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regardless of other external (potentially even unpleasant or distracting) factors.

The least important reasons that were the most rarely chosen by respondents have proven to be alternative reasons, which represent external (forced) factors. That is why we have to emphasize the fact that the majority of preschool education students and later preschool teachers are individuals who chose that course of education by themselves, based on their own wishes, interests and desires. Those internally motivated individuals are also the reason why the future quality of our institutional preschool education is not in question.

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POWER AND POSITION OF SLOVENIAN POLITICAL AND ECONOMIC ELITE AFTER TRANSITION: WHO REALLY RULES SLOVENIA?

Lea Prijon¹

Abstract

Elite are considered as promoters of progress and development in Western world and are as such a crucial factor for a society. In the article we focused on Slovenian elite while examining formation, structure, power, position and influence of economic elite. Since economic elite is closely linked with the power elite we also examined the phenomenon of interlocking directorates. They are a merge of individuals from different boards of directors of various enterprises and act as "bodies" for enhancing a company's credibility for investors, enhancing social capital, they facilitate the flow of information within companies etc. Just like Slovenian elite emerged, formed and act in a specific way, also interlocking directorates have a specific logic of operation, which is a consequence of the unique Slovenian historical situation. The subject of "observation" was thus Slovenian economic elite, being closely linked with political one and Slovenian interlocks, their formation, performance and efficiency, compared with European, US and Russian interlocks and types of economy. With this kind of analysis we tried to identify, which countries or type of economy Slovenian elite and interlocks are approaching to.

Key words: Elite, Slovenia, interlocks, historical situation

Introduction

In the article, we will deal with the Slovenian situation in the field of politics and economics from transition till nowadays. With intervening in time before the transition, when Slovenia was still part of Yugoslavia, we will try to identify, if the situation of political and economic elite changed,

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and if it did in what way. The core of the article will thus be the structure, power, position and influence of Slovenian political and economic elite on the society, as elite are considered as promoters of progress and development in Western societies. Inevitably, we will deal with the power elite, which is associated with the phenomenon of interlocking directorates. Interlocking directorates were first detected in England in 1970 in yarn industry, and did not incur as a network to facilitate corruption or abuse power. Nevertheless, they appeared as a merge of individuals from different Board of Directors of various enterprises to enhance the credibility of a company for investors. Their aim was also to facilitate the flow of information within companies, enhancing social capital, strengthening internal cohesion, etc. But, Slovenian interlocking directorates were formed in a specific way and thus have a specific logic of operation. This is due to the unique Slovenian situation, as experts believe that it has not gone through all the stages of modernization and transition, which is still not complete. As a result, Slovenian elite do not exist in the form, typical for western world, neither are Slovenian interlocks, operating like in other European countries. In order to confirm these claims, our research question is: *What is the role of Slovenian political and economic elite in Slovenian interlocks. How are they formed and how do they perform. Consequently, which countries or type of economy they are approaching to in its performance.*

The answer will be given by analyzing the formation, position and role of elite in Western society and their importance for interlocks by analyzing three of the world's main economies: European, US and Russian. For European interlocks, we chose Switzerland and Italy as representative countries. Since these economies had never experienced socialist (communist) regimes, and therefore did not go through the process of transition, we assumed that Slovenian interlock will not be consistent with them. To make our results more credible and applied, we decided to expand the "territory of theoretical research" of interlocks by also including Russian economic system. The purpose of such selection was, since Russian economy performed under the communist regime. Besides, we have analysed the economic system of the US, where interlocks are most known and present. In addition, we will also examine Slovenian governance and public administration (resources) linked with Slovenian political and economic elite and Slovenian interlocks.

Elite as a legitimate part of the society?

Society, in its simplest division consists of lower, middle and upper class – namely the elite, which is inevitably linked with concepts of power, resources, influence and (in)formal ties. In our further analysis we will concentrate and proceed from functionalist theory of social stratification,

as a basis for the formation and recognition of elite in modern developed societies. Functionalist see and interpret inequality as legitimate, through the newly established consensus of values associated with vital functions (Crompton, 1993: 1 – 7). Functionalist theory, thus recognise elite as an established part of society, which legitimacy of existence is recognized and accepted by mass, as an integral part of society. The elite is represented by the group of individuals who occupy the most important and the most influential strategic positions in the society, that give them power and opportunities of influence (Putnam, 1976) drawn from the political, economic or cultural spheres. Members of an elite have (in)indirect ownership of the means of production (economic resources), organizational skills, opportunities, political and symbolic resources (knowledge, copetences) and specific personal qualities (charisma, motivation, energy). The elite position depends on combination of all these resources (Bottomore, 1994: 6).

For the purposes of this paper it is essential to highlight the power elite, which implies individuals with the largest property of economic resources, power² and occupying the most important positions in key institutions. The latter are considered as a prerequisite for power, wealth and social prestige, from which privileged individuals (elite) draw institutional resources of power and thus provide themselves power and wealth. Not all the power is concentrated in these institutions, nor it is exercised only through their assets (Mills, 1965: 101). Power, that generates the possibility of authority (force, influence) is located in centers of power or institutional sectors, namely in the economic and political system. As these areas grow and centralize, resources of authority and their main executive power increase. This also increases the importance of their activities and relations between the fields are becoming more intense (Mills, 1965: 9).

Merging the power elite in interlocking directorates

It is essential, for elite to integrate in (in)formal groups, clubs, charitable institutions, corporations, etc. Through this, networks that provide legitimacy of elite power, are formed. Institutional position largely determines that people in higher positions will further enjoy and hold on to this positions and resources. Members of the so-called *elite circles* form a more or less coherent group, sharing the same origin, and their positions in the hierarchy of money, power and prestige are, to some extent, mutually compatible. Representatives of the elite are not necessarily the wealthiest individuals in society, but they are mostly

² Defined by Mann (1986: 6) as someone's possibility for reaching a goal (mean) with subordination of someone else and its environmental space.

located in high and/or strategic positions allowing them making decisions with long-term consequences (Mills, 1965: 6 – 13). Therefore elite are the representatives of interests of important and influential groups, which did not raised spontaneously in higher positions but through sub elite. The latter is a larger group that includes the "*new middle class*" of civilians, white-collar managers, scientists, engineers, etc. The sub elite is the vital element in society, which contributes to the stability of any political body, that depends on morality, intelligence and activity of this class (Pareto and Mosca in Bottomore, 1994: 4 – 5).

The power elite is associated with the phenomenon of interlocking directorates (also interlocks), which act as communication channels, allowing and facilitating individuals on top positions in the society, access to information between the Board of Directors within enterprises. Interlocking directorates³ "*occur when a person affiliated with one organization sits in the board of directors of another organization*" Mizruchi (1996: 271). Continuing from this definition, interlocks are directly related with power elite and therefore with monopoly, oligarchy and state capitalism (see Pannekoek, 1936). There are many reasons, both explicit and inadvertent, for interlocks to form, for example collusion, cooptation and monitoring, career advancement, and social cohesion and legitimacy. The last is associated with investments and refers to company's credibility and is, as such, the main reason for interlocks to be established. In his explicit and implicit studies of interlocks in the 70es and late 80es, Mizruchi, found that in large corporations they meant indicative cohesion within the capitalist class and allowed consolidation of business in efficient, dominant or political actors (Mizruchi, 1992: 273).

On the other hand, Useem (1984) sees interlocks as a tool for promoting the upper-class cohesion, which creates business elite. Domhoff (2006) claims that interlocking directorates were first mentioned in 1790 in England in the textile industry, in connection with the property of rich individuals, where certain individuals appeared as co-owners of the firm over the same time. Interlocks may form and act as "*by-product*" of directors preferences for recruiting experienced directors with strategy. As they form, networks emerge, which are significant for board of decision making (Davis et al., 2002: 305). Useem, who deals with

³ USA publicly traded corporations are required to have a board of directors of at least three persons. In most small, family-controlled firms, the board consist of the firm's president, relatives and/or managers, firm's attorney and a few trusted friends. Large corporations have boards with ten or more members consisting of a range of inside and outside directors (Mizruchi, 1996: 272).

networks in general, claims that the most cohesive part of the network is the so-called "*inner circle*", which is equivalent to "*economic elite*" (Useem, 1984). Inner Circle is compatible with interlocks and facilitates intercorporate ties and organizational potentials. It allows the excess of narrow, local interests of companies and facilitates the creation and implementation of a more integrated vision of the broad. Interlocks are essential for further definition of elite and represent, after Useem (1984), a key section in network of economic elite and the basis for the emergence of elite's power.

Economic elite are individuals who own means of production, managers and owners of medium-sized and big companies and corporations. These companies, their employees and owners (managers) may become important in society, especially for the political system, since they represent specific voters, which will most likely vote for the party, which itself represents an elite (Haller, 2007: 320). Consequently, also political elite becomes a crucial factor for interlocks. Political representatives have a central place in a society as carriers of the legislative function. Since the concept of *interest* is strongly connected with the concept of *power*, political representatives are seen as a political elite that is associated with the power and capacity to exercise it. In the economic sphere, the owners of capital, which have a monopoly over strategic positions and over economy operate in a network of ownership, where dictatorship and managerial positions interweave (Crompton, 1994: 192). Despite constant conflicts and struggles among elite, they cooperate whenever benefits and opportunities for exercising their power, or when a possibility for gaining resources, occur. Cooperation between elite is associated with the possibility of influencing the society and hence the stability of democratic systems. Through participation in strategic decisions, a consensus on fundamental social principles is established and maintained (Tomšič, 2008: 34, 50, 54), which facilitates control and influence of elite.

Possession of administrative resources may be an alternative for economic means of production as the basis of political power. Which is quite typical for communist countries of Eastern Europe and the countries of the former Soviet Union, where there was little or no private ownership of production assets. Officials of the ruling party and the state itself, had control over the economy, which Wittfogell called "*oriental despotism*" (Wittfogell in Bottomore, 1994: 30). The problem of policy and administration in post socialist societies is also in the fact that, the model of effective cooperation can not be applied in this societies, because of their specific characteristics (Coombes, 2001: 26). In this type of societies power and capability of political candidates (parties),

which can be addressed as political elite, can (ab)use their positions (influences, connections) within government institutions, to influence the elections, gain power and thus influence corruption. In these countries, the administrative resources are one of the major factors in most elections. But it should be stressed that similar practices are also being used in countries that are considered democratic. The more open and representative a governing systems is, the more vibrant are its civil society organizations, that can reveal abuses of power and corruption on different fields. Therefore, public accountability is one of the most important mechanisms to control corruption (Governance, Corruption and Conflict, 12), prevent abuses of power and influence that are facilitated through monopolies, trusts and other (in)formal networks. According to Rose-Ackerman (1999: 143) limiting the power of political institutions (and politicians), with independent monitoring and enforcement, can be an anti corruption strategy. Which can also be applied on controlling and preventing elite networks that could arise from or for own benefits. Public accountability and its governance is a delicate field in former socialist and communist countries that still do not have fully consolidated democracy and market economy. Thus, linking the former phenomenon with economic elite and interlocks, they can act as a tyranny of the minority in (post)socialist countries.

Further on, we will shortly examine characteristics of Swiss and Italian interlocks (as representative countries of European interlocks) and continue with analyzing Russian and US interlocks. In the next chapter we will deal with Slovenian interlocks with the purpose to answer the research question in introduction.

European interlocks: The case of Switzerland and Italy

Ginalski (2010) analysed interlocks of family firms in Switzerland and highlighted the development of a long tradition of family capitalism in the 20th century, through a database. The main purpose was to analyse the educational profile of the heirs of family business, and how it differs from the profile of "outside directors", who are not family-related with business owners. The assumption was that nepotism is not necessarily an obstacle, for heirs to properly educate and qualify for taking the management company. Swiss family capitalism (Berle and Means, 1932) was formed in the first industrial revolution and has begun to change in the second one. Family capitalism (family business) is the one in which at least 20% of members in board of directors have the right to vote, that are primary owners or heirs of the family business. Thus, in Switzerland there are 30% (of the 20 largest companies) of public companies where families have the status of business ownership. Family businesses, today still constitute a significant proportion of

business activities between the large public equity firms, controlled by financial funds (Colli, 2003).

In Italy, the study of interlocks was done by Drago et al. (2008) while analyzing the possibility of cross-shareholding and collusion between the Italian companies, which do not necessarily operate in the same sector. The focus was on Italian blue chips⁴ (representing 80% of Italian capitalization) between 1998 and 2008. Despite the fact that 101. Article of the Treaty on the Functioning of European Union (TFUE) bans gathering of independent companies or corporations for collusion to interference competition (Whish, 2009), Drago (et al., 2008) found that interlocks enabled and facilitated (informal) collusion and communication between the directors, creating conditions for controlling consumers⁵. In terms of economic agreements, Levenstein and Suslow (2008), have done empirical studies and detected an increased collusion of interlocking directorates in Italy. The Italian antitrust authority noted that in companies where interlocking culture is present, the latter is being used mostly by shareholders in order to establish coordination between enterprises for the purpose of expropriation of small shareholders (AGCM, 2010). This kind of agreements facilitate private benefits from control (Barucci, 2006). The Italian corporate governance acts on bases that major shareholders dominate costs of minority ones with cross-share holding or by alliance.

Findings of Santella et al. (2008 and 2009) imply that in Italy (and also in Germany and France) more blue chip companies are joining one another, through a small number of interlocking directorates in which Blue Chips operate in the context of the peer review. This logic is opposite to the behavior and operation of the Blue chips in the UK and USA. AGCM⁶ notes that this method of integration facilitates much more pervasive businesses operation, associated in interlocking directorates. Drago (2008) notes that these links appear to act as chords of Italian economy, including shareholders who are simultaneously employed as officers or are working in state-owned enterprises or as public concessionaire. As such, they act in bases of Weber's model, being defined as politically oriented capitalism.

Russian oligarchy

⁴ Nationally recognized, well-established, financially solid company.

⁵ The US Denate Pujo Comittee also notes that collusion limits competition. This discussion led in adoption of the Clayton Act in 1918, which specifically prohibited collusion and formation of interlocking directorates.

⁶ Autorità Garante della Concorrenza e del Mercato (www.agcm.it).

In this section we will discuss the Russian oligarchy, referring to a specific form of political (and economic) organization of Russian society. Even if, the terminus "*interlock*" will not be used, developments in the Russian market (economic system) coincides with the logic of interlocks. The Russians economic system is associated with oligarchy, more specific, it operates in bases of plutocracy, particularly characteristic from times of collapse of the Soviet Union. With the privatization after the colapse, oligarchs emerged⁷, so to speak over night (eg. Abramovich, Lebedev, Hodorokovski, Berezovsky). Menshikov (2004: 2) describes the Russian economy as oligarchic capitalism with a high concentration and monopoly of most basic industries. It is characterized by underdeveloped banking system, weak government stimulation of economy, "shrunken" social security and security infrastructure. Such a system tends towards high profit margins, it causes technological gaps, income inequality and mass poverty, preventing the formation of the middle class. The result is an extremely narrow domestic market, over-dependence on high exporting prices of mineral resources, destruction or regresion of manufacturing and high technology production. All this generates a one-sided and unbalanced economic growth in general. The main reason for such situation is the neoliberal model of market reforms and a narrow interest group of few oligarchs, who are primarily guided by the rapid enrichment. The formation and existence of oligarchs is possible where central planning exists, which allows a slow transition from a socialist to a capitalist system, and where the role of control and shock of transition to capitalism is "owned" by the state system. The latter successfully controlles the economy with long-term investments (Menshikov, 2004: 2).

But oligarchy is not linked only with Russian economic system, since Michels⁸ (1915) claimed that any political system eventually evolves into an oligarchy and called this phenomenon "*iron law of oligarchy*". Applying his ideas to modern democracies, they can transform (evolve) in oligarchy. Linking oligarchy with economic sphere (and economic elite) we can speak about the corporate oligarchy, which is a form of power owned by a small group (the elite). This elite group consists of individuals, which can operate in educational institutions, influential economic entities (like banks), commercial entities etc. Considering them as a ruling group, with resources, power and influence, oligarchic elite is able and allowed to impose strict limitations, of what constitutes an acceptable political position. Thus, politicians' careers are linked and depend on unelected economic and media elites.

⁷ On May 2004 Forbes listed 36 Russian oligarchs being worth at least 1 billion \$.

⁸ Michels compared working-class societies of Germany, Italy, and France, researching the political behavior of intellectual elite and the problem of power and its abuse.

US economy

Linking what written above, we can speak about the oligarchy (plutocracy) also existing in the US, or about the corporatocracy as defined by Sachs (2011). Domhoff (2006) gave as an example of US oligarchy, the *rule of the Bush family*. In the national economy of the United States much attention was dedicated to trusts, monopolies and other forms of oligarchy (the Sherman Act, Pujo Commission and the Clayton Act). After the expansion of insurance systems, banks bankruptcy and stock market collapse, that caused the global crisis in 2008, the integration within banks and saving banks was enabled. Which led to the rise of financial capitalism. At this time changes in definitions of elites occurred, firstly in US environment, which then globalized (Batsch, 2002), what led to the need for redefinition of power institutions within the country, as well. These were, according to Fukuyama (2004: 44 – 47), too powerful since institution's organization does not reorganize, if there is no need for such changes. Even if a society has well developed and organized institutions, the latter always generate benefits and acquisitions for some, and loss for others. Individuals occupying the strategic positions, thus tend to protect their own status (power and influence) in the society. For US nation building, Civil War and both world wars were crucial, which are the basis for national security. Nation building is strongly related to state building, which enhances the capacity of state institutions, state-society relations, and also external interventions. Nation building is a process of structuring national identity, with power of the state. The aim of nation building is the unification of the people within the same state for stable and viable political system in the long run. The terms nation building and state building, which are often used interchangeably, have different definitions in political science. Nation building is linked with national identity, state building refers to the state's institutions.

Slovenian economy and elite in process of transition and after the independence

To define, if Slovenian elite exist and how are they formed (who is the Slovenian elite), an analysis of Slovenian society is crucial. It is difficult to speak about Slovenian elite, as they were defined by Pareto, Mosca and others, or about the power elite, as defined by Mills. Slovenian society is a specific one, which has undergone the transformation (transition) in early 90es. Transition covered social, political, economic and cultural system which changed from socialism to democracy and from a centrally planned economy to a market economy. Due to specific factors and conditions which hinder the full transformation and modernization,

development of elite, as they exist in Western societies, was not possible. For this reason the neolite paradigm⁹, designed by Higley and Pakulski (in Kramberger, 2002: 49) will be used, as a basis for exploring and defining Slovenian elite. According to Higley and Pakulski, elite should be observed through the crisis regimes, where elite represent the real social groups, which are formed from different fractions in each country. At this point, individuals on strategic positions in the Slovenian political and economic sphere, will be considered as the elite, and will be discussed as such in the paper.

In short review of Slovenian economic situation of its membership in SFRY¹⁰, through the transition, till nowadays, some key issues may be drawn. Despite the fact that Slovenia was the most developed republic, among all in the former SFRY, state withdrawing from economy, was the slowest. Slovenia also lagged behind in the process of business ownership and in the allocation of resources through political market. Already during the socialist period the political system dominated the economic sphere, which was maintained through the transition process and still exists today. Such an economy and political arrangements, resulted as a slow privatization, monopolies and limited foreign competition, leading to the emergence and survival of "*red directors*". Who prospered in the domestic market, with collective actions of economic policy, and managed to retain links in politics, braided even before the fall of the socialism. Thus, on the one hand the private sector stagnated, but state enterprises have been protected on the other (Pezdir, 2008). This situation generated high levels of reproduction of socialist business elite, which economic positions were maintained (or regained) from the previous system. This, so-called "*managerial capitalism*" (Szeleny, 1996) allowed the managerial layer controlling economy's levers, because of the absence of ownership structure. Since this business or managerial elite draws and obtains its power and position from previous (socialist) system of longstanding left parties and support of mass media, we speak about the "*retention elite*" (Tomšič, 2006: 85).

Elite are an inevitable component of capitalist societies, which, based on neolite paradigm (see Higley and Pakulski above), also exists in the (post)socialist societies, but in different forms and formations. As Tomšič

⁹ The neolite paradigm is based on the classical elite theorists (Mosca, Pareto, Michels).

¹⁰ Socialistic Federative Republic of Yugoslavia (SFRJ - Socialistična Federativna Republika Jugoslavija).

(2008) defines, one of the most important function of elite¹¹ in these societies is their influence on changes in the society. Therefore, elite are seen as a generator of systemic transformations and many authors see the relationship between the opposition and the regime's elite as a crucial factor which significantly influenced and contributed to the socialist societies in transition to democratic ones (Huntington, 1993 and Gill, 2000). However, as they affect the progress of the society, elite themselves are a subject of various transformations (Tomšič, 2006: 73). After the collapse of socialist systems of societies involved in transition, an "*institutional vacuum*" (Lijphart and Waisman, 1996) or "*creative chaos*" (Ágh, 1994) emerged. This allowed the actual actors, keen of political changes and the creation of new institutional arrangements, creativity in the society. These actors (representatives of the elite) were, in the beginning of the transition of Slovenian society, the so-called "political liberals" and "council freethinkers" (Grdina, 2003: 59).

In most industrialized countries there is a close symbiotic relationship between politicians - political elite and the economic sphere - economic elite, where they are interconnected in (in)formal networks. They are interdependent and act for personal or mutual benefits. Lensky et al. (in Prijon, 2010: 4) connects this phenomenon with societies, where political parties act as a *brokerage-type societies*¹². Politics (political ideology) is "distancing" from ordinary citizens, focusing and approaching more and more to the class that has "the possibility of speech" - higher classes (Lasch, 1995: 80 – 81). Political debate has become biased and predictable and the ideology of the Left and Right became rigid, as it is written by the upper classes, and corresponds to their interests. This generates the political myth of nowadays, reflected in the fact, that democracy defends and produces the competition between elites, which balance each other and limit each others power (Bottomore, 1994: 98 – 99).

Case study: Slovenian interlocks

We have mentioned "*red directors*", also typical for Slovenia, since after more than twenty years of independence and acquisition of quasi-market economy, examples of such recruitment still exist. In what follows, we will link this with Slovenian interlocks and analyse, how are they formed and

¹¹ Certain authors claim that there is too much emphasis on the role of elite as carriers of modernization processes in post-socialist transition (McSweeney and Tempest, 1993 and Tomšič, 2008).

¹² Pragmatic type of parties, without strong ideological commitments and well-defined political programs.

how do they perform in Slovenian territory. Afterwards, we will compliance Slovenian interlocks, whether they approach more to European, American or Russian ones (microeconomic aspect). Additionally, we will analyze Slovenian economic system (macroeconomic aspect) to detach which economic system does it approaches more in its performance. We began our analysis of Slovenian interlocks, with the general presumption: *directors, who control a greater number of other directors, have the greater impact and power* (Žerdin, 2005: 13 – 18). Or, as is claimed by Kramberger (2002), in the field of researching power, the observation object is *the power of a leading group of individuals*. On similar assumptions, Forbes's¹³ methodology of collecting data of most influential individuals in the world, is based.

As we learned from above's analysis of US, Russian and European economic systems, politics is also linked with interlocks. For this reason, in the table below (TABLE 1), we present ratio of Slovenian governments since its independence till nowadays, in order to outline the Slovenian political situation. Such an approach is relevant and necessary, if we analyse Slovenian interlocks, as already mentioned, the politics leads the economy, which is strongly related to developments in the political arena. Furthermore, we will present a study of Slovenian interlocks, starting from Žerdin's analysis of 2004, updating data for current period (april 2012).

¹³ Forbes (www.forbes.com and www.forbes.com/sites/michaelnoer/2011/11/02/the-worlds-most-powerful-people).

TABLE 1: Slovenian governments between 1990 and 2012

GOVERNMENT	PERIOD	PRIME MINISTER (PM)	PARTY AND POLITICAL ORIENTATION	PERFORMANCE OF FUNCTION AS A PM
1. Government RS	16.5.1990 – 14.5.1992	Lojze Peterle	DEMOS (right)	2 years
2. Government RS	14.5.1992 – 25.1.1993	Janez Drnovšek	LDS (left)	1 year
3. Government RS	25.1.1993 – 27.2.1997	Janez Drnovšek	LDS (left)	4 years
4. Government RS	27.2.1997 – 7.6.2000	Janez Drnovšek	LDS (left)	3 years
5. Government RS	7.6.2000 – 30.11.2000	Andrej Bajuk	SLS+SKD (right)	5 months
6. Government RS	30.11.2000 – 19.12.2002	Janez Drnovšek	LDS (left)	2 years ¹⁴
7. Government RS	19.12.2002 – 3.12.2004	Anton Rop	LDS (left)	2 years
8. Government RS	3.12.2004 – 21.11.2008	Janes Janša	SDS (desna)	4 years
9. Government RS	21.11.2008 – 10.2.2012	Borut Pahor	SD (left)	4 years ¹⁵ (unfinished mandate)
10. Government RS	10.2.2012 – current	Janes Janša	SDS (right)	current

The summary of left option governance is thus 16 years (with 5 months suspension of the right government – Bajuk) and the right option governance 6 years and 5 months (with current prime minister Janša – right). Developments on the field of country's presidents, on the other hand, is characterized only with presidents who are members or supporters of left political option. Slovenian political elite (considering only Prime ministers and Presidents of the country), is mostly tied to left political option.

Approaching to interlocks, in the table below (TABLE 2) we present findings regarding the influence and power that directors of major Slovenian companies had on others in 2004¹⁶. We made a comparison, where are they settled today and what function do they perform. The purpose of this analysis was not to identify, who (which political option) caused the economic crisis in Slovenia, but only to show the systematic structure of slovenian interlocks, that as such, according to Useem, Mizruchi and others, are a tool for promoting higher class.

¹⁴ When Janez Drnovšek was elected president of Slovenia, Anton Rop become Prime minister.

¹⁵ Borut Pahor prematurely ended the function of Prime minister after the motion. On December 4th, 2011 first early elections to the National Assembly of the Republic of Slovenia, were performed.

¹⁶ Before the first, so-called, right government that completed its mandate.

TABLE 2: Position of directors of major Slovenian companies in 2004 and today

PERSON	PARENT COMPANY (2004)	WHERE PERSON PERFORMS ROLE OF SUPERVISOR (2004) ¹⁷	COMPANY FUNCTION AND CURRENT DATA ¹⁸
BORUT JAMNIK	KAD	<ul style="list-style-type: none"> - Luka Koper - NLB - Krka - Žito - Lesnina 	<ul style="list-style-type: none"> - Pivovarna Laško, d.d. (Board of directors - Member) - PDP, d.d. (Board of directors - President) - Združenje nadzornikov Slovenije (Agent - Leadership) - Modra zavarovalnica, d.d. (Chairman of the Board)
GORAN BIZJAK	Casino Portorož	<ul style="list-style-type: none"> - SO - Sava - Zavarovalnica Triglav 	<ul style="list-style-type: none"> - CANDOR d.o.o. (Founder) - KGB, d.o.o. (Procurist - Leadership) - PCK UPVIN d.o.o. (Director) - DRUŠTVO "JADRALNI KLUB" (Agent - leadership) - Modra zavarovalnica, d.d. (Board of directors - Member)
IGOR KUŠAR	SOD	<ul style="list-style-type: none"> - Gorenje - Pozavarovalnica Sava - NLB - Merkur 	<ul style="list-style-type: none"> - TRIGLAV SKLADI, d.o.o. (Chairman of the board)
UROŠ SLAVINEC	Helios	<ul style="list-style-type: none"> - NLB - Petrol - Pozavarovalnica 	<ul style="list-style-type: none"> - GORENJE, d.d. (Board of directors - President) - HELIOS d.o.o. (Board of directors - Member) - HELIOS Domžale, d.d. (Chairman of the board) - PPG - HELIOS d.o.o. (Board of directors - Member)

¹⁷ Source 1: Žerdin, 2005: 18.

¹⁸ Source 2: Gvin.com (online database - business-information tool which provides insight into Slovenian companies and information about their leading leaders and supervisors).

		Sava - Triglav steber 1	- ŽIVA, d.o.o., Ljubljana (Founder) - KOŠARKARSKI KLUB DOMŽALE (Agent - Leadership) - ZAVAROVALNICA TRIGLAV, d.d. (Board of Directors – Deputy Chairman)
GORAN BRANKOVIČ		- SOD - Slovenijales - Terme Čatež - Paloma - Kovinoplastika Lož	- SŽ - ŽGP Ljubljana, d.d. (Board of directors - President) - AB SAD d.o.o. (Agent – Director) - AB HOLDING d.o.o. (Agent – Director) - FINIDEA d.o.o. (Founder) - GT3 GORAN BRANKOVIČ S.P. (Founder)
MARJAN KRAMAR	NLB	- Eti d.d.	- Eti d.d. (A member of board – Leadership)
MIRKO KALUŽA		- KAD - Pivovarna Laško - Trimo - Iskra - Avtoelektrika - IEDC	- ISTRABENZ d.d. (Board of Directors – Deputy Chairman) - SLOVENSKO ZAVAROVALNO ZDRUŽENJE, GIZ (Director)
HELENA BEŠTER	KAD	- Helios - Zavarovalnica Triglav	NO DATA
JOŽE LENIČ	Zavarovalnica Triglav	- Triglav DZU - Intereuropa	- KRKA, d.d., Novo mesto (Board of Directors – Member) - ABANKA d.d. (Chairman of the Board - Agent)
MARJAN SOMRAK		- SOD - Mercator	- ZARJA d.o.o. Novo mesto (Founder) - CEROD, d.o.o. (Board of Directors – Member) - CASINO BLEED, d.d. (Board of Directors – Member)

Slovenian interlocks were formed in large state enterprises, where KAD and SOD¹⁹ use to dominate, as owners of the large state systems. They facilitated the formation and recruitment of leftist directors, allowing them to take over the management of enterprises and canalising capital into investments, which PAC²⁰ later redirected into left-wing interests. Law of denationalization (1991) and the Law on Slovenian Resitution Fund (1993) enabled privatization, as an opportunity to establish a market economy, but the process resulted as interlock. The latter was mainly a left-oriented association, as privatization trends failed and certificates have become worthless papers. Directors on strategic positions in business and in political circles took economic positions and generated interlocks, as we know them today²¹. A great number of Slovenian companies (their proportion of capital) are in direct state ownership or are (partially) owned by the para-statal funds (for example KAD and SOD). Thus Slovenian economic system is not autonomous and self-regulating social subsystem, and as such, strongly linked with the political subsystem. Consequently, members of the Slovenian economic elite are individuals recruited from political elite (Žerdin, 2005: 13).

By analyzing the current position of main individuals in Slovenian economy and companies, Mizruchi's theory is seen in practice. Relationships in companies constitute information channels providing, collecting and flow of data (Nahapiet, 2000: 134), allowing the formation of (friendly and business) ties. Thus, Slovenian interlocks allow the elitist group influence and control over society, as discussed already by Mills in case of power elite. Therefore in society there are certain structures, where power elite is concentrated, represented by leaders of major companies and organizations. At the same time, this relates to the classical theory of elites, which implies to their power, being manifested in the form of authority, by which they control crucial social institutions (cultural, political, economic, etc.). Members of interlocks integrate individuals with similar interests and necessary resources (money, power, social capital, information, knowledge etc.), who are interested in domination and control, enabled by their ingenuity and organization.

19 KAD – Kapitalska družba d.d. (A joint stock company, founder and shareholder Republic of Slovenia)

SOD – Slovenska odškodninska družba (A financial organization for settling obligations to beneficiaries according to the Denationalization Act and other regulations concerning denationalization of assets).

20 Group to raise funds for presidential campaign.

21 Not all companies were taken by the exclusive directors from left political option, but the majority of them were.

About recruitment and circulation of Slovenian individuals in strategic positions (political or economic) we can relate to Bernik (1989: 37), which claims that Slovenia is still under the influence of the previous system in certain areas. He defines socialist system (society) as "*half-modern society*" characterised by "*centrality of the political system*". Žerdin (2005: 22) links his results with "relatively high" rates of reproduction of Slovenian economic elite (after Adam et al.) and notes that the most influential people of different networks, even after the socialism, still recruit as they did in the previous system. Since elite recruit from political system, it "*can be understood as an indicator of slow modernization of the Slovenian society*", while adding: "*the logic of recruitment on the top hierarchy is highly political*" (Žerdin, 2005: 22). From analysis above it is also apparent that, in most cases trusts were/are form, being controlled by companies that are state monopolies (Pivovarna Laško, Telekom, Krka - which is a typical state capitalism). What implies that Slovenian economy is managed by always the same individuals holding strategic positions in state-owned or half-stataly owned business. Otherwise, also in US there are interlocks that extend in a multitude of economically very diversified companies, while lobbying at the political level in the form of PAC investments. One of such example is Warren Buffet, who declares himself as a democrat, with ownership in various companies, but with (in)direct support of PAC, for both the ruling political options²². The US way of linking national interlocks is different than their trans-national linking and expanding. In the latter business culture is adapted to the American liberal corporativism, significantly different from non US systems. The US system favors, first the economy, only then politics. While in Slovenia and also in Russia and Italy, the process is reversed, where economic system is subordinated to politics. If US owners of capital associated in interlocks with the aim of establishing the power elite and thus, increasing economic power (only than political influence), in Slovenia this role was taken by politics. Businessmen, directors, CEOs etc. were set by the ruling party in accordance with their expectations and benefits. As a result, capitalists were repalced by a democratically elected politicians, which established appropriate interlocks to manage economic power.

²² Accessed through NNDB database (<http://www.nndb.com/>). NNDB is the so-called intelligence aggregator that works on base by "tracking down" known individuals (living or dead) and offers the possibility to detect their relationship with institutions, other influential individuals, associations, etc. For present analysis, a visual tool called NNDB Mapper was used.

Even when comparing American and Slovenian history and formation of state and society, we find that in US the state (political system), with a strong international political and military influence, has developed from already established economic system and thus economic elite (Zakaria, 1998: 3 – 10). Slovenian process of nation building run in the opposite direction, after political elite established and took power, economic system began to form. The importance of politization of Slovenian economy can also be traced in the progress of democratization from the very beginning. Available economic resources and power, which were concentrated for a long time (see table 1) in left option, are difficult to reallocate among new political (liberal) option. Consequently, we still can not speak about market oriented economy, since the main administrator of Slovenian national economic wealth is the state or para-statal funds, which are under government control.

For Slovenia, some Menshikov's (2004) generalized descriptions of the Russian oligarchy, can be detached, in modified forms. Therefore, Slovenian interlocks are more comparable with Russian oligarchy mode of action in the market (for example, oil companies, metal industry, mobile phone networks, energy etc.). They diversify from the Russian ones, in a more introverted way of action. In Slovenia monopolies dominate, like financial-industrial groups with extremely indebted or inefficient banking system, there is an excessively high share of GDP in the gray economy, corruption and organized crime, excessively high number of monopolistic systems in the share of GDP, inappropriately high inequality in the distribution of income and wealth, fusion of state monopolies (in Russia - financial oligarchy), and weak management of the economy.

Slovenian economy can also be compared with state capitalism of Italy (see above-described characteristics of Italian interlocks by Drago et al., 2008). In contrast to the European interlocks, Slovenian banks are not a central element of the interlock, as it is typical for Switzerland. Slovenian banks are politically managed element (asset) by the ruling parties (coalitions). From this perspective, Slovenian similarities can be perceived also with Italian (macro) economic system. Thus, Slovenia and its political and economic system distances from the US or Swiss tradition of family interlocks. Even if some family businesses are find among the millionaires, they are not a sufficiently relevant element that would allow Slovenian economic system and interlocks to be analysed and treated as Western economy. Eventhough, Slovenia has more similarities with oligarh-state capitalism, controlled by the state apparatus, whether it has with Italian interlocks. For the latter a case study (done by Drago et al., 2008) showed that interlocks recourse to

banks, which are also owned by politicians and controlled by powerful families, who run the state apparatus, example Berlusconi (Mediaset), Di Montezemolo (Unicredit Banca), Pirelli (Intesa San Paolo, Mediobanca and Generali).

Conclusion and further reflection thoughts

All said, united with the area of (in)formal networks, we can refer to Kramberger's (2002: 42) opinion that the average decision-making power is concentrated in instrumentalized networks that have a more informal character. Informal networks have crucial importance also in privatization of public property Róna-Tas (v Prijon, 2010: 10), which is particularly relevant for Slovenia. Which was facing with contraband and complications in the processes of privatization and denationalization after the fall of socialism. Transformation of social structure and its subsystems has began before the formal transition process, which sets Slovenia in the group of countries with "*endogenous transition*". It is characterized by spontaneous privatization of state capital, enabled by the ruling elite with formal institutional changes in the organization of firms and their ownership. Despite the fact that they were essential for significant reforms for further establishment and development of market economy (Šušteršič, 1999) this led Slovenia to the critical situation.

In times of socialism Slovenian economy has been publicly owned, therefore the state was not the formal owner of the means of production. Beside incomplete and incorrect privatization, Slovenian economy is also characterized by a strong influence of interest groups in the political sphere, monopolization of markets, cartelization, tendencies for nationalist, protectionist and interventionist economic policy, which sets Slovenia on the opposite side of the capitalist countries (Pezdir, 2008: 141 – 142). For the correct privatisation procedure, a social consensus, would have been necessary (Lavigne, 1995: 157). Slovenian political and economic elite understood this processes as an opportunity of rapid encrease of wealth, power and their legitimacy, much alike the situation of oligarchs²³. The economic crisis, further encouraged by trade unions with requests for improving labor conditions, which could not be offered, by indepted enterprises, araised the mentality and culture of business's rescue, typical of the socialist times. Which is in practice shown as artificially maintaining businesses in decline (such as Mura) or as helping state companies (such as SCT, Telecom, Petrol). A large support to interlocks was given by banks, behaving in accordance with the requirements of interlocks and policy administrators. Therefore

²³ In Slovenia we can not speak about the oligarchs in Russian terms, as the amounts of capital that flow in Slovenian economy are not comparable to the quantities in Russia. The events and the way of privatization, on other hand was similar.

Slovenian PAC acts directly on the economy and the welfare state. With tycoonisation more and more politically privileged individuals appeared to the forefront, which generated corruption and, consequently, public discontent, thereby increasing the strength of the institutions that protect individuals (eg. trade unions).

Excessive state interference in the economy, "unfriendly" economic regulations, uncompromising transfers and applications of laws from European economies in the Slovenian dimensions, that did not allow the development of market due to its specificity, inhibited development of Slovenian economy. Such approaches and conditions led to economic centralization and economic malfeasance of political managers in large enterprises, who changed public ownership into private property. They have pledged property in politically regulated banks, facilitating uncovered magareial acquisitions. Enormous financial injections, that privatized companies received from Slovenian banks, have become a black hole of financial losses and a source of internal borrowing, weakening Slovenian economic status. Political and economic elite did not perform properly its duty as carriers of progress and prosperity. Instead, they were associating in (in)formal networks (interlocks), acting hand in hand, in its own interests, redeploying social property for personal enrichment and empowerment. The ruling economic elite is politically defined and recruited and by each elections increasingly polarized. Apparently, Slovenian population sympatises with such an elite, it supports it and nurtures, as it keeps granting mandates, to politicians, who manage the state property through politically motivated and controlled directors. From this perspective they do not infringe the legal rules, since their position has been enabled by legaly elected politicians.

And if there is a saying: "*No matter what you know, but who you know*" (Woolcock and Deepa, 2000: 225 – 249), this may be relevant for Slovenian situation. What is clear from the analysis of ties and influence of individuals on strategic positions in Slovenian economy. Slovenian political and economic elite act as a well-organized monopoly, which, almost like trusts, manage common property held by the ruling elite which facilitates procedures for its own benfits.

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