

State Capture and Party Colonization in Post-Communist Hungary. A Network
Analysis of Political-Business Logics of Action

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Abstract

This paper asks how political-business elite ties have shaped interdependencies at the organizational level in post-communist Hungary and whether they have diminished or reinforced the associated risks of state capture and politicization of economic resources. I thus analyze the evolution and co-evolution of business-political ties through interlocking directorates of Hungary's largest 3,500 companies and their affiliated 8,300 political and business elites from 1990 until 2006. The study finds that over time inequalities in access and control over economic resources have become institutionalized, and overall, the interlocking directorate system in Hungary degraded substantively, leading to less and less cooperation among its participant business companies. At the elite level, a different dynamic of tie formation is apparent than at the organizational level. These dynamics reveal that business elite employ a logic of access to politicians, while political actors employ a logic of control over organizations. By systematically comparing the changes in structure, processes, and network positions at the elite and organizational levels, the paper thus discusses similarities and differences in the timing of significant shifts in behaviour at both levels, and the implications of these changes for the institutionalization of an unequal access and control over state and market resources.

Keywords: political-business relations, Hungary, state capture, politicization, elites and organizations