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## ON INEVITABILITY OF POLITICAL CLIENTELISM IN CONTEMPORARY SERBIA<sup>2</sup>

### O neizbežnosti političkog klijateljstva u savremenoj Srbiji

*ABSTRACT: This paper deals with the problem of political clientelism in Serbia broadly defined as the selective distribution of benefits (money, jobs, information, a variety of privileges) to individuals or clearly defined groups in exchange for political support. The main objective is to explain why political clientelism is widespread in Serbia and which key factors determine its shape and intensity. The explanation is based on the analysis of historical factors of development of clientelism in Serbia, as well as on analysis of data from a recent research on informal relations between political and economic elites in Serbia and Kosovo. The paper concludes that clientelism and informality have represented one of the structuring principles of socio-economic and political development of Serbian society under the conditions of weak formal institutions and socio-historical heritage of late modernization. On the other hand, since 2000 economic and political sphere in Serbia became more open and competitive which influenced change in the character of clientelism in Serbia – the increased rivalry among different clientelistic (sub)networks heightened the chance of opportunistic defection even at the top level, which made political power of patrons more tradable and the relation inside the power network less asymmetric.*

**KEY WORDS:** clientelism, networks, institutions, institutional change, development.

*APSTRAKT: Ovaj tekst se bavi problemom političkog klijateljstva u Srbiji široko definisanog kao selektivna distribucija koristi (novca, radnih mesta, informacija, raznih privilegija) pojedincima ili jasno definisanim grupama u zamenu za*

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političku podršku. Glavni cilj je da se objasni zašto je klijentelizam rasprostranjen u Srbiji i koji ključni faktori određuju njegov oblik i intenzitet. Objašnjenje je bazirano na analizi istorijskih faktora razvoja klijentelizma u Srbiji i na Kosovu kao i na analizi podataka iz nedavnog istraživanja neformalnih odnosa između političkih i ekonomskih elita u Srbiji. Tekst iznosi zaključak da klijentelizam i neformalnost predstavljaju jedan od strukturnih principa socio-ekonomskog i političkog razvoja društva Srbije pod uslovima slabih formalnih institucija i društveno-istorijskog nasleđa zakasnele modernizacije. Sa druge strane, od 2000. godine ekonomsko i političko polje u Srbiji su postali otvoreniji i više takmičarski što je uticalo na promenu karaktera klijentelizma – povećano rivalstvo između različitih klijentelističkih (pod)mreža je uvećalo šanse za oportunističko povlačenje čak i na vrhu klijentelističke piramide, što je političku moć patrona učinilo lakšom za trgovinu, a odnose unutar mreže manje asimetričnim.

KLJUČNE REČI: klijentelizam, mreže, institucije, institucionalna promena, razvoj.

This paper deals with the problem of political clientelism in Serbia. Political clientelism is, in the wake of the definition given by Kitschelt and Wilkinson (2007) and Hopkin (2006), broadly defined as the *selective distribution of benefits (money, jobs, information, a variety of privileges) to individuals or clearly defined groups in exchange for political support*. Although the contemporary literature mentions that political clientelism regularly occurs in different political systems, including parliamentary democracies, most of the authors ascribe a negative connotation to it (Kitschelt and Wilkinson, 2007: 2–3). In this paper we focus on the negative consequences of political clientelism, understanding it as a framework of political action that adversely affects the constitution of accountable institutional framework needed for economic growth and social development in Serbia.

The main objective of this paper is to explain why political clientelism is widespread in Serbia and which key factors determine its shape and intensity. This will be demonstrated on the basis of the analysis of historical factors of development of clientelism in Serbia, while the current clientelistic networks will be described on the basis of data from a recent research on informal relations between political and economic elites in Serbia and Kosovo.

The paper first discusses the definition of the concept of political clientelism and its wider sociological interpretation in the realistic context of delayed modernization of East European societies. Then it provides brief presentation of current state of clientelism in Serbia based on empirical research findings. After that the historical circumstances that determined the course of development of political clientelism in modern Serbia are analyzed.

## Political clientelism in delayed modernization

As shown by Kitschelt and Wilkinson (2007), there is a visible shift in contemporary political theory towards the analysis of the patron-client relationship as the mediating factor between political action and development. The authors stress that mainstream political theory was challenged by limited explanatory capacity while facing effects of 'Third Wave' of democratic transitions in developed countries (ibid: 1). These transitions revealed that formal institutions determine democratic processes much less than it was expected and that, consequently, more explanations should be looked for in the realm of informal patterns of linkages between politicians, parties and citizens. At the beginning of their theoretical introduction they contrast 'patronage-based, party-voter linkage' to the traditional 'responsible party' model and stress that in many political systems linkages between politicians and citizens are based on material benefits that politicians direct towards individuals or groups who are very likely to respond to such incentives by delivering their vote or other form of political support in return. As they explain: 'Democratic accountability in such a system does not result primarily from politicians' success in delivering collective goods such as economic growth, jobs, monetary stability, or national health care, nor does it rest on improving *overall* distributive outcomes along the lines favored by broad categories of citizens... Instead, *clientelistic accountability represents a transaction, the direct exchange of a citizen's vote in return for direct payments or continuing access to employment, goods, and services.* (Kitschelt and Wilkinson, 2007: 2).

It is no wonder then that the concept of clientelism is firmly tied to the concept of (in)formal institutions. According to (widely accepted) institutionalists' claim, with the development of modern capitalism historical conditions of its development and reflection of this occurrence in the economic and sociological theory have brought to the increased interest of scholars in the concepts of economic activities and institutions. As Nee and Swedberg stated (2005: 798) institutions are the dominant social structures that provide social channeling of collective action forming and structuring the interests of stakeholders and enforcing the relationships between the main actors. From this it follows that the establishment of the institutions on the basis of interests implies that institutional change involves not only redefining the formal rules, but also regrouping the interests and reorganizing the relations of power. Power is less successful basis of sustainability of an institution than the prevailing consensus on a set of norms and value patterns. In the latter case, the tendency of individual and collective actors to follow the prevailing norms in order to increase the chances of achieving their interests would contribute to restoring institutional order. In this way, informal institutions should support the functioning of formal institutions in real economic life in all those situations where individual entrepreneurship and corporate collusion with its dynamics and innovation bring a challenge to legal regulations. Consequently, by combining the formal and informal legitimate institutional framework, pattern of functioning of systems and

organization is established that allows their survival and determines the level of their performance.

Actual institutions, therefore, are generally not the result of perfect coordination of actors whose interests coincide in large part, they are usually the result of negotiation and conflict of similar or completely different interests. They are social constructions made up through activity of real actors, not always guided by rational choice but often through a process of trial and error. Therefore Douglas North stated in introduction to his 'Institutions, Institutional Change and Economic Performance' (1990) that not every human cooperation is socially productive. Institutional frameworks can be developed that induce economic stagnation and decline, as frequently as those that induce success.

With regard to informal institutions and especially their effect on overall negative institutional performance it is instructive to refer to Helmke and Levitsky's definition of relations between formal and informal political institutions. Helmke and Levitsky (2004: 725) propose that informal institutions should be considered as "...socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels. By contrast, formal institutions are rules and procedures that are created, communicated, and enforced through channels widely accepted as official". Helmke and Levitsky have developed a typology of relations between formal and informal institutions, starting from, similarly to North, sharp classification of functional (or problem solving) and dysfunctional (problem creating) relations. Further on they distinguished between four types of relations between formal and informal institutions, based on two dimensions: a) the degree to which formal and informal institutional outcomes converge and b) the effectiveness of relevant formal institutions. For our topic it is important that one of these types is competitive relation. Competing informal institutions are those that coexist with ineffective formal institutions and divergent outcomes. These institutions produce incentives that are incompatible with the formal rules (where following one rule leads to violating another). The most familiar examples are clientelism, clan politics or corruption.

Besides this wider conceptual embeddedness, the concept of *clientelism* also needs theoretical innovations in order to explain modern political patterns. The concept was broadly used in pair with the one of *patron* in order to explain political behaviour in pre-industrial societies and was transferred to modern theory mainly to explain relicts from pre-industrial times in specific regional or local political configurations in Western countries, or to explain political transformations in underdeveloped societies. However, already in late 1960s there were attempts to give the patron-client concept new interpretations, more adequate to modern political occurrences. As James Scot explained, modernization of electoral systems weakened traditional, localized politician-voter linkages by bringing a scaling up of clientelistic networks from more inter-personal, face-to-face relations to the national level of hierarchical political machines, starkly distinct from patrimonial political organization (Scott 1969: 1158). In this way, the spectrum of patterns of patron-client relations stretched

from traditional, personalized type, through the one with strong, controlled organizations with clearly defined roles of intermediaries (brokers), to a more symmetrical, very often short term, instrumental rational (rather than normative) and multimediated type.

Another thing that was noticed in theory during 1970s was that the scope of clientelistic linkages and the mode in which clientelism would be established and consequently would affect modernization prospects of a society strongly depended on historical legacy of that society. As an illustration of this argument Kitschelt and Wilkinson (2007: 5) refer to Scheffter's statement: 'Where the rise of bureaucratic absolutism professionalized the career of state officials before democratization and made administrative office unavailable to a spoils logic of distributing benefits among supporters of the electorally successful party, parties had to compete for voters with programmatic appeals rather than with material side-payments to individuals and communities.' This fits with wider theoretical approaches of path dependency and embeddedness applied in new institutional economics (David, North), and new sociological institutionalism (Nee and Swedberg, Granovetter), where the shape and performance of a current institution has been explained to a significant extent by the legacy of its initiation and transformation.

So, current theory takes into consideration varieties of clientelistic linkages, assumes their path-dependency and perceives them in both positive and negative terms. However, even if the most symmetric, temporary and rationalized form of clientelism is considered, when becoming widespread it jeopardizes developmental capacities of a society. As Hopkin stated: 'Corrupt party financing subverts citizen inequality by allowing the wealthy to buy political favours which redistribute further advantage to them. Clientelism instead often allocates benefits to the least privileged, and since these clients often have little more than their vote to trade, the redistributive consequences of any specific clientelistic exchange will tend to be less significant. However, mass party clientelism on a large scale is ultimately both inegalitarian (because it does not respond to universalistic criteria) and economically unsustainable (because it feeds a continuing demand for redistribution). The case against clientelism as a form of linkage in party democracy therefore remains strong and clientelism is generally an unwelcome phenomenon from the point of view of mainstream normative democratic theory' (Hopkin: 2006: 17).

In this paper we are particularly interested in the functioning of *the mechanism* of political clientelism. Following Scott (1969), Helmke and Levitsky stress that in a context of pervasive clientelism, where primary participation is limited largely to people induced to vote by local brokers, such elections are won not by ideological candidates but by those with the largest political machine (2004: 726). Kitschelt and Wilkinson explain that in the surrounding of formal democratic political institutions the major cost of constructing clientelistic linkages is that of building organizational hierarchies of exchange between patrons at the top, various levels of brokers organized in a pyramidal fashion and electoral clients at the ground floor of the system. 'Politicians have to identify

resources they can extract and offer to clients in exchange for contributions to their electoral efforts. Moreover, they must construct organizational devices and social networks of supervision that make direct individual or indirect group-based monitoring of political exchange relations viable'. (2007: 8) In the path dependency fashion they claim that repeated success of exchange between patrons, brokers and clients brings confidence between them, which makes the behavior of the exchange partner appear predictable and low risk. Thus, 'the evolution of party organizational forms that manage clientelistic relations is a drawn-out process, not an instant result of rational strategic interaction in single-shot games' (*ibid*). Because of the large importance of organizational aspects for functioning of clientelistic mechanism, in our paper we will focus mainly on patron-broker relationship.

Concept of (political) clientelism has been frequently used in the contemporary literature dealing with postsocialist context and development of democratic political institutions in delayed modernization of East European countries. As stated by Helmke and Levitsky (2004: 725), '...in much of the developing and postcommunist world, patterns of clientelism, corruption, and patrimonialism coexist with (and often subvert) new democratic, market, and state institutions'. As Bandelj and Radu posted in their analysis of democratic consolidation in European post-socialist societies, it should have been noted that it was about specific historical and socio-economic context of large scale changes in this part of Europe where transnational forces also had influence on domestic occurrences (Bandelj and Radu, 2006: 1). They rely on Lintz and Stepan's argument that much of the transformation of Central and East European societies was outcome of negotiation and power-sharing arrangements of different factions of political and economic elites and not an authentic capitalist economic development.

The roles of political pluralism and democratic institutions in post-socialist societies are perceived in normative terms in twofold function. On one hand, they should be means of representation of the interest of citizens and their political participation. As such, they enable achievement of wide social consensus on key developmental goals and social cohesion around agreed set of major values. On the other hand, democratic institutions should define and exercise social norms that protect basic rights of citizens and strengthen social capital by restricting free riding and monopolization of political space.

In contrast to normative interpretation, democratic political institutions can be instrumentalized for particularistic interest of a certain social group or network. In weak institutional surrounding political presentation of citizens is biased and political institutions have primary purpose of legitimizing interests of the ruling class or a power network in the wider sense, while the political parties are organized in a way to serve this primary purpose. They pretend playing democratic game, while at the same time fostering informal norms and rules (informal institutions) that keep formal institutions instrumentalized for their hidden agendas. The real structure through which the dominant mode of social reproduction operates is everything but democratic and inclusive. There the relations of power, dominance, dependence and loyalty prevail.

Ekiert, Kubik and Vachudova state (2007: 15–16) that ‘the central issue underlying successful state reform is how to build state institutions that are not too strong to interfere excessively with citizens’ lives and their political and economic freedoms but strong enough to enforce effectively the rule of law and avoid being captured by powerful interest groups. Successful postcommunist countries show that building a capable, efficient, and democratic state, run by publicly minded and professional bureaucracies, facilitates the transition to democracy’. What happens in reality of some of representative democracies and market economies in former socialist Europe is the struggle for pursuing positive normative projection in the environment of harsh struggle between competing networks of political and economic elites. In the systems where competing informal institutions prevail over formal ones, political and economic elites increase their benefits at the cost of general welfare and by using public resources. Since these systems decrease competitiveness of economic actors through cartelization, monopolization and protégé, quite often lower economic performance is compensated through increased foreign indebtedness. This provides short term benefits to economic and political actors in protected field at the expense of those who are excluded from current clientelistic system, but also at the expense of all those generations who are yet to come.

### **Political clientelism in contemporary Serbia**

How has the political system been evolving in Serbia after socialism? Has it been one of the pillars of social cohesion or has it been utilized by the elites’ particular interests? It seems that the answer to these questions could be provided by analyzing how much and in which form political clientelism has been established in the country. After a decade of blocked post-socialist transformation (Lazic, Cvejić, 2007), Serbian society entered the process of delayed (re)constitution of capitalism usually characterized as political capitalism (Antonić, 1993; Arandarenko, 1995; Lazic, Pesic, 2012). Such pattern of social change in Serbia, like in most other post-socialist countries, has been marked by increased capturing of state institutions and public resources by the political and economic elites (Arandarenko, 2000; Lazic, 2000). This social process rested on strong informal practices rooted in power networks formed by the members of the elites (Holcombe, 2015). The characteristics of informal power networks have huge impact on constitution of entire institutional setting. Having in mind the history of transformation of the elites in post WWII Serbia (Lazic, 2000; Lazic and Cvejić, 2004) it seems that the functioning of the contemporary society is dependent on the characteristics of former system(s) and historical circumstances of their change (Stark, 1992). Consequently, (re)constitution and functioning of democratic political system also depends on interplay between economic and political elites and is path-dependent on the historical and cultural heritage (Cvejić, 2010). Political institutions, like other state institutions, are subject to utilization in line with power and interest of the elites. This field of social reproduction is of highest importance for its twofold function: a) there informal

relations are being transformed into formal institutions through influence on political decisions and formation of legislative (normative) framework (Helmke and Levitsky, 2004); b) political competition and parliamentary democracy strongly influence dominant political culture and pattern of social cohesion or, in more theoretical terms, they are important field of institutional innovation needed to support the rise of organic solidarity (Burawoy and Verdery, 1999).

In our research in Serbia we analysed informal relations between political and economic elites and inside political parties in Serbia as an important form of power relations that affect reproduction of the whole society. The research was based on semi-structured face-to-face interviews with three types of respondents: a) in politics – people occupying high positions in public administration, influential people in political parties (on the national and local level); b) in economy – executives/managers in private companies (small, middle and big enterprises) and c) in the area of expertise – specialists and experts. Interviews were conducted on non-random samples of politicians, businessmen and experts under the project dealing with wider topic of informality in relations between political and economic elites in Serbia and Kosovo<sup>3</sup>. The research was conducted on the central and local levels (two local communities – each in Serbia and Kosovo), also taking into consideration the representation of women and ethnic minorities. In order to recognize potential patterns of changes in informal relations, both levels of research –i.e. national and local– have encompassed both current and former office holders. In total, there was 55 members of political elite, 26 businessmen, 9 interlockers (people holding both political and economy executive positions) and 8 experts interviewed in Serbia<sup>4</sup>.

Our aim was to recognize major actors, mechanisms and forms of clientelistic practices and to conclude about the extent and the nature of clientelistic networks in Serbia. More details on this issue could be found elsewhere (Stanojević, Babović, Gundogan, 2016). Here we summarize this issue in more theoretical terms.

Due to the competitive nature of the political system restored after 2000 and characterized by weak institutions and democratic procedures, the system of political clientelism established in Serbia is a composition of vast clientelist networks among actors at all levels, including common electorate, at the bottom of the pyramid. However, it strongly relies on the relations established between political parties and business elites, which consequently enables elite members to be prime rent seekers. Unlike during socialism, after the establishment of parliamentary democracy the patrons needed to exit the narrow circles of power and win support of the electorate if they wanted to maintain an influential political position. And if they tended to maintain informal control over public resources, they had to bring large parts of the party structure into clientelistic relation. One of the mechanisms by which political parties were directly instrumentalized as a tool for building of clientelistic network was through manipulation with basic constitutional provisions: article 102 of the Constitution

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3 The research was implemented by SeConS – Development Initiative Group from Belgrade and Center for Research, Documentation and Publication (CRDP) from Prishtine.

4 More on the methodology and the sample composition in Cvejic, 2016.

of Serbia contained a cynical formulation by which 'a member of parliament is free' to leave his/her mandate at disposal to political party whose electoral list brought him/her to the parliament (Goati, 2011: 77). That was an example of how the clientelistic pyramid was built in Serbia. Today, a highly competitive political system (under polycentric conditions) together with a poor level of economic development (enhanced by economic recession) makes the winning of political power an even more valuable goal that enables parties to control the allocation of public resources in an unconstrained manner. Or, in other words, political parties are the main actors that are capturing various state resources, distributing them either to business elites, or to their own electorate in exchange for different kinds of support (financial support, donations, in-kind contributions from business actors and votes or volunteer work from the electorate). Mechanisms of horizontal accountability like judicial system and regulatory bodies are weak and ineffective. The outcome of development of such system in Serbia is also described as 'partocracy' (Orlović, 2008).

Clientelism in Serbia has a quite complex structure that assumes combination of informal networking and political organizing. Most often, personal networks built at the top of the clientelistic pyramid are being formed on the basis of friendship or kinship, firmly rooted in shared lucrative interests and usually assuming some level of personal dependence, too. Inside these networks one can distinguish between two modes: one is the relation between political and economic elites and the other is the relation between most influential party members. However, it has to be said that dominant power networks are being formed within political parties, in the form of '*ekipa*' (the team), the more traditional type of clientelism, where mutual exchange of resources (money, political support, valuable information, tenders and other favours) at the end brings benefit to all members of the network, but the patron dictates the rule of distribution. As stated in Pešić and Cvejić (2016), "*Ekipas*' at the top of the clientelist hierarchy are being formed mostly out of the party core members, sometimes involving loyal friends that are not a party member, but rarely including economic elite members. Political parties represent a suitable organizational framework which enables establishment of firm power networks, while economic elite members mostly function as atomized satellites of these networks. Down the hierarchy we can find more asymmetric relations with clients being more dependent on resources, decisions and directions from the patron and his/her personal network, but with options for establishing smaller clientelistic nodes at the local level or in certain domains, too. By being successful in soaking public resources in public positions they hold, or in their local communities and/or providing significant political support among the electorate, some clients qualify for strengthening personal position and entering the '*ekipa*', thus gaining higher benefits later in their career'.

A lot of current shape of clientelism in Serbia and its recent transformation can be explained by contemporary political economy and social structure of Serbian society. However, in order to understand the longevity and diffusion of clientelism we have to learn about the path of its development and its historical-structural presumptions.

## A brief history of political clientelism in Serbia

The current state of political clientelism was directly determined by the most recent history of institutional transformation, usually described as post-socialist transformation. Most of the authors accepted the analytical division of this period (after 1989) into two periods: the period of blocked transformation during the 1990s and the period of intensive reforms after 2000 (see Lazić, 2011). In each of these stages informality and relations between political and economic actors were shaped in different ways.

The establishment of firm, accountable and inclusive institutional setting after 2000 was impeded by lack of political stability caused by effects of blocked post-socialist transformation during 1990s. Although the withdrawal of the state from large segments of the economy after mid 2000 and further development of market institutions together with advances in privatization and restructuring led to substantial increase of the private sector, including increase of entrepreneurship 'from below', one could say that during the entire period of unblocked transformation, the state performed a strong intervention in the economic life (Lazic, Pesic, 2012). Through selective implementation of privatization laws the state institutions controlled by informal power networks enabled the process of conversion of political into economic capital and legalization of illegal or semi-legal profits of tycoons and criminal structures. By coordinating the process of privatization and restructuring which was postponed and redefined for several times, the power networks formed around political parties maintained control over key resources, such as electricity, telecommunications (to some extent), etc. Besides that, political obstruction of institutional transformation by competitive informal political institutions (clientelistic networks) allowed for preservation of state monopolies in import and trade of some strategic goods such as oil and electricity, and subsidizing of losses of big public companies, which placed public enterprises controlled by political parties in a privileged position on the market, distorting the regulatory functions of market competition.

The above described tardiness in political stabilization and institutional transformation was a direct consequence of the process of elite transformation during the first decade of post-socialist transformation when institutional modernization was blocked. The process of blocked transformation which lasted for years, enabled former nomenklatura members to convert their previous positional capital into private economic capital and become new economic elite. Such conversion assumed clientelistic ties between influential political and economic actors and was based on informal political shaping of economic institutions. Powerful clientelistic network strengthened by almost unchallenged dominance of Milosević's Socialist Party competed formal political institutions that regulated transformation of economic system after 1990. The new-old elite in Serbia that was reproduced through such clientelistic networking managed to postpone reforms and processes of transformation in order to consolidate its new position after breakdown of its former socialist basis of legitimacy and social reproduction. The victimization of formal political institutions was described as

‘destruction of legality’ – ‘in a process of deinstitutionalization of the order of law and politics, Serbia has got the characteristics of disorder (nonstateness): destruction of legality, destruction of public freedom, colonisation of public space, destruction of border between public and private, systematic production of fear’ (Podunavac, 2011: 62).

However, the pattern of adaptive reconstruction of the elites during the blocked post-socialist transformation was not only the consequence of competitive authoritarianism of Milosevic (Stojiljković, 2013: 33) powered by nationalistic populism, but also of deeper structural preconditions formed during the socialist period. Milosevic and his clique was the powerful actor both at the end of socialism and during the first stage of post-socialist transformation and thus shaped the transition from socialist to post-socialist time. Informal, clientelistic relations among them provided institutional continuation between the two regimes on one hand, but instrumentalized transformation of formal institutions for their personal interests on the other. However, the strength of informal ties among elite members became important if not dominant factor of reproduction and change of socialist regime in Serbia from its very beginning. During the short totalitarian stage (1945 to mid 1950s) recruitment to any important social position, from the local to the central level, in economy or administration, was carefully controlled and directed by the political establishment. Loyalty to the Communist Party was *conditio sine qua non* of social promotion, but informal ties were also important. Very often members of party committees as well as administration officials and company managers were selected on the basis of war companionship, kinship or local origin. In this way, circles of power were established parallel to the official system of promotion, which helped their members keep important positions in the system and benefits resulting from them.

During the liberalization stage (mid 1950s to beginning of 1980s) decentralization brought differentiation within the Communist Party and formation of cliques. This meant that positioning inside the party depended on membership in informal networks, which was favourable for spreading clientelistic relations. The consequence of indirect structuring through clientelism was increase of economic inequalities, reflected not only in wages and total incomes of the households, but also in access to education, quality health care, housing and other social services (Lazić, 1987: 41). Many positions in higher class, but also in the middle class, were transferred from parents to children through the complex process of socialization, important part of which was activation of (informal) social ties at major points in building a life career (enrolling in university, getting the first job, being promoted, etc) (Cvejić, 2006).

Probably the most important for the further institutional transformation was the nationalistic stage of Serbian (and Yugoslav) socialism, during which Milosevic came to power. While the whole system was still formally functioning in accordance with the form of self-management and democratic socialism, tendencies towards national sovereignty were gaining in strength. However, even nationalistic tendencies were just a cover for reconstruction of the higher class

(Mirić, 1985: 13). Nationalism was a legitimization principle for realignment of political and economic elites who were maintaining or increasing their power and wealth through failed investments and increase of indebtedness (ibid: 149). Informal networks were important in two reasons: 1) they empowered nationalistic faction(s) inside the Communist Party with the purpose of political legitimization for the separation and 2) they maintained control over state owned enterprises with the purpose of providing financing for this act.

### **In conclusion**

This paper aimed to explain why political clientelism is widespread in Serbia and which key factors have determined its shape and intensity. We showed that current state of clientelism in Serbia is not produced only by interplay of interests of informal networks combined with formal institutional setting developed after the fall of socialism. It was developed through long process of social development during which political parties and informal networks formed around them always had huge influence on economic processes and everyday livings of citizens. Clientelism and informality represented one of the structuring principles of socio-economic and political development of Serbian society under the conditions of weak formal institutions and socio-historical heritage of late modernization. This means that clientelism was not only induced on the macro-structural level of the society, but also penetrated into the micro-level of everyday life. After significant scaling down at the beginning of socialism, clientelism gradually increased during this period and reaffirmed itself as an important mechanism of social structuring by the end of the 1980s. The outcomes were extremely high economic inequalities at the end of a seemingly egalitarian regime and maintenance of political control over the economy.

During the post-socialist period in Serbia, clientelism had developed to high levels. During the decade of blocked post-socialist transformation clientelism was the main pattern of social structuring of society. The period of 'unblocked transformation' accelerated institutional changes and also brought transformation of clientelism. Together with consolidation of capitalism new forms of relations between economic and political actors developed marked by mutual interdependence: political parties needed funds coming from economic actors, while economic actors had to secure political support for the benefit of maintaining or growing a business. At the same time, the increase in autonomy of economic actors occurred comparing to the previous decade, together with increased competition in political sphere. The described changes in socio-economic and political context led to the transformation of clientelist relations and structures. Democratization has influenced the persistence of the 'old' clientelism at the top, since patrons now knew that their political longevity depended on other influential members of the political and economic elite, so they had to maintain both formal rules and institutions at least seemingly working properly ('the regime of privatized power hidden behind the state' – Podunavac, 2011: 66) and protect main political competitors 'in the game' by not raising charges against them for their former clientelistic conducts. These circumstances

made their political power more tradable and the relation inside the power network less asymmetric. The increased rivalry among different clientelistic (sub)networks heightens the chance of opportunistic defection (Kitschelt and Wilkinson) even at the top level. Under the circumstances of economic crisis and increased competition over economic resources, the most probable outcome of increased chance of opportunistic defection is strengthening of informal personal networks through increase of contingent direct exchange, predictability and monitoring (the 3 constituents of clientelistic exchange – Kitschelt and Wilkinson, 2007: 9).

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