

## **Narrative Report**

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I would like to express my gratitude for having been awarded the travel/research grant by the Centre for European Studies at Carleton University. The grant supported my research trip to Bucharest, Budapest and Brussels in order to carry out interviews for my dissertation entitled "Corruption and Rent-Seeking in Central Eastern Europe: the case of Hungary and Romania."

My specific interests concern the repercussions of corruption and rent-seeking on the economic development in Central and Eastern Europe (Romania and Hungary) in light of the experience of East Asia, and, more in particular, the transitional economy of China. Economic liberalization and the transition from plan to market in China have generated new and more pernicious forms of corruption. How does the transitional experience of East-Central Europe compare to the Chinese precedent? How did the patterns of transition and liberalization affect the attitudes of the state officials toward the nascent market? What can we learn about the relationship between rent-seeking and economic development based on these experiences? Moreover how did state officials adapt to the regulatory framework of the *les acquis communautaires*? This project seeks to answer these questions by applying a novel approach to the analysis of corruption and rent seeking.

First of all, to shed light on how corruptive patterns varied during the transition from a centrally planned socialist system to a market economy, I will distinguish between three periods: (1) pre- transition; (2) post- transition before EU accession and (3) post- transition after EU membership. In addition, my work will be grounded on a distinction between transaction (involving two or more parties) and non-transaction types of corruption (looting) and their divergent effects on growth, while concentrating on the geographical differentiation of corruptive patterns. The rationale for these demarcations is that of facilitating the construction of regional models of corruption based on the variety of opportunities and incentives to engage in corrupt behavior. These findings will be relevant for the future development of successful anti- corruption programs. In addition to its empirical significance, the dissertation will also be innovative in its methodological and theoretical aspects.

From a methodological standpoint, it will demonstrate the utility of using a collection of court cases to investigate the underlying corruptive patterns. From a theoretical standpoint, it will encourage an eclectic approach of rent-seeking, corruption and clientelism by moving away from parsimonious studies that focus on corruption and development in terms of a simple cause-effect relationship. In order to be able to answer the above mentioned questions, I have carried out a series of interviews with officials, anti-corruption institutions, NGOs, politicians and entrepreneurs. These interviews have helped me solidify the dissertation's hypothesis and provided ample qualitative evidence of how corruption in Hungary and Romania has become pernicious after transition and remains a serious problem even after EU membership. I am extremely grateful for the support of the Center of European Studies at Carleton University and the European Commission for making this amazing journey possible.