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**NeoWestern Business-Government Relations:
The Case of Poland**

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NeoWestern Business-Government Relations: The Case of Poland

This article investigates the applicability of Western models of business-government relations to the postcommunist context. Given the absence of a business-government relationship over the forty years of communism, it seems perfectly plausible that postcommunist countries should produce a historically unprecedented form of business-government relations and a new type of capitalist democracy. On the other hand, these countries have for several years been unequivocally regarded as capitalist democracies so it also seems possible that a literature developed for Western capitalist democracies should be useful in the postcommunist context. This article argues that, in spite of their assertions to the contrary, postcommunist studies propose no new concepts or variables for the study of business-government relations. Moreover, a detailed case study of Poland demonstrates the applicability of Western models to a postcommunist context. The confrontation between Western models and postcommunist data does not “stretch” the models but, in some important respects, actually clarifies them.

The first wave of research on former communist states was defined by a hypothesis that has dominated political science over the last century: the hypothesis of the universality of democracy. Some have argued that every corner of the globe can, or must, adopt this system, while others have asserted that it is possible in, and suitable for, only a small set of countries. Capitalist democracy has been consolidated in East-Central Europe in the sense that no significant group, domestically or externally, even

considers an alternative system. The focus of the universality hypothesis is now moving south and east of this region. The second wave of research on former communist states is defined by another hypothesis, which has dominated political science for some time: this is the hypothesis of the diversity of capitalist democracy. It is now widely accepted that what divides capitalist democracies from each other is as important as what they have in common (Lijphart). Given the sharp divergence between the communist states and the capitalist democracies for over forty years, the former communist states make for an intriguing sample with which to investigate the global diversity of democracy.

The issue of business-government relations is a particularly apposite one with which to test the diversity hypothesis in a former communist state. This is because it relates so directly to the definition of a communist system and to one of the most fundamental challenges in the transformation of communist systems. The fusion of politics and economics was perhaps the defining feature of communist systems. One of the great themes of the transformation of communist systems since 1989 has been the separation of politics and economics. Of course, completely separating the two is impossible. It is more important to concentrate on the establishment of an efficient interface between politics and the economy. Given the singularity of the “business-government” relationship over the previous forty years, it seem perfectly plausible that postcommunist countries should produce a historically unprecedented form of business-government relations and a new type of capitalist democracy. Indeed, many prominent scholars argue that the origins of these capitalist democracies make them fundamentally different to existing capitalist democracies (Eyal, Szélenyi, and Townsley; Staniszkis; Stark and Bruzst). On the other hand, these countries have for

several years been unequivocally regarded as capitalist democracies so it seems perfectly possible that a literature developed for capitalist democracies should be useful in the Polish context. Indeed, in several areas of political science, Western models have been shown to be appropriate to the postcommunist context (Krok-Paskowska; Szczerbiak). Therefore, *prima facie*, it is not obvious whether the existing literature on business-government relations is appropriate or not. In other words, it is an open question whether postcommunist capitalist democracies are neoWestern or nonWestern. Both answers would represent an important theoretical finding for students of business-government relations in particular, and political science in general.

This article argues that Western models of business-government relations are applicable to East-Central Europe. As in any study of politics, a detailed understanding of context is needed, but no new models seem to be necessary. This argument is made on a theoretical and an empirical level. The theoretical section reviews Western models of business-government relations, as well as arguments for the uniqueness of postcommunist business-government relations. Then, it is argued that the supposedly unique postcommunist variables are actually to be found in the Western literature. A brief methodology section is followed by empirical sections, which show that the Western literature is useful in a classifying and explaining Polish business-government relations. The confrontation between the specificities of the Polish case and the Western literature does not result in “conceptual stretching” (Sartori 1970). Moreover, in some respects, it provides an opportunity to improve on existing formulations by making them more rigorous and more concrete.

CLASSIFYING BUSINESS-GOVERNMENT RELATIONS

Wyn Grant's trio of association, company and party states is the only framework, which seriously aspires to a comprehensive account of business-government relations (Grant, 13-18). Moreover, it emphasises the fact that large enterprises face a choice of different methods, and a choice of different combinations of methods, when they interact with the state and the political system. This contrasts with a large volume of work that focuses exclusively on business associations (Schmitter 1981). Since the 1980s, a useful literature has emerged, which looks at how firms combine and choose between company and association-based strategies (Bennett; Coen; Martin; Martin and Swank; Wilson). However, virtually no analyses have dealt with the combination and choice between company, association, and party options. This is largely because the literature on choice is usually focused on the United Kingdom, United States and European Union, where the relevance of the party state seems to be limited.

Grant's classification of business-government relations is based on two simple questions. Firstly, "Are government-business relations mediated or unmediated?" If they are unmediated, the system of business-government relations is called a "company state". If relations are mediated, it is necessary to ask a second question, "whether the principal intermediary is a political party or a system of business associations?" (Grant, 13) The answer to this question classifies systems as "association" or "party" states. It is easy enough to distinguish the association state from the other two classifications. If a contact between business and the state is made by a business association, then it is an indicator of the association state. However, Grant underestimates the difficulty of distinguishing between the company and party states. Essentially, he proposes no standard for deciding when the political contacts

of a firm constitute intermediation by a political party. When firms do not avail of business associations, their contacts with the state can take direct and indirect forms. Indirect representation involves the hiring of law firms, professional government-relations firms, or freelance lobbyists. Direct representation consists of state ownership, a dedicated government-relations division, or the personal efforts of the firm's senior personnel (Grant, 92, 130; Vogel, 279). Any of these six forms of contacts could conceivably be interpreted as evidence of the company or the party state. More information is needed to distinguish the company and party states.

Table one suggests three dimensions of contacts between firms and parties. Grant is, of course, aware of these different types of contacts, and the important differences between them, but he never systematically relates them to his general classification of business-government relations (Grant, Martinelli, and Patterson).

TABLE 1

Dimensions of contact between firms and political parties

Relationship	Political Diversity	Time
Individual politician	One political party	Less than the length of a standard parliament
More than one politician	Two or more (politically close) parties	The length of one standard parliament
Party faction	Two or more (politically distant) parties	More than the length of one standard parliament
Party as a whole	All substantial parties	
Funding a party		
Formal association with a party		

In this article, a party state will be defined as a situation in which a firm's contacts with the state and politics usually take the form of a close relationship with more than

one politician, a faction of a party, or a whole party, or with groups of more than one politician, or factions, or the whole organisations, of two, or more, politically close parties, for at least the length of one standard parliament. The close relationship may involve funding or formal association, but neither is necessary for party state classification. All other contacts between an individual firm and the state or politics will be classified as company state behaviour. Where a firm has close relationships only with single politicians from political parties the relationship can hardly be said to be with a party, and is therefore an indication of the company state. Where relationships are with distant parties or with all substantial parties, the lack of a partisan element to the firm's relationship means the contacts are of a company state type. Finally, where close relationships do not last as long as a standard parliament, they are too ephemeral for business-government relations to be described as a party state. Obviously, this definition is contestable. It has been framed with the intention of restricting neither the company nor the party state to an excessively narrow domain. At any rate, it is a much clearer guide to empirical research than Grant's general formulation. In the empirical sections of this article, this definition will be applied to contacts between individual firms and the state or political system.

Now that the three types of business-government relations have been clearly distinguished, it is necessary to acknowledge that, just as there are important differences between different types of company and party state behaviour, there are many different phenomena that fall into the category of the association state. The association state has been covered by the voluminous literature on interest groups. The dominant classification is still the distinction between pluralism and corporatism,

first made explicitly by Schmitter (1974). According to Lijphart (1999, 172) in a pluralist system:

- (1) Membership of associations is voluntary.
- (2) Associations compete for members.
- (3) Associations are typically organisationally weak.
- (4) Associations pressure the political system from the outside, rather than participate from the inside.

Corporatism is simply the opposite of pluralism for each of the four elements.

EXPLAINING BUSINESS-GOVERNMENT RELATIONS

Neither Grant nor any other author attempts a general explanation for the relative importance of the three archetypes. This article will apply five hypotheses, all of which are grounded in the existing literature on business-government relations. The first two hypotheses seek to explain why some systems are association states and others are not. The third hypothesis explains why some systems are company states, as opposed to party or association states. The last two explanations distinguish the company and party states.

The first explanation relates to labor union power. In many systems, by far the most prominent type of business association has been the employer organisation. Historically, employer organisations tended to emerge as interlocutors to labor unions (Windmuller and Gladstone). The second hypothesis is a development of a virtual axiom in public policy – Theodore Lowi’s argument that different types of politics will be associated with different types of policy. A very general distinction between types of policy is that between public and private goods. Collective action, as undertaken by associations, is much more likely to concentrate on the delivery of

public goods to member firms, than it is to specialise in delivering private policy goods. A firm seeking a private good is likely to have to rely on its own resources (Crouch, 202). Grant presents two lists of policies, one of which conduces to the company and one of which conduces to the association state (1993, 99). The former is virtually a list of private goods, with the latter being virtually a list of public goods. Similarly, Graham Wilson's emphasis on federal contracts seems like an excellent proxy for the importance of private policy goods to a firm (1990, 286-288).

The two hypotheses outlined above explain the relative importance of the association state, but they do not distinguish between the company and party states. The third hypothesis links the importance of the company state to multinational or foreign ownership (Crouch, 196; Grant, 18). Such companies have multinational interests, which cannot easily be represented by national business associations. Their combination of size and mobility means that politicians are often amenable to contact on a company-by-company basis. The company state exemplified by multinationals is that of the government-relations division and/or outside professional consultants, as opposed to the personal contacts of the managers or freelance lobbyists. The need for transnational coordination, along with a lack of rootedness in the host society, make such informal options less attractive. All of these considerations also mean that multinationals are relatively rarely found in party-state relationships.

The fourth hypothesis is the influence of the party system itself (Grant, Martinelli, and Patterson, 78-82). In many systems, the attitudes of political parties to contacts with firms vary. For example, there are "parties of business" and "parties of labor". The level of competition in a system also matters. If there is a dominant political

party, it is very likely to develop close contacts with business. If parties alternate in power, there is less incentive for firms to ally themselves with a particular party. If there is an unstable system, in which parties appear, win power, and then disappear, commitment to a party seems foolhardy. The party system is especially important with regard to the public sector. State ownership provides a direct channel for the interpenetration of commercial and party political interests (Grant, Martinelli, and Patterson, 78).

The fifth and final hypothesis examines the configuration of a system's elite. If the political and economic elites come from exclusive and similar backgrounds, and shift between, or combine, political and business positions, this facilitates the company state (Mills; Useem). It is worth emphasising that arguments about common backgrounds necessarily involve exclusivity. Essentially, if a small group defined by a common past experience represent a substantial proportion of the elite, background matters. If those with different political backgrounds, whether occupying political or business positions, also occupy different social spheres, then the party state is encouraged (Kadushin).

The hypotheses are summarised in Table 2 below.

TABLE 2

Explanations for classification of system of business-government relations

Association State versus Others	Company versus Party State
1. Labor Union power	4. Party System
2. Public versus private goods	5. Elite configuration
3. Foreign Ownership	

POSTCOMMUNIST STUDIES

No research has systematically asked what sort of system of business-government relations is emerging in a postcommunist country. A normative debate has raged on the role of the state in the economy (Olson 2000; Shleifer and Vishny) and there is an increasing number of interesting empirical works on portions of the question, notably corporatism and corruption (Hellman, Jones, and Kaufmann; Padgett). The Western comparator is often vague or implicit in such studies, and therefore they do not directly address the hypothesis of the diversity of capitalist democracy. In this section, it is argued that, in spite of some appearances to the contrary, the postcommunist literature does not add any new variables to the literature reviewed above.

The vast majority of the literature focuses solely on the association state. Frequently, this literature finds associations to be weak but either completely ignores (Draus; Padgett), or does not systematically investigate, other types of business-government relations. One work does seem to mention the party state, but only extremely briefly, and not as part of a plausibly comprehensive classification of business-government relations (Ágh, 112).

Some prominent authors promote ownership as a specifically postcommunist variable. However, this is not an argument about a new variable, but rather about a different measurement of an old variable. It is commonplace to assume that state ownership represents a different sort of business-government relations from relations between private firms and the state. The postcommunist studies (Schoenman;

Staniszki; Stark and Bruzst, 78) emphasise the existence and importance of the lack of a clear distinction between public and private ownership. They demonstrate that the measurement of the ownership variable should be trichotomous rather than dichotomous. This in no way means that mixed ownership cannot be analysed in terms of the association, company or party states, as Grant analysed state and private ownership in the Italian chemical industry.

Another variable stressed by several studies is “networks” (Jasiecki; Staniszki; Stark and Bruzst). This is definitely an important correction to a literature, which often seems to assume that the association state is the only type of business-government relations possible. However, this emphasis begs the big question: what type of network? Surely, one fundamental distinction is whether firms have their own networks, or are encapsulated by party political networks. In other words, do these networks reflect the company or the party state? When describing networks, some of the literature tends to use terms like “personal”, “political”, “party” and “social” almost interchangeably. Moreover, none of the literature explicitly links networks to a model of business-government relations. This literature is most usefully interpreted as a version of the elite configuration hypothesis outlined above.

The final putative postcommunist classification of business-government relations might be called politicisation. Some works gather together the ownership and network variables with an emphasis on the manipulation of private policy goods by the state to argue for a distinctively postcommunist, or at least nonWestern, type of business-government relations (Hellman, Jones, and Kaufmann; Staniszki). This

emphasis on politicisation may not be present in the Western literature, but the components of this compound variable are indeed present.

The postcommunist literature does not just compound variables that are considered separate in the Western literature, it also tends to elide the distinction between dependent and independent variables. This elision may be explained by an awareness of two intellectual challenges. Firstly, there is a concern for complex and reciprocal causality. Secondly, there is an emphasis on the nature of the communist system as a master explanation for postcommunist outcomes (Eyal, Szelényi, and Townsley; Staniszki; Stark and Bruzst), and a resulting reluctance to divide postcommunist variables into dependent and independent categories. In both cases, the response is the same: concrete and rigorous analysis is the best way to unravel complex causality as it is the best way to construct a causal chain which upgrades the postcommunist master variable from an assertion to a testable theory.

METHODS

The aim of this article is not to produce a definitive classification of the Polish system of business-government relations, but merely to assess whether concepts developed to deal with Western contexts can deal with a postcommunist context like Poland. It is unlikely that an application of Grant's general classification could be achieved by any sort of evidence other than a synthesis of primary and secondary, quantitative and qualitative sources. Indeed, this is the approach of Grant himself, and many other writers on business-government relations.

The two principal primary sources used in this article are sets of qualitative and quantitative interviews. The author conducted thirty qualitative interviews between 1999 and 2002. The interviewees were nine politicians from across the political spectrum with a particular involvement in business issues, eleven business association executives from the principal peak organisations (Kozek, 86), three professional political consultants, and seven businesspeople who were prominent as among Poland's richest and/or most politically active businesspeople. The Institute of Political Studies of the Polish Academy of Sciences carried out the quantitative interviews in 1998 (Wasilewski).¹ A sample of 300 was drawn from the list of the 500 biggest firms in Poland. The response rate was 64.6 per cent. Since two members of some firms were interviewed, where there were two respondents from one firm, one of them was randomly deleted. This made for an N of 144.

THE ASSOCIATION STATE

This section will assess the role of business associations in Polish business-government relations, and then go on to evaluate the labor union and policy-type hypotheses.

The structure of Poland's system of business associations is pluralist. The influence of associations is too limited for Poland to be described as an association state. One survey found that over 35 per cent of heads of firms claimed never to have heard of *any* organisation representing employers (Institute of Public Affairs, 7). Polish employer organisations have, on average, just one employee and are heavily dependent on membership fees and the contributions of volunteers to survive (Nalęcz). These weak organisations are divided amongst themselves. There is only a

notional division of labour between the National Chamber of Commerce, lobbying organisations like the Business Centre Club or the Polish Business Roundtable, “artisan” associations, guilds, and employer organisations. There have been various attempts to institutionalise co-ordination amongst all these groups. At the moment this is being done by an organisation called “Leviathan”, but it speaks with virtually no independent authority. Moreover, even within categories such as employer organisation there are competing peak organisations. Peak associations organise a small minority of the relevant primary associations. Just as the associations have a weak and divided presence amongst businesspeople they are rarely central actors in politics (Keat, 212). Only 3.1 per cent of deputies in the Second *Sejm* (the Polish parliament of 1993-97) felt that employer organisations had a great influence on their work (Wesołowski and Post, 188). The principal peak associations, and many sectoral associations, are frequently consulted by the government on new bills, but they have no right to be consulted and often do not hear about a bill until it is published. There is a Tripartite Commission, but its only significant power is the setting of wages in the budget sector. Union and political representatives, along with many business leaders, all concur that, in practice, negotiations are between unions and the state, which is, after all, the only employer in the budget sector (Interviews: Bochniarz, Długosz, Gielgus,). In 2000, even representatives of the top business associations found it difficult to think of a recent policy success (Interviews: Kłoczko, Malinowski, Uchman).

The weakness of labor unions is a powerful explanation for the weakness of employer and general business associations. Union membership as a percentage of the labour force is currently about fourteen percent (Vaughan-Whitehead, 254) and

has declined sharply since the fall of communism (Kubicek, 86; Padgett, 78; Rzeczpospolita 2000). Membership of Polish unions is high and stable in the state sector; is being eroded in privatised firms, and is virtually non-existent in new private and small enterprises (Gardawski, Gąciarz, Mokrzyzewski, and Panków, 14-15). When given a list of statements describing the role of unions workers most frequently chose, “They try but they do not achieve much” (Gardawski et al., 20). Unsurprisingly, then, conflict resolution services, which include dealing with unions, are a relatively unimportant incentive for joining business associations in Poland (see Table 3 and Bąk, Kulawczuk, and Szcześniak). The absence of labor unions drastically weakens the incentives for collective action at a local or sectoral level. While many businesspeople see a need for business-friendly national legislation, contributions to associations dedicated to this end, are obviously subject to free-riding problems (Olson 1971).

TABLE 3

Evaluation of services provided by Polish business associations

Service	Score
Lobbying	-1.46
Conflict Resolution	-0.8
Domestic Market Information	1.3
Foreign Market Information	0
Accreditation and Reputation	0.28
Government information	0.68

Source: Business Environment and Enterprise Performance Survey. The raw data has been transformed in the following fashion. Services which were not provided or provided no value to members were scored, 0; minor value, 1; moderate value, 2; major value, 3; and critical value, 4. An overall mean was calculated for each activity in each country. The scores for each service were then standardised in comparison with the scores for the other services in the same country. This ensures that the figures measure the relative usefulness of different activities.

The importance of private goods tends to crowd out the relevance of public goods for Polish enterprises. Between 1989 and 1996 the number of areas of business for which special licences was required increased from 11 to 21 (Kloc, 35). In 2001, over 50 per cent of the Ministry of Economy's decrees related to individual firms (Ministerstwo Skarbu Państwa 2001). All of this state activity is reflected by the importance of the state to the fate of individual firms. Table four shows how dependent Poland's 300 largest firms have been on private policy goods.

TABLE 4

Private policy goods and large Polish enterprises

Private Good	Score (per cent)	Missing (per cent)
Financial assistance	25	4
Special licence	24	4
Sales to the state	52	12
Majority of income from state	11	12
Financial assistance, licence or sales to state	62	17

Source: Institute of Political Studies survey data.

This objective data is reflected in the perception of the managers of these firms (see Table 5). Thirty per cent of Poland's largest enterprises see state policy as more important to their firm than general economic conditions. This is consistent with the importance of private policy goods to Polish firms.

TABLE 5

The most important factors in the business environment

Factor	Score (per cent)
State policy	29
Domestic economy	62
World Economy	9

Source: Institute of Political Studies survey data. Missing 5 per cent.

The implementation of the law can produce private goods from laws or regulations that are formally public goods. The head of Poland's Supreme Audit Chamber (NIK) writes:

'I can but I don't have to' – unfortunately, this principle operates in many fields of public administration. Investigation after investigation by the Audit Chamber points to the lack of clear and transparent rules for taking decisions on matters such as the distribution of import quotas, licensing, tax breaks, and even qualification for flood aid. Unequivocal conditions for entitlement to a quota or a benefit have not been specified. Bureaucrats distribute subsidies to hospitals or coalmines, arbitrarily deciding which mine, or which hospital, should benefit, according to their own personal taste. (Rzeczpospolita 2000)

Some of the more successful business associations are dedicated to the provision of private policy goods for their members (Interviews: Uchman, Mordasewicz, Stepniewski). Nonetheless, for large firms, business associations play at most a minor supporting role. Business associations do not have the resources to continually focus on specialised issues concerning individual members. In most cases, they probably contribute a letter or a phone call. It is only in *causes célèbres* that they can make a difference by calling on their media connections, and presenting individual disputes as

part of a pattern of government hostility to business. Firms, which have made fortunes from private policy goods, concentrate on individual representation of their interests (Polityka 1998).

THE COMPANY AND PARTY STATES

This section will evaluate the foreign ownership, party system and elite configuration hypotheses, as all three of them aim to distinguish between the company and party states.

Poland is no exception to the generalisation that foreign ownership encourages the company state. Indirect forms of the company state are weak in Poland. There are some examples of lawyers doubling as lobbyists or government-relations experts, Lejb Fogelman being a well-known Polish-American lawyer who fits into this category. However, this phenomenon seems to be restricted to the foreign-owned sector and is even relatively marginal in that sector. Employing a dedicated government-relations and/or public relations consultancy is a relatively common way for foreign enterprises to engage with Polish policy-makers (Interviews: Matraszek, Dubiński). As is the norm in many other countries, the consultancy firms are quite small businesses, often resulting from mergers or joint ventures, between Polish lobbyists and trans-national government-relations businesses. Most senior businesspeople, have simply doubted that any outsider can manage their government-relations better than they can themselves. Since “lobbying” has much more negative connotations in Polish than it does in English, some Polish businesspeople have approached these firms seeking help with plans that were obviously illegal, or at least, highly unethical (Interview: Dziejic). In Poland, there is an important category of

freelance “lobbyists”. Several have been centrally involved in corruption scandals (Majewski), while others are entirely legitimate. They are often ex-politicians, politicians who have lost their parliamentary seats, or sitting parliamentarians whose party is out of government. Until very recently, this sort of activity has been entirely unregulated. It is difficult to gauge exactly how important this informal, and often shadowy, behaviour is. However, all evidence suggests it is less important than the direct element of the company state, where companies manage their government relations themselves.

The specialised government-relations division, which plays such an important role in the writings of Grant on Britain and Cathy-Jo Martin on America, is far from being a norm in Poland. If it does exist, it is usually subsumed within a public relations or communications department, or more often is part of the chief executive’s office. However, its role is not that of high-status delegate of the chief executive or the board, but rather as a support to the personal management of government relations by the chief executive or another senior manager.

Public ownership is frequently treated as a dichotomous variable. In Poland, such a treatment can be seriously misleading. In 2001 there were almost three times as many firms in which the state had partial ownership as there were wholly state-owned commercialised firms (Ministerstwo Skarbu Państwa 2002, 78). Almost 93 per cent of the state holdings were minority shares (Ministerstwo Skarbu Państwa 2002, 83). In addition, foreign ownership and state ownership are quite often combined. Twelve per cent of the firms in the Institute of Political Studies sample contained some state ownership and some foreign ownership. In order to investigate, whether and how,

state ownership represents the company or the party state, it is necessary to move on to hypothesis four – the nature of the Polish party system.

In Poland, positions on secularism and liberalism versus religion and traditionalism are much more strongly associated with the classification of parties as left, right and centre than economic policy (Szawiel). For example, the left-wing party, the Social Democratic Alliance, insists on its social democratic nature, and is in some eyes (Lipsmeyer), but not in others (Bielasiak), associated with social democratic policies. However, it is also regarded as a party of business, especially big business. Since all substantial parties have tried to be parties of business, there is no natural party of business as there has been in many other political systems. No government elected in a fully democratic election has been returned to government in the subsequent election. In Poland, party competition has consisted of the alternation of center-right and peasant-left blocs. This alternation seems set to continue with the next parliamentary election in 2005.

Poland's system of corporate governance is similar to the German one. It has separate supervisory and executive boards. All appointees to supervisory boards need to have passed the exam for members of supervisory boards. In practice, most appointees are usually senior and well-qualified businesspeople, bureaucrats or academics. Politicians regularly reject the suggestions of their bureaucrats and substitute politically loyal appointees (Schoenman). There is considerable ambiguity about whether appointees are loyal simply to the individual who appointed them, to a faction of which the appointer is a member, or to a whole political party (Jarosz). However, it does seem that appointees are associated more strongly with loose cliques

rather than with parties as a whole. For example, in the 1997 to 2001, it was a group of politicians from the Nowy Sącz area, rather than the right-wing Solidarity Electoral Action party, which dominated appointments to state-owned firms (Wprost 2000). In the subsequent, left-wing government, appointments tended to reflect factional struggles between the prime minister, president, and State Treasury minister Wiesław Kaczmarek (Rzeczpospolita 2002). Effectively, the membership of supervisory boards changes after elections, and frequently also reflects the high turnover of ministers of the state treasury. Thus, where state ownership is present, business-government relations tend to be characterized by the party state.

Finally, there is the hypothesized influence of elite configuration on business-government relations. There is an intense level of contact between the political and economic elites and many businesspeople know senior politicians well. In the Institute of Political Studies survey, members of the business elite were asked how well they knew politicians from a list of the twenty-two most influential in the state. They could answer that they had never met them, had had contact with them, that they knew them or that they knew them very well. The average respondent had had contact with eight of the twenty-two, knew three of them very well or something in between.

Educational institutions are frequently identified as a source and identifier of elite membership. Polish educational institutions are too large and/or provide too small a proportion of both the business and political elites to explain why the direct involvement of senior managers is such an important type of business-government relations (see Table 6). The most elite institution is the Warsaw School of

Economics. Exclusive clubs have been another way of establishing and maintaining contact between different types of elites. In spite of the efforts of some entrepreneurs, no equivalents of traditional British, or even American, clubs exist. The most direct type of integration between the two elites, is when individuals' careers shuttle between the business and the political spheres. In Poland, it is relatively rare for members of the business elite to run for office. Andrzej Olechowski, the runner-up in the presidential election of 2000, is the exception rather than the rule. However, it is very common for politicians to be involved in business, especially when out of government, and, indeed out of parliament, as has often happened to prominent centrist and right-wing politicians. These politicians do not generally find themselves in crucial positions in the largest enterprises. Some maintain an elite position in business-government relations, rather than business or politics, by developing a freelance business-government relations consultancy.

TABLE 6

Graduates of Polish educational institutions and elite membership

	Percentage of administrative elite	Percentage of political elite	Percentage of business elite	Number of students
University of Warsaw	30.1	14.3	7.2	49,000
Warsaw School of Economics	1.3	13.3	14.9	13,000
Warsaw Technical University	3	13.3	5.2	30,000
Jagiellonian University	3	5.6	0.5	29,000

Sources: (Wasilewski and Pawlak, 54); www.uw.edu.pl; www.sgh.edu.pl; www.pw.edu.pl; www.uj.edu.pl

Some argue that Polish business is divided into camps affiliated to particular political parties (Frentzel-Zagórska, 225), but the extent of this phenomenon is

probably exaggerated. One supposed indicator of this camp structure is the prevalence of former members of the communist party in the business and political elites. However, membership of the communist party was quite the opposite of an exclusive category, and it is not as reliable an indicator of political affiliation as might be imagined. Many of the leaders of Poland's anti-communist opposition were once members of the party. The only institution, which seems like a plausible candidate as a common incubator for the business and political elites is the Warsaw School of Economics. Its graduates have included prominent politicians from both the leftist and centrist blocs.

It is difficult to judge the extent to which divisions of the Polish party system extend into the economic elite. In the Polish media, there is a lot of discussion of networks formed under the previous regime, which have been adapted as a form of business-government relations in the present. Again, it is possible to point to some networks, which have played a role in some scandals and there are some businesspeople that are undoubtedly identified with particular political parties. On the other hand, there is substantial evidence that businesspeople are not associated with particular political parties (McMenamin). So, for example, Jan Kulczyk, Poland's richest man had a good relationship with the right-wing Solidarity Electoral Action but is also very close to the left-wing president Aleksander Kwaśniewski. Similarly, Zygmunt Solorz of Polsat has worked hard to maintain a plethora of contacts with all relevant political parties.

The lack of a narrow elite channel or channels suggests that Poland's elite configuration does not explain the choice of the direct over the indirect elements of

the company state. However, the lack of a party political cleavage in the economic elite does explain why direct contacts between private sector managers and the state represent the company, rather than the party, state.

There is a substantial consensus that the two-most important types of contacts between government and business, are state ownership, and, in the private sector, the personal connections of senior personnel. Table seven summarises the analysis of the company and party states in Poland. Although, Polish business associations are of some importance, overall, Poland is a mixture of the company and party states. All of the Western hypotheses are useful in explaining the relative marginalisation of associations and the particular Polish mixture of party and company states.

TABLE 7

Contacts Between Individual Firms and the State and Politics

	Importance	Classification
Law Firms	Marginal	Company State
Government-relations Consultants	Moderate	Company State
Freelance Lobbyists	Moderate	Party State
Government-Relations Divisions	Moderate	Company State
State Ownership	Substantial	Party State
Personal Relationships	Substantial	Company / Party State

CONCLUSIONS

The postcommunist literature on business-government relations does not make a convincing case for the introduction of new concepts that are not already to be found in the Western literature. Moreover, the Western literature on business-government

relations “travels” well to Poland. The confrontation between Grant’s classification and the Polish context has not lead to “conceptual stretching ..., i.e., to vague amorphous conceptualisations” (Sartori, 1034). On the contrary, travelling to Poland has produced a much more concrete and rigorous distinction between the company and party states, and one that should be applicable to other capitalist democracies. Similarly, the explanatory hypotheses are all meaningful in the Polish context, and some such as public ownership, also have to be defined more, rather than less, rigorously to deal with the realities of Polish business-government relations. This is not to say that Polish-business government relations are not unique, nor is to assert that an in-depth knowledge of the details and particularities of the Polish case are unnecessary. It is simply being argued that understanding the unique and complicated Polish case does not necessitate the invention of any new concepts or hypotheses.

If it were possible to present an equation to sum up business-government relations in capitalist democracies, the equations for Western and East-Central European states would contain the same dependent variable, the same independent variables and the same signs on all the coefficients. The values of the coefficients would be different as would the values of the variables in the dataset. This is not to deny that the “past is the most influential decision-maker” in East-Central European cases (Hayward). So this article does not disagree with Stark and Bruzst (1998, 83) when they say, “Structural innovations that will bring about dynamic transformations are more likely to entail complex reconfigurations of institutional elements rather than their immediate replacement.” However, it is being argued that the reconfiguration has resulted in a system that is describable and analysable using concepts developed in the West and for the West. Of course, the past the master explanation for the values of

the variables, but the past has not thrown up any new variables that are unfamiliar to students of Western business-government relations, nor has it changed the sign on any of these familiar variables. In this sense, then, Polish business-government relations are neoWestern. Poland's experience of communism is essential for an understanding of contemporary Polish business-government relations, but communism has not marked Poland so significantly it can be regarded as a new type of capitalist democracy.

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