

# The Influence of Party Patronage and State Finance on Electoral Outcomes: Evidence from Romania

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Party patronage and party and campaign finance have had a substantial impact on the evolving relationship between Romanian parties and the state. Given that patronage can create clientelistic networks that promote corruption, it is important to understand how patronage is used by parties to control state resources which can be explored through the civil service appointment process, use of local government patronage, the state control of the media and the influence of external monitoring on civil service reform. Party campaign financing (PCF) is a critical example of the party–state relationship, which is often viewed as a means to limit the influence of economic interests and create a more level playing-field among parties. While parties use state resources for electoral gains and as a form of party income, patronage and PCF actually have a modest influence on election outcomes.

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While much has been written about the relationship of post-communist civil societies to the state, only recently has scholarship begun to examine the links between parties and the state.<sup>1</sup> The lack of literature in this area is surprising given, as Ganev argues, that the ‘symbiosis of party and state was arguably the most important feature of communist political systems in Eastern Europe’.<sup>2</sup> Perhaps one of the reasons this relationship has not been more studied is the difficulty of operationalizing appropriate measures. While terms such as ‘state capture’ and ‘clientelism’ have been used to describe the party–state relationship, empirical measures for these phenomena are difficult to establish. However, this is an important literature for scholars to engage with, as it raises the question of whether the politicization of the state is a function of such issues as regime legacy, the provision of state

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public goods, the structure of state incentives or the distribution of party power in parliament.<sup>3</sup>

The issue of state capture involves the use of state resources for private gains as a form of rent seeking. The interests that can benefit from state resources include both economic (such as businesses) and political (for example, parties). Many argue that this form of rent seeking creates market distortions that engender corruption. Therefore, campaign finance and other practices are often viewed as a panacea for the capture of the state by economic interests. The question remains whether these practices simply substitute one principle for another as the state continues to serve as the agent for other interests. This is no small matter as there are numerous links between the post-communist state and parties that broadly influence party development, policy formation and voting behaviour.

In this research, I focus on two forms of the party–state relationship that have often been described as areas in which corruption and rent seeking occur. First, I examine the development of party patronage as a dimension of the party–state relationship. Given that party patronage can facilitate the creation of clientelistic networks that emphasize rent-seeking characteristics, it is important to understand how patronage is used by parties to control state resources. Patronage as a practice is distinct from corruption. While the awarding of state positions by party elites can produce corruption, party patronage is often a constitutionally recognized prerogative of the ruling party in most democratic countries. Indeed, some such as Schneider argue that party patronage creates a rotation of bureaucrats that can actually facilitate better policy-making.<sup>4</sup>

Often missing from these accounts of civil service practices is the international environment in which the party penetration of state structures occurs. Particularly in the case of post-communist countries that have had pending applications with the European Union (EU), the issue of civil service reform has become part of the larger discussion concerning fulfilling requirements of the *acquis communautaire*. While the theories that have been developed to account for the politicization of the state vary in their explanation, students of parties often view state capture and the use of party patronage as a *domestically driven* process. While the initial development of the civil service sector in post-communist societies was driven by domestic concerns, the reform of this sector is properly seen as an *internationally driven* process.

Moreover, party patronage becomes an ideal type in which the rent-seeking behaviour within parties and ministries is viewed as systemic. Michalak argues that the pattern of civil service reform is not necessarily uniform throughout a country.<sup>5</sup> In many post-communist countries, certain ministries have reformed their civil service practices so as to limit the use

of party patronage while other ministries have lagged behind. What accounts for the different level of reform among ministries? One possible answer would be the amount of international and EU penetration into the state bureaucracy, which erodes previous party patronage. Another related question is whether parties are uniform in their ability to use patronage. Every post-communist country has witnessed rotations in power (in some cases with a tremendous change in party ideology) which leads to the question of how 'new ruling parties' use patronage to reward supporters and to dislodge opponents.

The second part of the research explores the issue of party and campaign finance (PCF) as an example of the party–state relationship. PCF is often viewed as a means to limit the influence of economic interests and create a more level playing-field among parties; however, the actual influence of PCF varies among European countries. The differential impact of PCF on European countries has less to do with the legacies of communism and more to do with the mode of the transition to democracy. Therefore among post-communist countries, the difference in the impact of PCF on parties and the state is much more a function of the relative success of the transition to democracy as well as the acceptance of democratic 'rules of the game' within the political culture.

While much has been written on the ability of PCF to curb corrupt political practices, corruption should be placed within the context of the party–state relationship and not as a separate analytical category. In other words, the ability to subvert legislative intent or the creation of defective PCF legislation influences parties to engage in corrupt campaign practices that transform the party and the state. Indeed, as parties develop from cadre to cartel organizations, corruption can become an institutionalized practice.<sup>6</sup> PCF calls into question whether the 'path-dependency approach' and the design of completely new democratic institutions destroy previous institutions and rules of the game or simply redefine the rules. Moreover, using the West European experience with PCF as a basis for analysing post-communist finance is wrought with difficulties. As van Biezen argues, PCF in so-called 'new democracies' can have a very different impact on party formation from that in more established democracies.<sup>7</sup>

In this research, I explore the impact that party patronage and PCF have on Romanian parties and the state by examining the various forms of patronage and influence of PCF as a form of party income. More specifically in terms of patronage, I examine the use of patronage by analysing the appointment process of civil servants, local government and media structure and how external monitoring by the EU influences civil service reform. With respect to PCF, I examine the level of party subsidies and how the state subvention contributes to total party income in order to understand how PCF shapes party

development. The study concludes by examining whether these state resources translate into electoral advantage for parties and politicians. While patronage and PCF are used by parties and politicians to enhance their electoral chances, I find that in the case of Romania neither form of state support is sufficient to procure an electoral outcome. Parties that have wielded considerable patronage and have had access to significant PCF have often been unable to translate these resources into an electoral victory.

### **Measurements of Party Patronage**

The Weberian ideal that the development of autonomy and non-partisanship is a component of an efficient bureaucracy stands in stark contrast to the use of personal and party patronage in most countries. While patronage as a practice is distinct from corruption, the use of patronage in newer democracies has a greater likelihood of leading to corrupt practices because of the lack of a professional bureaucratic culture, meritocracy, and autonomy from political institutions. While some argue that patronage and even corruption can contribute to state-building and policy-making, most of the literature finds that patronage can have a negative influence on parties and ultimately the state.<sup>8</sup>

A difficulty in studying 'party' patronage rather than 'personal' patronage is developing appropriate measures. In a presidential regime especially, the use of personal patronage (such as appointment of the civil service bureaucracy) is relatively easy to identify. However, in parliamentary regimes, particularly those with a coalition government, it becomes more difficult to identify the influence of parties on bureaucratic appointments. Moreover, aside from civil service appointments, a number of activities can be understood as a form of patronage. For example, Müller provides examples of a range of goods and services that are indicative of patronage, including appointments (for example, in quangos and public-sector firms) as well as policy areas (such as 'pork barrel' legislation, government contracts and public construction works).<sup>9</sup> Blondel argues, however, for a definition of patronage that excludes powers of appointment and instead focuses on the 'distribution of favours to individuals in exchange for political advantages accruing – or being expected to accrue – to those who give the favours'.<sup>10</sup>

Yet establishing that the patron–client relationship involves an actual exchange of benefits is empirically difficult. Therefore for purposes of this research, I employ the definition provided by Müller, which includes the appointment process as a fundamental basis of patronage. Since all states use patronage and appointments to some degree, the level of patronage is a result of the penetration of appointments within the bureaucracy and the state apparatus. Those states in which appointments are made throughout

the bureaucracy and throughout all levels of government can be viewed as having a much higher level of patronage.

The question remains whether a higher level of patronage is correlated with a higher level of corruption. Patronage provides an exchange of public position for *possible* favour in policy making, which has obvious implications for corruption. Patronage does not necessarily entail corruption; however, patronage can create an environment that fosters exchanges at the cost of the public good. Indeed, Müller argues that patronage and corruption are related but not identical phenomena. In his survey of West European states, he finds that the states with the highest level of patronage are generally those with the lowest ranking in the Transparency International (TI) corruption perceptions index.

Most of the literature operationalizes patronage as a form of domestic exchange. The use of patronage becomes even more difficult to operationalize when the international dimension is added to the analysis. Often missing from these accounts of bureaucratic party patronage is the influence of international actors in the civil service reform process. The neglect of the international dimension is somewhat surprising given the importance that the EU has attached to bureaucratic reform as a means to achieve greater efficiency and transparency and to reduce corruption. Moreover, most studies of bureaucratic party patronage tend to examine patronage as a systemic problem without disaggregating various bureaucratic agencies. In other words, most studies tend to view party patronage as a system-wide problem rather than treating it on a case-by-case ministerial basis. In this research, I explore the domestic and the international factors of patronage in Romania by reference to civil service appointments, structure of local government and media and the influence of the EU on civil service reform.

## **Party Patronage and Civil Service Appointments**

### *The Romanian Legal Framework*

The first Law on the Civil Service was not passed in Romania until 1999. Romania was one of the last post-communist states to adopt such a law, and prior to its passage there was no distinction made between political and professional civil servants. Moreover, there was no system of civil service tenure to protect and insulate the bureaucracy from political control. The legislative history of this law indicates how entrenched party patronage was in Romania. The passage of this law coincided with the EU's invitation at the end of 1999 to begin the accession process. As a result of this decision, the Romanian parliament began to consider several laws that had been supported by the EU but languished in committee. While there was a general consensus

between the government and the opposition favouring EU membership, there was a major difference of opinion regarding the passage of this law. The opposition, led by the Party of Social Democracy in Romania (PDSR), was concerned that this law would stymie its efforts to remove government bureaucrats after the 2000 national elections which the ruling government coalition at the time, the Democratic Convention of Romania (CDR), was certain to lose. Therefore, the CDR coalition government of Prime Minister Radu Vasile struggled to win ratification of the legislation in time for the president to promulgate it before the EU summit schedule for 12 December 1999. Ultimately, Vasile linked the passage of the law with a no-confidence vote to ensure coalition member loyalty as well as to block the opposition.<sup>11</sup> At the time, the opposition indicated that one of the first actions of a new PDSR-led government would be to repeal this law.

Following the 2000 national elections in which the PDSR (later renamed the Social Democratic Party or PSD) returned to power, the ruling coalition decided not to repeal the 1999 law because of a concern that this action would weaken the country's bid for EU membership, and because the ruling party understood the mechanisms necessary to subvert the intent of the law. Immediately after returning to power in 2000, President Iliescu and the government began to dismiss civil servants who had been tenured under the 1999 law. While civil servants were being dismissed under Chapter VIII of the Civil Service Law, in almost all cases the state employees who were dismissed had been appointed in 1996 by the former government coalition. The appeal process, which is part of Chapter VIII, allowed civil servants to bring suit against termination, and many of the decisions of the government were later reversed by the Court of Justice.<sup>12</sup>

The 1999 law not only created a classification system for civil servants but also elaborated the method for recruitment examinations and performance evaluation. However, Pralong argues that 'reforms [were] needed to deal with fundamental issues like remuneration, career structure, and accountability'.<sup>13</sup> While the PSD-led government initially resisted attempts at reforming the state bureaucracy, EU membership requirements forced the government to professionalize the bureaucracy further and limit the power of party patronage. In 2003, the largest anti-corruption legislative package was passed, which contained many elements designed to limit party patronage and reduce clientelism. The 2003 Law on the Civil Service included a section dealing with conflicts of interest for government ministers and civil servants.<sup>14</sup> The law created a new category of 'high civil servant' which professionalized several civil servant positions.

While the law was designed to depoliticize the appointment process, all civil servants had to be reappointed under the 2003 law, and there were several cases of individuals not reappointed, allegedly because of support

for the opposition. Indeed, Mungiu-Pippidi argues that ‘unfortunately, across the entire field of government reform there is a general impression that laws are passed to create the appearance of change rather than to truly impact the system’.<sup>15</sup> As a result of the government actions, civil servants organized a trade union that represents approximately 60 per cent of the 100,000 employees nationally. The trade union provides legal counsel as well as assistance in depoliticizing the hiring and firing process. However, a survey of civil servants conducted in 2004 by the Institute for Public Policy in Romania found, even after passage of the 2003 law, that almost half the respondents believed that a personal connection with political leaders was the most important factor when applying for employment in the public sector.<sup>16</sup>

### *Politicization of Prefects*

While most of the attention of civil service reform has been at the national level, the use of patronage extends throughout of the various levels of government. Following the French model, the Romanian government appoints a representative (prefect) for each of the 41 counties (*județe*). Romania is a unitary state in which the prefect is provided with significant administrative and budgetary resources from the central government in the administration of localities.<sup>17</sup> The appointment of prefects is negotiated among coalition partners in the central government. During the first years of Romania’s transition, prefects almost always came from the largest ruling party. It was not until the 1996 election that the appointment of prefects was divided more proportionally among coalition partners. Significantly, the opposition has never been afforded the opportunity to appoint prefects. Müller examines the style of patronage in terms of whether spoils are concentrated in government parties (majoritarian) or are shared proportionally with opposition parties. He finds that the preponderance of West European states exhibit a form of majoritarian patronage. Romania, therefore, falls within this general European pattern.

The prefect controls the local government bureaucracy in each county. Within the local government system, they have the authority to appoint, dismiss and promote individuals. Moreover, as the representative of the government, they have significant budgetary resources and are able to provide government contracts and to order inspections and audits of local businesses and individuals. They also tend to have considerable influence over local media, since Romanian newspapers and television stations tend to be heavily dependent on the government for subsidies and tax concessions. The Law of Local Public Administration was passed in 1991 and, while amended on several occasions, still retains several clauses that promote the use of patronage. Indeed, a survey of local civil servants finds that they view political interference in the hiring and the promoting of local government civil servants as natural in public administration.<sup>18</sup>

Throughout the 1990s, prefects used the 1991 law in order to dismiss mayors prior to a judicial inquiry. In almost all cases, the dismissed mayors were from the opposition. The Council of Europe notes that ‘suspension decisions in particular do not always seem to comply with the terms of Law 69/91. Reportedly, certain mayors (at least 19 cases have been identified) were suspended without any “*judicial inquiry*” being instituted against them’.<sup>19</sup> This practice, in which prefects used their administrative powers to dismiss mayors and local county councillors, continued throughout the 1990s. The prefect provided the central government with a mechanism to extend party patronage to cities and rural communes. The anecdotal evidence suggests that those mayors from the ruling party were afforded support from the prefect in the form of access to material resources as well as local party support. In response, numerous opposition mayors eventually decided to switch party affiliation. In 2000, PSD won approximately 30 per cent of the mayoral and county council contests; however, by the time of local elections in 2004, the party controlled almost 70 per cent of local government administration. Clearly, there were mass defections from opposition parties to the PSD throughout the early 2000s.

In order to limit the authority of the prefect, the 2003 revised Constitution specified more clearly the powers and limitations of the prefect. Article 123(4) specifies that local government officials including mayors and county councillors are not subordinate to the prefect. In July 2004, the Law on the Corps of Prefects was established which further limited the legal powers of the prefect over other elected local government officials. Nevertheless, prefects still have substantial financial resources, including government contracts, at their disposal. Therefore, Mungiu-Pippidi argues that ‘in practice, however, prefects and heads of county councils, the latter being purely honorary positions, have come to enjoy the largest influence at the county level’.<sup>20</sup> Because of this influence, Romanian local administration legislation forbade prefects from holding membership of a party (from 31 December 2005), so all prefects must resign either their party membership or their position. At the time of writing, the vast majority have resigned their party membership and retained their public office. However, one can question whether resigning from party membership truly insulates the prefect from party influence.

### *Party Patronage in the Mass Media*

Patronage as a practice often blurs the distinction between public and private, state and party. One sector in which the use of patronage has an especially erosive effect on the autonomy of the state is the mass media. Indeed, what is so troubling about the Romanian mass media is that they exhibit several of the features of patronage that Müller describes, including appointments to the civil service, use of government licensing, state subsidies and grants

(specifically, tax relief). Media patronage is a special case because of the importance of the media during and between election cycles. Indeed, much of the campaign finance provided by the state goes towards the purchasing of broadcasting time. Media patronage involves the appointment of individuals to the body that oversees broadcast media as well as appointments to state-run media outlets.

The state television station (TVR) is the only public station that has nationwide coverage. Although there has been an explosion in the number of private television stations, TVR still commands a substantial market share because only approximately half of Romanians have cable. TVR has long been accused of having a pro-government bias and providing opposition parties limited airtime. Moreover, the media infrastructure is generally state-controlled. Until the recent privatization of Letea SA Bacău, the state controlled the sole newsprint mill in the country, which gave it indirect control over the operation of all private print media outlets. In addition, the print media distribution network, Rodipet, was until recently owned by the state and it determined which papers were sold at the local level.

The National Audiovisual Council (CNA) is the state agency responsible for issuing television and radio broadcasting licences and monitoring legislative compliance. The CNA is composed of 11 individuals appointed by the president, the government and the parliament. The CNA wields significant influence on the entry and financial structure of broadcast media. Leeson and Coyne argue that the CNA appointment process is subject to political corruption, 'leading to the control over the substance of media-provided programs ... government leaders appoint their friends to the council, who in turn refuse to grant broadcasting licenses to media outlets that might be critical of the ruling party'.<sup>21</sup>

Since its creation, the CNA has issued a large number of broadcasting licences. There are over 100 privately owned television stations in Romania; however, many observers have commented on the 'Berlusconization' of the television media as almost all stations are owned by high-ranking party leaders, especially from the PSD. The Romanian advertising market is not large enough to provide income for these stations, particularly in smaller cities. As a consequence, one of the problems facing these private stations is the amount of debt owed to the state in taxes and other state dues. Every private station is indebted to the state, and some, such as the popular ProTV, owe as much as \$50 million in back taxes.<sup>22</sup> Empirically, it is difficult to establish whether the government uses this situation to undermine the editorial independence of stations; however, the anecdotal evidence suggests that the financial situation of private stations does influence the coverage of parties and political leaders. Reports issued by the Media Monitoring Agency, a Romanian NGO, indicate that during the summer of 2003 among

the four national television stations the ruling party received over 70 per cent of the coverage.<sup>23</sup>

### *Effects of International Pressure on Party Patronage*

As noted above, over the past decade, the EU has been monitoring Romania's progress on public administration and civil service reform. The EU views public administration reform not only as an element of good governance but also as a vital check on the mismanagement of PHARE assistance funds. Therefore, the level of civil service reform can be viewed as a function of the external monitoring by organizations such as the EU. As discussed above, the 1999 and the 2003 Law on Civil Service were both enacted in order to satisfy EU demands regarding closer monitoring of grant programmes. While these laws deal with all categories of civil servant throughout the Romanian bureaucracy, the implementation of the legislation varies across bureaucracies. In those ministries in which EU monitoring is highest, I would expect that internal civil service reform would be most advanced. Indeed, the ministry of foreign affairs and the ministry of finance are regarded as two of the more professional Romanian bureaucracies, thanks in part to their close working relationship with the EU.<sup>24</sup>

However, most Romanian ministries can still be regarded as largely personalistic and patronistic. In its latest report on the status of Romania's preparedness to join the EU, the European Commission noted that, while the country has made progress, 'public administration is characterised by cumbersome procedures, a lack of professionalism, inadequate remuneration and poor management of human resources'.<sup>25</sup> The Comprehensive Monitoring Report released by the EU in October 2005 indicates that one of the three areas of serious concern involves the eradication of corruption in ministries due to the risk of fraud in the use of EU funds. While some ministries have made great strides in professionalizing the recruitment and retention of personnel, other ministries have been far less successful.

What accounts for the success of civil service reform in some ministries and the lack of reform in others? Michalak argues that the incentive structure of politicians influences the degree of patronage.<sup>26</sup> In those ministries with few divisible benefits that create a clientelistic network, the influence of politicians and parties wanes while the influence of external monitors increases. Since many Romanian ministries possess divisible benefits, it is not surprising that patronage still exerts a strong influence in decisions on appointment and retention. Pralong argues that 'although civil servants enjoy protection from inappropriate firings, political interference remains an important factor in recruitment and promotion. The Romanian central administration is still characterized by inflated staffs owing to clientelism and nepotism'.<sup>27</sup>

Empirically, identifying which ministries offer few divisible benefits is difficult. An attempt to correlate party patronage with indicators such as the size of the ministry (in terms of personnel or budget) is problematic in the Romanian case. While the ministry of foreign affairs is regarded as the most professionalized and least patronistic ministry, data collected by Michalak indicate that the size of the staff and the budget of this ministry are far greater than those of the less professionalized ministry of education, research and youth.<sup>28</sup> As pointed out by Meyer-Sahling (in this collection), indicators such as ministerial budget and personnel size are problematic proxies for patronage. Perhaps the distinction is how much of the budget is for domestic compared with international purposes. Those ministries that wield a large *domestically oriented* budget are less likely to undergo serious civil service reform because the incentive structure for politicians is based on domestic, not international, rents. Thus, politicians have a different incentive structure in regard to ministries that are internationally oriented, which allows external monitoring the ability to assist in reforms because of the lack of divisible benefits. Of course, this indicator for patronage also is problematic, as many domestically-oriented ministries, such as education, are recipients of EU funds and thus subject to external monitoring pressure. There is still much work to be done to develop appropriate measures for patronage.

### **Party Campaign Finance in Romania**

It is interesting that the two dimensions of the post-communist party–state relationship addressed in this study, patronage and PCF, have only recently received scholarly attention. Most studies of patronage and PCF have focused on Western Europe even though patronage is a feature of all post-communist countries, and many of these countries instituted PCF very early in the transition process. In the founding election of May 1990, the Romanian government provided direct and indirect campaign financing. Article 53 of the 1990 election law provided all parties that participated in the election with a state subsidy that was to be determined at a later date;<sup>29</sup> in addition, the law stipulated that donations from foreign sources would not be permitted. Article 51 provided parties with free access to radio and television media during the campaign (indirect PCF).

What was the motivation behind Romania adopting PCF? In 1990, the ruling National Salvation Front (FSN) controlled the financial resources of the former Romanian Communist Party. Therefore the FSN had substantial funding for the 1990 campaign while the state subsidy provided under the law amounted to approximately 40,000 lei (roughly US\$500).<sup>30</sup> Therefore, the subsidy that was provided did not create a more level playing field. Moreover, the prohibition against foreign donations was not created in order to

minimize corruption; instead, the prohibition was designed to prevent Ion Rațiu (the opposition presidential candidate of the National Peasants' Party Christian Democratic or PNȚCD) from using the fortune (which he amassed in Great Britain) during the campaign.<sup>31</sup>

In addition, as mentioned above, the electronic media did not provide equal access to parties. In the early 1990s, TVR was the only nation-wide television station, and while the FSN was prominently featured in every broadcast, the opposition 'suffered from limited access to programming, unpredictable placement and uneven access to recording studios and equipment'.<sup>32</sup> This phenomenon is not unusual: as Katz and Mair argue, 'although new parties may get access to the state media if they nominate a sufficiently large number of candidates, that access is sometimes minimal, or is available only at the least attractive times'.<sup>33</sup>

If the state subsidy was not given to provide greater opportunity for parties, why then did the FSN promote PCF? The state subsidy was provided in order to encourage the proliferation of parties. The party registration law only required a party to have 251 members,<sup>34</sup> and this low membership requirement coupled with state financing significantly increased the number of registered parties. More than 70 parties contested the election for the lower house, and of these, about 40 were said to be sympathetic to the FSN. These parties can be seen as a form of electoral clientelism, and they were created in order to overwhelm the public with choices. A Romanian electorate that was used to no choice now faced the daunting task of deciding among dozens of parties. Under this form of voting uncertainty, the FSN emerged as the one stable and broad-based party that could effectively run government. It is not surprising, therefore, that the FSN won over 68 per cent of the lower house seats and that FSN presidential candidate Ion Iliescu won over 85 per cent of the vote. While the FSN held an absolute majority of parliamentary seats, 17 other parties were represented.<sup>35</sup>

In an attempt to consolidate the party system, a number of changes were enacted for the 1992 national elections. The 1992 election law imposed a parliamentary threshold of three per cent, and the PCF was changed.<sup>36</sup> Article 45 of the election law states that parties 'may, by special law, receive funds from the state budget',<sup>37</sup> although parties that received the subsidy but failed to garner five per cent of the total vote had to return the subsidy within two months following the election. However, while the law allowed for the possibility of a direct state subsidy, no party actually received a subsidy for the 1992 national elections. The parliament never passed the enabling legislation as was required to provide financing. Therefore, the 1992 national elections occurred without any direct state subsidy.

The new election law also forbade accepting funds from foreigners, public institutions or public authorities, and the prohibition against

foreign contributions included all state and private organizations.<sup>38</sup> Article 46 provided free media time for parliamentary parties, whereas extra-parliamentary parties and independent candidates had media access on the basis of state-negotiated contracts in which the parties and independent candidates had reduced charges. Unlike the 1990 law, there was a reporting requirement of all contributions to the ministry of economics and finance, although no ceiling was imposed for contributions from either individuals or corporations.<sup>39</sup>

Many in the opposition complained that the free access to the media that was guaranteed for all parties was heavily tilted towards Iliescu's newly formed party, the Democratic National Salvation Front (FDSN). The opposition claimed that Iliescu used his authority over TVR to influence the reporting of the election. Just before the elections, Iliescu had established the CNA, responsible for overseeing the media's campaign coverage. The membership of the council was largely drawn from the FDSN. Although guaranteed a specified number of minutes, the opposition advertisements ran late in the evening, guaranteeing that fewer voters saw them. While the Romanian media's actions were technically legal, they were contrary to the spirit of PCF.

After the 1992 national elections, there was no significant legislation on parties or state financing until 1996. During spring 1996, the parliament finally addressed the issue of party development and registration. With local elections scheduled for June, the parliament approved a new party registration law in April 1996 to replace the law adopted in 1989. By 1996, there were over 160 registered parties. The principal provision increased the number of required members from 251 to 10,000. A number of opposition parliamentary and extra-parliamentary parties voiced concern over the dramatic increase in the membership requirement. The country's supreme court ruled, however, that no specific number is any more 'rational and moderate' than another number and allowed the law to stand.<sup>40</sup>

The new law on parties dealt not only with registration requirements but also with the issue of campaign finance. The sixth chapter of the law established a much more specific and elaborate campaign and party finance system than in 1990 or 1992. Under the law (which is still in force), parties are entitled to funding from membership subscriptions (fees), donations (contributions), and revenues from proper activities and the state budget. Donations received by a party may not exceed 0.005 per cent of the country's budget revenues; in an election year, however, the amount is doubled. The sum of the dues paid over the period of one year by a single person may not exceed 50 minimum salaries, and the total yearly contribution made by an individual may not exceed 100 minimum salaries; the total contribution made by a corporation in a year may not exceed 500 minimum salaries. Unlike previous legislation, the 1996 was much more specific

about reporting requirements. Under the 1996 law, the contribution does not have to be reported so long as it is less than ten minimum salaries. In addition, a party does not have to report contributions as long as the total amount of contributions (from all sources) does not exceed 20 per cent of the state subsidy in a year; however, the list of contributors who donate amounts greater than ten minimum salaries must be reported and published in the *Monitorul Oficial* by 31 March of the following year.

As under the 1992 law, parties may not receive contributions from public institutions, state enterprises, foreign states and organizations; however, the law does allow international political organizations to which the party is affiliated to make contributions. Unlike the 1992 law, the current law does provide PCF to both parliamentary and extra-parliamentary parties. The amount that is allocated to all parties may not exceed .04 per cent of state revenue. Article 39 states that parties at the beginning of the yearly legislative session that are represented by a parliamentary faction in at least one of the chambers receive a base subsidy, and the total of the base subsidies is one-third of the total state subsidy allocated to all parties. It is very significant that the law provides a base subsidy not to parliamentary *parties* but rather to parliamentary *factions*. This is because the lower house standing orders require at least ten deputies in order to form a faction, so not all parliamentary parties receive the base subsidy. This creates an incentive for the creation of party faction coalitions and also punishes those parties that lose members because, according to the standing orders, MPs may not leave and join a new faction.

Parliamentary parties also receive a subsidy in proportion to their number of seats. The amount awarded per seat is established by dividing the remaining two-thirds of the total state subsidy by the total number of MPs (for the Chamber of Deputies and the Senate). This amount, however, may not exceed five times the base subsidy. In addition, extra-parliamentary parties that obtained at least two per cent of the vote (presumably in the national election) receive equal subsidies, established by dividing the remaining amount after the per seat allocation by the number of eligible parties; the total amount allocated to extra-parliamentary parties may not exceed one base subsidy.

A government decision in September 1996 described the methodology used to determine the state subsidy for that year. On the basis of the April law, 15 parties were awarded some form of state subsidy. As shown in Table 1, not surprisingly the two largest parties, the PDSR and the PNȚCD (as part of the CDR), received the largest subsidies. In addition, two extra-parliamentary parties were awarded a state subsidy based on their share of the 1992 parliamentary vote. Given that the threshold for the 2000 parliamentary election was raised from three to five per cent, this increased the number of extra-parliamentary parties eligible for a state subsidy.

TABLE 1  
 SUBSIDY FOR PARTIES, 1997–2000 (IN US\$)

<i>Parties</i>	Democratic Convention of Romania <sup>a</sup>	Party of Social Democracy in Romania <sup>b</sup>	Union of Social Democracy	Party of Romanian National Unity	Hungarian Democratic Union of Romania	Party of Greater Romania
1997	5,584,431	420,770	301,417	155,622	187,068	161,339
1998	723,823	521,126	373,307	192,739	231,685	199,820
1999	655,367	471,841	338,002	174,511	209,773	180,992
2000	741,111	533,573	382,223	197,342	237,218	204,592

*Source:* The calculation of these sums was based on government decision 756 published in *Monitorul Oficial al României*. These data were computed by the author on the basis of budget revenues reported by the IMF. These data refer to total state subsidies to various parties based on parliamentary group representation.

*Notes:* <sup>a</sup>Once the parliament convened after the 1996 elections, there were nine parliamentary factions including two separate parliamentary factions for the Convention. I have combined the subsidy for these parties into a single Convention total. In addition while the ethnic minority parties are listed as a separate faction, it was unclear whether they received a base, and therefore, they have been excluded from this analysis. <sup>b</sup>The 1996 law provides that no party may receive five times the base subsidy in any year. Therefore the PDSR was the only party that exceeded this amount (in every year) and had a lower adjusted amount. In 1997, the pre-adjusted amount was \$571,579; in 1998 the amount was \$461,506; in 1999 the amount was \$517,522; and in 2000, the amount was \$585,230.

What is striking is that the ruling coalition that received the greatest amount of state subsidy during the period 1996–2000 failed to pass the threshold for the 2000 national elections: this failure by the ruling CDR to pass the threshold in the 2000 elections indicates that this was a party coalition that was out of touch with voters throughout the country. Moreover, while the CDR did well in the capital, it failed to mobilize voters in traditional power bases including the Banat and Transylvania. Therefore, the use of PCF by the governing coalition did not translate into electoral success during the 2000 national elections.

As Table 2 shows, during the period between 2000 and 2004, the largest parties enjoyed a large financial advantage over smaller parliamentary and especially non-parliamentary parties. However, because the 1996 law does not require full reporting of party income, these figures reveal only the contribution of the state to party maintenance. In addition, these figures focus on the party at the national level whereas, increasingly, party entrepreneurs at the local level are providing party finance as a means of entry into the party leadership.

In the 2004 national elections, the Pro-Democracy Association (APD), a non-governmental organization, produced a series of reports that analysed the spending of parties. During these elections, the two leading parties

TABLE 2  
SUBSIDY FOR PARTIES, 2001–2004 (IN US\$)

Parties	Social Democratic Pole of Romania <sup>a</sup>	Democratic Party	National Liberal Party	Hungarian Democratic Union of Romania	Party of Greater Romania
2001	5,778,640	244,821	242,186	231,644	447,741
2002	779,987	276,694	270,572	258,329	509,313
2003	821,072	246,068	340,937	226,346	495,876
2004	832,484	139,212	138,606	125,878	391,272

*Source:* These data were computed by the author on the basis of budget revenues reported by the Ministry of Finance. These data refer to total state subsidies to various parties based on parliamentary group representation.

*Note:* <sup>a</sup>The Social Democratic Pole of Romania includes the Social Democratic Party, the Romanian Social Democratic Party and the Humanist Party of Romania.

entered into coalitions: the PSD joined up with the Humanist Party of Romania (PUR) in a coalition labelled the National Union PSD + PUR, while the PNL and the Democratic Party entered into the Justice and Truth Alliance. A report issued by the Court of Audit, the institution responsible for monitoring the spending of parties, found that the declared campaign spending of the two coalitions was more than \$6 million.<sup>41</sup> In its report, the APD found that the coalitions actually spent almost \$9 million that was not accounted for under the audit done by the Court.

While state financing can be an asset to party performance, the case of the PRM is instructive. This party received substantial party finance between the 2000 and 2004 elections (see Table 2). However, the performance of the party suffered considerably as it lost almost half of its seats. This demonstrates that parties that are personalistic – the PRM was an election vehicle for the ultra-nationalist Corneliu Vadim Tudor – can suffer a reversal of fortune no matter how much money is at the party's disposal.

The importance of the party subsidy varies with parties. For some, the subvention forms the vast bulk of the annual income that the party receives. As shown in Table 3, the amount of income generated by parties (and thus the reliance of the party on the subsidy) varies tremendously. Not surprisingly, the PSD reported the largest amount of income of any party during the period 2000–3. These figures also show that on average parties spent more than their income (deficit spending) twice during the period reported. In fact, the UDMR overspent in all reported years except for 2001. Not surprisingly, parties went into deficit in 2000 (an election year) and again in 2003 (gearing up for the 2004 election). It is unclear whether these figures supplied by the ministry of finance included campaign finance. If not, then it is possible that the addition of this income, especially in 2000, would change the ratio of spending.

TABLE 3  
 PARLIAMENTARY GROUP INCOME AND SPENDING, 2001–2003 (IN US\$)

Parties	Social Democratic Pole of Romania <sup>a</sup>	Democratic Party	National Liberal Party	Hungarian Democratic Union of Romania	Party of Greater Romania
2001	1,467,390 <sup>2</sup>	535,334	–	464,693	575,816
	1,059,256	445,578		410,958	492,802
2002	2,486,780	643,476	420,432	1,195,809	612,748
	2,624,598	642,430	464,322	1,218,100	520,924
2003	4,167,356	701,076	564,364	860,684	679,311
	3,488,373	722,076	539,031	861,894	702,737

*Source:* These data were computed by the author on the basis of budget revenues reported by the Ministry of Finance.

*Note:* <sup>a</sup>The Social Democratic Pole of Romania includes the Social Democratic Party, the Romanian Social Democratic Party and the Humanist Party of Romania.

Over the last few years, the importance of the party subsidy as a form of party income has decreased for all parliamentary parties. In Table 4, I calculate the percentage of income that the party subsidy represents for all parliamentary groups. In every case, the proportion has decreased since 2001. In some cases, such as the PSD + PUR coalition, the importance of the subsidy has decreased by well over half. Interestingly, only the extremist PRM relies heavily on the subsidy. Because of changes in coalitions and factions, it is more difficult to calculate these figures for earlier than 2001; however, for the UDMR and the PRM the pre-2001 pattern is largely the same. In 1999, the party subsidy represented 50 per cent of the UDMR's income, whereas it represented 84 per cent for the PRM. In 2000, the reliance

TABLE 4  
 PARTY SUBSIDY AS A PERCENTAGE OF INCOME, 2001–2003

Parties	Social Democratic Pole of Romania <sup>a</sup>	Democratic Party	National Liberal Party	Hungarian Democratic Union of Romania	Party of Greater Romania
2001	53	46	–	50	78
2002	31	43	64	22	83
2003	20	35	60	26	73

*Source:* These data were computed by the author on the basis of subsidies and income reported by the Ministry of Finance. These data refer to total state subsidies to various parties based on parliamentary group representation.

*Note:* <sup>a</sup>The Social Democratic Pole of Romania includes the Social Democratic Party, the Romanian Social Democratic Party and the Humanist Party of Romania.

on the subsidy decreased for both parties (45 and 70 per cent respectively). While the ministry of finance reports the income and spending for non-parliamentary parties, the income of many of these parties is less than US\$100. I have no data for the few non-parliamentary parties that receive a subsidy; however, it seems reasonable to expect that the party subsidy as a proportion of income for these parties would be substantially higher than for parliamentary parties.

## Conclusions

Ultimately, public policy must be formulated and administered by the state bureaucracy. Since Weber's analysis of public administration, many scholars have noted that patronage and the politicization of the bureaucracy leads to inefficiency and poor policy-making. If this is correct, perhaps one empirical measure to determine patronage would be the implementation of public policy in numerous sectors. Depending on how one operationalizes a 'successful' policy, policy success in areas such as privatization (where rent-seeking behaviour is opportunistic) might be one indicator of a depoliticized state. While pre-communist and communist historical legacies may offer a clue to the penetration of party patronage, it is instructive to examine individual ministries to determine the level of *possible* clientelism.

Moreover, the relationship between parties and the state is complex owing to conflicting interests and numerous pressure points. PCF is an example of how parties attempt to capture the state for financial and political gain. On the one hand, these laws are often designed by parties to exclude the entry of new parties. However, as Katz and Mair argue, the attempt to use PCF to suppress new parties can actually backfire and provide these new parties with a rallying cry against the political establishment.<sup>42</sup> Gryzmała-Busse argues that those post-communist countries in which power was concentrated among a small group of parties de-emphasized the importance of state finance in lieu of other forms of funding, which undermined transparency and ultimately politicized the state.<sup>43</sup> She argues that the lack of transparency in financing led to rent-seeking behaviour within bureaucracies, whereby party patronage formed the basis of a clientelistic state.

The relationship between parties and the state involves empirical and normative questions about the proper role of public servants, politicians and citizens in a democracy. The use of state resources by parties is not necessarily undemocratic, and in some cases can strengthen the vibrancy of democracy. Patronage and financing require transparency in order to reduce the possibility of corruption. As the Romanian case shows, laws are not enough to provide accountability. Moreover, the same case also demonstrates that the awarding of patronage and use of PCF do not guarantee electoral success. While the

PSD greatly influenced the use of state patronage and enjoyed considerable PCF throughout the 2000s, these resources did not prevent the party from suffering electoral defeats in the 2004 national elections. Moreover, the re-emergence of the National Liberal Party (PNL) in the late 1990s demonstrates that Romanian parties can survive and indeed mount an electoral challenge without access to state resources.

## NOTES

1. For a broad-ranging discussion of the relative weakness of post-communist civil societies see Aleksander Smolar, 'Civil Society After Communism: From Opposition to Atomization', *Journal of Democracy*, Vol.7 (1996), pp.24–38; Bill Lomax, 'The Strange Death of Civil Society in Post-Communist Hungary', *Journal of Communist Studies and Transition Politics*, Vol.13 (1997), pp.41–63; Grzegorz Ekiert and Jan Kubik, *Rebellious Civil Society: Popular Protest and Democratic Consolidation in Poland, 1989–1993* (Ann Arbor, MI: University of Michigan Press, 1999); and Marc Morjé Howard, *The Weakness of Civil Society in Post-Communist Europe* (Cambridge: Cambridge University Press, 2003).
2. Venelin I. Ganev, 'The Separation of Party and State as a Logistical Problem: A Glance at the Causes of State Weakness in Postcommunism', *East European Politics and Societies*, Vol.15 (2001), p.389.
3. For an interesting account of state capture due to the communist legacy see Herbert Kitschelt, Zdenka Mansfeldova, Radoslaw Markowski and Gabor Toka, *Post-Communist Party Systems: Competition, Representation, and Inter-Party Cooperation* (Cambridge: Cambridge University Press, 1999). For a functionalist account of state politicization see M. Steven Fish, 'The Determinants of Economic Reform in the Post-Communist World', *East European Politics and Societies*, Vol.4 (1998), pp.31–78; and for the structure of state incentives, László Bruszt and David Stark, *Pathways from State Socialism* (Cambridge: Cambridge University Press, 1998). For an account of state capture based on the distribution of party power in parliament see Anna Grzymala-Busse, 'Political Competition and the Politicization of the State in East Central Europe', *Comparative Political Studies*, Vol.36 (2003), pp.1123–47.
4. Ben Schneider, *Politics within the State: Elite Bureaucrats and Industrial Policy in Authoritarian Brazil* (Pittsburgh, PA: University of Pittsburgh Press, 1991).
5. Katja Michalak, 'Patterns of Civil Service Reform in Romania: A Multi-Dimensional State Analysis' (unpublished manuscript, 2005).
6. Although Katz and Mair develop the concept of the cartel party, they do not see the interpenetration of the state and the party as a necessary condition for corruption: see Richard S. Katz and Peter Mair, 'Changing Models of Party Organization and Party Democracy', *Party Politics*, Vol.1 (1995), pp.5–28.
7. Ingrid van Biezen, 'Party Financing in New Democracies: Spain and Portugal', *Party Politics*, Vol.6 (2000), p.329.
8. Huntington was one of the first scholars to argue for the benefits of party patronage: see Samuel Huntington, *Political Order in Changing Societies* (New Haven, CT: Yale University Press, 1968).
9. Wolfgang C. Müller, 'Patronage by National Governments', in Jean Blondel and Maurizio Cotta (eds.), *The Nature of Party Government: A Comparative European Perspective* (Basingstoke: Palgrave, 2000), pp.142–3.
10. Jean Blondel, 'Party Government, Patronage, and Party Decline in Western Europe', in Richard Gunther, José Ramon-Montero and Juan J. Linz (eds.), *Political Parties: Old Concepts and New Challenges* (Oxford: Oxford University Press, 2002), p.241.
11. By the time the law was to be promulgated, Vasile had been removed as prime minister and replaced by Mugur Isăreșcu.

12. 'Best Practices in the European Countries: The Republic of Romania', Centre for Administrative Innovation in the Euro-Mediterranean Region (Naples, Italy, 2004), p.11.
13. Sandra Pralong, 'Romania', *Nations in Transition* (New York: Facts on File, 2003), p.489.
14. While the law clarifies situations of conflict of interest by defining public interest and personal interest, the code applies only to civil servants and not to elected and appointed officials: see Alina Mungiu-Pippidi, 'Nations in Transit 2005' (2005), p.11.
15. Alina Mungiu-Pippidi, 'Nations in Transit 2004' (2004), p.17.
16. Adrian Moraru and Elena Iorga, 'Romanian Civil Service Barometer, 2004', Institute for Public Policy (Bucharest, Romania, October 2004), p.4.
17. An interesting question rarely addressed in the literature is the influence of the system of government on the use of patronage. One could argue that, while a federal system may exhibit the same level of patronage, the election of local government and separation of powers between national and sub-national levels provides a check on the use of party patronage by other parties.
18. Moraru and Iorga, 'Romanian Civil Service Barometer, 2004', p.5.
19. Giorgio De Sabbata, 'Part II Report on Local and Regional Democracy in Romania', Monitoring Report 1995 CG (2) 5 (Bucharest, Romania, 1995).
20. Mungiu-Pippidi, 'Nations in Transit 2005', p.3.
21. Peter T. Leeson and Christopher J. Coyne, 'Manipulating the Media' (unpublished manuscript, 2005), p.18.
22. Ibid, p.14.
23. 'Press Freedom in Romania: Report on 2003', Media Monitoring Agency (Bucharest, Romania, 2004), p.5.
24. In its latest report, the EU emphasized the need for the Romanian ministry of finance to be more involved in policy formation at all levels, including local government.
25. '2004 Regular Report on Romania's Progress towards Accession', Commission of the European Communities SEC (2004) 1200, 657 (6 October 2004), p.32.
26. Michalak, 'Patterns of Civil Service Reform', p.15.
27. Pralong, 'Romania', p.489.
28. Michalak reports that 597 employees work at the ministry of foreign affairs while 350 work at the ministry of education, research and youth (both figures based on civil servants in the Bucharest office); in addition, the budget of the ministry of foreign affairs is ten times that of the ministry of education, research and youth: see Michalak, 'Patterns of Civil Service Reform', p.21.
29. *Monitorul Oficial al României*, 18 March 1990.
30. Carothers argues that few, if any, opposition parties actually received the state subsidy: see Thomas Carothers, 'Romania', in Larry Garber and Eric Bjorn (eds.), *The New Democratic Frontier* (Washington, DC: National Democratic Institute for International Affairs, 1992), p.86.
31. This prohibition was supposedly amended to allow for foreign contributions if they were documented. Carothers reports that opposition parties had to wait an inordinate amount of time for their currency transfers to be approved: *ibid*, p.83.
32. Ibid.
33. Katz and Mair, 'Cadre, Catch-All or Cartel? A Rejoinder', pp.529–30.
34. *Monitorul Oficial al României*, 30 Dec. 1989.
35. This number does not include ethnic minority parties, which were guaranteed a seat in the lower house. Of the ethnic-based parties, only the Hungarian Democratic Union of Romania and the German Democratic Forum received enough votes to win a seat outright.
36. Significantly, there was no change to the party registration requirement of 251 members.
37. *Monitorul Oficial al României*, 5 July 1992.
38. However, governments such as the United States were very active during the 1992 national elections. As Carothers points out, the United States through organizations such as the International Republican Institute, the National Democratic Institute for International Affairs and the United States Information Agency was very active in supporting opposition parties: see Thomas Carothers, *Assessing Democracy Assistance: The Case of Romania* (Washington, DC: Carnegie Endowment for International Peace, 1996).

39. Each party had to designate a specific fiscal agent that registered with the ministry of economics and finance.
40. *Monitorul Oficial al României*, 11 April 1996.
41. The court of audit is the government body responsible for supervising the financing of parties. Interestingly, the law specifically states that the court of audit may check only the general bank account of a party. The paragraph that outlines the forms of party financing is specifically excluded from the supervisory jurisdiction of the court. Neither the 1996 election law nor the law on parties specifies that parties must submit reports to the court of audit; rather, the court has the right to investigate party bank accounts: see *Monitorul Oficial al României*, 15 Feb. 2005, and 'Alegeri la limita democrației: Analiza procesului electoral din România, Octombrie – Decembrie 2004' (Bucharest: Pro-Democracy Association, 2005).
42. Katz and Mair, 'Changing Models', p.20.
43. Grzymala-Busse, 'Political Competition and the Politicization of the State', pp.1123–47.