

The Political Antieconomy of Transformations in CEE Countries

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Transformations in CEE countries traditionally are studied (investigated) in the framework of methodological individualism. As a result, the scope of economic analysis is reduced to the development of private sector. Thereby part of economic reality, namely public sector, is excluded from economic reality.

Holistic approach allows to overcome this shortcoming. Holistically perceived transformations encompass the whole economy – private and public sectors. Furthermore – it opens the possibility to widen the scope of investigations by introduction of the negative side of transformations in economy as a whole. Conceptualization of this side leads to formulation of the concept of antieconomy. Introduction of this concept and extension, development of the political economy tradition gives the opportunity to speak about the new course, direction of scientific explorations – political antieconomy of transformations.

*Key words: **transformations, CEE countries, economy, antieconomy, political antieconomy.***

Introduction

Three and a half decades ago William Nordhaus and James Tobin introduced the concept of *net economic welfare* (NEW). This measure of the country's economic activities encompassed Gross national product and the value of non-market activities together with the

value of leisure minus (less, deducting) the value of bads such as pollution. It was and still is a rare example of scientific attempts to conceptualize and hereby to įtraukti into the subject matter (scope) of economic science the negative side of human activities with its detrimental, destructive outcomes.

Regrettably, neither authors (initiators) of this concept nor other economists didn't grasp the opportunity to further develop the idea and to give it more precise, more structured form. Our profession still is stuck to the idea that economic actors are rational, effective in their search for personal benefits, in their utilization of (limited) resources and that negative side effects are (minor) so negligible that economic science can ignore them not risking cognitive and practical losses.

In our view it is one of the greatest (major) misunderstandings among us, economists. Yes, that's true that on the stage of initial steps of cognition, when concepts are defined, when we use the procedure of idealizing abstraction, we define economic phenomena in their *pure, ideal* form. Whether we conceptualize the economy, or economic man (being), (*homo oeconomicus*) we include in their definitions those traits that are essential, usually in its positive sense (meaning), and abstract from non-essential characteristics. As a result, the economy, the homo oeconomicus in its pure, ideal conceptualized form is understood as a system collection set, of certain positive characteristics.

But *real* society, *real* human beings are not ideal. Alongside their positive traits exist weaknesses, deficiencies. Social actors, are they individual or collective, make mistakes and blunders, therefore they produce both goods and bads. Sometimes the extent of the negative, destructive side of social life is huge and the implications are severe. Thus we can't avoid discussing them in our everyday life. Alas, on the scientific level these phenomena are not appropriately reflected. In other words economic science has very limited cognitive instruments to explore negative side of economic activities, to draw conclusions, to make diagnosis and to produce relevant recommendations for policy makers. In our earlier investigations we tried to overcome this shortcoming of traditional economic science by introducing the concept of *antieconomy* which is different from shadow (underground) and hidden (unrecorded) economies (Gylys P. 2005).

In this article we apply earlier developed conceptual apparatus to the set of problems connected with transformations in the Central and Eastern European (CEE) countries. Furthermore we develop conceptual framework by introducing the notion of political antieconomy.

Why political, why antieconomy of transformations?

The term “political economy” has deep historical roots. It is used for almost four hundred years and became dominant in economic theory in the end of eighteenth and almost the whole nineteenth century when classical political economy evolved. Then the tradition of political economy research was tied with such fundamental issues as the origin (source) of wealth, the very meaning of wealth, its structure, principles of movement (among other things – distribution) of wealth. Unfortunately, this scientific tradition to explore fundamental problems (issues) of wealth production, movement and consumption weakened, fell into decay at the end of nineteenth century and never recovered to the extent which it deserves. This turn (the new development) in economic science may be explained by emergence and prevalence of neoclassical school and the shift from political economy to economics. In this sense neoclassical thinking was the break from classical mentality of A. Smith and others.

Notwithstanding the term of **political economy** is still alive. It is used by the economists, who doesn't belong to mainstream and those who explore the issues on the frontier of political and economic sciences. In the latter case the problems of the influences of power centres on the flow(s) of wealth in its different forms are studied. It is legitimate and fruitful direction (sphere) of scientific explorations in many cases giving more knowledge about real economic life than highly formalized, but based on simplified set of assumptions (premises) model presented by mainstream economics.

In this paper we use term “political economy” in both its initial classical and contemporary meanings and tie it both to classical and contemporary traditions which in our view don't contradict, but complement each other. In other words we study, firstly, the very changes of wealth in post-soviet era and, secondly, the character and implications of the influence of power structures on those changes.

But we do not stop here and for the first time introduce the concept of political antieconomy. By this term we want to say that alongside the wealth exists anti-wealth, with the set of conditions for its emergence and the elements of power structures , which for different reasons contribute to the appearance and expansion of antieconomy. If classics wrote about the origins of wealth and contemporary political economists investigate economic processes in the light of political influences on them, we want to disclose regimes, which produce economic bads. One of such regimes is politics understood here as a system of power

centres pursuing certain goals, acting on the basis of certain motives and interests. Those could be driven by virtue, not evil intentions, perceptions, but nevertheless the very outcome could be damaging and therefore presenting bads, anti-wealth, antieconomy.

Explication of antieconomy is impossible without clear, systemic definition of economy itself. Paradoxically, the concept of economy remains fuzzy, because it is treated as self-evident and supposedly explanation of its contents' doesn't need scientific efforts. But it is not the case. This concept is fundamentally important, because in fact it must define the nature and boundaries of the scope of economic activities and the subject matter of economic science. In the same time its contents is not self-evident.

Given that the problem of the contents of the concept "economy" is discussed in other publication (Gyls P. 2008) we will confine ourselves to several short postulates here.

Firstly, economy is *the aspect* of social life which reflects the movement (flow) of wealth. Therefore, economy, as all concepts, is the product of intellectual procedures and should be treated as the mental (not physical or biological) model of certain side of reality, but not the reality itself.

Secondly, the need for the concept "economy" follows from the fact that social agents pursuing their aims (goals) encounter limitedness of resources. Some resources are infinite (solar energy, wind energy etc.), others are scarce, finite. The scarcity of resources presses individual and collective actors *to economize*, to use resources effectively, prudently to seek optimal ratio between benefits, utility (volume and quality of wealth) searched and input of resources. In case of abundance, infiniteness of resources social actors are not compelled to economize, to seek effectiveness in their behaviour. In such circumstances (otherwise) economic aspect of our life would not exist.

Thirdly, the economy includes movement of not only private goods, commodities but of public goods as well. In fact majority of economic goods are mixed – partly private, partly public, but by their nature some of them (like food, garments, footwear etc.) are more private than public, and others have more traits which are characteristic to public goods (roads). Thereby real economy is mixed economy, where market and public economy overlap. Inclusion of the public sector into economy, what contradicts both neoclassical and marxist traditions is based on the argument that not only market actors, but public actors as well face the problem of scarcity (scarce resources) and have to economize i.e. to seek optimal relation (ratio) between input and output in their activities.

The concept of antieconomy differs from economy in the sense that the former reflects those cases of social activities, when economic bads, not goods, appear and individual

as well as communal,⁷ social entities at large are not able (or not willing) to achieve optimal relation (ratio) between costs and benefits. Sometimes those cases happen willingly, sometimes without vice, perverse intentions, and conscious production of bads and squander of resources adds more to antieconomic character of such social activities that unintentional destructive acts. In short *antieconomy* is the concept which reflects such features of social life as production, dissemination and consumption of economic bads, waste of resources, deviation (divergence) from the principle of economization, which requires to observe the optimal ratio between costs and benefits.

This concept represents (shows) negative side of social life in its pure form. Therefore it metaphorically might be called *black economy*. But social phenomenon rarely exists in (their) totally pure form. Negative aspects, features of processes and their outcomes intertwine with positive ones. If pure economy metaphorically could be named as *white economy*, then real economy almost always represents mixture of white and black economies i.e. *grey economy*.

Some could ask what is the need for introduction of the concept of antieconomy when concept of shadow, underground (informal)economy already exists? The explanation is: the antieconomy and shadow economy reflects (represents) different characteristics of social reality. Shadow or underground economy appears as the result of deviations from formal, official order.

These deviations as we argue in other publication not always are totally negative or black (Gylys P. 2008). On the other hand, antieconomy could be present not only in shadow, but in official, formal economy as well. Thus shadow economy and antieconomy are similar, but not identical concepts. The very similarity causes confusion in social sciences when researchers are not able to discriminate between illegality and “badness”, “blackness”. Illegality not always is totally black and black elements are present in formal, official order.

Generalising conceptual part of the article we would like to emphasize that introduction of term *political antieconomy* is based on old scientific tradition to explore the nature and structure of wealth and relatively novel (newer) experience of studies directed towards interrelation between movement of wealth and role of power structures. We add to this tradition showing that power centres are present and therefore responsible not only for what we call white economy, but for appearance, expansion and/or stable presence of black economy, or antieconomy. This applies for all countries which are on the different stages of their development, but we concentrate our attention on CEE countries and on the negative side of transformations they underwent in recent times. That doesn't mean that these

transformations as a whole were predominantly negative. They had evident positive sides. We concentrate on darker sides of those processes because they are not sufficiently, relevantly investigated and that it is the gist (the subject) of this article.

Transformations in the CEE countries: the tragedy of the commons

Now we are conceptually and terminologically prepared for more concrete, detailed analysis of negative sides of transformations. Once again we stress that by such an emphasis we don't want to say that dark aspects in all countries prevailed over bright ones. Simply they are the subject of this study. Furthermore relevant diagnosis of pathologies allows to cure them more effectively. On the other hand we have to admit that the scope of the study and the space available doesn't allow us to cover all negative aspects of transformations. So we have to confine ourselves to several most important problems, diseases

They are mostly related to the functioning of the public sector. In our understanding public sector (which in reality is not purely public) includes activities which are related (connected) to public choice and public goods. In contrary, in the private sector (in reality it is almost never absolutely private) are produced private goods and regimes of private choice function (work). Thus public sector encompasses not only national security, roads, waste disposal, water supply systems, but legislative, executive and judicial branches of authorities, weather forecasts, common knowledge (information) producing branches as well. Being quite separate on the conceptual level, when the very definitions of public and private sectors are given, in real life they are intertwined, mixed. On the one hand, those sectors can't survive or at least effectively work (function) without each other. Private sector supplies public sector with private, tangible, material goods. Public sector, on the other hand, assures that the whole visible (roads) and intangible (public order, organization) infrastructure works appropriately. Without this infrastructure which could be compared with the blood circulation and nerve systems in the organism, the private sector, market regimes would collapse.

It seems evident and simple postulate, but our science is not coping with the problem of interrelations between private and public sectors appropriately. And it might be explained by paradigmatic reasons and namely by the shift from coercive collectivism to radical individualism in our region.

After the collapse of the soviet system methodological individualism became the dominant economic paradigm with all following consequences. In many countries it happened

without open “philosophical” discussions on the nature of transformations which should take place in the respective country, and what the leading philosophy should be behind economic reforms in the region. As a consequence by majority of reformists the economy was identified with the market, i.e. with private sector, and public sector ideologically and politically fell out from the sphere of the strategic economic considerations. Paradoxically, both for classical marxists and individualists public sector for different reasons is non-economic sector, the sphere where wealth is not produced. For marxists it is because economy and wealth are tied to the production of material, tangible products and for individualists – because products produced by public sector rarely have market measurement, i.e. price.

The dominance of (the) individualistic approach towards economic reforms in the region meant and in many cases still means that public sector was and is treated as exogenous to economy and as a burden to “true” economy – private sector. And every burden must be reduced, lightened. (Balcerovicz L. 1998)¹

In our view it was major paradigmatic bias and mistake, which could be explained by at least two reasons: 1) instinctive, ideological resentment, repulsion, indignation of all what smacks, smells, have the taste of collectivity, commonality because of bad soviet experience of coercive collectivism; 2) the global strength of individualistically thinking power centres (political forces, media, business) in times of the beginning of economic transformations in CEE countries (Eatwell J., 2000).

But instincts in science, politics and in general public, as well one-sided external influence, usually doesn't necessarily mean accuracy of perceptions and effectiveness of actions. Now after more than fifteen years from the beginning of transformations many even among those who was for individualistic strategy of reforms, admit that the latter were too painful and costly (Kissinger H., 1994).

Using terminology of this article one can say that there were quite tangible portion of antieconomy in these reforms, though extent of it in different countries was different. In Czech Republic, Slovenia and few other CEE countries share of antieconomy in the processes of transformation was considerably smaller than in Moldova, Russia or Ukraine. That share should be measured not only by the loss of GDP, but by the shrinkage of all parts of holistically defined national wealth such as massive bankruptcies of firms in manufacturing, agriculture, loss of human capital both in physical terms (increased mortality and morbidity), deterioration of social capital in form of degraded, weakened morality and unproductive

¹ Some economists from the region took somewhat milder, more soficticated position (Kornai J. 1990).

migration, huge defects in the regimes of political governance and public administration. As we can see, only part of these losses could be attributed to private sector, others belong to the public sector, which must procure common goods.

The loss of national wealth was so big (and in the same time misunderstood) that some countries in post-soviet area are not able to reach the level of the last years of the soviet system. Lithuania, for instance, achieved this level in terms of yearly national product only by 2003-2004. And it was despite the fact that the country lived and developed in peace conditions. Thus must exist the reason (basis) to the claim that the transformation was not total success and that there were some fundamental deficiencies in the ideology, perception, strategy and implementation of reforms.

In our view the major factor of sizeable antieconomy in the processes of transformation was specific economic bad – distorted, only partly relevant economic philosophy of transformations based on premises of methodological individualism. This philosophy to different extent in individual CEE countries was the driving force for big part of major (decisive) political decisions. One of such decisions was to follow the logics of *shock therapy*, proponents of which didn't estimate, evaluate the fact that transformations anyway because of the system change will be rapid, secondly, they underestimated the importance of quality of political, legal, moral regimes for the success of transformations and hereby contributed to the appearance of many economic bads (Kornai J. 2006).

One of them is more or less open denial of or at least negligence of what could be described, named as the republic – the term initial meaning of which is public, social matter. That is the expression of what could be called the tragedy of the commons. Though the author of this concept G. Hardin (1968) applied it to ecological sphere, it is quite appropriate to kinds of destruction of common goods and appearance, emergence and involvement of public bads.

Together with it (as a consequence) the regimes of private choice were overvalued. It's a logical outcome of individualistic thinking and acting, because (as) for individualist the only real social actor is the individual pursuing his self-interest. Explicit or implicit denial of communities, collectivities means *de facto* denial of common, public interest or attributing, prescribing it to non-economic, purely political sphere. But, as we said, production of public goods belongs to economic domain (sphere) though they are not tangible as physically intangible are the very producers of these goods – communities, states. The intangibility should not be confused with unreality because many social and economic phenomena have no physical representation. For instance, demand, supply, inflation are not physically sensed,

observed. The same is with communities, norms which regulate their behaviour. The state is not physical but quite real entity as well.

In its holistic understanding which contradicts well known doctrine of formulated by J. Buchanan and G.Tullock (1962), public choice differs from private choice by at least two peculiarities. Firstly, it is oriented to public, not private needs and goods, and secondly, it's based on public regimes of decision-making, on widely and systemically understood democracy.

Public choice i.e. choice oriented towards common, public good, welfare existed through the whole history of human civilization, because from the outset existed needs and wants which couldn't be satisfied by separate individual and required *supraindividual* regimes of governance. But until recently public choice was usually implemented through autocratic or authoritarian regimes. In other words, public choice was made by authorities, dominant clans, cliques, nomenclaturas, which by definition had to serve public needs welfare, because the only explanation for the need of supraindividual structures are supraindividual, common needs. But in those non-democratic political regimes the main power structures monopolized the very right to decide, what is good and what is bad for public as a whole. Sometimes this monopoly was used satisfactorily or even well, but in most cases public choice was ineffective, destructive both from individual and communal (public) perspectives. It is good reason to argue that in this sense in the past, in times of dominance, prevalence of autocratic and authoritarian regimes public choice was distorted both in terms of its contents and ways of implementation. Despite considerable improvements even in 20th century mankind was not able to cope with the problem effectively. That means that real regimes of public choice was heavily permeated by antieconomy – massive waste of limited resources and production, appearance of great deal of public bads in form of misleading theories, political strategies, unjust law and judiciary at large. Studying of the soviet and fascist system in the conceptual framework presented above would provide us with vast amount of concrete examples of such an antieconomy.

Regrettably, the collapse of the soviet system was not followed by creation formulation of the adequate doctrine of public choice and its relation to the private choice, market regimes. Eternal belief in invisible hand which is one of expressions of market fundamentalism meant and still means that our economic strategies are based on flawed, misleading perceptions of economy as a market, economy which is reduced to procurement, provision of private goods, commodities. This cognitive amputation of economy leaves public

choice beyond the scope of the interest of economic profession and is the major reason for the tragedy of the commons in the region.

Antieconomy of politics

As it was said, the politics among other things means the governance of the production (and dissemination) of public goods in form of visions, strategies, programs, decisions, laws, public institutions etc., formulation and promotion of public interests, representation of what is called republic. With the collapse of the Soviet Union and soviet system as a whole the new opportunities for Eastern and Central European (for post soviet) area opened in terms of improvement of efficiency of public choice. The regimes of public choice could be strengthened, enforced, enhanced by the democratization of public life. Totalitarian and later authoritarian character of the soviet political system was the major hindrance on the way to more balanced, sustained and less antieconomic evolution, development of the region. It was in fact decisive factor of the demise of the system itself, which could not efficiently provide neither private, nor public goods and thereby to guarantee the systemic, comprehensive welfare for the countries and for their citizens.

Many researchers imply that the very collapse of the soviet system meant automatic and rapid democratization of public life. Usually implicitly, unconsciously they accepted the notion of *instant democracy* i.e. the view that democracy is costless and could become mature and dominant automatically and speedily right after the collapse of old system. But in fact (in reality) antidemocratic instincts were deeply rooted in some quarters of the post soviet society and were and still are vividly expressed in such forms as rule by stealth, rule by obfuscation (Muller K.2001) , aggressive, militant nationalism, oligarchy, biuro pathology, mentality of cliques, clans, nepotism, inclination to high centralization and formalization of social procedures (regimes), predilection for games with rules instead of games according to rules, drive for ideological monopoly and dislike for genuine pluralism and popular feedback, adherence to the principle “might is right”, negligent attitude towards the rule of law, plutocracy and so on. Some of these antidemocratic features are widespread globally, but part of them has post soviet peculiarities.

Anyway these features of social life don't represent the true (mature) democracy and they are antieconomic by their character and consequences. Paradoxically enough despite widely accepted opinion that CEE countries experience the democratic deficit conceptual

analysis of the reasons of such a situation is quite shallow, based in many cases on the common sense rather than rigorous scientific analysis. The latter requires at least one precondition – strict definition of the very concept of democracy.

Though in social sciences, media and general public prevails the attitude that democracy is purely political phenomenon, holistically treating the concept one could discover that it is multidimensional concept which has among other and economic aspect. For holistically thinking economist *democracy is economic good* with two aspects which are making it valuable – namely costs and utility. Thus democracy is the good, but not free costless good. The production, procurement of this good requiring certain input of limited resources (human time, efforts, finance, various equipment etc.). So there is no free lunch, but there is no free, costless democracy with its multiparty system, free elections, free and responsible media as well. Namely (exactly) for this reason democracy is part of periodically, constantly reproduced national wealth, the indicator of quality of life, effectiveness, competitiveness of the country, one of the elements of *genuine progress indicator* – the new measure of systemic welfare of the societies.

In post-modern, post-industrial world democracy is not only part of national wealth it is increasingly important factor of economic development. We stress – endogenous factor. When societies mature and enter the stage of development which is called knowledge society and knowledge economy, democracy becomes indispensable prerequisite of economic success, because true democracy among other things means free and effective production, dissemination, exchange and consumption of knowledge. How to explain this thesis?

Having no ambition to give full description of democracy, because we are aware of the complexity of the task, we nevertheless will try to present the schematic, sketchy definition of democracy in its pure form. Doing this we again will use the method of idealizing abstraction which allows to present the phenomenon in its pure, ideal, perfect form. So we do, for instance, defining market. Perfect market is the mental model which is purified from alien to this phenomena elements like monopoly or government intervention. Alas, after the completion of this idealizing procedure many researchers forget that only in our minds, as a concept market is pure. In reality it is always intertwined and “mired” by elements belonging to other phenomenon among others by monopoly, community or government actions.

The same applies to democracy. Ideal, pure democracy can exist only in our minds. In reality it is marred by oligarchy, telecracy, biuro pathology and other undemocratic, non-

democratic elements. Despite this fact nowadays society should strive for strengthening, purifying of democracy, for cleaning it from alien elements.

Democracy etymologically is the authority of the people. One could add – and for the people. Simple by this concise definition democracy is in fact immensely complex. Here we will name several essential features of pure, perfect democracy:

- exist perfect conditions for formulation of public needs. That means that society developed regimes of free discussion, free exchange of views on the issue of contents of these needs i.e. pluralis;
- the whole hierarchy of state, political authorities which are by definition representatives of public interest and in ideal situation are public good are elected (not arbitrary appointed) through free, responsible, enlightened, rational, prudent elections;
- the competition between parties and individual competing for certain position in the authority structures is fair, decent, moral and based on merits, on knowledge, experience and capabilities (will) to implement true public choice by those political competitors;
- democratic system encompasses not only authority structures, but power structures as a whole, which comply with the rules and principles of democratic game (procedures). Thus parts of democratic system are not only parliaments, governments and courts, but media, business, labour unions, church etc. They all in pure democracy are contributing to the proper balancing between the needs and interests of different - individual, community, state- levels;
- all power centres participate in fair exchange of views. Not power itself, but the merit of the proposal, political position is (the measure) the basis for its acceptance;
- one of the basic criteria of value, validity of the proposal is its contribution to the relevant relationship, equilibrium between common and partial interests to the rationality and efficiency of public order understood in most general terms;
- the authority is passed over from one party to another through free and fair elections, but not by means of *coup d'etat*, plots, conspiracies, collusion.
- active approach, attitude of citizens and their (groups) communities towards public matters, active participation in the all stages of public (civic) decision making, respect to (for) public order understood in the widest possible sense.

Such are the ideals of democracy. The reality in post soviet area (space) is different. There is variety of deviations from perfect democracy, what means that CEE countries

experience the deficit (shortage) of democracy (Lazutka R. 2007, p. 78). According to “The Economist Intelligence Unit” only Czech Republic and Slovakia are fully democratic countries. Baltic countries and Ukraine belong to flawed democracies, while Russia to hybrid political regimes and Belarus to authoritarian regimes (Kekic L. 2007).

We could disagree with the methodology and some evaluations made by the unit, for instance, that Slovenia and Czech Republic are fully democratic countries, but it is difficult to confront the very ranking of the countries named and with the notion that post soviet countries travels towards democracy couldn't be explained purely by the failures of political leaders and political parties. Something more substantial is behind the deficiencies of the political regimes in the area.

One of such reasons in our view is the individualistic worldview prevailing in the region. As a result of it public needs and interests are not properly understood even by those, who have to promote and safeguard them – by politicians. When private and public interests are in conflict, very often, too often private interests win over public ones. It happens because individualistic thinking pushes public needs to fringes, margins of decision making. For instance, in Lithuanian Constitution one article talks about the untouchability of ownership. Most, even in judiciary implicitly perceive it, understands it as a defence of only private ownership with all practical consequences – the public ownership is not properly defended. If politicians, media and judiciary would send clear signal by word and by action that constitution defends *all* forms of ownership, public ownership included, the cases of shadow economy and antieconomy in this respect would be rarer (Vaišvila A. 2005).

Some other reasons of immaturity of political systems in the post soviet space are derivative from the first. If politics as a governance of the common matters is not important and exogenous to economy (and thereby to society) it could be left to itself in terms of its financing. Meagre or, especially at the beginning, no subsidies from the public funds to the political parties forced them to search for private sources of financing. Regrettably, private entities provided and provide support for parties pursuing their own, private interests. That means that political financing was conditional and private oriented. Therefore political parties became at least partly hostages of private interests. Big part of shadow and antieconomic phenomenon could be explained by this reason – by financial dependence of parties from privately oriented private sources. Having said this we do not exclude that some private money comes to party politics without preconditions to payback in one or another form.

With time the inability of authorities to defend public interest, its dependence on and closeness to business becomes more and more obvious, what enforces the dissatisfaction,

disappointment, suspiciousness and, finally, political apathy in the society. One of the outcomes is the longing for the past and eagerness for dictatorial regimes (Kornai.J. 2006). All these features of social psyche are expressions of political antieconomy, as they are public (and to some extent individual) bads which circulate in the political vicious circle.

The special element of this vicious circle is *negative (perverse) political selection* (Gyls P. 2007) which takes place when more and more people with limited intellectual and moral abilities occupy, take positions in the parliaments, governments, public administration. Instead different kinds of “saviours”, representatives, henchmen of clans and cliques, oligarchy take over (occupy) those positions. That’s not to say that all political and administrative posts are taken by such people, but such cases are widespread and in some CEE countries their portion is comparable with this in some failed democracies in Africa, Asia and Latin America. All this adds to the (volume) scale of shadow economy and antieconomy.

The mass media contributes to the political antieconomy of the CEE. In ideal, pure democracy media is the milestone, cornerstone on which regimes of formulation of public needs and interests, setting the balance between common and partial interests, positive selection of politicians and administrators and other pillars of effective political system dwells.

Despite of fact that media in the region is glorified as a guarantor of democracy, in most cases being form of business it often only imitates the defence of the public interests. It is often involved in the power struggle, represents shadow structures forms overly negative attitude to authorities² and so on. Thereby by distorting public discourse, by disseminating big amounts of disinformation, not being directly interested in fairly informing people nor being responsible for (political) outcomes of political processes, though in reality it is mighty power centre and part of the politics, it enhanced hatred toward politics and politicians – one of the reasons that capable people are not joining political parties and latter are so weak in terms of human capital possessed.

In short, media is part of truly democratic system only in the sense that it promotes harmony of public and private interests, prudence, efficiency, morality and rule of law. Otherwise as immoral, irrational part of the political system it contributes to political degradation of societies, to the expansion of antieconomy and shadow economy to politics.

² For instanse, Lithuanian mass media instead of term public finance uses the term „Finance of autoritie’s sector“. This terminological shift strengthens the antipublic, anti-tax sentiments, psychology among citizens (Kropas S. 2007).

We adhere to the principle: “Free and responsible media is the prerequisite and part of democracy, but lax, scandalized, self-glorifying media is the threat to national and sometimes to international security – the factor which in fact sustain such features of our political life as biuro pathology, cliques, clans, nomenclaturas, disdain to public matters, i.e. republic. One should keep in mind, that political responsibility of media is proportional to its power.

Conclusions

Though not only general public, but even epistemic community is of opinion that politics is not the kind of economic activities, it is. The explanation for this is the scarcity, limitedness of resources used by political actors. The latter have to economize, to strive for optimal ratio between inputs and outputs, costs and benefits. But only on rare occasions they are able to act absolutely effectively, according to principles of pure, “white” economy. That’s why in real political life there are ample, numerous examples of antieconomy, which should be distinguished from shadow or underground economy. CEE countries present special cases in this sense. This gives the opportunity to introduce the concept of political antieconomy.

They are expressed in variety of forms such as oligarchy, rule by stealth, or rule by obfuscation, marginalization of public needs and interests. CEE countries in this sense represent the special cases. In some of them the portion, the part belonging to antieconomy is relatively smaller in others it is bigger and more destructive.

In our view, there are two factors by which we could explain the differences in the influence of political bads. One of them is the cultural resilience, which means that more mature cultures which were not destroyed by soviet regimes, which, in turn, differed in individual countries in their severity could withstand the challenges of transformation and maintained relative stability in terms of culture, civilization and thereby didn’t went far from the Schumpeterian model of creative destruction. Countries with harsher soviet regimes and those, which didn’t avoid internal or external political conflicts, underwent processes which were heavily, vividly, strongly marked by antieconomic features.

Antieconomy in politics could diminish if all major power centres, first of all media, business and political parties would realize that such an antieconomy threatens the very foundations of the survival, sustainability of social systems and is against their widely understood self interest (Putnam R. 2001). The latter includes not only partial, but also

common interests. When the main private power centres will realize that they live in the conditions of hard not soft political and public constrains, one could hope the revitalization of public , among them political, regimes will take place.

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