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TRANSITION ELITES: CATALYSTS OF SOCIAL INNOVATION OR RENT-SEEKERS (Reproduction/circulation thesis reconsidered)

ABSTRACT:

Proceeding from a synthetic overview of findings related to elite research in almost all the countries in Eastern and Central Europe, the authors try to discern the patterns of elite reproduction and /or circulation. They are especially interested in the impact of these patterns on the type and quality of democracy as well as on socio-economic modernisation. Taking Slovenia as a case study, they begin with an analysis of the multifaceted phenomenon of retention elite and draw attention to the importance of the differentiation of (political) elite and an emergent balance between dominant (retention) and new elite. As far as future process of elite formation is concerned, they argue – also polemically with authors such as Higley – that at least in the case of small social (national) systems, the model of cognitive oriented elite (or elite with high learning capacity) is more functional than the model of (pure) power and acquisitive elite.

Key words: elites, post-socialist transition, Slovenia, elite reproduction, elite circulation, democratization, socio-economic performance

1. Profiles of post-socialist political elites

Political elites in post-socialist societies are made up of individuals and groups of various social and historical origins and ideological orientations: former dissidents of diverse provenance, more or less reformist members of the ex-communist nomenklatura, members of professional groups (so-called technocrats), people from the sphere of the Church and even some members of pre-war political elites.[1]

According to some analysts, transitional political elites display several common traits, particularly exclusivity to the non-elite and a lack of professionalism.

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Consequently, societies at large regard them as unified players monopolising politics and exercising control over the whole of social life (Agh, 1996:45). However, there are many instances of opposition and conflict between various factions of elites, above all, there is competition for control of key resources by forging different social connections (search for alliances, various 'coalitions'). This means that we are in fact not dealing with unified groups.

Social conditions in the countries of the former communist bloc are to a large extent characterised by *the relationship between so-called old and new elites*, i.e., between elites derived from the ranks of the former regime and the relatively heterogeneous elites formed during the social transition. It must, however, be stressed that it is often difficult to make a clear-cut division between old and new elites. Even the former nomenklatura has in fact experienced various transformations, and part of it – at least the part that retained its position on the political scene – has embraced (at least formally) democratic principles and norms. Thus the thought and action patterns which are essentially a relic of the former undemocratic system are often present in recently-founded political parties.

Nevertheless, one of the key questions of post-socialist transformations concerns the position and role of former holders of monopolistic social power, i.e., members of former communist elites: in other words, whether and to what extent they were able to retain key social resources and thereby continue to influence the development of these societies. In view of this, there are two interpretations of post-socialist conditions. The theory of elite reproduction holds that changes in Eastern and Central Europe did not have an impact on the composition of elites, since the nomenklatura was able to stay at the top of the social structure and become the new grand bourgeoisie. According to the theory of elite circulation, however, these transformations are brought about structural changes at the top of the social hierarchy, i.e., key positions occupied by new people on the basis of new principles (Szelenyi and Szelenyi, 1995: 616)

When considering the position of the former communist elite in the new conditions, it is necessary, on the one hand, to analyse its present political role, namely to what extent it was able to stay on the political scene and retain at least a part of its power through new mechanisms of political recruitment; on the other hand, one should ascertain how much political power it was able to retain in other ways, particularly by transforming political and social capital into economic capital or other resources.

The political position of successor parties of the nomenklatura differs considerably from country to country. In countries where the communist party reformed gradually, embraced systemic changes, and was also actively involved in this process, it became an equal partner on the political scene. This holds true of the situation in Hungary, in Slovenia and partly in the case of Poland. While the former communist party elite may have lost its political monopoly, its reformed faction succeeded in ensconcing itself relatively firmly in the political arena. A definite confirmation of their successful political survival were both 1993 parliamentary elections in Poland and in Hungary in 1994, where the successor parties of the communist party won and assumed power. In both countries, however, the situation after the last parliamentary elections (in 1997 in Poland

and in 1998 in Hungary) changed, when the political parties of centre-right orientation which have no ties with the former communist party were voted back into power. Consequently, it can be affirmed that in these two countries, at least on the level of legitimate political power, a kind of balance was achieved: i.e., there is circulation among competing political elites, and the fundamental principles of parliamentary democracy are accepted by all.[2]

In the Czech Republic, however, the situation is quite different: The communist party elite – owing to its obstinate opposition to change – lost almost all legitimacy, was practically thrown out of power, and the regime quickly crumbled. Here the key roles are played by the parties of the centre-right (Citizens' Democratic Party) and of the centre-left (Social Democratic Party), which are not of communist origin (this is in fact a new political elite).[3] It must, however, be pointed out that the successor of the communist party (one of the rare parties that preserved the appellation 'communist' in its name) has been gaining ground recently. In contrast to the Czech Republic, in Slovakia members of the former communist elite in political power from 1992-98 played a significant role. However, they were ousted by a democratic coalition in the latest parliamentary elections.[4]

In the countries of south-eastern Europe (Bulgaria, Rumania, Albania and the former Yugoslavia, excluding Slovenia and Croatia) and in the countries of the former Soviet Union (excluding the Baltic states), communist party elites managed to retain their power even after the first democratic multi-party elections and to reform to a much lesser extent (even though in this case as well it accepted the system of parliamentary democracy). In this way they retained key roles in social development, which has meant a slowdown and a lack of thoroughness in systemic changes.[5] Of course in this context as well conditions differ from case to case. In Bulgaria, and later also in Romania, new political elites gained so much strength that they assumed power, thus paving the way for more radical social reforms. The two most extreme cases of continuity in terms of communist origin of political elites and modes of government are the Federal Republic of Yugoslavia (or its Serbian part) and Belarus. These are two cases of single-party rule (even though formally other parties exist) to a large extent tied to personality cult of the head of state. The ruling neo-communist elite controls most of the key positions in society, while the economic system is somewhere between state interventionism and chaotic "rule of the jungle."

The influence of the 'old elite' to a large extent depends on the behaviour of the new political elite, particularly on its relationship with the old nomenklatura and its ability to assume control over the state machinery inherited from the former regime. Thus in countries where the communist regime imploded, purges and removal of 'party personnel' were more extensive than in cases of an evolutionary or 'negotiated' type of transition (Szablowski and Derlien 1993, von Beyme 1993).

Diversity in the configuration of individual national elites, particularly in terms of balance between reproduction and circulation of holders of elite positions, is corroborated by the findings of a lengthy international comparative study on national elites conducted in several countries of post-socialist transition in the period 1990-94.[6] Although the

information on Russia, Poland and Hungary is several years old – which may seem, in view of the relatively unstable conditions of post-socialist societies (compared to Western societies) quite a long time (e.g., the political balance of power has since then changed considerably in many countries) – it nevertheless deserves our attention. In addition to the mentioned countries, the comparative study on elites was carried out also in Slovenia. (Some of its findings will be discussed at length in the following section.)

According to some interpretations, the findings do not categorically corroborate either the theory of reproduction or the theory of circulation (Szelenyi and Szelenyi, 1995: 636). It is evident that in the process of post-socialist transition no revolutionary changes occurred in this region in general. Thus a part of the old elite – mainly its bureaucratic faction – left the elite, but a large part of the elite of the late 1980s retained its key position. In addition, those who dropped out of the elite as a rule did not 'drop' very far but took up positions that still wielded some power. In some countries (particularly in Hungary and Poland), a large portion of the nomenklatura retired, which does not necessarily mean that they regressed on the social scale (many of them continued to be active as consultants, etc.). On the other hand, a large portion of post-socialist elites are made up of people who did not belong to the nomenklatura. However, in the case of these new members, usually no great 'structural shifts' occurred, as most of them came from the ranks of professionals and mid-level bureaucracy, i.e., those who at the end of the 1980s wielded at least some power (ibid. 622-624).

There is considerable continuity in Russia in terms of the level of reproduction/ circulation of elites, since over half (51%) of the members of elites in 1993 belonged to the nomenklatura in the late 1980s, while in Poland and Hungary the share of members of the nomenklatura in the new elites is lower (41% and 33%, respectively).[7] The situation is similar regarding new political elites. In Russia, just over half of the members of the new elite occupied key positions in 1988, while in Hungary the figure was one quarter and in Poland only 15%. In addition, almost 80% of the members of the new elite in Russia were members of the communist party in 1988, while in Hungary the figure is less than 30% and in Poland it is just over 20% (Fodor, Wnuk-Lipinski and Yershova, 1995: 790).

The reproduction of elites in Russia is understandable since the social changes in that country occurred slower and were less fundamental and there was also no strong counter-elite that could have pushed out the communist party personnel. Thus under conditions of relative social instability where democratic institutions do not function properly, communist party personnel have the advantage over the new players.[8] In the case of Hungary and Poland, the principle of circulation of elites has greater weight.[9] This can be accounted for by a relatively well developed civil society (in comparison to Russia) and strong political counter-elites, which defeated the former communists in the first free elections. Significant differences are noticeable in terms of the social origins of political elites in 1993 in Hungary and Poland. The percentage of Hungarian parliamentarians who came from the lower classes was negligible (only 2%), while in Poland this percentage was 25%. Thus in Hungary the new political elite is explicitly intellectually coloured, while in Poland it has a pronounced working-class character

(this is particularly due to the nature of the anti-communist opposition which had a working class base)(ibid. 793). Thus in the case of Poland there is mobility in the sense of class circulation (Hanley et al. 1996).[10]

A research study on the profile of the national elite was conducted also in the Czech Republic. Results indicate that in the case of the economic elite, the level of reproduction is quite high, while in the case of political, administrative and cultural elites we can speak of circulation.[11] However, most of the Czech elite gravitates toward centre-right parties in its political preferences (this particularly applies to the economic elite). (Srubar 1998).

One should also mention here a comparative study on national elites which has been carried out in the Baltic countries. It concludes that in the case of Baltic elites, there is a combination of continuity and change (A. Steen uses the term 'elite recirculation'). ¨While the nomenclature was largely removed from power, the younger, well educated, mid-level leaders from the former regime are continuing and are now occupying most of the top positions.¨ (Steen, 1997:166)[12]

It is thus evident that the configuration of national elites differs considerably from one post-socialist country to another, and the same is true for the balance between reproduction and circulation of elites. It is precisely the balance and relations among recently emerged factions of post-socialist elite that decisively determine the character of political regimes (primarily in terms of division of power in a society, i.e., the level of its dispersal or concentration, as well as in terms of social order as a whole.) Generally speaking, one could maintain that the stronger the civil tradition and the greater self-organisational potential a society has, the stronger counter-elite it is capable of forming, and the greater chance it has of maintaining democratic stability.

Types of elites in the post-socialist societies differ from one another in a similar way as do configurations of elites. The character of a political system in fact depends to a large extent on the type of relations among the various political elites (Field, Higley and Burton 1990, Higley and Burton 1998). This is particulary true in the case of system transformation in which elites play the role of institution-builders (Kaminski and Kurczewska 1994). In their classification, Higley, Pakulski and Wesolowski specify various types of political elites on the basis of two factors: level of integration and differentiation of elites (Higley, Pakulski and Wesolowski 1998).[13]

We may thus contend that in all the countries of the former socialist bloc, there are changes in the character of political elites and that we are no longer dealing with the ideocratic type of communist elite characterised by ideological and organisational uniformity. The configuration of political elites primarily in terms of levels of value consensus and structural integration on the one hand, and levels of social, ideological and interest differentiation on the other, varies from country to country. Higley, Pakulski and Wesolowski in their analysis of post-socialist elites observe that a consensual type of elite was formed in the Czech Republic, Hungary and Poland, that a fragmented type of elite was established in Slovakia and Bulgaria, while a divided elite emerged in Romania and Ukraine (the situation in Russia is rather unclear in this respect) (Higley, Pakulski and Wesolowski 1998).

In countries with a consensual elite, where all the key political players abide by the rules, entrenchment of long-term political stability is most likely. However, in most countries of the former Soviet Union, of the Federal Republic of Yugoslavia (Serbia and Montenegro) and in Albania, where there is practically no consensus on the fundamental norms of political activity, a specific part of the political elite is explicitly dominant. This faction of the elite usually rose from the ranks of the former communist regime (even though institutions of political democracy also exist in these countries in the form of political parties, multi-party parliament and elections). Thus the chances for succesful political transformation, meaning the establishment of stable polyarchical democracy (as well as by reforming the rest of societal spheres), are relatively small.[14]

However, it should be pointed out that consensus and quasi-solidarity among political elites could lead to clientism and the irresponsibility for national development on the part of these elites. There are even some examples from developed Western democracies that testify to this. In this light, the relationship between consensus, conflict and competition should be re-defined and a more precise typology should be formulated.

Our review of the evidence on the formation and dynamics of positional elites in post-socialist societies clearly indicates that *there is neither pure reproduction nor pure circulation but we could speak of greater inclination to one or other form in these countries*. In the case of Slovenia we will try to define more precisely these mixed forms, i.e., relations between reproduction and circulation, and their consequences for democracy and economic development.

2. Slovenia: The multilayered phenomenon of the retention elite

As we have seen in the previous chapter, the majority of research on elites in post-socialist societies has been generally of a descriptive nature; but at the same time it offers empirical evidence for further elaboration and stimulates criticism and new investigations. With a greater or lesser degree of accuracy existing research has ennumerated the characteristics of social class, demographics and values in political, economic and cultural elites. It also offers us a rough look at relations between the old and new elite, between elite reproduction and circulation. Until now less effort has been invested in linking studies of elites with theories of democracy and social development. It would appear that there exists a prevalent approach which views elites from the aspect of social stratification and mobility.[15] As the authors of this article, we are interested primarily in studying the effect of reproduction and circulation on the type and quality of democracy, the role of elites in spurring or impeding modernisation, and the creation of a competitive national system capable of international integration. Naturally in this article we cannot pursue a more extensive investigation, which might demonstrate in a theoretically convincing and systematic way how configuration and make-up of elite can shape processes of democratic decision-making and developmental

performance. However, we may offer for discussion some fragmentary but carefully considered and empirically verifiable findings. We believe that the case of Slovene elite configuration is an interesting (and intriguing) starting point for further elaboration.

Research conducted in 1995 on the Slovene functional elites in politics, culture and the business sector provides some data on the relations between old (persons who occupied high positions before 1988 and were able to preserve them) and new elite (those assuming elite positions after 1988). In fact this shows a fairly high level of reproduction. The rate of reproduction amounts on average to 77%, the highest individual level being in the business sector (84%) and the lowest in politics (66%), while in the culture it reaches 78% (Kramberger, 1998, 1999; Iglič, Rus, 1997). The authors of this research project explain these findings as follows: " We found that there was a strong continuity in the Slovenian elites but very strong fluctuations in their networks" (Iglič/ Rus, 1998: 18). They argue that: " Political changes have mainly contributed to the removal of the core of the old political elite, while less exposed parts of the political elite and nearly all economic and cultural elite were able to preserve their positions " (Iglič/Rus, 1997: 223; our translation). The other author who coordinated this research project even asserted that: "International comparisons will certainly show that the continuity of elites during the transition has been exceptionally high " (Kramberger, 1997: 15).

Here we must take into account the fact that the majority of newcomers, who account for 23% of the 1995 sample of respondents (208/899), harbour political leanings that are closer to the reformed and modernised old elite. Some 44% of the newcomers expressed a voting preference for the Liberal Democracy and the Associated List of Social Democrats, both of which have organisational roots in the old regime, while 35% of them are in favour of the new parties forming what is called the spring bloc (for the figures see Kramberger, 1998). At the very least we can say that circulation (if we can speak of it at all) has strengthened the old elite, which we could most appropriately name the retention elite because of its ability to take advantage of its inherited positions in terms of social capital and control of symbolic and material resources. This leads us to surmise the existence of an asymmetry between two pillars of the political elite. In other words: we start with a hypothesis which we will try to elaborate further about *the existence of dominant (retention) and peripheral (new) elite*. We may reinforce our conjecture with data that indicate a high level of cohesiveness in the sense of common political preferences and dominance of the retention elite both in terms of legitimate power (this is referring to some key politicians who enjoy very long mandate), as well in terms of informal influence. For example, 75% of the economic elite gravitates (regarding its voting preference) towards the political part of the retention elite, while only 16% of this elite segment gravitates towards the bloc of new parties. We see a similar but less pronounced picture in the culture elite and in the remainder of the political elite.[16]

Before we attempt an interpretation of these data, we should also set out the findings from the same investigation which show that Slovenia's retention elite is not characterised simply by a high level of reproduction, but also by an intensive fluctuation in its informal

(egocentric) networks. Just from the data we have provided it would be possible to conclude that there is a high level of accommodation among the old elite. This elite has replaced as much as 65% of its alters with more prominent contact persons (Iglič/Rus, 1997). In other words: "These results suggest that in spite of a high degree of elite reproduction in Slovenia, the elite revealed a high degree of adaptation, mainly due to radical change in their social capital: they dropped their old weak ties and replaced them with new weak ties. The primary consideration in recruitment of new weak ties was political power and prominence of a contact. In contrast, strong ties remained intact and thus represented a stable core in ego-network of Slovenian elites " (Iglič/Rus, 1998: 18).[17]

Summarizing the findings – which must be taken cum grano salis, because they are only partly reliable and comparable (there are differences in research design and sampling, some results are outdated) - concerning elite configuration in transition countries especially in some East-Central European countries (Hungary, Czech Republic, Poland) as well as in Slovenia, we can conclude that the former are closer to a model of limited circulation or combination of both forms (recirculation or reprocirculation) while the later is closer to a model of "extended reproduction". To put differently: in the case of Slovenian elite we cannot speak about simple self-reproduction in the sense that no change or transformation took place. But the fact remains that there is no balance between circulation and reproduction, and that social dynamics after the change of regime brought about elite constelation which should be the matter of multifaceted investigation.

Now we can return to the question of how to interpret the data indicating relatively high level of reproduction among Slovene elites. We have yet to witness any truly intensive discussion within the discipline of social sciences on a delicate and controversial subject (see information about similar situation in Slovak Republic in Kusa, 1997). Nevertheless, we could summarise two points of view from the debates that have erupted in recent times. According to the first, represented and revealed to the public by one of the authors of this article (Adam, 1999), the high level of elite reproduction produces a long-term malignant effect (although this possibly may not be apparent in the short term), including possible shift towards oligarchic democracy or delegative democracy (O'Donnel, 1994), and the establishment of monopolies and rent-seeking behaviour. The opposing point of view stresses the benign effect of elite reproduction, especially political stability, while at the same time relativising the significance of data indicated high level of elite continuity (Iglič/Rus, 1998, Kramberger, 1999).

We can in fact cite points of view and arguments which tend to tone down the air of drama surrounding the data on high reproduction and continuity of the old elite. The first argument is concealed within the results of research into elites in other transition countries. The national (political) elites, which reformed in the 80's and neutralised the dogmatic hardcore segment, and replacing it with technocrats, have demonstrated in the 90's a greater levels of elite reproduction and less circulation (Hanley et al., 1996). This would seem to be the case in Hungary, and to a lesser extent in Poland. Yet the data do not entirely confirm this hypothesis; they show no major differences (except in the sense of 'class reproduction') in reproduction/circulation between the Hungarian, Polish

and Czech elites. But we may certainly count Slovenia as one of those countries where the elite (especially the political and economic elite, while part of the cultural elite traditionally has already been enjoying a certain degree of autonomy) had already been modernised and liberalised to certain extent before the change of the (old) regime.

Another argument would appear to be that Slovenia is a small social system which is having difficulty attaining a 'critical mass' from which a more numerous elite might be recruited. Some believe that such systems are then condemned to reproduce one and the same elite. As some would say, the retention elite seems to be the "one elite we are capable of"; and in the coming years circulation in Slovenia is expected to get smaller, even "close to zero" (Kramberger, 1999). It is interesting that those who express these and similar opinions, which could be considered as a way to legitimate the dominant position of the retention elite, perceive this opinion as scientifically neutral; at the same time they attempt to depict those who make critical assessments of the potential dangers arising from high reproduction as "unscientific" and politically biased.

The third argument for the predominance of the retention elite is supposed to lie in the fact that Slovene society has not just gone through a process of systemic change, but has also acquired a new nation/state framework. A part of the old elite was active in the process of gaining independence, and in this way it acquired further legitimacy, which has enabled this old elite to continue in power.[18]

The fourth argument, which puts into perspective the data on high reproduction, derives from an external observer, an American sociologist who is also an authority on the study of elites, Professor Higley. In his opinion – expressed in an interview he gave for a Slovene weekly this September during the international conference on elites in Ljubljana – there is indeed a high level of reproduction of elite in Slovenia but since there has been a change of elites in power, this fact has no major problematic significance (Higley, 1999). Despite the fact that this new elite was in power for only two years (1990-1992), this period is seen as sufficient for self-transformation of the old elite, which is supposed to have become flexible and adaptable. Known as a proponent of the elite-centered approach (e.g. Higley et al., 1991), this author has already stated on other occasions that old (ex communist) elites are not impeding but instead supporting processes of democratisation in post-socialist societies (Higley, 1996; e.g. also Nagle and Mahr, 1999: 206-207, who also quoted an opposite view). Our thesis – which we will explain in more detail below – is that the old elite operates in line with democratic processes wherever there is a counter-elite and real possibility of change and rotation.

Nevertheless, it is also possible to reassess those interpretations that relativise the significance of data on the high reproduction elites in Slovenia, and to demonstrate their weakness. In regards to the first argument on modernisation of the old elite, which some interpret as a recognition of its competence, we could say that this is true only in part. It is clear from the recently (by IMD) published World Competitiveness Yearbook that Slovene managers lag behind their Hungarian counterparts in terms of quality and skills (but they are better off than their counterparts in Czech Republic and Poland). The situation is significantly more complicated concerning Slovenia's administrative elite (including the judiciary), which in terms of efficiency is in 44th place out of 47

countries(while Slovenia occupies 40th place in the general index of competitiveness). From this one concludes that this elite should go through some kind of renewal, although it is clear that there is no abundance of appropriate personnel; however, some do exist and they must be enabled to enter the elite. Circulation in terms of replacement and rotation is therefore essential, even if modest. The second argument, which refers to a small critical mass, may also be interpreted as an argument in favour of greater circulation: small social systems such as Slovenia must be very attentive to the mechanisms and criteria of selection for elite positions. They must constantly ensure the entry of new competent actors and rotation. At the same time this requires reinforcing the stratum from which the elite is recruited, i.e. the stratum of highly educated people (e.g. Geser, 1992).

We should mention in this context an additional, rather unusual assertion made by Higley, who states that "for the members of an elite, education is of secondary importance", while influence and wealth are really important (Higley, 1999: 27).[19] In Slovenia the stratum of the highly educated accounts for 15% of the entire population, although it should supposedly double in a decade. This leads us to the following conclusion: criticism of the high reproduction does not imply an anachronistic (anti-communist) witch hunt (on the old elite), but a chance to consider this issue in the light of (future) strategy of human capital management. The task of the national elite – and especially is this true in the case of small nations – is not to execute and utilize power without scruples and to collect the wealth at any cost but rather to cultivate power and to lay down the foundations for a "learning society".

The third argument on the legitimacy of the retention elite does hold water, but it cannot be an argument that in some people's understanding justifies the irreplaceability of key politicians from this elite echelon. In connection with Higley's assertion about the exchange of elites (fourth argument), we may state that it is not analytically supported by specific examples or empirical evidence. Merely short-term or token exchange of the old elite with a new one cannot guarantee democratic development.

After weighing the arguments and counter-arguments concerning the significance of the high level of reproduction of elites, we arrived at two tentative, but more or less cardinal conclusions: 1) the debate on this issue has to be understood as an analysis of the foundations for a rational strategy that might lead to a competent and educated national elite; 2) Slovenia cannot possibly do away with a part of the old elite, or rather this would make no sense, instead it can achieve an optimal (and realistic) quality of functional elite through a greater level of circulation from the potential elite (the highly educated stratum) to the elite positions. As for the political elite, the following should be pointed out. The assertion that "determining some kind of normal levels of elite reproduction is impossible" (Higley, 1999: 28) can be challenged. Instead reproduction must be so low and circulation high enough(or vice versa) as to allow for the formation of a counter-elite, which in resources and legitimacy should be comparable to the (old) elite recently in power (and vice versa). Of course this process cannot be planned, but societies which are incapable of forming two political elites – at least in the long term – cannot make any major advances in democratic development.

We cannot yet provide a final assessment of the malign or benign nature of elite configuration in Slovenia. Further analysis is needed concerning the influence of this configuration on the political system and on socio-economic performance. Yet we can already state – and discussion thus far confirms this – that this is a complex task. Despite its small size and transparency, Slovenia is in many ways a multifaceted and contradictory example of a transition society.

3. Processes of demokratisation in the light of elite reproduction/circulation

From what has been discussed previously we might derive a thesis – or hypothesis – stating that the existence of an elite and counter-elite, or rather the differentiation between elites, is one of the key structural foundations of a democratic regime. This means, however, that (excessively) high levels of elite reproduction are not compatible with democracy. Yet we must be more precise here, for this involves a polyarchic type of democracy with several centres of power and influence, marked primarily by "horizontal accountability" (O'Donnel, 1998). Oligarchic or delegative democracy refers to something else, and is characterised by a concentration of power and weak mechanisms of control and responsibility (the media, courts, an autonomous central bank, court of auditors), as well as by the weak participation of citizens. Some analysts treat the connection between democracy and elite reproduction/circulation as an implicit assumption to be taken for granted and do not even articulate it, while others simply forget about it. Others still simply mention it. Let us cite an article written by the aforementioned Higley et al.,: "Moderate degrees of elite continuity are compatible with, and apparently conducive to, democratic politics in the postcommunist period; really high degrees of continuity are associated with serious shortcomings in democracy" (Higley, Kullberg, Pakulski, 1996: 138). Yet it is not possible to determine from this quote and from further statements why (excessively) high rate of reproduction is not compatible with (polyarchic) democracy. The authors refer to the consequences stating, that a "lack of turnover in top-level political positions during and after transitions has led directly to authoritarian or semiauthoritarian postcommunist regimes" (ibid, 138). As we have seen, Higley now, several years later, asserts that in this discussion it is not reproduction that is important, but the act of changing the regime, albeit a brief one. Yet it appears that this subject is even more complicated. In order to arrive at more solid findings, we must take into account other factors influencing the constitution of a democracy resembling either to the polyarchic or oligarchic model. Of these factors – we might call them risk factors – the following are the most important:

1) Excessively high elite reproduction (insufficient circulation) prevents the emergence of a dynamic equilibrium between the (old) inherited elite echelon and (new) counter-elite.

2) Exchange (transfer) of power. Since a change of regime involving the old elite being in opposition for a given period has not occurred, this further enhances the effect of elite reproduction.
3) Longer periods of government by one political party elite. Even if in transition countries this period is not so long in comparison with established polyarchic democracies (where there are cases of three or four successive terms in power; the scandal with German CDU indicates that this factor is really risky) it still contributes to the petrification and disproportion in power and influence between governing or dominant elite and counter-elite.
4) Relationship of co-operation and competition between individual pillars (factions) of the political elite. Of course this relationship is problematic in situations of divergence and confrontation (when there is no longer consensus), but excessive consensus which undermines mutual control and existence of quasi solidarity ("esprit de corps") also hinder the operation of democratic institutions.
5) The institutional framework (environment), which either hinders or stimulates oligarchic tendencies (e.g. the parliamentary or presidential system).

Countries exposed to all the above risk factors face the largest problems regarding the development of democratic institutions. In first place are Belarus and Serbia (or rather the Federal Republic of Yugoslavia). Other examples include Slovakia and Croatia. The former had what was for a transition country a long period of rule by one (Mečiar's) party (from 1992-1998). The turnover occurred (i.e. the communist party went into opposition) when Slovakia was still a part of Czechoslovakia (in 1990-1992). In Croatia there was a change (since 1990 the former elite, which transformed itself into the social democratic party, has been in opposition), but Tudjman's HDZ has been in power for nearly ten years. Apart from this, Croatia has a presidential system which exacerbates the effects of a long period of one-party government ; and these effects are similar to those brought about by high reproduction. We have to keep in mind that retention elite is not neccessarily connected with ex-communist nomenklatura – in Croatian case the inner circle of HDZ assumed this role. After HDZ's recent election loss (in January 2000), observers will have the opportunity to monitor the process of retention elite de-construction.

If, on the other hand we look at those transition countries ranked as having achieved significant results in democratisation, we see that Hungary and Poland have quite a favourable balance between elite reproduction and circulation: a regular change of government , no overly long periods of rule by one political party elite, competitive relation among factions of political elite (although at the same time there is a basic consensus) and the political institutional framework is closer to parliamentary democracy than to the presidential system. As for the Czech Republic – which is not exposed to the factors of risk, except for factor 4 – we may have observed recently quite an intensive, yet non-transparent, cooperation in the form of a tacit agreement between Zeman's social democratic party, which is in power (in a coalition government) and Klaus's centre-right opposition party (ODS) (Cabada, 1999). This configuration of political elites, which results in insufficient mutual control, in all likelihood gives rise to difficulties

in the political sphere (dissatisfaction of citizens with the new elites and a large growth in the number of votes for the communist party), as well as to a certain extent a slowness in implementing economic reform. We may deduce from this example, as well as from other examples (Belgium, Italy up until the appearance of the "mani pulite" campaign, Japan) that the prevalence of a consensual model, especially if it prevents competition and mutual control among political elites, does not always represent a guarantee of democratic stabilisation.

As for Slovenia, we have arrived at the following conclusions. A relatively high level of reproduction has been mentioned. There has been a turnover of elites in power (in the period from 1990 to 1992, when the non-communist coalition Demos was in power), yet this change was short-lived, and the Liberal democratic party, the leading force of the (modernised) retention elite, has been in power for the last (nearly) eight years. We should add that while it is the dominant (strongest) party, it does not rule alone but in a coalition with one of the parties belonging to the new elite (currently the Ljudska stranka – the People's Party). In regard to the fourth factor, the situation is somewhat atypical. Relations between the factions of the political elite are hard to identify, for they are a mixture of conflicting, fragmented and consensual elements. Institutional solutions (Slovenia has a pure parliamentary system, proportional representation and coalition governments) in fact tend more to hinder than support developments towards oligarchic tendencies.

According to Freedom House (Nations in Transition) criteria, Slovenia falls into the prestige group of "consolidated democracies and consolidated markets", standing in fifth place behind Hungary, Czech Republic, Poland and Lithuania (and in terms of the quality of democracy it shares fourth place with Lithuania). Here we should point out that the data providing the basis for this assessment are from 1996. In the last three years the situation has changed. In some regards it has deteriorated, in particular regarding media pluralism, where we may observe the effects of monopolies originated in the previous regime (Rupel, 1999) which have been preserved by means of "wild privatisation", and more recently with the help of "deregulation" and commercialisation (Hrvatin/Kerševan, 1999). According to Council of Europe data (Report on Media Concentration), Slovenia has the highest ownership concentration in the area of (print) media in Europe (Osterman, 1999). The result of all this is that media pluralism is now weaker than it was several years ago (from 1989 to 1996).

There is clear evidence – although at the same time more discreet – of other oligarchic tendencies, or rather tendencies that testify to the inadequate structure of "horizontal accountability" (this relates chiefly to the judiciary, which has already been mentioned several times as a weak point in reports from the European Commission in Brussels). Moreover, certain reforms that may jeopardise the advantages held by the old elite are being slowly implemented (privatisation, denationalisation). On the level of political culture we may also observe phenomena which we might ascribe to the great influence of the old elite and to the persistence of certain political figures (the phenomenon of irreplaceability); this involves a latent cult of the powerful leader, and is indicated also in international value surveys (e.g. Rose et al., 1999: 111). In general we can say that

Slovenia is already demonstrating the negative consequences of a relatively high level of elite reproduction of elites and other risk factors; however, counter-tendencies also exist, and special emphasis should be given to the relatively successful socio-economic development of recent years.

4. Elite reproduction/circulation and socio-economic performance

Attention should be first drawn to the connection between democracy and economic development. Despite much research and analysis, this link is not completely explained. The following formula is well-known: "The simple answer to the question with which we began is that we do not know whether democracy fosters or hinders economic growth" (Przeworski/Limongi, 1993: 64). Yet this statement seems exaggerated, and is more an expression of methodological quandaries and of the question whether (atypical) cases should be termed exceptions that prove the rule (theory) or as cases that render the theory false. Just a small and simple test can tell us much about the nature of this connection. If we look at the twenty highest ranked countries on the Human Development Index (HDI) and in the World Competitiveness Yearbook of 1999, we may ascertain two things: first, that they are all democratic countries, and second, that the majority of them are polyarchic democracies with just a few of them that could be ranked among oligarchic or delegative democracies. In the HDI only Greece (in twentieth place) could be partly questionable, while in the index of competitiveness there are some countries among the top twenty, including the little Asian tigers of Taiwan, Hong Kong and Singapore, that have the characteristics of oligarchic or delegative democracies. From this it follows that there exists a close correlation between the economic development of countries in transition from an industrial to a post-industrial phase and democratic political institutions.

Even if we label the little Asian tigers as exceptions, they are still exceptions which prove the theory. In the majority of countries we are dealing with a balance between the elite in power and the counter-elite that facilitates their continuous rotation. Although a direct comparison with the post-socialist countries in transition is questionable, we may nevertheless state that an appropriate proportion between elite reproduction and circulation as a core of democratisation process will have a major influence on their socio-economic performance. It is true, however, that at the present moment this is still not entirely clear. Slovakia, for example, was an atypical case during the years of the Mečiar government (1992-1998) since it demonstrated a high level of economic growth (5-6%). Slovenia, too, is atypical in certain respects. Although Freedom House ranks it in the category of consolidated democracies, it is not (if we refer to Nations in Transit) among the top countries of this group; it is lagging behind Hungary, Poland and Czech Republic. It is, however, top among the transition countries, or rather among those that have EU association agreements, in terms of indicators such as GDP per capita, purchasing power and living standards.

We may nevertheless observe certain consequences of the elite continuity (especially the political and economic elite). We have already mentioned the slow implementation of certain reforms which could threaten the monopoly and advantages of the retention elite. This involves reforms that are a condition for accession to the EU, as well as reforms upon which Slovenia's further development depends. It is well-known that these reforms demand short term costs and a decline in standards of living, or reduction in economic activity. It is only after a certain "incubation" period that they start to generate incentives for more dynamic development. For this reason we may question whether Slovenia will be able (on the basis of the same policies) to maintain its good macroeconomic indicators after fulfilling the reforms and other harmonisation measures placed on it by the EU (denationalisation, privatisation of banks, pension reform, greater openness to foreign investment).[20]

On the basis of current experience we can say that the persistence of the (old-new) retention elite has (or had till now) some positive elements for development, although negative repercussions are also evident. This is not just in the sense of procrastination over reforms, which is a consequence of holding on to advantages and acquired positions as well as inertia, but also of restricting access to potential competitors, specifically to those actors who might occupy elite positions if entry would be based more on meritocratic criteria and functional autonomy of subsystems. In the case of the economic elite the fact that there are very few new entrepreneurs (mittelstand) is manifestation of this; enterpreneurs that do exist are faced with a whole range of obstacles and with very few incentives. Denationalisation is also a mechanism for generating a potential business elite, and in both cases – the same is true for the inflow of foreign capital and foreign competitors – the retention elite is trying to slow-down the reforms and legislation that could endanger its positions and monopolies. On the other hand, the economic part of the retention elite was able – thanks to the privatisation model favouring dispersed insider ownership – to introduce some restructuring measures, such as "down-sizing" and other rationalisations on the enterprise level (Stanovnik, 1999). This in general increased productivity (and of course unemployment) – Slovenia, along with Poland and Slovakia, is the only transition country that succeeded after then years to reach its 1988 GDP level. But the limits of this approach are evident; " managerial capitalists" have – with exception of some important cases – failed to bring their companies to a higher technological level and to facilitate new developmental cycle (Stanovnik, 1999). Not only is an acceleration of reforms on agenda; without technological modernisation and productive foreign capital (FDI) it will not be possible to attain long-term competitive position within the EU. A new kind of co-operation between the state (political-administrative elite) and business strategic groups that will be based on functional autonomy of both sides and free from clientelistic bonds is required.[21]

5. Discussion

The main (hypo)thesis we are trying to defend in this article is that a certain degree of circulation in the sense of rotation (and competition) between two or more factions of political elite as well as in the sense of inflow of new actors into other elite segments, is the structural condition sine qua non for the constitution of a polyarchic type of democracy and sustained socio-economic development. *The obstacle is not the persistence of old (retention) ex-communist elite in itself; nor is the question whether leftist or rightist, old or new parties are more suitable to assume power. What is at the stake is the emergence of a counter-elite and the establishment of a dynamic balance between two or more pillars of the political elite*. The emphasis is on levers of continuous replacement and exchange within political elite and an incremental inflow of a new competent actors with high learning capacity into existing or inherited economic and cultural elite. What the new democracies need is a system of horizontal accountability or check and balances mechanisms as a "soft-ware" of poliarchic model of polity.

We believe that both tasks are better to fulfil in a societal organisation in which the (above mentioned) risk factors which in extreme cases can lead toward establishment of a oligarchic democracy and "predatory state" are avoided or neutralised. In addition, in small social systems like Slovenia, dilemmas relating to the elite formation should be regarded in a rather non-politicized manner; they should to be considered as a problem of human resource management and as a matter of rational public discourse which can articulate strategic national priorities as well as shed light on the role of elite groups in this context. It is a locus communis that only indirect, contextual steering and influencing of the process of elite formation is viable, particularly by way of incentives which would increase the proportion of the high educated stratum as well as insistence on meritocratic principles as the only lever of social promotion and entry to elite positions. There is no other way of transforming the retention elite into an innovative elite and of facilitating the process of circulation. As far as the concrete situation in Slovenia is concerned, our analysis has to be considered as a "early warning" meaning that we are trying to discern latent (although for some observers quite visible) structures of power and some less promising sides of elite configuration.

NOTES

1. Attila Agh defines five characteristic transitional types of politicians: politicians of morality, politicians of historical vision, politicians of coincidence, old nomenklatura and emerging professional political elite. For more details see Agh 1996.

2. Wasilewski in an analysis of the Polish political situation argues that "a consensus about rules and codes of democratic political conduct is widely shared among Polish political elites." (Wasilewski, 1998:182) This is supposed to be true of the new elite as well as of the former communist elite. However, individual elements of the value system are often loosely linked or are mutually incompatible, and thus do not represent a sound and integrated whole.

3. According to Brokl and Mansfeldova the transformation of the Czech political elite after November 1989 underwent two phases. Following the 1990 elections, the so-called charismatic and moralist elite came to power, whose core constituted the former dissidents of 'Charter 77' (Brokl and Mansfeldova 1998). The central and most prominent representative of this type of elite is Czech President Vaclav Havel. However, this elite was replaced as early as the following elections in 1992 by an elite composed mainly of 'technocrats', that is, people with high professional qualifications who were not, on the whole, among the vehicles of the anti-Communist resistance (they were somewhere on its margins). Many of them attained a certain level of professional advancement already under communism (Brokl and Mansfeld define this group of people the 'grey zone') (ibid. 134). A typical representative of this group of people is Vaclav Klaus, the leader of the centre-right Citizens' Democratic Party and former Czech Prime Minister.
4. Thus the party Movement for a Democratic Slovakia under the leadership of former communist Vladimir Meciar remained in power until 1998 (it was characterised by many undemocratic methods of rule, similar to those of the former regime) when it was defeated by an opposition coalition. (However Meciar's party still remains the largest single political party.) This coalition is a very heterogeneous political entity dominated by forces that do not stem from the former communist ranks.
5. Nikolov speaks of the Bulgarian elite as a 'quasi-elite' since it is not composed of the former nomenklatura, while a national elite characteristic of the democratic political systems still has not been formed (Nikolov, 1998:222). Bulgaria displays a strict bipolar division of the political arena where anti-communist and post-communist factions are embodied in the Association of Democratic Forces on the one hand, and the Socialist Party on the other. The post-communist side, however, is at a considerable advantage in terms of control over key social resources. This is particularly evident in the economic sphere which is mainly dominated by the members of the nomenklatura, particularly by the members of the former Komsomol and the secret police. This is evidenced by the 1994 statistics on the Bulgarian business elite, according to which two years after the beginning of transition most of the leading businessmen (57.4%) were members of the socialist party, 19% did not belong to any party and 1.7% of them were members of the 'non-socialist' parties (ibid. 220).
6. This research study is based on approximately 40000 interviews conducted with holders of nomenklatura positions in 1988 and with the members of new political, economic, and cultural elites in 1993. In addition, a comparative sample of randomly selected members of the entire population was taken in each country.
7. We point out here that caution should be exercised when considering this information. Researchers in fact determined the scope of new elites rather arbitrarily, since they selected 600 members of the economic elite and only 400 members of the political and cultural elites in each country. The question is whether these proportions actually reflect the true conditions in a particular society.
8. The fact is that in terms of the Russian elite's character, things are not that clear. Lane and Ross maintain that the new Russian political elite is of relatively recent date since most of its members did not belong to ruling Soviet structures. They point out the relative heterogeneity of these structures at the end of the Soviet regime. A major portion of the new political elite supposedly derives from those strata of the former Soviet society which possessed intellectual resources and capabilities (primarily the intelligentsia). The fact that Russia has a relatively new political elite is borne out by the authors' data on the participation of members of the new political elite (i.e., government, parliamentary and regional elites) in the bodies of the former Soviet system establishment (this includes the communist party, the administrative machinery and the legislative bodies). Thus 46% of the members of the new political elite never took part in the ruling bodies, 22% were involved during a period of one to ten

years, and only 13% held the positions of power for over twenty years. In addition, very few members of the new political elite occupied the topmost positions of power at the time of the Soviet Union (Lane and Ross 1998). But several other scholars see the caracter of Russian transitional elite quite differently. Hanley, Yershova and Anderson hold that most of elite circulation in Russia since 1989 has taken the form of promotion of individuals from elite periphery to central positions so "elite circulation has not resulted in the emergence of new social groups in positions of power but rather the retention of command positions on the part of old privileged groups." (Hanley, Yershova and Anderson, 1995:667) Kryshtanowskaya's conclusions based on her analysis of 3610 bibliographies of Russian elite members are similar. She argues that in the period of president Yeltsin's rule new members totalled only 10% of the elite: "This means that the Russian elite is actual not so new at all. Yeltsin in fact disposes of cadres which ascended during the time of Gorbachev's reforms." (Krischtanowskaya, 1999:241) According to her data, one half of all party leaders, one third of the members of parliament, one quarter of the personnel around the president and the prime minister, and 59% of all businessmen are not ex-nomenklatura members. The local elite has the strongest nomenklatura pedigree.

9. Wasilewski's 1998 study of the current Polish elite (573 interviews were conducted with the representatives of political, administrative and economic elites), gives somewhat different results in terms of the reproduction of the Polish elite: among the new elite, there are supposedly over a quarter (27.4%) who belonged to the elite during communist rule. According to the author, this share represents a "significant reproduction of the old elite." (Wasilewski, 1999:4)
10. It is interesting to note that the data indicate a higher level of circulation within economic and cultural elites in Hungary than in Poland. In 1993, 35% of the economic and 27% of the cultural elite belonged to the nomenklatura in the 1980s in the case of Hungary, while 51% of the new economic elite and 30% of the new cultural elite belonged to the nomenklatura in Poland (53% of the new economic and 45% of the new cultural elite were made up of the former members of the nomenklatura in Russia). This is surprising considering the nature of the communist regime in both countries, since the regime in Hungary was more open than in Poland (There was a greater possibility of non-communists' participation in decision-making, greater economic autonomy and greater freedom in the arts, sciences and in the media). In addition, the counter-elite in Hungary was considerably less numerous and less organised than in Poland. The Szelenyis account for this by pointing out that members of the new non-communist ruling elites, on account of their inexperience, nurtured a greater distrust of personnel of the former regime (to whom they attributed disloyalty). For this reason they replaced them en masse with people they trusted, regardless of their formal qualifications (so-called 'administrative mobility') (Szelenyi/Szelenyi; 1995: 674)
11. 40% of the Czech transitional economic elite occupied elite positions before 1989. Of these 40%, 85% were ex-communist party members, while 57% of the new economic elite were former communist party members (The percentage of 'party members' in the economic elite is considerably greater than the percentages in the political and cultural elites). In the current managerial structures, only 23% of the managers in fact held the general manager positions before 1989, however, 50% of them were at that time deputy general managers or members of the board of directors (i.e., they belonged to a kind of second-rank managerial staff). 30% of the cultural elite held elite positions under communism. The results are similar in the case of political elite, thus displaying a relatively low level of continuity. 35% of the members of the new political elite used to be communist party members (Srubar 1998). It must be pointed out that the status of former communist party members was very different, as it is not irrelevant at which particular time an individual was a member of the communist party. For example, a large number of former party members were removed from public life after the repression of the Prague Spring, with some of them joining dissident circles. For this reason

their position is essentially different from those who loyally participated in the ruling structures until the fall of communism.

12. The proportion of the elites who were members of the Communist Party and who held high positions in former regime are: 55% in Latvia, 54% in Estonia and in 44% Lithuania (Steen, 1997:158). One reason for the smaller proportion of ex-CP members in new Lithuanian elites may be in a more pronounced left-right political cleavage (which stimulated a more critical focus on the past), while in the case of other two countries, ethnic cleavages between the indigenous and Russophone populations were prevalent. In Estonia and Latvia, an intensive de-russification of the elites occured, meaning that the ethnicity of candidates for elite positions was more important than their political background.
13. The level of elite integration is defined on the basis of two dimensions: normative (common values) and interactive (inter-communication). The differentiation of elites also has two dimensions: horizontal, which refers to the social heterogeneity, organisational diversity and autonomy; and vertical, which refers to the autonomy of elites from the pressure of the masses as well as from supra-national factors. In terms of the level of integration and differentiation of elites, there are four ideal typical kinds of elites: consensual elite (characterised by a high level of unity as well as a high level of differentiation; ideocratic elite (high level of unity and low level of differentiation); fragmented elite (low level of unity and high level of differentiation) and divided elite (low level of unity and low level of differentiation) (Higley, Pakulski, Wesolowski, 1998:3-5).
14. Sociologist Lazić, for example, observed that the economic elite's level of reproduction decreased in Serbia (in 1993 it was supposedly 65%, while in 1997 the figure was 57%), but the method of government (and thereby the management of the economy) has not changed in any respect (Mladina, 1999).
15. Here we have to mention the importance of the analytical distinction between diachronic and synchronic levels (see also Bottomore, 1969). The former refers to upward (and downward) mobility or transition of non-elite members to elite positions ("class circulation" or "class reproduction"). The latter has to deal with differentiation within (political) elite and emergence of two (or more) pillars or camps that enables the exchange of power (rotation).
16. Like in some other post-socialist countries, the political space in Slovenia is still divided into two main camps - or "familles spirituales" - consisting (conditionally speaking) of old and new parties (see, Fink-Hafner, 1994). To the camp of old parties (although they are for time being not together in government) are considered to belong United List of Socialdemocrats (ZSLD) and Liberal Democratic Party (LDS) together with two marginal parties, National Party – SNS and Democratic Party of Pensioners – Desus ;(these two parties are actually new ones, but they have ideological leaning toward the other old parties). The both leading parties have organisational roots in old (socialist) regime but later (LDS) acquired some special features. Regarding the origin of its membership is quite a heterogenous party. Its dominant core originates from former Socialist Youth Organisation which in the second half of 80s became more and more critical against the regime; it can be said that it was an opposition within the (communist) party and its members had contacts with dissident circles (opposition outside the communist party). After the regime change and the first free elections (in 1990 still in framework of Yugoslav federation), they organised themselves as a liberal party and attracted many influential people from the old regime such as top managers, high civil servants, politicians and diplomats. It is interesting to note that it is considered by public opinion as a leftist party (like United List-ZLSD) and it has never denied its ties with previous regime. In this sense is a typical retention party. But now this became a problem, at least in the eyes of its leader, Mr. Drnovšek who is trying to transform his party into a centre party and to make it more conservative and less leftist (see an interview with him in Saturday Supplement of Delo, December, 31. 1999). According to his statement, he doesn't consider

"his party as a party of continuity…at least partly this is not a party of continuity" (from the record of his meeting with intellectual circle of Nova revija). But it is very difficult to say if this view is wishful thinking or a "self-fulfilling prophecy". On the other hand it is quite clear that political sphere and party structures will soon experience some substantial changes (partly due to the new, majoritarian voting system).

The Liberal Democratic party is the dominant (and governing) party in Slovenian political arena since 1992, and according the public opinion polls, has good chances for the next election period (2000-2004). The former (informal) leader of United list (ZLSD), Mr. Kučan, has been president of republic for ten years and at the end of his mandate will have been in the highest office for twelve years. If we add four years of political activity in previous regime (he was a party leader since 1986), he has one of the longest political careers among (East) European politicians.

The other bloc of new parties, also known as the spring parties, consists of tree parties, Christian Democrats (SKD), the People's Party (SLS) and the (new) Social Democrats (SDS). As we have seen from the data they have very little support from other elite segments, including intellectuals and those in academic sphere (see, Fink-Hafner, 1994). There are many reasons for this: they are facing very strong opponents (retention elite) and their leaders often do not carry out actions and strategies necessary to mobilise public opinion and to improve their reputation. In this regard it is very important to refer to the phenomenon of "cultural struggle", but we cannot go here in details (see Adam, 1999). This will partly change with the pluralisation of media space . Two of these parties (SKD and SLS) are now in the process of unification and it seems that that they will form together with SDS a more integrated camp.

17. Here we should mention another aspect of accommodation, involving the capacity to co-opt parts of the new elite. For example in 1994 a small, but very significant section of members of two parties from the new political elite (members of Demos coalition that governed from 1990 to 1992) joined the Liberal Democracy, the leading party of the retention elite. This then diminished the personnel and intellectual resources of the new elite. The dexterity of the retention elite can also be observed in its occasional co-opting in the form of setting up coalition governments (from 1992 to the present, when the Liberal Democracy has been in power, it has governed with the assistance of parties from the new elite). However, this method of governing has, in the opinion of prominent representatives of both sides, began to display its weak sides, namely slow-down of decision-making processes and clientelistic behaviour (see the statements of prime minister Dr. Drnovšek in an interview in the Sunday Supplement of Delo from 31.12. 1999).
18. Similar argument emerged in the case of Lithuania; however unlike the case of Slovenia, the strong position of old (leftist) political elite is matched by also strong new counter-elite (see, Steen, 1997).
19. It is worth mentioning here the research project on top management conducted in Germany, France, UK and USA. The findings show that educational attainment is a pre-condition for entry into this group of business elite. It is interesting to note that half of the German top managers has a Ph.D. degree and that managers from other countries graduated from prestigious (private) universities. It is true that majority of members of this elite club originates from "bourgeois" and high middle class families ; this could be considered as a very important but insufficient condition for entry into managerial elite (Hartmann, 1999).
20. Some economists point out problematic trends such as an increase of public debt, foreign indebtedness and the trade deficit (see J. Mencinger, in Saturday Supplement of Delo, December, 31. 1999). The situation is a little paradoxical since: "Relatively good economic results in 1999 have been achieved at the expense of worsening of national-economic balance and slowing-down much- needed structural reforms" (B. Kovač in Saturday Supplement of Delo, January, 8. 2000).

21. One of the strongest argument in the favour of elite circulation (and political inclusiveness) can be found in an article written by an economist from EBRD. He argues that the real problem in implementing and completing reforms in transition countries are not the losers but the winners (to some extend overlapping with retention elite), who have an incentive to preserve their rents and control of resources at the consequence of blocking reforms which endanger their rent-seeking positions. He sees the solution in frequent executive turnovers and in including the losers in decision-making process (Hellman, 1998).

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