and resources to which patrons have direct or indirect access. On the basis of those relations, politicians build their position inside their own party and outside it, towards political opponents and public opinion.
The client mechanism is not used for eliminating from political life, but is connected with the use of public resources which is detrimental to public interest, thus is a form of corrupt acquisition of goods and services. It also strengthens opportunistic attitudes, deprived of creative innovation. An example of that was resistance towards reforms in the mining sector, expressed in solidarity by ruling elites, management of coal companies, colliery management boards, trade unions, and the miners themselves (Gadowska 2002).

In Polish studies, a radical version of systemic corruption theory is represented by the sociologist Jadwiga Staniszkis (Staniszkis 2003: 54). In her opinion, globally a “network” state has been established, with the spider web of connections, which often transgress nominal borders and gravitate towards external command centers. Her concept states that in the first stage of transformation political capitalism got formed, while the system is dominated by the logic of redistribution. Political capitalism entailed movement of assets from state sector to private hands. As a substitute of the non-existent “culture of contract” it led to the formation of cobwebs comprising people and loyalty, which established confidence and lasting relations. The formula got exhausted in the mid-1990s, when the “capitalism of public sector” got formed, being a kind of direct colonization of the state through clientelistic capturing of part of commercialized public funds and increasing the scope of clientelistic, organized markets and redistribution. The notion of “commercialization of the post-communist state” implies taking over by commercial agencies such functions as health protection, old-age pension system, part of welfare and social care, restructuring of industry and agriculture, management of post-military assets, preparation of big investments in infrastructure, such as motorways. This establishes a new form of redistribution and clientelism. Instead of market-derived rationalizing of spending public funds, another form of politicizing appears, at the level of individual politicians or political parties. This provides stability of that formula of the state, facilitates the circulation of elites, inflow of resources and personnel, establishing of “organized markets” based on co-optation. It is a “non-autonomous accumulation of capital, using external power supply (political capitalism, public sector capitalism)” (Staniszkis 2003: 77). A system got established in which the difference between state and economy disappeared, while the gap widened between opportunities in the sphere of production (regulated by standards of economic rationality) and the class opportunities in the sphere of consumption, the latter based on clientelism, annuity for being in power, redistribution, privileges, and “colonization” of public funds (Staniszkis 2001: 150). The author has presently noted the development of a third strategy, namely the concentration of state control authority in commercialized or partly privatized companies, which happens without majority shareholding and requires administrative instruments (“state capitalism without state”). This is accompanied by the “functionalization of pathologies”, indicating the unpunished infringement of public material interest in the name of individual interest. The weakness of state is particularly conspicuous in the time of globalization, and causes a regulatory vacuum (inability to change the dynamics of the real sphere), which gets replaced by the ethics of obligations and personalism. This reduces the pressure on political changes. “The system of relations that got formed was the archetype of one of the two types of social structures characteristic for patrimonialism, namely the quasi or semi-clan. It had numerous attributes of a classic
clan: a common predecessor, yet of course not a biological one (…) territorial basis for functioning, solidarity” (Tittenbrun 2000: 3).

On the basis of studies on corruption, carried out since 2001 by the Batory Foundation, it has been found that in Poland we have to do not so much with the “culture of corruption” but surely with the “culture of arranging”. Politics is meant to be an activity for the common good (which may be interpreted in many different ways), yet in practice it is a sphere of negotiations and games between different particular interests. Citizens, electorate, entrepreneurs also often expect that a politician or MP will arrange something for them. In such circumstance, nepotism and political clientelism (although not always and not by everybody regards it as corruption) become a natural, well rooted form of social relations between participants in social life” (Kubiak 2004). Among the people starting their own businesses, the participation of members of the former nomenklatura was 65% higher than of others. Managers took major shareholding in over half the enterprises transformed into employee partnerships. Some.17% of members of the former nomenklatura kept or was nominated to managerial positions in state enterprises (Majcherek 1999). Jacek Wasilewski calculated that in 1998 half of the members of business elites supported before the structures of previous political system of state and party (Wasilewski 1999). Patrimonial capitalism, consisting of crossing the resources of State Treasury with private business was based on a particular division of territories on which coalition members acted. Taking of positions, privileges, and profits resulted in a diminishing role of democratic procedures, as the society thought. For some 80% people polled, taking positions in offices, companies, banks, entering into contracts resulted from nepotism and log-rolling (Podgórska 2004).

Reformers in Poland were mainly products of political culture of the previous system. This idea is developed in the concept of “institutional nomadism” of the historic elites of trade unions Solidarnost. According to Antoni Z.Kamiński and Joanna Kurczewska, those elites were characterized by establishing ad hoc new institutions in the way that suited their personal interest more than the structures and activities of those institutions. This was accompanied by orientation on status, instrumental (and focused on individual interest) treatment of positions they held, frequent change of positions, finding employment in other institutions, changing party membership and spheres of political activity (Kamiński and Kurczewska 1994). This is confirmed by sociological studies (Polacy… 2003; Kubiak 2003: 31, 2004). Clientelism in market economy also entails threats of getting entangled in connections with criminals and development of organized crime, such phenomena were observed in Italy. “In the systems of patronage officers and clerks provide backing and influence, while groups of private interests are clients. In states based upon clientelism systems, domination belongs to private interest groups, which control the state” (Rose-Ackerman 2001:205).

CONCLUSION

The ethos of exchanges, accompanying client culture may become the foundation of pure corruption, which is also accompanied by the privatization of public life. Corruption provides a means for maintaining and development of client networks.
Patron-client relations are of secondary nature in some societies; in other societies they substantially influence the shape of the political and economic system, as well as social structure. Such relations may transgress the borders between classes, professional groups, organizations, family relations. This is due to the essence of the relation, as it is a goal-oriented coalition of two individuals who, because of different locations in the social structure have at their disposal different resources, which are mutually attractive for these parties. Where the liberal-democratic parliamentarism coincides with the absence of an educated civil society, civil service of the state, the domination of political parties and pressure groups is present, which favor clientelistic corruption, influencing the development of private sector and the formation of capital. Political parties distribute and decide upon thousands of positions. They organize their own client communities.

Still, typical clientelistic societies are rather not common. If they were, in the long run they would cause loss of the competitive edge of the economy on the global market. The dynamics of economy indicates that the factors which paralyze economic development have not dominated the economic system in Poland as yet, and that system maintains its autonomy. This does not imply, however, the activation of long-term growth factors and the elimination of what is called lost opportunity costs in the economy.

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