

CONTENTS

Do Legacies Matter? Patterns of Postcommunist Transitions in Eastern Europe	7
Appendices	29
Tables 1-5	
Graphs 1-5	

DO LEGACIES MATTER? PATTERNS OF POSTCOMMUNIST TRANSITIONS IN EASTERN EUROPE

Grzegorz Ekiert

GRZEGORZ EKIERT, is a professor of Government, at Center for European Studies, Harvard University, Cambridge, MA.

The spectacular collapse of state socialism in Eastern Europe in 1989 and the dissolution of the Soviet Union in 1991 were greeted by social scientists and regional experts with great enthusiasm, slight embarrassment, and considerable caution. The enthusiasm was not only justified by the political importance of the events taking place in the region but also by expanding research opportunities and fascinating theoretical questions posed by the rapidly unfolding transformations. Critical issues that stimulated debate and research in the social sciences for decades could be explored in almost experiment-like conditions. Analytical and normative concepts could be reassessed and tested. In short, developments in Eastern Europe have provided an unprecedented challenge and stimulus for the social sciences.¹

The embarrassment was caused by the failure to predict such momentous changes. Regional experts were largely caught off guard and scrambled to explain the rapid transformations and changing events. Social scientists once more reflected on the predictive capacity of their disciplines. In Adam Przeworski's words, "The 'Autumn of the People' was a dismal failure of political science." He argued that "any retrospective explanation of the fall of Communism must not only account for the historical developments but also identify the theoretical assumptions that prevented us from anticipating these developments."²

The caution was dictated by the enormous tasks of transforming East European countries--Europe's unstable and backward periphery in the past, reshaped by decades of communist domination, and current economic decline--into working liberal democracies and market economies. Ralph Dahrendorf cautioned that the economic transition will involve enormous social cost and described it as crossing the "valley of tears."³ Such economic upheavals together with rapid political decompression were likely to produce protests and prolonged political conflicts and instability, undermining newly founded democratic systems. As Ken Jowitt warned, "it will be demagogues, priests, and colonels more than democrats and capitalists who will shape Eastern Europe's general institutional identity. The future of most of Eastern Europe...is more likely to resemble Latin America than Western Europe."⁴

Such pessimistic prognoses for the future of democracy and market economy in Eastern Europe were based on four assumptions. First, many commentators, following Lipset's and Dahl's insights, noted that crucial pre-conditions for democracy were missing in the region. As Ghia Nodia put it, "Communism produced some of the general modernization 'prerequisites' of democracy, but destroyed or stunted the most crucial mental and social prerequisites."⁵ These countries lacked middle and entrepreneurial classes, private property, legal tradition, pluralist political cultures, and developed civil societies.

Second, postcommunist societies were burdened by "'Leninist legacies': the history of 'backwardness,' victimization, and intolerance,"⁶ mistrust of authority, political passivity, hostility to competition, excessive welfare, and distributional expectations. These attitudes formed a syndrome often described as the "*homo sovieticus*." Thus Nodia argued that "postcommunism's task is to cure postcommunist man of the traumatic communist experience."⁷ Moreover, political and economic institutions inherited from the old regime were highly bureaucratized, centralized, and unresponsive to interests and expectations of citizens. They were designed to dominate and control all forms of social, political, and economic activities.

Third, the rapidity of regime change produced uncertainty, power vacuums, and a delegitimization of the public sphere characterized by intense political struggle among the elites, unstable governments, and nontransparent cleavages. National and ethnic issues, suppressed under communism, re-emerged as the most divisive political problems, threatening the territorial integrity of many postcommunist states. Moreover, political competition took place in the context of a deficient democratic institutional infrastructure, fragmented and weak party systems, and underdeveloped organized interest groups.

Finally, postcommunist societies faced the enormously complex task of the simultaneous transformation of political, economic and social structures. In Valerie Bunce's words, "postcommunism is far more than a transition to democracy; it is a revolution extending to politics, economics, and social life."⁸ Many commentators pointed out that the mutual interaction and conflicting objectives of such a triple transition created a situation in which economic reforms had a potential to undermine newly established democracy and vice versa. They noted that the cost

of market reforms was concentrated and immediate, while their benefits were diffused and uncertain, and that "the heavy cost of economic reform can turn crucial social actors against democratization."⁹ At the same time, supporters of reforms were afraid that populist and anti-reformist political forces could win power in democratic elections and devise policies aimed at blocking necessary economic transformations.¹⁰ Such a situation would reinforce the state's dominant position in the economy, distort emerging market institutions, and in the long run perpetuate economic decline and restrictions on political and economic freedom.

According to many scholars, these multiple political, economic, and social factors inimical to democracy made East European transitions more difficult and uncertain. Valerie Bunce argued that because of the absence of even the rudimentary democratic tradition "that Latin America and Southern Europe enjoyed, Eastern Europe has faced an especially formidable challenge." Similarly, the pervasiveness and long duration of communist rule created a situation where "the end of authoritarian rule was a much more profound development in Eastern Europe than it was in Latin America and Southern Europe."¹¹ Finally, scholars claimed that "nowhere is the challenge of 'simultaneous' transition more formidable than in the postcommunist world"¹² due to the nature of the state socialist economic system and the serious tensions between democracy and market reform.

The early years of the transition confirmed many of the initial fears and gloomy predictions. The collapse of Yugoslavia and the bloody civil war became a symbol of dangers inherent in dismantling communist dictatorships. The economic transition proved to be a costly process indeed. All countries experienced severe recession, contraction of industrial production, and a dramatic drop of the Gross Domestic Product (GDP). Opening and liberalizing their economies produced growing unemployment, rampant inflation, social dislocations, poverty, and rising inequalities. Postcommunist political life was plagued by conflicts, political fragmentation, and instability. Reform efforts and policies were often inconsistent, delayed, and corrupted. The recurrent macroeconomic setbacks experienced by late reformers such as Bulgaria and Romania, emerging authoritarianism in Belarus, a breakdown of social and political order in Albania following the financial collapse and the ensuing social unrest, as well as economic difficulties experienced by reform leaders such as the Czech Republic in 1997 or Hungary in 1994-95 show that dismantling state socialism is a process full of dilemmas, difficulties, and potential hazards.

Despite these obvious problems, occasional setbacks, and social costs, the transformation unfolding in the region must be judged as surprisingly successful. New states emerged without prolonged military conflicts and civil wars. Democratic institutions have been introduced and, despite intense political struggles, lawfully elected parliaments and governments have been in power. Coercive forces were reformed and placed firmly under control of the civilian authorities. Political rights and liberties were greatly expanded, free media emerged, and new civil societies developed rapidly.¹³ As Ellen Comisso concluded, "institutions of procedural democracy have proven surprisingly robust in the postcommunist period."¹⁴ Despite the fact that political developments in some countries such as Belarus, Albania, Croatia, or Slovakia prompted serious

concerns about political rights and liberties, these newly democratized regimes do not face any immediate threats of reversal to authoritarian rule. At the same time, their consolidation into liberal democracies is highly uncertain.¹⁵

While scholars pointed to strong authoritarian tendencies prevailing in some countries,¹⁶ postcommunist democracies were largely able to avoid problems that have plagued other regions experiencing transitions to democracy and market economy. According to Terry Karl, "throughout Latin America, democratization historically has been adversely affected by the unfairness of fundamental rules, such as those defining the electoral process, and the systematic exclusion of opposition forces from public goods or the spoils of government."¹⁷ It is important to note that with the exception of Belarus, some former Yugoslav republics, and to some extent, Slovakia, new political life in the region has been fundamentally open and fair. Similarly, clientelism and corruption were kept in check at least in East Central European countries.

Together with political life, state run economies were transformed. Although progress in the transition to market-based economy varies considerably across the region, market institutions were inaugurated, medium and small enterprises privatized, the private sector expanded, and stabilization programs introduced. In many countries, the initial recession shows clear signs of abating. Most of the countries have renewed economic growth, reduced inflation, stabilized unemployment, rationalized fiscal policies, and secured foreign aid and investment. Especially in the Visegrad countries, economic transformations have been quite successful, regardless of continuing problems and occasional setbacks. In these countries, economic reforms are most advanced and liberal democracy is most secure.

In sum, in light of the initial concerns, the experiences of East Central European countries have been surprisingly positive, and their efforts to consolidate democracy, build market economies, and join European political and economic structures look increasingly successful.¹⁸ The situation in the Balkans is not as promising, but progress has been made there as well. Even in Russia and the former Soviet republics (especially in the Baltic countries), reversion to authoritarian rule is not imminent, despite persisting economic and political problems. It seems that Nancy Bermeo was right when she pointed out that "we have despaired about new European democracies before...and things worked better than expected....New democracies are indeed very difficult to create and maintain but...democratic political systems do not break down from exhaustion or from some set of structural maladies."¹⁹

Although the breakdown of new democracies in most of the postcommunist world is unlikely, the progress of transition has been uneven and their chances of "full" democratic consolidation are still uncertain. Initial years of transformation produced striking differences in the extent of structural reform, economic performance, and quality of democracy. Consequently, the study of various aspects and limits of transition in postcommunist states has emerged as one of the most intriguing and challenging areas of comparative politics.

In this paper, I will examine the initial outcomes of post-1989 transformations in countries outside the former Soviet Union. My goal is to identify the patterns of transformation emerging in the region and propose some tentative ideas that help to account for disparities in initial outcomes of these transformations.

Understanding Postcommunist Transformations

Conceptualizing and explaining the rapid, unexpected collapse of state-socialist regimes in Eastern Europe in 1989, as well as the ensuing efforts at democratization and restructuring of the economy, is a challenge for students of comparative politics. The simultaneity of the breakdown, despite varied political and economic conditions in each country, reinforced a notion that these regimes were basically identical one-party states kept in power by the Soviet military presence. Additionally, some experts assumed that in the wake of communism's collapse the new regimes developed similar structures, faced similar challenges and pressures, and therefore should be treated as a single political type.

This view is incorrect both with respect to the communist past and to present developments. East European state socialist regimes underwent complex processes of transformation during their four decades in power. Domestic political developments differed from country to country. Specifically, patterns of political conflict, institutional breakdowns and strategies of regime stabilization left long-lasting legacies. As a result of political crises, fundamental changes and adjustments were introduced not only into policies of these regimes but also into political and economic institutions, altering relations between institutional orders of the party-state, between the state and society, and producing institutional and policy dissimilarities.²⁰ Thus each state socialist regime left behind distinct legacies which should be carefully examined if we are to explain the present rapidly diverging trajectories of political, social, and economic changes taking place in the region.²¹

Similarly, despite the clustering of regime breakdowns in 1989, there were important differences in the way particular countries exited state socialism and entered the transition process. "Pacted" transitions that took place in Poland and Hungary, displacement of the communist regime through "popular upsurge" that occurred in Czechoslovakia and the German Democratic Republic (GDR), or transformation from above that took place in Bulgaria produced different transitional institutions and patterns of political conflicts. These distinctive modes of power transfer shaped subsequent political developments and the capacity of various political actors in each country.²² In addition, the results of initial democratic elections varied across the region. In many countries, former communists were able to retain political power; in others, newly organized non-communist opposition emerged victorious.

Several years after the collapse of communist rule, distinctive regions or groups of countries with contrasting policies and accomplishments have emerged within the former Soviet bloc. The new, postcommunist regimes have been confronted with specific challenges engendered

by different domestic conditions and have pursued different strategies of political and economic reforms. David Stark is correct when he argues that we should regard Eastern Europe "as undergoing a plurality of transitions in a dual sense: across the region, we are seeing a multiplicity of distinctive strategies; within any given country, we find not one transition but many occurring in different domains—political, economic, and social—and the temporality of these processes are often asynchronous while their articulation seldom harmonious."²³ Moreover, these distinctive trajectories of transition present increasingly consistent pictures. The gap between the front-runners and the laggards becomes more apparent with every passing year. Thus, Arend Lijphart and Carlos Waisman are right when they emphasize, "we need a better conceptualization of the range of outcomes of the processes of transition, in particular of the different types of capitalism and liberal democracy that are being constructed in [Eastern Europe, Latin America] and other regions of the world."²⁴

In a comprehensive regime change, there are a large number of factors that can shape the course and outcomes of transformations. Moreover, casual relations among these factors are highly uncertain. There are at least four groups of factors that need to be included in any effort to explain patterns of the ongoing transformation: legacies of past and initial conditions, institutional choices, policies of new governments, and the extent of external support. From this point of view, the recently debated dichotomy of "Leninist legacies" versus institutional choices that structure incentives for collective actors is not very helpful in understanding postcommunist transitions.²⁵

In my view, broadly perceived legacies of the past offer the most consistent explanation of successful transitions, especially in their initial phase. I define these legacies to include not only the institutional and attitudinal features inherited from communism that are inimical to democracy but also some facilitating factors related to developments under communist rule. Economic reforms and marketization as well as political liberalization efforts under the old regime produced specific resources and conditions and facilitated democratic breakthrough, including pragmatic communist elites and well defined opposition movements. Such reforms also produced economic structure more amenable to market conditions. Thus, the paramount lesson from postcommunist transition is that history matters. Despite the emerging consensus on the critical role of institutional choices, even the best institutions may fail to induce the behavior their designers had in mind.²⁶ Moreover, historical legacies determine the available alternatives and make some institutional choices more likely. Robert Putnam makes a similar claim when he argues that "where you can get to depends on where you're coming from, and some destinations you simply cannot get to from here. Path dependence can produce durable differences in performance between two societies, even when the formal institutions, resources, relative prices, and individual preferences in two are similar."²⁷

The varied legacies of the communist period were decisively influenced by the outcome of the first competitive elections.²⁸ Together, legacies of the past and initial outcomes of democratic competition explain why some countries have accomplished more and have been more

successful than others. Focusing on the legacies and initial political outcomes, I am advocating a path-dependent view of postcommunist transformation. The trajectories of transformation across the region can be characterized as the "increasing returns process," in which inherited legacies, sequencing of events, and earlier events in the sequence matter more than later ones.²⁹ Moreover, such emerging trajectories display self-reinforcing tendency. Thus, in explaining the initial outcomes of transition, I place less emphasis on new institutional constraints and institutional engineering as prime factors in shaping behavior of collective actors and policy choices of elites. I agree with Valerie Bunce that "in postcommunism, political institutions seem to be more a consequence than a cause of political developments."³⁰

Assessing Evidence

Since 1989, the progress of political and economic transformations in postcommunist countries has been uneven. In order to illustrate diverging outcomes of transition across the region, it is useful to compare a number of indicators and rankings produced by various organizations. It is obvious that each ranking has its own problems and inconsistencies, and regional experts could argue about specific scores or places assigned to specific countries. Yet a simple exercise of comparing several rankings reveals a relatively consistent picture of disparities between groups of countries.

Table 1: Comparative Measures for Selected Postcommunist Countries

This first set of evidence shows that four Central European countries--the Czech Republic, Hungary, Poland, and Slovenia-- scored significantly higher in all indexes. Economic transformations in these countries are more advanced as the European Bank for Reconstruction and Development (EBRD) index of Transition Progress indicates. Their economies are more open and liberalized in comparison to other countries, economic policies more stable and transparent, privatization has had a more consistent record, and a large private sector has emerged. In these countries, poverty rates remain relatively low and income inequality is still below the Organization for Economic Co-Operation and Development (OECD) average. Their progress is acknowledged by the international financial community as illustrated by Euromoney's country risk index. More importantly, the quality of democracy in these four countries is better as approximated by the Freedom House index. Democratic institutions are not contested, procedures are followed, political rights and liberties are more extensive and secure than in the rest of the region, civil societies are more developed, and the media are free. These countries are also better integrated politically and economically with the West and are members of multilateral organizations.

The second group comprises the Balkan countries (Bulgaria, Romania, Croatia, and Albania) and Slovakia. In these countries, the progress of political and economic transformation has been slower and less consistent. The policies of the postcommunist governments have shifted more. For example, Bulgaria, Albania, and Romania each had more than one economic stabilization attempt. Market reforms have been less advanced, privatization has lagged behind,

and their legal and institutional infrastructure has been less developed and transparent. Moreover, corruption has become a wide-spread phenomenon. The recurrent setbacks in economic transformations, illustrated by macroeconomic indicators, are reflected in higher poverty rates, lower income, greater inequalities, and meager foreign capital inflows. Similarly, politics in three countries was less predictable, reformist forces weaker, and the potential for a sudden crisis, as recent developments in Albania illustrate, much greater. Political rights and liberties have been less secure and the media are only partially free. These countries have been characterized by more dramatic and frequent policy shifts, and ruling elites have been less willing or able to maintain consistent reform strategies. Slovakia, which was initially a part of the group of leading reformers, has recently fallen behind. Economic transformations slowed down political liberties were seriously curtailed, and the rule of law was frequently subverted by the Meciar government.

The countries of the former Soviet Union present an extremely complex picture. They range from the Baltic countries, which have emerged as successful reformers, to the new countries in Central Asia which are plagued by civil wars, ethnic and border conflicts, revival of authoritarianism, and disastrous economic performance. Russia itself, by its sheer size, turbulent politics, and regional disparities embodies all the problems and dilemmas of postcommunist transformations. For these reasons, I will exclude these countries from a systematic analysis. The selected data on the former Soviet republics that I present will only serve as a contrasting illustration of difficulties experienced by some postcommunist countries and a possible range of variation in the initial outcomes of transition.

The second set of evidence comes from public opinion research. The evaluation of the new political and economic order differs significantly across the region. The more advanced economic transformations and the more solid establishment of democracy and protection of rights confer more legitimacy for the new political and economic order. This situation is reflected in public opinion surveys conducted in all countries since 1989 by Richard Rose and his associates.³¹

Graphs 1-4: Approval of Current and Communist Economic System and Regime³²

The data in the subsequent graphs show that in more successful countries the level of approval of the new economic and political system is higher than in less successful countries. This is particularly evident for the Czech Republic, Poland, and Slovenia. In these countries, there is also less nostalgia for the old regime. Moreover, popular acceptance of the new political and economic order has a tendency to increase, despite costs and uncertainties of the transition. In less successful countries, on the other hand, the positive view of the communist past has been gaining strength. Interestingly in Hungary, the level of support for the new order is lower than in other leading countries. This in part reflects better living standards at the outset of transition, less rapid progress of economic reforms, austerity measures introduced in response to severe problems with internal and external imbalances in 1994-95, and the more pragmatic nature of the old regime.

Although the initial political transition is largely completed and at this stage the consolidation of these new democracies is a major task, transition to a market-based economy is still far from achieved. The progress of economic transformations and differences among the three groups of countries is well reflected by the macroeconomic indicators such as GDP growth, inflation, and unemployment. Patterns of economic performance have diverged significantly from country to country. Such disparities have resulted not so much from differences in transition strategies, which were basically similar across the region, but to a considerable extent from the initial economic conditions and timing of reforms. The role of these initial factors is gradually decreasing in favor of policy choices and strategies. In the recent report, the EBRD analysts argue that in 1997 economic transformations in the region entered another phase, and the challenges of this phase "will be determined not only by the conditions in the countries at the start of the transition but also by the events and actions of the first phase. This new phase of transition will be shaped therefore by both the broader history of each country and, more particularly, the very recent history of the first phase."³³

Table 2: Selected Macroeconomic Indicators, 1990-1997

The data show that countries of East Central Europe resumed economic growth faster, their recovery has been more consistent, and price stability greater than the former Soviet States. A number of factors has contributed to the initial success of economic reforms. Economists attempted to quantify the impact of contextual factors (natural endowment, proximity to Western Europe), initial conditions (economic situation and structures, patterns of trade), and transition factors (timing and scope of reforms, economic policies, foreign assistance), but the results are inconsistent. The causal relations among these factors are not clear and their contribution to successful reforms are hard to measure and interpret.³⁴ It is evident, however, that the legacies of the old regime have a significant impact. The most successful countries had a previous history of experimenting with economic reforms under the communist regime. As a result, they were institutionally more diverse and decentralized and also had a larger (with the exception of Czechoslovakia) private sector. As Stanley Fischer and Alan Gelb argue, "a decentralized socialist economy starts off the transition to a private market economy with advantages. Agents are more familiar with markets, and their response to market incentives is therefore likely to be faster. Also, a large share of the exports of the less centralized countries went to western markets, and was thus subject to global competition and international standards."³⁵ Similarly, Salvatore Zecchini emphasizes that "wide differences existed at the beginning of the transition among [postcommunist] countries in terms of socio-political conditions, economic imbalances, and human and physical resource endowments. This explains in part why policy outcomes differ widely across countries even though their strategies were broadly similar, as they included essentially the same components, namely price and trade liberalization, macroeconomic stabilization, creation of market institutions and privatization."³⁶

The timing, sequencing, and scope of reforms is commonly considered as the best explanation of more successful economic transitions. The World Bank analysis supports the view that countries that liberalized rapidly and extensively recover faster and experienced decline in inflation rates.³⁷ Similarly, Zecchini argues that "some countries have shown more determination than others in introducing radical changes and in maintaining the reform momentum, mostly by taking maximum advantage of the window of opportunity that the political upheaval offered them initially."³⁸ Although the data show that countries that experienced the earliest transitions differ systematically from the late reformers, it is not easy to establish an unambiguous causal explanation. Johannes Linn is right when he cautions that "we will never be able to disentangle what part of today's better growth performance of Central Europe and the Baltics is due to better and early reform policies and what can be attributed to [the] initial conditions: but what we do know is that the quality of policies matter—and these are under the control of governments."³⁹

Finally, the most successful countries were able to attract considerable foreign aid and private capital.

Table 3: Cumulative Foreign Direct Investment, 1989-1996

The patterns of foreign capital flows indicate that external help was not so much a cause but a result of successful reforms. Initially, large sums were invested in Hungary which had the most liberalized economy under the communist regime. Then, the Czech Republic became a leading recipient of foreign capital due to the bold and comprehensive nature of its reforms. Recently, Poland has been attracting a growing share of foreign investment, capitalizing on its successful stabilization program and fast recovery from the recession. The World Bank report concluded that "official support from the international financial institutions and individual country donors has typically been much larger, relative to population or GDP, for those countries that have advanced further with reforms."⁴⁰

The above overview of the political and economic developments in postcommunist Eastern Europe indicates that there are wide disparities among the countries emerging from four decades of communist rule. In 1997 the gap between East Central European front-runners and other postcommunist countries became apparent. How can we account for such differences? What factors make some countries more successful than other? In the next section, I will explore several explanatory leads offered in the literature on postcommunist transformation and on transitions to democracy in general.

Explanatory Leads

As I have already suggested, the diverging trajectories and initial outcomes of postcommunist transformation may be explained by several factors. Initial conditions, timing and sequencing of reforms, quality of policies, institutional choices, and the extent of external support provide important clues for the range of outcomes emerging in the region. The causal relations among

these factors, however, are not obvious or easy to determine. Moreover, their impact may decrease or increase in different stages of transition. In this section, I will briefly comment on the role of some of these factors and, in the conclusion, I will outline the sequence of factors which accounts for the pattern of successful transformations.

International factors

In contrast to earlier transitions to democracy, the role of international factors in East European cases is much more profound. International factors shaped all phases of transition: the deconstruction of the old regime, the transfer of power, and the consolidation phase.⁴¹ The international context of postcommunist transitions has many different dimensions, including changing East-West relations, the collapse of the Soviet bloc's political and economic structures, and new relations emerging among East European countries. Moreover, a variety of international actors--states, international organizations, transnational movements, multinational corporations, and multilateral financial institutions--all play specific roles and influence developments in postcommunist countries. As a result, the international environment within which postcommunist transitions take place is exceedingly complex. As Valerie Bunce emphasized, "transitions to democracy in Eastern Europe, with all their fluidity and uncertainty, are taking place in the context of a fluid and uncertain international environment."⁴²

I will focus here only on two issues. First, in both political and economic dimensions international factors should be perceived as facilitating conditions, not as causes responsible for specific outcomes. As I have already argued, the inflow of foreign direct investment should be viewed as a result, not as a cause of successful economic reforms. Similarly, membership in international organizations almost always requires the fulfillment of certain initial conditions. Consequently, countries striving for international recognition and acceptance must first sufficiently marketize their economies and democratize their political systems in order to benefit from international economic and political support. Such integration, in turn, fuels faster growth of productivity, trade volumes, and national incomes, and attracts foreign capital. Thus expanded international participation propels countries onto the path toward more-open and liberal economies and imposes powerful constraints on their domestic policies. According to the EBRD, "the discipline imposed by EU Association Agreements, World Trade Organization (WTO) accession negotiations, and other regional trade agreements (CEFTA, BFTA) has generally provided an effective counterweight to protectionist pressures." As a result, "the trade regimes [of leading reformers] do not look very different from those in mature market economies."⁴³ Similarly, membership or a promise of membership in international institutions facilitate domestic institution building and adherence to international laws and standards. Second, foreign support is extended to such countries that are willing and able to attract foreign partners. In short, the ruling elites must be familiar with modes of operation and institutional rules that govern transnational communities, develop necessary skills, and prove willing to conform to such rules.

The existing evidence shows that more successful postcommunist countries have been more closely integrated with the global economic and political systems and that such integration was established earlier rather than later. Moreover, these are the countries that have been more willing to cooperate politically and economically with their neighbors. In addition, these are the countries with a longer history of participation in international institutions and, by the same token, with elites who learn necessary skills allowing effective participation in the global economy and politics. The following table presents the membership of East European countries in selected international organizations and dates when particular countries were admitted.

Table 4: Participation in International Organizations

The data on international integration show that the countries that have been more integrated in international institutions and have joined global and new regional political and economic organizations are more advanced in the economic and political transition. Such countries also had a longer history of relationships because they joined these organizations either under communist rule or at the outset of the transition period. In sum, international integration with its economic and political benefits and constraints on domestic policies clearly facilitates political and economic transformations. Countries included in the first round of NATO and EU enlargement will benefit economically and attract an ever growing share of foreign investment.⁴⁴ However, such integration with all its benefits is only possible when the progress of political and economic reforms is already secured. Consequently, one should look at other factors in order to explain initial outcomes of East European transitions.

Institutional choices

The issue of institutional choices has received a lot of attention in the literature on democratic transitions.⁴⁵ Scholars concluded that new institutions can be crafted in such a way as to provide constraints and incentives that facilitate consolidation of democracy. Beverly Crawford and Arend Lijphart reconstructed such a view in the following way: "if new democratic institutions are constructed, then vested interests in those institutions will develop rapidly and will have long-term consequences that overshadow past legacies. If those institutions provide incentives to economic and political liberalizers and constrain those actors who oppose the liberalization process, then the odds that the outcome will be a successful transition to liberal capitalist democracy will increase."⁴⁶ The design of electoral systems and executive-legislative relations are considered to be the most critical institutional choices. The following table presents some major institutional choices of postcommunist democracies.

Table 5: Institutional Choices and Elections

The overview of institutional choices in postcommunist democracies yields several preliminary conclusions. First, the process of institution building is still very much underway, especially when economic institutions are concerned. One may expect that these new democracies will endure more

institutional changes resulting from conflicting interests before relatively stable institutional frameworks are in place. In fact, Robert Putnam reminds us that "most institutional history moves slowly. Where institution building (and not mere constitution writing) is concerned, time is measured in decades."⁴⁷ If this is the case, the impact of institutions can only be adequately measured in the long-term.

Second, there is a great variation in institutional design in Eastern Europe. Postcommunist systems of government range from pure presidentialism to pure parliamentarism with most countries opting for a mixed system. Similarly, their electoral systems range from relatively pure, proportional representation (PR) to majoritarian systems, while the majority of countries adopted mixed PR-majoritarian electoral institutions. Although the impact of mixed systems is more difficult to discern, there is a certain tendency emerging in the East European context.

The progress of economic reforms tends to be more advanced and democracy more secure and fair in countries that adopted systems of government closer to a pure parliamentary type and in countries with PR systems. This observation confirms Juan Linz's contention that "parliamentarism provides a more flexible and adaptable institutional context for the establishment and consolidation of democracy."⁴⁸ Parliamentary systems promote power sharing among various political actors, facilitate moderation and effective processing of conflicts, and provide impasse-solving procedures. Although they are less stable than presidential systems, as reflected in the number of elections and cabinet changes, it seems that democratization is better served when there are more frequent changes of ruling coalitions. The EBRD report points out that "the advanced countries have, on average, held a larger number of democratic elections, have had more frequent government turnovers, and have had shorter government tenures than the less advanced reformers."⁴⁹ Such changes allow policy acceleration and adjustments and prevent stabilization of patron-client relations. Thus, despite views that the democratization process and electoral politics may disrupt necessary economic reforms, "the experiences of transition in post-communist countries...suggest that the institution of democratic elections can play an integral role in strengthening the robustness of economic reforms and generating the necessary resolve to implement comprehensive reform programmes."⁵⁰ It should be noted, however, that governmental instability seems to have a more advantageous effect when frequent government turnover is concentrated at the beginning of the transition than its latter stages. The experiences of Poland which endured much political volatility in the early years of the transition and emerged as a successful reformer illustrate this pattern well. In contrast, Bulgaria and Romania only recently experienced a period of accelerated government turnover and interim elections in part as a result of political and economic failures. Similarly, successful reformers are characterized by more fragmented party systems as illustrated by the index of effective political parties.

It is not only politics that benefit from the more flexible institutional system offered by parliamentary democracy. Economic transitions are far more advanced in countries with more dispersed political power. Joel Hellman concluded his analysis of the implementation of macro-economic stabilization programs in postcommunist countries in the following way:

"Postcommunist countries with a greater dispersion of political power and a larger number of veto points in the policymaking process have stabilized faster and more effectively than countries in which political power is more concentrated. Coalition/divided governments and constrained executives... appear to hasten stabilization in the postcommunist cases.... Postcommunist countries with more competitive political systems appear to have a 'competitive advantage' in the process of macroeconomic adjustment."⁵¹

While the evidence about the relationship between institutional choices and initial outcomes of transitions seems to be persuasive, the great institutional variation and continuing fluidity of new East European institutions suggests some caution. As with other factors discussed so far, it is relatively safe to assume that institutional systems with greater dispersion of political power tend to promote more effective economic policies and secure better democracy. This statement has to be qualified by pointing out that general institutional constraints provide only a framework for policy making processes. There are indeed notable policy differences across the region in terms of substance, style, and effectiveness. One can observe different degrees of determination and capacity of postcommunist governments to pursue consistent reform strategies. In the realm of economic policies, these differences, according to Salvatore Zecchini, "lie in the relative priority assigned to different goals, in the speed, depth and timing of the various reforms, in the extent to which market-based incentives were offset or blunted by other government interventions and in the determination shown in redressing macroeconomic imbalances."⁵²

Legacies

The final explanatory lead to be discussed in this paper draws attention to the impact of historical legacies and initial conditions in shaping diverging trajectories of East European transitions. State socialism appeared to be a highly uniform political and economic system. Yet, in reality it assumed a variety of forms with differences among countries as striking as similarities. Consequently, the collapse of communist regimes took place in the context of highly dissimilar domestic conditions across the region. Some countries such as Poland and Hungary had already experienced significant political liberalization. Their economies departed from the orthodox communist model in many different ways. Other countries experienced little political liberalization and their economies remained close to the Stalinist model.

Initial experiences of transitions show that most successful East Central European countries, among all postcommunist countries, share common historical legacies. First, all these countries had a history of major political conflicts and political reforms. As a result they were more liberal, with the exception of Czechoslovakia, than their neighbors. Second, the extent of marketization and economic liberalization prior to the end of communist rule was larger. They had a relatively large private sector and many state-owned firms had cooperated with Western firms or produced goods for Western markets. Third, these were the countries which had pragmatic communist elites and/or substantial political and cultural opposition. Finally, these were the countries with stronger ties to the West. It seems that such histories of political struggle and

reforms engendered a learning process on the level of elites and society alike that facilitated faster transition to democracy, better quality of democratic institutions, and more extensive liberties and freedoms. The kinds of knowledge and skills that were acquired by relevant collective actors (ruling elites, opposition movements and civil society organizations, private entrepreneurs) under decentralized and pragmatic state socialism were an important asset after its demise. As a result, these countries and their new elites were more consistent and effective in implementing political and economic reforms.

The institutional legacies of reforms and the pool of available skills and experiences made the break with communist past more radical and the initial stages of transition in these countries more transparent. In all four leading countries, the former Communist parties lost power in the first round of elections. New democratic governments were formed by the members of opposition movements who set out to dismantle economic and political vestiges of state socialism as quickly as possible. Thus, Steven Fish is correct when he argues that "the outcome of initial elections is the best predictor of the extent of economic reform."⁵³ The presence of facilitating legacies allows one to account for the ability of new political forces to win the first elections. It would be imprudent, however, to assume that liberalized and marketized state socialism mechanically produced better democracies and more thriving economies. Czechoslovakia was neither liberal nor had a reformed economy. It seems, however, that in successful countries, legacies of dissent, opposition, and reform facilitated the process of political and economic transformation despite the fact that such reforms were reversed under the old regime. Moreover, it should be emphasized that the explanatory power of legacies declines over time. As the analyst of the EBRD rightly note, "the differences in the depth of reforms are increasingly the result of policy choices rather than the initial conditions in each country."⁵⁴

Conclusions: Lessons of the Postcommunist Transition

This paper was intended as a preliminary assessment of patterns of political and economic transitions in postcommunist Eastern Europe. I have focused specifically on the former Soviet-bloc countries. This analysis excluded the Soviet-successor states in order to reduce the level of complexity added by the drive for independence and struggle for self-determination, the nationality question, the variation of initial conditions, and the timing of transition. Experiences of postcommunist transformations vary significantly across the region. The group of leading countries (Czech Republic, Hungary, Poland, and Slovenia) have made quite extraordinary progress. These countries are followed by the Balkan states, which have had a much less impressive record. They have lagged behind in both political and economic transformations, and their new democracies have been more uncertain and crisis prone. Finally, among Soviet-successor states, the progress of transformations has been highly uneven and in many countries reforms have been stalled. It should be strongly emphasized that the transition processes are still unfolding and it would be highly imprudent to overgeneralize the lessons of the early experiences. It is still possible, as Katherine Verdery noted, that "these transformations will produce a variety of forms, some of them perhaps approximating Western capitalist market economies and many

of them not...Polities more closely resembling corporatist authoritarian regimes than liberal democracies are a distinct possibility in several countries...whereas military dictatorship should not be ruled out for others."⁵⁵ On the other hand, in most of the postcommunist world, transformations so far have progressed in the direction of liberal democracy and an open market economy. The emerging patterns of these transformations suggest several preliminary conclusions:

First, the countries with the most advanced and successful economic transformations have at the same time the most secure and effective democratic systems, as well as greater extent freedom and liberties. Thus, what transpires from postcommunist experiences in Eastern Europe is that simultaneous transitions can be successful only when democracy is stronger, power less concentrated, electoral cycles shorter, government turnover more frequent, and the media free from the government control.

Second, all successful countries had earlier histories of political conflicts, liberalization attempts, economic reforms and experiments, and oppositional activities. Such developments under state socialism produced more pragmatic communist elites, more viable private domains within state-run economies, and stronger cultural and political counter-elites.

Third, these are also the countries that maintained more extensive relationships with Western democracies, international organizations, and the global economy in the past. They benefited from scientific and technical cooperation, trade relations, and received extensive aid in a form of expertise and capital inflows. All these factors clearly contributed to speedier and more successful transformations. The kinds of knowledge and skills acquired by all relevant economic and political actors in the past played a major role in designing and implementing transition strategies and shaping institutional change. Moreover, as the EBRD report suggests, these countries "have achieved a high level of integration into world markets and into existing multilateral institutions which generates powerful incentives to maintain and deepen market-oriented reforms."⁵⁶ However, the leading countries have shared additional similarities that have made certain outcomes more likely.

Four, these were the countries where former communist parties lost power in the first round of democratic elections and opposition forces formed the first democratic governments. New political elites were more committed to change and accelerated the exit from state socialism.

Fifth, more successful countries were characterized by more dispersed political and economic power and had more competitive political systems. As a result, they experienced more frequent government turnovers and a larger number of democratic elections which contributed to policy innovations.

Finally, these countries introduced more comprehensive macro-economic stabilization reforms, liberalized the economy, and privatized a large part of state-owned assets. Moreover, these reform measures were introduced earlier rather than later in the transition process, were

maintained with a high level of consistency even in the face of significant opposition, and succeeded in "creating sufficiently large domestic constituencies with a stake in sustaining the reform process."⁵⁷

The role of main factors discussed in the paper and the sequence of developments which account for more advanced level of economic and political transformation can be summarized in Graph 5.

Graph 5: Patterns of Successful Transformations

The overview of East European experiences allows one to draw some more general points as well. The evidence presented in this paper suggest that we are well advised not to create artificial and simplistic analytical distinctions. Institutional engineering alone cannot create successful democracies and market economies, although institutional choices are critically important. Similarly, foreign aid and support can only help but not create working democracies and market economies. I have suggested that in order to understand East European experiences we should pay more attention to legacies of the old regime and path dependent dynamics despite the fact that these cases are characterized by a sharp break in institutional continuity. Douglass North reminds us that "even discontinuous changes (such as revolutions and conquest) are never completely discontinuous."⁵⁸ Similarly, Robert Putnam's study of Italian regional reforms illustrates, in an insightful way, "the power of historical continuities to affect the odds of institutional success."⁵⁹

I have also proposed that we conceptualize these legacies in a more complex and precise fashion. Experiences of East European countries have not only been shaped by "Leninist legacies," identified by Ken Jowitt, that are inimical to markets and liberal democracy. The past political crises, reform attempts, institutional tinkering with the architecture of the party-state and centrally planned economy, and learning processes among elites have been critical factors in explaining divergent trajectories of transition in the postcommunist context. They help explain why some countries have been able to respond to the challenges and opportunities of the collapse of the Soviet empire much more effectively than other countries. In short, the path-dependent approach that combines a serious reflection on historical experiences of countries in transition with attention to contingent events such as initial elections, as well as institutions and institutional choices should replace simplistic antithetical concepts of "Leninist legacies" and "institutional engineering."

The second theoretical conclusion concerns our capacity to develop parsimonious models in order to understand and explain large scale processes of political and economic transformation. Contemporary political science strives to generate analytical models that can precisely specify causes and effects and establish causal relationship between various factors. As I have suggested the number of factors of a highly interdependent nature are at work behind specific patterns of transition discernable in postcommunist world. Thus any single-factor interpretation is

questionable. Moreover, while such factors clearly facilitate the transformation process, their causal power is not certain. As Robert Putnam reminds us, in explaining complex political processes, "we must think not merely in terms of cause and effect."⁶⁰ Thus, any attempt to determine specific causes and linear relationships is questionable as well. The metaphor of vicious and virtuous circles captures much better the relationship between these factors. They interact together in a complex fashion producing "increasing returns" that characterize path dependent developments. Such self-reinforcing processes are clearly detectable in postcommunist countries. Poland, Czechoslovakia, and Hungary received more attention from the international community at the start of the transition for their past experiences of political struggle, economic reforms, openness to the West, as well as the presence of cultural and political counter-elites and, in two countries, pragmatic and liberal communist elites. These past experiences not only provided intellectual capital and skills but also led to the faster and extensive cooperation with the West and inflows of foreign expertise and capital. This in turn had a growing impact on policies of newly democratized regimes, normative orientations of political actors, and economic activities. Better developed market institutions, improved economic performance, and stronger democracy in turn invited more cooperation, assistance and investment. If this self-propelling virtuous dynamic of the transition process among leading East European reformers is responsible for their successes, other countries have experienced vicious circles of political and economic setbacks, stalled reforms, and wait--and--see position of potential foreign partners. The truly pressing question is how and when the vicious circles that characterize developments in these countries can be reversed in order to change these systems' dynamics. Similarly, one may wonder what events may lead to the destruction of self-reinforcing virtuous circles. Even the most successful East European countries still have a long way to go before their new democracies are consolidated, their economies de-politicized, and concerns about their economic and political stability can be put to rest.

NOTES

1. Lucian Pye argued, for example, that the mass extinction of authoritarian regimes in recent years constituted a new "great transformation" and provided an exceptional challenge and opportunity for social scientists. See his "Political Science and the Crisis of Authoritarianism", *American Political Science Review* 84, no. 1: (1990) 84, 1, 3-19.
2. Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (New York: Cambridge University Press, 1991), 1. See also Seymour Martin Lipset and Gyorgy Bence, *Anticipations of the Failure of Communism* (Washington, D.C.: East European Studies, The Woodrow Wilson Center, 1994); Timur Kuran, "Now Out of Never: The Element of Surprise in the East European Revolutions of 1989", *World Politics* 44: (October 1991) 44, 7-48; Jon Elster, Claus Offe, and Ulrich Preuss, *Institutional Design in Post-communist Societies* (Cambridge: University Press 1998), 1-3.
3. Ralph Dahrendorf, *Reflection on the Revolution in Europe* (New York: Time Books 1990).

4. Ken Jowitt, "The Leninist Legacy", in *Eastern Europe in Revolution*, ed. Ivo Banac (Ithaca, NY: Cornell University Press 1992), 220.
5. Ghia Nodia, "How Different are Postcommunist Transitions", *Journal of Democracy* 7, no. 4: (1996) 26.
6. Beverly Crawford and Arend Lijphart, "Explaining Political and Economic Change in Post-communist Eastern Europe", *Comparative Political Studies* 28 no. 2: (July 1995) 179.
7. Nodia, "How Different Are Postcommunist Transitions", 28.
8. Valerie Bunce, "Comparing East and South", *Journal of Democracy* 6, no. 3: (July 1995) 92.
9. Leslie Elliott Armijo, Thomas J. Biersteker and Abraham F. Lowenthal, "The Problems of Simultaneous Transitions," in *Economic Reforms and Democracy*, ed. Larry Diamond and Marc Plattner (Baltimore, MD: Johns Hopkins University Press, 1995), 227. See also Claus Offe, "Capitalism by Democratic Design? Democratic Theory Facing the Triple Transition in East Central Europe", *Social Research* 58, no. 4: (1991) 865-92; and Piotr Sztompka, "Dilemmas of the Great Transformation," *Sisyphus* 2 (1992): 9-27.
10. For an analysis of the dynamic relationship between elections and economic reform strategies, see Adam Przeworski, *Democracy and the Market*.
11. Bunce, "Comparing East and South," 89.
12. Larry Diamond and Marc F. Plattner, introduction to *Economic Reform and Democracy* (Baltimore, MD: Johns Hopkins University Press, 1995) iii.
13. See, for example, Grzegorz Ekiert and Jan Kubik, (Post)totalitarian Legacies, Civil Society, and Democracy in Post-Communist Poland, 1989-1993 (Working paper, no. 97) (Cornell University, Ithaca, NY Institute for European Studies) 1997, 4.
14. Ellen Comisso, "Is the Glass Half Full or Half Empty?" *Communist and Postcommunist Studies* 30, no. 2: (1997) 18.
15. For the distinction between electoral and liberal democracy, see Larry Diamond, "Is the Third Wave Over?" *Journal of Democracy* 7, no. 3: (1996) 20-37.
16. Vesna Pusic, for example, argues that Southeast European countries experienced a controlled transition which resulted in the emergence of regimes characterized by "a stubborn durability of authoritarian rules, attitudes, and behavioral patterns, which are slowly paving the way for the authoritarian institutions as well." (See "Mediterranean Model and the End of the Authoritarian Regimes," unpublished paper 1997, p. 25). Program on Central and Eastern Europe Working Paper Series no. 45, (Cambridge, MA: Center for European Studies, Harvard University, (1998) 25.
17. Terry Lynn Karl, "The Hybrid Regimes of Central America," *Journal of Democracy*, 6 no. 3: (July 1995) 83.
18. In the EBRD ranking, Albania, Croatia, Bulgaria, and Romania are classified as countries at less advanced stages of economic transition. European Bank for Development,...(London: EBRD, November 1997), (Transition Report 1997, 21).

19. Nancy Bermeo, "Democracy in Europe," *Deadalus* 123, no. 2 (Spring 1994): 164. For a very optimistic view of the chances of postcommunist democracies, see also Giuseppe Di Palma, "Democratic Transitions: Puzzles and Surprises from West and East," *Research on Democracy and Society* 1: (1993) 27-50.
20. For the detailed elaboration of this argument, see Grzegorz Ekiert, *The State Against Society: Political Crises and Their Aftermath in East Central Europe* (Princeton, NJ: Princeton University Press 1996).
21. For an exemplary effort to correlate developments under state socialism and their constraining impact on the current transformation process, see Janos Kornai, "Paying the Bill for Goulash-Communism," *Discussion Paper Series No. 1749* (Cambridge, MA: Harvard Institute for Economic Research 1996).
22. See, for example, Grzegorz Ekiert, "Transitions from State-Socialism in East Central Europe," *States and Social Structures Newsletter*, 12: (1990) 1-7; Bartłomiej Kaminski, "Systemic Underpinnings of the Transition in Poland: The Shadow of the Roundtable Agreement," *Studies in Comparative Communism* 24, no. 2: (1991) 173-90; David Stark and Laszlo Bruszt, *Postsocialist Pathways: Transforming Politics and Property in East Central Europe*, (Cambridge, MA: Cambridge University Press, 1998) especially chapter 1.
23. David Stark, "Path Dependence and Privatization Strategies in East Central Europe," *East European Politics and Societies* 6, no. 1 (1992): 18.
24. Arend Lijphart and Carlos H. Waisman, "Institutional Design and Democratization," in *Institutional Design in New Democracies. Eastern Europe and Latin America* (Boulder, CO: Westview Press, 1996) 242.
25. See, for example, Beverly Crawford and Arend Lijphart, "Explaining Political and Economic Change in Post-communist Eastern Europe: Old Legacies, New Institutions, Hegemonic Norms and International Pressures," *Comparative Political Studies* 28, no. 2 (July 1995): 306-314.
26. See Stark and Bruszt, *Postsocialist Pathways*, 80-84.
27. Robert Putnam, *Making Democracy Work*, (Princeton, NJ: Princeton University Press, 1993) 179.
28. For the well-presented argument linking the outcome of initial elections with the extent of economic reforms, see M. Steven Fish, "The Determinants of Economic Reform in the Post-Communist World," *East European Politics and Societies* 12, no. 1 (1998): 31-78.
29. For an excellent review of the concept of path dependency and its application to political analysis, see Paul Pierson, "Increasing Returns, Path Dependence and the Study of Politics," unpublished paper, 1997, 1. He argues that "the notion of path dependence is generally used to support a few key claims: that specific patterns of timing and sequence matter; that a wide range of social outcomes are often possible, and large consequences may result from relatively small and contingent events."
30. Bunce, *Comparing East and South*, 97.
31. Richard Rose and Christian Haerpfer, "Change and Stability in the New Democracies Barometer. A Trend Analysis," *Centre for Study of Public Policy*, no. 270 (Glasgow, Scotland: University of Strathclyde, 1996).
32. Data for Croatia, Belarus, and Ukraine are for 1992, 1993, and 1994 only.
33. EBRD, *Transition Report 1997*, 2.

34. See Martha de Melo, Cevdet Denizer, Alan Gelb, and Stoyan Tenev, "Circumstances and Choices: The Role of Initial Conditions and Policies in Transition Economies," Policy Research Working Paper, no. 1866, World Bank (December 1997), especially 13-16.
35. Stanley Fischer and Alan Gelb, "The Process of Socialist Economic Transformation," *Journal of Economic Perspectives* 5 no. 4: (Fall 1991) 93.
36. Salvatore Zecchini, ed., introduction to *Lessons from the Economic Transition*, (Dordrecht, The Netherlands: Kluwer, 1997) xix.
37. The World Bank, *From Plan to Market*. World Development Report 1996 (New York: Oxford University Press, 1996). This finding, however, is still a subject of debate among economists. See, for example, Hans Aage, "Transition in Central and Eastern Europe: Macroeconomic-Stabilization, Economic Growth and Institutional Reform," TKI Working Paper on European Integration and Regime Formation, no. 12 (Esbjerg, Denmark: Thorkie Kristensen Institute, South Jutland University, December 1997).
38. Zecchini, introduction to *Lessons from the Economic Transition* xix.
39. Johannes F. Linn, *The Transition in Europe and Central Asia: Progress and World Bank Assistance*, Tokyo, November 25, 1996.
40. The World Bank, *From Plan to Market* 138.
41. See, for example, Juan Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation* (Baltimore, MD: Johns Hopkins University Press, 1996) 235-244.
42. Bunce, "Comparing East and South," 94.
43. EBRD, *Transition Report 1997*, 28.
44. For an effort to quantify the cost and benefits of the EU enlargement see Richard E. Baldwin, Joseph F. Francois, and Richard Portes, "EU Enlargement: Small Cost for the West, Big Gains for the East," *Economic Policy* 24: (April 1997) 127-76.
45. See, for example, Lijphart and Waisman, *Institutional Design in New Democracies: Eastern Europe and Latin America* (Boulder, CO: Westview Press, 1996); Larry Diamond and Marc Plattner, eds., *The Global Resurgence of Democracy*, ed., (Baltimore, MD: Johns Hopkins University Press, 1996); Beverly Crawford and Arend Lijphart, eds., "Post-Communist Transformations in Eastern Europe," *Comparative Political Studies*, special issue, 28, no. 2 (July 1995); and Wolfgang Merkel, "Institutions and Democratic Consolidation in East Central Europe," *The Juan March Institute Working Papers*, No. 1996/86, (Madrid: Juan March Institute for Study and Research, December 1996).
46. Crawford and Lijphart, "Explaining Political and Economic Change," 176-7.
47. Putman, *Making Democracy Work*, 184.
48. Juan Linz, "The Perils of Presidentialism," in *The Global Resurgence of Democracy*, ed. Larry Diamond and Marc Plattner (Boulder, CO: Westview Press, 1996), 125. See also Juan Linz and Arturo Valenzuela eds., *The Failure of Presidential Democracy* (Baltimore, MD: Johns Hopkins University Press, 1994); Donald Horowitz, "Comparing Democratic Systems," in *Global Resurgence of Democracy*, 143-49; and Valerie Bunce, "Presidents and

the Transition in Eastern Europe," in *Presidential Institutions and Democratic Politics*, ed. Kurt von Mettenheim (Baltimore, MD: Johns Hopkins University Press, 1997, 161-76).

49. EBRD, *Transition Report 1997*, 23. It should be noted, however, that this contrast is more apparent when the Soviet successor states are compared to other postcommunist countries. Following the recent series of interim elections in the Balkan countries, they surpassed more successful reformers of East Central Europe in governmental turnover. Nevertheless, the recent governmental instability generated serious reforms as new governments scrambled to make up for years of neglect by their predecessors.

50. *Ibid.*, 23.

51. Joel S. Hellman, "Competitive Advantage: Political Competition and Economic Reform in Postcommunist Transitions," (paper presented at the American Political Science Association convention, San Francisco 1996), 3-4.

52. Zecchini, *Lessons from the Economic Transition*, 12.

53. Fish, "The Determinants of Economic Reforms in Post-Communist World," 57.

54. ERBD, *Transition Report 1997*, vi.

55. Katherine Verdery, *What Was Socialism and What Comes Next* (Princeton, NJ: Princeton University Press, 1996), 16.

56. ERBD, *Transition Report 1997*, 22.

57. *Ibid.* 22.

58. Douglass C. North, *Institutions, Institutional Change and Economic Performance*, (Cambridge, MA: Cambridge University Press, 1990), 6.

59. Putnam, *Making Democracy Work*, 161.

60. *Ibid.*, 162.

APPENDICES

Table 1: Comparative Measures for Selected Postcommunist Countries

	Index of Transition Progress ¹	Economic Freedom Index ¹	Country risk index ²	Press Freedom Index ³	Political Freedom Index ⁴	Corruption Perception Index ⁵
Czech Republic	31.66	2.20 (20)	71.72 (37)	19 (F)	3 (F)	4.8 (37)
Hungary	33.32	2.90 (66)	69.98 (41)	34 (PF)	3 (F)	5.0 (33)
Poland	31.32	3.15 (85)	66.66 (47)	21 (F)	3 (F)	4.6 (39)
Slovenia	28.66	3.10 (80)	72.97 (36)	27 (F)	3 (F)	NA
Albania	22.67	3.75 (120)	21.69 (154)	71 (NF)	8 (PF)	NA
Bulgaria	25.00	3.60 (108)	37.83 (96)	46 (PF)	5 (F)	2.9 (66)
Croatia	28.00	3.75 (120)	52.68 (70)	58 (NF)	8 (PF)	NA
Romania	24.34	3.30 (94)	50.49 (75)	49 (PF)	5 (F)	3.0 (61)
Slovakia	29.00	3.05 (77)	60.36 (54)	41 (PF)	6 (PF)	3.9 (47)
Belarus	15.00	4.05 (135)	29.10 (131)	70 (NF)	12 (NF)	3.9 (47)
Ukraine	21.66	4.05 (135)	29.69 (129)	39 (PF)	7 (PF)	2.8 (69)

¹Source: European Bank for Reconstruction and Development, Transition Report 1997, London November 1997, pp. 14-17 (Includes the overall score for legal transition indicators).

²Source: Kim R. Holmes and Bryan T. Johnson, 1998 Index of Economic Freedom, Washington: Heritage Foundation 1998 (lowest score 5.0, highest score 1.25). The index is composed of 10 factors including trade policy, taxation, government intervention in the economy, monetary policy, wage and price control, property rights, capital flows and foreign investment, banking, regulation and black market.

³Source: Euromoney September 1997 (highest possible score 100)

⁴Source: Leonard R. Sussman ed., Press Freedom 1996: The Journalist as Pariah, Freedom House 1996.

⁵Source: Freedom Review (1997) 28, 1, pp. 21-22 (highest possible score 2, lowest possible score 14).

⁶Corruption Perception Index is a compilation of numerous surveys assembled by the Transparency International, Berlin, 22 September 1998, <http://www.transparency.de> (ranges between 10 - highly clean and 0 - highly corrupt)

Table 2: Selected Economic Indicators 1989-1997

	Years of GDP decline	GDP fall after recovery	GDP growth 1990-93	GDP growth 1994-97	GDP growth 1990-97	1997 GDP (1989 = 100)	Unemployment 1997
Czech Rep.	3	no	-4.3	3.6	-0.4	95.8	5.2
Hungary	4	no	-4.8	2.5	-1.1	90.4	10.4
Poland	2	no	-3.1	6.3	1.6	111.8	10.5
Slovenia	3	no	-3.9	4.0	0.0	99.3	14.4
Albania	4	yes	-8.8	4.9	-2.0	79.1	
Bulgaria	6	yes	-7.4	-3.6	-5.5	62.8	13.7
Croatia	4	no	-9.9	3.0	-3.4	73.3	16.8
Romania	4	yes	-6.4	2.1	-2.2	82.4	7.0
Slovakia	4	no	-6.8	6.3	-0.3	95.6	11.5
Belarus	6	no	-5.5	-2.6	-4.0	70.8	2.3
Ukraine	8	no recovery	-10.1	-12.1	-11.1	38.3	2.3

¹Source: Interview with Grzegorz Kolodko, Transition June 1998, Vol. 9. No. 3. EBRD, Transition Report Update, April 1998.

Table 3: Direct Foreign Investment 1989-1997¹

	Cumulative 1989-97	per capita 1989-97
Czech Republic	7,473	726
Hungary	15,403	1,519
Poland	8,442 (19,250)	218 (497) ²
Slovenia	1074	538
Albania	369	115
Bulgaria	1,000	121
Croatia	1,276	267
Romania	2,389	106
Slovakia	912	169
Belarus	269	26
Ukraine	2,096	41

¹Source: European Bank for Reconstruction and Development, Transition Report Update, London, April 1998 (cumulative in US\$ millions, per capita in US\$).

²Data in parenthesis report banking system data supplemented by information from a survey of foreign investment enterprises in Poland (Source: Transition Report Update, European Bank for Reconstruction and Development, April 1998).

Table 4: Participation in Selected International Organizations¹

	UN	World Bank	IMF	WTO (GATT)	Council of Europe	EU Ass. Agreement	CEFTA	OECD	NATO Invitations	EU member negotiations
Czech Republic ²	1945	1990	1990	1947	1991	1993	1992	1995	1997	1997
Hungary	1955	1982	1982	1975	1990	1991	1992	1996	1997	1997
Poland	1945	1986	1986	1967	1991	1991	1992	1996	1997	1997
Slovenia	1992	1993	1992	1995	1993	1995	1996	-	-	1997
Albania	1995	1991	1991	-	1995	-	-	-	-	-
Bulgaria	1955	1990	1990	1996	1992	1993	-	-	-	-
Croatia	1992	1993	1992	-	1996	-	-	-	-	-
Romania	1955	1972	1972	1972	1993	1993	1997	-	-	-
Slovakia	1993	1993	1993	1993	1993	1993	1992	-	-	-
Belarus	(1945) ³	1992	1992	-	1995 (SP) ⁴	-	-	-	-	-
Ukraine	(1945)	1992	1992	-	1995	-	-	-	-	-

¹Source: Compiled from the websites of the individual organizations, the Open Media Research Institute (OMRI) Daily Digest reports, and various editions of *The Europa World Year Book*

²For Czech and Slovak Republics the date before 1993 means the membership of Czechoslovakia

³Until 1991 both Belarus and Ukraine were integral part of the USSR but had separate UN membership.

⁴SP means a special guest status. Belarus' special guest status was suspended on January 13, 1997.

Table 5: Institutional Choices and Elections

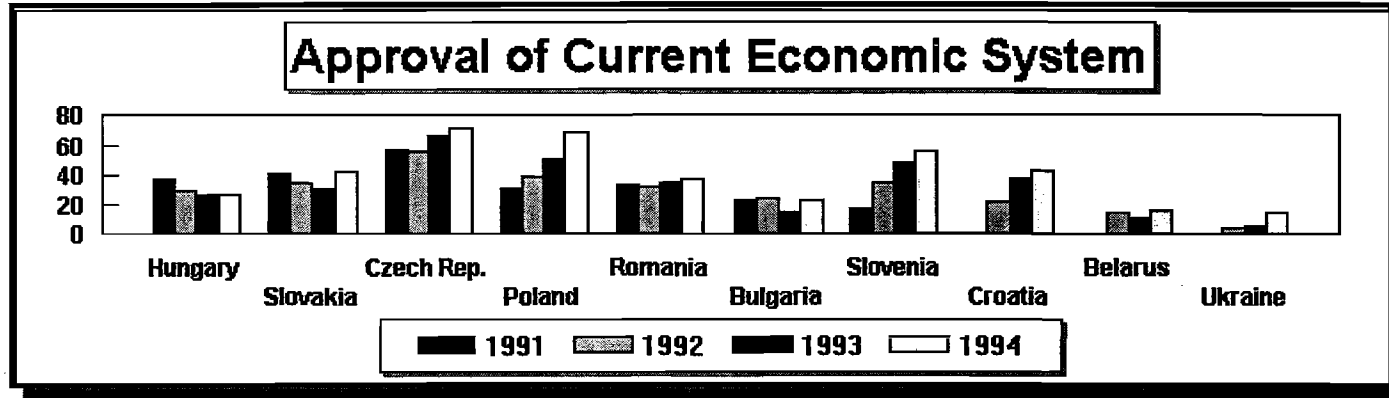
	Constitutional Type	Electoral System	Executive Power P/PM ¹	Elections parl/pres	Effective Parties ²
Czech Rep.	parliamentary	PR* (4%)	3/5	5/0	3.6/5.2
Hungary	parliamentary	Hybrid (5%)	6/7	3/0	2.9/3.7
Poland	semi-presidential	PR (5%)	7/11	4/2	2.9/10.8
Slovenia	parliamentary	PR (4%)	4/6	3/2	2.5/6.6
Albania	semi-presidential	Hybrid (4%)	7/5	4/0	1.3/2.2
Bulgaria	parliamentary	PR (4%)	1/6	4/2	2.4/2.5
Croatia	presidential	Hybrid (3%)	9	3/2	2.4/2.6
Romania	semi-presidential	PR (3%)	6/9	3/3	2.2/4.8
Slovakia	parliamentary	PR (5%)	4/6	4/0	3.3/4.4
Belarus	presidential	Majoritarian	18	2/1	-
Ukraine	presidential	Majoritarian	8	1/2	-

* PR = proportional Representation

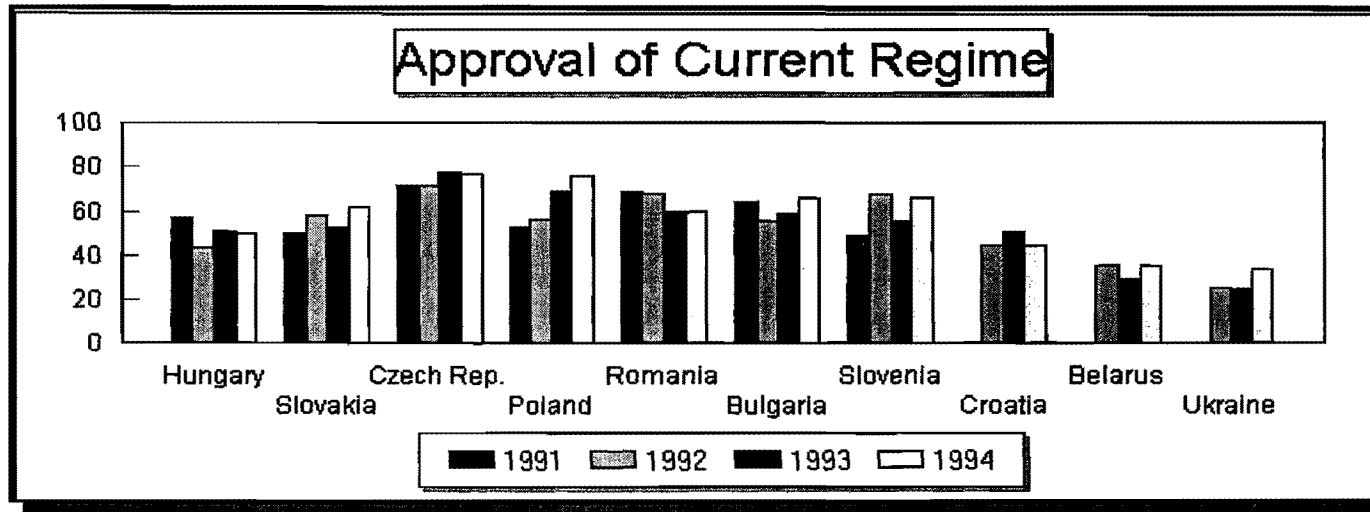
¹Joel Hellman's index of executive power ranks powers of presidents in all countries and prime ministers in parliamentary and mixed systems in 10 categories. Countries with the highest score have the most extensive executive powers. These are Belarus (18), Uzbekistan (18), Turkmenistan (18), and Russia (15).

²The Laakso/Taagepera index calculated for the elections with the lowest number of effective parties and with the highest number of effective parties.

GRAPHS 1 & 2



GRAPHS 3 & 4



GRAPH 5

Patterns of Successful Transformations

