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# Morality, Normativity, and Economic Development in Slovakia

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## Abstract

This article examines debates over local economic development policies and practices in contemporary Slovakia, particularly regarding property and land development. Debates about economic development often occur in relation to economic outcomes, driven by quantitative data and empirical assessments provided by city officials or consultants. In this article, I find that such debates are more likely to be driven by normative concerns, including moral outcomes. I develop a theoretical framework to understand why policy debates occur not in purely objective terms, but the more subjective normative and moral frameworks. The analysis provides greater insight into political debates and policymaking in the postsocialist context.

**Keywords:** property, Slovakia, economic development, debate, morality.

## Introduction

In 2005, I sat in the public seating area of the town hall where new business was being brought forward to the city council of a medium-sized town in southwestern Slovakia. The issue that raised the most conversation, both during formal proceedings as well as informally afterwards in the hallways and front steps of the city hall, was seemingly innocuous. A small parcel of land on the edge of the town had been purchased by a developer for use as part of gaining right of way access for a new housing development in an adjacent municipality. On the site was part of a former school and open space that was used as a park. Some of the land was held by the city, and a property developer wanted to purchase the land in order to adjoin it to a larger project he was planning. The new development would be housing and office space, providing a welcome economic asset to a town largely dependent on agriculture. There was a brief presentation by city staff and an analysis by the developer regarding the positive economic impact the project would have, followed by a call for the city property to be sold to the developer so that the larger project could move forward. Public debate about the proposed sale of land and the potential project, however, did not center on economic impact, aesthetics, architecture, urban planning, job creation, or indeed any issue typically related to debates about land development. Instead, debates primarily centered around normative and moral questions.

Indeed, one of the first people to speak in opposition of the proposed land sale was a middle aged man stating he represented the perspective of a practising Christian, more specifically of the Evangelical Lutheran Church of the Augsburg Confession. He quoted from scripture, citing Acts 5, the story of Ananias and Sapphira, who were involved in dispute over selling land, and the Apostle Peter's rebuke to them. The overall point the man sought to make was that the land could be held privately, but that the compensation for the landowners had to be fair, and that the price had to include a fair assessment of what might be lost in terms of open space. Moreover, he argued that it was unfair for a private party to benefit so generously from the sale of a public asset (citing privatization scandals in the recent past in Slovakia as a cautionary example). After this middle aged man finished his testimony

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on the issue, parents testified that it was not right that a private developer stood to gain so much by taking away open space that children used and that it was immoral to not consider the use of the space by younger people. Still others protested that the project was going to result in more and more businesses from out of town gaining, while nothing was being done to support the already struggling local businesses. Some argued in favour of the project and land sale, noting that it was immoral not to sell the land because the economic development would benefit all the residents of the town over time. Others in favour echoed similar sentiments, but included the idea that in a free market, people should be able to buy and sell land and develop it as they see fit (a point made in contrast to the ‘immorality’ of socialism wherein the state managed virtually all property and property development decisions). These debates went on for nearly two hours and with few exceptions were primarily around the virtue of the project in normative terms.

The central question I have in this article is: why are debates about largely economic issues, such as land development, articulated primarily, or almost exclusively, in moral and normative terms? And relatedly, how do we understand the role of states and economic actors whose interests are often construed in purely economic terms? Last, and more broadly, what does the framing of economic development in such terms tell us about the transformation of Slovakia’s centrally managed economy in the postsocialist context? To answer these questions, I look at different cases of public debate about land use and economic development, mapping out the relationships between institutions, individuals and different, yet often competing discourses. Second, I focus more closely on the specific content of the arguments being made to examine the types of justifications they are ultimately rooted in. Thus, in some cases, it is very clear that moral arguments about a specific economic development project are key and may hold sway over a large portion of vested parties, while in other cases, purely economic arguments are apparently more socially and culturally resonant. Finally, I conclude with some theoretical considerations regarding different types of arguments and more specifically illustrate why moral and ‘lay’ arguments tend to be widespread, despite being tangential from a policymaking perspective.

## Related Research and Scholarly Literature

Research on public policy and policymaking as objects of study is an area of widespread, interdisciplinary scholarship. Among the issues addressed by different fields are the relationships between policymaking and institutions, the policy making process and the meanings, ideologies, and rhetoric embedded within and projected by policy as a discourse (Fischer and Forester, 1993). In the case of land and property development, this is widely studied in the area, particularly given the transformation of urban governance and economic change since the 1990s (Tosics, 2005; Ondos and Korec, 2011). With local municipalities and organisations undergoing multiple systemic transformations – economic, legal, social, etc. related to issues like land privatisation and laws governing the sale and disposition of property, a wide range of local governance practices ensued (Bucek, 2002; Lerman, 2000). In Slovakia, like much of the region, the processes of privatisation were followed by the development of new planning and economic regulations governing the sale and use of property and land development. This complex process saw a decentralisation of governmental control and simultaneously the development of new areas of economic influence through the expansion of markets and the creation of real estate and property/banking/investment entities.

In this context, transfers of property and other assets took place during periods of dramatic economic change, privatisation scandals, and a broad push for transparency. Land and buildings often became unexpectedly valuable, forcing local governments to choose between retaining them to generate long-term income or selling them to reduce debt, repair and improve infrastructure, and expand the city’s asset base (Burcek, 2015). In this environment, local governments had to become

familiar with borrowing practices, financial regulations, the operations of property and debt markets. Often local governments had to decide which services should be privatised, which should be run as public-private partnerships, which should remain under municipal control, and which should be run jointly with other local governments (Burcek, 2015). This was, in short, a wholesale process of balancing competing interests, emerging and changing public and private goods and interests, as well as local and regional politics. Despite the widespread discussion of the importance of these processes and the rapid changes that occurred in local and urban governance and land and property development since the collapse of state socialism across the region, the policies and practices of land and property development as a political and cultural process and debate have been less clearly looked at, particularly in the context of changing economies in Central and Eastern Europe (the notable exception of course being Verdery's 2003 work on property and privatisation in Romania (Вердери, 2003)). Verdery's work has looked at privatisation and restitution in largely rural areas, including the intricate and even intimate politics that surround such practices, but we know far less about them in urban areas or in relation to economic development, urban land use, and governance as a process of debate and contestation. While there are well-established studies of urban politics and economic development (Hackworth, 2007), and the urban policy process as a set of competing discourses, ranging from experts to lay persons (Fischer and Forester, 1993), the actual practice and debate over land use and economic development has not been systematically looked at. Nor have these processes been examined as social, cultural, and political processes in the rapidly changing milieu of Central and Eastern Europe.

The lack of attention to the actual practices of economic development and land use and the surrounding debates is unfortunate, given that these are often vital elements in the restructuring of Slovakia and similar economies at the local level. Dramatic industrial change, privatisation, and changes in land use and economic development practice have raised entirely new concerns politically, economically, and culturally at the local level. Thus, the processes whereby local concerns over land use and property development occur are excellent windows onto social transformation more broadly, as well as the shifting politics and cultural landscape. To understand the salient role of moral and normative rhetoric in the deliberations regarding land use and economic/property development, I draw on related work on both the politics of public policy and the transformation of the region.

## Public Policy and Normative Frameworks

Normative ideas include those that concern values, attitudes and socially shared assumptions. Much of the research on the influence of norms on public policy debates looks at cross-national differences (Katzenstein, 1993; Smith, 1992), including economic policy. This research, however, is largely done at the macroeconomic level, while a more specific and locally focused analysis is lacking. This does not mean that normative concerns are not demonstrably evident in policy debates, especially regarding economic policies and practices. In fact, normative beliefs may be so powerful that they transcend the self-interests of the public and policy-makers (Campbell, 2002). Related research has shown that identity politics – particularly the constructs of race/ethnicity and gender, may also influence the policy-making process and dramatically shape debates (Hall, 1989; Piore, 1995).

This research emerged in the 1980s and 1990s in particular, as a response to the growing influence of rational choice and related theories of human action in the area of studying public policy. With the failure of rational choice models to explain a variety of policy-making behaviors, seemingly irrational decision-making and unanticipated policy debates, cognitive, linguistic, and normative frameworks provided a different set of perspectives on how specific policies and practices are enacted and debated over.

Linguistic approaches have largely drawn on sociological understandings of framing and frame analysis. This approach looks at how policy-makers and those engaged in debates about policy and economic development practices use normative and in some cases cognitive or linguistic constructs to construct a discourse about an issue or topic in a specific way that is both limiting and directing. In this way, framing provides a discursive construct that sets much of the terms and boundaries of debate and thinking on a topic (Anthony, Hekathom & Maser, 1994, Edsall & Edsall, 1991). Thus, the framing of debates in normative and moral terms has significant implications. Arguing about selling land or developing it, in terms of right versus wrong or good versus evil, is very different than debating the issue on the basis of a quantitative cost-benefit analysis which is ostensibly value neutral.

In short, it is clear that a purely utilitarian calculus is not always what drives economic transformation, particularly after the dissolution of communist party rule and centrally managed economies. Institutions and the historical and contextual pathways through transitioning societies influence state and property systems and practices (Nee and Stark 1989). Also, organisational models, forms of legitimacy, and moral logics can strongly influence economic practices (Stryker, 2000), particularly in the case of changing socialist economies (Hsu, 2006). Economic change in formerly state socialist societies provide strong support for a range of theories regarding economic and social change: of the importance of economic institutions and the embeddedness of economic practices, past contexts and path dependencies, and quotidian practices which align along cultural grids such as 'public/private' or 'Western/local' and 'free-market versus public good' are widely documented (Gal and Kligman, 2000; Wanner, 2005; Dunn, 2004; Kaneff, 2002, Berdahl, 1999; Mandel and Humphrey, 2002). My analysis, like Patico's (2008), suggests that while these are all very useful, there is far more diversity and unevenness regarding economic practices, and in particular cultural understandings of economic practices, which do not fit along these paradigms and are in fact orientations which are neither uniformly or consistently voiced, nor easily opposed to the world of market.

Capitalism and the particular logics inherent within capitalist development, as currently understood by conventional economics, often overlook the cultural and normative dimensions of debate, especially at the local level. Indeed, it is my contention that when looked at from a highly localised perspective of actual property development or land development projects, debates about such projects are also fundamentally linked to concerns about morality, and that in fact what states, property owners, and local residents are engaged in is as much a debate about good and bad merits of such things. These issues tie directly to the context of changing normative frameworks and economies in Central and Eastern Europe.

Scholarship on changing economies and the moral and cultural shifts occurring in post socialist countries vary greatly and demonstrates how there are no single trajectories out of state socialist economies either in political, economic, or cultural terms. Much of this work looks at how the distinctive social powers of states and party organs during socialism gave way to more market-driven forces, and in particular how this opens up new cultural and social struggles over legal parameters, morality, and competing visions of how the emergent institutions of post socialism should function. Transforming postsocialist economies have had to negotiate often contradictory and competing ideals of morality given decades of an imposed state ideology that celebrated unity and collectivism, in contrast to individual interests in the pursuit of wealth (Wanner, 2005).

Much of the research about moral debates and new economic practices documents how moral contestation centers on the generation and consumption of wealth (Wanner, 2005; Patico, 2002; Mandel and Humphrey, 2002). In some cases, moral debasement and ideas of moral denigration circulate alongside fears about the marketisation of the economy, forms of what are seen as unnatural (or immorally derived) accumulation, and provide a window into how moral and economic debates within society are inextricably linked (Ries, 2002). Much of this is complicated by the fact that there are overlapping and competing social and individual moral logics in much of the postsocialist world, which do not fit within many Western constructs such as the dichotomy of bribery and corruption

versus gifts and transparency (Polese, 2008, 2014). What complicates matters is that newly emerging market forces and attendant moral debates are also transitioning out of the previous trajectory of market operations within state socialism itself. Despite central authorities seeking to suppress such activities, principally because as Verdery notes, this threatens one of the central means of party and bureaucratic power—the means of allocation and distribution of surplus (Verdery, 1996, p. 30), labor, small scale production and entrepreneurial strategies continued throughout the economy (Nagengast, 1991). As a result, debates about individual merit, entrepreneurship and market forces are often tainted by sensitivity to activities of the socialist past, which is a mixture of retrospectively viewing both state distributional practices in the economy, as well as individual market driven actions within the state economy.

Overall, popular discourses and private debates in Slovakia reflect similar issues across the postsocialist region: is growing inequality a fair price to pay for economic growth? Are individual incentives more important than public goods? How should the rules governing market transactions reflect both moral and economic demands? For instance, if entrepreneurialism is generally viewed favourably, what types of goods or services should be regulated and to what extent: guns, drugs, the sex industries? These questions are not easily answerable; the public is not always well informed, nor are elected officials or even expert consultants or scholars, particularly given the rapidly changing circumstances of economies in flux.

## Research Site and Methods

This project stems from longstanding field research on economic restructuring in post-socialist Slovakia. The cases I draw on emerge from research on local economic decision making in the Bratislava and Dunajská-Streda districts between 2000 and 2005.

Slovakia became an independent state in 1993. It undertook a comprehensive economic reform program shortly after independence, modifying some but not all of the economic reforms already underway, initiated while part of Czechoslovakia. Most notably, Slovakia ended the voucher privatisation processes that began in Czechoslovakia and shifted to a ministry controlled privatisation program during the Mečiar administration. By 2000, most privatisation moved to a direct sales program, and by the time this research was conducted in 2005, privatization was widely seen as completed. Privatisation and restoration of enterprises and land to claimants through a property restoration fund encouraged already growing markets for property development to expand.

The collapse of the party state in Slovakia witnessed privatisation scandals and state apparatchiks turning into overnight millionaires by siphoning off state assets, like we saw across the region, particularly in Russia. After state assets had gone through a rather lengthy process of privatisation (relative to other countries), an emerging investor and capitalist class looked towards developing what remained. The gem in the Dunajská-Streda district, the area where this research was conducted, is the prime agricultural and industrial land. Landowners were eager to sell and developers were eager to buy, so between 1998 and 2006 they engaged in a relative 'gold rush' of snapping up parcels of land, assembling them for the construction of housing and new retail and commercial space. This rush to build was in part due to the large pent up demand for housing—people wanted to leave their state run flats—as well as the development of new financing mechanisms for the purchase of private property. While the demand and financing had been in place, a system for the administration of land development and general construction was not. Instead, there was a patchwork of often contradictory regulations, inexperienced bureaucrats, and a legal system with no real experience or expertise in the rapidly changing construction regulations, building codes, and so forth. This environment, of course, proved fertile for manipulation and political struggles over resources, power and land and property development.

Research for this study included interviews with residents of several municipalities in the district regarding economic development and land use, as well as attending meetings regarding property development, land sales, and more specific meetings regarding the planning and permitting of new economic development projects. These data provide detailed material on the debates about property and land development and shed light onto the types of arguments that have been used to both support and oppose specific economic development projects and policies.

## Elite and Lay Policy Discourses and Moral Frameworks

Debates about property development, ownership, disposition, and the cultural politics surrounding such debates are, as mentioned above, often inflected with moral and normative content. In contrast to the ostensibly purely objective rationality of economic discourse, debates about property and land in this rapidly changing socio-political and economic setting are often driven by competing discourses, many with clearly moral and cultural content. These are often highly subjective and individually specific, or they may reflect broader interests such as the 'public good'.

It is impossible to encapsulate all of the divergent and often unclear popular and private discourses surrounding the proper role of the state in relation to market mechanisms and capitalist development in post-socialist Slovakia. For instance, several representatives from the mayor's office in the town where I lived for much of my fieldwork have a very pragmatic approach to economic development: pushing for as much as possible, but trying to maintain the moral high ground throughout debates about property rights, public goods, and private gain. My neighbour across the street, however, retains a very strong Christian ethic regarding economics, often seeing new wealth and gains in the burgeoning market economy as further evidence of 'man's corrupt and sinful self,' peppering his arguments with passages from scripture. On the other hand, there is a vast range of party discourses from right to left, as well as different political arguments, often around pertinent issues such as privatisation and corruption. In sum, it is quite difficult to discern much consensus on how market forces should be unleashed, what exactly the proper role of public versus private entities should be, and to what extent and how moral issues should figure into debates on these topics. In my examination of property development and state actions, I view them as debated within two broad frameworks: lay and policy discourses.

I find it useful to distinguish these two types of discourse in particular because they are common in policy debates. 'Lay' discourses are typically conceived as everyday, quotidian conceptualisations, logics, and reasoning around a specific topic (Jones, 1995; Heffer, 2007; Wetherell and Potter, 1992). In contrast, policy discourses, in the sense I use here, refer to specific discourses that are legitimated by knowledge and expertise. In sociological terms, this is sometimes referred to as an 'elite' discourse or 'expert discourse' and is focused on not just asserting knowledge claims based on specific expertise or credentials, but a strategic and regulatory system of ideological management (Bhatt, 2005).

Lay discourses include those by non-elected officials, non-experts; those members of the public who have no official capacity in terms of the policy or practices being debated. In towns in Slovakia, this can include anyone who attends a city meeting, who debates publically, writes a letter to the local newspaper, posts on the internet, etc. In contrast, the policy discourse is typically driven by those who seek to discuss specific issues purely within a conventional policy perspective of cost-benefit analysis, legal compliance, architectural style, feasibility, environmental impact, etc. This is not to say that the two discourses are entirely distinct; often they overlap and/or are inseparable. The distinction is that official policy discourses are bound by what they typically can include, whereas lay discourses are not. Thus, a lay discourse can invoke the bible or aliens, while such elements might seem out of place in conventional economic development debates.



Moral arguments surrounding economic development and land use in Dunajska-Streda are often rooted in two different types of ethical argumentation. On one side, market exchange is privileged and seen as the ultimate end result – a good that is deemed morally good in and of itself because it rested on a very neoliberal conception of market exchange. That is, it is presumed that market exchange fosters the best possible outcomes for all parties involved, that exchange is mutually beneficial and that the market establishes this transparently through the very processes of market transactions themselves—setting prices, negotiations, etc. This ideology stems from a variety of sources, including the ideological construction of socialism and the past era of central planning as backwards and unnatural, the promotion of think tanks and neoliberal ideas in Slovakia, often by western funders, and the gradual movement of many Slovaks into more conservative economic positions as the political landscape has shifted.

On the other side is a set of normative concerns in relation to economic transactions. These emphasise a set of principles rooted in more abstract notions of morality and the broader ‘social good.’ In this case, ideals like transparency, honesty, and a democratic process are held up as ideals to which economic systems should adhere. Whether or not unfettered market exchange achieves this or not depends often on one’s political leanings, with some arguing for a role of government to ensure such ideals are met, while others preferring a more market driven approach.

It is notable that both philosophies about morality and market exchange are in part rooted in a historical understanding of state socialism and communist party rule. Slovaks who lean more towards the neoliberal suggest that it is precisely because of the distortions that communist party rule and central planning introduced to society that returning to the ‘natural’ operations of the marketplace where individuals can compete and negotiate in exchange relations. On the other hand, a more progressive understanding of the unfolding capitalist form of market relations in Slovakia urges caution, pointing out that though the state’s role in the economy has been reduced, this is also precisely the same reason that privatisation scandals and corruption may in fact be going on: because states are now too weak to protect the public good. Without wading into the very detailed complexities of both approaches, it is important to see how both view the role of the state. The more neoliberal approach views the role of the state as one to either protect private property rights and ‘stay out of the way’, while the other argues for a more active role in the economic to ensure that economic policies are met and the public good (however defined) is protected.

The origins of this dichotomy are not just part of historical sensibility, but the current cultural politics and efforts at legitimation that are occurring in relation to economic development. In other words, different parties will use different lines of argumentation to assert their own interests in the negotiations and contestation over economic development, property disposition, land use, and so forth. For instance, the language of rights, as in I have a right to dispose of my property in the way I see fit may be used by a land owner in opposition to another party seeking to assert different rights or norms, such as another land owner stating, And I have a right not to have my view of the river blocked by your monstrously tall apartment building. My point here is that there are multiple and competing logics/rationalities and norms at work; they are not mutually exclusive, nor are the boundaries always clear cut. Moreover, positions can be fluid and shift along a continuum, and this is in fact one of the reasons that so much polarisation in the debates about economic policy occur. Both sides may see themselves as being on the side of what is morally ‘right.’ In the next section, I look at these processes more closely through a series of case studies in southwestern Slovakia.

## **Development Planning and Permitting: A Political Process**

Getting a construction permit is not an easy process. There are several types of permits, and any major project typically requires a number of different permits. It is striking how fast the blueprint for private property development in Western Europe has been adopted and streamlined in Slovakia; nevertheless,



as we know from almost two decades of ‘transition’ research, importing a blueprint or reform to the region and having it work the way it is intended by western advisors and lawyers are often two very different things (Stark and Bruszt, 1998). Development of property typically requires thirteen different permitting steps, including inspections, the presentation of the proper paperwork, the payment of fees, and the filing of numerous forms in either one office, or multiple offices depending on the municipality and project. At each step of the permitting process, the developer or person seeking the permit must meet with and interact with any number of people – inspectors, municipal office staff, legal counsel, consultants, and so forth. At each step of the process, a range of political, economic and even personal interests may intersect or come into conflict. Some examples will illustrate this process.

The first example is a case in which personal conflicts and political struggles shaped the nature of state action in relation to construction permitting. A residential construction firm applied to develop a large tract of land adjacent to several smaller private homes. Some of the residents were opposed to the new development on aesthetic and environmental grounds, and some held economic concerns, while others were supportive because of the economic gain that would befall the town. One resident, however, was concerned that he had been cheated out of the value of land he had sold to the developer a year earlier and without attaining redress in a court case, now sought to pressure the city to stop the development. The developer claimed this was extortion and threatened to sue the man on such grounds. As the arguments escalated, the permitting process was halted on the grounds that a ‘fair and open hearing’ could not occur, and in such cases, the hearings are adjourned for an additional 30 days—in this case what was loosely called a ‘cooling off period.’ In reality, this period was used to attempt to negotiate a settlement between the two parties. Normally the man who was seeking to stop the project would not have such influence, but he was an established business owner himself and was considering a major new investment in a food processing facility in the town. Thus, the battle was essentially between two competing capitalists with the municipality, attempting to balance the potential influence and benefits of both.

Moral debates were raised on both sides. The private party demanded that their actions as private landowners and businessmen be upheld, while some members of the public and the state, in the form of town councilmen and women, argued for greater transparency and openness to the negotiations. As the debates around the proposed project progressed, the concerns moved further away from the minute details of the land development and focused more on broader moral concerns; questions about what direction the future development of the town was going to take. Notably, economic arguments took on moral tones. Some small business owners objected to the new project, arguing that there was already enough commercial space in the town center and that more space would only put their businesses at a disadvantage (because the new space would provide more competition and was projected to have lower rents). Other business interests who had competing projects also took issue, in part because they saw that it was unfair that their own projects would potentially compete with this new one.

As the conflict unfolded, it became clear that the man seeking redress raised a potential legal case that his land sale included a fraudulent set of documents – fraudulent because they neglected important information of the valuation of the land at the time – and thus he was seeking what he thought was the fair market value of the land, even though the sale had occurred with full legal authority a year before. The developer stated that the sale was fully legal and in any case if the man wanted to file suit, he could do so as a separate court case, but not in relation to the land development permit before the city officials. The developer, as in most cases, is also considering the valuation of land and costs in terms of a particular temporality – the quicker the development process occurs, the sooner the completion of the project and the revenue stream can commence. This is critical because financing for land development typically has rather stringent timelines, and if projects drag on too

long without success, the equity backers may pull out. Thus, in both cases, the parties in this conflict seek to capture the value of different land in different times – the disgruntled resident in past land value lost in an exchange, the developer in future revenue streams through sales and leasing.

The state, for its part, sought to capture whatever revenue streams it projected from the future development of the land from either party. In order to get out of this bind, officials at the building office [stavebny urad] coordinated with the Mayor's office to work out a compromise. The result was the following. The Mayor's office would provide tax breaks and fee waivers for the local business owner, as well as expedited permitting of any development he had in order to offset the loss he had incurred on land sold to the developer, who had a proposal before the city. In exchange, he agreed to suspend his opposition to the project. Within a month this quid pro quo was hailed as a breakthrough for transparency, openness, and market-driven governance where 'win-wins' are possible.

These processes demonstrate a transformation of the state into a form of neoliberal governmentality, where private interest and public interest are seen as homologous, and where new, quasi-legal forms of exchange and practices result in the state taking on new forms. In this sense, the state is not simply moving out of the way to pave the way for capital formation, but instead is an active agent in it, engaging in extra-legal and highly creative negotiations. After this case, 'a landmark' according to one city official, other types of negotiations occurred, and in fact the city officials actively sought out a role as mediator as a 'service' to promote economic development. What emerges here merits further elaboration from a theoretical perspective.

What is important to note here is that these supra-state practices are not available as a general rule – they are the exception – and used largely by the state as part of what I describe as a project producing and reproducing emerging class relations since the 1990s. In short, the cycles of redistribution work in the following way. The offices in charge of permitting and economic development coordinate the negotiation of disputes among different parties regarding permitting, rights of way, and so forth as well as other economic development issues. In this way, these administrators are serving as mediators, but also facilitators in the circulation of new values spatially and temporally in the municipality and the region. By values I mean the present 'embodied' value within a resource, such as land, but also the future value of an object – such as potential revenue streams in a project—in rent, sales, etc... Like Verdery's discussion of value in reference to the assessment of land in Romania (2003), I see value in part as a function of context, and what is happening in Slovakia is, I suspect, similar to the transformational process of valuing properties by Romanians. What the local Slovak authorities are engaged in with permitting and negotiations is essentially a redistribution of valuations. These are, of course, a specific type of value – a monetary one, often calculated in terms of future revenue streams like 'inflation adjusted present value of the property.'

What happens in the permitting, however, particularly with the inclusion of financial partners, is what I think of as the transubstantiation of value. Future values are converted into present values to be leveraged against existing debts or loan calculations to foster capital formation in the current time period. Not unlike collateralized debt obligations, which repackage values of mortgages as new securities to be exchanged in different markets, the transubstantiation of values in Slovak land development is the same process – one value is transformed into an entirely different value and then passed on to others potentially with entirely different types of value. In this way, the state has engaged in one of the key areas of global capitalism today – financial capital and credit markets – in order to engage in specific types of economic activity.

A specific example will illustrate this point. A property developer sought to demolish a granary and build a new housing structure on the site. He needed to assemble some of the smaller adjacent parcels of land, but did not have adequate financing for the entire project, nor did all the adjacent landowners want to sell their plots (even though some were entirely fallow). The mayor's office offered to help in two respects: first by attempting to negotiate land sales for the developer directly with the land owners, and second by working with public financing and leverage to aid the project.

In the first respect, the city offered to offset part of the sales price of the land to the developer by waiving certain fees and taxes to the holders of the lands – in short, offering to compensate these landowners in part by not taxing them as much on something else – something which was still quasi legal at the time because tax codes were still in the process of revision. In addition to the incentives, personal social pressure was brought to bear on the land holders – this included both direct calls by the mayor for the sales to go forward and media coverage characterising the holdouts as ‘backward’ and ‘irrational’ and seeking to ‘damage the opportunities of the town.’ In this case, the state works on behalf of a specific interest wherein the argument is made that the narrow economic interest of the property and development is part and parcel of the emerging market economy and that ultimately there will be more broadly shared public benefits. This is a quintessentially neoliberal model, in the sense that it views private gain as a public good.

In the second respect, the mayors office hired a consultant to produce a report on the potential value of the property under different development scenarios – far more extensive than the existing developer had produced, effectively going on a marketing campaign to the banks to illustrate how with new financing mechanisms (state subsidies) the project would be even more viable than initially planned, and therefore should be approved for greater financing. Of note was the argument by the mayor’s consultant that the previous valuation of the land did not take into consideration other development and demographic trends which were not known at the initial loan application, but in hindsight it appears that this ‘new information’ was based on conjecture and very optimistic assumptions. The broader point here is that this effort by the municipal authorities both reduced the potential value of the land needed to begin the project as well as inflated the potential value of the project and returns to the financiers. This was accomplished by compressing, expanding and indeed transforming values from one form to another – liabilities and liens on properties that needed to be purchased were converted into ‘negative equity’, which would be then paid off by ‘owner price reductions’, which in turn would be paid for by the ‘exchange for fees and tax waivers.’ This series of value equivalences entails a magical sleight of hand on the part of developers, the government, and financiers. In short, this is a redistributive and patronage system that encourages the reproduction and maintenance of new class and property relations in the wake of the party-state’s demise. One set of patron-client functions has been transformed in part into a new one.

All the while, the policy-makers, developers, and lawyers for the project couched their efforts in moral terms. This was for ‘the good of the town.’ Additionally, it was declared that the actions on the part of the city were not only in the best interest of all city residents, but should be applauded for the good work to accomplish the project without being opaque or caught in corruption. Ironically, the agreements and final project were anything but transparent, but because nobody seemed to question them, and none of the elected officials were charged with any crimes, this was seen as further evidence of the ‘virtuous’ nature of the business on behalf of the city. What really had happened was a complex transformation of a set of complicated economic values through transactions, which was then ultimately labeled ‘for the betterment of the town,’ providing ‘jobs, business, and economic growth.’

This case illustrates the significant normative content that is used to buttress private gain and indeed the operation of the state for private gain. The ‘greater good’ or ‘betterment of the town’ is indeed the central idiom through which this private gain is put forward and justified. Local officials have multiple and often competing interests: they want to further their political careers, demonstrate economic growth and progress in a period and context of severe economic crisis (unemployment in some towns reached 50% in the 1990s), or they have personal interests, networks, connections, and so forth. As this case further illustrates, the process of economic development, its legitimation and justification, is conducted through the language and discourse of normative concerns, all the while the actual processes and practices related to the particular project may in fact be anything but meeting the rhetorical goals.

## Race, Ethnicity, and the Morality of Property Owners

The most illustrative case regarding the interaction between financial capital, state action and economic and political interests comes from a dispute over a development project that became racialised, as it included a Roma businessman. The context here, of course, is that Roma have faced discrimination and a second-class citizen (some would argue 'non-citizen') status in Europe. Violence and discrimination against Roma in Slovakia is well documented and continues to this day.

In this case, the owner of a parcel needed for the project did not want to sell to a developer because the developer was in an agreement with a Roma owned business. The Roma business (transportation, trucking, and warehousing), it was argued, was a profiteer of contraband, a drug smuggler, and involved in the sex trade, likely to have trafficked young Slovak or Hungarian girls to brothels. All of these allegations proved to be false, and town officials stated as much during their deliberations regarding the property development. The owner of the parcel was so reticent to sell that the developer threatened legal action for discrimination based on statements about the potential partnership with a Roma businessman. The landowner threatened their own legal action, saying that they were being threatened to the point of extortion, and that their decision and reason to sell was their own business, not a matter of public dispute. The developer countered that the property owner was using the conflict as a means to inflate the price, which was already far higher than the appraised market value according to reports. With all these allegations and counter-allegations, the very issue of 'moral fitness' to do business emerged as a constant theme. Roma, charged the landowner, could NOT be so economically successful and be part of a large commercial development, unless there was something illegal going on. In fact, the property owner used the term 'immoral' to describe the Roma businessman.

What I find instructive here is that very clear economic concerns about the public good, individual rights, and so forth were completely subsumed by the debates surrounding the ethnic background of one of the secondary parties to a land development deal, followed by claims and counter claims of discrimination and extortion. It is, once again, a set of moral arguments being used to further competing positions vis-à-vis an economic project. The state's role in this specific conflict was limited until lawsuits were filed. Eventually, each party agreed to settle the matter through an arbitration process out of court. This process ultimately entailed the arbitrator acting in part as a neutral party to the conflict, but charges were raised that as a former party functionary he was still rooted in a very narrow understanding of the economy and how the state and private property developers should best relate. In this case, moral arguments were eventually made in favor of a more progressive approach to treating ethnic minorities, but only by means of negotiating a fine line between criticizing the parcel owner for a right to his opinion and the property developer, who was also seen as being in the right for wanting to purchase a piece of land at a fair 'market' price.

What is noteworthy is that the 'market' price and ideas about compensation were entirely discussed in the idiom of 'fairness,' and what constitutes 'fairness' was far from clear or agreed upon. A strong push was made by both sides that a price determined by the marketplace would be 'fair' and the best estimate of this would be to look at comparable sales and use that as a measure for the 'fair price.' Of course, this type of debate continued with even more philosophical arguments about what is really meant by 'price' and 'value.' Should the land be valued based on its development potential or based on some other intrinsic qualities, or opportunity cost? What was the seller potentially giving up in the sale of the land? In the absence of any clear criteria to establish the 'truth' of these questions, broader normative concerns continued to provide the framework for debate.

As this debate moved along, it became clear that the idea of 'fairness' was in part related to the relationship of the developer with the Roma businessman. The association with the Roma created a space for an argument that the entire deal might be tainted, and thus in the interests of 'fairness' and 'transparency,' the compensation for the land should increase. In fact, the landowner claimed that he

was not acting out of economic self-interest, but out of selflessness; out of a desire to promote the greater good of the public benefits that would accrue for the town if the project was successful, despite his reservations, and therefore he would sell, but only at a 'fair' price to prevent from encouraging corrupt business practices. Thus, acting in a highly racist and derogatory manner became the cultural equivalent of the moral high-ground because the landowner was 'protecting' and 'standing up for' those in the town by not being swindled by a corrupt Roma business arrangement.

## **Conclusive Discussion: Understanding Normativity and Policy/Economic Development Debates**

What then explains the deeply embedded normative, even racial politics in relation to economic development debates? How can we develop a framework that explains the prominent role of moral and normative concerns in the Slovak context, when land use and economic development or property development occur? There are several conclusions that I draw from these preceding examples and analysis. They all speak to the distinctive context of Slovakia currently and show gaps in institutional, policymaking, and legal structures for land and property development, but they also speak to a broader framework for understanding the normative elements of economic policy debate.

First, it is clear that normative issues, particularly the invoking of morality, serve an important function. For lay discourses, using moral or normative concerns in economic policy debates accomplishes some important objectives. Foremost, it gives those with a lack of expertise or resources a very compelling case. Alluding to racial hierarchies or fears, or fighting for more abstract notions of justice, may usurp more objective/quantitative analyses and arguments. Second, in the absence of a clear consensus, these morally infused, lay discourses provide a socially acceptable foundation upon which to launch a trustworthy public discourse. In the wake of privatisation scandals and deep distrust of elected officials in Slovakia, public arguments that are rooted in a more transcendent morality often carry a significant weight. Finally, moral discourses allow the debate to move away from economic concerns or other planning and permitting concerns, towards a rhetorical terrain upon which nearly any argument can be made. In other words, moving into the realm of rhetorical and value-laden statements about a land deal or property development can completely shift the terms of debate away from something that may be very clear cut and 'objective' from the view of the elected officials, developer, etc, and instead towards tropes, terms, and other discursive devices over which the expert discourse may have little or no control over. This, in effect, is a way of shifting how the arguments are valued: based on one set of economic criteria, or planning/architectural criteria, or a broader, normative set of criteria. As the landowner with the racially charged dispute alleged, he wasn't a 'racist, rather someone who is concerned about freedom and protecting private property rights and the rule of law.'

What do these cases illustrate with regard to the transformation of Slovakia's debates about land use and property development or other economic policies? Can we draw any conclusions about the state of civic engagement or civil society based on specific cases that are dramatically outside the conventional framework of urban land-use and planning or public policy? These highly-localised examples are not broad enough to draw national-level conclusions, but they do, I argue, point to some general trends which we see unfolding in public debate more broadly, and this suggests that the state of political and policy debate may unfold in ways which are unexpected or do not look like Western European debates.

More specifically, in these cases in Southwestern Slovakia, the debates around land use and economic development suggest that it is possible for multiple different types of forces to be at work simultaneously: cognitive, framing, distinctive elements of postsocialist morality and normativity, etc. Moreover, it is clear that the specific motivations of both government officials and parties to public

debate are likely to be far too complex and ephemeral to fully map out. Government officials may be engaged in very complex financial maneuvering with developers and property owners; informally working through all sorts of legal grey areas, while at the same time arguing for a very morally upright and transparent process. Meanwhile, other parties in the debate have a variety of different motivations and intentions, which also may not be easily discernable. Of course, all of this is further evidence that a purely utilitarian calculus is not at work in policy debates; moreover, the overwhelming presence and influence of moral and normative concerns suggests that it is in fact interest driven motivations that are at work. What the specific interests are and why they are structure or motivated the way they are, of course, may be impossible to distinguish at times, particularly given the complex nature of local politics. In the end, what the moral and normatively infused frameworks for debating public policy or economic development practices show is that these are socially embedded processes, and far more comparative research is necessary to understand how policy and economic development debates unfold and are structured, and what are the forces that shape them.

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