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Post-Communist Hungary and Romania

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Confronting the Past: Corruption in Post-Communist Hungary and Romania

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Abstract

Why are some states more corrupt than others? More specifically, why is post-communist Romania significantly more corrupt than post-communist Hungary even though both transitioned to democracy from USSR satellite states in 1989 and both went on to enter the European Union? This paper argues that though the implementation of communism in political institutions at the time of transition cannot serve as an explanatory factor, Romania's patrimonial pre-communist history developed a foundation of corruption and the lack of turnover in political leadership during the transition from communism to democracy played a critical role in continuing this corrupt pre-communist foundation. Conversely, Hungary featured a theme of political turnover throughout its pre-communist past, communist past and also in its leadership into democracy, which allowed it to avoid a cultural foundation of corruption. Moreover, international institutions such as the European Union had the opportunity to promote an anti-corruption platform in Romania, yet the EU had its own problematic institutions.

Introduction

“The world changed in 1989” (Engels 2009). From Poland’s free elections in June, to the tearing apart of the physical manifestation of the USSR’s powerful Iron Curtain, the Berlin Wall, in November, the world saw the beginning of the end of communism in Europe. By the end of 1991, the Soviet Union no longer existed. The world was therefore quickly and dramatically pushed into a post-Cold War era. Yet what would become of these former Soviet Union (USSR) satellite states and the fifteen new states that had come into existence with the dissolution of the USSR?

Prominent academics offered a wide array of possible answers. Samuel Huntington (1991) declared this period “the 3rd Wave of Democratization”, stating matter-of-factly there was going to be a dramatic democratization throughout these transitional states. John Mearsheimer (1990), on the other hand, took a much more pessimistic point of view, insisting that “we will soon miss the end of the Cold War” because Europe will now become a multi-polar landscape, which will come to breed countless conflicts (Mearsheimer 1990).

Ultimately, the next few decades in Europe saw neither of these hypotheses fully come to fruition. In fact, the politics of the 1990s in Europe were rather mundane, at least in terms of dramatic conflicts. Instead, a significant number of Huntington’s ‘Third Wave’ transitional regimes have come to feature hybrid regimes or illiberal democracies, in which democratic and authoritarian elements blend, rather than becoming fully democratic (Diamond 2002). And within these illiberal democracies, a hallmark characteristic has become corruption. As Transparency International insists, “systemic corruption remains a major problem in the Eastern [European] Neighbourhood, threatening development and stability as well as credibility of

institutions (Transparency 2014). Essentially, “corruption has replaced communism as the scourge of Eastern Europe” (Economist 2011).

Yet the levels of corruption throughout Eastern Europe, if only amongst those that were admitted to the European Union, have come to be quite varied. This diversity can be seen when analyzing the disparate rankings from Transparency International’s Corruption Perceptions Index, from Estonia’s ranking of 26th out of 175 countries, on par with that of France, to Hungary’s 47th to Romania’s 69th, the worst in the European Union. Therefore, this continues to be a critical issue in Eastern Europe despite the international influence of the European Union, which supposedly is “deeply concerned with corruption”(European Commission 2015). The anecdotal evidence of corruption in parts of Eastern Europe today is staggering to a Western audience; the Czech Republic’s Prime Minister, Petr Nečas, was forced to resign after “his senior aide, who was also his lover and is now his wife, had ordered the country's security services to spy on the prime minister's then wife and report back. The aide wanted to push through a speedy divorce” (Murray 2013). Romania’s now former Primer Minister Victor Ponta was recently indicted on counts of forgery, money laundering and tax evasion while in office and did not resign until protests took to the street over another entirely different scandal (Basham 2015). However, the fact that he was actually indicted for his crimes illustrates how Romania has begun to take serious steps towards fighting its rampant corruption. Hungary, on the other hand, quickly ‘came to represent a model of reform’ (Cooke 2014) after 1989 and has seemed to maintain this model behavior until the election of Prime Minister Viktor Orban in 2010, who is now explicitly stating he wishes to create an illiberal democracy (Hajba & Given 2014).

The cases of Romania and Hungary therefore present a particularly interesting comparison. Both were USSR satellite states that transitioned to democracy in 1989 and both

went on to enter the European Union. So the question becomes why has Romania's transition after the fall of the USSR become plagued with corruption while Hungary featured a much swifter, 'successful' transition despite the comparable influence of international actors' anti-corruption efforts in both cases?

This paper attempts to explain this discrepancy by analyzing three variables: first, pre-communist institutional corruption, in order to understand the historical foundations of corruption within each state. Next, we will examine the implementation of communist political institutions, to analyze the ideology driving political institutions before the transition. Finally, we will investigate the political leadership during the transition from communism to democracy, to examine the turnover of politicians and or political groups while each state developed into democracies. It is necessary to first define our terms and understand the existing literature surrounding political corruption in post-communist states.

Literature Review:

Corruption. Though it is an often-used word, it has become so common that it has come to take on several connotations depending on the subject in question. Peter Euben (1989) points out the original use of the term came from the identification of an impurity which damages something so it cannot develop as it should, such as a contaminant in a chemical compound, leading to an infection and decay. As Mark Philip (1997) demonstrates, in order to label some 'impurity' within a political system, it becomes a question of what should the standard behavior be that has now been deviated away from. Philip therefore, relying on the work of Niccolo Machivelli (1517), broadly defines political corruption as "the decay of the capacity of the citizens and officials of a state to subordinate the pursuit of private interests to the demands of

the common good or public interests” (Philip 1997). Joseph S. Nye (1967) further breaks down this immense category of corruption into “bribery (use of rewards to pervert the judgment of a person in a position of trust), nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)” (Nye 1967). In practice, “corrupt practices remove government decisions from the public realm to the private, diminishing openness and accountability” (Sandholtz and Taagepera 2005).

But why are some states more corrupt than others? As John Gardiner (2001) illustrates, one man’s bribe is another man’s gift; meaning that the same situation can be labeled very differently based on the social conditioning of the beholder. Thus, areas such as culture and social norms come into play. Culture is almost as difficult to define as corruption, but according to Harris and Ogbonna (2002) culture is a “pervasive, eclectic, layered and socially constructed phenomenon, which is generated through values, beliefs and assumptions but expressed through artifacts, structures and behaviours” (Harris and Ogbonna 2002; 32). There is academic debate whether culture can be managed or even whether culture is malleable at all, but there is some consensus around the difficulty in trying to invoke a true cultural change (Harris and Ogbonna 2002). Therefore, returning to the topic of corruption, researchers such as Peter Larmour (2012) and Michael Thompson et al. (2006) argue that a state’s particular culture surrounding corruption can play a critical factor, defining this relationship as cultural biases or “social constructions of reality which... render rational a particular way of behaving in that world” (Thompson et al. 2006; 325). Cross regional and religious studies have attempted to understand the cultural differences that lead to varying corruption levels. For instance, it has been found that British colonies are less corrupt than other states’ colonies and researchers hypothesize that this is due to

the implementation of a legal culture (Treisman 2000). Yet, culture is a fickle creature and it is extremely difficult to point to just one factor, even on a case-by-case basis.

Corruption becomes further complicated when it is discussed in the context of the post-communist transition. The transition of post-communist states and satellite states has become a rather popular area of study in the past two decades, leading to significant levels of research into the subject. In order to discuss post-communism, one must first understand communism, which can be defined as “an ideology that seeks to create human equality by eliminating private property and market forces” (O’Neil 2013). In practice, “it atomized society-it destroyed the institutions and bonds of pluralism-sweeping away ideas, values, solidarities and people and preserving only a few of these, often in distorted form, from the pre-communist past” (Schopflin 1991). Post-communism therefore follows what Jadwiga Staniszkis (1999) refers to as the implosion of communism, in which communist states underwent a radical de-institutionalization due to a crisis of legitimacy leading to the abandonment of the rules of the system and economy. This dramatic change of political systems has led to debates over whether this transition could be labeled a ‘revolution’ (Offe 2004), liberal revolution (Ackerman 1994), or so unique it requires its own word, such as ‘refolution’ i.e. a mix of reform and revolution (Ash 1990). Yet, moving beyond the semantics, the question became, what would happen to these states?

Unfortunately, two decades following the dramatic fall of communism, “corruption has become the hallmark of the post Soviet world” (O’Rourke 2000). One dominant theory explaining why corruption has reached such extremes in post Soviet states relies on the economics of corruption, by pointing to their transitional economies. Some researchers posit that market liberalization and privatization from communist economies have increased corruption (Kaufmann 1997). Academics such as Robert S. Leiken argue, “post-Soviet market reforms

kicked over a rotting log, disclosing and also liberating the corruption and mayhem of the underground” (Leiken 1997). Yet other research by economists such as Alberto Ales and Rafael Di Tella (1997) demonstrates that product competition and opening trade leads to a reduction in corruption, even in states where judicial institutions have yet to develop concretely.

Another approach simply asserts that “ the very nature of post-communism encourages the spread of corruption...the communist legacy is characterized by a fuzziness of boundaries between state institutions, and between the state and society; an ideology in which ends are often more important than the means; and a near-absence conceptually and in practice of the rule of law” (Holmes 2006). Essentially, academics such as Wayne Sandholtz and Rein Taagepera argue, “communism and post-communism increase the levels of corruption” (Sandholtz and Taagepera 2005). Yet this approach alone fails to explain the dramatic differences in corruption throughout the region.

Therefore researchers, such as Milenko Petrovic (2013) have taken a more in-depth look into pre-communist legacies in order to understand these variations. As Daniel Treisman argues “the distant past appears as important as — or more important than — current policy” (Treisman 2000). Others, such as Leslie Holmes (2006), place a heavy emphasis on the early stages of post communism transition, insisting that “the mode of political transition from Soviet rule has had a significant impact on the cohesion of post-Soviet governments and their ability to control the state apparatus”, leading to high levels of corruption (Stefes 2006). The leadership that emerges with the transition, particularly the retention of elites and or previous leadership, therefore is cited as a causal factor for the development of corruption (Stefes 2006).

In summary, though the term corruption has come to be used ubiquitously, political corruption occurs when a public office uses its position to place its own private interests above

those of the public good. Culture comes to play a critical role in explaining why some states are plagued with more corruption than others. Unfortunately, corruption has come to be a staple in many post-Soviet and post satellite states in Eastern Europe. Research into the cause for corruption in the region features a wide variation, from pre-communist patrimonialism, to a state's communist experience to the political transition leadership a state experiences immediately after the fall of the USSR. It is my intention to apply these variables to the Hungarian and Romanian cases in an effort to understand the significant difference in experiences with corruption as each state made its way into the post-communist era, despite international intervention from the European Union in both. I plan to do so by taking a historical approach, from each states' pre-communist past, to communist experience to post-communist transition, through the lens of the variables of patrimonialism, implementation of communism and the leadership during the 1989 revolutions.

Body

Pre-Communist Past - Variable: Patrimonialism

The first variable this paper will address will involve each state's development of political institutions and their levels of corruption, in particular patrimonialism, in its pre-communist past. Francis Fukuyama defines patrimonialism as the "the natural human propensity to favor family and friends... organized groups-most often the rich and powerful- entrench themselves overtime and begin demanding privileges from the state" (Fukuyama 2011). Essentially, it is a nice blend of nepotism and misappropriation, likely with a dash of bribery thrown in as well. We will delve into each state's institutional experiences during its pre-communist past in order to understand each state's cultural foundations of political corruption. It

becomes evident that while Hungary had brushes with political corruption, it was Romania that became entrenched in corruption due to its static political institutions. Studying any history can become overwhelmingly extensive; therefore, the focus of this pre-communist section will be the turn of the 20th century to the end of World War II, in order to analyze the years leading up to the communist period and because Romania has only existed as it is today since 1866.

Hungary

Hungary has certainly undergone a dynamic history. From the invasion and domination of the Ottoman Empire to the Austro-Hungarian Empire, Hungary has had several variations of state borders as well as several iterations of political institutions. The theme of political turnover comes to play a critical role in Hungary's relationship with patrimonialism. Hungary is no stranger to political corruption, as Andrew Janos points out, there was a period of blunt patrimonialism during the 16th century in which "the parliament could be manipulated, coerced or simply bypassed by the Kings" (Janos 1982). Yet in terms of our historical period of the late 19th century to 1940's, Hungary had begun to undertake the development of the modern state with the unification of the Austro-Hungarian Empire in 1868. This redesigning of political institutions featured the codification of the legal system, the development of a capitalist economy and a transformation of the political administration, emphasizing the strength of the local authorities. (Frank 1990). However, this new political system did not rid the Hungarian political system of its considerable power disparity. As Geza Jeszensky argues "Hungary's emergence as a modern society was not accompanied by changes in power relations. The aristocrats and the gentry retained their hegemony and the supremacy of the Hungarians became more pronounced" (Jeszensky 1990); there was still a significant divide of power and influence between the agrarian

populace and the aristocrats. “ Instead of leading to political democracy, a capitalist market economy, and a society based on equal rights, in Hungary they resulted in a bureaucratic polity, a pseudo-market, and a neo-corporatist society in which rights continued to be commensurate with social function, while social function was less frequently assigned by merit than by heredity” (Janos 1982). Evidence of this political corruption can be seen in government manipulation of elections, from gerrymandering to electoral fraud (Goldstein 1983). This demonstrates that while Hungary had a strong, developed state by the turn of the century, Hungary is no stranger to patrimonialism in its political system.

Following the onslaught of World War I, Hungary had become ‘dismembered’, losing 66% of its land and 60% of its population (Barkey 2000). “The situation in 1920 was truly terrible” (Deak 1992). Therefore, the political arena became a sort of free-for-all, essentially wiping the previous political regime’s foundations clean. “Millions of people were in disarray and ready for the revolutionary adventure” (Molnar 1996; 254). First, the establishment of the Hungarian Democratic Republic, following the dramatic severing from Austria. Then, the elections in 1919 elect the left wing Independence Party which goes on to create the Hungarian Soviet Republic of 1919. This period came to be seen as a sort of revolutionary dictatorship. Yet, this soviet dictatorship lasted only 133 days; it ended abruptly due to a sudden military conflict with the Romanian army, which the Revolutionary Governing Council responded with a form of political corruption, acting out of self-interest rather than the public good, by fleeing. (Janos 1982).

Interestingly, the party to win the subsequent 1920 election was once again new, though this time the political leanings of the new regime had swung across the center of the political dial to the moderate right. This period came to be known as the Bethlen regime, for Prime Minister

Istvan Bethlen who acted as Prime Minister from 1921-1931, and it was marked by the fact that “the state had a central and dominant but by no means monopolistic position... rather than possessing a single power elite, Hungary had separate elites of power, wealth and privilege” (Janos 1982). “Growing professionalism in the techniques of government... revival of religiosity, patronage of the arts and sciences and parliamentarianism after the European model were the features with which the system were endowed” (Hanak and Held 1993). As a result, while Hungary had brushes with patrimonialism, it also had brushes with more democratic systems, before once again being thrown into another period of political chaos, known as World War II.

Romania

Romania’s history, in comparison, was rather static in terms of regime turnover. Romania has only existed since 1866. Prior to this time, it was simply a region within the all-powerful Ottoman Empire. This comes to play a significant role, because as Tom Gallagher argues “foreign control of a territory is usually not an experience that helps to prepare its inhabitants for self governance. When people have been politically marginalized and denied the chance of shaping their own environment even at a rudimentary level, they have thereby been denied valuable opportunities that can widen the pool of leadership from which a new state can find its rulers” (Gallagher 2005). Therefore, while Hungary had a strong state by the turn of the century, Romania emerged a sovereign state out of the ruins of the Ottoman Empire with weak political and economic institutions along with a political elite that were also ideologically and culturally weak (Barkey 2000).

As a result, when Romania finally achieves independence, there is some critical baggage to consider. Although the 1866 constitution is closely modeled on Belgium's constitution, articles were included not present in the Belgian constitution "which reflected the illiberal views of the new order" (Gallagher 2005). The form of constitutional monarchy was chosen as the new political structure, with King Carol I, a foreign prince, acting as the first monarch of Romania. "Exercising the considerable powers granted to him by the constitution with increasing confidence, he [King Carol I] regarded foreign and military affairs as his special domain... The king alternated the two parties in office... the state machine was mobilized to ensure that a comfortable majority was secured" (Gallagher 2005). Consequently, "the kingdom of Romania was far from democratic" (Georgescu 1991).

Essentially, as Alina Mungiu-Pippidi (2007) argues, Romania had become what is known as a 'status society'; "a collectivistic hierarchical society with limited value placed on individual freedom... the concept of freedom itself is quite meaningless in such a society...and the word freedom itself is strikingly missing from Romanian political literature except in connection with 'national independence'" (Mungiu-Pippidi 2007; 133). And "personal and not impersonal relations are the norm in this type of society" (Mungiu-Pippidi 2007; 135). Accordingly, Romania, predictably, evolved into more of a patrimonial state. As Gallagher explains, "the state manifested its presence in the lives of the Romanian population through the tax collector, who often viewed the people's taxes not as source of public revenue but of personal revenue...the King was hardworking and ascetic, but showed no real understanding of the material plight of his people" (Gallagher 2005), leaving his own government officials no choice but to find a way to survive, through corruption.

Then World War I. As we saw in Hungary, most states suffered great political changes. In contrast, Romania continued to feature a political “elite enmeshed within the cultural and ideological forces of their country” (Barkey 2000). So Romania was one of only three states in Eastern Europe to not have a completely new political regime after the Great War (Walters 1988). Seemingly the only political changes within the state were to expand the powers of the King. In 1923, a constitutional change pushed through by the Liberal Party only acted to further centralize the government, eliminate local decision-making and limit other parties’ powers. Meanwhile the income difference between the elites was maintained and even grew with a “middle class [that] was quite small... [and] the peasants, who comprised at least three quarters of the population, were extremely poor” (Walters 1988) which simply reinforced oligarchic structures. By 1938, King Carol II had ended parliamentary government and basically implemented a dictatorship.

Ultimately, pre-communist Romania has a more static history of oligarchic structures, despite the dramatic influence of World War I, than Hungary’s several regime changes. This is critical in Hungary’s relationship with corruption because the turnovers of governments have the power to disrupt long-term political corruption contracts, essentially upsetting the potential for a culture of corruption (Horowitz et al. 2009). Unfortunately this is not the case in Romania. Ultimately, it boils down to the fact that “Romania has never acquired an elite which combines defense of its own position with a genuine and sustained effort to improve the condition and prospects of the population. Romanians have been viewed as subjects rather than citizens” (Gallagher 2005). This therefore lays a cultural foundation of corruption in Romania while Hungary has a cultural foundation of political transitions.

Communism - Variable: Depth of Communist State Institutions

As explained earlier, communism is an ideology whose intent is to create human equality by means of eliminating private property and market forces. Instead, “the allocation of economic resources depended primarily on [state] administrative decisions... bribes, payoffs and kickbacks were therefore a means of influencing those decisions.” (Sandholtz and Taagepera 2005).

Researchers such as Sandholtz and Taagepera argue, “corruption was normal in Communist regimes. Corruption became endemic in communist systems because the opportunities were ubiquitous and the constraints were few” (Sandholtz & Taagepera 2005). Therefore, the theory is that corruption will be pervasive in post-communist countries that experienced intense levels of communist institutions. Hungary follows this model, due to the fact that it had already begun to move away from communism before 1989, thus it had lower levels of corruption than other post-communist states. Yet, this paper finds that this variable does not explain Romania’s prevalent levels of corruption, because Romania was not dominated by communist ideology in the two decades leading up to 1989. Nonetheless, testing and comparing the implementation of communism in both Hungary and Romania presents some other interesting elements that play a role in each state’s relation with corruption, namely the power of political leadership, especially that of a personalistic dictator.

Hungary

The theme of political transitions makes a reappearance in Hungary’s relationship with communism. Hungary underwent three distinct periods of Communism. The first, 1948-1962, is considered the period of classic totalitarian Stalinization (Linz and Stepan 1996). Yet even within this first period, Hungary could not be considered ‘stable’. As Charles Gati (1994) details,

“from the time the first post war government was formed in December 1944 to the revolution of 1956, Hungarian history- with its ups and downs, sharp turns, and sudden plunges- followed a roller coaster course. This was a decade of hope and despair, exhilaration and fear, change and stagnation, democracy and terror. Three years of political and economic pluralism (from December 1944 to the winter of 1947-48) were followed by five years of growing Stalinist terror (from 1948 to the spring of 1953), followed by three years of gradual decompression called the New Course (1953-1956) that culminated in a short-lived nationalist, anti-Soviet uprising in October 1956”. (Gati 1996; 368)

Hungary’s 1956 revolution, the first in the Soviet bloc, illustrates the power of the Hungarian opposition to the communist regime. Though it may not have seemed it at the time, some argue, “the national rebellion of 1956 and its Soviet solution wrecked the very foundation of party power and dissolved Communist authority” (Kadarky 1973).

Hungary’s 13 days of revolution provoked an abrupt and harsh crackdown of policy by the Soviet appointed government. The revolution reached such levels of force that it required an intervention from the Soviet army; Soviet troops swiftly took Budapest, placing their pre-approved party leader at the Parliament building in an armored car (Gati 1990). The small openings that had occurred prior to the revolution were reversed, such as closing the multi-party system that had been established in the fall of 1956 (Berend 1990). Yet, after the initial severe constraints on the Hungarian society, they begin to slowly loosen. Though the new political directive was to maintain the socialist direction, “at the same time...important advances were made in making political life less repressive and more liberal... in short, the government tried to gain widespread popular support through respecting individual’s rights. In accordance with this principle, a policy of tolerance was introduced” (Berend 1990). For instance, after 1961, anyone

with a passport could freely travel outside the country; even artists were allowed to enter the societal sphere again, illustrating a gradual shedding of the totalitarian communist ideology. By 1964, the Hungarian Communist party has only half the number of members it did pre-1956, and only 5.3% of the total Hungarian population was apart of the party, one of the lowest in the communist states (Kadarky 1973).

Consequently, Hungary found itself in a period of regime disintegration or what Endre Sik (1992) refers to as “the transformation”. This slow but sure opening in Hungary away from communism continues throughout the next two decades, permeating into the economy. The communist committee chooses to replace the Soviet economic model with a model that “combines the positive aspects of central planning with the stimulation produced by the market” (Berend 1990). Thus, in 1964, a new price system was implemented, which meant that prices were no longer fixed by the state, instead they now fluctuated depending on the supply and demand of the marketplace. Privatization was furthered by the fact that “there was a large and growing second economy in Hungary which began to increase at a great pace in the dawn of the transformation” (Sik 1992; 157). By the 1980’s, 55% of all new housing deals were made in this 2nd economy; a modern tax system had been installed as well as the opening of full service commercial banks. As Sik argues, “the structural changes in the course of the transformation makes it obvious that the socialist experiment is over” (Sik 1992; 160).

This regime disintegration percolates through society as well. “Decentralization took effect in the regional and local administrative system. Here party control has been considerably modified, if not suspended... these councils can amend and, in fact, reject party directives” (Kadarky 1973). By the 1980’s, opposition parties were allowed to form, and they became stronger and increasingly more outspoken, which eventually lead to the 1989 negotiated

revolution. By 1989, Hungary was no longer a fully communist country, and had not been for sometime, which maps seamlessly on to the communism to corruption theory.

Romania

Romania's relationship with communism is more complicated. Romania also was taken under the wing of the USSR following World War II. Though interestingly, "the Communist Party cannot be said to have had a really popular base, even in the cities" (Ben Ner and Montias 1991). Similar to Hungary's early communist years, "during the first decade of communist rule [in Romania], a ferocious attack was launched against all institutions and individuals seen as representing even a residual threat to the new order" (Gallagher 2005; 47). By 1952, Romania was subjected to rigid totalitarian controls. There was some resistance to the new system, but in the end, "the ability of what had been an extremely small political sect to establish its total power is striking" (Gallagher 2005; 48). As Gallagher argues, "Romanians had never enjoyed any political freedom at any time in their history... and they had not lost a great deal by having a Communist regimes" (Gallagher 2005).

Leadership comes to play a pivotal role in Romania's relationship with communism. Gheorge Gheorghiu-Dej or Dej becomes the General Secretary of the Romanian Communist Party (PCR) in 1945 and goes on to play a critical role in shaping Romania's relationship with communism. Though Dej was a strong supporter of Stalin, after Stalin's death, "his own relations with Khrushchev were never warm and they developed into mutual dislike... Dej used to refer to Khrushchev as 'the peasant' and Khrushchev, in his turn, hardly concealed his view that the Romanian leader had outlived his usefulness" (Gallagher 2005; 53). It is therefore not particularly surprising that Romania managed to remove all Soviet forces from its state in 1958

and then went on to become the first country in the Soviet block which established independent trading ties with the West, illustrating an early pivot away from total communism. Ultimately, in Romania “obedience to the leader of the system also took precedence over adherence to the law of the state or to party doctrine. In Romania, personal elements transcended ideology to a greater degree than in most other communist systems” (Gallagher 2005; 56).

This certainly held true in the case of Dej’s successor after his death in 1965. Nikolai Ceausescu “had a stammer, no sense of humor, and found his poor education hard to conceal. But he possessed exceptional willpower and political zeal, and any ambition he may have lacked was made up by his wife Elena... yet it soon became clear that he was determined to enter history as Romania’s leading communist, and that all rivals, whether living or dead, would have to be cut down to size” (Gallagher 2005; 57). Therefore, Ceausescu furthered Dej’s separation from Soviet foreign policy, never endorsing the Prague spring and resisting further strengthening the powers of the Warsaw Pact (Roper 2000).

However, Ceausescu was apparently not content. A turning point for the regime occurred after Ceausescu’s visit to North Korea in 1971 where he apparently found a brand of communism that suited him (Roper 2000). With his powerful wife by his side, sometimes described as his Rasputin, Ceausescu reached a new level of dictatorship. “Power under Ceausescu was exerted by a tiny coterie using the mechanisms of populist authoritarianism, symbolic manipulation, and naked terror. The party apparatus was slowly disenfranchised and eventually emasculated.” (Tismaneanu 1991; 85). By the 1980s Ceausescu’s personal dictatorship had grown exponentially. “In no other East European Country were so many organizations politicized. Even small organizations with no intrinsic political characteristics, such as an ‘organization of people concerned with bees’ were organized by the party state. The

system interfered more deeply in aspects of your life than any other East European country” (Linz & Stepan 1996). By 1980 “nearly one in four Romanians was connected with internal security...the running, or ruining, of government had become almost completely a family affair.” (Danta 1993).

However, Ceausescu was not a Marxist communist. “Marxism as a living ideology virtually died in Romania” (Linz and Stepan 1996) under Ceausescu. In the beginning, to foreigners and Romanians alike, Ceausescu seemed “a maverick Communist”, yet in the end, “he was universally regarded as an embodiment of neofeudal despotism” (Tismaneanu 1991; 86). Essentially Ceausescu had crafted a personalized dictatorship with no guiding ideology because “Ceausescu was also implacably nationalist and distrustful of the Soviets” (Gallagher 2005). Instead, the regime was simply built on the glorification of its leader, reminiscent of dictatorships such as Idi Amin in Uganda. “For most of his rule, [Ceausescu] treated the estate as his private domain... Ceausescu himself increasingly relied on tradition as a source of his power. He lost touch with the party and alienated his former colleagues who eventually gathered the courage to dispose of him. But not a few of them were carriers of the same behavior patterns and mentalities as had produced Ceausescu” (Gallagher 2005; 69). He basically disregarded any semblance of Communist party authority; “the Communist party was no longer an autonomous body and existed only to implement Ceausescu's most extravagant plans” (Tismaneanu 1991; 86).

Thus, there was a lack of communist ideology in both Hungary and Romania in the years leading up to the 1989 revolution. In both states, the communist parties had lost legitimacy and authority by 1989. Yet, Hungary had already begun to open its economy, civil society and even its borders before 1989, which allowed it to ease into the capitalist economy model. Romania, however, “pursued a path of detailed personal control of the economy by Ceausescu...the

dictator and his entourage aimed at transforming Romania into an industrialized self-sufficient fortress” (Ben-Ner & Montias 1991). Thus, the critical difference between Hungary and Romania during this period lay in their political leadership; those who reacted to the needs of the economy and their people vs. the severe selfishness of a personalistic dictator. This theme of corrupt leadership then comes to make a reappearance in the post-communist transition period in Romania.

Post Communism Transition – Variable: Leadership

“Ten years, ten months, ten weeks, ten days” (Terry 1990). That’s all it took for a revolution in Poland, Hungary, East Germany and Romania. Though these revolutions happened seemingly concurrently, on the ground they came to unfold dramatically differently. In Hungary and Romania in particular, the parties and people who assumed leadership positions came to play a critical role in shaping each state’s post-communist transition and its subsequent relationship with corruption. As Francis Fukuyama argues, a high-quality government does not simply depend on the establishment of the institution, “a government, just like any private-sector firm, is an organization, that can be well or badly managed” (Fukayama 2014). Therefore, elite public officials hold a critical level of power and influence in shaping the path of their state. While Hungary’s communist party was mature enough to negotiate a political transition with the opposition parties and to respect the opposition party’s win in the elections, Romania resorted to violence to oust Ceausescu and then seemingly pivots back to Ceausescu’s former colleagues for leadership, perpetuating the corruption of the communist period.

Hungary

As mentioned earlier, Hungary underwent a non-violent ‘negotiated revolution’. “Some communist systems collapsed, as in Czechoslovakia, others as in Hungary, adapted” (Linz and Stepan 1996). Because the opposition parties were allowed to form and amass support due to a Central committee resolution passed in January 1989, there was a forceful call for political change. It played in the opposition party’s favor that Hungary was also experiencing an economic crisis and “the rulers felt the economy was collapsing. The economic reforms had failed...[therefore] the economic crisis lay at the heart of the reformers’ decision to advocate negotiations with the opposition” (Saxonberg 2001; 287). In response, “the Hungarian Socialist Workers Party [MSZP] was the only ruling communist party in Eastern Europe that took the initiative in undertaking internal reform and putting an end to its constitutionally guaranteed ‘leading role’ in society” (Terry 1990).

Thus, the MSZP ensured this leading role by sanctioning ‘Roundtable Talks’, in which MSZP sat on one side of the room and the opposition parties sat on the other and together they negotiated a democratic transition. This may seem more mundane than heroic, but this was a critical step in Hungary’s ability to transition. “At the root of the round table approach was the triumph of the democratic process... after all, democracy is about constant negotiation” (Falk 2003). In the end, a democratic package was agreed upon, in which freedom of association, assembly and press were to be developed as well as the establishment of constitutional courts (Schwartz 1999). In October of 1989, the Hungarian parliament adopted legislation that instituted multi-party parliamentary elections and a direct presidential election, transforming Hungary from a People’s Republic into the Republic of Hungary (Saxonberg 2001).

It is important to note “for better or worse, negotiation in this sense is also an elitist affair” (Falk 2003). It is simply impossible for the entirety of the Hungarian populace to sit at one table. However, the word ‘elitist’ does not always have to embody its dark connotations. “The process of democracy requires an educated, engaged and motivated political class, one beyond private interest and able to consider the public good” (Falk 2003). Hungary was fortunate to have an elite class of both communist members and opposition party members who could consider the public good above their own interests. As we will see, Romania was once again not so fortunate.

Ultimately, the conservative Hungarian Democratic Forum (MDF) party won the majority in the first 1990 elections with the reformed communist barely winning 10% of the votes (Tokes 1996). Though, four years later, the reformed communists worked their way back up the political ladder once again to earn enough votes to return to power, until FIDESZ wins the election after that. This once again illustrates Hungary’s theme of political turnover, continuing even six or seven decades after its first appearance in Hungary’s pre-communist past. Overall, “Hungary in the early 1990’s seemed to be an island of manifest political stability, economic progress, and social contentment” (Tokes 1996).

Romania

Romania’s 1989 transition was basically the antithesis of Hungary’s revolution. After the Hungarians sat at their tables and discussed their state transition to democracy, the Romanians took a much more theatrical route by engaging in ten days of a violent coup d’état. Sparked by the jailing of an anti-regime pastor on Dec. 15, 1989, as well as the other revolutions in the Soviet bloc that year, protests break out in Bucharest that soon turned into riots which are then met with tank attacks and thousands of killings (Rossi 2012). Ceausescu and Elena attempt to

flee, but are eventually caught and go on to stand trial in what is widely considered a ‘kangaroo court’ (their defense made no attempt to dispute the charges); unsurprisingly, they are convicted and are then executed on Dec 24th, 1989 (Sanborne 2004).

Meanwhile, the National Salvation Front (NSF) was formed to act as a leading group until elections could be held. Yet the crucial element about the NSF lay in the history of its members and even its leader, Ion Iliescu; all are now former elite members of Ceausescu’s RCP party. Essentially, Ceausescu and Elena’s show trial was organized by fellow members of Ceausescu’s in name only Communist party “who twisted a popular uprising into little more than a palace coup and held firmly to the levers of power” (Graham-Harrison 2014). When the first free election in Romania after the fall of Ceausescu occurs in May of 1990, unsurprisingly NSF wins 85% of the vote allowing Romania to become the only post-communist state to not elect a communist opposition party in the first five years of its political transition (Rossi 2012). Instead former Ceausescu aligned officials are elected, though in a sense reelected, to seats of political power.

But why? Researchers such as Linz and Stepan (2006) posit that it lies in the all-encompassing power of Ceausescu in virtually every area of Romanian life. As a personalistic dictator, the regime was Ceausescu and Ceausescu was the regime. Therefore, when the head of the monster was cut off, or rather shot by a firing squad, Romanians could see the regime as completely gone. They either simply missed or chose to ignore the foundations on which Ceausescu had built his totalitarian regime, and then ended up electing this foundation. Furthermore, in Romania “the desire to make a political choice based on the personality of the competitors rather than what they stood for, appears to be ingrained” (Gallagher 2005; 10) and

Iliescu had a charismatic relationship with the Romanian society as the leader of the “revolution”. Because of this, his credentials simply were overlooked or ignored.

Moreover, Romania, unsurprisingly after Ceausescu’s extreme command, had a dramatically weak civil society. As Steven Sampson argues, “Poland and Romania are notable for their lack of any ‘faith in the state’” (Sampson 1987). It must be remembered “the destruction and deep perversion of the Romanian intellectual life is grounded in heavy repression and infiltration by communism, which was considerably stronger in Romania than in Hungary or Poland. The crucial difference here is the total suppression of any dissent” (Mungiu-Pippidi 2007). Essentially, “society was atomized and the people were traumatized. Terrorized by the prevailing surveillance of the secret police, the Romanian people were fearful of getting together and speaking up... people now appreciate the freedom not to participate in party politics” (Rossi 2012). Therefore, the polls in Romania in the 1990s illustrate a belief that there has been a substantial improvement in leadership over the former regime, despite all being former communist leaders (Linz and Stepan 1996). Consequently, the NSF maintains a stake in the political arena in Romania thorough the 1990’s, dispelling any hope for political turnover in Romania. Instead, if reforms were implemented, corruption penetrated the system. For instance, the “privatisation process that took place was one perverted by massive administrative corruption at all levels” (Laurentieu 2001). Unsurprisingly, now with the ability to measure corruption, Romania’s score on Transparency International continued to rise through the 1990’s into the new millennium. “In 1997, Romania was on the 37th position with a score of 3.44, in 2001 Romania reached the 69th position with 2.8 points” (Larentieu 2001).

Essentially, the differences between Hungary and Romania are further cemented in looking at their post-communist transitions. Each state’s political leadership during the

“communist” period comes to play a significant role in shaping their 1989 revolution. Hungary manages to enact true political openings and reforms with the help of communist party but also because “during the first free elections since the communist take-over, the citizens resisted electing an old wolf in new clothing” (Saxonberg 2001; 393). Romania was unable to see the old wolf’s friends because it had become so consumed with the big bad wolf. This results in a lack of true change in political leadership and as a result, little political reform. As Trond Gilberg insists “it should come as no surprise that elements of [Ceausescu] attitudes remain in the leadership and the masses alike. Many members of the government are former communists. They are not dedicated to the idea of Western-style democracy... even those who advocate real democracy have problems understanding the piecemeal nature of decision making and implementation of pluralistic democracies” (Gilberg 1993). Continuing the corrupt political leadership allows the foundation of corruption in Romania to continue.

European Union Policy Discussion

But how does the European Union fit into all of this? Both Hungary and Romania go on to enter the European Union in 2004 and 2007 respectively. Yet to enter the European Union itself, states must undergo a rigorous accession process. This includes completing 35 chapters known as the Copenhagen Criteria, covering topics such as social policy (#19), judiciary and fundamental rights (#23), justice, freedom and security (#24) etc. As the Commission of the European Union details “countries wishing to become members of the EU are expected not just to subscribe to the principles of democracy and the rule of law, but actually to put them into practice in daily life. They also need...to function effectively and democracy to be consolidated.” (Open Society Institute 2002).

Therefore, why was Romania allowed into the European Union despite its critical levels of corruption? As we have seen, by 2001, Romania had reached a Transparency International Corruption Index rating of 69th (Larentieu 2001). As Transparency International argues “although the candidate and potential candidate countries are required to ‘make progress’ in these areas [corruption], so far there have been no clear standardized baselines that would allow their progress (or regress) to be monitored” (Transparency International). This demonstrates the ambiguity of the European Union’s accession benchmarks, which can be clearly seen in the Commission of the European Union’s defense of Romania’s accession, insisting “in the fight against high-level corruption, Romania has made significant progress” (Commission of the European Union 2007). However significant the progress the EU believed Romania had made, it also placed a safe guard clause within the accession treaty, in case it felt that Romania or Bulgaria’s justice system had critical flaws and so could not be trusted in terms of “serious, or imminent risks of serious shortcomings in the transposition or implementation of EU rules relating to mutual recognition in the area of criminal law or civil matters” (European Commission 2005). It appears that the EU did not possess wholehearted trust in Romania and Bulgaria’s institutions at the time of accession, yet still allowed them to enter the exclusive union. When the European Commission announced that it hoped Romania would go on to join the EU in 2007, “in 2003, it became clear that this entry date would be adhered to even if it meant that flexible terms would have to be worked out to enable Romania to enter” (Gallagher 2005; 315).

In terms of the true reason why Romania and Bulgaria were granted accession in 2007, there are various theories. “Some analysts say the two countries were rewarded with EU membership for their support in the 1999 Kosovo war, even though neither was fully prepared”

(Frison-Roche 2012) or that the EU simply wanted a hold in Southeast Europe or wanted control of the buffer zone between EU and Russia or a mixture of all these potential reasons. Essentially, the European Union wanted Romania within its sphere of influence and made it happen, while letting areas it is supposed to care deeply about aiding in tackling such as corruption were left by the way side.

Apparently the EU is not alone in fault. Gallagher argues that Romania was ‘publicly warned in December 2001 that corruption could affect its chances of joining NATO’ (Gallagher 319; 319) yet Romania goes on to enter NATO in 2004 regardless. Thus, both the EU and NATO chose to look the other way in terms of Romania’s problematic political institutions, while, in theory they held the power to invoke change. Unfortunately, “EU membership no longer appears to be a guarantee for a better life” (Lilov 2012). Instead, Romania and Bulgaria entered as and continue to be the most corrupt and poorest countries in the EU.

Romania and Hungary Today

After joining the European Union, where are Hungary and Romania today? After studying their histories, rather surprisingly, the trajectories of Romania and Hungary after 1989 must now be called into question. In 2010, Hungary voted in the conservative nationalist Fidesz Party, which promoted Viktor Orban into the position of Prime Minister. He has “declared liberal democracy to be in decline and praised authoritarian “illiberal democracies” in Turkey, China, Singapore and Russia” (Lyman & Smale 2014). In 2013, he changed the Hungarian constitution to centralize political and economic power, explaining that he will be “breaking with the dogmas and ideologies that have been adopted by the West’ and will instead build a “new Hungarian state” that will be ‘competitive in the great global race for decades to come’” (Lyman & Smale

2014). Now relations between the EU and Hungary are rather tense, with Hungary siding with Russia over the EU (Horvath 2015). These dramatic changes have prompted serious accusations of corruption within the Orban government, demonstrating a critical shift in Hungary.

Romania's recent changes, on the other hand, have people more hopeful. President Klaus Iohannis was elected in 2013, and ran on an anti-corruption platform. Apparently the Romanian people identified with this platform enough to vote for Iohannis and his party, and he has kept his promise. Now, "dawn raids and arrests of prominent business and political figures are a daily feature of Romanian life" (Byrne 2015). As noted earlier, one of the most high profile corruption scandals has involved the now former Prime Minister Victor Ponta, who was recently indicted on cases of money laundering, bribery and tax evasion and eventually stepped down "due to some of the biggest protests since the collapse of communism" (Marinas & Ilie 2015) Iohannis has acknowledged that Romania has a long road ahead, yet this demonstrates a societal desire to begin to tackle its centuries long history of corruption.

Therefore, there seems to be a counterintuitive inversion between the two states as of late. In terms of predictions, as we mentioned earlier, culture can be extremely difficult to change and as we have seen, there is clearly a deep foundation of corruption in Romania to overcome, while in Hungary, it will become a question of whether the Hungarian populace will begin to accept such corrupt actions. Yet we have also seen the impact of powerful political leadership, it could therefore become a question of the power of Prime Minister Orban and President Iohannis to invoke change. Only time will tell.

Conclusion

This paper delved into the puzzle surrounding why some states experience significant levels of political corruption and others have been able to seemingly resist it. Specifically, we explored the cases of post-communist Hungary and Romania and their significant differences in corruption levels, a 22 point difference in ranking on Transparency International's Corruption Perceptions Index to be exact, despite the fact that both transitioned away from communism in 1989 and both went on to enter the European Union in the mid-2000's.

The comparison between Hungary and Romania's pre-communist relationship with corruption demonstrated high levels of corruptions in the early years of Romania's political institutions, while Hungary instead had a theme of political turnover, which hindered the institutionalization of corruption. In theory, because communism had the power to "atomize society", these pre-communist foundations could have been wiped clean. However, both Hungary and Romania had little time actually under a communist driven totalitarian rule. Thus, the theory that communist institutions lead to corruption did not prove to be an explanatory factor in comparing Hungary and Romania. Instead, a greater factor seems to be the choices made by the political leadership during the 'communist' period, which could prove to be an interesting avenue for further research.

Finally, the variable of leadership in the post-communist transition did provide some explanation for each state's current corruption situation. Interestingly, Hungary's success harkens back to its theme of political turnover in its pre-communist past, while Romania's political regimes seem to continue to remain static, though at times wearing different hats, resulting in a perpetuation of problematic institutions and a society which has simply become culturally accustomed to these problems. Furthermore, these problems persist despite some

attempts at international intervention, unfortunately because the international interventionists have their own problematic institutions.

The policy implications of these findings are rather straightforward. In tackling corruption, a state's early historical relationship with it can work to create a cultural foundation that can then be extremely hard to change. Though powerful political leadership can come to play a critical factor in changing these cultural norms, but unsurprisingly, it matters who is at the helm. In order to invoke change, a change at the top as well as a society that can accept this change seems to be necessary.

In terms of the current state of affairs, Romania seems at least somewhat hopeful. With the election of President Klaus Iohannis, the crackdown on political corruption has taken a dramatic turn. Hungary, on the other hand, has also taken a dramatic turn, yet away from its once revered corruption less record. This seemingly inverse of trajectories between Hungary and Romania now as compared with the 1990's could prove another engaging topic for further research.

Essentially, the topic of why political institutions become and or remain corrupt is vast, and this paper attempts to look at only two cases comparatively and even then only a small facet of these complex cases. There are still countless other facets to be explored and unfortunately, the study of political corruption is always relevant.

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