2. State
2.1. Guide to the Chapter

This chapter deals with comparative conceptualization of the state. It will unfold along the lines of Table 2.1, which contains much of the concepts that will be introduced, sorted according to the three polar types from the six ideal type regimes of the triangular conceptual space.

Table: 2.1. The state in the three polar type regimes (with the topics of the chapters’ parts).

<table>
<thead>
<tr>
<th></th>
<th>Liberal democracy</th>
<th>Patronal autocracy</th>
<th>Communist dictatorship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RULING ELITE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>constrained political elite</td>
<td>adopted political family</td>
<td>nomenklatura</td>
<td></td>
</tr>
<tr>
<td>non-patronal network</td>
<td>informal patronal network</td>
<td>bureaucratic patronal network</td>
<td></td>
</tr>
<tr>
<td>multi-pyramid system</td>
<td>single-pyramid system</td>
<td>single-pyramid system</td>
<td></td>
</tr>
<tr>
<td>dominance of formal institutions</td>
<td>dominance of informal institutions</td>
<td>dominance of formal institutions</td>
<td></td>
</tr>
<tr>
<td><strong>PRINCIPLE OF STATE FUNCTIONING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>state subordinated to the principle of societal interest</td>
<td>state subordinated to the principle of elite interest</td>
<td>state subordinated to the principle of ideology implementation</td>
<td></td>
</tr>
<tr>
<td>competitive, deliberative reconciliation of interests</td>
<td>realizing elite interest at the expense of societal interest</td>
<td>forcibly imposed postulated interest</td>
<td></td>
</tr>
<tr>
<td>transparent/regulated cooperation and connections between public and private spheres</td>
<td>non-transparent / informal collusion of public and private spheres</td>
<td>subordination of private sphere to public sphere</td>
<td></td>
</tr>
<tr>
<td>conflict of private and public interests</td>
<td>fusion of private and public interests</td>
<td>repression of private interests</td>
<td></td>
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<tr>
<td><strong>STATE CONCEPTS</strong></td>
<td></td>
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</tr>
<tr>
<td>constitutional state</td>
<td>mafia state (clan state + neopatrimonial/neosultanistic state + predatory state + criminal state)</td>
<td>party state</td>
<td></td>
</tr>
<tr>
<td>separation of powers</td>
<td>connected powers</td>
<td>merger of powers</td>
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</table>

The chapter starts out by introducing the most basic concepts of our framework, needed both for the development of a coherent conceptual framework in general and the state concepts to be defined in this chapter in particular. Part 2.2 includes, first, the definition of regime and state, which also requires the clarification of the way we are going to use terms such as “violence,” “coercion,” and “voluntary action.” Second, in the same part we provide general definitions for the terms “elite” and “ruling elite,” as well as a description
of the networks of ruling elites in the three polar type regimes. We will explain in what sense we use the terms “formal,” “informal,” “patronal” and “non-patronal,” and describe the stratification of patronal pyramids in terms of their layers and tiers.

In Part 2.3, we provide a typology of the basic principles a state can run on. As we will show, the different principles of state functioning immediately define groups for the various labels that have been given to states in the literature. However, since this toolkit is developed primarily for the post-communist region, we mainly focus on the concepts that presume the so-called principle of elite interest (or the twin motives of power monopolization and wealth accumulation). Part 2.4 is devoted to these state concepts, some of which can be seen in Table 2.1 in the fifth cell for patronal autocracy. To create a logical ordering of the concepts that have been developed for such states but also used in a disorganized manner, we will use so-called interpretative layers, based on four key aspects of governance we will differentiate. Every state concept will be sharpened to refer to only 1–1 aspect of state functioning, so the resultant conceptual tools can be used as parts of the same analytical framework, allowing for the denomination and comparison of a great variety of states.

Having defined the monopoly of the legitimate use of violence as the fundamental feature of an ideal typical state, we devote Part 2.5 to the challenges to this monopoly. First, we describe state failure as it happened in the post-communist region after the collapse of the Soviet Union, leading to oligarchic anarchy in countries like Russia and Ukraine. Second, we provide a typology for the legitimate use of violence, also reflecting on the relationship between formal state actors and informal (and often illegal) actors of the criminal underworld, as well as the phenomenon of sub-sovereign mafia state.

Finally, Part 2.6 provides a summary that also extends the previous discussion in important ways. Building on Frye and Shleifer’s often-cited article, “The Invisible Hand and the Grabbing Hand,” we present six of the most important state types in the region in a comparative manner. This way, the similarities as well as differences of state types that are often confused—such as the mafia state and the developmental state—can be observed, while we can also discuss coordinated and uncoordinated predation in mafia states and failed states, respectively.

### 2.2. General Definitions: The Basic Concepts of the Framework

In this part, we introduce two sets of the book’s most basic concepts. First, we define the concept of “state,” with related terms such as “violence,” “coercion,” and “regime;” and second, we turn to the concept of “elite,” with related terms like “ruling elite,” “patron-client relationship,” and “informality.” While some of these terms sound self-explanatory, it is of paramount importance to clarify in which sense we use them. Indeed, many debates center around not the essence of the given phenomena but the use of terminology, while actually referring to the same essential features.

As we do not want to make a normative point but develop a toolkit of descriptive concepts, technically any definition could be used for anything—the point is to provide
2.2. General Definitions: The Basic Concepts of the Framework

useful, unambiguous means of expression [→ Introduction]. The reason we define these basic concepts the way we do is, first and foremost, to provide the groundwork for the rest of the toolkit. On the definitions given below, much of our framework can be coherently built, including the state concepts we elaborate on in the second half of this chapter, as well as the concepts defined in later chapters on actors, politics, economy, and society.

2.2.1. Regime, State, Violence, and Coercion

We generally define regime by Svend-Erik Skaaning’s meta-definition, derived from various seminal works in the literature:¹

- **Political regime (or simply regime)** is an institutionalized set of fundamental formal and informal rules structuring the interaction in the political power center and its relation with the broader society.

In contrast, we define the state, following Weber and Fishman,² as follows:

- **State** is the institution by which the ruling elite of a people exercises the monopoly of legitimate use of violence to extract, manage and distribute resources within the borders of a certain territory.

The relation between the two is that the definition of the state contains what the definition of political regime calls “political power:” the capacity to extract, manage and distribute resources by the use of violence. Therefore, the state is none other but the political power center, controlled by people who may be generally termed “ruling elite” and exercise power through the institutionalized set of formal and informal rules [→ 2.2.1].

There are two important concepts we need to define within the definition of the state. The first one is the “use of violence,” which is important particularly because it is related to the voluntary-coercive dichotomy we are going to use very often in the book. We define violence as follows:

- **Violence** is a type of action when a person damages the self or property of another person against their will.

When it comes to the “use of violence” by the state, that means that the offers made toward the people by the state, such as requests for money (taxation) or orders to behave in certain ways (regulation or laws), are backed by a threat of violence, that is, an intention to damage the self or property of the people against their will should they reject the offers. In other words, state offers are enforced, typically by a law enforcement agency (police).

The threat of violence used by the state is the most important form of state coercion. Yet it is important to conceptually distinguish violence from coercion in general.

¹ Skaaning, “Political Regimes and Their Changes.”
² Weber, “Politics as a Vocation”; Fishman, “Rethinking State and Regime.”
equating the two, though possibly a legitimate philosophical position, is inadequate for the descriptive purposes of our framework. For that would confuse two kinds of non-violent exchanges: when A accepts B’s offer because (1) he expects to improve his original position (wealth, well-being etc.) and when (2) he does not expect to improve his original position but to avoid a greater deterioration of it. Simply put, an exchange in the former case is productive and in the latter case, unproductive: A does not choose a beneficial alternative but one that still harms him, albeit it is the lesser of two evils. Offers for unproductive exchanges, which may be called non-violent threats, include, among other things, blackmail and existential threats, such as the threat of firing from a job that the employee has no similarly good alternatives of.

If a non-violent threat is accepted, it is only B’s position that improves while A’s position worsens, for he needs to serve B’s end instead of serving his own. What needs to be observed here is that the outcome is the same as in case of violent offers. Indeed, if a person in A’s role makes decisions on the basis of whether he can expect his position to improve or not, violent and non-violent threats are essentially the same for him, for they both imply the threat of inflicting harm on his original position should he not accept the offer. And as we are generally interested in social phenomena as they affect persons’ behavior (social action), it is justified, for the purposes of our framework, to treat violent acts and non-violent threats together under the label of “coercion.” This leads us to the following, broader definition:

- **Coercion** is a type of action when one man’s actions are made to serve another man’s will, not for his own but for the other’s purpose. Compared to his original position, the person who receives the offer cannot benefit but can only choose between losing greater amount—by rejecting the offer—or losing a smaller amount—by accepting the offer.

This definition is the closest to, and partially incorporates, F. A. Hayek’s understanding of coercion in *The Constitution of Liberty* (see Box 2.1). What Hayek calls “freedom,” on the other hand, defined by him as the absence of coercion, is what we call “voluntariness” or voluntary action. The dichotomy of coercive and voluntary relations is one of the key dichotomies of our book and it will serve as a key aspect to differentiate certain ideal types of institutions and relationships. Furthermore, after Weber, who defined power as the ability of a person to carry out his own will upon others despite resistance, we can say that coercion means the use of power in a social relationship.

Besides the “use of violence,” the other important concept we need to clarify in the definition of the state is “legitimate.” We will deal with this question in great detail in Chapter 4, building on Weber’s notion of legitimacy. To get a preliminary understanding, what needs to be emphasized here is that we use the word “legitimate” in the

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3 Indeed, this is a popular libertarian position. See Rothbard, *The Ethics of Liberty*.
2.2. General Definitions: The Basic Concepts of the Framework

2.2. Descriptive sense, meaning that this kind of use of violence is legitimized by its subjects, who accept the existence of state coercion as normal and proper. This does not mean that the people cannot disagree with the ways how state coercion is used. Instead, the great majority accepts that (1) state coercion should exist, that is, the use of violence should be the monopoly of a single institution and (2) that state coercion should be used in some way. If this is not the case, there is no legitimacy and we cannot speak about a state.⁸

Conceptually, the relation of regime and state is clear: the state is the political power center of the regime, which in turn includes more than the state. Empirically, this distinction is not always so straightforward. In Western political regimes, or rather the ideal typical liberal democracies, the distinction between the state and regime is clear because the sphere of political action is separated explicitly from the spheres of market and communal action. But the more the spheres of social action collude (the less they are separated), the more the boundary between state and regime becomes blurred. Indeed, scholars have widely recognized the merger of state and society in the post-communist region, where after the regime change the newly founded states embraced and in some areas incorporated society, which became a secondary actor vis-à-vis the state.⁹ No wonder that many analyses use “state” and “regime” as synonyms, and the terms which have been used to describe such countries often operate with the term “state” with some specifying adjective while trying to capture the essential features of a polity.

2.2.2. Elite, Ruling Elite, Patronalism, and Informality

2.2.2.1. Defining elites and non-elites

The notion of elites can be interpreted meaningfully only in comparative terms. For the existence of an “elite” must imply the existence of the “non-elite,” that is, people who are part of the society but are outside elite circles. Elites, in the classical sense of the term, are defined as “the best” in some respect and the non-elites, as the ones who are worse than the elites.¹⁰ A narrower definition, used in the mainstream literature, also assigns to elites the feature of having “more social weight than others because their activities have greater social

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⁸ Cf. Call, “Beyond the ‘Failed State.’”

⁹ For a meta-analysis, see Guliyev, “Personal Rule, Neopatrimonialism, and Regime Typologies.”

¹⁰ Keller, “Elites.”
Such elites are typically observed as “tiny but powerful minorities […] made up of autonomous social and political actors who are interested primarily in maintaining and enhancing their power.” In short, this second definition underlines that the members of the elites have significant influence over the lives of the non-elites and that they can also use this influence to attain their own ends, vis-à-vis the ends of the non-elites. For the purposes of our framework, we give the following operational definition for elite and non-elite:

- **Elite** is a group of people, related or unrelated to each other, who are leading actors in their walk of life, that is, having greater influence over the lives of others in the same walk of life than the influence of those people over them. (“Those people” are the non-elite.) This leading position, stems from having extraordinary qualities, such as wealth, excellence, or high (formal) position in a hierarchy.

- **Non-elite** is a group of people, related or unrelated to each other, who are following actors in their walk of life, that is, having lesser influence over the lives of others in the same walk of life than the influence of those people over them. (“Those people” are the elite.) This following position stems from having ordinary or poorer qualities, such as lack of wealth or having a low (formal) position in a hierarchy.

The expression “walk of life” may refer to any part of the society, from its entirety to certain segments of the private or public sector. Indeed, the definition of “walk of life” is not an independent one but it is circular: whatever part of society, where some people have greater influence over the others than vice versa, can be analytically isolated as a walk of life, divided into the two general groups of the elite and the non-elite.

Following Vilfredo Pareto’s classical theory of elites, we can divide elite groups themselves into two general categories: non-ruling elites and the ruling elite.

- **Non-ruling elite** is an elite without coercive (state) authority. In other words, a non-ruling elite can exercise its influence over its walk of life only through non-coercive means, such as persuasion, leading by example, or market transactions. Typically, there are numerous non-ruling elites in a society.

- **Ruling elite** is an elite with coercive (state) authority. In other words, a ruling elite can exercise its influence over its walk of life—the society itself, living under the rulers’ authority—through coercive means, such as law enforcement. Typically, there is only one ruling elite in a society.

That typically there is only one ruling elite in a society corresponds to the situation that a people or society lives under a single state, possessing a local monopoly of the legitimate

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use of violence. However, as we are going to see in later parts of the chapter, this is not necessarily the case. The state may fail to maintain its monopoly of legitimate violence and degenerate into a mere violence-managing agency among many, who are hired by people—legally or illegally—to provide protection and other violent services [ \( \rightarrow 2.5 \)]. In this case, we could speak about more than one ruling elite, although in the following discussion “ruling elite” will be used exclusively in the context of stable states to avoid confusion.

2.2.2.2. Patronalism, informality, and the general character of ruling elites in the three polar type regimes

While the members of an elite in general need not be related to each other in any sense, besides belonging to the same walk of life, the members of the ruling elite are always linked. For in a state, the access to coercive means is monopolized, and those who can access it must coordinate their activities. In fact, coordination (which implies the presence of links) is required to seizing power in the first place, both in cases of non-democratic takeovers and democratic transfers of power [ \( \rightarrow 4.3.2 \)].

On the basis of the stubborn-structures argument, the two main aspects by which ideal type ruling elites can be conceptualized for the post-communist region are patronalism and formality (Table 2.2). As for patronalism, we can define the dichotomy of patronal and non-patronal connections as follows:

- **Patron-client relationship (patronal connection)** is a type of connection between actors where people are connected through vertical chains of command with a strong element of unconditionality and inequality in power. In a patron-client relation, one of the participants—the client—is a vassal (i.e., subordinate) of the other—the patron. A patronal connection is a coercive relationship, involving no free exit from the network (and often no free entry to the network either).

- **Voluntary relationship (non-patronal connection)** is a type of connection between actors where people are connected through horizontal relationships between equal parties. In a voluntary relationship, there is no vassalage (i.e., subordination) and no party is forced to obey another. A non-patronal connection is a non-coercive (voluntary) relationship, involving free exit as well as free entry.

In these definitions, the vertical-horizontal dichotomy is used, where the former refers to vassalage, subordination and asymmetric relationship and the latter, to the lack thereof. Defining these, we built on the notions of coercion and voluntariness introduced above, along which we also use the dimension of freedom of exit from the relation (network). This refers to whether the members of the network would face coercion should they leave the network (unfree exit) or they would not (free exit) [ \( \rightarrow 6.2.1 \)]. Although they can also be hierarchical, voluntary relationships feature free entry and exit in this sense, whereas patronalism implies a tyrannical hierarchy with no free entry and exit.

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14 Eisenstadt and Roniger, “Patron-Client Relations as a Model of Structuring Social Exchange.”
As for formality, we give the following operational definitions for formality and informality:

- **Formality** is a characteristic feature of a social connection and refers to having a legal and openly admitted form. In other words, an institution—that is, a humanly devised constraint that structures social interaction—is regarded as formal if its rules are written down, in congruence with effective law, and are made openly accessible to the majority of the population.

- **Informality** is a characteristic feature of a social connection and refers to not having a legal and openly admitted form. In other words, an institution—that is, a humanly devised constraint that structures social interaction—is regarded informal if its rules are not written down and are not made openly accessible to the majority of the population (therefore its rules may or may not be congruent with effective law).

**Table 2.2. Main features of ruling elites in the three polar type regimes.**

<table>
<thead>
<tr>
<th>Constrained political elite (as in liberal democracy)</th>
<th>Adopted political family (as in patronal autocracy)</th>
<th>Nomenklatura (as in communist regime)</th>
</tr>
</thead>
<tbody>
<tr>
<td>non-patronal network</td>
<td>informal patronal network</td>
<td>bureaucratic patronal network</td>
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<td>multi-pyramid system</td>
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<tr>
<td>dominance of formal institutions</td>
<td>dominance of informal institutions</td>
<td>dominance of formal institutions</td>
</tr>
</tbody>
</table>

Indeed, formality or informality of institutions can be simplified—for the purposes of our framework—to whether they have a form that is legally recognized. Primarily, the state and the ruling elite that is legally authorized to use state power are formal as far as their position is legally defined, whereas if a political, economic or societal actor fulfills roles that are not legally recognized then (1) they are regarded informal as far as those roles go and (2) the institution that involves that legally non-recognized, unwritten role is also regarded informal. As for “institutions,” we use the term in the sense it appears in the definitions: humanly devised constraints that structure social interaction and generate regularities of behavior. To be more precise, “humanly devised constraints” include regulations (de jure rules), actual practices (de facto rules), and narratives (storytelling), although we will use the concept in a broader sense for formal and informal elite groups, governments and state agencies as well.

Applying the above-defined dichotomies to ruling elites, we should first differentiate two types of ruling elites—non-patronal and patronal:

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15 For a literature review and more overarching understanding of informality, see Ledeneva, *The Global Encyclopaedia of Informality*, Volume 1:1–5.

16 North, “Institutions”; Greif, *Institutions and the Path to the Modern Economy*.

17 Lowndes and Roberts, *Why Institutions Matter*. 
2.2. General Definitions: The Basic Concepts of the Framework

- **Patronal ruling elite** is a ruling elite where the members are connected, formally or informally, through patron-client relations. The patronal ruling elite takes a pyramid-like structure of obedience (single-pyramid system), every member being part of a hierarchy subordinated to the chief patron.

- **Non-patronal ruling elite** is a ruling elite where the members are connected, formally or informally, through voluntary connections, that is, horizontal relationships between equal parties. The non-patronal ruling elite is composed of numerous factions with certain degrees of autonomy (multi-pyramid system), avoiding the authoritarian rule of a single leader.

In a liberal democracy, the ruling elite is non-patronal. Stemming from the definition of constitutional state [ \( \rightarrow \) 2.3.2], numerous autonomous factions exist, usually within the governing party but certainly within the state, in the form of separated branches of power [ \( \rightarrow \) 4.4.1]. The autonomy of the latter is guaranteed by the constitution, whereas the autonomy of factions within the governing party can be guaranteed by the plurality of resources, that is, that the party leadership cannot possess every available resource, economic or political. Indeed, in liberal democracies there is "open access" to political and economic resources, to use the expression of Douglass North and his colleagues from Violence and Social Orders [ \( \rightarrow \) 2.4.6, 6.2.1]. As they write, in regimes like liberal democracy "political parties vie for control in competitive elections. The success of party competition in policing those in power depends on open access that fosters a competitive economy and the civil society, both providing a dense set of organizations that represent a range of interests and mobilize widely dispersed constituencies in the event that an incumbent […] attempts to solidify its position through rent-creation, limiting access, or coercion."\(^{18}\)

What is possible even in this ideal typical model is that, within a liberal democratic regime, certain segments of the state are captured temporarily where the capturer, gaining access to coercive (state) means, becomes an (informal) part of the ruling elite and the captured one becomes his vassal. In such cases, the capturer-captive relation takes the form of a patron-client relation. However, such phenomenon can only be partial and, more importantly, it features only a patronal chain, not a patronal network. For the latter includes, by definition, a large number of patronal chains, organized in a pyramid-like fashion.\(^{19}\)

Since factions themselves usually have internal hierarchies, they can be described as “pyramids,” whereas a high number of competing factions, a “multi-pyramid system.”\(^{20}\) In contrast, both communist dictatorship and patronal autocracy are characterized by single-pyramid systems of patronal ruling elites. As Hale writes, in single-pyramid systems the main networks of power “are gloomed together to constitute a single ‘pyramid’ of authority under the chief patron who is usually regarded as the country’s leader, and any

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18 North, Wallis, and Weingast, Violence and Social Orders, 111. While this statement is largely correct, especially for ideal-type regimes, we will discuss a more complex view of the cooperation of political and economic elites in Chapter 5, too [ \( \rightarrow \) 5.3].

19 Hale, Patronal Politics, 19–22.

20 Hale, Patronal Politics, 21. We use the adjective “multi-pyramid” in various contexts, but always with the same meaning: that no social group dominates over all the other groups.
networks remaining outside this pyramid are systematically marginalized, widely regarded as unable to pose a credible challenge to the authority of the dominant group.”21

In a communist dictatorship, the single-pyramid is built on two pillars. First, the aim of the Marxist-Leninist party to engineer society by the means of state coercion, from which it follows that the bureaucratization of society and that the single-pyramid itself is, too, a bureaucratic network. Second, the state party monopolizes all the available resources and creates a merger of powers, which means no other pyramids are viable in such a system, nor any member of the ruling elite can be outside of the party state and its formal institutional setup. The nomenklatura, as the ruling elite of communist dictatorships is commonly called, is a register of ruling positions, including party positions—the political decision-makers on national and local level—and administrative positions—decision-makers in state companies and other places where central plans are executed.22 For the allocation of economic and political resources for people on the lower levels is centralized at higher levels [→ 5.6.1], a strong element of inequality in power appears between members of the hierarchy indicating the presence of patron-client relations in a bureaucratic form. Informal networks of patronage also form along these formal positions, and informal connections cannot provide more power to someone than what he is given as a link in a bureaucratic patronal chain of the network.

In the nomenklatura, it is formal positions that exist primarily and chosen people are assigned these positions secondarily. In other words, the bureaucratic setting is more permanent than the list of the people who are chosen to fill it. In the ruling elite of patronal autocracies, the case is the other way around. For it is the patronal network, the so-called adopted political family and its members, which are primary. In fact, the network typically comes into being outside the state and once power is seized, formal positions are tailored to the family or the wishes of its members. Therefore, the adopted political family is the point of reference, and it is the list of people within the patronal hierarchy that is more permanent than the formal institutional setup. While in the nomenklatura, where positions are primary, one person is usually assigned to one single position on a certain level of the bureaucratic hierarchy, a member of the adopted political family can have many different positions on various levels of the formal hierarchy.

This leads us to focus on the second dichotomy of formality and informality. The adopted political family is a largely informal phenomenon, meaning not only that its effective hierarchy is situated outside (or above) the formal institutions of the state, but also that the adopted political family has no legal form. The actual decisions are removed from the—nevertheless strictly controlled—bodies of the “ruling” party and, through the chief patron, transferred to the patron’s court, which lacks formal structure and legitimacy [→ 3.3.2]. Patron-client relations, keeping the network together and making the power of the chief patron effective, exist not in a bureaucratic form but out of similar reasons as they do in communist dictatorships—namely, “the monopolization by the patrons of certain positions that are of vital importance for the clients.”23 This relates primarily to political resources—the public sector—but it also extends to economic resources—the private sec-

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21 Hale, Paternal Politics, 64.
22 Voslensky, Nomenklatura.
23 Eisenstadt and Roniger, “Patron-Client Relations as a Model of Structuring Social Exchange,” 50.
tor. The adopted political family also uses state coercion as its primary means; however, the branches of power are formally separated, and only informally connected in a patronal autocracy [→ 4.4.3]. Through the full appropriation of the state as well as the arbitrary and unconstrained use of the instruments of public authority, the informal patronal network reaches down to virtually every level of the society.24

The informality of the adopted political family is different from the informal phenomena associated with communist and democratic ruling elites. As we mentioned earlier, informal relations did exist between the members of the nomenklatura in communist dictatorship, including personal relations, informal oral commands and handshake agreements [→ 1.4.1].25 In liberal democracies, informality appears on the level of elites in three forms: (1) informal relations, like acquaintance and friendship which contribute to the integration of political and economic elites;26 (2) informal agreements, particularly ones concluded prior to formal (e.g., parliamentary) debates;27 and (3) informal norms, like mutual toleration and institutional forbearance, which have been noted as essential to the healthy functioning of liberal democracy and its resilience against autocratic tendencies.28 Such informalities are different from the informality of the adopted political family, for in liberal democracies and communist dictatorships:

- informalities exists around formal institutions, meaning (1) informal relations presuppose the formal rank of the actor, that is, they are formed between formal actors qua formal actors, and informal relations do not give them extra political competences or power their formal position does not entail (especially in communist dictatorship), (2) informal norms help the functioning of formal institutions as they indeed mean routinization of a cultured “best practice,” ingrained in informal patterns of behavior (especially in liberal democracies), and (3) informal networks in the elite do not reach beyond the boundaries of the formal institutional setting (equally important in both regimes). Therefore, formality has supremacy over informality. In contrast, in patronal autocracies informality overrules formal institutions, meaning (1) informal relations do not presuppose the formal rank of the actor and may enable someone with no political position to have political power, (2) informal networks use formal institutions to the extent they are needed, but otherwise informality replaces formality as the primary determinant of power, law and elite behavior, and (3) informal ties are between those with as well as without formal power, and the resultant network extends beyond the boundaries of the formal institutional setting;

- informal agreements do not deprive formal bodies of their de facto decision-making role and decision-making remains within the confines of formal bodies. This is obvious in the case of communist dictatorships, where the subject

24 Lakner, “Links in the Chain.”
25 Ledeneva, Can Russia Modernise?, 30.
26 See, respectively, Moore, “The Structure of a National Elite Network”; Heemskerk and Fennema, “Network Dynamics of the Dutch Business Elite.”
27 Reh, “Is Informal Politics Undemocratic?”
28 Levitsky and Ziblatt, How Democracies Die. On autocratic tendencies, see Chapter 4 [→ 4.4.1].
of Kremlinology was precisely the informal relations within the nomenklatura and between the party leaders, and no informal positions of power held by people outside the nomenklatura existed. In liberal democracies, when agreements are concluded prior to formal debates and therefore outside the formal bodies, the point is secrecy, that is, keeping the real motives and bargains from the public. But those who make the decisions de facto and de jure are the same: the same people who have formal right to decide make the informal deals as well (in line with the previous point). In contrast, in patronal autocracies formal decision-making bodies become transmission-belt organizations, deprived of real power in favor of the adopted political family. One set of informally connected people make the decisions, some (a) with de jure political power but reaching beyond their formal competences (like a president/prime minister chief patron) and some (b) without de jure political power (like inner-circle oligarchs [→ 3.4.1]), while those who represent and vote on these decisions in the formal (transparent) institutional realm are dominantly political front men, who do not take decisions but simply manage the decisions taken by the political family [→ 3.3.8];

- informal norms are respected but are typically not coercive, meaning those who do not respect an informal norm might be regarded as strange or subversive, and people may not want to associate with them, but no one is forced into following an informal norm (especially in liberal democracies). Similarly, informal intra-elite relations in liberal democracy may be friendships or acquintances, which are not coercive hierarchies between formally independent elite actors. In contrast, informal relations are coercive in the adopted political family as they indeed embody patron-client relations, enforced by the chief patron through the instruments of public authority (selective law-enforcement as well as discretion state coercion and intervention [→ 2.4.6, 4.3.5, 5.4]).

Throughout the book, our primary concern when speaking about informality will be informal practices, defined by Ledeneva as “an outcome of players’ creative handling of formal rules and informal norms—players’ improvisation on the enabling aspects of these constraints. [Informal practices are] regular sets of players’ strategies that infringe on, manipulate, or exploit formal rules and […] make use of informal norms and personal obligations for pursuing goals outside the personal domain.” In liberal democracies, informal practices appear as deviances, such as in case of voluntary corruption [→ 5.3.2.2] and democratic legalism [→ 4.3.5.3]. Informal practices in patronal autocracies appear as constituting elements, as in case of coercive corruption [→ 5.3.2.3], politically selective law enforcement [→ 5.3.2.2], and making law in general conditional upon its congruence with an informal “shadow norm” [→ 4.3.4.2].

To sum up, we can see that in both liberal democracy and communist dictatorship there is a dominance of formal institutions, be they party or state, single- or multi-pyramid systems. In contrast, a patronal autocracy is characterized by a dominance of infor-

29 Levitsky and Ziblatt, How Democracies Die, 72–96.
2.2. General Definitions: The Basic Concepts of the Framework

**mal institutions.** To be more precise, we may adopt the term “informal organization” from Levitsky and Gretchen Helmke, which refers to an informal entity that (1) is organized into a network and (2) has a different identity from formal institutions. Thus, in a patronal autocracy what we can see is indeed the supremacy of one specific informal organization—the informal patronal network of the ruling elite, that is, the single pyramid of the adopted political family.

2.2.2.3. Stratification of patronal pyramids: one-tier and multi-tier single-pyramids

While power is concentrated in the hands of their top leadership, **single-pyramid arrangements do have an internal stratification.** First, they have a certain **hierarchy,** which—as their name suggests—is a pyramid-like construct with the most powerful actor at the top and the least powerful actors at the bottom. However, it is not the actors who are in a strict descending order of power but rather the **layers** of patronal hierarchy. Each layer consists of equals in terms of power, and, in a pyramid-like fashion, the least powerful but most populous layer is at the bottom, the second least powerful and most populous one is one-level higher, and so on until the top layer. Indeed, the top layer is the only one where there are no equals but only the top patron, whose power is unique and unmatched typically [4.4.3.2]:

- **Top patron** is the head of a patronal network. He is singularly powerful, meaning there is no one like him in the network in terms of power and influence over the network’s members.

When we talk about a **single-pyramid arrangement,** the top patron will be called **chief patron** [3.3.1]. Subordinated to the top patron, there are also sub-patrons who constitute the links between the layers of the patronal hierarchy:

- **Sub-patron** is a client of the top-patron who also has clients below him in the same patronal hierarchy. There are equals to the sub-patron, meaning his power is matched by others in the network, although he typically has clients who answer only to him (besides the chief patron, ultimately).

Turning to ruling elites and single-pyramids, **in communist dictatorships every layer is formal** and there is a strict, legally binding hierarchy that is expressed in the nomenklaturists’ formal ranks. In contrast, **the layers in patronal autocracy are informal** and the formal ranks of the members of the adopted political family do not necessarily express their de facto position in the informal patronal network. As for de facto position, while there may be several layers of adopted political families, **the most important line of division is between those with direct contact to the chief patron and those with no direct contact.**

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31 Helmke and Levitsky, “Informal Institutions and Comparative Politics.”
33 Voslenksy, *Nomenklatura.*
Given their personal relationship, the former have more power and influence over the top patron as well as the whole patronal network than the latter (the layer of people with direct contact is to be called the patron’s court [→ 3.3.2]). For example, Stanislav Markus analyzes Russian chief patron Vladimir Putin’s network and differentiates three important groups: (1) Putin’s personal friends (“connected to him through the Ozero dacha cooperative, his hobbies, and his career”); (2) the so-called silovarchs (“business elites who have leveraged their networks in the FSB (Russian Federal Security Service) or the military to amass extreme personal wealth”); and (3) outsiders (“super rich […] who are not personally connected to Putin, the military, or the FSB”).34 Although all of these groups are important and enjoy the privileges of belonging to a single-pyramid patronal network, they are different in terms of proximity to power and therefore (1) influence over Putin’s decisions and (2) access to economic resources [→ 6.2.1].35

Inside the single-pyramid, competition exists within and perhaps between layers but not toward the chief patron. In an adopted political family, the sub-patrons are subordinated to the principle of elite interest and try to capture as many political and economic resources as they can, and the equals at every level of the patronal hierarchy compete with each other in a zero-sum game.36 But they must not challenge the chief patron. The chief patron allows competition between his clients, who can mobilize their own clients and use (state) resources in the domain that they are assigned to manage.37 However, over every action the chief patron has a “veto right,” that is, he can intervene with the means of public authority, whereas challenging him counts as disloyalty which is always avenged [→ 3.6.2.4]. This is different from bureaucratic single-pyramids because, while challenging the top patron, the general party secretary, is certainly forbidden there, too, it is not disloyalty to his person that is punished but disloyalty to the state party [→ 3.3.5].

Besides layers, single-pyramid networks may also have tiers. Simply put, a tier refers to relative autonomy. In so-called multi-tier single-pyramids, a patron on the lower-tier (1) is in a subordinate position to the top patron of the upper tier—that is, the chief patron—but (2) he has his own network of clients and he can dispose over them as well as over the political and economic resources of a (local) government with practically no interference. Naturally, he yields resources and compliance to the top patron but, in return, he enjoys significant autonomy within his own domain. Charles Tilly refers to this kind of relationship as brokered autonomy [→ 5.3.4.2].38 Multi-tier single-pyramids exist primarily in patronal autocracies with large territory—like Russia—whereas in smaller patronal autocracies—like Hungary—a one-tier single-pyramid exists with no lower level in a brokered-autonomy status [→ 7.4.3.1].

36 Cf. Markus, Property, Predation, and Protection.
38 Tilly, Trust and Rule, 32.
2.3. The Dominant Principle of State Functioning

2.3.1. Societal Interest, Elite Interest, and Ideology
Implementation

The ruling elite is the central actor of the state. From this, it follows that the direction of state action is defined by the ruling elite’s actions, grounded in certain motivations of rulership. Distinguishing ideal type motivations, we can define subtypes of the state, each of which is led by a ruling elite running on a specific motivation. Naturally, political actors of a regime can have various goals, but we can—at least for the purposes of our definitions—identify general, overarching principles, some pursued value or common interests, which bind the ruling elite together. More precisely, as certain elite factions may even contradict the acts of other public actors or factions, what we define are not simply general but dominant principles, that is, the one that fits to most actions of the state (the ruling elite). This is what we call the dominant principle of state functioning. Defining state subtypes, the role of the dominant principle can be understood as if it was the ruling elite’s “constitution,” meaning the fundamental character of their behavior can be derived from it, and therefore also the fundamental features of their states, which their actions define (as central actors).

There are three ideal type principles we define as the combinations of certain features (Table 2.3). First, there is the principle of societal interest:

- **Principle of societal interest** is a dominant principle of state functioning, where the ruling elite aims at using political power to realize values (an ideology) but does not aim at exclusively possessing it (no power monopolization). In this principle, the ruling elite focuses on societal groups outside of the political sphere and state action manifests dominantly in enhancing the interests of such groups (their wealth, power, liberty etc.).

For the sake of practicality, we define “interest” in this context as the provision and enhancement of what philosopher John Rawls puts in the category of primary goods, which every man can be presumed to have an interest in. These include income and wealth, physical security, basic rights and liberties, the powers of offices and positions of responsibility etc.39 The “societal interest” means (1) the provision of basic rights and liberties for the entire population and (2) serving the material interest of some social groups outside the ruling elite (that is, non-political societal groups: economic classes etc.) which the rulers decide to prioritize through the state. In other words, societal interest consists of the particular interests of certain groups of society. Which groups are to be prioritized is defined by the respective actors’ ideology, which we simply define as a belief-system voiced by political actors about the proper functioning of society [→ 6.4]. Putting them together, we claim that where the dominant motivation of the ruling elite is to realize an ideology but it does not try to possess power exclusively, that means it operates the state by the principle

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societal interest. For (1) the lack of exclusive possession of power means pluralism, and from the acceptance of pluralism (i.e., the lack of aiming at exclusivity) the provision of basic rights and liberties for the whole population follows \[\rightarrow\] 4.2.2, and (2) an ideology entails a vision about the proper functioning of society, from which certain state actions follow which prioritize social groups outside the ruling elite \[\rightarrow\] 4.3.4.1.

### Table 2.3. Ideal type principles of state functioning.

<table>
<thead>
<tr>
<th>Principle of societal interest</th>
<th>Ideology (aiming at using political power to realize values on social level)</th>
<th>Power monopolization (aiming at exclusively possessing political power)</th>
<th>Personal-wealth accumulation (aiming at using political power for personal enrichment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle of elite interest</td>
<td>X</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Principle of ideology</td>
<td>–</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>implementation</td>
<td>X</td>
<td>X</td>
<td>–</td>
</tr>
</tbody>
</table>

The second ideal type principle is the principle of elite interest:

- **Principle of elite interest** is a dominant principle of state functioning, where the ruling elite aims at exclusively possessing political power (power monopolization) and using it for personal enrichment (personal-wealth accumulation). In this principle, the ruling elite focuses on itself, that is, the political sphere, and state action manifests dominantly in enhancing the interests of the rulers (their wealth, power, liberty etc.).

The dichotomy of societal and elite interest has been present in political science since Aristotle.⁴⁰ In a more recent work, North distinguishes in existing literature the “contract theory” of state, where “the state plays the role of wealth maximizer for society,” and the “predatory theory” of state, where the state maximizes “the revenue of the group in power.”⁴¹ In our understanding, the elite interest is served and the state runs on the principle of elite interest when:

1. **the ruling elite tries to exclusively possess political power (power monopolization and centralization)**, involving (a) the extension of formal and informal influence over the political sphere, and (b) ensuring unchallengeability, breaking

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⁴⁰ “[Men], even when they do not require one another’s help, desire to live together; not but that they are also brought together by their common interests in proportion as they severally attain to any measure of well-being. This is certainly the chief end, both of individuals and of states. […] The conclusion is evident: governments which have a regard to the common interest are constituted in accordance with strict principles of justice, and are therefore true forms; but those which regard only the interest of the rulers are all defective and perverted forms.” Aristotle, *Politics*, 60.

⁴¹ North, *Structure and Change in Economic History*, 22.
2.3. The Dominant Principle of State Functioning

autonomy and/or power of competing actors so they cannot hinder the leader in exercising political power;

2. the ruling elite uses the unconstrained power to enhance its wealth (personal-wealth accumulation), involving (a) enriching themselves, or in the case of patronal autocracies the members of the adopted political family, and (b) enriching those who can be vassalized, that is, with whom the ruling elite (and especially its top leader) can establish a lasting patronal relationship of dependence.

It needs to be seen that power monopolization and personal-wealth accumulation are twin motives: they can hardly be separated or even put in a hierarchical order. For power is necessary to accumulate wealth [⇒ 5.3.2] and wealth is put in use to maintain power [⇒ 5.3.4.4]. No wonder the Russian literature speaks about power-ownership (vlast&soobstvenost), referring to the fact that, in the post-communist region there is no power without ownership and there is no ownership without power.42 The two go hand in hand, and the two cannot be separated in short of a non-wealth accumulation focused ideological program. Moreover, such a ruling elite can be described as not ideology-driven but ideology-applying [⇒ 6.4.2]. It might communicate an ideology, a vision about the proper functioning of society, but the actions of the state cannot be derived from it. Therefore, we cannot treat the communicated ideology as the dominant principle of state functioning.43 Rather, the actions of a state with such a ruling elite can be explained by a focus on itself, using the instruments of public authority to serve this single particular interest. In a state subordinated to the principle of elite interest, the ruling elite abuses political power for its private gain [⇒ 5.3] and tries to eliminate pluralism in order to preserve its monopoly of political power [⇒ 4.4.3].

Although we are going to elaborate on this issue in Chapter 6, it is important to stress at this point that, for us, the ideology-driven nature of a ruling elite is not a psychological issue but a sociological issue. Our claim that a system is ideology-applying does not mean that the rulers do not “believe” in what they say—a claim that could hardly be verified, given we cannot get into the rulers’ heads.44 What we do claim, however, is that a system is ideology-driven only when an ideology fulfills the definition of a dominant principle—that is, that the main features of the state can be derived from it. As we will see, there are states where this criterion is fulfilled by an ideology, like communist dictatorship, where the main features of the regime follow from the basic tenets of the ideology of Marxism-Leninism [⇒ 4.2–3, 5.5.1]. But the main features of states subordinated to the principle of elite interest do not follow from the ideology they communicate, therefore we—again, from the point of view of descriptive sociology—cannot treat them as ideology-driven but only ideology-applying.

Indeed, when one tries to interpret the ruling elite’s actions by the ideology it communicates, he is no less biased than one who tries to interpret it by a supposed elite interest. Both standpoints are based on presumption: the former one’s presumption is that the given elite tries to implement an ideology (to serve the “common good”), while the latter one’s,

42 Ryabov, “The Institution of Power&Ownership in the Former USSR”
43 Madlovics, “A maffiaállam paravánjai.”
that the elite wants to accumulate power and wealth (to serve their own private good). Which presumption is deemed “genuine” or “malicious” is irrelevant, as we are working with positive and not normative terms [→ Introduction]. What is relevant is which presumption is justifiable. If a ruling elite that dominantly accumulates wealth and power, or a state can be best approached by an ideal type based on elite interest (e.g., the mafia state [→ 2.4.5]), then presumes the principle of elite interest is justified, whereas the standpoint that accepts the ideological goals (and constantly explains that the state “makes policy mistakes” as it actually “deviates” from the goals) is unjustified. However, if the ruling elite dominantly focuses on the society and tries to reform it along the lines of an ideology, we can presume the principle of ideology implementation:

- **Principle of ideology implementation** is a dominant principle of state functioning, where the ruling elite aims at exclusively possessing political power (power monopolization) and using it to realize values (an ideology). In this principle, the ruling elite focuses on societal groups outside of the political sphere but state action does not manifest in serving the societal interest.

While both involve ideology-driven ruling elites, the principle of ideology implementation is not the same as the principle of societal interest because it does not secure the basic rights and liberties of the people. More precisely, the particularity of **the principle of societal interest** is that **the content of societal interest** (that is, which particular interests are to be served by the state) is decided in an open, transparent and formalized process of public deliberation and negotiation, involving every interested group of the society [→ 4.3]. In other words, under this principle what is enforced is the **self-defined societal interest**, reached as a result of the competition of various (particular) interests of the groups of society. The role of the state is to provide a neutral framework for the reconciliation of interests [→ 4.2.2]. On the other hand, in the principle of ideology implementation the direction of state action is arrived at in a closed, non-transparent and sometimes informal, process of centralized decision-making. Thus, under this principle what is defined is a kind of **postulated interest**, reached as a result of the internal decisions of the ruling elite and the subjects of which are withdrawn from the scope of disputable issues. The role of the state in this model is to define the interest of the people, to which it uses an ideological framework prescribing the rulers’ vision about the proper functioning of society. This vision as well as the society’s postulated interest is then forced on the people through the state, which gives them no say in how their life is governed [→ 4.3].

**Every principle of state functioning entails a specific relationship between the public sphere**—the rulers and the apparatus of the state—and **private sphere**—the rest of the society. In states which run on the principle of societal interest, we can see a transparent/regulated cooperation and connection between the two spheres, which should always result in a conciliatory decision for the concerned groups. As under this principle public

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45 Some dictatorships in the 20th-21st centuries have shown that they can enhance the material well-being of the people, though not as efficiently as democracies and without serving societal interest in terms of basic liberties. See Acemoğlu and Robinson, *Why Nations Fail*.
officials are expected to put societal interest ahead of their own (elite) interests, we can speak about a conflict of interests between those in the public and the private sphere. In the principle of elite interest, it is the non-transparent and informal collusion of public and private spheres that can be observed, bringing about a fusion of public and private interests. Finally, when it comes to ideology implementation, the private sphere gets subordinated to the public sphere, for the former has no word in the decisions made and implemented by the latter. This can also be termed as a repression of private interests, that is, the private sphere itself \( \rightarrow 5.3.5 \).

2.3.2. States in Democracies and Dictatorships: from Constitutional State to Party State and from Night-Watchman State through Welfare State to Developmental State

Using the above-defined principles, we can define ideal type states of the polar type regimes, as well as start organizing the state concepts that have been used in the literature with great variation.\(^{46}\) In a liberal democracy, the ideal typical state may be called a “constitutional state,” following the German notion of Rechtstaat:\(^{47}\)

- **Constitutional state** is a state that is subordinated to the principle of societal interest and is led by a constrained political elite, its primary constraint being the separation of branches of power and the liberty and autonomy of societal groups, guaranteed by the constitution.

This definition is inspired by the mainstream understanding of constitutionalism and the rule of law, on the one hand \( \rightarrow 4.4.1.1 \), and by the Madisonian theory of competing factions controlling each other, on the other hand \( \rightarrow 4.4.1.2 \). Furthermore, the definition incorporates the idea of separation of powers, that is, the constitutional separation of the executive, legislative, and judicial branches \( \rightarrow 4.4.1.1 \).

In contrast, we can observe a merger of powers in a communist dictatorship where all branches are formally subordinated to the Marxist-Leninist state party \( \rightarrow 3.3.8 \). Accordingly, the state in a communist setting can be called a “party state.”

- **Party state** is a state that is subordinated to the principle of ideology implementation and is led by the party of the ruling elite that is completely interwoven with the state. A party state is totalitarian, which means that (1) no other components of the regime have autonomy and (2) its rulers are not constrained by other components.

\(^{46}\) There are state concepts that cannot be interpreted as reflecting on a feature of rulership, such as the concept of “petro state” which is used for states with many natural resources. Indeed, that concept refers not to a regime-specific but to a country-specific feature, and we are going to elaborate on those only in a later chapter \( \rightarrow 7.4 \).

\(^{47}\) For a meta-analysis, see Tamanaha, *On the Rule of Law*, 114–26.
In general, we can say that the principle of societal interest is associated with democracies, whereas the principle of ideology implementation is associated with dictatorships. Indeed, it is one of the main features of dictatorships vis-à-vis democracies that the monopoly of political power is held by a single entity (party etc.) that cannot be challenged; that is, the basic rights and liberties of the people are suppressed. 1.6

Yet both constitutional state and party state are rather broad concepts, because they do not specify precisely which ideologies the ruling elites follow. Focusing on this aspect, that is, the types of public policies 4.3.4.1 these states undertake, we can define several subtypes of states that prevail among democracies and dictatorships. Using the concepts which refer to such states in existing literature, we can put up a scale from states that perform only the fundamental functions of police, courts, and national defense—that is, the so-called night-watchman state—through states which provide services such as public education and social benefits—that is, the various types of welfare states—to states which take part as entrepreneurs in the economy and play a dominant role in the realization of the communal goal of progress—that is, developmental states 2.6.48 Indeed, the night-watchman state has less empirical relevance and serves as a theoretical device to extend our scale, as most democracies in today’s world are welfare states. However, as we move from states closer to the night-watchman endpoint toward the developmental-state endpoint, and the state takes over more and more social functions, we can observe that the aim of exclusively possessing political power emerges among ruling elites. 49 Thus, at the end of the scale, the principle of state functioning tends to be ideology-implementation rather than societal interest.

Figure: 2.1. A scale of states running on the principle of societal interest (and eventually ideology-implementation).

<table>
<thead>
<tr>
<th>Night-watchman state (police, courts, national defense)</th>
<th>Welfare state (providing public services)</th>
<th>Social dem. welfare state (universalistic services)</th>
<th>Developmental state (active economic role)</th>
</tr>
</thead>
<tbody>
<tr>
<td>liberal welfare state (means-tested benefits)</td>
<td>Conservative welfare state (family-based social insurance)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A continuous scale of the above-mentioned state concepts is depicted on Figure 2.1, utilizing the paradigmatic distinction of three ideal typical models of welfare states by Gøsta Esping-Andersen. 50 It may be objected that this typology is an obsolete one, and several other typologies have been developed for welfare states since Esping-Andersen. 51 Also, because the issue of state intervention is a primary question of economic disputes, several typologies use the language of economics and find “varieties of capitalism” and neoliberalism

48 Johnson, “The Developmental State: Odyssey of a Concept.”
49 Holcombe, Political Capitalism, 2018, 20–43.
51 For a meta-analysis, see Arts and Gelissen, “Models of the Welfare State.”
2.4. Conceptualization of States Running on Elite Interest

Theories of post-communist states that are based on concepts presuming the societal interest principle necessarily have blind spots toward a large array of phenomena, stemming from such elements as the self-interested patronal elite and the systemic distortion of centralized/monopolized forms of corruption. Indeed, the latter are constituent elements of post-communist regimes. Disregarding these components leads to the same kinds of errors as if one were trying to understand a football match while disregarding the ball: in both cases, the phenomenon that gives sense to most of the game is missing from the picture.

Several labels that have been developed for post-communist (and other) states take the principle of elite interest as their basis. The problem with the literature using them, therefore, has not been the blindness to the related phenomena but that they did not treat them as part of a larger analytical framework. Indeed, concepts like “network state” and “clan state” or “predatory state” and “kleptocracy” have been used almost as synonyms, not realizing that (1) these adjectives indeed refer to different concrete features and, therefore, (2) these concepts can be put in a coherent logical order.

To perform the logical ordering, we need to identify certain dimensions that these concepts reflect on. The dimensions can be found by relying on the stubborn-structures argument, especially Figure 1.4 from the previous chapter that showed the specificities of post-communist rulership [→ 1.5.1]. In that figure, we saw two chains of consequences, the first of which regarded personal relations. Accordingly, we may isolate the first dimension of the state, expressed in interrogative form:

1. What is the nature of the ruling elite?

The second chain was concerned with institutional consequences. For we are in the principle of elite interest, we can formulate the question regarding the next dimension as follows:

2. What is the action for elite-interest based appropriation of state institutions?

52 The fundamental work is Hall and Soskice, Varieties of Capitalism. For later works in this paradigm focusing on the post-communist region, see Lane and Myant, Varieties of Capitalism in Post-Communist Countries; Bohle and Greskovits, Capitalist Diversity on Europe’s Periphery; Szelényi and Mihályi, Varieties of Post-Communist Capitalism.
The two chains of consequences added up to a systemic distortion, namely centralized and monopolized forms of corruption (which is to be defined in general as the abuse of entrusted power for private gain [à 5.3.2.1]). This phenomenon can be approached from two angles. On the one hand, we can focus on the corrupt action itself, where property is diverted to the hands of the elite (and its beneficiaries) via the state machinery. The appropriate question is the following:

3. **What is the action for elite-interest based appropriation of property?**

On the other hand, corruption can be analyzed by its relation to the state. The attitude of the state towards corruption ranges from inimical to supportive, which is expressed in the law and its enforcement [à 4.3.4–5, 5.3.4.2]. In other words, corruption moves on a scale from being incongruent with the state's legal framework and relying on it, yielding the final question about a state dimension:

4. **What is the legal status of the elite-interest based action?**

Resolving the prevalent incoherent and random use of terminology, we organize existing concepts from the literature along these four dimensions in a logical order. Ordering will happen as follows. Starting from the general definition of the state, we develop, step-by-step, more and more complex answers for each question along what we call interpretative layers. This means that, at each of the four dimensions, we take “state” first, and then we add a new characteristic feature to it, expressed by an adjective added to “state.” Next, we add one more feature and change the adjective accordingly. This process is continued until we reach the most extreme concept of state which is still relevant in the post-communist region (Table 2.4).

### Table 2.4. Conceptualization of states subordinated to elite interests.

<table>
<thead>
<tr>
<th>The basis for the term used</th>
<th>Alternative terms used for the description of elite interest in post-communist regimes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Actor</td>
<td>network / patronal / clan state</td>
</tr>
<tr>
<td>2. Action (targeting state institutions)</td>
<td>patrimonial / sultanistic / neopatrimonial / neosultanistic state</td>
</tr>
<tr>
<td>3. Action (targeting property)</td>
<td>rent-seeking / kleptocratic / predatory state</td>
</tr>
<tr>
<td>4. Legality</td>
<td>corrupt / captured / criminal state</td>
</tr>
</tbody>
</table>

The closest resemblance to the method of interpretative layers is the ladder of abstraction, introduced to comparative politics by Giovanni Sartori, by which the narrower classes of phenomena we want to define, the more specifying features we need to add to its definition. However, we prefer the term “interpretative layer” to Sartorian language because we believe it is more expressive. First, the result of this exercise will be a set of clear-cut categories, by which one can interpret the state feature by feature. Second, the categories are indeed layered on, or building on the definitions of each other, which means that they should

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53 Sartori, “Concept Misformation in Comparative Politics.”
neither be used interchangeably nor regressively. More abstract categories (composed of fewer layers) should be disregarded if the respective state satisfies the definition of a less abstract concept (composed of more layers).

2.4.1. Interpretative Layers: What is the Nature of the Ruling Elite?

The first dimension of categorization is the nature of the ruling elite. The interpretative layers and the related state concepts can be seen in Table 2.5. Differentiating state types, we shall rely on the concepts and definitions provided above in Part 2.2.2.2, including, first and foremost, informality, patronalism, and the adopted political family.

Our conceptual starting point is the state led by the ruling elite, possessed of the monopoly of legitimate use of violence. Further categories can be defined as follows:

- **Network state** is a state where the functions of the state organization are dominated by informal networks of the ruling elite, rather than being institutionalized, formalized, and realized through impersonal relations.

- **Patronal state** is a network state where the command structure in the informal network is of the patron-client type, that is, featuring hierarchical chains of dependence.

- **Clan state** is a patronal state where the ruling elite is a clan type of adopted political family, that is, a patronal network of kinship and quasi-kinship relations organized under the patriarchal domination of the chief patron.

From the three consequent adjectives, “network” is the most neutral one. One can even argue it is too neutral—after all, every state contains networks for the members of the ruling elite, and the ruling elite and the state apparatus are obviously connected, too. However, the fact that we do not refer to every state as network state signifies precisely that here “network” refers to a non-trivial feature, that is, something beyond the normal workings of the state. This feature is the informal character of the ruling elite and of the way power is exercised. According to our definition, informality means the lack of a legal and openly admitted form, whereas in a network state we can speak about the dominance of informal institutions over formal ones [\(\rightarrow 2.2.2.2\)]. As Vadim Kononenko explains in a book which describes Putin's Russia as a network state, networks should be understood “as a means of social interaction which is less formal than those between and within state institutions [...]. [Such] networks can be found both outside the state institutions but also incorporated within [...] ministries and administrative hierarchies. In this regard, networks are always personal and link up individuals or groups that share similar interests, allegiances and identification” (emphasis added).\(^{54}\) Informality signifies the principle of elite interest

because it typically means the circumvention of those formal institutions that are in place precisely to defend against elite interest, the exclusive possession of political power [→ 4.4.1] and the abuse of public office for private gain (corruption [→ 5.3]).

Table 2.5. Interpretative layers of categories for the ruling elite.

<table>
<thead>
<tr>
<th>The type of state</th>
<th>Interpretative layers of the category</th>
<th>To which features of the state the category refers to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State</td>
<td>Monopoly on the right to authorize the legitimate use of violence</td>
<td>Institution by which the ruling elite exercises legitimate use of violence</td>
</tr>
<tr>
<td>2. Network state</td>
<td>1st feature + increasing informal character of the connections within and between the units of the state</td>
<td>The ruling elite's exercising power through mainly informal power network</td>
</tr>
<tr>
<td>3. Patronal state</td>
<td>1st + 2nd features + the personal, patronal, hierarchically dependent character of the ruling elite</td>
<td>The ruling elite's internal dependency, patron-client relations (patronal power network)</td>
</tr>
<tr>
<td>4. Clan state</td>
<td>1st + 2nd + 3rd features + the political-economic clan (adopted political family) structure of the ruling elite</td>
<td>The ruling elite's anthropological structure and cultural patterns</td>
</tr>
</tbody>
</table>

It may be argued that informality also involves the element of secrecy, which is necessary for elite interest as it—particularly the wish to accumulate personal wealth—can hardly be admitted to the people (i.e., the voters). But when it comes to informal patronalism, the more general point is that the formal institutional system of a professional Weberian bureaucracy is less suitable to continuous discrentional rewards and punishments than informal institutions or commands [→ 3.3.5, 3.6.3]. This leads us to the term “patronal state,” which has been used by Hale for Moldova. Yet our understanding is different from his in the sense that our definition builds on the notion of the network state. Indeed, by the term “patronal,” we refer to a specific kind of informal network, characterized by patron-client relations. As we explained above, these relations are vertical in character and feature a strong element of unconditionality and inequality in power between one person—the patron—and his vassal or subordinate—the client. In short, if the informal network that rules the state is hierarchical and lower-level actors are (informally) subordinated to and dependent on higher-level actors, we can speak about a patronal state [→ 2.2.2.2].

The notion of “clan state” has been popularized by Janine Wedel, although her description—an informal elite group that operates in the multiple domains of politics, economics and law and blurs public and private spheres accordingly—exhausts the definition of network state only. Putting two further interpretative layers on it, we define a network...

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55 Hale, Patronal Politics, 165–74.
56 Weber also used the expression “clan state” (Geschlechterstaat) in his writing, but in a different context and with a different definition. See Weber, Economy and Society, 250.
which is not simply (1) informal but also (2) patronal and (3) its members are linked via kinship and quasi-kinship ties in a “clan” (see Box 2.2). Thus, a “clan state” is a state run by a clan, that is, an informal patronal network characterized by kinship and quasi-kinship ties. In the post-communist region, we refer to such clans as adopted political families, because the combination of patron-client relations and kinship and quasi-kinship ties are naturally followed by the anthropological character of an extended patriarchal family. Weber captures the patriarchal family in its traditional form, and one of the primary characteristic features he observes is patriarchal domination. As he writes, under patriarchal domination “the legitimacy of the master’s orders is guaranteed by personal subjection, and only the fact and the limits of his power of control are derived from ‘norms,’ yet these norms are not enacted but sanctified by traditions. […] The master wields his power without restraint, at his own discretion and, above all, unencumbered by rules […]. [The] belief of authority is based on personal relations that are perceived as natural.”

This model of patriarchal domination or “personal rule” can be observed in several informal patronal networks in the post-communist region, although the primary binder of a clan can be several other things besides tradition. Indeed, a clan can be grounded in at least four things: (a) ethnicity, (b) nomenklatura past (that is, past membership in the communist ruling elite), (c) party and (d) fraternity. Other important ties include family relationships, as well as the adopted family sealed by businesses in common. In several post-communist ruling elites, the adoption of a client consecrates neither an organizational ethos nor ties of blood or actual kinship, in keeping with a large family cultural pattern, but of loyalty towards the head of the family, the chief patron.

2.4.2. Interpretative Layers: What is the Action Targeting State Institutions?

The second dimension of categorization is the action of the ruling elite aiming at using state institutions for elite interest. The interpretative layers and the related concepts can be seen in Table 2.6. Our conceptual starting point is, again, the state led by the ruling elite, possessed of the monopoly of legitimate use of violence. Further categories can be defined as follows:

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59 Guliyev, “Personal Rule, Neopatrimonialism, and Regime Typologies.”
- **Patrimonial state** is a state which runs on the principle of elite interest, represented by a ruling elite that aims at treating society as a private domain in the formal institutional setup that is given.

- **Sultanistic state** is patrimonial state where the formal institutional setup has no constraining effect on the ruling elite (or rather the head thereof), which can pursue its elite interest and treat society as its private domain at its whim.

- **Neopatrimonial state** is a patrimonial state where the formal institutional setup is democratic in form (featuring multi-party elections, the constitutional separation of the branches of power, and the legal recognition of the free enterprise system and basic human rights). This setting has a limited capacity to constrain the patrimonialism of the ruling elite, or at least the practices of the ruling elite are influenced and refined by the institutional setup (which, in turn, gets corrupted by the ruling elite).

- **Neosultanistic state** is a neopatrimonial state where the formal, democratic institutional setup has no constraining effect on the ruling elite (or rather the head thereof). In such a system, the ruling elite can pursue its elite interest and treat society as their private domain at its whim, whereas the institutions of democracy become pure instruments of patrimonialism.

### Table 2.6. Interpretative layers of categories for patrimonialization.

<table>
<thead>
<tr>
<th>The type of state</th>
<th>Interpretative layers of the category</th>
<th>To which features of the state the category refers to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State</td>
<td>Monopoly on the right to authorize the use of violence</td>
<td>Institution by which the ruling elite legally uses violence</td>
</tr>
<tr>
<td>2. Patrimonial state</td>
<td>1st feature + self-interested ruling elite aiming at the private appropriation of governmental sphere</td>
<td>Treatment of society as a private domain</td>
</tr>
<tr>
<td>3a. Sultanistic state</td>
<td>1st + 2nd features + operation in an environment of no constraints</td>
<td>Total arbitrariness in treating society as private domain</td>
</tr>
<tr>
<td>3b. Neopatrimonial state</td>
<td>1st + 2nd features + operation in a democratic institutional setup</td>
<td>Patrimonial rule operating in a new institutional setting (where democratic institutions have a moderate constraining effect)</td>
</tr>
<tr>
<td>4. Neosultanistic state</td>
<td>1st + 2nd + 3rd feature + the democratic institutional setup is purely instrumentalized</td>
<td>Sultanistic rule operating in a new institutional setting (where democratic institutions have no constraining effect)</td>
</tr>
</tbody>
</table>

The use of these terms attempt to convey the *sui generis* traits of post-communist regimes through the adaptation and reformulation of Weber’s typology for systems of rule. “Where domination is primarily traditional, even though it is exercised by virtue of the ruler’s
personal autonomy, it will be called **patrimonial** authority,” writes Weber. He continues: “where it indeed operates primarily on the basis of discretion, it will be called **sultanism**” (emphasis added). Our main modification to this definition is making the dimension of institutional setup explicit. For although the terms in their original form capture what we described above as the principle of elite interest, it is the institutional setup in which this principle is enforced that distinguishes these states from each other. In patrimonial states, lordship is explicit and it is limited by traditional constraints of such institutions. In sultanistic states, such constraints that effectively limit the exercise of power do not exist, and usually it is the **head of the ruling elite who disposes over the state at his whim** (hence the word “sultan”). Thus, even intra-elite constraints, otherwise taking the form of any kind of entitled body of decision-making, are lacking [→ 3.6.2]. This is why sultanism is widely recognized as an extreme form of patrimonialism.\(^{62}\)

Attaching the prefix “neo-“ to Weberian terms may not be as precise as a substantive adjective would be, that is, an adjective expressing the actual content of these states’ novelty. But we still adopt these terms because (1) they signify that these states prevail in different historic eras than the original regimes that Weber analyzed and (2) they are already familiar in existing literature (see Box 2.3).\(^{63}\) Substantively, “**neopatrimonial**” refers to a change in the institutional setup: that **patrimonialism is no longer explicit, and it is no longer limited by traditional (hard) constrains, but it operates behind the façade of democratic institutions, which provide legal (soft) constrains**. In neopatrimonial states, the ruling elite complies, more or less, to an existing legal framework, which it changes continuously to fit the aim of serving its elite interests better [→ 4.3.4]. Yet laws do influence neopatrimonial rulers, who have to develop more refined ways of seeking elite interest to conceal their efforts in a democratic environment, where the rulers rely on electoral civil legitimacy [→ 4.2].

**Neosultanistic states,** on the other hand, are composed of **purely instrumentalized formal institutions.** In other words, the formal institutional setting here has no influence or constraint over the ruling elite, and methods of rule need not be refined any further. For if a law contradicts the principle of elite interest, it will either be changed or simply disregarded [→ 4.4.3.3]. Civil legitimacy in these systems becomes pure show: popular

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\(^{63}\) Cf. Gerring, “What Makes a Concept Good?”

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**Box 2.3. On the concept of neopatrimonialism.**

“Guenther Roth was first to point out the emergence of the new modern forms of patrimonial domination […] in his famous article ‘Personal Rulership, Patrimonialism, and Empire-Building in the New States’ published in 1968 in the ‘World Politics’ magazine. […] Shmuel Eisenstadt, who in a number of his works developed a complex theory of neopatrimonialism, made next step in the development of this concept. […] One can identify three main principles of the neopatrimonial systems’ functionality:

1) **Political center is separated and independent from the periphery, it concentrates political, economic and symbolic resources of the authority, while simultaneously closing access to all other groups and levels of the society to these resources and positions of control over them;**

2) **The state is managed as a private possession (patrimonium) of the ruling groups – holders of the state authority, which privatize various social functions and institutions, making them sources of own private profit;**

3) **Ethnic, clan, regional and family-relative ties do not disappear, but are reproduced in the modern political and economic relations, determining methods and principals of their functioning.**

elections are held, but in case of non-favorable results, the ruling elite commits electoral fraud without hesitation [→ 4.3.3.2].

It may be noticed that, conceptually, a neosultanistic state could also be regarded as a subtype of sultanistic state, to which the feature of operation in a democratic institutional setup should be added then. Although such ordering would be equally logical, it would be less useful analytically, for in the post-communist region it is a neopatrimonial state, and not a sultanistic one, that can typically evolve into a neosultanistic state [→ 4.3.3.3]. As Houchang Chehabi and Juan Linz observe, using the term neosultanistic “[has] the advantage of not only distinguishing [such states] from the Weberian use of the term ‘sultanism,’ but also maintaining the logic of Weber’s terminology; […] just as for Weber the transition between patrimonialism and sultanism is ‘definitely continuous,’ neosultanistic regimes are an extreme version of neopatrimonial forms of governance.”

2.4.3. Interpretative Layers: What is the Action Targeting Property?

The third dimension of categorization is the action of the state (public actors) aiming at appropriating property. Indeed, every state, by definition, “exercises the monopoly of legitimate use of violence to extract, manage and distribute resources,” and in this sense engages in coercive appropriation and re-allocation of private people’s property. However, to be able to distinguish states by this dimension, we must make three distinctions in the concept of coercive takeover. First, we differentiate between property appropriation (a) for private gain, when someone takes over property and uses it to increase the consumption of himself as well as other concrete, targeted persons (his family, party members etc.), or (b) for public gain, when someone takes over property and uses it not to increase his consumption per se but to give it to other people he does not target specifically in advance as future owners (taking it to public use, handing it out for everyone who meets objective criteria not unique to them etc.).

Second, we distinguish takeover of (a) monetary property, like in case of taxation, and (b) non-monetary property, like in case of property-taking intervention or nationalization (in liberal democracies). Indeed, in case of (a) we cannot speak about private or public gain per se, because—speaking about states—most taxes are not collected for specific purposes—say, that the income tax would be collected specifically to finance healthcare and education. In modern states, tax monies go to a so-called general fund from which most (central) governmental programs are financed.

Thus, the monetary property that is collected from people simply fill up the revenue side of the budget, and it is the budget which is then spent on different gains, public as well as private. However, when monetary property is being redistributed and spent for private

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64 Chehabi and Linz, Sultanistic Regimes, 6.
65 Cf. a similar distinction in Epstein, Takings, 161–81.
66 Browning, “Collective Choice and General Fund Financing.”
gain, we can distinguish **legal and illegal** instances of such action—whether it is in line with existing legal code to provide a particular (familiar) person or company from tax monies or not.

Keeping these three distinctions in mind, we can meaningfully distinguish state types by the interpretative layers belonging to this dimension (Table 2.7).

Table 2.7. Interpretative layers of categories for appropriation of property.

<table>
<thead>
<tr>
<th>The type of state</th>
<th>Interpretative layers of the category</th>
<th>To which features of the state the category refers to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>State</strong></td>
<td>Monopoly of taxation for maintaining public functions</td>
<td>Primary source of state revenues</td>
</tr>
<tr>
<td>2. <strong>Rent-seeking state</strong></td>
<td>1st feature + legal overtaxing in favor of the ruling elite and its beneficiaries</td>
<td>Favoritism to expand state bureaucracy/enterprises for the ruling elite and its beneficiaries</td>
</tr>
<tr>
<td>3. <strong>Kleptocratic state</strong></td>
<td>1st + 2nd features + illegal diverting of current incomes to private hands</td>
<td>Illegal favoritism</td>
</tr>
<tr>
<td>4. <strong>Predatory state</strong></td>
<td>1st + 2nd + 3rd features + appropriation of non-monetary property using illegal state coercion</td>
<td>Illegal predation</td>
</tr>
</tbody>
</table>

The starting point is the **state** led by the ruling elite, possessed of the monopoly of legitimate use of violence and using it for taxation, that is, extracting monetary property from the people living under the authority of the state [⇒ 5.4.3]. Further categories can be defined as follows:

- **Rent-seeking state** is a state where taxation is boosted to perform, beyond public services, various tasks in the particular favor of the ruling elite and its beneficiaries. “Rent-seeking” refers to increased incomes, whereas illegitimate expenditures can be dubbed as “favoritism.” On this level, both governmental rents and favoritism stay within the limit of legal rules.

- **Kleptocratic state** is a rent-seeking state where favoritism happens illegally. Illegal diversion of current incomes and rents can take place outside the transparent and regulated channels of government spending, or they can be transacted inside state channels (such as the public procurement system) by disabling effective checks.

- **Predatory state** is a kleptocratic state where monetary as well as non-monetary property (such as a company) is appropriated for the private gain of the leading political elite. The method of predation utilizes acts that are unlawful in and of themselves (such as extortion or misappropriation of funds), often combined with acts that are not unlawful in and of themselves (such as motions submitted by independent parliamentary representatives or instigating tax audits).
That rent-seeking is understood as the broadest of all categories is not particular to us. Indeed, this term is often used for all the above-mentioned activities, from overtaxation to predation. However, it is analytically useful to distinguish subtypes, pursuing qualitatively different practices, and using the term “rent-seeking state” only for those institutions of the ruling elite which do not reach the kleptocratic or predatory level.

Among the several definitions of rent in the literature, we rely on a Weberian understanding, based on the idea of Iván Szelényi and Péter Mihályi. Weber distinguishes two types of social relationships—open and closed ones. As he writes, a social relationship “will be spoken as ‘open’ to outsiders if and insofar as its system of order does not deny participation to anyone who wishes to join and is actually in a position to do so. A relationship will […] be called ‘closed’ against outsiders so far as […] participation of certain persons is excluded, limited or subjected to conditions.” Accordingly, we distinguish open and closed markets, based on whether it depends on the state or incumbents that a new participant can enter, and we define “rent” as the difference between (1) what income would have been in an open market and (2) the actual income, resulting from closing the market to certain participants. In short, rent is the profit stemming from the lack of competition, and the more closed the market is, the higher the rent is (all other things equal) [\( \Rightarrow \) 5.4.2].

Rent is usually understood as a market phenomenon, but there is no good reason to narrow its definition this way. For we can say that the state, disposing of the local monopoly of a number of services, effectively collects rents whenever its revenues (taxes and other current incomes from natural or artificial state monopolies) surpass the income it would have reached if it provided its services not as a monopolist but as a free market entrepreneur—that is, in an open relationship instead of a closed one [\( \Rightarrow \) 5.4.2.4]. Using this understanding, we can say that the ideal typical “state” does not collect rents, as there the government, committed to the principle of societal interest, provides public services at the same or lower price in tax as what could have been reached on the free market. Indeed, actual states with such motives attempt to minimalize governmental rents via public tenders—setting only the public goals but leaving their fulfillment to private actors, at a price determined by the market competition of tender participants [\( \Rightarrow \) 5.5.2.1]. However, governmental rent collection happens when a tax above the market price of government services is charged. This can also be called overtaxation. Further, where rent collection happens on purpose—that is, where the state indeed shows rent-seeking behavior—there exists an expenditure side as well: the extra incomes are spent on goods and services in the particular favor of the ruling elite and its beneficiaries. This kind of state spending can be called favoritism, a more neutral term than the also often used “nepotism” [\( \Rightarrow \) 5.3.2.2].

In a rent-seeking state, favoritism does not break the legal rules of the state. It manifests in acts such as offering positions with high salaries in state bureaucracy or companies to friends and party members, spending tax monies on extra benefits for politicians, or giving bailouts to particular firms. Dušan Pavlović analyzed post-communist Serbia and found that party favoritism has produced a bloated bureaucracy and a set of “mon-

\[^{67}\text{For a meta-analysis, see Holcombe, “Political Capitalism,” 2015.}\]
\[^{68}\text{Szelényi and Mihályi, Rent-Seekers, Profits, Wages and Inequality, 57–58.}\]
\[^{69}\text{Weber, Economy and Society, 43.}\]
\[^{70}\text{Cf. Mitchell, “The Pathology of Privilege.”}\]
ey-wasting” public agencies, all paid from overtaxation that has hampered the country’s economic development.71 However, we speak about “kleptocratic state” when favoritism happens illegally. In this case, benefits are provided to certain actors either (a) outside the transparent and regulated channels of government spending or (b) inside state channels by disabling/disregarding effective checks. For the latter, the public procurement system can be an example, if the state publishes custom-tailored tenders or orders the committee to decide in favor of some particular actors [→ 5.3.3.3].

Andrew Wedeman summarizes the features of “pure kleptocracy” as follows: “(1) endemic corruption, with corrupt activities pervading both the lower and the upper reaches of the state; (2) a tightly integrated hierarchy of corrupt syndicates headed by a godfather-like chief-in-chief; (3) unchecked plunder; (4) near-total impunity for those authorized to loot by the chief-in-chief; (5) large outflows of corrupt monies; and (6) extensive use of these monies to influence politicians and officials in other countries.” 72 This list already includes several features we do not include in our definition, which focuses on the necessary and sufficient conditions to classify a state kleptocratic. However, several extra features that appear in Wedeman’s list indeed go hand in hand with kleptocratic functioning, like the top-down nature of corruption (feature 2 [→ 5.3.2.3]) or politically selective law enforcement (feature 4 [→ 4.3.5]). However, while the word “kleptocratic” alludes to the illegal activity of the ruling elite, the term “predatory state” indicates the violence that accompanies this activity.73 More precisely, we define predation as follows:

**Predation** is the coercive takeover of non-monetary property for private gain.

We define “predation” more narrowly than is typical in social sciences, where it is used to refer to any kind of coercive takeover of (private) property.74 The reason we narrow the term, using the distinctions we made earlier, is to be able to identify states which, besides redistributing monetary property in form of taxation, routinely take over non-monetary property—such as companies—for the ruling elite’s private gain. Following the principle of elite interest, the aim of such a takeover can be to reallocate property to the members of the ruling elite and/or to remove them from the hands of their enemies [→ 5.5.4]. To achieve this, the predatory state uses the instruments of public authority, regulation and discretion taxation, combined with illegal practices such as extortion and economically “drying out” a targeted company by cutting them from state funds [→ 5.4–5]. In Chapter 5, we will identify such action as “centrally-led corporate raiding,” which is also a subtype of what is known as “reiderstvo” in the Russian literature.75

It is important to underline that, as Table 2.7 suggests, the predatory state does not only predate but combines the features of previous state types. That is, a state which, from the perspective of property-taking action, is regarded as a predatory state, uses (1) le-

71 Pavlović, Mašina za rasipanje para: Pet meseci u Ministarstvu Privrede [The money-wasting machine: Five months inside the Ministry of Economy].
72 Wedeman, “Does China Fit the Model?,” 90–91.
75 Lanskoy and Myles-Primakoff, “Power and Plunder in Putin’s Russia”; Viktorov, “Russia’s Network State and Reiderstvo Practices.”
gal rent-seeking (overtaxation and favoritism), (2) illegal rent-seeking (kleptocratic spending through channels like state payments and procurements) and (3) predation (centrally-led corporate raiding) to promote the personal-wealth accumulation of the ruling elite. All these techniques are combined by a corrupt network that covers the entire state, typically at the command of a chief patron who can coordinate all accumulation and the means thereof [➔ 2.6].

2.4.4. Interpretative Layers: What is the Legal Status of Elite-Interested Action?

The fourth and final dimension of categorization is the legality of public actors’ elite-interested actions. The general concept we are going to use here is “corruption,” for which we use the following mainstream definition, popularized by anti-corruption NGO Transparency International:

- **Corruption** is the abuse of entrusted power for private gain.

This dimension’s interpretative layers and the related concepts can be seen in Table 2.8. The starting point is the state led by the ruling elite, possessed of the monopoly of legitimate use of violence and using it for taxation, that is, extracting monetary resources (legally) from the people living under the authority of the state. Further categories can be defined as follows:

- **Corrupt state** is a state where corruption influences the implementation of the law. On this level, corruption happens by a high occurrence of separate/occasional incidents when officials of the state bureaucracy accept or request financial or other benefits (that is, bribes) for handling a case in a manner advantageous to the dispenser of the benefits (bribes). Furthermore, although in a corrupt state civil administrative or business matters can be best managed through bribes, bribery and corruption are regarded as deviant element by the state and persecuted as illegal acts accordingly.

- **Captured state** is a corrupt state where corruption influences the content of laws and rules as well. On this level, corruption vertically reaches even the higher layers of governance and, rather than manifesting in only occasional transactions, it shows signs of a regular nature with more or less permanent chains of corrupt vassalage. Furthermore, although state capture on this level is partial in the sense that the instruments of public authority are not fully appropriated by corrupt actors, corruption becomes a structural element of the system.

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76 In earlier works, we referred to this dimension by the term “legitimacy” instead of legality. However, it would be confusing now if we stated some states are illegitimate, for we have defined the state as the monopolist of legitimate coercion. On the other hand, the ways this coercion is used can be illegal (as well as legal).

77 TI, “Corruption Perceptions Index 2011 - FAQ”
• **Criminal state** is a captured state where corruption is centralized and monopolized by the ruling elite. On this level, the instruments of public authority are fully appropriated by the hierarchy of corrupt actors, usually a political enterprise gaining constitutional powers (for full appropriation requires disabling legal checks and corrupting a multitude of state institutions on the national level). Thus, corruption becomes, in a criminal state, a constituting element of the system.

In Chapter 5, we will elaborate on the types of corruption in greater detail \[→ 5.3\]. Here, there are two features to note. First, the states defined above do not necessarily operate primarily on the principle of elite interest. In a corrupt state, there is a conflict of interest between the ruling elite and the state apparatus, where the latter attempts to enforce its interests against the former. Usually, this means that the ruling elite wants to follow the principle of societal interest, whereas corrupt members of the state apparatus hinder this aim for personal gain \[→ 5.3.2.2\]. Indeed, as corruption meets the intention of neither the regulator (the one who makes the to-be-corrupted laws) nor the dominant institution (in this case, the formal, legal institution that provides the actual framework of political action), we can see the frequent but still occasional cases of low-level corruption as a non-structural deviation. The situation is similar in a captured state, where it is private actors, mostly businessmen, who turn specific members of the ruling elite against the principle of societal interest \[→ 5.3.2.3\]. However, while the state as a whole does not run on elite interest here, as a result of state capture the intention of the regulator becomes to facilitate corruption. Thus, corruption becomes a structural deviation. It is only in a criminal state that the state necessarily runs on the principle of elite interest, where corruption meets the intention of both the regulator and the dominant institution (in this case, the informal patronal network). Corruption becomes a constitutive element of the regime, whereas corrupt acts are centralized and monopolized by the ruling elite \[→ 5.4.1.1\].78

Table 2.8. Interpretative layers of categories for the legality of elite-interest based action.

<table>
<thead>
<tr>
<th>The type of state</th>
<th>Interpretative layers of the category</th>
<th>To which features of the state the category refers to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State</td>
<td>Monopoly of taxation (tax, rent, etc.) for maintaining public functions</td>
<td>Primary source of state revenues</td>
</tr>
<tr>
<td>2. Corrupt state</td>
<td>1st feature + the abuse of entrusted power for private gain (occasional, non-stable chains of vassalage)</td>
<td>Corruption = deviant element of the system</td>
</tr>
<tr>
<td>3. Captured state</td>
<td>1st + 2nd features + chains of corrupt vassalage with a permanent character</td>
<td>Corruption = structural element of the system</td>
</tr>
<tr>
<td>4. Criminal state</td>
<td>1st + 2nd + 3rd features + subordinated to and monopolized by a political enterprise (governance led as a criminal organization)</td>
<td>Corruption = constituting element of the system</td>
</tr>
</tbody>
</table>

78 Although we use different definitions, our terminology is highly influenced by David O. Friedrichs, who established a broader typology of state criminality. See Friedrichs, *Trusted Criminals*, 133–41.
Second, as we move from corrupt state to the criminal state, the legal status of corruption “whitens”: the means of corrupt actors includes more and more legal elements in the illegal chain of actions, and corruption is more and more tolerated or even endorsed in extreme cases. In a corrupt state, corruption is a pure deviance from the legal framework of the state, and it is persecuted by law-enforcement as such; in a captured state, it is a structural element, and the corrupt gain for the private party appears in form of favorable regulations or favoritism, staying within the legal limits of the state. Yet collusion is usually deemed illegal, and because of the fact that the means of public authority are only “partially appropriated,” to use the phrase of Janine Wedel who contrasts such states to fully appropriated “clan-states” (see Box 2.4), legal persecution of the capture itself is not disabled on the national level [→ 5.4.1.2].

In a criminal state, the state becomes fully appropriated and every institution of the state are connected to form a corrupt machinery, and the legal persecution of the ruling elite’s criminal acts is effectively disabled as a consequence [→ 4.3.5.2]. But the actions themselves do not cease to be illegal—on the contrary [→ 4.3.4.3]. Besides using the legal means of public authority, a criminal state commits isolated violations of the law which take the form of linked actions of corruption. Linked actions combine acts that are unlawful in and of themselves (extortion, fraud and financial fraud, embezzlement, misappropriation, money laundering, insider trading, agreements that limit competition in a public procurement or concession procedure etc.) with acts that are not unlawful in and of themselves (motions submitted by independent Parliamentary representatives, instigating tax audits etc.). Therefore, although much of the activity gets an explicit legal form, the criteria for a criminal organization according to the Palermo Protocols still apply to the ruling elite: “three or more people,” “a group formed for an extended period of time and acting in concert” that has a “hierarchy” and “mutually-reinforcing effects on those acting in it,” and includes “the objective of perpetrating criminal offenses,” “dividing up tasks” required for this, and if necessary, “contracting” persons outside of the criminal organization.

The difficulty in deeming the acts of a criminal state illegal is that, in a modern state based on the rule of law, it is the court which has the authority to declare illegality, whereas it follows the definition of criminal state that the judicial branch has no independence to

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79 Act CI of 2006 on the promulgation of the United Nations Conventions against transnational organized crime, as established in Palermo on 14 December 2000.
rule against the rulers. However, there are two phenomena that make the scholarly declaration of illegality in case of a criminal state more than mere (albeit probable) accusations. First, we can observe precisely the inactivity of control mechanisms, which is usually not independent from the actions, regulations or appointments, of the rulers. A criminal organization, whether private or public, has three crucial needs: sources of money, the ability to launder it, and impunity for its members. A criminal state must achieve all three, whereas the inactivity of controls is responsible for the last element. Inactivity manifests in politically selective law enforcement, including the office of the public prosecutor (state attorney) routinely rejecting complaints against the ruling elite. As we mentioned above, disabling controls is one of the necessary features of successful corrupt transactions, especially if they are permanent and often repeated, and this would not be necessary if all the acts were legal. For then, even an independent court could find no incongruence to efficient law (→ 4.3.5).

Second, under a completely legal state, the members of society are all positioned in various orders organized along lines of clear positions, and no one has the role of mediating between the actual keepers of either political or economic authority and the formal actors of these spheres. In other words, de facto and de jure positions coincide, and no “extra players” are required to hide the difference between the actual and the legally declared social positions, wealth and power, of those who fill these roles. Yet, in criminal states, so-called “economic front men” appear, formally keeping the enormous wealth of the top members of the ruling elite who would not be allowed by law to accumulate fortunes from state expenditures (→ 3.4.3).

2.4.5. Combining Layers of Different Dimensions: Defining the Mafia State

What needs to be seen with respect to the state types above is that they are only partial types. That is, they identify a state only from one aspect while not reflecting on the given state’s other aspects, or the three other dimensions beside their own one. This also points to the way to create more complete state types: because the four sets of interpretative layers refer to different aspects of state functioning, their concepts can be used simultaneously for the description of a state running on the principle of elite interest. For instance, a state that is rent-seeking can also be captured, patronal and neopatrimonial. While not every kind of combination is possible, following the congruence between definitions of various states, one that is not only possible but constitutes the ideal typical state of patronal autocracies is the mafia state—combining the most extreme variants (the lowermost interpretative layers) of each dimension of states running on the principle of elite interest (Table 2.9).

80 The intersections between the interpretative layers of legality and state action targeting property will be shown in Table 5.9 in Chapter 5.
Table 2.9. Defining the post-communist mafia state.

<table>
<thead>
<tr>
<th>The basis for the term used</th>
<th>The term referring to one certain feature of the mafia state</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Actor</td>
<td>clan state</td>
</tr>
<tr>
<td>2. Action (targeting power)</td>
<td>neopatrimonial / neosultanistic state</td>
</tr>
<tr>
<td>3. Action (targeting property)</td>
<td>predatory state</td>
</tr>
<tr>
<td>4. Legality</td>
<td>criminal state</td>
</tr>
</tbody>
</table>

Based on the definitions of the state types from the lowermost interpretative layers, we can outline the definition of the mafia state as follows:

- **Mafia state** is a state ruled by an adopted political family, patrimonializing political power in a democratic environment and using it in predatory ways, routinely stepping over formal laws and operating the state as a criminal organization. In other words, the mafia state is a combination of a clan state, a neopatrimonial/neosultanistic state, a predatory state, and a criminal state.

Journalists have used the term “mafia state” for two kinds of states: (a) which have close ties to organized crime, captured to some extent by criminal syndicates and involved in various illicit activities (drug trade, human trafficking etc.); and (b) which are particularly aggressive and use brutal, “mafia-like” methods to keep up their rule. In our scholarly discussion, however, the term is defined in a way that:

- a mafia state does not have to have ties to organized crime, nor be captured or led by a criminal syndicate;
- a mafia state’s ruling elite does not have to originate from organized crime (although that is a possibility);
- a mafia state does not have to engage in illicit activities typically associated with mafias (drug trade, human trafficking etc.);
- a mafia state does not have to use brutal, bloody means for everyday operation.

Indeed, the way we define it, a mafia state is not a symbiosis of state and organized crime but a state which works like a mafia—not in terms of illicit activities per se but in terms of internal culture and rulership. In other words, the “mafia state” is not an historical analogy to the Sicilian or American mafia but a concept that focuses on the definitive feature of the mafia as a sociological phenomenon. For the purposes of our framework,

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81 Naím, “Mafia States”; Dickie, Mafia Republic; Wang and Blancke, “Mafia State.”
83 Cf. Miller, Moldova under Vladimir Plahotniuc. Also, see “criminality-based clan” in Chapter 3 [→ 3.6.2.1].
we identify the mafia’s definitive features through the work of Eric Hobsbawn, who circumscribes the mafia in his classic work *Primitive Rebels*. According to him, the definitive sociological feature of the mafia is that it is a violent, **illegitimate attempt at giving sanction to the pre-modern powers vested in the patriarchal head of the family**. The mafia is an adopted family, “the form of artificial kinship, which implied the greatest and most solemn obligations of mutual help on the contracting parties.” At the same time, the mafia Hobsbawn describes is the **classical mafia**—we may say, a form of **organized underworld**—which exists in a society established along the lines of modern equality of rights. Thus, the patriarchal family in this context is a challenger to the state’s monopoly of violence, while the attempt to give sanctions to the powers vested in the family head is being thwarted, as far as possible, by the state organs of public authority. In short, the mafia is an illegitimate neo-archaism.

In contrast, the **mafia state**—we may say, the **organized upperworld**—is a project to sanction the authority of the patriarchal head of the family on the level of a country, throughout the bodies of the democratic institutional system, with an invasion of the powers of state and its set of tools. Compared to the classical mafia, the mafia state realizes the same definitive sociological feature in a different context, making the patriarchal family not a challenger of state sovereignty but the possessor of it. Accordingly, what is achieved by the classical mafia by means of threats, blackmail, and—if necessary—violent bloodshed, in the mafia state is achieved through the bloodless coercion of the state, ruled by the adopted political family. In terms of the patterns of rulership, the exercise of sovereign power by the “Godfather” (the chief patron), the patriarchal family, the household, the estate, and the country are isomorphic concepts. On all these levels, the same cultural patterns of applying power are followed. Just as the patriarchal head of the family is decisive in instances disposing of personal and property matters, also defining status (the status that regulates all aspects of the personal roles and competencies among the “people of his household”), so the head of the adopted political family is the leader of the country, where the reinterpreted nation signifies his “household” (*patrimonium*). He does not govern, but disposes over people; he has a share, he dispenses justice, and imparts some of this share and justice on the “people of his household,” his nation, according to their status and merit. Furthermore, in the same way that the classical mafia eliminates “private banditry,” the mafia state also sets out to end anarchic corruption, which is replaced by a centralized and monopolized enforcement of tribute organized from the top. In essence, the mafia state is the business venture of the adopted political family managed through the instruments of public authority.

As it can be seen from the previous paragraph, the description of the mafia state incorporates the concepts previously associated with political-economic clans, patrimonialism, and

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84 Hobsbawn, *Primitive Rebels*, 55.
85 There exist other definitions of “mafia”: for instance, economists define it as a private agency of protection (see Gambetta, *The Sicilian Mafia*). Obviously, we do not use the concept in that sense. The reason we adopted a different definition, and particularly Hobsbawn’s, is precisely that we want to define the mafia state by the features he designated as definitive. Definitions that emphasize other features may well work in other contexts, but in the context of this book, “mafia” should be understood only in the sense we defined it above.
predation (top-down disposition of property relations). The element of criminality is implied, too; although the adopted political family uses the means of public authority, it also commits illegal acts. After all, no law prescribes that public monies should always go to the same person or group (of loyal clients), nor that the instruments of public authority should intensify supervision and inspections against targets or enemies of the adopted political family (let alone upon the chief patron’s order). To be more precise, the statutory definition of crimes committed by the mafia state’s leading political elite include extortion, fraud, embezzlement, misappropriation, money laundering, insider trading, bribery of officials (both the active and passive forms of these last two), abuse of authority, buying influence, racketeering, etc. This is exactly why the mafia state disables prosecution, or rather takes it over and activates it against targets only [→ 4.3.5.2]. In effect, criminality in the mafia state is split into authorized and unauthorized illegality, where the latter is prosecuted and the former is not [→ 5.3.4]. Thus, the accusation of criminality is done not from an external moral position but according to the regime’s existing (criminal) law, the enforcement of which is hindered by the full appropriation of the state by the adopted political family.

2.4.6. Constitutional State vs. Mafia State: Normativity and Discretionality

Having defined the mafia state, which is the state par excellence of elite interest, it is worth making a comparison with the constitutional state, which is the state par excellence of societal interest. As we mentioned, the former prevails in patronal autocracies whereas the latter, in liberal democracies. Going through the four dimensions of interpretative layers, the nature of the ruling elite in a constitutional state is one of a constrained elite, strictly confined to the sphere of political action [→ 2.2.2.2]. This does not mean there is no connection between the spheres. On the contrary, political actors form relations with economic as well as societal actors [→ 5.3]. But this takes—ideal typically—the form of transparent, regulated cooperation, whereas the spheres of social action remain separated in the sense that the actors, while they individually can fulfill different social roles (for example, a politician can also be a mother), their actions and motives in one role do not influence their actions and motives in the other role (the mother-politician does not make decisions to favor her children). In the mafia state, however, the spheres of social action collude and the ruling elite takes the form of a clan, that is, an informal patronal network based on patriarchal domination [→ 3.6.2.1]. In this case, the ruling elite is unconstrained and rests upon permanent, informal and illegal ties of vassalage, enmeshing all three spheres of social action. Furthermore, a mafia state features a single-pyramid power network, where other (formal or patronal) pyramids are subjugated, marginalized or eliminated, whereas a constitutional state features a multi-pyramid power network, where the leading political elite coexists with (1) independent branches of government and independent institutions (such as a constitutional court) and (2) independent opposition, which has (a) resources—including both party financing and the property rights of supporting economic actors—dependent from the decision of the country’s head [→ 3.7.1.1] and (b) winning chances

87 Magyar, “The Post-Communist Mafia State as a Form of Criminal State.”
2.4. Conceptualization of States Running on Elite Interest

not hampered by illegal campaign financing of the rulers and one-sided changes of the electoral law \[\rightarrow 4.3.3.2\]. In short, a constitutional state features pluralism, which is also a defining feature of liberal democracy \[\rightarrow 4.4.1\].

Closely related is the dimension of the action targeting state institutions. By formal rules, both a constitutional and the mafia state feature democratic institutions, such as multi-party elections and checks and balances of power. However, while in a constitutional state the de jure institutional framework and the de facto practice coincide, in a mafia state they diverge. A mafia state is a neopatrimonial or neosultanistic state, which means that the ruling elite understands the regime as their private domain and the democratic institutional setting is a mere façade \[\rightarrow 4.3\]. The legality of state action, while immediately undermined by the actual criminal acts mentioned above, follows directly from this feature as well. As opposed to a traditional patrimonial state where political power “indeed operates primarily on the basis of discretion,” without formal limits and not requiring reaffirmation from its subjects,\(^88\) a democratic system has an elected leader whose tasks and authority are strictly delimited by the constitution. A constitutional state might feature illegality as non-structural deviation, but the constitution is respected and the rulers do not engage in criminal acts themselves. In contrast, when the chief patron builds a single-pyramid patronal network on the national level and informal rules are respected over formal ones, lawfulness is violated—which is the very reason for disabling institutional checks. A mafia state is also a criminal state where the chief patron acts beyond his formal authorization and runs the country as a criminal organization of the single-pyramid patronal network.

To analyze the last dimension (action targeting property), it is worth invoking the framework North and his colleagues propose in the book Violence and Social Orders. In their interpretation, social orders of recorded human history can be divided into two groups: open-access and limited-access orders (“natural states”), the names of which refer to the non-rulers’ and non-elites’—the masses’—“access to valuable resources—land, labor, and capital—or access to and control of valuable activities—such as trade, worship, and education.”\(^89\) Among the several differences they list between these two orders, the most important for us now is the criterion of impersonality. “Impersonality means,” the authors explain, “treating everyone the same. [It] grows out of the structure of organizations and the ability of society to support impersonal organization forms (i.e., organizations with their own identity independent of the individual identity of the organization’s members). In the legal terms that came to characterize impersonal organization in the Western tradition, these are perpetually lived organizations: organizations whose existence is independent of the lives of their members” (emphasis in original).\(^90\) According to the authors, open-access orders are “largely impersonal. These societies have the only type of governments that can systematically provide services and benefits to citizens and organizations on an impersonal basis: that is, without reference to the social standing of the citizens or the identity and political connections of an organization’s principals. […] An important feature of impersonality is the rule of law: rights, justice, and enforcement are rule bound and impartial. Economies in these states are

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\(^{88}\) Weber, Economy and Society, 229.

\(^{89}\) North, Wallis, and Weingast, Violence and Social Orders, 30.

\(^{90}\) North, Wallis, and Weingast, Violence and Social Orders, 23.
also characterized by impersonal exchange.”91 In contrast, the limited-access order “builds on personal relationships and repeated interaction […]. In natural states, most relationships within the dominant coalition are personal rather than impersonal. Status and hierarchy tend to be defined in terms of a social persona that is unique to individuals, even if those personas share similarities with broader classes. […] Non-elites are not masses of undifferentiated individuals who are treated impersonally. Protection is extended through patronage and clientage networks. The heads of patron-client networks are powerful elites who dispense patronage to clients, provide protection for some aspects of their clients’ property and persons, and negotiate arrangements among elite networks […]. The social identity of non-elites is closely tied to the identity of the patronage network in which they are located.”92

While the entirety of North and his colleagues’ description is too broad for the purposes of our framework, several features of open and limited-access orders are useful to interpret liberal democracies and patronal autocracies, respectively. We will examine the creation of limited access through societal patronalization in Chapter 6 \[\Rightarrow 6.2\], whereas now we address the personal-impersonal dichotomy. Approaching the feature of action targeting property, a constitutional state’s actions in general can be described as impersonal, while a mafia state can be identified precisely by the presence of personal (non-impersonal) action. Throughout the book, we capture this difference by the normative-discretional dichotomy:

- **state action is normative** if its effects depend on objective and formal criteria, not allowing for different treatment of people on the basis of their identity (impersonal, no double standard);
- **state action is discretional** if its effects depend on subjective and informal criteria, allowing for different treatment of people on the basis of their identity (personal, double standard).

**In a constitutional state, state action is normative.** Indeed, the essence of the rule of law, in terms of both adjudication of disputes and the respect and protection of property rights, is impersonality and the equality before as well as after the law (that is, enforcement) \[\Rightarrow 4.3.5.1\]. When it comes to **action targeting property**, that can sometimes be discretional, like in case of eminent domain \[\Rightarrow 5.5.3\], but it is **dominantly normative**. As we mentioned, the state, possessed of the monopoly of legitimate use of violence, extracts resources and redistributes them by the means of taxing and spending. **Taxation** in a constitutional state exists in the form of normative, general and sectoral taxes \[\Rightarrow 5.4.3\]. However, the case in the mafia state is less obvious. On the one hand, it is clear that **the mafia state utilizes discretional state action**, in terms of both unequal enforcement of law and predation. As we mentioned, this is closely tied to informality as well, which is not simply about “stealth” and preserving the appearance of legality but that informal institutions are more suited to continuous discretional rewards and punishments than the formal institutions of a modern state (i.e., professional bureaucracy and state administration \[\Rightarrow 3.3.5\]). But the mafia state also taxes and has a judicial system which treats a large number of cases of everyday people in accordance with formal law. Indeed, this follows from the way we defined the mafia state’s components: by

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interpretative layers, the features of different states complement and not replace previous state functions. While a predatory state, a mafia state still gets a substantial portion of its revenues from normative taxation [→ 7.4.6].

This problem can be solved by introducing the term amplitude of arbitrariness. What “amplitude” means is the range of choices among different ways of intervention, or in other words the leaders’ ability to intervene negatively and positively at their discretion. The wider the amplitude of arbitrariness is, the more discretion options are available to political actors, and actual instances of state intervention will be scattered between the two endpoints of the amplitude. This way, the concept of amplitude solves the problem posed by patronal autocracies. The mafia state may act normatively in many instances, but the (systemic) presence of discretionary action indicates that the chief patron can decide to step over formal limits and intervene selectively—that is, his amplitude of arbitrariness is wide. Figure 2.2 depicts this, using state concepts associated with legality. We use these concepts because, as we explained above, they show graduality in terms of using the state for elite interest and, therefore, feature different amplitudes of arbitrariness as well.

The wideness of the amplitude of arbitrariness depends on the range of state institutions the leading political elite appropriates. The more institutions are patronalized by the same network, the wider the amplitude is, which is also because these institutions can be combined to carry out linked actions [→ 2.4.4]. In a partially appropriated state, the patronal network may be able to use one local or state institution or some regulatory agency; in a fully appropriated state, the chief patron can use the parliament, the tax office, the chief prosecutor etc. as parts of a single corrupt machinery, carrying out discretionary acts together.

The constitutional state has minimal amplitude of arbitrariness. Although corruption may appear as non-structural deviation, its quantity is minimal and its quality is much less important in contrast to other state types. In such states, the rule of law generally holds and property rights are upheld impersonally. Not even the above-mentioned eminent domain is at the leaders’ discretion, being heavily regulated and subject to appeal.93 As North and his colleagues point out, economic actors in such regimes “do not need to participate in politics to maintain their rights, to enforce contracts, or to ensure their survival from expropriation; their right to exist and compete does not depend on maintaining privileges.”94

Jumping to the end of the scale, the mafia state has maximal amplitude of arbitrariness. The chief patron disposes over status and property using the instruments of public authority, which are completely under the control of the adopted political family. As for action targeting property, the maximum amplitude allows the mafia state “to intervene selectively in the judiciary to reward supporters and punish opponents when needed, but also gives right-holders some confidence that their rights will be respected in more mundane cases. This allows right-holders to use their assets productively when they do not challenge interests of the ruler, while also generating tax revenue for the ruler.”95 In essence, property in such regimes has a conditional character: those at the top of the social hierarchy get there and

93 Cf. Sullivan, “A Brief History of the Takings Clause.”
94 North, Wallis, and Weingast, Violence and Social Orders, 112.
95 Frye, Property Rights and Property Wrongs, 137.
receive property by the decision of the chief patron, who can also confiscate their property (as well as any other actor's) on a discretional basis [→ 5.5.4].

Figure 2.2. The amplitude of arbitrariness (correlation between the nature of corruption and state action).

We may sum this part up by pointing out that, in our discussion, we dissolved mainstream axioms about state functioning with respect to all four dimensions, axioms that apply well to constitutional states but not to mafia states. First, the ruling elite is typically presumed be a formal organization, like a party or government, and it is like that in a liberal democracy. In patronal autocracy, however, the ruling elite is an informal organization, an adopted political family, where actors are to be recognized primarily by their informal titles to which formal titles may be attached secondarily. Second, the principle of societal interest is typically presumed with respect to the action targeting state institutions, as the ruling elite is imagined as a server of certain (smaller or bigger) societal groups or classes, for the interest of whom public policies are implemented. In this dimension, the mafia state is a neopatrimonial/neosultanistic state: the ruling elite runs not only on the principle of elite interest but treats society as private domain, within the façade of democratic institutions. Third, the state is imagined to take over monetary property and redistributing it from one social group to another. In contrast, the distinctive feature of a mafia state is predation, meaning not taxation in the principle of societal interest but takeover of companies and other non-monetary property for the ruling elite's interest. Finally, it is typically presumed that corruption is something the state fights, whereas the ruling elite creates laws it wants to maintain and not break. But when the ruling elite is not formal but informal, it can and must commit illegal actions to relegate the formal institutional setting into a role of secondary importance vis-à-vis informal interests and the chief patron's orders. Unlike a constitutional state, the mafia state is not the guardian of the law, but the monopolist of its offense [→ 5.3.4].

96 Ryabov, “The Institution of Power&Ownership in the Former USSR”
2.5. Challenges to the Monopoly of Violence

2.5.1. State Failure, Violent Entrepreneurs, and Oligarchic Anarchy

In differentiating state types, we presumed that each of the above-described states fulfill the criteria of “state” defined in the beginning of the chapter. These criteria were (1) having a monopoly on the legitimate use of violence, which (2) the state is able to utilize to extract, manage and distribute resources within the borders of a certain territory [\(\rightarrow\) 2.2.1]. In the post-communist region, however, the transition period has seen several institutions that were nominally states but failed to fulfill either or both of the aforementioned attributes. Indeed, the stability of the state after the regime change was preserved without any break only in the Western-Christian historical region. For the formal-rational approach that appeared in the nature of the local communist systems was not in major contradiction with the ethos of Weberian professional bureaucracy [\(\rightarrow\) 1.4.2], and therefore such states could carry out a transition that never pushed them to the verge of failure. In the Islamic region, the dismantling of stateness could be prevented only when old communist structures themselves—especially the top levels of the party and secret service nomenklatura—turned directly into the “reformed” national centers of power, whereby the monopoly of violence did not slip out of the rulers’ hands.\(^97\) Yet that region already featured state failure and civil wars, most notably in the case of Tajikistan (which nevertheless became a patronal autocracy afterwards).\(^98\) Finally, in the Eastern-Orthodox historical region neither a complete transfer of previous power nor rational-bureaucratic foundations were present. In this region, it depended on the dynamics of competing patron-client networks whether state power could be solidified, and often it took years before a proper state emerged as the local monopolist of legitimate use of violence in the given country.\(^99\)

The best example for an enduring period of state failure is Russia in the 1990s, as described by Vadim Volkov in his seminal work Violent Entrepreneurs.\(^100\) As Volkov explains, after the collapse of the Soviet Union the Russian state lost its monopoly of the legitimate use of violence as competitors emerged—in large part from the organized underworld—who were treated as legitimate providers of information, security, enforcement, and dispute settlement by private actors of the economy (see Box 2.5). According to contemporary sources, even in 1998 twenty-five hundred banks and seventy-two thousand commercial organizations had their own security services in Russia.\(^101\)

To be able to conceptualize such state of affairs, we need to create concepts for its three main elements: (1) the state, (2) the competitors of state in the market for protection,

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97 Luong, *Institutional Change and Political Continuity in Post-Soviet Central Asia.*

98 Hale, *Patronal Politics,* 153–55. Indeed, the only patronal democracy in the region in Kyrgyzstan [\(\rightarrow\) 7.4.1].

99 For further discussion, see Melville, Stukal, and Mironyuk, “Trajectories of Regime Transformation and Types of Stateness in Post-Communist Countries.”

100 Volkov, *Violent Entrepreneurs.* The phenomenon is also discussed in Varese, *The Russian Mafia.*

and (3) the polity which these entities comprise. As for the state, we may start from the notions of failed state and state fragility. As scholars have noted, there are several different (combinations of) aspects in which a state can fail and using the term “failed state” for all of them has resulted in conceptual stretching in the literature, for differently failing states constitute a heterogeneous set of cases in terms of causes, dynamics, and solutions. To avoid this problem, we narrow down the definition of failed state to the aspect of the monopoly of violence:

- **Failed state** is an institution that is *de jure* a state but *de facto* fails to keep the monopoly of the legitimate use of violence. In other words, such a “state” degrades into a competitor on the market for violence.

This definition fits the nominal state in the situation described above. As Volkov writes, “[the] image of the state as one private protection company among others does more justice to the reality in question than a view of the state as the source of public power.” Indeed, the state in this situation is more than one of the several violence-managing agencies, that is, an institutionalized set of actors who legitimately use violence in a polity.

In the three polar types regimes we previously talked about—indeed, in all six ideal type regimes—the state is the only violence-managing agency. This is precisely what the “monopoly of the legitimate use of violence” means. In a regime featuring a failed state, however, the state faces competition from actors who may be called, following Volkov’s conceptualization, violent entrepreneurs.

- **Violent entrepreneur** is a private actor who offers services on the market for violence. On this market, the offered services either include (1) protection, related to the institutional framework of economic and social functioning—such as information, security, enforcement, and dispute settlement—or (2) attacks against rivals or targets.

Two distinctions must be made with respect to violent entrepreneurs. First, **not everyone who uses violence is also a violent entrepreneur.** A violent entrepreneur (1) not only uses violence, but also offers it to other actors as a service and (2) those other actors accept these offers as legitimate. Peter Pomerantsev captures this sensitively: “gangsters [in Russia after the regime change] didn’t just extort and steal. Businessmen called them in to guarantee deals (if one partner reneged, the gangsters would sort him out); people turned to them instead of the uninterested police to catch rapists and thieves. They became the establish-

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102 For an introduction to the literature, see Naudé, Santos-Paulino, and McGillivray, *Fragile States.*
103 Grävingholt, Ziaja, and Kreibaum, “State Fragility.”
104 Call, “The Fallacy of the ‘Failed State.’”
106 Volkov regards only private protection organizations as violence-managing agencies (see Volkov, 64–96). However, as he himself argues that the state is to be understood as a *de facto* private protection agency, we find expanding the definition justified.
ment, the glue that holds everything together. In this new world no one knew quite how to behave: all the old Soviet role models had been made redundant, and the “West was just a story far away.” Fulfilling such a social role, violent entrepreneurs contrast sharply to ordinary criminals or violent actors in non-failed states. For the latter are not regarded as legitimate, and therefore their presence does not disrupt the state’s monopoly of the legitimate use of violence. But the people choosing violent entrepreneurs over the de jure state makes it a failed state, deprived of its monopoly of legitimate violence. (Also, this is why we, when the services of a violent entrepreneur are offered not by a person but an organization, can speak about a violence-managing agency.)

Second, a violent entrepreneur should not be understood as an economic actor who uses violence in market affairs. To be sure, he might coerce other people to accept his services—like in case of the mafia which, as a private violence-managing agency, provides protection and extorts protection money in exchange—but this is not a necessary part of the profession. What is necessary is that the violent entrepreneur enters into a so-called enforcement partnership with other actors, meaning that he provides any of the above-mentioned services to them. And, as the quote from Pomerantsev implied, some private actors are more than willing to contract with violent entrepreneurs if the state fails to provide the useful services related to violence, such as protection of property rights and contract enforcement. Furthermore, violent entrepreneurs can be hired to attack rivals as well, such as in case of reiderstvo (takeover of companies by the use of force [→ 5.5.3.1]).

Having defined the state and its competitors, the only element that is missing from the picture is the polity that is made up of these phenomena. Given the lack of monopoly of the legitimate use of violence, we may start from the notion of anarchy. Anarchy is generally defined as the absence of government, meaning there is no agency that meets the definition of state (the monopolist of the legitimate use of violence). Yet “anarchy” as such is too broad a term from two respects. First, it is too broad because it covers cases (a) where there is a formal state but it is a failed one and also (b) where there is no formal state at all. Second, it is not specific enough because it does not say anything about the new power centers, that is, whether there are actors who are the chief hirers and controllers of violent entrepreneurs (and if so,

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**Box: 2.5. Anarchic conditions in Russia in the 1990s.**

“The business of private protection that proliferated shortly after the establishment of formal property rights [in] Russia consists of producing a substitute for trust in a market economy where […] the state justice system is ignored. Russian organized crime, therefore, may be seen as a response to a certain institutional demand by the nascent market economy, namely, the need to protect property rights, a need not satisfied by public protection and enforcement agencies. […] The period between 1987 and 1992 entailed a rapid proliferation of racketeering gangs and informal protective associations of various kinds […]. To be sure, many criminal groups formed much earlier, but it was only in the later 1980s that protection rackets became the dominant business of organized crime. […] The years between 1992 and 1997 saw ferocious competition between violence-managing agencies for the expanding commercial opportunities. […] During this period, private protection and enforcement became institutionalized and a market for protection emerged. At the same time, the state lost its priority in the realm of protection, taxation, and adjudication.” “Since the actions of the state bureaucracy and of law enforcement remain arbitrary and the services provided by the state tend to have higher costs, private enforcers (read: the Mafia) outcompete the state and firmly establish themselves in its stead.” “[The] Russia of the 1990s was close to the state of nature, where anarchy rather than hierarchy prevails.”


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111 “Anarchy.”
who they are). Indeed, in Russia and in some other post-communist countries where similar situations prevailed, these power centers were occupied by so-called oligarchs \[\Rightarrow 3.4.1\], wealthy businessmen who got particularly rich and influential after the privatization period \[\Rightarrow 5.5.2\]. Oligarchs posed the primary demand for the services of violent entrepreneurs, including both protection and the attack of rival oligarchs and businessmen.

Therefore, the polity that Russia-like polities evolved into as a result of the regime change may be conceptualized, not simply as anarchy, but as oligarchic anarchy:

- **Oligarchic anarchy** is a regime which is characterized by a failed state and an oligopoly on the market for protection, featuring competing oligarchs as the new power centers (main hirers of violent entrepreneurs). While failed, the state still remains the largest political power center of the regime, but it is accompanied by other centers of legitimate use of violence.

It is an important feature of an oligarchic anarchy that none of the oligarchs become dominant, and therefore the polity remains multi-centered in terms of political power. Indeed, this situation resembles **patronal democracy**, which features a competition of patronal networks of roughly equal size, ensuring that none of them can become dominant \[\Rightarrow 4.4.2\]. The main difference between them is, of course, the state. In a patronal democracy, the state’s monopoly of the legitimate use of violence is not questioned, and oligarchs may have access to violent services through the state only (and therefore they engage in state capture). In an oligarchic anarchy, violence management is handled in the private sphere by the oligarchs themselves.

### 2.5.2. The Legitimate Use of Violence: A Typology

Comparing the previously described situation to the previous parts of the chapter, it should be clear that none of the states described in Parts 2.3–4 can be failed states. For each of those states started from the general definition of the state, meaning that their monopoly of the legitimate use of violence was ensured.

However, the previously defined states were indeed a heterogeneous group in terms of state power. This can be best illustrated by turning to the three state types defined by the interpretative layers of legality: corrupt state, captured state, and criminal state. In the case of a **corrupt state**, what we can speak about is not a failed, but a weak state: \[\Rightarrow 4.4.2\]

- **Weak state** is a (de jure) state which is unable to utilize the (monopoly of) legitimate use of violence because of the disobedience of the state apparatus. In other words, while a weak state is regarded as the only legitimate user of violence, the way in which it is used is not determined by the ruling elite but other actors (inside or outside the state apparatus).

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112 Granville, “‘Dermokratizatsiya’ and ‘Prikhvatizatsiya’.” Also, violent entrepreneurs whose activity gets a legal form can themselves be regarded as oligarchs.

The corrupt state is a weak state because while the state apparatus gets orders from the ruling elite (that is, laws are created which the apparatus should enforce), it does not comply with these orders. On the contrary, the members of the apparatus either (a) make compliance (i.e., enforcement of laws) dependent on the payment of bribes, or (b) they start using their state power for predation, that is, takeover of private assets by the means of public administration (grey raiding \[ \rightarrow 5.5.3.1 \]). Under a weak state, it is typical for members of the public administration to become independent entities and abuse their public positions for private gain. They do this in a disorganized, highly competitive manner, and they can do it either for themselves or—acting as violent entrepreneurs—for certain oligarchs who hire them \[ \rightarrow 3.4.1 \]. Indeed, this phenomenon has been observed mainly in developing states during periods of oligarchic anarchy, which indicates that a failed state is also, ideal typically, a weak state (as well as a corrupt state). The adjectives indeed refer to different aspects of stateness: “failed” means the rulers cannot exercise control over the market for legitimate violence outside the state, whereas “weak” means that the rulers cannot exercise control over its own bureaucracy inside the state (and “corrupt” refers to the presence of bribes).

In contrast, the state is an appealing target to capture if it is not weak, meaning the laws that state capture influences will indeed be enforced. Thus, a captured state assumes at least a normal state:

- **Normal state** is a state which keeps the monopoly of the legitimate use of violence and is able to utilize it within constitutionally set boundaries. In other words, a normal state is regarded as the only legitimate user of violence and the way in which it is used is determined by the ruling elite, but there are institutional control agents who can enforce formal rules to keep the rulers in check.

Naturally, that the state is constitutionally constrained is not necessary for a capturer; indeed, an unconstrained state can serve the capturer with greater power and therefore it is a more desirable target than a constrained one. However, states in the post-communist region which underwent formal democratization are de jure constitutionally constrained. In order to eliminate these constraints, one has to disable constitutional checks and balances (control mechanisms), to which constitutional power is required—which, however, almost certainly leads to a criminal state. By the dimension of state strength, an unconstrained state may be conceptualized as a strong state:

- **Strong state** is a state which keeps the monopoly of the legitimate use of violence and is able to utilize it without constitutional constraints. In other words, the ruling elite of a strong state determines the way in which state power is used and there are no institutional control agents who can enforce formal rules to keep the rulers in check.

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115 Naturally, corruption is not the only possible case for state weakness, which can also be the result of lack of bureaucratic culture, among other things. See Huntington, *Political Order in Changing Societies*, 61.

115 Markus, *Property, Predation, and Protection*.


Indeed, using these newly defined state categories, we can draw up a **scale of state strength**, ranging from failed state through weak and normal state to strong state. The other scale that puts corrupt, captured and criminal states in an ascending order adds the dimension of illegality, that is, when the power of the state is used illegally rather than legally. In other words, with the two scales we can draw up an **interpretative framework for the use of violence by public institutions**: on the one hand, by how reliably a state can use violence, it can be failed, weak, normal or strong. On the other hand, if this power is used illegally, the weak, normal and strong states become corrupt, captured and criminal states respectively.

This interpretative framework can be augmented by adding the dimension of the legitimate **use of violence by private institutions**—not the state, but the violent entrepreneurs. Indeed, Volkov suggested a similar framework, differentiating four types of protection by the dichotomies of legality/illegality and public/private nature. However, we can expand the typology of illegal-public, legal-public, illegal-private and legal-private use of violence by specifying 4–4 ideal types of each on ascending scales—which is exactly what we have already done with legal- and illegal-public violence above (Figure 2.3).

**Figure 2.3. Violence-managing agencies and agents of different strength by the public/private and illegal/legal dichotomies.**

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2.5. Challenges to the Monopoly of Violence

As for the subtypes of legitimate private users of violence, we may define four subsequent types of **legal violent entrepreneurs** as follows:

- **Security guard** is a legal violent entrepreneur who is hired to provide some service of protection alone.

- **Security service** is a legal violence-managing agency (violent enterprise) which is hired to provide some service of protection to a single actor or institution.

- **Security company** is a legal violence-managing agency (violent enterprise) which is hired to provide some service of protection to numerous actors or institutions.

- **Private police** is a legal violence-managing agency (violent enterprise) which is hired to provide some service of protection to every actor and institution in a certain geographical area.

In contrast, the four types of **illegal violent entrepreneurs** may be listed as follows:

- **Criminal protector** is an illegal violent entrepreneur who provides some service of protection alone to a single actor or institution. He is either hired or forces his customers to accept his services.

- **Criminal protection group** is an illegal violence-managing agency (violent enterprise) which provides some service of protection to a single actor or institution. It is either hired or forces its customers to accept its services.

- **Criminal protection racket** is an illegal violence-managing agency (violent enterprise) which provides some service of protection to numerous actors or institutions. It forces its customers to accept its services.

- **Warlord** is an illegal violent entrepreneur who provides some service of protection to every actor and institution in a certain geographical area. He forces his customers to accept his services with the help of a militia (a group of violent actors hired by the warlord).

It should be noted that criminals or criminal groups usually also engage in a variety of other illegal activities beyond protection. However, the logic of conceptualization here is similar to that of interpretative layers, when every state label referred to a single aspect of the state \[ \rightarrow 2.4 \]. Indeed, the types of illegal violent entrepreneurs given above also refer to only one aspect of criminal actors, namely violent entrepreneurship in the above-defined sense.

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120 For a more comprehensive analysis of illegal violent entrepreneurs, see Berti, “Violent and Criminal Non-State Actors.”
While a criminal protection racket fits the economic definition of (classical) mafia as a private protection agency, the warlord is recognized in the literature as “the leader of an armed band […] who can hold territory locally and at the same time act financially and politically in the international system without interference from the state in which he is based.” Indeed, the warlord acts as the leader of a “state in a state,” and should there be no state above him, he would be the de facto ruler of a strong state. This link between the lower left and the upper right ends of Figure 2.3, as well as the importance of the relation of the warlord to the state, leads us to the question of what kind of connections may exist between the types of violence-managing agencies and agents (Table 2.10). First, as we treat the state as a single unified entity, the connection between the legal and illegal public users of violence can only be that of correspondence. Indeed, this is what we explained already above: the corrupt state corresponds to a weak state, the captured state corresponds to a normal state, and the criminal state corresponds to a strong state. Naturally, if the state functions dominantly legally, every category from weak to strong state corresponds with the ideal type “state,” which is the conceptual starting point of the scale of state corruption. Second, the situation between the legal and illegal private users of violence is different as they are separate entities. By default, they are fighting each other, given that they are on different sides of the law. But alternatively, peaceful coexistence can be imagined between them in cases of informal collusion, formed in spite of the law but perhaps out of necessity or rational consideration of costs and benefits. Third, the same kind of relations of fighting or informal collusion may exist between illegal-private and legal-public users of violence, out of the same considerations. The state may make informal peace with a warlord, who is at odds with the law but against whom the state realizes a war would be too costly.

### Table 2.10. Relations between violence-managing agencies (agents) of different status.

<table>
<thead>
<tr>
<th></th>
<th>Illegal-public users of violence</th>
<th>Illegal-private users of violence</th>
<th>Legal-private users of violence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal-public users of violence</td>
<td>correspondence</td>
<td>fight / informal collusion</td>
<td>legal franchising</td>
</tr>
<tr>
<td>Legal-private users of violence</td>
<td>legal franchising / informal collusion</td>
<td>fight / informal collusion</td>
<td>n.a.</td>
</tr>
<tr>
<td>Illegal-private users of violence</td>
<td>illegal franchising</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

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121 Gambetta, *The Sicilian Mafia*.

122 MacKinlay, “Defining Warlords.”

123 Mancur Olson famously argued that the first states were founded by warlords—or “stationary bandits,” as he calls them—who started acting as tyrants and set up institutions to exercise their power over a geographical area for a longer period of time. Olson, *Power and Prosperity*.

124 If we wanted to divide the state up to legally and illegally acting actors, we could say the legally acting ones are at antagonistic relation with the illegally acting actors, since a more indulgent attitude from a legal actor is itself illegal (so committing it would make the legal actor illegal, too).

Fourth, **public actors**—both legal and illegal—**can legally franchise state coercion to private-legal users of violence.** Indeed, the state can hire private security guards, services or companies to protect public actors or property, and can even franchise the function of protection to a private police force if the state is unable to hold a territory by its own forces. Indeed, the failed state of Russia in 1992 adopted “the pivotal Law on Private Protection and Detective Activity, which legalized private protection agencies and for several years formally sanctioned many of the activities already pursued by racketeering gangs and other agencies. It turned many informal protective associations into legal companies and security services, and their members into licensed personnel.”¹²⁶ This means that when the state failed and protection was taken over by then illegal violent entrepreneurs, the state decided to formalize this relationship and created a legal environment where illegal actors became legal violent entrepreneurs, with formal relation to the state.

What is important to notice here is that, **in case of legal franchising, the state’s monopoly on the legitimate use of violence does not break down.** Rather, it is more like decentralizing a previously centralized state activity, which still remains a monopoly of the state and can be pursued only by those who are hired by—in this case, get franchise from—the monopolist. Similarly, the state does not become a *de facto* failed state in case of illegal franchising of state coercion either, which takes place when relations are formed between illegal-public and private users of violence. State coercion may be illegally franchised when the illegally acting public actor (typically the chief patron in a criminal state) wants to use the kind of violence that would be politically harmful to perform via formal/public institutions. In this case, the illegal-public actor can use black coercion [*→ 4.3.5.4*] which means illegally franchising state coercion to legal-private actors—such as football ultras—or illegal-private actors—such as paramilitary groups or the criminal underworld.¹²⁷ Indeed, illegal-public users of violence might even franchise state coercion to warlords if the country is especially big and the chief patron does not have enough power to reach certain regions.

### 2.5.3. Sub-Sovereign Mafia States

The aspect of regionalism brings us to a final differentiation. For the sake of simplicity and clarity of presentation, we have treated the state as a single unified entity. But it needs to be noted that, **while the state has a monopoly of the legitimate use of violence, it can be centralized as well as decentralized.** Typically, it is decentralized, meaning the state administration is divided into more parts, most importantly **the central government and the local governments.** Local governments are sub-sovereign entities that—according to liberal democratic theory—should represent regional or local democracy, and allow people to select local leaders who can focus on their specific needs and problems [*→ 4.4.1*].¹²⁸ However, **local governments may become corrupt, captured or criminal** even when the entirety of the state is not. In such cases, local leaders are illegal-public users of violence who are against the central leaders, who are legal-public users of violence. But they may also enjoy

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¹²⁷ Stephenson, “It Takes Two to Tango.”
relative autonomy in a setting where law enforcement is weak and/or the ruling elite is not interested in breaking them down. Such situations prevail in patronal democracies like Romania, where so-called “local fiefdoms” (baronni locali) are constructed primarily around local elected leaders, county council presidents and mayors, and the leaders of local institutions.129

For the purposes of our framework, we define one specific case, when local governments become criminal states but they are in informal collusion with the central criminal state, which delegates sovereignty to them. For such local entities, we introduce the term sub-sovereign mafia state:

- **Sub-sovereign mafia state** is a type of local or regional government which works as a mafia state on the local level. It is part of a larger political entity and, in case that entity is a (nation-level) mafia state, it may prevail only if its leader is authorized by the chief patron to commit illegal action in his area.

In the following chapters, we are going to explore regional sub-patrons in so-called multi-tier single-pyramids [→ 2.2.2.3] and sub-sovereign mafia states in the context of market-exploiting dictatorships [→ 5.6.2.3]. Indeed, this immediately indicated that such states can exist in polities with normal or strong (not weak or—in terms of its competences—emptied) local governments, including the above-mentioned patronal democracies. Focusing on criminal states now, it is worth recalling an example from Russia—the Komi Republic governed by Vyacheslav Gaizer. As Miriam Lanskoy and Dylan Myles-Primakoff write, “Gaizer, […] a prominent national leader of the ruling United Russia Party, was appointed governor by President Dmitriy Medvedev in 2010 and reappointed by Putin in 2014. […] As detailed in opposition activist Ilya Yashin’s report ‘The Criminal Russia Party,’ the operations of Gaizer’s team were essentially indistinguishable from those of a classic mafia group. For years, the ex-governor’s outfit used both violent and political tactics to seize assets and extract bribes from local businesses.”130

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130 Lanskoy and Myles-Primakoff, “Power and Plunder in Putin’s Russia,” 78. Also, see Yashin, “Criminal Russia Party.”
state’s top leaders—and this, according to Lansky and Myles-Primakoff, “was more the rule than the exception”131 [→ 5.3.4.2].

Gaizer was eventually arrested on charges of fraud and racketeering with 18 of his associates in 2015.132 Ironically, if we take a look at the Russian Investigative Committee’s official description of Gaizer’s “criminal organization,” it clearly outlines the contours of the mafia state—applicable not only to Komi but other sub-sovereign mafia states, as well as to the central mafia state of Putin himself (see Box 2.6). It was later reported that Putin had known about Gaizer’s planned arrest, whereas experts opined that the reason for the breakdown was the decrease of distributable rents in the declining economy [→ 7.4.6], in addition to the signaling effect of creating fear and discipline among other members of the adopted political family.133 Indeed, the Komi case demonstrated two important aspects of sub-sovereign mafia states: (1) while the chief patron can grant autonomy and protection (*krysha* [→ 3.6.3.1]), this situation is conditional and the chief patron has the power to take his support back; (2) the chief patron shall not intervene in the everyday business of sub-sovereign mafia states but only in the appointment and removal of top patrons and their local court [→ 7.4.3.1]. Relying on a law enforcement that is politically selective upon his informal orders [→ 4.3.5], the chief patron can crack down on sub-sovereign mafia states under extraordinary circumstances, although he may guarantee considerable (conditional) freedom under normal times—just like in case of Gaizer, who was Komi’s minister of finance in 2003–2010 and president in 2010–2015.

2.6. The Invisible Hand and the Grabbing Hand: A Comparative Framework for State Types

In the previous section, we focused on the challenges to the state’s monopoly of violence, and put emphasis on violent entrepreneurs vis-à-vis the failed state. However, it should not be forgotten that even a failed state is a legitimate user of violence, a non-monopolist violence-managing agency, and it therefore has some ability to extract, manage and distribute resources within its borders. Moreover, scholars like Markus underline the fact that failed states, or more precisely the disorganized bureaucrats of failed states, employ predatory practices, using the state power vested in them to engage, illegally, in coercive appropriation of non-monetary property (e.g., companies) for their private gain.134 Although it appears in different forms, predation is a common trait in failed and predatory states, that is, in two state types that are otherwise vastly different. After all, a predatory state not only maintains the monopoly of the legitimate use of violence but it is also a strong state, as opposed to a failed state that is weak.

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131 Lansky and Myles-Primakoff, “Power and Plunder in Putin’s Russia,” 79.
132 “СК Назвал Главу Коми Лидером ОПГ [SK Called the Head of Komi the Leader of a Criminal Organization].”
133 “Гайзергейт [Gaizergate].”
134 Markus, Property, Predation, and Protection. We offer a typology of *reiderstvo* in Chapter 5 [→ 5.5.3.1].
Similar parallels between seemingly remote state types can be noticed. **Maximum amplitude of arbitrariness is a common trait in mafia states and developmental states.** Indeed, when authors see a mafia state they often mistake it for a developmental state. For they focus only on this aforementioned aspect of “picking the winners” while missing the point that the respective state bears the characteristics of such states—clan, neopatrimonial, predatory and criminal state—that run on the principle of elite interest and not on societal interest or ideology implementation. Another parallel is between the party state and the welfare state: both rely on the dominance of formal institutions and normative state action that targets groups and not individuals. Kornai goes so far as to call the Hungarian reform communist state a “premature welfare state,” drawing a parallel in universal entitlements. Yet it is true of the classical Stalinist model as well (which the ideal type of communist dictatorship is based on) that it targets groups, namely classes in the process of nationalization and collectivization.

To be able to see such similarities without the risk of confusing different state types, a comparative framework can be created. We develop this framework as an extension of an often-cited article by Timothy Frye and Andrei Shleifer, who attempted to situate 1990s’ Russia in a conceptual space of three ideal-type models of interaction of political and economic actors. According to them, the state of oligarchic anarchy is the closest to the so-called “grabbing-hand model,” which is in contrast to the “invisible-hand model” (invoking the famous metaphor of Adam Smith). For under the invisible-hand model “the government is well-organized, generally uncorrupt, and relatively benevolent. It restricts itself to providing basic public goods, […] and some regulations, and it leaves most allocative decisions to the private sector.” In contrast, in the grabbing-hand model “the government is […] interventionist, but much less organized […]. The government consists of a large number of substantially independent bureaucrats pursuing their own agendas […]. [They] are scarcely guided by a unified public-policy stance, and they remain largely independent of courts, capable of imposing their will in commercial disputes, and empowered to impose on business a variety of predatory regulations.” As for the third ideal type model, the authors identify—based on cases like China and South Korea—the “helping-hand model,” where “bureaucrats are intimately involved in promoting private economic activity: they support some firms and kill off others, pursue industrial policy […]. The legal framework plays a limited role in this model, because bureaucrats adjudicate most disputes. Bureaucrats are corrupt, but corruption is relatively limited and organized.”

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135 Kang, Crony Capitalism.
136 Cf. Szentkirályi, “Orbán Viktor féleérőtt rendszere [Viktor Orbán’s misunderstood system].” Also, see Chapter 6.
137 Kornai, “Reforming the Welfare State in Postsocialist Societies.”
In our terms, Frye and Shleifer describe the failed state, the night-watchman (or perhaps the liberal welfare) state, and the developmental state by grabbing, invisible and helping hand, respectively. However, this framework can be refined to encompass six state types, including—beyond the previous ones—the welfare state, the (totalitarian) party state and the predatory state (Figure 2.4). To do this, we need to redefine the three “hands,” which can be done by focusing on the feature that all types of state—even failed states—share: that they use legitimate violence to extract, manage and distribute resources within their borders [⇒ 2.2.1]. True, they also all regulate for they all have laws and prescribe a legal framework [⇒ 4.3.4] but different state types do not all use different forms of regulations and therefore this is not the feature they can be differentiated by. Focusing on the aspect of resource extraction and distribution, however, we can distinguish states by (1) what kind of resources they distribute predominantly, namely whether they take over monetary property (as in taxation) or non-monetary property (as in predation or expropriation [⇒ 5.5.3]) most prominently, and (2) for what end they do so, which can usually be captured in terms of dominant principles of state functioning. In these terms, we may narrow the invisible-hand model to the night-watchman state, where the state takes over (1) monetary property (2) to maintain its own functioning. That is, a night-watchman state still finances itself from taxes, using its monopoly of violence to extract resources,142 but it uses tax monies only to maintain its basic functions of police, courts and national defense. It neither favors certain actors and social groups, nor takes over non-monetary property in any way: it only controls violence and removes coercion from society. Thus, it indeed leaves most allocative decisions to the free market, that is, to the Smithian “invisible hand” (which in our discussion refers to the result of voluntary interactions of private actors).143

Moving on to the helping-hand model, it generally features taking over (1) predominantly monetary property, with the takeover of non-monetary property in the forms of eminent domain and nationalization remaining irregular and inessential [⇒ 5.5.3], and for the purpose of (2) promoting societal interest or ideology. In this case, the state does not remain a neutral actor that lets the invisible-hand process of voluntary decisions determine who gets to own what but steps in to help certain social groups or actors. In other words, the state finds that certain groups or actors would not receive enough resources if others had the right not to give them, and it intervenes to force those others to pool the right level of resources that can be redistributed to target groups or actors.

142 Some proponents of the night-watchman state argue that it should be financed not from taxes but some sort of voluntarily paid fees (most prominently Herbert and Levy, Taxation and Anarchism). However, we believe this, if feasible, would make such an institution more similar to a countrywide private police or insurance agency than an actual state, risking conceptual stretching of “state” altogether.

However, the helping-hand model applies to more than one type of state. At this point, we expand Frye and Shleifer’s framework, adding the aspect of dominant extra-market means. In light of the previous discussion, “market means” refers to voluntary interactions, whereas “extra-market means” refers to coercive interactions of actors. This is not to say that everything that is “market” or private is voluntary, or that everything “state” or public is coercive. A private employer can be coercive in our terms if his employees cannot get a job elsewhere (and therefore the threat of firing them is an existential threat), whereas states engage in voluntary transactions like trade and selling of state property (privatization). This is why we speak about market or extra-market “means,” that can be used by private as well as public actors. Using the aspect of dominant extra-market means, we can distinguish the state types that belong to the helping-hand model by considering what we mentioned at the end of the previous paragraph: whether the targets are (a) predominantly social groups, like the lower or middle classes, or (b) individual actors, like certain entrepreneurs or companies “of national/strategic importance.” In the case of (a), the predominant extra-market means is normative state intervention, and we can speak about a welfare state; in the case of (b), the predominant extra-market means is discretionary state intervention, and we can speak about a developmental state.

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144 That we still use the word “market” in dichotomy with “extra-market” follows Kornai, who calls lateral relation or horizontal linkage where individuals voluntary agree to transfer something to the buyer “market coordination.”
Whether states that belong to the helping-hand model promote societal interest or ideology depends on whether they are autocratic or not, that is, whether the people’s basic rights and liberties are respected or not [→ 2.3]. In any case, the motive of personal-wealth accumulation does not appear as a central goal of governmental actors. True, bureaucrats in developmental states, as Frye and Shleifer note, “often have close economic and family ties to entrepreneurs,”\textsuperscript{145} but this is not the basis of their support. An ideal typical developmental state supports firms—through resource allocation as well as various regulatory means—on the basis of impersonal criteria, such as competitiveness in foreign markets (export-oriented industrialization, EOI).\textsuperscript{146} A developmental state also relies on the formal bureaucracy and not the patrimonial logic of informal patronal regimes, whereas the leader’s persona or charisma does not play a large role in the system either.\textsuperscript{147} Naturally, state intervention creates rents [→ 5.4.2], and their allocation depends on the relative political strength and relations of business groups. This is true of ideal type liberal democracies [→ 5.3.1] just as much as of ideal type developmental states.\textsuperscript{148} But this fact alone indicates that bottom-up rent-seeking, and not top-down allocation of rents based on loyalty to the chief patron, is definitive, whereas industrial (public) policy goals are never completely disregarded in face of making—perhaps totally uncompetitive—family members rich. The head of executive in a developmental state typically does not have economic front men either that would accumulate personal wealth from discrentional state support [→ 3.4.3, 5.5.4.3].

Finally, we redefine the grabbing-hand model to encompass three state types. In general, the model entails the takeover of (1) non-monetary (as well as monetary) property to promote (2) ideology or elite interest. Distinctively, each state in this model engages in political reorganization of the ownership structure [→ 5.5.1], although they differ in their predominant extra-market means to achieve this. First, we can speak about the party state, which takes over non-monetary property during the establishment of communist dictatorship. Nationalization and collectivization are two processes belonging to this category, when productive property is taken over impersonally, from everyone who privately owns such property,\textsuperscript{149} and the economic sphere is subjugated to the political sphere in a bureaucratic merger of power and ownership [→ 1.4.1]. Moreover, such normative state intervention is initiated on an ideological basis, as Marxism-Leninism entails state control of the means of production in general and of the “commanding heights” of the economy in particular.\textsuperscript{150} The mafia state—or if we want to reflect only on ownership reorganization, the predatory state—is in sharp contrast to this, utilizing discrentional state intervention to promote elite interest. Post-communist predation is not normative on class base but arbitrarily incidental, as pray is chosen by the adopted political family and predation is initiated by governmental actors in a top-down fashion. Basically, the mafia state redistributes non-monetary property from outsider/disloyal owners with autonomous ownership to loyal owners with dependent ownership [→ 5.5.3.4, 5.5.4]. The resultant collusion of


\textsuperscript{146} Cf. Choi, “Industrial Policy as the Engine of Economic Growth in South Korea: Myth and Reality.”

\textsuperscript{147} Scheiring, Egy demokrácia halála [How a democracy dies], 278–79.

\textsuperscript{148} Kang, Crony Capitalism, 12–18.

\textsuperscript{149} Iordachi and Bauerkämper, The Collectivization of Agriculture in Communist Eastern Europe.

\textsuperscript{150} Kornai, The Socialist System, 71, 360–62.
spheres of social action remains informal and the rulers accumulate private wealth (through economic front men), as opposed to a party state's takeovers, where the resultant merger of spheres is formal and no significant private fortunes are amassed from taken-over companies.

As we mentioned above, the mafia state and the developmental state share the trait of wide amplitude of arbitrariness. Indeed, both state types use discrétional state intervention as dominant extra-market means, and tools of public authority are used in a coordinated way to achieve their goal. In a mafia state, this means that the legislature, tax authorities, prosecutor’s office etc. are used together, working toward a single goal in a single process of a single machine. This is possible only when a single actor—the chief patron—can direct the instruments of public authority, and so he has the (informal) power to combine them in a targeted campaign against the prey \[ 5.5.4.1]. At this point we reach the state type we began with, the failed state. For it is the feature of coordination that differentiates the grabbing hand of the mafia state and the failed state. In oligarchic anarchy, predation is initiated by individual predators who do not coordinate their attacks, and accordingly use only an isolated segment of state power. As Markus writes, predation in weak states is often conducted by individual actors, who abuse their power for their own private gain. These include policemen, local administrators, directors of state-owned enterprises, tax collectors, or “the agents at any of the myriad of departments with the power to halt productive activity (sanitation, fire safety, social security etc.).”151

In Chapter 5, we are going to provide a typology of predation, where the actions of such bureaucrat predators will belong to the category of (local and isolated) grey raiding, whereas predation in a mafia state, centrally-led corporate raiding that combines techniques of grey and white raiding \[ 5.5.3.1]. In both cases, we can see the grabbing hand working, and state predators often use the helping-hand rhetoric as well to cover up their actions \[ 6.4.1.4].152 Yet “grabbing hand” in oligarchic anarchy means a multitude of uncoordinated hands with narrow and opposing interests, while in a mafia state the grabbing hand belongs to the chief patron—or local sub-patrons authorized by him. We mentioned in the previous section that sub-patrons may manage local governments that can operate as sub-sovereign mafia states. Indeed, such local machineries can be used by sub-patrons for predation, and the stratification of single-pyramid patronal networks even allows for competition between members of the adopted family \[ 2.2.2.3]. However, this competition is not uncoordinated as in an oligarchic anarchy. If Markus calls state predators “piranhas,” we may say that the piranhas of oligarchic anarchy swim in a large, unified body of water, and it is only the extent of their power and voracity that limits their action. In contrast, sub-patrons of a mafia state are larger predatory fish with more means than individual bureaucrat predators, but they are also confined to clearly delimited fish tanks, with limited prey and range of authorized illegality \[ 5.3.4.2]. This means that top-level public authority, the chief patron has the power to act both as a predator himself and as a coordinator of predatory actors. This is the precise opposite of the head of executive in a failed state, where predation results from governmental actors not being able to control the state apparatus. In a failed state, opportunity makes the predator; in a mafia state, the predator makes the opportunity.

151 Markus, Property, Predation, and Protection, 11.