Section 1: Purpose and Background of Study

Purpose: Scholars from disciplines as diverse as political science, economics, and sociology have in recent years forged an increasing consensus around the importance of institutions in supporting market economies. Institutions are rules enforced by sanctions. They are necessary for constraining the actions of state officials and private actors in the national economy. The owners of capital will be less inclined to invest it if there are few such rules protecting them from the arbitrary and unconstrained intrusions of the powers-that-be.

Focusing on the countries of Eastern Europe, my dissertation attempts to explain why some postcommunist governments have managed better than others to build effective market-regulatory institutions. In particular I am concerned with the ability of these institutions to (1) control corruption on the part of businesspeople and the state officials responsible for regulating them; and to (2) limit the activities of private protection organizations (PPOs). A PPO is a non-state organization, whether legal or illegal, that supplies physical protection to businesses in return for a fee. Sometimes the “service” offered by a PPO amounts to nothing more than avoidance of a threat created by the PPO itself. In other instances PPOs provide actual services to firms such as intelligence on the activities of rival businesses or help in assuring the enforcement of contracts.¹ My countries of focus are Bulgaria, Poland, Slovakia, and Ukraine.

The main units of observation in this study are the 10 to 20 wealthiest businesspeople in each country and the state officials responsible for regulating them. I am particularly looking at the extent to which prominent businesspeople and state officials adhere to institutional rules or alternatively avoid the rules or manipulate them against their competitors. To collect this data I will conduct approximately 150 on-site, in-depth, face-to-face interviews with a variety of local individuals who possess specialized knowledge about the research topic. These individuals include journalists, specialists at non-governmental organizations, lawyers, academics, and investment banking analysts. In December 2006 I will depart for one year of fieldwork in order to begin collecting this data.

I also plan to conduct surveys of small retail businesses about their relationships with state officials and PPOs. However, I will carry out these surveys not during my initial year of fieldwork but rather at a later date; I will first rely on the in-depth interviews to better formulate my hypotheses which I can then test using the surveys. At some point in the future I will apply to amend my protocol to receive human subjects clearance for administering the surveys.

In answering the main question of this study I will consider several rival independent variables, including (1) level of economic development of the country in question; (2) levels of foreign investment; (3) proximity of a country to illicit international markets; (4) the influence of external actors such as the European Union; (5) the degree to which economic and political resources are concentrated in the hands of the

ruling government leadership or are alternatively dispersed among various independent actors in society such as political parties, business conglomerates, PPOs, etc.; (6) the degree of state intervention in the economy; (7) the extent to which initial postcommunist governments fell under the control of former communists or anticommunist opposition parties; (8) the nature of the institutional legacies inherited from the former communist regime.

Background: The main question of this dissertation has been the subject of widespread attention among students of post-communist countries. These scholars have variously advanced all of the main hypotheses mentioned above. However, their specific objects of study have varied. They have included investigations of asset-stripping from enterprises and other public institutions, “state capture,” meaning illicit payments by firms to influence the formation of policies and regulations, the use of force by private protection organizations, and elite corruption more generally.

Local Research Context:
1. I have been conducting research on the countries of Eastern Europe and the former Soviet Union nearly continuously since 1998. I have also been studying Russian, one of the two international languages of this region (the other is English) continuously since 1998. Apart from Russian language courses I completed a total of five political science courses (six undergraduate-level and two graduate-level) on the countries of Eastern Europe and the former Soviet Union. I passed with distinction the Berkeley Political Science Department’s Comprehensive Examination on Eastern Europe and Eurasia. I have also completed two graduate methods courses taught by Laura Stoker, one on research methods and another on quantitative methods. While I have spent extensive time in Russia, I have not traveled to the countries I propose to study. However, my dissertation advisor, Steve Fish, has done extensive research in all of these countries and I have discussed the issue of local community attitudes and norms with him extensively. There are several cultural differences to which I must be attuned. Among the most important for my purposes are the frequent need to obtain references in order to get access to individuals for interviews and surveys along with the collectivist, group-oriented political culture of these countries, which differs sharply from its individualistic American counterpart.
2. I do not speak Bulgarian, Polish, Slovak, or Ukrainian. However, my dissertation adviser has conducted extensive research in all four of these countries and assures me I will have no problem getting by with Russian and English. He also knows a reasonably priced translator for the few instances in Slovakia where I may need one.

2 Gaddy & Ickes (2001); Ganev (1999); Grzymala-Busse (2003); Hoff & Stiglitz (2004); Staniszkis (1991)
3 Gray, Hellman & Ryterman (2004); Hellman, Jones & Kaufman (2000). While these studies are concerned with the formation of the rules, I am concerned with the way the rules are enforced.
4 Frye (2002); Frye & Zhuravskaya (2000); Radaev (1999); Varese (2001); Volkov (2002)
5 Barnes (2003); Fish (1998); Frye & Shleifer (1997); Hellman (1998); Johnson (2000); Johnson, McMillan & Woodruff (2002); Radaev (2002); Way (2001)
3. I have the enthusiastic support of prominent members of the intellectual and journalistic communities of each country I intend to visit, all of whom have offered to provide me with assistance in carrying out my research efforts. They include: Krassen Stanchev, Executive Director of the Institute for Market Economics in Bulgaria and one of the country’s most prominent political analysts and pundits; Ol'ga Gyárfášová and Grigorij Mesežnikov of the Institute for Public Opinion in Slovakia (Mesežnikov is especially well-known there); in Poland, three prominent social scientists, Jadwiga Koralewicz, Ireneusz Krzemieński, and Włodzimierz Wesołowski; and, in Ukraine, Kathryn Stevens, Director of the Office of Democracy and Governance at USAID, Mark Davis, head of the World Bank office in Kiev, Igor Burakovsky, Director of the Institute for Economic Research and Policy Consulting, and Yuri Tretyak, Executive Director of the National Association of Regional Development Agencies.

4. Research subjects will be presented with a standard informed consent form in their native language. I will rely on professional translators to translate the English informed consent form into Bulgarian, Polish, Slovak, and Russian (In Kiev, Ukraine, where I will be carrying out my research, Russian is the lingua franca and is known among practically all citizens. Many residents do not read or speak Ukrainian and so the informed consent form will be presented in Russian rather than Ukrainian). The form will follow the CPHS Informed Consent Guidelines.

5. For detailed information on how I will identify and minimize any risks posed to subjects, including those of confidentiality, please refer below to Section 8 (“Risks/Discomforts”) and Section 11 (“Confidentiality”).

Section 2: Qualifications of Study Personnel
In addition to the qualifications stated in the previous section, as the Lead Investigator I have completed all requirements for the PhD except for the dissertation. This includes all coursework and qualifying exams. I was advanced to candidacy in May 2005. As stated above, my dissertation advisor has extensive research experience in the region where I will be carrying out my fieldwork.

Section 3: Subjects
Eligibility: The subject population of the study consists of various specialists with expertise on big business, PPOs, state regulatory and policing institutions, and the politics of business regulation in each country. These specialists include journalists, academics, specialists at non-governmental organizations, lawyers, company analysts, and, in some cases, former state officials. I plan to conduct in-depth face-to-face interviews with these individuals. Because of the frequent need in these countries to obtain a referral in order to interview a subject, I will rely on snowball sampling to identify potential subjects; that is, I will seek from each subject referrals for other potential subjects and follow those leads for further interviews. However, at the time of the interview I will ask subjects for permission to use their names in when introducing myself to other potential subjects.
**Number:** I anticipate interviewing anywhere from 30-45 such specialists in each country where I will be conducting field research – Bulgaria, Poland, Slovakia, and Ukraine. Obtaining this sample size will likely require recruiting anywhere from 40-55 potential respondents. This number of anticipated respondents does not amount to a pre-defined optimum sample size; I will simply try to speak to as many individuals as possible with the specialized knowledge I am seeking. In the smaller countries (Bulgaria and Slovakia), I may find that 15 or 20 such individuals will be sufficient.

**Vulnerable subject groups:** None of my research subjects can be considered members of vulnerable subject groups.

**Section 4: Recruitment**

**Summary:** I will identify and approach respondents myself on an ongoing basis over the course of January to December 2007. As mentioned above, I will identify and select respondents through a snowball sampling procedure.

**Recruitment materials:** I will contact potential respondents by email and/or letter (See Attached). I will identify myself as a Berkeley-affiliated PhD candidate and will specify my research topic. I will also state that I am seeking their specialized knowledge about some aspect of this research topic and inform them that their participation is fully voluntary. The same general wording of the emails and letters will be used for all respondents, though it will vary according to the particular position and area of expertise of the respondent along with the particular subjects I plan to ask him or her about.

**Section 5: Screening Procedures**

No screening procedures will be used in this study.

**Section 6: Informed Consent**

I will personally present respondents with the informed consent form at the date of the interview before the interview commences. A copy of the consent form is attached to this application. Practically all of the specialists I will be interviewing are already accustomed to publicly investigating and reporting about corruption and PPOs. Therefore, I do not expect many of them to be discouraged from conducting the interview by the need to sign their name to an informed consent document.

For a list of my local contacts in the four countries please refer to the “Local Research Context” section, point #3.

Also, while I do not yet know what my local phone number will be when I am in the field, I have put a space for my phone number on the consent form. Once I know my local phone number I will put it on the forms.

**Section 7: Study Procedures**
As mentioned above, the study procedures will consist of in-depth interviews with specialists. The interviews will not be based on random samples but will rather take place through snowball sampling. In cases where the respondents give their consent, I will record the interviews on audiotape. I will first contact the respondent by phone or email, inform her about the purpose and subject of the study, ask for an interview, and set up a meeting. Following this I will conduct the interview on the specified date. In some cases I may request a follow-up interview and will do so either at the time of the first interview or afterwards, by phone or email. I alone will recruit respondents for the interviews and conduct the interviews. Each interview will last anywhere from one to three hours.

In cases where the respondents consent, identifiable personal information will be collected, including names, affiliations, phone numbers and email addresses.

The interview instruments are attached.

**Section 8: Risks/Discomforts**

Although this study concerns the sensitive topics of corruption and private protection, the risk subjects face are minimal.

Personal information will be collected only for those interview respondents who give their consent. In addition, as discussed in the “Confidentiality” section below, the dataset will be de-identified for all respondents and the single document linking subjects’ identities to the dataset will be kept only on my encrypted laptop computer.

These individuals face minimal risk in speaking with me. The journalists, NGO specialists, and academics I will be interviewing investigate and report on corruption and PPO activities for a living. The lawyers and company analysts I will talk to are similarly charged with investigating and often publicizing corrupt and illegal activities. Moreover, they conduct their investigatory activities publicly, not in secret. As such the risk in speaking specifically to me is minimal, especially when compared to the risks they already take on a daily basis.

In some cases I will be interviewing former state officials about their previous work in various state regulatory agencies. Since these individuals no longer work in an official capacity, they cannot be said to take the same risk in their daily affairs as the journalists, NGO specialists, lawyers, and analysts do. However, when interviewing these former officials I will not be asking them about corruption and illicit activities. I am rather interested in asking them about the details of specific instances of regulatory enforcement against large business conglomerates (for these interviews I will draw only on questions contained in Interview Instrument II – see attachment). For example, did the newly elected government declare a general amnesty for past infractions? On what grounds did the agency initiate its initial investigation of Business Actor A? Did Business Actor A eventually face other investigations from other regulatory agencies? These questions simply ask the respondent to report information that has already been made public and thus poses minimal risk to these individuals.
Meanwhile, other scholars have carried out studies of corruption and illegal activities using in-depth interviews with the same kinds of subjects I will be talking to. These studies were carried out without incident or problems.⁶

Section 9: Benefits
Respondents will not benefit directly from the study or its procedures. However, the study does intend to yield broader benefits for these societies. In particular, it will help contribute to the development of knowledge on the important question of how to better develop legal and regulatory institutions in former communist countries. Effective and uncorrupt institutions of this sort are critical foundations for sustained economic growth in any country. Post-communist countries in particular exhibit strikingly wide variation in the effectiveness of their institutions despite their common history as one-party communist states. As a result the post-communist region represents an almost-ideal laboratory for studying the conditions under which such institutions can arise.

Section 10: Alternatives to Participation
N/A – This study does not involve treatment/intervention.

Section 11: Confidentiality
While the confidentiality of respondents cannot be guaranteed, the data will be handled as confidentially as possible.

I do plan to record the interviews on audiotape. However, on the consent form I will ask each respondent for consent to record the interview. I will not use personal identifiers during the time of the interviews and thus no such information will be revealed on the audiotapes. I do plan to take notes during the interview but will not make reference in these notes to any personally identifiable information of the subjects. Moreover, I will take notes only on my encrypted laptop computer; my notes will thus reside in electronic form on the computer at all times.

In addition, while I do plan to keep the data indefinitely for the purpose of future research, this data will be kept in a secure location on an encrypted computer at all times. Meanwhile, subjects will be asked on the consent form whether they agree to my keeping their interview data indefinitely. For those who withhold their consent, personal data will not be kept following termination of the research project.

Because each respondent I interview to some extent has uniquely specialized knowledge about the subjects for which s/he is being interviewed, I may want to make specific references to a particular respondent in the dissertation or any resulting publications. However, I will ask each respondent for permission to use his or her name in the dissertation and any subsequent publications and I will give each respondent the choice to remain anonymous. Again, this option will be provided on the consent form.

⁶ See, for instance, Albats (2004); Johnson (2000); O’Dwyer (2003); and Way (2001)
In addition, I will assign unique numbers to each respondent and, during the interview and in my notes, I will refer to the respondent only by his or her number. There will be a single list matching respondent names with their numbers but that list will be kept only on my encrypted laptop (a backup copy will be kept on the Cal WebFiles remote backup server). This will be the only place where respondent names can be matched to their corresponding numbers. I am the only person who will have access to the laptop and thus to the list. I want to keep their personal information on this list for the purpose of contacting them again for follow-up interviews. To aid future research I may conduct, I plan to keep a record of this list even after the dissertation is completed as I might want to contact some of these individuals again. However, each respondent will be given the choice on the consent form about whether they agree to have their name and personal information reside on this list.

These measures are an attempt to ensure that the risks of a breach of confidentiality remain minimal.

Section 12: Financial Considerations
There will be no compensation or payment made to any of the subjects. Subjects will not be expected to bear any costs or charges.

Section 13: Adverse Event Management/Reporting
No adverse events are anticipated in this study.

Section 14: Attachments
List of attachments:
- Attachment A: Interview consent form
- Attachment B: Recruitment materials
- Attachment C: Interview instruments
- Attachment D: Audio Records Release Form

Works Cited


