

# THE PARENTELA IN BULGARIAN POLITY: CONFLICT AND COOPERATION BETWEEN GROUPS AND THE STATE

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## 1. Introduction

This paper summarizes some of the results of a *parentela* policy network study conducted in Bulgaria in the period of 2013 to 2015. These policy networks are models of the relationship between civil society and the state on a meso-level. The literature surrounding them queries the relations that interest groups have with political parties, the legislature and civil service. Policy network researchers are interested in how and why certain groups have better access to policy-making and at what policy-making loci they succeed. A textbook example of this approach to public policy is that of Ripley and Franklin's subgovernments (1987), based on the US context.

In 1960's, Joseph La Palombara discovered the *parentela* policy network in Italy. He observed that the Catholic Action (CA) interest group, representing the interests of Catholics, was in a much more privileged position vis-à-vis other interest groups, particularly Confindustria, the group of Italy's manufacturers, and the Italian trade unions (La Palombara 1964). That was possible due to CA's endorsement by the Christian Democratic party (DC), given the former's ideological proximity and electoral resources (La Palombara 1964). More importantly, however, the influence of Catholic Action over other groups on the policy-making process stemmed from its ability to make new or utilize existing party political appointments. The DC, in turn, intervened in the bureaucratic policy-making process in the interest of Catholic Action by making political appointments, some nominations of which came directly from the CA.

This study addresses a number of implicit and explicit questions that follow from La Palombara's. Given that the concept has been under-researched, the implicit question regarding the *parentela* appears to be whether such relations still exists today and if so, has anything changed? Only Greer (1992), Yishai (1992) and La Palombara (1964) have researched this particular policy-making relationship. It appears that the concept might have lost its appeal. However, following the literature, the explicit question is: what causes the *parentela*?

For this reason, the present study sets out to determine whether any such relationship exists in Bulgaria and, if so, what would have led to the *parentela*. La Palombara (1964: 316) argues that hegemonic political parties cause the *parentela*. The research of Greer (1994) and La Palombara (1964) seems to support a correlation between these two entities. Yishai's case study on Israel in the 1980's, however, revealed that Israeli polity was characterized by hegemonic political parties even in the absence of a *parentela*.

Ascertaining whether there is indeed a parentela in the Bulgarian polity in the clear absence of party hegemony was, therefore, the prime reason behind selecting Bulgaria as a case.

The present report, therefore, argues that La Palombara's original parentela (or "later type 1") exists today. It examines a case of Bulgarian public tender legislation, wherein a ruling party can intervene in the bureaucratic process to predetermine the outcome of public tender auctions in favor of the offer made by the party insider group. Observing the implementation of this legislation in the Bulgarian construction sector, this study reveals La Palombara's parentela in action.

Moreover, the study also claims the discovery of new parentela dynamics, which can be seen as a variation of the original model. These dynamics ("later type 2 parentela") rest on the party-group cooperative dynamics and also are facilitated by party political appointments. Accordingly, the party interferes in the business operations of its party insider's market competitors via prejudiced regulatory inspections. Essentially, given political appointments, regulatory organs are forced to establish (or invent) malpractice in the conduct of the party insider's market competitors. The purpose is to collect any evidence that would justify suing the targeted outsider businesses or the rescission of their licenses of operation to the point of bankruptcy or market incapacitation. The following section will discuss the concept of the parentela, while section 3 will review the study's methodology. Sections 4 and 5 will reveal, respectively, the results of the study and their implications on democracy.

## **2. Definition and Classification of the Parentela**

Policy networks model the relationships between groups and state policymakers. Earlier attempts at defining them have failed to produce a consistent and coherent definition wherein the generic term does not overlap with any of its (sub-)types (Borzel 1998: 254; Compston 2009: 7; Jordan and Schubert 1992; Rhodes and Marsh 1992; Peterson 2003; Ripley and Franklin 1987: 8; Jordan 1990: 319-320, 322, 324; Richardson and Jordan 1979: 98, 101-105; Hay 1998; Hecl 1978; Richardson 2000; Gais et al 1984; Dowding 1995; Kenis and Schneider in Jordan and Schubert 1992: 12; Pappi and Henning 1998). The definition of policy network used in this study is based on Hanf's view (in Jordan and Schubert 1992: 11): "[...] that policy making includes a large number of public and private actors from different levels and functional areas of government and society." To that conception, the present study would also add: "...and their relationship formats." In the view of the present author, a policy network is essentially a collection of public and private actors involved in the formation of a given policy locked, however, in a specific relationship. Some policies may be the result of close cooperation among a few low-profile participants, closed within the civil service. Others, on the other hand, could be the product of a public confrontation between a large number of NGOs and policy-makers. Still further, others may be somewhere in between these two extremes, although the literature has not advanced so far to distinguish nuanced middle-cases.

In any case, a specific relationship format is equivalent to a specific policy network type. This view echoes Dowding's perspective that "Networks are distinguished one from another by the relations between the actors" (Dowding 1995: 152). Ultimately, the

definition of the term *policy network* has to be neutral enough to allow one to distinguish types of policy networks that neither overlap with the generic term *policy network*, nor with any of its types. A generic policy network definition, in other words, must allow us to classify policy network types.

The present study, therefore, also develops a system of policy network classification in which each relationship is described from the perspective of the group. This is not only an attempt to contribute to an earlier body of literature describing such an effect but also to operationalize the term *parentela*. Based on the existing literature, the study systematically describes and classifies the *parentela* and the other known policy-network types (Anglo-Saxon branch, as per Borzel 1998) according to five features or descriptors (Atkinson and Coleman 1989; van Waarden 1992; Marsh and Rhodes 1992; Jordan and Schubert 1992; Adam and Kriesi 2007; Jordan 1990: 329; Jordan and Schubert 1992: 14-15, 18, 24; Thatcher 1998):

1. Degree of Access: This describes the extent to which a group has privileged access in the respective policy venue. For example, a group is said to have *core insider* access to the civil service when it is regularly invited to consultations on issues with a large effect on the society. Those who are less so are labeled *peripheral insiders* and those who are rejected are termed *outsiders* (Grant 1977, 1978; Jordan et al 1992; Maloney et al 1997).
2. Network Dynamics: This indicates whether there is conflict or cooperation between the group and venue policy makers. A conflictual situation usually arises when groups publicly oppose a given policy. The textbook example of such a network is Hecló's *issue network* (1978).
3. Power Ratio: This is whether the group is more powerful, less powerful or neither than the venue policy makers (e.g. van Waarden 1992: 49-50; Rhodes and Marsh 1992: 184).
4. Primary Venue: The term *venue* is borrowed from True et al (2007: 62), though the notion featured prominently in previous attempts at classifying networks (van Waarden 1992: 42-50; Atkinson and Coleman 1989: 55-59). This defines either where the network is located in the policy-making process or where it begins its existence before expanding into other venues. At present, venues include the civil service, political parties, and Parliament (and their formal or not consultative formats) and the media. As a side note, the inclusion of the media in this list suggests that policy conflicts can be enacted in the public domain through facilitated media outlets. This may entail, say, televised protest in the streets or the peaceful proclamation of policy positions that challenge the official party line.
5. Venue Scope: This is the qualitative indicator that denotes the totality of access within the venues.

In terms of the classificatory scheme above, the *parentela* stands for the cooperative relationship between the ruling party and a select (i.e., party insider) group, which allows the latter to influence the civil service through some form of party bureaucratic intervention. Although La Palombara (1964) defines the *parentela* with

reference to the Italian Christian Democratic (DC) Party, as if the term is peculiar only to the DC, it is quite clear that the term was intended to have a more general meaning (La Palombara 1964: 306):

[...] *parentela* involves a relatively close and integral relationship between certain associational interest groups, on the one hand, and the politically dominant Christian Democratic Party (D.C), on the other. [...] interest groups that enjoy that relationship can exercise considerable influence over a bureaucracy [...]

Other authors, such as Greer, seek a more formalized definition by adopting Peters' (in Greer 1994: 397) rendition on that term:

Single dominant party or faction, and in which pressure groups must gain access and legitimacy through their attachment to that particular party rather than through their ability to effectively represent a sector of the society

Note that La Palombara does not refer to party factions as part of the definition of the *parentela*, although in light of present research, this is also relevant. Therefore, the way this study employs the term *parentela* is precisely the same: a group with an insider status within the ruling party or its faction, which interferes with the bureaucratic process to its insider's advantage.

The only modification of the original term *parentela* would be to specify that this study sees groups in a much broader light. While previous studies have focused on the more tangible or formal groups, i.e., sectoral, peak, trade or professional associations or NGOs, the present study includes informal collections of private firms, companies and/or oligarchs, acting as a single unit to collectively defend their shared interests through direct engagement with the party in power. For example, a handful of corporations who collectively solicit concessions from the ruling party as a single actor are also seen as a group. The term *group*, therefore, is used here as a generic term to describe any one individual or collection of actors who seek policy-making participation. It seems unjustified to close our eyes to non-formal actors who may take an active part in policy-making. The difficulty in operationalizing this idea is not in the thinking behind it but in exposing such covert individual participants.

In terms of the network classification scheme, the *parentela* is defined as a policy network where a group has an insider access in the ruling party with whom it cooperates in a power-balanced relationship, which allows the group to dominate parts of the civil service, thus covering both venues. The *parentela* is illustrated in the table below, which classifies all major policy network models and in doing so offers a contribution to the network literature on policy network classification (Anglo-Saxon School, as per Borzel 1998):

Type of Policy Network	Descriptors															
	Degree of Access to PV			Network Dynamics		Power Ratio			Primary Venue (PV)			Scope of Venues				
	insiders		outsiders	conflict	cooperation	group overpowered	parity	group overpowering	Executive Administration	Ruling Party	Legislature	Media/Public	Executive Administration	Political Party	Legislature	Media/Public
	core	peripheral	no access													
sub-governments	X			X		X				X		X		X		
policy community	X			X		X		x				X				
prisoner insider*	X			?	?	X			x			X				
clientela	X			X			X	x				X				
issue network			X	X			X				X	X	X	X	X	
Parentela	X			X		X			X			X	X			

Figure 1: Policy network types

Figure 1 shows the benefits of network classification, namely, that classifying party-group relationships according to certain criteria allows us to discuss with greater legitimacy the existence of new policy network types other than the parentela. For example, the prisoner insider above is a speculative policy network whose existence comes from applying that classificatory scheme on the work of Wyn Grant (1977; 1978) on British interest groups. While he theorized prisoner insider as a type of insider status, the table allows us to view that relationship as a new policy-network (Grant 1977). In these unusual dynamics, semi-independent organizations are in perpetual conflict with policy-makers who tend to disregard their positions. For example, prisoner insiders could be NGOs partly funded by the state. These actors may seek to influence policies but have to take into consideration the position of their state donors. In any case, the point is that the table can be used to define and operationalize the parentela. This enables us to compare La Palombara's model to other networks and to ensure against the false novelty of purportedly new network types.

Parenthetically, there is the question of how the parentela is different from other terms such as political patronage, clientelism, trade unions or socialist parties. Let us imagine the following scenario. A European socialist government in power is in close cooperation with domestic trade unions. It is election year and trade unions demand guarantees from the socialist party in power that in exchange for its electoral support, the socialist party will honor its promises of a higher minimum wage if elected. However, because of political distrust, trade unions may request that if the party wins the elections, it will appoint key civil servants (or a minister) whom the trade union nominates. In that way, the trade union will assume direct control over the administrative departments that draft legislation of immediate concern. The parentela is simply the observation that

patronage, or clientelism, is part of the larger dynamics that extend the influence of a group standing behind the party in power. So far as patronage and clientelism are specifically concerned, in the parentela, the clients are the political appointees which then are subordinate to two masters: the party and its insider group. The notion of the parentela also extends the idea of patronage by stating that interest groups, too, can be patrons by nominating new or borrowing existing party appointees. The parentela is not a synonym for trade unions, socialist parties, or clientelism and patronage, but rather a collection of dynamics that relate to the party-group relationship, some of which include political appointments.

### 3. Methodology

This study on the parentela in Bulgaria could be seen as a replication of La Palombara's research project in the 1960s. Similar to his, the present study rests considerably on 26 interviews with elite Bulgarian policy-makers and immediate observers of the political process. This is later followed by a demonstration of the parentela in a case study. Following the example of La Palombara's work, the selected respondents in this study come from three groups that reflect the three actors comprising the parentela: civil servants, political figures, and interest group leaders. The Bulgarian study, however, has an additional respondent group, business owners, which adds to the informal (interest group) angle of the party-group relationship.

The validity of the data is measured by the extent of policy-making embeddedness of each respondent. The metrics of this embeddedness was measured with *positionality points*. Each respondent was given one *multipositionality* point for every relevant policy-making post that they held at the time of and had held prior to the interview. The study, however, also employs a *conservative positionality metric*, which gives only one point for the single highest and most relevant policy-making position that a respondent held at the time of the interview.

Finally, *temporal positionality* metrics are also used here, reflecting the time period when the respondent was most active in policy-making. This is a metric of both generalizability and validity, as it measures the extent to which conclusions derived from respondents' statements allow us to generalize about periods prior to 2013 when the study began. It is not only important from what policy-making vintage point the respondents derived their facts and positions, but also at what point in time. If two people who were active in policy-making at different times share the same viewpoints on the same question, then their statements are generalizable to that time frame. At the same time, this also increases the validity of the data because the same subjective reflection re-emerges at a different time, carried by a different person. As a side note, however, these metrics are useful only when comparing one study to another. There are no absolute temporal points around which a given study could be said to have a truly valid generalizability.

Figure 2 compares both studies in terms of conservative positionality. The first column on the left refers to each of the three main parentela actor types, also denoted as *CORE*: party, administration and interest groups. The abbreviations LDR, ADV, MIN, COM, DIR, TA, B denote whether a respondent has been, respectively, the leader of a political party, adviser to a post-holder in government, minister, committee chair, director

of an agency, director of a trade association, and/or a business owner. That column also features a MISC category, which denotes the three non-policy-making respondent types that La Palombara interviewed: Journalist, Unknown and Writer. As is discussed below, the present Bulgarian study lacks such respondent types. The second column provides counts of La Palombara's respondent pool, with the assumption that his interviewees held at the time the highest and most relevant policy-making position among all positions they had held previously. The third column breaks down the Bulgarian respondent pool in the same manner.

Respondent Background	La Palombara	Bulgarian Study
	In 1964	In 2013
PARTY (Number of Mandates ONLY)	3	2
PARTY (Leader of PP)	3	4
PARTY (ADV)	0	0
<b>PARTY TOTAL</b>	<b>6</b>	<b>6</b>
MIN	0	1
COM	0	0
DIR	0	1
<b>ADMINISTRATION TOTAL</b>	<b>7</b>	<b>2</b>
GROUPS (TA director)	5	5
GROUPS (TA member)	1	0
GROUPS (B)	0	5
<b>GROUPS TOTAL</b>	<b>6</b>	<b>10</b>
<b>TOTAL CORE</b>	<b>19</b>	<b>18</b>
MISC (J and W)	3	0
MISC (U)	3	0
<b>TOTAL MISC</b>	<b>6</b>	<b>0</b>
<b>TOTAL RESPONDENTS</b>	<b>25</b>	<b>18</b>

Table 2: Conservative Respondent Pool Comparison

The table demonstrates some imbalance in the representation of the state administration. At the time of the interviews, only two Bulgarian respondents were holders of an administrative post: one a Minister and one an agency director. The main reason for this discrepancy is the reluctance of the active staff in Bulgarian ministries to participate in the study. The table does not break down the Administration category for La Palombara's study because he provides no information that could allow us to do so. In any case, the interest groups category seems to be better represented in the Bulgarian study. On the one hand, there is parity on the level of trade association directors at the time of interview, with five in each study. Giving some advantage to the Bulgarian pool, the Bulgarian study included the input of various businessmen as well. These business owners had access to

policy-making, and they were included with the goal of reflecting the views of actual businessmen with informal access to policy-making, a factor that was missing from La Palombara's study. Of political parties, there is exact parity between the two studies with six per respondent pool.

Furthermore, the Bulgarian pool does not match the Italian one in terms of total respondent counts, with 18 in the former and 25 in the latter. However, it should be noted that the Italian study features six respondents who did not have immediate policy-making involvement, i.e. journalists (J in the chart), writers (W), and those with unknown affiliations (U). So, if we take that into account, then both Italian and Bulgarian pools are comparable: 19 to 18, respectively.

Moreover, the conservative estimate does not reflect correctly the degree of embeddedness in policy-making of each respondent. Retired respondents from the Bulgarian study, discounted above, might be more experienced than their Italian counterparts, given the longevity of their careers. This is, however, assuming that the Italian respondents were young professionals and that the retirees were recent and not too removed in time from the events they were questioned about.

A multipositional description of Bulgarian respondents is also included in the present report. While there is no common base for respondent comparison across pools, Figure 3 allows us to construct a profile of the average Bulgarian elite respondent. The names in the extreme left are pseudonyms under which that person's statements are discussed in the study. The column MP notes whether that person was ever a Member of Parliament; likewise, the columns LDR, ADV, MIN, COM, DIR, TA, B note whether a respondent has been, respectively, leader of political party, adviser to a post-holder in government, minister, committee chairman, director of an agency, director of a trade association and/or a business owner. The rest of the columns measure the temporal representativity of the pool, e.g. 9091 denotes the parliament tenure during which the policy-making post was held.



Interview number	Respondent Profile															
	Party			Administration			Groups		Periods of Policy-making Activity Measured in Parliamentary Mandates							
	MP	LDR	ADV	MIN	COM	DIR	TA	B	07* 9091	36. 9194	37. 9597	38. 9701	39. 0105	40. 0509	41. 0913	42. 1317
Golemanov	1	.	.	.	.	1	.	.	1	.	.	.	.	.	.	.
Dimitrov	1	1	.	1	.	.	.	.	1	1	1	.	.	.	.	.
Kuzmanov	.	.	.	.	.	1	.	.	.	.	.	.	.	1	.	.
Georgiev	.	1	1	.	.	.	.	.	1	.	1	1	1	1	1	.
Aleksandrov	1	1	.	.	.	.	.	.	.	1	1	.	.	.	.	.
Konstantinov	.	.	1	.	1	1	1	.	1	1	.	.	.	1	1	1
Lyubenov	.	.	.	.	1	1	.	1	.	.	.	.	.	.	1	.
Nikolov	.	.	1	.	1	.	.	.	.	.	1	.	.	.	1	1
Mitrev	1	1	.	.	.	.	.	.	.	.	.	.	.	.	1	1
Bachvarov	1	.	.	1	.	.	.	.	.	.	1	.	1	1	1	.
Kirilov	.	.	.	.	.	1	.	.	.	1	1	1	.	.	.	.
Petkov	1	.	.	1	.	.	.	.	.	.	.	1	1	.	.	.
Hristov	1	.	.	1	1	1	1	.	.	.	1	1	1	1	1	1
Valentinov	.	.	1	.	.	.	.	.	.	.	.	.	.	1	.	.
Penchev	1	1	.	.	.	.	.	.	.	.	.	1	.	.	.	.
Hadzhiev	1	.	.	.	.	.	.	.	.	.	.	.	.	.	1	.
Zlatarov	.	.	.	.	1	.	1	.	.	.	.	.	.	.	.	.
Cenov	1	.	.	.	.	.	.	.	1	1	1	.	.	.	.	.
Gospodinov	1	.	.	.	1	.	1	.	.	1	.	.	.	.	.	.
Donchev	.	.	.	.	.	.	1	1	.	.	.	1	1	.	.	.
Mihailov	.	.	.	.	1	.	1	.	.	.	.	1	1	1	1	1
Rumenov	.	.	1	.	.	.	.	1	.	.	.	.	.	1	.	.
Stoyanov	.	.	.	.	.	.	1	1	.	.	.	.	.	.	.	.
Dobromirov	.	.	.	.	.	.	.	1	.	.	.	.	.	.	.	.
Petrov	.	.	.	.	1	.	1	.	.	.	.	.	.	1	1	1
Varbanov	.	.	.	.	.	.	1	1	.	.	.	.	.	.	.	.
TOTAL per sub-category	11	5	5	4	8	6	9	6	5	5	6	5	8	10	10	6
TOTAL per category	21			18			15		55							
TOTAL multimos	98															
MP	Member of Parliament											LEGEND				
MIN	Minister, ex-minister															
LDR	Leader of Pol. Party															
COM	Participated in Consultative Committees															
ADV	Adviser to Party HQ, PM, MIN, Department															
DIR	Director of a state committee/commission/agency/firm															
XX.YYZZ	Person active during respective Parliament tenure															
XX	ordinal number of the parliament															
YY	start of Parliamentary tenure															
ZZ	end of Parliamentary tenure															
36.91-94	For example: XXXVI Parliament, from 1991 to 1994															
7*	The VII Great Parliament (double seats)															
TA	Director or a member of a Trade Association															
B	Business Owner															

Figure 3: The Bulgarian elite respondent pool

In terms of profiling the average Bulgarian elite respondent of the study, this is, first, someone with most experience as an MP and central executive administrator (21 to 18). This means they have solid observations and experiences of the party-administrative relations. The group with the most party-administrative experience seems very well embedded in policy-making also because many of those respondents held at least two consecutive tenures as MPs or were active during two or more consecutive Parliaments.

The few business owners seem to have only peripheral access to policy making, primarily via their trade associations, save for Rumenov, who was a personal political adviser. Associational directors appear to have extensive experience in executive offices and the legislature, which implies a considerable depth of policy-making experience. In terms of temporal positionality, the pool, however, seems to be more representative of individuals who were most active in the period 2009-2013. However, the fact that their views complement and overlap with those of respondents from other time periods suggests high consistency and a degree of generalizability of the results for the 1989-2013 period.

Finally, the relatively low Bulgarian interviewee count (26) is reflective of the difficulty of navigating the field, as respondents generally distrusted the researcher. This difficulty is also evident in the great number of people who had to vouch for La Palombara's integrity as a researcher to prospective respondents when he did his study in the 1960s (1964: ix-xv). The present investigation was met with the same resistance from prospective respondents. Many of them saw the subject matter as dangerous to be discussed, for fear that it could be misinterpreted by the media or otherwise used against them by an unknown hostile force, i.e. an *abstract adversary*. These difficulties are discussed at length in a joint paper with Lambros Kaoullas, published in July 2015, in *Qualitative Research* (Petkov and Kaoullas 2016).

#### 4. Results

The findings here confirm the existence of La Palombara's parentela in the Bulgarian polity (as of 2013-2015) although in a slightly different, non-policy-making context. The data also allows to state that the study has found a variation of the original concept, tentatively labeled type 2 parentela. Results suggest, therefore, that the parentela has a dual purpose, or dual use. The cases of construction tenders and the use of regulatory agencies, discussed below, demonstrate that parentela relations could be used by the party and its insider for non-policy-making purposes. Facilitated by party appointees, the party could exploit its control over the bureaucracy to influence the outcome of public tender auctions where party insiders would be selected as primary state contractors.

In a new, type 2 parentela dynamic, a party's control over the civil service enables what is called here *prejudiced regulatory inspections*, which are facilitated by party political appointments. Such inspections stand for situations where the regulator is pre-determined to find evidence of malpractice in order to stall or incapacitate the business' market operations of the investigated business. According to the type 2 parentela, therefore, this form of party interference in the civil service is used to drive out the market competition against the party insider. The study posits that both parentela types could be due to the interplay of sectoral economic decline (a first *intervening variable*, or IV<sub>1</sub>) coupled with

political parties' incessant need for campaign funds (IV<sub>2</sub>), then facilitated by parties' ability to control the civil service. Whether these IVs will produce a parentela type 1 or type 2 appears to depend on specific intervening circumstances, such as whether there is a suitable public tender or whether it would be cost efficient to directly take aim at the insider's competition. The assessment of these additional intervening variables, however, was outside the scope of the study.

#### 4.1 Case Study 1: Public Tenders

Results reveal that the type 1 parentela is active in the allocation of public tenders in the Bulgarian construction sector. A review of the Law on Public Tenders (LPT) 2014 (which addresses public procurement) reveals the process through which the ruling party locally or centrally can interfere with public tender auctions in the interest of its insider. The interest in the LPT stemmed from the respondents themselves. The majority of them referred to public tenders as the most obvious form of cooperation between the ruling party and a party insider.

The parentela is locked in the interplay of articles 8(7), 19(1-4), 19(2)8, 20(1), and article 34 of LPT. This analysis was originally written with reference to amendments from October 1, 2014, although these articles remain unamended as of August 2016. Article 34 states that a Public Tender Committee (PTC) has to be convened at any time a prospective employer intends to organize a public tender. Article 34(1) states that “[t]he employer appoints a committee in order to conduct the public tender”; an employer is the state executive authority that convenes the tender (discussed below). Articles 34(2-3) also specify that the membership of the PTC has to be composed of at least 50% experts and if those are not available, those should be recruited as per article 19(2)8.

Article 19(2)8 in turn states that the (politically appointed) executive director of the Agency of Public Tenders, or AOP (Agencija po Obshtestvenite Poručki) has to maintain a list of external experts:

*[T]he Executive Director of the agency creates, maintains and updates a list of external experts for participation in the preparation and conduct of procedures for award of public tenders.*

This is a list of external experts who the APT has acknowledged as eligible to take part in the preparation of the public tender execution and the offer of a bid assessment.

The term *external*, however, might be somewhat misleading. Article 20(1)<sub>1</sub> states that external experts could be recruited from the other civil service bodies (emphasized below), in parallel to relevant trade associations and self-nominated experts:

*The list according to article 19(2)8 includes persons who have professional competence, connected with the [...] public tender, and: 1. are nominated by professional associations and organizations from the respective sector or from bodies according to article 19(2-4) from the Law on the Administration, with a notice of their professional competence, or 2. have individually submitted such a claim [...]*

In other words, at this stage of the analysis, the party-appointed head of the agency determines the list of *external* experts who can take part in the preparation and execution of public tenders. The fact that the list is called *external* and that it allows for experts from trade associations or self nominations to be included in the PTCs does not prevent the continued influence of the party through *appointed experts* (see below). According to article 20(1), it is also possible to include actual civil servants as experts. Article 19(2-4) from the Law on the Administration essentially lists all of the organs (agencies) of executive power, meaning that external experts as per article 19(2)8 could be recruited from anywhere of the politically appointed Bulgarian civil service.

In light of article 19(2)8, therefore, even if an employer resorts to individuals from the external expert list, it might be misleading to suggest that party-impartial experts are involved. When resorting to this list, the employer is not obliged to select external experts that would have been nominated by sectoral organizations. In the absence of criteria to determine one's *expert* status, anyone can be considered an "expert." Thus, coupled with a heavily politically appointed civil service, a prospective employer would tend to populate PTCs with political appointees from other sectors of the civil service posing as experts. In doing so, the PTCs will be simply a conduit of the party will in the decision on the winning public tender contract.

Kopecky and Spirova (2011) and Spirova (2012) demonstrate that there is a considerable extent of party political appointments in the civil service, which was a major part of this Bulgarian parentela study. Space, however, only allows the statement that all Bulgarian respondents confirmed the wide extent of patronage, both locally and centrally. The dominant position was that the civil service is politically subordinate to the ruling party due to political appointments, many of which were nominated by the civil service. Only one respondent disagreed vehemently, arguing that party nominations are also party of public discussion. This, however, is true but for those posts of which the public is more aware, e.g. a director of central bank, prosecutor, or minister.

The argument above, that the absence of codified criteria to determine one's expert status allows party political appointments in PTCs via the *list of external experts*, is an extension of the criticism delivered by Dr. Dancho Popov, who was one of the experts to consult the Parliamentary Committee deliberating on the October 2014 amendments of LPT (written statement, 2013, Bulgarian Parliament reference 167/27.09.2013). Popov's position suggests that party interference occurs at a much earlier stage. Article 8(7) of LPT states that prospective employers have to include experts in the execution and assessment of public tender (implying article 34), and it is only when they do not have any such experts at their disposal, that they can resort to the list of *external* ones (as per article 19(2)8 above) (article 8(7), emphasis added):

*In preparing for the procedure of granting a public tender, employers are obliged to provide for the preparation of technical specifications, the methods of assessment of offers in the documentation for tender participation [...] at least one expert who has professional competence connected with the tender object. When the employer does not have at their disposal [civil] servants who can meet the professional competence requirements, he then provides external experts from the list specified in [19(2)8].*

The crux of the matter is essentially here. According to Popov, the law implies that it is up to prospective employers to determine whether they have or not the necessary experts among their staff to carry out the public tender (2013: 1-3). This means that determining whether the civil servant and staff member is truly an expert is left to the state employer (the civil service director or local administration organizing the tender) to decide. And, in the absence of such criteria to guide this assessment, simply anyone could be branded an expert. It is therefore unlikely that any state employer would even resort to the list of external experts, which is already compromised by prospective politically *appointed experts* (discussed above), as per Popov's parlance (2013: 1-3):

*If the employers have an interest not to observe the suggestions in article 8(7), [they can] appoint an expert suitable to them [who] will establish criteria which will only be met by the desired public tender candidate. [...] We are left [to depend on] those who will nominate the experts to forego their own personal interests and to demonstrate righteousness in carrying out their mission.*

In other words, in the absence of any formal criteria defining one's *expert* status, there is nothing to prevent a prospective employer to appoint his trustee as an "expert" in the PTC. Ultimately, because they are dependent on those who have appointed them, PTC members could develop such criteria for tender participation and bid assessment, which will narrow the outcome to more or less the party's desired participant firm.

This eventuality is what is legally known as a *public form of tender manipulation*. The KZK (Komisiya za Zashtita na Konkurenciyata, Commission for Protection of Competition) Decision 570/20.05.2010 classifies public tender manipulation in two categories: *public* (employer) and *private* (contractor) (KZK570/20.05.2010: paragraph 9). According to the KZK Decision, employer-related forms of public tender manipulation could serve as a mechanism to pre-select a desired firm, i.e. party insiders. Paragraph 10 (KZK570/20.05.2010) states that the free competition of offers submitted by aspiring contractors can be inhibited by actions, inactions and legal acts that are within the legal purview of the employer, which, according to the LPT, is the civil service. Paragraph 11 (KZK570/20.05.2010) directly describes how employers can pre-determine the grant of tenders to desired firms (or party insiders as this article argues) (emphasis added):

*The public form of tender competition circumscription could be realized by the employers themselves through the introduction of discriminatory conditions and requirements on the participants at the start of public tender award procedure, which narrows the circle of potential contractors, creates unjustified access barriers to candidates, or favors in advance a specific market participant. The violation of the principle of free and loyal competition is possible when some applicants are unlawfully granted permission to enter the auction and their offers considered when in fact they should have been disqualified.*

In other words, the criteria of eligibility to participate in a tender and the criteria according to which each offer will be assessed can be worded and devised in a way so as to fit a desired firm.

The question, then is whether there is evidence of a public form of tender manipulation, particularly one facilitated by political appointments. There was recently a report issued by the Bulgarian Intelligence Service, DANS (*Dŭrzhavna Agenciya za Nacionalna Sigurnost*, State Agency for National Security) which was not made public, but which was publicly discussed by Kalin Krastev (DANS) and had its main conclusions reflected in the press (*Shumenska Zarya*, (40/12420)/27.02.2015, p2). According to Krastev, the careful selection of the members of the PTC facilitates the tacit tender pre-determination, as directed by the local party in power. He argued publicly that pre-determining the outcomes of PTC decisions in the interest of certain contractors is conducted through the skewing the criteria for tender participation and assessment of the offers made by prospective contractors. However, he stresses that this is the result of political parties influencing the work of the PTC through political appointments (emphasis added):

*Interconnectedness exists between the employer, contractor and sub-contractors where, in many cases, the servants on a governmental post exert influence on the selection of specific constructor or consortium. [...]*  
*A defining factor is that the committees are convened by servants of the respective administration which are directly subordinate to and find themselves in hierarchical dependence on persons holding governmental posts.*

This is an exact reiteration of Popov's fear that, in the absence of respective criteria, any civil servant could be appointed as an expert in PTCs and, in turn, work as a conduit of his party's will to predetermine PTC decisions and award contracts to firms close to the ruling party.

In this case, it is irrelevant whether the tender is done by the local or central administration. If the local executive, i.e. the mayor, is of one party, then all tenders organized by Local Councils (*obshtini*) will be staffed by civil servants whom he/she appoints. If a tender is organized by the central executive, then it would be the will of the party in government that will be transmitted by the respective PTCs.

The results of a study on the Bulgarian construction sector suggest that the above practice is prevalent throughout this sector. Political parties interfere in the outcome of public tenders, in order to secure the contract for their insider groups (firms). This is a major point in a study commissioned by the *Kamara na Stroitelite v Balgaria*, KSB, (Chamber of Constructors in Bulgaria) and executed by VUARR (*Vishe Uchilishte po Agro-biznes i Regionalno Razvitie*, School of Higher Education on Regional Development and Agro-Business) in 2014. The study represents the views of the construction sector in Bulgaria, with about 350 surveys featuring open- and close-ended questions (VUARR 2014: 5-11). According to the report, the second most important difficulty that Bulgarian construction firms face (indicated by 37.5% of respondents) are firms that win public tenders thanks to party political interference in their favor (2014: 16-17).

Looking closer at the qualitative data published in the annex of the VUARR report, however, one gains the impression that public forms of tender manipulation are the

number one concern (2014: 76-104). These responses are too voluminous for elaboration but a few quotations succinctly summarize the general view:

*Sometimes it happens such that the conditions are so specific to one firm that the only thing missing in the [selection] criteria is its name. (VUARR 2014: 104)*

*The construction sector is hostage to politicians. (VUARR 2014: 77)*

*Real market competition is shifted aside by the fight for maximal proximity to party political tenders. (VUARR 2014: 104)*

*The created proximity between politics and the construction sector limits free competition. (VUARR 2014: 104)*

*There is an accelerated liquidation of small construction firms through LPT and more specifically the introduced criterion of “economically most suitable technical offer.” The only result is that there remains a small number of big firms that dictate the market. Which ones they would be depends not on their technological and technical or staffing capabilities, but on whether their owner is in close relations with the ruling political party. (VUARR 2014: 101)*

Given the qualitative data the VUARR study provides, therefore, it is somewhat surprising that the report does not discuss at any length public forms of public tender manipulation. There is a considerable abundance of responses from construction work owners, who claim on the basis of their experience that the selection criteria that public tender committees implement are skewed so as to fit only the profile of the intended (party insider) firm.

In unison with the VUARR (2014) respondents, those from the present study on the parentela are overwhelming in their identification of political parties as the source of public tender auction malformation. There is no deviation from the view that political parties attempt to pre-select party insiders at public tenders in order to reciprocate for the latter's earlier campaign contributions. A considerable number of respondents argued that ruling parties are in the position to control the decisions of PTCs. The difference was in the nuances of the argument. Two active policy-makers at the time of the interviews, respondents Hadzhiev and Gospodinov, explained that insiders expect public tenders or appointments in the state administration in return for their campaign resources. Respondent Bachvarov directly admitted that party political donors approach parties with the intention of exchange for public tenders and appointments. As the respondent elaborated further, business groups see campaigns as a form of investment. If the party becomes incumbent, then the group should expect public tender in return. Respondent Gospodinov said with reference to the entire construction sector that, despite their best efforts to make the whole tender process transparent, certain amendments had been met with hostility, particularly those amendments which directly inhibit the public forms of tender manipulation. Donchev, Kirilov, Bachvarov, Gospodinov, Zlatarov, Rumenov, Dobromirov, Varbanov, and Petrov spoke with particular reference to public tenders in relation to insider groups securing insider access as a result of an exchange with ruling

political parties. The most important statement came from Donchev, who argued that the law is deliberately imprecise so as to allow the party to tilt the outcome of public tenders in favour of its insiders. Speaking as a director of a peak construction association prior to October 1, 2014, Gospodinov also stated that the LPT's imperfections allowed for party appointed experts to take part in the PTC's decisions, however, without elaborating what the process is. |

Ultimately, the Law on Public Tenders shows that it is a case of the parentela. It demonstrates the process through which a party in power can interfere in the work of the civil service, that is, PTCs, and skew the administrative output in the interest of own insiders. The case emphasizes the grave reliance the party has on own appointees and the effort in ensuring that party-approved cadres populate the critical agencies of the civil service, i.e. PTCs. This case ultimately demonstrates a classic parentela as developed by La Palombara. The following section demonstrates a second case, where a party-insider duo is at the heart of a more aggressive parentela dynamic.

#### 4.2 Case Study 2: Type 2 Parentela

The previous section emphasized the cooperative relationship between what La Palombara (1964) calls *the parente*, in the case of public tenders. A number of individuals argued that the state regulatory agencies can be used by the party in power to pressure unsuspecting businesses (outsiders) through prejudiced inspections. This means that, by making the right political appointments, the party can control the work of those state agencies that regulate and sanction businesses. Ultimately, respondents argued, certain businesses are deliberately targeted for inspection with the ill intent to find evidence of their malpractice at any cost in order to stall or discontinue their operation. The purpose is not to inspect for any possible malpractice, but to deliberately establish malpractice and on that basis intentionally incapacitate the market operations of that establishment. It is these *prejudiced inspections* which this study argues are a novel addition to La Palombara's parentela (type 1), because such practices rest on the basic parentela relationship and can be geared towards benefiting the party insiders. Prejudiced inspections, therefore, can be seen as a novel, more aggressive form of the parentela, or *type 2* parentela. They are initiated by the party-group "parents", facilitated by political appointments, but geared toward harming outsider businesses.

Speaking independently of one another, Golemanov and Kuzmanov were among the first to posit that, in parallel to policy-making, a party can intervene in order to establish and maintain the market share of an insider firm (group). Both of them argued that the objective is not only to give a one-time friendly push, but for the insider to assume a monopolistic market presence. Kuzmanov argued that it is the powers vested in political parties that make them attract businesses, who do so in the hope of expanding by extra-market means. However, as soon as a party loses the elections, their former insiders seek to assume insider status with the new party in power. The essence of power, so to speak, according to Golemanov, is the party's ability to appoint individuals in the civil service and that the longevity of more affluent groups rests on continuously ensuring the appointments of their protégées by any new ruling political party. Therefore, the fight for political power is also "a battle for that appointment and is a battle of those firms. Say, 'If



Mr. X gets appointed, I will be fine, and my firm will be fine! If not, there is a chance they will "draw the knife on me." Here, Golemanov essentially describes the core type 1 dynamics: that of making favourable nominations in the interest of the party insider. However, his statement is also indicative of another dynamic, that of retribution by the new party insiders, hence "draw the knife on me." The form of retribution is essentially prejudiced inspections.

There were also those respondents who spoke of an *offer* made by party emissaries but in the interest of the party insider. Coincidentally also involved in construction, Varbanov reported being made an offer by a party envoy who revealed himself as such. The offer acted as a condition for Varbanov to participate at a highway construction tender. If Varbanov wanted to win the tender, he would have had to sign off half of their firm to the party insider firms which competed with him for the same tender. While he did not report any repercussions against their business as a result of refusing to cooperate, he strongly agreed with the argument in principle that state agencies are used by political parties and their insiders to destabilize the outsider businesses. This response was suspicious because close observers of Varbanov's business suggest that he was the victim both of intimidation from his competition and of pressure from the control organs for a considerable time.

In any case, there are other respondents who shared the same argument. Congruent with respondent Donchev, the director of a trade association, Petrov, and their co-director argued that any amendments in the standards and licenses can be used by party insiders as a mechanism to beat their competition. According to this view, a party insider gains advantage over the competition by using their access to the party and civil service to influence a change of licenses and standards, so that only the insider group meets the new standards, hoping the competition finds it hard to adapt and exits the market (also a position advanced by Donchev).

Respondent Hadzhiev too argued that the use of regulatory agencies against certain businesses did in fact introduce a conflict between the insider versus the outsider businesses. They clarified that the main weapon is tax investigations. Along the same lines, respondent Stoyanov argued that the undue regulatory investigations did not necessarily originate from the party. He stressed a very strong suspicion that their competition uses its access to the regulatory agencies to instigate tax investigations against them. They emphasised that this was facilitated by party factions. Nikolov is another in the string of respondents who directly stated that firms out of favor are targeted for elimination and can expect to have no access or success at public tenders but expect to be visited frequently by the regulatory agencies, as exemplified by the case of respondent Rumenov below.

Accordingly, a number of respondents revealed what might appear as a party racket. This is the use of prejudiced inspections by the ruling party in order to accumulate more funds for own ends. Operating at a net profit of millions of leva, respondent Rumenov was approached by an envoy of the ruling political parties at the time, who directly offered him the opportunity to win a tender that was pending public announcement, in exchange for giving back a fraction of the moneys dedicated to the tender's execution; that would have been the party's fee for doing this favour to Rumenov. As a result of the respondent's refusal, he subsequently had to undergo a sudden barrage of inspections. Rumenov was barred from taking part in fuel-related public tenders with the direct threat that "heads will fall." He explained that the number of agencies sent to inspect

his businesses was an avid response to his refusal to engage with the party in power in biasing the outcome of fuel tenders in his favour for mutual gain. Others, however, were arguably lucky: Dobromirov stated with relief the fact that he had worked at a loss for the past five to six years, which saved him from being approached in this way.

In the same vein, Kuzmanov elaborated that, in his view, politics in Bulgaria could be described as the conflict between two large network structures: of politicians and of business. As it stands today, the political class has the instrument to subdue businesses. The power to subjugate the *economic networks*, in Kuzmanov's parlance, is in directing the behavior of the regulatory agencies. The control over the civil service enables the ruling party to extort and punish those who refuse to cooperate with the terms it offers. He further explained that, while in the past business groups may have been in a more favorable power position vis-a-vis ruling parties, this is no longer the case. Political parties and their insiders today are in the position to eliminate businesses through the use of regulatory inspections. Similarly, in Golemanov's view, the objective of each party in power is to either create or attract businesses for mutual gain: "I think politicians create firms 'on a feeding rack' who later pay them back." In his view, the party-group cooperation is entirely geared towards mutual material gain at the expense of former or concurrent rival party-business elites. Finally, at the time of writing this article, another prospective case of a type 2 parentela has come to light. A businessman from Plovdiv publicly complained that his business had been the victim of an entirely deliberate, yet legal, raid of regulatory agencies which effectively bankrupted him (Staridolski 2016). This appears to be a direct, first-hand (as with Rumenov) account of a type 2 parentela.

### **4.3 Causes for Parentela Type 1 and 2**

The explanation for both parentela types appears to be in the sectoral economic decline which forces private actors, such as construction firms in particular, to seek special treatment from the party in power. The chairman of the Chamber of Bulgarian Constructors, Svetoslav Glosov, announced that 80% of the work undertaken by firms rests on public tenders (Glosov 2015). This means that Bulgarian construction firms remain dependent on financing sources that are subject to party political control, given the PTCs above. Respondent Donchev noted that the financial crisis since 2008 has left many construction firms with a choice: announce bankruptcy or seek the cooperation of ruling political parties. In fact, the number one impediment in the sector, reported by construction work firms in the VUARR 2014 report, is the bad economic state of the market (VUARR 2014: 14). This confirms that the main impetus for type 2 parentela, on the side of the group, is the sectoral decline.

From the side of the party, however, the main impetus for a parentela establishment remain campaign funds. Respondents discussing prejudiced inspections and others also stated that political parties are insatiable for campaign resources. This was a consistently recurrent theme that cut across the entire respondent pool. They were unequivocal that political parties frequently under-reported their campaign expenses in relation to state party subsidies. Interviewees seemed to suggest, however, that parties did so because the actual costs would be impossible for the public to accept, let alone adjust state subsidies accordingly.

However, we should not lose sight of the crucial question of where hegemonic parties are in all of this. None of the dynamics described for type 1 and 2 parentelas relates to hegemonic political parties. Historically, there have been none from the period of 2013 to 2015. It is safe to say, therefore, that hegemonic parties in this case have no effect on the parentela, because the latter is observed in the absence of any hegemonic political parties. None of the responses seemed to link any of the parentela practices as peculiar to a specific party that dominates the party system. There is also the other question of what determines whether the outcome of the external forces above would produce type 1 or type 2 parentela. At this stage, it could only be speculated that there is another intervening variable. Probably, it depends on the specific circumstances that determine which type 1 or 2 the party-group *parentela* follows.

In this causal relationship, what transpires as the most important element, however, are political appointments. Neither type 1 nor type 2 parentelas can function properly without them. The study argues that political appointments enable both parentela types, thus acting as an intervening variable. Yet, it is the combined forces of a deficiency of campaign funds and economic sectoral decline that cause the parentela. Of course, as Greer's case demonstrates, the parentela can still function without political appointments, i.e. patronage. As a result, the parentela he observed was contained within the Ministry of Agriculture. Nowhere does he discuss wide-spread appointments of UFU nominees in the Northern Irish civil service of the scale described by La Palombara (1964) (Greer 1994). In the Israeli case, the absence of political appointments (due to legal restrictions) corresponded with the absence of the parentela, even though, Israel at the time featured hegemonic political parties (Yishai 1992). That is to say, party political appointments facilitate the parentela formation, and the inability to perform them greatly stalls its development. It remains to be tested in the future, therefore, whether in other appointment-rich polities one could observe the parentela (cf. Kopecky and Spirova 2011).

## 5. Implications

The study can go further than to merely compare observed party-group dynamics. Both type 1 and 2 parentelas raise the question as to whether they are symptomatic of an oligarchy of civil servants, politicians, interest group leadership and the super-rich. La Palombara, too, was confronted with this question in his study (1964: 314). His quick dismissal of a link between the parentela and the oligarchy, though understandable, appears premature.

At first sight, both parentela types appear to indicate the existence of an oligarchic elite. Some responses suggest that elites have developed some primordial sense of collective identity as such. As with Rumenov, this identity manifested itself in the threat "if you are not with us, you are against us." Similarly, Nikolov argued that are a number of families in Bulgaria (at first saying ten, but later on, 100) that effectively participate in policymaking through all political parties. The same respondent also expressed the view that there exists a select community that envelopes policy-makers, trade associations, and trade unions. He, Donchev, Dobromirov and Stoyanov also made the observation that group representation is in many cases fictitious, because some group leadership may

abandon its rank and file in exchange for membership in the elite. All of this suggests, then, that there may be a single, coherent and stable elite that may preside over any policy of interest.

The existence of such an elite community, however, is an overstatement. While type 1 and 2 parentela dynamics can help elites consolidate and harass their rivals, respectively, there is no solid evidence of a consistent oligarchic entity. The obstacle to the formation of such an entity is the presence of parliamentary elections—assuming they can produce governments of different political parties—and type 2 dynamics. A change of political parties in power coupled with type 2 dynamics ensures that budding and former elites are harassed by the insider from the party in power. This status quo, however, lasts until elections are lost. Then rival or former elites assume power and likewise put pressure on the rest. In this vicious circle, elite formations (that is, party factions, insiders and regulator directors) are locked in a perpetual free-for-all conflict. We would hypothesize, then, that a polity unable to produce a true change of the party in power, such as consociational democracies or party systems with hegemonic political parties, coupled with the parentela network, will lead to the formation of an oligarchic community. This is so because such circumstances enforce a new dynamic among elites: from competition to bargaining and compromising. This inquiry, however, is a matter of separate research into contemporary oligarchies (Barker 2013: 559-561; Winters and Page 2009; Zudin 2000; Shlapentokh 2004; Fishkin and Forbath 2014; Shinar 2015; Jacobs 2010; Barguinsky 2009; Nonini 2005).

## **6. Conclusion**

The results of this study reveal that the parentela is still a viable concept. The dynamics discovered in 1960s Italy (La Palombara 1964) and 1920s–1970s Northern Ireland (Greer 1994) are still relevant today, as evident in the public tenders in the Bulgarian construction sector, which are frequently subjected to party interference. Exploiting party political appointments in the civil service, the party ensures that its insider group is awarded the tender. While this conforms to the original model, the present study discovered new dynamics based on the same party-group cooperation. In what the study discovered as a type 2 parentela, party-group cooperation may also result in prejudiced regulatory inspections. In this new dynamic, and facilitated again by party-obedient civil service, regulatory agencies are used to target the (outsider) market competition of the party insider. Accordingly, inspectors approach outsiders with the pre-determination of establishing malpractice, which results in the discontinuation of their market operations. In doing so, party insiders expand their market shares. Type 2, then is an extension of the model developed by La Palombara, as it covers those dimensions of politics that do not necessarily pertain to policymaking itself. Seen together from a macro perspective, therefore, both types create oligarchic dynamics. This is an unexpected finding, as it helps better explain how contemporary democracies may cultivate stable oligarchic elites.

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