The Making of… Interdisciplinary Knowledge

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Vitamin Sea against Corruption: Informality and Corruption through the Interdisciplinary Lens

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Abstract: This conference report combines the latest theoretical developments within the areas of corruption and informality research in Southeastern Europe from the eighteenth until the twenty-first century with a presentation of the ongoing research conducted by the Regensburg Corruption Cluster and the inputs of some of the leading experts within these fields. The authors outline a practical interdisciplinary framework for developing a historical anthropology of corruption, by integrating knowledge and methods from various disciplines, such as history, linguistics and business studies. In doing so, they show how the ideological–normativistic approaches of the so-called "anticorruption consensus" can be overcome: by lowering the analytical scale to the level of informal practices and following their evolution through historical circumstances. This report also shows

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the persistent difficulties in establishing "ethical universalism" in Southeastern Europe with examples ranging from eighteenth-century Phanariot rule in Wallachia to twenty-first-century corruption scandals in Serbia and Croatia.

Keywords: corruption, informality, Southeastern Europe, history, interdisciplinarity

In late September 2021, with the summer break of the pandemic slowly coming to an end, 20 researchers came together on the Croatian island of Cres to discuss the evergreen issue of corruption. The conveners from the University of Regensburg —the historian *Klaus Buchenau*, the linguist *Björn Hansen* and the business economist *Thomas Steger*—launched this event with the support of the German Research Foundation (*Deutsche Forschungsgemeinschaft*, DFG), which finances their joint project "From Informality to Corruption (1817–2018): Serbia and Croatia in Comparison". The DFG grant includes a three-year financing for three doctoral researchers, one from each discipline, and two workshops—this one, after the project started in February 2020, being the first. From this core—the DFG project with its three doctoral subprojects—a little cluster has been developing, and in the meantime, two more PhD projects (one financed by the Bayhost programme of the state of Bavaria, one externally) and a postdoc project (financed by the European Union's Marie Skłodowska-Curie Actions, MSCA) have been added.

What unites all scholars in the project is an interest in the development of corruption in Southeastern Europe, and especially in long-term observations on how the understanding and the practices of (anti)corruption have changed over longer time spans. Many but not all of the subprojects focus on corruption scandals, i.e. public events which expose not only certain practices but also what a society thinks about them. The workshop on Cres was designed to give the junior researchers a possibility to discuss their individual projects with specialists in the field, to hear guest scholars' presentations on related topics, and to further develop the prospects of interdisciplinary corruption research. Since our discussions on Cres tackle an issue which is felt to be crucial for the present and future of the region, we hope to give a fresh impulse for how to discuss corruption—especially since we cover a large time span from the eighteenth until the twenty-first century, during which Southeastern Europe has seen many different understandings of what corruption is and how it should be dealt with.

This essay is not a classical conference report but rather a combination of such a report with our methodological reflections. We start—as we did in Cres too—with a theoretical introduction to then switch to the linguistics of corruption, before we delve into our historical subprojects and then finally come to the presentations dealing with the postsocialist contexts and the phenomenon of corruption in business. We do not reiterate the complete papers and their discussion, but rather those aspects which help us to develop a line of thought.

Theoretical Introduction

The work of Alina Mungiu-Pippidi serves as a good starting point when working on the historical development of corruption control. Her overview of differing attempts to reach "ethical universalism" from the Renaissance to modern times gives us a good idea on how higher levels of corruption control in a given society historically were achieved in many different ways (Mungiu-Pippidi 2013, 1259–60). On the one hand, Mungiu-Pippidi assumes that smaller and closer-knit communities such as the medieval north Italian city-states featured higher levels of informal connections. In fact, they were the first to develop universalist checks on corruption. On the other hand, Mungiu-Pippidi nonetheless concludes that informality, that is corrupt structures, historically has been a fallback position for disillusioned populations in autocratic societies. Such normative propensity towards formalism however needs to be approached with caution, despite the fact that her fundamental argument bears some explanatory power: corruption control does indeed develop over long periods of time and more successfully with a securely positioned arbiter, who may well be an enlightened monarch (Mungiu-Pippidi 2013, 1277–8).

In this view, the most successful way of building good governance, and thereby corruption control, is through institutions which are initially under the strong supervision of a securely positioned arbiter, where the press and the judiciary are relatively independent and where the society over centuries slowly transitions to a more democratic organisation. An example of this is the parliamentary monarchy in England, which managed to put an end to the "Old Corruption" through the 1830s reforms (Rubinstein 1983). This claim also entails that radical breaks (such as the bourgeois or Marxist revolutions), which may be nourished by the failures of monarchy, are not equally successful in setting up long-lasting systems of good governance (Mungiu-Pippidi 2013, 1274–5).

Unlike Denmark, whose transition from premodern to modern state organisation was not continuously interrupted by existential threats (Campbell and Hall 2017, 27–62), the region of Southeastern Europe (SEE) has experienced an array of rulers and political systems, none of which had centuries to develop good governance. Our goal is therefore to use Mungiu-Pippidi's conceptual framework for the development of corruption control to understand how SEE relates to the successful model of corruption control over time, specifically in the transition from premodern to modern state organisation. We are cautious about Mungiu-Pippidi's claim that the institutionalisation of society under a strong principal acting as an arbiter is necessarily a progressive evolutionary step towards better governance, no matter how enlightened or benevolent the principal might be. This is a view

born out of mercantilist logic and formalised through the principal–agent theory, which states that due to informational asymmetry, an "agent" (local representative) always has more information about the operational realities than the "principal" who has entrusted the agent with the task of local supervision. The criticism of this mainstream theory has led to much more interesting alternatives.

A different way to view successful historical development of corruption control is through the lens of social contract theory. Outlined by Bo Rothstein, this approach entails that successful governing practices, developed in concert with a trust-based social contract logic, are ultimately responsible for the perceived higher levels of ethical universalism (2021, 1–26). It is basically a system in which the state (and especially the local bureaucracy) operates following the principle of unbiased assessment, while the collective action problem is avoided because the citizens genuinely buy into the idea of the social contract. Despite the fact that this explanation requires high levels of homogeneity and stability, it can nonetheless sharpen insights into what was missing in Southeastern Europe through history. The main advantage of this explanatory framework is the fact that the modern state-centric concept of the social contract, being an Enlightenment era idea, does not devalue the premodern customary logic or informal practices. It allows every time and place their own specific notion of the common good, rather than projecting modern notions of the bureaucratised state upon all societies of all times. It actually presumes trust in institutions and society as necessary prerequisites for successful corruption control, which, according to Rothstein, needs to come as an "inside-out" rather than a "top-down" effort (Stein 2021).

Finally, we reflect on what we mean by the term "corruption" and its relationship to the term "informality". It has been noted that "everyone who writes about corruption also wants to define it, that is to remain recorded according to their own definition of corruption" (Begović 2007, 49). Broadly speaking, the definitions of corruption can be sorted into a soft (locally determined) and a hard (universalistic) camp. The soft camp includes primarily dictionaries/encyclopaedias and international institutions, using labels such as "dishonest", "unethical", or "integrity" (Corruption, *Oxford Advanced American Dictionary*, n.d.; Corruption and Integrity, United Nations Office on Drugs and Crime, n.d.). The issue here is clear, namely that these labels require further definitions of the outlined normative judgments.

The larger hard camp includes the anticorruption organisations and scholars studying corruption, who define corruption as concrete practices, such as "abuse of entrusted power" or "behaviour that deviates from formal obligations" (Begović 2007, 51–73; What Is Corruption? n.d.; Anticorruption Fact Sheet, World Bank, 19 February 2020). These definitions, usually rooted in the logic of neoclassical economics, follow the dictums of the so-called "anticorruption consensus", where

we can observe a strong alignment of ideology, studies and policy proposals. Critics point to the oversimplification of the phenomenon of corruption in econometric literature, which ignores the "social structures within which the corrupt transactions take place" (Uberti 2016, 261–2).

A shift in this perception, which aims to move the study of corruption away from the dominance of the economic discipline towards a more structuralist approach, has been dubbed the "sociological turn". Apart from this structuralist turn, we also have a poststructuralist turn in corruption studies, namely a body of work around the concept of informality. The critique of the "anticorruption consensus" and the issues with adequately defining corruption are similar, but the concept of informality goes further. It approaches practices in an entirely non-normative way, observing informal relations as the natural state of human organisation on which formal rules have been imposed (Ledeneva, Bratu, and Köker 2017, 3–11). Informality thus is an umbrella term for all context-dependent practices in the world (and throughout history), and its solution for avoiding generalisations is radical specification, namely the Sisyphean task of creating a Global Encyclopaedia of Informality (What is Informality?, Global Informality Project, n.d.). The main benefit of understanding the core message of informality, for our project, is that it liberates us from normativism, dichotomies, and anticorruption agendas. It lets us explain the importance of different contexts throughout the history of Southeastern Europe without *a priori* judgment, and it illuminates the clash between local logics/practices and the formalisms of differing state-building projects. It is precisely when we understand which historical circumstances led to the establishment of successful corruption control and that the process required a bottom-up consensus rooted in a social-contract relation to institutions, which emerged from local informal practices in a very particular context, that we can analyse corruption in Southeastern Europe without falling into normativistic or other traps.

Informality and Corruption in Linguistics

Since the meaning of corruption for every society is closely tied to the latter's value system, corruption research needs to consider those events where values, which are usually hidden abstract principles behind concrete actions, become explicit. This is the case when an alleged violation of a value leads to public outrage. We thus need to shed light on corruption scandals. Scandals are a key concept of our linguistic project and of the historical project on corruption in Serbia and Croatia in the "short" twentieth century. On Cres, for this reason, *Marianna Novosolova* (Dresden) was invited as a guest speaker to introduce the basic theories of scandals

and scandalisation. She first introduced the basic definition of a scandal which is built on normativity, meaning that a scandal can be seen as a socially relevant event which violates established norms and therefore leads to a public outrage and condemnation by the bearers or defenders of those norms (e.g. Bulkow and Peterson 2011, 9; Kepplinger 2012, 7; Siebert 2011, 20). However, a scandal cannot only be seen as a simple event; at the same time, it can be interpreted as a complex communicative act (Новосёлова 2020b, 167) which can create an even bigger entity such as a scandal discourse (Novosolova 2020a, 120; Новосёлова 2020b, 170). Novosolova illustrated this with the communicative acts between the Russian opposition leader Alexei Navalny and prime minister Dmitry Medvedev, in which Navalny accused Medvedev of corruption. The example demonstrates how several actors with different intentions are involved in a scandal discourse.

In our linguistic subproject on the semantics of informality in the Serbian and Croatian press since 1919, conducted by *Jovana Jović* within the Regensburg Corruption Cluster, the actors involved in a scandal discourse are of no relevance, making discourse analysis not the appropriate approach. Instead, her linguistic project focuses on a lexical semantic approach since there is a special interest in the public usage of words rather than in the scandal discourse as such. Nevertheless, the theories on scandals and scandalisation are indispensable since the data set consists of Serbian, Croatian, and Yugoslav press media dealing with corruption scandals from 1919 to the present day. Therefore, for the selection process of suitable press texts, it is necessary to define what a (corruption) scandal is.

The lexical semantic approach to corruption in this project focuses on the question of how people from Croatia and Serbia refer to corrupt practices. Therefore, a lexical field of corruption was defined which encompasses nouns like *korupcija* (corruption) or verbs like *korumpirati* (to corrupt). For the lexical field of informality, lexemes denoting informal practices, such as *uhljeb*—"a person who has become a public sector employee through a nepotistic relationship or political party affiliation, normally without the required skills or qualifications for that position" (Ledeneva 2018, 373)—or *veza* (connection) from the Global Encyclopaedia of Informality are also included. The conceptual openness of the understanding of corruption and informality is modelled by the lexemes identified from the data set.

To capture the dynamics of corruption and informality, the research is conducted within the theoretical framework of frame-semantics, which

> offers a particular way of looking at word meanings, as well as a way of characterizing principles for creating new words and phrases, for adding new meanings to words, and for assembling the meanings of elements in a text into the total meaning of the text. By the term 'frame' I have in mind any system of concepts related in such a way that to understand any

one of them you have to understand the whole structure in which it fits; when one of the things in such a structure is introduced into a text, or into a conversation, all of the others are automatically made available. (Fillmore 2006, 373)

A frame for corruption[1] was created to show how the lexical fields of corruption and informality are framed. It should be noted that lexical units denoting informal practices will also be considered under the frame of corruption since the text selection was previously restricted to corruption scandals. This would mean that if an informal practice (e.g. *uhljeb*) was found in the textual evidence, it would be considered as corruption, even if it belongs to the lexical field of informality. This enables us to find shifts of legitimate informal practices which became corrupt and therefore illegitimate.

Another focus of the linguistic project is the use of metaphors and comparisons. Therefore, one of the invited commentators, *Alena Ledeneva* (University College London), referred to an article by Roxana Bratu and Iveta Kažoka (2018) in which they examine metaphors of corruption used in newspapers across seven different European countries. Ledeneva suggested comparing their methodology to that of our linguistic project. At this point, it can be said that the methodology in the linguistic project is based on the same theory of Lakoff and Johnson (1980) as in Bratu and Kažoka. However, since the linguistic project uses a frame-semantic approach, the terminology has been slightly adapted (i.e. instead of a source and target domain we use a source and target frame).

The second commentator, the above-mentioned Marianna Novosolova, outlined some significant points concerning the limitations of the linguistic project. According to her, the linguistic project can be placed within cultural linguistics since it contains first, different time periods (historical axis); second, two societies in comparison (cultural axis); and third, newspaper articles dealing with corruption scandals (discourse axis). Consequently, the linguistic project is not limited to language, but it is capable of drawing conclusions about culture, more specifically about the Serbian and Croatian societies and their understanding of corrupt practices.

Informality and Corruption in History

Since at least the "linguistic turn" of the 1990s, historians have become increasingly sensitive to language. Today they are well aware that our perception of historical reality is always pre-formatted by the words we use to describe past

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1 This frame corresponds to the guidelines of FrameNet (Ruppenhofer et al. 2016).

worlds. The German historical school of *begriffsgeschichte*, initiated by Reinhart Koselleck in the 1970s, and postmodernist constructivism, thus, link history with linguistics—but still, historians do not analyse text corpora for their form inventory but ask their sources good old questions such as "what happened" and "why". In our research cluster, linguistics and history create synergy effects since the historians help the linguist to detect material for her corpus, while the linguist delivers the historians an overview of semantic shifts in the "corruption vocabulary".

Taken all together, our historical contributions cover a time span from the late eighteenth to the late twentieth century. Historians of early modern history have shown that accusations of corruption only resulted in prosecution and indictment in certain conditions. Many activities which look corrupt to us were condoned in the early modern period or had an ambiguous status (Blockmans 1988; Davies 2000; Engels 2014; Kettering 1986; Lindemann 2012; Rubinstein 1983; Sawyer 1988). Thus, before asking why certain states were less successful in curbing corruption, we have to ask when and under what circumstances corruption came to be seen as a governance problem and how, why, and in which context some practices ceased to be acceptable. What was the ideological justification for sanctioning hitherto "normal" activities as illegitimate and morally reprehensible? What were the economic pressures and the societal interests behind the shift?

Vasile Mihai Olaru, as a member of our research cluster, approaches this problem in eighteenth century Wallachia. Ironically, the Greek-born Phanariot rulers of this Romanian principality, while considered the very essence of corruption in Balkan historical memory, did in fact introduce elements of good governance. The sources indicate a growing preoccupation of the Phanariot princes, installed by the Ottoman sultans, with the informal practices of state officials and other subjects. Olaru's research-in-progress suggests that the Phanariot princes were keen on maximising their resources, like other European rulers of the age. Unlike the latter, the Phanariots needed the resources not to wage wars, but to reproduce their social power in the Ottoman arena. To this effect, they issued an increasing number of administrative regulations which tried to impose certain limits upon the state officials and the subjects entering into contact with the officials. The ideological expression of this course was the modern-sounding idea of the "common good" (*binele obştesc*).

One of the discussants of Olaru's presentation, *Birgit Emich* (Goethe University Frankfurt/Main), suggested that the notion of "common good" did not imply equal benefits for all due to the juridical inequality specific to early modern societies. This observation is in line with most of the Wallachian sources of the time. Yet some additional interpretive effort should be dedicated to those sources—though not numerous—which seem to indicate legal equality, among them regulations

which commanded the night guards of Bucharest to stop and check all people who travelled at night, regardless of social status, even the prince himself. In the discussion, Emich insisted that informality was just the other side of formality. Thus, instead of assuming a teleological transition from informality to formality, it would be more worthwhile to understand how the two influenced each other. One way to explore this hypothesis is to look at the recruitment of lower officials who, according to the princely regulations, had to be qualified but were to be selected by the higher officials themselves. This seems likely to be one of the situations in which efforts to impose more formality included the perpetuation of informality.

Informality is also a central term for *Damjan Matković*, whose PhD project deals with Serbia in the 19th century. Like Miloš Lecić (see below), he focuses on corruption scandals, but also includes petty informal practices of ordinary people to illustrate Serbian society more fully. In his work, Matković proceeds from the hypothesis that formalisation was partially unsuccessful in nineteenth-century Serbia. He enquires into the reasons for the lack of success in this field. Which social processes contributed to the persistence of informal practices, and which were supportive to formalisation? What was the role of rulers, local authorities, or parliaments as both formal and informal actors?

The discussion of Matković's project was particularly rich. Emich, a specialist on corruption history in the early modern German lands, reminded us not to view informality through a dichotomic lens, purely in contrast to formalisation. Instead, she elaborated on the interplay of formality and informality, which can coexist and complement each other. Patronage, a typical form of premodern informality, played a role in institution building and modernisation; it was also used in state building, although in an adapted form. Emich stressed that informality is not necessarily a negative process in a society, but serves, for example, as a means for poor people to secure basic necessities, which they are entitled to by laws and constitutions, but which the state does not provide them. It was, and still is, a way of getting things done, as Ledeneva defines it in her monumental *Encyclopaedia of Informality*. Emich's stance on informality is similar, and she characterised it as a social instrument which is not valued legally.

Momir Samardžić and *Dubravka Stojanović*, both historians from Belgrade, advised Matković to consider the context of nineteenth-century Serbian society more. Samardžić warned against overemphasising the Ottoman legacy and blaming all the informality and corruption on the "bad Turks". Instead, the focus should be on Serbia as a peasant society. The political actors in power were, despite their skills, sons of peasants, especially in the first half of the nineteenth century. They were political allies and foes who knew each other from their early days since they were born in the same villages. The initial political groups were basically clans of cousins and long-time friends. But this situation changed in the

course of time, as Stojanović explained. In the last decades of the nineteenth century, Serbia developed three competing parties with complete political programmes which often accused the other side of incompetence, poor decisions, unfair informal party networks, and corruption. Since the Radical Party achieved dominance in all institutions in the late nineteenth and the beginning of the twentieth century, nepotism and party clientelism continued to play a significant role. While the clientelism of the Radicals is more or less known, Stojanović encouraged Matković not to forget the other two parties, the Liberals and the Progressives, and to find differences and similarities in the theory and practice of (in)formal decision making, clientelism etc. between the three major political forces of the country.

Next, *Miloš Lecić* presented his PhD project comparing corruption in Serbia and Croatia in the "short" twentieth century, thus encompassing the monarchist and the communist Yugoslavia. This framework allows him to investigate how massive destruction (caused by the two world wars) as well as the two very different economic systems influenced corruption. In order to make such a large time span manageable, Lecić narrows his analysis down to public corruption scandals. The focus is thus on grand corruption moments, their scandalisation through the media as well as the resulting anticorruption legal changes. He showed the different types of archival evidence, primarily from the Archive of Yugoslavia in Belgrade and the Croatian State Archive, which provide valuable insights into the institutional handling of corruption in the studied period. The scandals also provide ample evidence on transiting evaluations such as gift-giving, from "normal" informality to "pathological" corruption.

The commentators *Vesna Aleksić* (Institute of Economic Sciences, Belgrade) and *Vladan Jovanović* (Institute for the Recent History of Serbia, Belgrade) both advised Lecić to thoroughly analyse the records of the Ministry of Trade and Industry of the Kingdom of Yugoslavia (MTI) at the Archive of Yugoslavia in Belgrade. The material includes dossiers of the largest banks and companies in interwar Yugoslavia and going through it systematically could uncover the tight informal connections between state officials, bankers, and their middlemen. In her previous work on this topic, Aleksić uncovered some of the key players and their agents, who, though largely unknown to the general public at the time, were instrumental in facilitating contacts and securing funding and political backing (2010, 2011, 2021). This point, together with the fact that foreign capital played a prominent role in interwar Yugoslavia, if substantiated with archival evidence, aligns with the theoretical characterisations of the political elite in the country as being a "comprador bourgeoisie" of foreign capital interests (Pantić 2021). The argument that the banks, the industry, and those at the very top of the state had common interests when it came to self-enrichment through corruption nicely

complemented the work already done within the project concerning the study on the evolution of the anticorruption legislation in interwar Yugoslavia (Lecić 2021).

Lastly, it is important to highlight the commentary provided by *Josip Mihaljević* (Croatian Institute of History, Zagreb) regarding the second part of the project, on socialist Yugoslavia (1945–1990). Mihaljević pointed out the inherent inconsistency of the strong official condemnations of corruption and speculation which were taking place at the same time as the "perfect corruption-party system was being created", as he said. The dual system of standards, evolving in a dialectical relationship between formal rules and informal practices, seems therefore to be emerging as a common theme of the Yugoslav twentieth century. As the topic of corruption in socialist Yugoslavia is quite under-researched (even compared to the interwar period), breaking new ground here was highly aided by the commentator's introduction of the work of a Croatian sociologist, Josip Županov, namely his theory of the egalitarian syndrome. The core message of this theory is that the desired egalitarianism, innate in the ideological foundation of the party as well as in the will of the majority of the people, was in a symbiotic relationship with the growing authoritarianism in the central administration.

Thematically close to *Miloš Lecić* is *Klaus Buchenau*, one of the principal investigators of the Regensburg Corruption Cluster, who dedicated an evening presentation to his upcoming monograph on the Thurn and Taxis affair in interwar Yugoslavia. While the basic research on this large scandal is a typical source-based historical work, Buchenau applies the principal agent theory, which links his book with economics. The "story" is about a German noble family which was, with almost 38,000 ha, the largest private landowner in Yugoslavia. Since this wealth was acquired in Habsburg times, and the newly founded Yugoslavia considered it needed to settle scores with the old imperial elites, their possessions were to be expropriated and handed over to those "entitled" under the new order (the peasants, the state, or new elites). In this situation, the house of Thurn and Taxis used a wide array of instruments to save its possessions, from local lawsuits to international arbitration; the most important instruments, however, were informal ways of influencing Yugoslav decision makers, including large-scale bribery. Myriads of Yugoslav lawyers were working for this cause, many of them pursuing their own material interests rather than those of their German principal, who found it hard to control them. While the agents told the principal that bribery was normal in Yugoslavia, the princely house soon got used to that notion, sent money for massive bribery, but was disappointed that much of it ended up in the pockets of its very agents. Interestingly, Thurn and Taxis evaded the consequences of its actions —in a lawsuit, all the practices came to the fore, but strong pressure from Nazi Germany saved the princely officials from punishment.

How informal practices are seen depends not only on the value system of a particular society, but also on centre-periphery relations: what is condoned if representatives of the centre are involved is punished in the case of the peripheral protagonists. This circumstance was not only a transnational one, it also applied to the Yugoslav state apparatus. While high Yugoslav politicians enriched themselves in the Thurn and Taxis affair, both by collaborating with the house of Thurn and Taxis and by fighting against it, they were never punished—only the lower strata of the state apparatus, namely petty and middle-rank forest officials, were. The principal–agent theory, during the course of Buchenau's work, is thus thoroughly disenchanted since he shows that real-life principals, while masking their interests as the "common good", usually follow particularist agendas, using their power to disguise this fact.

The Regensburg Corruption Cluster also hosts a project on organised crime, by *Miljenko Grbač* (Wiesbaden), who is an external member. His PhD project deals with the interrelations between secret services and organised crime in socialist Yugoslavia and its successor states. Organised crime is roughly defined as a longer-term cooperation of a group of people for criminal purposes, e.g. creating business-like structures, using violence, frequently influencing state structures for its own purposes. Corruption and organised crime are causally interlinked since organised crime uses corruption to prevent persecution by state officials or criticism by the media. Both terms are cognate in the sense that they carry a strong negative connotation, which is socially constructed and occasionally questioned.

In his interdisciplinary project, located between history and political science, Grbač uses numerous previously unpublished primary sources, such as case files of the secret services of the Socialist Federal Republic of Yugoslavia (SFRY) and its successor organisations, court rulings and court opinions as well as expert interviews with relevant contemporary witnesses. With this vast material, Grbač is able to show how secret service structures, forming the backbone of early Titoist arbitrary violence, were a "state within the state". While the secret service's killings in the second half of the 1940s were officially justified as revolutionary justice necessary for eliminating collaborators of the Axis and class enemies, this type of logic ceased to be applied publicly as Yugoslavia evolved into a more moderate socialist state, having introduced certain legal limits to state violence. With the League of Communists and society as such becoming more "civilised" in tone and thinking, the secret services maintained their militant struggle against enemies, especially among the political emigrés. The services maintained specific ideas about legitimacy, which they inherited from the traditions of Balkan banditry and underground communist activity; their essence was a strong anti-universalism, that is any legal guarantees were only valid as long as they applied to members of one's own group, but not to enemies and other outsiders. As time went by, these

ethics mixed with mature socialism's tendency to allow the enrichment of managers, so that the secret services started to engage in Yugoslav foreign trade firms, generating income for their members' private pockets for further legal and illegal activities. With the breakup of Yugoslavia, the secret services could further enlarge their activities, helping with smuggling, embargo circumvention, recruitment of mercenaries, war crimes, and plundering. After the wars, with privatisation and European integration starting, the secret service factor persisted in close ties to the worlds of business (both legal and illegal) and politics—a heavy burden for the future of the region.

The discussants *Srđan Korać* and *Vladan Jovanović* initially seemed somewhat shocked by the dark sides of Yugoslav life as outlined by Grbač. Academic research on real socialism is highly divided between (sometimes religious) conservatives and secular progressivists, with the latter, as the dominant tendency, proceeding from a rather communist-friendly position and stressing elements of "normal life" between 1945 and 1989. Grbač conceded the need to keep these sensitivities in mind, but he also upheld the empirical core of his argumentation. A critical point which remains is the concept of organised crime as such since it first appeared in the context of US mafia groups and is not easily transferable to socialist and postsocialist realities. The principal–agent theory, as in Buchenau's forthcoming monograph, is an interesting theoretical approach for Grbač's project too since the secret service acted on behalf of the state but was, in the eyes of the government, running out of control, pursuing its own particularist interests.

Informality and Corruption in Business

The beginning of the 1990s marked a new era for the now *post*socialist countries. They were to be incorporated into the global economy by adopting market economy and liberal democracy. To successfully override this transition, the former socialist countries struggled with the difficulties of switching to another system. In this context, corruption was viewed as one of the main challenges (Kaufmann and Siegelbaum 1997). The political vacuum and legal uncertainty created a space for informal practices while new economic policies provided a space for rent-seeking opportunists.[2] International organisations which advocated for and oversaw transition in these countries, mainly the World Bank, the International Monetary Fund, and the Organisation for Economic Cooperation and Development, considered corruption to be a particular obstacle for economic growth and development (Ades

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2 For an in-depth and comprehensive account of the transition in postcommunist Europe, see Miller, Grødeland, and Koshechkina (2001).

and Di Tella 1997; Mauro 1995; Rose-Ackerman 1997). This discourse, or "anticorruption consensus" (Bukovansky 2006), also known as the "corruption paradigm" (Ledeneva 2009), was based on three premises: that corruption could be (1) defined, (2) measured, and (3) addressed/overcome by specific anticorruption policies. These policies should then benefit the economic performance of the country.

The most comprehensive empirical studies have been undertaken by international organizations, both governmental and non-governmental. These assessments were introduced in the 1990s as a response to the rising interests of Western-based companies in investing in emerging economies. Surveys on corruption were put in place so that foreign investors could assess economic and political risks (Lambsdorff 1998, 81). Arguably the most influential survey on corruption is Transparency International's Corruption Perception Index, even though there is a rising number of critiques on the validity of such composite corruption indices (Andersson and Heywood 2009; Murphy and Albu 2018).

Similar to the global trend, informality and corruption in Serbia and Croatia also emerged as popular research topics in the early 2000s. They were in this sense late bloomers because the 1990s saw many political and economic crises in this region, which somewhat stunted the general reflection and discussion about corruption. However, a lot of studies on corruption in government and in the public sector in these countries do exist. On the other hand, corruption in the private sector was a topic neglected by academia. And when discussed, it is usually in relation to the government and public officials. For this reason, the business subproject, developed by *Barbara Frey*, focuses on exploring the phenomenon and the extent of informality and corruption in the private sector, with special reflection on business-to-business (B2B) corruption, in contemporary Serbia and Croatia.

In her presentation, Frey presented the preliminary results of a survey of business actors working in small and medium enterprises (SMEs) in Serbia. The survey was designed for the purpose of obtaining a contemporary view of how informal and corrupt behaviours were perceived, when it came to doing business in Serbia. The same empirical work will be conducted in Croatia. Business people working in SMEs were chosen for the survey because of the economic importance of these enterprises in the Serbian and Croatian context. Namely, SMEs are the biggest employers in both countries, and they are the main wealth generators. Following data collection from both countries, Barbara Frey will develop a comparative study.

Her preliminary findings in Serbia illustrate a society suffering from institutional impairment and a deficit of institutional tools to solve everyday issues in business. Even though the perceptions of business people regarding the institutional framework have improved when compared with the results obtained by

Begović and Mijatović (2007) in the early 2000s, the new findings are nevertheless telling of the inevitability of the emergence of non-institutional and relation-based practices. These informal practices, which may be illicit, but not necessarily illegal, are used as the market correctors in the sense that they help businesses improve and smooth their operations.

Furthermore, as evidenced by the survey, trust in political elites and institutional capacities is very low. The reasons for this are perceived illegal ties between politicians and particular business groups, mainly large companies operating in Serbia. This depicts a particular picture of a historical continuity. While the model of the Western state, as was introduced in 19th century Serbia, at least in theory presupposed a separation between the common good on the one hand and the particularist interests of individuals and personal networks on the other, this separation has always been far from Serbia's reality. Instead, monopolist party networks tended to equate state and party interests. This continuity line runs from the Radical Party of the nineteenth and the early twentieth century to the Communist Party after 1945, on through the Milošević regime and his immediate clique, and finally to the current political elite, namely president Aleksandar Vučić and his Progressive Party. While being in disharmony with "European values", this model is nevertheless a factual normalcy the citizens of Serbia (have to) reckon with.

In her comments, *Tena Prelec* (Oxford University) agreed that there is a research gap in the private sector corruption research and that this topic is very relevant today given the political situation in the region. The preliminary findings were interesting, especially the perceived role of the large companies as inciters of corruption. In her opinion, identifying and analysing the "informal code" of business people in Serbia and Croatia would also be an interesting and valuable study. Methodologically, this would be challenging given that ethnographic and/ or participant observation would be necessary. She concluded that this would be the gold standard in terms of identifying informal practices.

Jelena Budak (Economic Institute Zagreb) pointed out that research on corruption is a very important and timely topic. This is the case today even though there is an abundance of corruption literature, and even though many studies were undertaken in the transition period and during the long-lasting EU accession period in Croatia and other current EU members. However, corruption in post-transition societies is no longer highly placed on the political agenda and, therefore, it has not been the focus of policy in recent years. Yet, judging by media reporting and global surveys on corruption, corruption remains very much present in the two focus countries, Serbia and Croatia. In addition, Budak argued that corruption presents an even bigger problem today than a decade ago. The anticorruption policies installed were faulty and did not bring the desired results.

Thus, this issue is perceived as persistent, constant, and as a normal state of affairs.

Interdisciplinarity Put to Practice – towards a Historical Anthropology of Corruption

A key insight which has emerged after bringing together scholars representing different disciplines is that a scholarly illumination of a complex phenomenon—like corruption—can best be studied in an interdisciplinary or transdisciplinary framework. An emerging theme of this conference has been the problematic generalising nature of existing top-down theories explaining both current-day and historical corruption in Southeastern Europe. Generalisations are naturally a necessary endeavour as radical reflexivity and endless problematisations would disable any structured discussion. Our view has been that the existing generalisations, including the main explanatory models (e.g. the Habsburg versus Ottoman legacies), economic theory (e.g. the principal–agent model), or definitions of corruption (e.g. by TI or the World Bank), are at best inadequate and at worst ideologically tainted. One of the "natural" counterweights to these generalisations has been outlined in the concept of informality. The methodological requirements of this concept necessitate a lowering of the analytical scale to the level of practices, which should both solve the problem of overgeneralisation and remove the ideological bias. The main problem of this approach is the fact that it is very difficult to find evidence/data to provide a cohesive picture of informality, especially with regards to historical informality. This methodological approach is therefore best suited for studying current day informal practices using well-established methods from social anthropology. By having a strong initial understanding with the existing explanatory models, as well as the many advantages of the informality concept, our conference discussions effectively became an initial step towards developing a framework for a historical anthropology of corruption. Every time a historian stressed some unknown factors (context), a linguist uncovered an informal practice through language analysis, and an economist showed the actual way in which business was conducted, we were jointly engaging in recreating the outline of what actually happened, not from a position of a top-down theoretical mandate, but rather from a bottom-up incomplete reconstruction of the heterogeneous—constantly evolving—informal practices, which can be labelled as "corruption" from a modern-day perspective. Of course, such labelling is clearly not necessary in our approach as its quality of insight is superior to the labelling effort. Our hope is that we will present a

convincing case to the readers of this report, that the analysis of corruption needs to move beyond the ideological quagmire it is currently residing in, and strive to develop a terminology which is rooted in local practices, needs, and understandings. Finding commonality between such phenomena all over the globe could uncover truly universal traits of corruption and anticorruption.

In the following, we summarise the examples that emerged during the conference, which show the contributions of each of the three represented disciplines towards the establishment of this new method. We will, in other words, show how each discipline has added its own contour to a better picture of historical informality in Southeastern Europe, starting with the earliest period covered here—eighteenth-century Wallachia, with its Phanariot and Boiar elites. They were closely linked to the emerging Western discourses about the common good. But when introducing corresponding administrative reforms, they did not necessarily have in mind only the common good, but also the more efficient extraction of resources. While using a language of what Alina Mungiu-Pippidi would call "ethical universalism", they used the enhanced state capacity for personal enrichment and for the maintenance of a patronage network, without which it would have been impossible to rule.

Nineteenth-century Serbia proceeded from a different starting point—with the Ottomans gone, inhabited by basically illiterate peasants without a state superstructure, Western institutional imports encountered a vacuum. In such a situation, institutions based on the abstract (universal) principles formulated in the tradition of Roman law came as a very abrupt innovation even for the emerging elites. Those who had to implement the new rules were peasants or former peasants with their own understanding of the common good. For the peasant, a just distribution of the scarce public goods meant following the rules of customary law, usually under the eyes of all adult males of the village commune. Instead of developing Serbian statehood further from these foundations, catching up to pro-European modernisation brought a rupture, which created mistrust among the population. At this point, personal ties, which had not been in contradiction with notions of the common good on the village level, were used to "accommodate" the new institutions to local needs. Confronted with the demands of the state, peasants looked for former village mates who, as newly appointed state officials, could help to circumvent or soften the new rules; at the same time, entering the state administration was the main road towards social upward mobility.

The benefit of this bottom-up perspective is clear: instead of stating that the rules of the system were continually broken by corruptive practices, a better lens observes a system in which exchange of gifts and favours is the fabric which holds it together; it is the most viable way in the given situation. It is precisely the

nuanced understanding of the emergence of these systems and the highlighting of aspects like scale which are a historian's contribution to the study of corruption.

As we move towards the end of the nineteenth century and the beginning of the twentieth, our focus shifts to the emerging phenomenon of public corruption scandals. This was a time when the political party system based on patronage clashed with a relatively free press. At the same time, the grievances of networks which did not have access to resources, which were previously articulated through personal disputes, moved to paper through the party-affiliated publications. This shift towards written communication of accusations and grievances provides us with a rich—yet encoded—database of what was actually going on in this period. This is where the expertise and the tools of linguists emerge as decoders of informal practices through the lexical semantic approach. This approach is significantly different from discourse analysis because it uses large amounts of text to create a lexical frame for what we consider corruptive practices. This means that we employ a scientific method—which is context/judgment independent—to uncover the hidden norms and informal practices. When supplemented with the formal side through archival documentation of the institutional handling of the same scandals, this method provides historians with a deeper picture of the varied and simultaneously occurring processes previously grouped together under the label of corruption. This close cooperation between linguistic analysis and historical interpretation intensifies as we transition to the comparative analysis of Serbia and Croatia in the twentieth century, due to the increase in the amount of produced text. As this increase occurred for both press sources and archival material, the advice provided at the conference by the more experienced historians of that period was that informal connections of the elites can be recreated through a systematic analysis of the financial records of corporations in interwar Yugoslavia. By comparing information, such as loan approvals and supervisory board membership, it is possible to gain an understanding, through indirect means, of the nature of the relationships between some of the key corruption actors of the time. This mapping of informal networks, as well as the informal practices of the actors, is also possible in some of the larger corruption scandals of the period, like the Thurn and Taxis scandal, where the amount and quality of archival sources allows for a glimpse into the internal dynamics of the Janus-faced nature of all actors involved.

The radical shuffle brought on by World War II not only wiped the slate clean in terms of elite networks, but also introduced an entirely different moral, political, and economic system. However, the dual system of standards for insiders versus outsiders remained the same while the rapid modernisation and industrialisation of society, including the creation of entirely new economic sectors, increased the corruptive potential for the equally expanding postwar membership of the

Communist Party of Yugoslavia (CPY). This is a period in which the emergence of the axis between business and state security, under the umbrella of the CPY, developed as both a necessity (for foreign operations) and for satisfying growing appetites of loyal party members. A close cooperation between three of our sub-projects, focusing on public corruption scandals, links state security and organised crime as well as the resulting business practices, allowing for a qualitatively different understanding of the socialist legacy of corruption. The aim is to link the historical emergence of particular business practices in the late socialist period with the current day traits detectable through the surveys of owners and managers working in companies in Serbia and Croatia. Our hope is to bring this interdisciplinary effort to fruition so that we will convincingly contest the universalistic approaches of the so-called "corruption paradigm" through an in-depth, historically contextualised analysis of the root-causes of informality and corruption in the region.

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