

This article explores the causes of differing post-communist regime transitions in Eastern Europe and the former Soviet Union, emphasizing the increasingly prominent thesis that economic liberalization promotes political democratization. We explore this argument in light of findings from other regions that have emphasized modernization, agrarian class structure, and international influences. Our results are based on a multilevel design strategy, first analyzing data on 26 post-communist countries over a 7- to 9-year period using time-series/cross-sectional methods and then turning to a comparative analysis of four purposively selected cases to explore the causal mechanisms implied but not tested in the quantitative analysis. Our results suggest that faith in economic liberalization as a cause of democratization may be misplaced. However, there is support for the notion that large agrarian sectors are unfavorable to democratic development, whereas positive democratic conditionality from outside agents can play an important role in transition dynamics.

## THE POLITICAL FOUNDATIONS OF POST-COMMUNIST REGIMES Marketization, Agrarian Legacies, or International Influences

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**T**en years after the dissolution of the Soviet bloc, we are confronted with a wide range of regime outcomes in the region, from relatively consolidated democracies to transformations of authoritarianism. What accounts for these diverse outcomes, given that they emerged from apparently similar antecedent conditions—the breakdown of Communist Party rule and the structural legacies of a command economy? Several scholars

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AUTHORS' NOTE: *The order of authorship is random, reflecting the truly coequal and collaborative nature of this work.*

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have recently emphasized the role of economic liberalization in the consolidation of post-communist political opening. Some researchers argue that, although radical economic reforms may either require undemocratic practices in the short term or prompt illiberal responses within society, the reforms themselves are democratizing (Bunce, 1995, pp. 59-62; Williamson, 1994). Others make the stronger claim that marketization may facilitate democratization without requiring a short-run trade-off (Bunce, 1998; de Melo, Denizer, & Gelb, 1996b; Diamond, 1995; Fish, 1998a, 1998b; Ost, 1993). Our results, however, suggest that this emphasis is miscast, at least within the medium-term time frame available for analysis. Instead, we argue that strong international political conditionality and patterns of agrarian social relations play more prominent roles in post-communist democratization than has commonly been recognized.

In addition to our substantive conclusions, we seek to raise two methodological points. First, whereas statistical investigations of post-communist regime transformation are often cross-sectional in design, the dynamic process of democratic development or its failure is more accurately captured by time-series specifications. Our approach therefore begins by modeling democratization with time-series/cross-sectional methods. Indeed, we show how purely cross-sectional models can produce misleading conclusions. Second, the study of systemic change in the post-communist world has been characterized largely by either large-*n* quantitative analyses or case-based investigations, but neither of these approaches by itself is well suited to the study of this complex problem. We therefore combine our quantitative study with purposively selected comparative analyses that allow us to examine directly the causal links implied—but not tested—in statistical approaches, as well as to give more meaning to the measurement of core concepts.<sup>1</sup> Thus, we seek to show the value of qualitative comparative analysis of case-based materials as part of the causal evaluation process, not just in the realm of inductive hypothesis generation or last-resort hypothesis testing (G. King, Keohane, & Verba, 1995). We believe that a multilevel research design allows us to evaluate contending hypotheses more effectively than using either technique alone.

We use this multilevel approach to test rigorously four types of possible causes of democratization in post-communist states: socioeconomic modernization, economic liberalization, agrarian class structures, and international pressures. Our first two findings are negative. It is surprising that once

1. Kopstein and Reilly (2000) also fruitfully combine time-series/cross-sectional methods with qualitative analysis in an investigation of post-communist transformations that is largely compatible with ours.

controls for other causal variables are introduced, our data do not replicate the usually robust correlation between socioeconomic development and democracy found in other areas of the world. It is important to note that we do not take this as a refutation of the traditional modernization theses, or an empirical assessment of the more recent hypothesis linking development with democratic survival (Przeworski & Limongi, 1997). Whereas our results suggest that further investigation in this area is warranted, they may also simply reflect the peculiarities of state socialist industrialization or the possibility that the political effects of socioeconomic development manifest themselves only over the long term. Economic liberalization, in dramatic contrast to cross-sectional results, appears to have no connection with democratization, even under a variety of different controls. Nor are the hypothesized causal connections found in the direct comparative examination of four cases.

We do, however, find strong evidence that both agrarian social relations and the international environment matter a great deal in post-communist democratization. First, we find that large rural sectors have a negative impact on efforts to liberalize politics, despite the peculiarities of the social organization of most communist agrarian systems. This result holds even when controlling for the level of socioeconomic development. More crucially, however, we contend that a specific kind of pressure emanating from the international system—strictly democratically conditioned material benefits—can have a substantial positive effect. This process is not one of simple diffusion: Neither economic nor political connectedness to the advanced industrial democracies shows similar benefits. In practical terms, our analysis suggests that there is much to be gained from explicit international pressures backed by material incentives, but we should be wary of assuming that pressures for economic reform or integration or participation in the international community will have the positive political externalities that many politicians expect.

### HYPOTHESES AND MEASURES

One of the tasks of this article is to marry the study of post-communist transitions to the theoretical issues that have emerged in the broader comparative politics literature on regime formation and democratization. Therefore, we test the economic liberalization thesis alongside three of the most enduring perspectives on political development: socioeconomic modernization, agrarian structures, and international pressures. In this section, we discuss how best to operationalize these contending hypotheses.

*Socioeconomic development.* Perhaps the most widely held perspective among comparative political scientists contends that the level of socioeconomic development positively influences the prospects for democratization. This central insight of modernization theory holds that higher levels of development produce a range of phenomena conducive to democratization, including wealth, industrialization, urbanization, and education (Lipset, 1959, pp. 75-85).<sup>2</sup> Nonetheless, however well established this finding is in other parts of the world, testing it in the post-communist region is important, because the social dynamics of industrialization in communist countries differed markedly from those in both the developed and underdeveloped portions of the capitalist west.

Socioeconomic development is usually measured using gross domestic product (GDP) per capita, and we follow that general convention. We use the purchasing power parity measure of GDP, however, to avoid problems of comparability due to the wildly fluctuating exchange rates and local prices that characterize the post-communist region. We also use data only from the year in which transition from communism was initiated, because the causal mechanisms hypothesized in modernization approaches—stocks of human and social capital, education, literacy, and so on—do not vary substantially over the short term. By using the initial level, we more accurately gauge socioeconomic development separate from the short-term (but often severe) fluctuations in output that followed transition.

*Economic liberalization.* The classical texts of liberalism, as well as many studies of state socialism, have argued that political and economic freedom are mutually reinforcing (Fainsod, 1957; Friedman, 1962; Friedrich & Brzezinski, 1956; Hayek, 1944). Although many scholars share this general view, by the early 1990s, a great deal of research emphasized the potential short-run tensions between economic and political liberalization. That is, the economic pain inherent in structural reforms might provide a foundation on which opponents of economic liberalization—whether ex-communists, nationalists, or “populists”—could build political coalitions against new democratic regimes (see, for example, Nelson, 1989). The solution, according to this school of thought, is to circumvent the democratic process temporarily to enact and implement market reforms. Some of these scholars recognize that “temporary” measures can become permanent, but because liberal

2. Przeworski and Limongi (1997) recast this thesis in a thought-provoking light when they argue that relatively high levels of wealth prevent backsliding from democracy into authoritarianism. It is too early to test that hypothesis in the post-communist world, however, and we do not attempt to do so here.

economies are presumed to provide the most fertile soil for democratic politics, and because opponents of marketization are themselves usually seen as antidemocratic, the risk seems acceptable to many observers (see, for example, Bunce, 1995, pp. 59-62; Williamson, 1994).

More recently, some researchers have argued that no such trade-off between economic and political liberalization is necessary, even in the short run, in the post-communist world. These authors have found a striking correlation between marketization and democratization in cross-national studies of the former Soviet bloc. Generally, they argue that the breakthrough to economic and political liberalization in post-communist countries was different from those in other areas of the world. These countries began with extremely centralized economies and polities, so democratic initial elections were likely to bring economic liberals to power and give them a sufficient political honeymoon to complete their transformative project. After those early stages, the causal link between economic liberalization and consolidation of democracy is presumed to be the same as elsewhere—that is, newly privatized economic resources should provide a foundation for vibrant, independent associational life (see Bunce, 1995, p. 62; de Melo et al., 1996b, p. 421; Diamond, 1995, pp. 109-110; Fish, 1998a, pp. 236-238; 1998b, pp. 63-64).

For this part of our analysis, we follow Fish (1998a, 1998b) and others in relying on annual economic liberalization indices compiled by the World Bank for post-communist countries.<sup>3</sup> These indices measure economic openness along three dimensions: internal markets (liberalization of domestic prices and trade), external markets (liberalization of foreign trade and currency convertability), and ownership (privatization of state assets). They were determined through a process of discussion and negotiation among World Bank experts and others, relying on as many sources of statistical data as practical, and they range from 0 (“unreformed economy”) to 1 (“basically reformed economy”).

*Agrarian class structure.* Another long-standing argument in comparative political analysis holds that one of the principal barriers to democratization is the presence of a powerful rural oligarchy. This perspective has its roots in Moore (1966), who saw the nonrepressive commercialization of agriculture—the creation of farmer agriculture—as a foundation of democratic development. Others have focused on the importance of overcoming the political power of agrarian elites, especially in the Latin American context, where the rural upper class has been identified as a central political opponent of democ-

3. The data for 1989-1994 are in de Melo, Denizer, and Gelb (1996a). We are grateful to Stoyan Tenev of the World Bank for providing data for 1995-1997.

racy (see, for example, O'Donnell, 1978; Rueschemeyer, Huber Stephens, & Stephens, 1992).

Clearly, the post-communist agrarian social and class structures are different from both the "junker" and the "farmer" models that formed the context within which the agrarian thesis was developed. Large-scale mechanized but collectivized landholding, and the uncertain transformation of property relations since the fall of the old regime, have produced rural social structures whose political dynamics may diverge from those anticipated in the theoretical literature. Nevertheless, we treat this as an empirical question and seek to examine whether those states in which the agricultural sector is larger have, *ceteris paribus*, had a more difficult time establishing open politics. Our measure of agrarian dominance is the rural proportion of the population. We do not use data on the agricultural share of GDP, which varies widely based on relative productivity. What we seek here is a rough indication of the size of the political base that might plausibly fall under the domination of the agrarian upper class (or its functional equivalent).

*International influences.* Scholars have offered an array of arguments about the role of international pressures in fostering democratic development (for a summary, see Huntington, 1991). We hypothesize that sustained and clear external material incentives have a positive impact on democratization. We do not, however, believe that the forces at work here are mediated through generic political linkages to democratic states, pressure to adopt certain economic policies, or mere rhetoric. Instead, we expect that the consistent and explicit tying of financial and other benefits to progress on democratization can be successful.

The relevant institution here is the European Union (EU). Membership in this community is widely desired in the post-communist world because of the market access and developmental assistance that it implies. But membership is also explicitly and unwaveringly conditioned on the consolidation of a stable democratic political regime. We expect that the establishment of democratic politics will be easier in countries that have a reasonable hope of accession to the EU because of the incentive that such membership provides for elites to abide by democratic norms. We argue that the governments with a reasonable hope of joining the EU are Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, and Slovenia. These countries—and only these countries—began negotiations with the EU before or immediately after the fall of their Communist Party regimes and have explicit accession agreements (Matejka, 1992, p. 10; Mayhew, 1998, p. 17). In the case of new countries, they were courted by the Union immediately on becoming independent from the USSR or Yugoslavia (if not before).<sup>4</sup> Thus it

is reasonable to think that politicians there both believed they had a chance to enter the EU (as opposed to leaders elsewhere) and were clear on the requirements for accession.

We seek, however, to separate this form of international pressure—strict material conditionality—from more common arguments about the salutary effects of economic linkage to the West or diffusion of norms through participation in democracy-promoting international organizations, so we include measures for these alternative specifications of international influence. To approximate economic dependence on the core economies of the industrial West, we consider the ratio of Organization for Economic Cooperation and Development (OECD)–bound exports to GDP.<sup>5</sup> Political diffusion is measured by the date a country ratifies the European Convention on Human Rights—an institution open to broad participation, not dependent on close geographic proximity to the EU, and representing a commitment to the basic human rights that are an essential foundation for any form of democratic regime.

*The outcome: Democratization.* We do not seek to revive here the extensive debate that has emerged around the quality of different quantitative indicators of democracy, especially since part of this debate is rooted in differences in conceptualization that are not easily resolved (Collier & Levitsky, 1997). It is clear that, because in this article we seek to understand the dynamics of political liberalization, we prefer a continuous variable, in contrast to the dichotomous regime classification used by Przeworski and Limongi (1997). Of the available measures that rate democracies on a continuous scale, we have chosen to rely on those published by Freedom House, in part because they have been calculated annually since before the fall of the Soviet bloc and because they are readily available.<sup>6</sup> It also preserves comparability with existing quantitative studies of democratization in the region. Although we recognize that no quantitative measure of democratization is ideal, we take solace in the fact that most available indices are highly intercorrelated (Bollen, 1993).

The Freedom House scores rate countries in terms of their political systems and respect for civil liberties. Broadly speaking, the former measure seeks to capture whether governmental offices are filled by free and fair elec-

4. See “European Community” (1991) and “Here Lies Yugoslavia” (1991). Croatia was also in position to join these negotiations in 1991 (“Here Lies Yugoslavia”), but the war in the former Yugoslavia intervened.

5. For a discussion of the effect of foreign direct investment, see L. King (2000).

6. These annual surveys appear on Freedom House’s Web site: [www.freedomhouse.org](http://www.freedomhouse.org). A pdf file with all the rankings since 1972 is available at [www.freedomhouse.org/rankings.pdf](http://www.freedomhouse.org/rankings.pdf).

tions, and the latter asks whether citizens are free to express themselves and organize for political purposes. Because the composite measure of political openness includes a measure of the “security of property rights,” which is properly an entailment of economic liberalization, this produces the expectation of at least a weak positive relationship between liberalization and political openness, albeit one that may be spurious. The scale used runs from 1 (*most free*) to 7 (*least free*).

### TESTING A DYNAMIC MODEL OF DEMOCRATIZATION

We begin this section with a perplexing finding—that existing quantitative studies of economic and political liberalization in the formerly communist countries suggest a very strong association that is at odds with the far more mixed findings in the broader comparative literature. We suggest that this result is in part a product of the cross-sectional specification of hypothesis tests and that reformulation of the problem in time-series terms helps resolve some of the problems of causal order that have bedeviled such studies since Lipset’s (1959) pathbreaking work. When we use such a model, we find no support for the argument that economic liberalization facilitates democratization. We do, however, find support for the argument that certain large agrarian sectors are inimical to democratization, whereas international incentives for democratization can matter quite a lot. By contrast, the linkage between socioeconomic development and democracy is not supported in our data.

#### THE CROSS-SECTIONAL VIEW

Were we to examine only the bivariate relationships among our causal variables and democracy, we would find substantial support for all of them. The bivariate correlations between measures of democracy and socioeconomic development ( $r = -.493$ ) and between democracy and agrarian dominance ( $r = +.534$ ) are quite high, in the expected direction, and statistically significant. Particularly striking is the very strong correlation between the level of economic liberalization and democracy ( $r = -.803$ ), viewed 6 years after initial transition for all cases.

How strong are these relationships once controls are introduced? Table 1 presents the results of cross-sectional regression models of the linkage between independent and dependent variables. The effect of economic liberalization on democratization remains very large, even controlling for the

Table 1  
*Cross-Sectional Models of Democratization: Economic Liberalization, Agrarian Dominance, and Socioeconomic Development*

	I	II	III
Constant	10.401** (1.065)	10.411** (1.071)	9.418** (1.665)
Economic liberalization (transition + 6 years)	-9.198** (1.392)	-8.534** (1.628)	-8.439** (1.708)
Socioeconomic development (GDP at purchasing power parity at time of transition)		-.092 (.115)	
Agrarian (% of the economically active population in agriculture)			.018 (.023)
<i>N</i>	26	26	26
Adjusted <i>R</i> <sup>2</sup>	.631	.625	.625

\*\*  $p < .05$ .

level of development or the agrarian character of society (Table 1, Models II and III). These results are consistent with the findings of other scholars of post-communist transitions (for example, de Melo et al., 1996b, pp. 419-21; Fish, 1998a). They also seem intuitively plausible: Because the societies in question were, at the point preceding transition, economically illiberal in the extreme, it may be expected that economic opening and the consequent reduction in state power over society are politically felicitous. Only the withdrawal of the state from overwhelming levels of interference in the economy could make room for the "resurrection of civil society" that is a sine qua non for democratic development.

#### TIME-SERIES/CROSS-SECTIONAL MODELS

As noted earlier, however, a cross-sectional specification is an awkward test for some of the relationships in question. Most critically, from our perspective, such models involve strong assumptions about causal order that may be inappropriate. Although the correlation between economic and political liberalization is well supported, a careful examination of the data suggested that in many cases time order was reversed. This finding prompted doubts as to whether the pattern of association reflected a causal relationship or was spurious. In this section, therefore, we construct two sets of models that allow a dynamic specification of the linkages between economic and political liberalization while at the same time incorporating structural vari-

Table 2  
*Time-Series/Cross-Sectional Models of Democratization*

	I	II	III	IV
Economic factors				
Socioeconomic development ( $SE_t$ )	-.342** (.101)	-.177* (.104)	-.142 (.111)	.019 (.150)
Economic liberalization ( $I_{it-1}$ )	-.269 (.227)	-.282 (.229)	-.277 (.311)	-.301 (.314)
Agriculture				
Agrarian dominance ( $AD_t$ )		.045** (.021)		.044* (.026)
AD*Poland		-.045** (.007)		
International influence				
EU accession ( $A_t$ )			-1.687** (.387)	-1.583** (.393)
Trade ( $X_{it}$ )			-.002 (.003)	-.003 (.003)
Political connection ( $P_{it}$ )			-.123 (.088)	-.121 (.087)
Constant	5.632** (.658)	2.875** (1.241)	5.285** (.720)	2.532 (1.745)
$N$	202	202	163	163
Wald $\chi^2$	14.67**	60.53**	49.10**	59.70**

*NOTE:* Due to comparatively short time series, models were estimated using panel-data analysis techniques. Within-country correlations were assumed to be AR-1; robust standard errors were employed. Our approach follows the general linear model for the analysis of panel data suggested by Liang and Zeger (1986). This method is recommended for situations when the data contain more cross-case than cross-time information. Parallel analyses were conducted using a random effects model, with little substantive difference in results. Alternative approaches such as that suggested by Beck and Katz (1995) were not employed, as they are more appropriate for time-dominated datasets.

\*  $p < .10$ . \*\*  $p < .05$ .

ables that reflect competing explanations (development, agrarian dominance, and international incentives). In Table 2, we specify four models of democratization, beginning with socioeconomic development and lagged economic liberalization and subsequently including measures of agrarian structure and international influence. In Table 3, we introduce further controls for initial political conditions (civil conflict and partisanship of first government) and include a lagged measure of the dependent variable. The last functions as a strong control for other potential omitted causes, as well as having a useful substantive interpretation.

Table 3  
*Extending the Results: Civil Conflict, Initial Government, and Momentum*

	I	II	III <sup>a</sup>
<b>Basic model</b>			
Socioeconomic development (SE <sub><i>i</i></sub> )	.055 (.104)	.184 (.118)	.023 (.043)
Economic liberalization (L <sub><i>it-1</i></sub> )	-.365 (.246)	-.343 (.253)	-.276 (.277)
EU accession (A <sub><i>i</i></sub> )	-1.846* (.432)	-1.571* (.304)	-.477* (.122)
Agrarian dominance (AD <sub><i>i</i></sub> )	.045* (.018)	.043* (.019)	.005 (.006)
<b>Founding conditions</b>			
War (W <sub><i>i</i></sub> )	.019 (.406)	.399 (.298)	-.089 (.104)
Initial opposition government (IOG <sub><i>i</i></sub> )		-.620* (.125)	-.016 (.052)
<b>Democratic momentum</b>			
Lagged democracy (D <sub><i>it-1</i></sub> )			.860* (.048)
Constant	2.307* (1.143)	2.118 (1.321)	.469 (.582)
<i>N</i>	202	202	176
Wald $\chi^2$	107.04*	328.73*	2757.6*

a. Although the inclusion of lagged dependent variables can cause typically modest bias in OLS estimates in the presence of autocorrelation, efforts to correct for it using the two-stage process suggested by Hatanaka (1974) and Greene (1993) were not employed, because the comparatively short time series and inevitable loss of a substantial amount of data from each case by using a process that requires two lags would likely do more harm than good. Moreover, models similar to III above were estimated using this process and the results did not differ substantively—only international influence remained significant in the face of controls for the lagged dependent variable.

\*  $p < .05$ .

Under a time-series specification, neither the level of socioeconomic development at the time of communism's collapse nor the extent of economic liberalization appears to be related to democratization. With respect to development, only where no controls for other variables were included (Table 2, Model I) did the level of development bear the usual positive relationship to the level of democracy. This effect, however, disappeared once controls for either international influences or the scope of the rural sector were introduced (Models II-IV). With regard to liberalization, although coefficients are in the expected direction, they are quite small given the [0,1] range of the liberalization variable, and in no instance do they attain statistical significance. This

disconfirmation of the liberalization hypothesis is particularly striking given the partial overlap in the measures of economic reform and democracy.

Although our results are thus in keeping with recent contentions by Przeworski and Limongi (1997) that deny a causal link between development and democracy, we are not prepared to claim a disconfirmation of modernization perspectives. We remain agnostic on this question, as it is possible that the peculiarities of industrialization under state socialism have qualitatively distinct sociopolitical implications from development under various market-based forms of economic organization. That is, although state socialism did develop a great amount of human capital within its citizenry, other posited causes of democratization, such as the development of autonomous organizations or the diversification of society, were not nearly as prevalent as in societies developing under capitalism.<sup>7</sup> Nevertheless, the modernization thesis and its applicability to state-socialist development remains a fruitful avenue for further research. For this article, the level of socioeconomic development is included largely as a control.

Next, we examined the agrarian thesis in the post-communist context. Our expectations here were very mixed. On one hand, the role of rural elites in inegalitarian rural sectors has long been seen as a barrier to democratization (as much as the presence of a small-holding farmer class is a favorable agrarian scenario). On the other hand, communist-era agricultural systems were qualitatively different from almost any other pattern of agricultural organization found in the (largely European and Latin American) historical examples from which the agrarian thesis was derived. That being said, our measure of agrarian dominance seems related to the level of democracy, even controlling for the overall level of economic development (Table 2, Models II, IV). Recalling the range of this variable—from 26% to 68% of the population is rural in this part of the world—we see an effect equivalent to a movement of roughly 1.8 units away from democracy over the range of variation in the data. This is far from the establishment of a causal connection, but our results suggest that it may well be worthwhile to pay attention to the role of potentially authoritarian social relations in the post-communist countryside if we wish to understand the establishment of national democratic regimes.

We examined one further theoretical expectation related to the agrarian sector. It is not the mere existence of a large agrarian sector that militates against democratization but rather an agrarian sector dominated by a local

7. Several scholars have rightly argued that Soviet society after Stalin was not simply an undifferentiated mass (e.g., Hough, 1980, pp. 16-36; Inkeles & Bauer, 1959; Ruble, 1991, pp. 14-19). Nevertheless, occupational specialization and social mobility seem not to produce the same political results when they are managed by the state as when they emerge more spontaneously.

elite with concentrated control over property. Although most post-communist agricultural sectors may exhibit such characteristics because of the legacies of collectivization, Poland does not. Of all the states in the Soviet bloc, only Polish farmers managed to successfully defend their autonomy and control over the land throughout the communist era (Nagiecki, 1996; Wädekin, 1982). As a consequence, contemporary Poland is an outlier in that its agrarian sector is dominated by small farmers rather than large state farms or coops. In our quantitative analysis, we tested whether in fact the role of the size of the agrarian sector was, *ceteris paribus*, different for Poland (Table 2, Model II). The results here were as predicted—a large agrarian sector was actually propitious for democracy in Poland (with its smallholder agriculture) but remained unfavorable elsewhere. In both cases, the estimated effects were substantively large.

With respect to pressures emanating from the international system, we hypothesize that strong democratic conditionality for valuable material benefits—in this instance the possibility of entry into the EU—has a strongly positive effect on the emergence of democratic politics. We have operationalized this international influence by including those states that have formally entered the process of accession to the EU in one category and the remaining states in another. Obviously, not all of the countries covered by our measure have the same probability of eventual entry (or even similar time frames), and one might expect international influences to be greater in those countries most likely to enter soon (e.g., Poland, the Czech Republic, Hungary) than in those for which entry is uncertain and less proximate (e.g., Bulgaria, Romania, Lithuania). These differences are obscured in our dichotomous classification, but their inclusion would only strengthen the already robust findings—under a variety of different controls, those countries participating in the EU accession process are more than 1.5 units closer to democracy on a 7-point scale (Table 2, Models III and IV).

It might be suspected, however, that the EU accession variable was simply capturing the effects of other types of international system pressures, including economic integration with the global capitalist core or the diffusion of democratic values. To tease out whether material democratic conditionality was the principal causal mechanism, controls were introduced for each of these alternative explanations. Neither economic integration nor political diffusion (the latter measured as participation in the European Convention on Human Rights) was related to the level of democracy (Table 2, Models III and IV). Although the potential for EU accession appears crucial, neither trade dependence on the democratic West nor participation in its international organizations appears to transfer democratic norms.

The establishment of new political regimes is almost inevitably a tumultuous process, and as a consequence it is quite possible that the political dynamics in the immediate post-transition era could have a lasting impact through the self-reproducing political institutions (democratic or authoritarian) that are created. We therefore extend our analysis to examine the effects of two critical initial conditions at the founding of nascent political regimes in the former Soviet bloc. Specifically, we hypothesize that if the collapse of communism provokes a civil or separatist war, the likelihood of establishing a stable democracy ought to be markedly diminished. We also suspect that victory in the first post-communist political contest (electoral or otherwise) by opposition forces should be propitious for the establishment of democracy, as that government will likely determine the institutional rules under which future political competition will take place (Fish, 1998b; Hanson, 1998). An initial victory by communist successor parties would probably, if not inevitably, bode ill.

In Table 3 we examine the effects of these potentially path-defining variables in light of the economic, international, and social-structural conditions highlighted above. For simplicity and tractability, indicators of international pressure shown to be of no consequence in the previous analysis (Table 2) have been dropped. Strikingly, the presence of civil conflict in the post-transition era appears to have no systematic relationship to the emergence of democratic rights and freedoms (Table 3, Model I). Nor are any of the findings from the earlier analysis affected—international conditionality remains quite important, as does the weight of the agrarian sector, whereas economic liberalization has no systematic relationship to democratization. These results are consistently maintained in all three specifications.

By contrast, a victory by an opposition party in the regime-founding elections does seem to have an effect (Table 3, Model II). The estimate of the coefficient is clearly statistically significant, and the substantive impact is a move of slightly more than half a point on a 7-point democracy scale. That influence is considerably smaller than the impact of international conditionality or size of the rural population (the effect of which is not greatly reduced by including the founding elections data), but it does seem to be an important part of the story.

In Model III, we put our specification to a final, more rigorous test. Here, in addition to the variables discussed above, we have included a lagged version of the dependent variable. Including this measure is designed to serve two functions. First, it can be interpreted as testing whether political opening builds a momentum of its own, as political relaxation creates pressures for further opening (a snowballing of participation). Second, the lagged depend-

ent variable acts as a strong control for country- and year-specific effects not included in the models above (Burkhart & Lewis-Beck, 1994, p. 905).

The results are enlightening, although they must be viewed with caution given the very strong association between the lagged dependent variable and the outcome. It is likely that because of serial correlation in the lagged dependent variable and in the exogenous variables, the effect of the former is overstated at the expense of the latter (for a detailed discussion, see Achen, 2000). What is important here is that the influence of international conditionality remains important even in the face of this effect-suppressing bias and the strong controls included in Model III. No other exogenous variable even approaches statistical significance in this specification.

What do we take away from this cross-national analysis? Critically, there appears to be no relationship (positive or negative) between economic liberalization and democracy, a result that clashes with many qualitative and cross-sectional analyses. There are several possible explanations, which we cannot consider in detail here. First, scholars emphasizing the importance of insulated and unaccountable technocratic bureaucracies to pursue rapid economic reform, at least in the short run, may have it right. Second, even if economic liberalization helps spark democracy because of positive effects in civil society over a longer period, it may also create political institutions (unaccountable bureaucrats, strong executive dominance) that contravene democratic norms and have a tendency to persist. Third, the relationship between liberalization and democracy may be nonlinear. It is not hard to believe that liberalization from a fully statized economy promotes autonomous organization in civil society and facilitates democratic participation. But there is also evidence from other parts of the world that it can have atomizing and undemocratic implications if carried too far (Kurtz, 1999). It may be that a mixed economy is more conducive to democracy than either a command economy or its antithesis.

The influence of international pressures, however, can be quite important, but only if they are of a specific type: strict democratic conditionality applied to important material benefits. Thus, our results suggest that international actors can effectively promote democracy if they provide the proper incentives to political elites in transition societies. This implication should not be overdrawn; we find no evidence to support the notion that the far more common approaches of trade integration or political diffusion have any effect. Furthermore, material conditionality will not necessarily remain important once a new set of institutional patterns emerges and becomes consolidated. But during the moment of transition—the time period explicitly analyzed here—it appears that international promotion of democracy can help to define future institutional outcomes.

### **COMPARATIVE ANALYSIS: IMPROVED MEASUREMENT AND DIRECT EVIDENCE OF CAUSAL MECHANISMS**

Our quantitative analysis of post-communist countries shows no evidence of the link between economic and political liberalization found in earlier cross-sectional studies. Instead, it suggests that large agrarian sectors are generally detrimental to democratization and indicates that conditioning economic aid on progress toward democracy can be effective. But quantitative tests are in some ways blunt instruments. They cannot show us the processes of political and economic change that take place within individual countries. Nor do they directly evaluate the causal mechanisms implicit in any regression analysis. The second stage of our analysis therefore shifts to the comparative method, which we use to examine causal mechanisms rather than to assess patterns of association. This approach also permits greater validity in the measurement of key independent and dependent variables, which is particularly important given the lengthy literature on the problems in quantitative measures of, for example, democracy (see Bollen & Paxton, 2000).

The cases we have chosen include two countries in which sustained democratization has taken hold (Poland and Hungary) and two with less successful political liberalization (Russia and Kyrgyzstan). These four cases allow us to examine a range of economic liberalization strategies, agrarian sectors, and international influences. In the rest of this section, we closely examine the purported link between economic and political opening in all four cases, discuss how a large agrarian workforce may hamper democratization under certain conditions, and provide confirmatory evidence of the importance of positive international pressure.

#### **MISPLACED CONFIDENCE: ECONOMIC LIBERALIZATION AND DEMOCRATIZATION**

As noted earlier, the argument that economic liberalization facilitates democratization has gained considerable currency in the 1990s. Because of that argument's growing acceptance and because it has so influenced Western advice and aid to post-communist governments, we think it deserves particularly close scrutiny. Our cross-national time-series analysis has shown a far weaker link between the processes of creating markets and creating democracies than has been posited recently. In this section, we look even more closely at the connection, and we find that comparative analysis further undermines any claim to a causal relationship between economic and political liberaliza-

tion. Sometimes they seem to work at cross purposes, sometimes they seem unrelated, and nowhere do we find the causal link posited in the literature.

*Russia: Sacrificing democracy for the sake of economic policy.* In 1990-1991, after the creation of Russia's most freely elected parliament since 1917, the beginnings of democratic policy making in the republic seemed visible. Deputies agreed on a declaration of sovereignty from the USSR, negotiated compromises on agricultural land reform and industrial privatization, and amended the constitution to create an elected presidency.<sup>8</sup> In November 1991, they agreed to grant economic decree power to the new president, Boris Yeltsin, and it seemed that Russian politicians were developing patterns of negotiation and creating the legal foundation for a market economy.

At the end of 1991, however, the Soviet Union dissolved, and the issue that had most united deputies—independence from the USSR—disappeared. At that point, differences over economic policies began to surface, and rather than continue to pursue compromise, the Yeltsin administration began to arrogate power to itself at the expense of the federal legislature. After a final round of negotiations that produced the 1992 Privatization Program, Yeltsin began to rely almost exclusively on decrees to introduce economic policy change, constantly emphasizing the need to move faster toward a market. In 1992 and 1993, for example, he introduced the voucher privatization system and expanded the use of those vouchers by decree, despite the fact that the Supreme Soviet objected to the voucher program and his economic decree powers had expired at the end of 1992 (Nelson & Kuzes, 1994, 1995). In October 1993, of course, Yeltsin went even further by disbanding the federal parliament (and later local legislatures). In the following years, he made changes in land-reform laws (Wegren, 1994), introduced a new industrial privatization program (Karpenko, 1993), and launched the infamous loans-for-shares scheme (Johnson, 1997), all without the approval of parliament. In the elections of 1993, 1995, and 1996, Yeltsin and his supporters became increasingly adept and overt in their manipulation of media coverage and violation of campaign spending rules.

The fact that these efforts by Yeltsin and his team, after an initial burst of economic liberalization, did not produce a smoothly functioning market economy does not change the fact that the administration undermined democratic policy making in pursuit of such an economy. It was a clear case of cen-

8. On the constitutional changes, see, for example, Hough (1997, pp. 386-390, 404-410). On the land reform and privatization laws, see Barnes (1998) and Nelson and Kuzes (1994, 1995).

tralizing political power in order to pass the “right” economic policies. It is precisely that approach to market reforms that made some scholars at the beginning of the post-communist era concerned about the future of democracy in the region if governments pursued rapid market-oriented reforms before consolidating rules for making and implementing policy.

*Kyrgyzstan: No apparent connection.* The Kyrgyz case differs from the Russian one, but it nonetheless undermines claims of a causal link between economic and political liberalization. Although the connection between marketization and democratization in Russia seems opposite of what the liberalization thesis expects—decision-making authority was centralized in order to make a leap toward the market—the two processes seem virtually unrelated in Kyrgyzstan. Political liberalization in that country began in 1990, when Kyrgyzstan, like Russia and the other Union republics, held legislative elections that were freer than any that had occurred in decades. The republican communist party expected to control the new deputies, but its relative impotence became clear in October when the legislature met to elect a new president for the republic. Deputies were expected to elevate republican first secretary Absamat Masaliev to the post, but instead, after several rounds of voting and wrangling, they chose Askar Akaev, president of the Kyrgyz Academy of Sciences, who had become a party member only in 1981 (Gleason, 1997, p. 60).

In the following 2 years, the Akaev government exceeded nearly all expectations in adhering to democratic principles. Akaev was one of the first republican leaders to oppose openly the August 1991 coup attempt against Gorbachev (Gleason, 1997, p. 94). He stood for popular election in October 1991 (albeit unopposed), and he did not appoint new regional governors after the election, unlike many of his counterparts in other former republics (Luong, 1997, p. 174). In the realm of expression and organization, the mass media faced very little government restriction, especially in comparison with other countries in the post-Soviet bloc, and opposition parties faced relatively little harassment from the state (Luong, 1997, pp. 177-182).

Alongside this political liberalization, Kyrgyzstan was the first Central Asian state to develop and pursue an economic reform plan under International Monetary Fund auspices. It was the second post-Soviet republic (after Russia) to liberalize prices, and it launched a privatization program in 1991 and a broader economic reform program in July 1992 (Luong, 1997, p. 188; World Bank, 1993, p. 1). Moreover, the political process surrounding these measures, although contentious, remained largely within democratic norms. Thus whereas Akaev introduced the privatization program by decree, the enabling legislation came from the parliament. Likewise, Akaev resolved his

conflict with the legislature over economic policy in 1992 not through extraconstitutional measures but through discussion and a threat to resign (Gleason, 1997, p. 96).

By 1993, however, continued poor economic performance and the specter of violence spilling over from Tajikistan seem to have combined to make Akaev see parliamentary resistance as an increasingly significant obstacle, and he moved to eliminate it (Olcott, 1997, pp. 116-118). After laying groundwork for more than a year, in September 1994 he began a process of disbanding parliament, forcing the government to resign, muzzling the opposition press, and calling new legislative elections. Those elections took place under the auspices of an election committee created by Akaev himself (Gleason, 1997, p. 99).

This political retrenchment, however, produced neither a marked acceleration of economic liberalization nor a state clampdown on private economic activity. Instead, marketization continued at a steady pace. For example, land laws became more liberal in 1994 and beyond, giving farmers greater surety of tenure and more control over the fruits of their labor (Bloch & Rasmussen, 1998, pp. 116-117). Likewise, the privatization program was continually expanded and refined, so that by 1998 it had touched virtually every segment of the industrial sector.<sup>9</sup> Kyrgyzstan also continued to liberalize its trade regime throughout the 1990s and reformed its financial sector along market lines in 1996-1997, commensurate with advice from the World Bank (1999). Overall, then, economic and political liberalization seemed unrelated in Kyrgyzstan.

*Poland and Hungary: Problems of temporal order and causal linkage.*

The examples of Russia and Kyrgyzstan show that the link between economic and political liberalization is not always constant, but the cases of Poland and Hungary even more seriously undermine the argument that marketization fuels democratization. At first blush, both cases seem to provide strong evidence for such a causal link, because each has a fairly liberal economy and has made great strides toward consolidating a democratic political system. However, closer analysis reveals that each case exhibits a different relationship between market reform and initial political opening, and neither of them boasts a strong civil society built on private resources and organizations, the crux of the argument that markets underpin democracy.

The fundamental dynamic in Polish political-economic development from 1945 to 1989 was one of organized protests leading to partial accommo-

9. See the summary on the Kyrgyz State Property Committee's Web site: <http://kyrgyzinvest.org/privatization>.

dation by the state. During the first two decades of the regime, those protests were not based on strong organization and therefore did not put consistent pressure on the regime. The 1970s and 1980s, by contrast, were years of extensive organization building within Polish society. The new groups, however, did not emerge from economic liberalization or the privatization of resources; instead, they grew out of a merger of the dissident movement and worker organizations in state-owned enterprises. In 1976, in the wake of a strike and sweeping arrests, leading intellectuals founded the Committee for Defense of the Workers (KOR), which campaigned to raise money and public awareness in support of workers victimized during and after the strikes. Over the next few years, KOR increased its ties with workers and the Catholic Church, and it spawned the creation of an underground network of independent organizations, including trade union committees within factories (Bernhard, 1993). During the strikes of 1980, the network expanded still further, as union committees began to coordinate their actions through an Inter-Enterprise Strike Committee, thereby making it more difficult for the regime to pursue a “divide and conquer” strategy (Staniszki, 1984, pp. 5-7, 43-48). It was the strength of these organizations that forced the regime to legalize the independent labor union Solidarity, which boasted 9.5 million members by September 1981 (Ekiert, 1996, p. 239).

General Wojciech Jaruzelski, who became General Secretary in October 1981, outlawed these independent organizations, but even martial law (in effect from December 1981 to July 1983) could not prevent the continued development of an underground society, building on the lessons and infrastructure of KOR and Solidarity (Ekiert, 1996, pp. 266-270). After a few years of relative peace, strikes and protests began again in early 1988, and the relegalization of Solidarity quickly became the strikers’ main demand. In August, after a wave of strikes, a divided Polish leadership agreed to meet with some of the leaders of the opposition, and the Roundtable Talks got under way in Warsaw on February 6, 1989 (Taras, 1995, pp. 124-126). There were divisions within both camps, but the negotiations created the electoral framework for a new regime, which soon undertook radical price and trade liberalization. In this way, political liberalization preceded economic liberalization in Poland.

Hungary, another country with relatively high democratization and marketization scores in the 1990s, exemplified the opposite temporal relationship—economic liberalization came long before political opening. After the Soviet invasion of 1956, which killed 25,000 Hungarians, the newly installed regime of Janos Kadar clamped down on independent political activity. Slowly, however, by allaying Moscow’s fears that Hungary would

either move toward electoral pluralism or bolt from the Soviet camp, Kadar created an environment in which sustained, yet controlled, economic change could take place (see, for example, Batt, 1988, pp. 129-130; Felkay, 1989). The result was the "New Economic Mechanism," which was formally introduced in January 1968. The heart of that program was the legalization of several types of private-sector economic activity (Chavance, 1994, pp. 83-97). In agriculture, household plots were expanded, and the state encouraged citizens to market more of their surplus. In addition, collective farms were allowed to engage in nonagricultural activities—including light industry, construction, and trade—and by 1984 about one third of collective farms' output came from such efforts (Kornai, 1986). In industry, the state reduced taxes on private enterprises, lowered restrictions on changing jobs, and granted citizens the right to work part-time in the private sector (Seleny, 1995, p. 38). The space for legal private economic activity expanded further in 1982, when it became easier to create, finance, and expand independent businesses, and by the mid-1980s, more than half of the employees in Hungary drew some income from the legal second economy (Seleny, 1994, pp. 268-269; 1995, p. 33).

In the context of a state socialist system, these economic changes were extraordinary. It is important to see, however, that they did not provide the basis for political organization against the regime. The demand for political liberalization in Hungary did not come from small-scale farmers, private businesspeople, or their employees. Rather, it came from factions within the intellectual and political elite, and the leadership tolerated these dissidents only as long as they did not challenge sacrosanct principles of the regime or try to establish organizational ties to blue-collar workers or other groups in society (Tokes, 1996, pp. 167-209). It was only in the late 1980s, after Gorbachev came to power in the USSR, that intellectuals began to call openly for multiparty democracy, and it was only in 1988 and 1989 that grassroots organizations began to develop underneath the various reform factions of the leadership (Stark & Bruszt, 1998, pp. 28-32).

Since 1990, both of these countries have built what seem to be stable electoral democracies, but they have not done so with the help of a broad array of independent social organizations drawing on the resources of a developing private economy. That is, they have not done it by creating strong "civil societies." Throughout the post-communist world, scholars have found surprisingly little organized political activity (see, for example, Cook, Orenstein, & Rueschemeyer, 1999; Greskovits, 1998; Seleny, 1999, pp. 491, 514). The groups that formed in the euphoric days of 1988-1990 tended to disperse quickly, without establishing roots in society. From above, many new leaders

have shied away from the project of building state-society links, and from below, grassroots pressure to create such institutions has been weak, as employers are in an even better position than before to thwart attempts to organize (see Mislivetz & Jensen, 1998, pp. 87-88).

Furthermore, when scholars do find effective independent groups in Poland, Hungary, the Czech Republic, and other post-communist countries, they find that they are built on the structures of the old system, not the economic resources of the new. In Poland, for example, the strongest social organizations are those of the Catholic Church, the NPZZ (a union based on old Solidarity structures), and the OPZZ (another union built on the infrastructure of the official communist trade union) (Cain & Surdej, 1999, p. 164; Cook & Orenstein, 1999, p. 72; Rychard, 1998, p. 38). In Hungary, by far the largest political organization is MSZOSZ, which is the successor to the official communist-era trade union and thus clearly not created because of the privatization of economic activity (Mislivetz & Jensen, 1998). Liberal economic reforms do not seem to have created a foundation for independent political society. In fact, some scholars have argued that the rapid changes of the post-communist era, including economic liberalization, have caused such confusion in citizens' opportunities and interests that building stable organizations between state and society will be very difficult indeed (see, for example, Rueschemeyer, 1999, p. 7).

#### **SUPPORT FOR THE AGRARIAN THESIS**

Our quantitative analysis suggests that a large rural sector—controlling for level of development—is inauspicious for democratization. It is also important to notice that this effect is not because of any correlation between GDP and size of agricultural labor force, because the former is a poor predictor of democracy on its own. The causal mechanism here seems clear. Post-communist agrarian elites have strong interests in retaining an authoritarian governance system, and they have inherited extensive organizational structures for quelling dissent and/or distributing benefits. The collectivization of agriculture under state socialism has long been recognized as primarily a means of political control rather than economic development (see, for example, Lewin, 1968), and its infrastructure remains in place throughout much of the post-communist region.

We suspect that the relationship would be still stronger with a measure that even more closely reflects the argument made by Moore and others—that is, measuring not just the size of the agrarian sector but also its structure. In most of the former Soviet bloc, land privatization has been a bitter disappointment

to economic liberals and Western advising institutions (see, for example, Prosterman & Hanstad, 1999). In others, large segments of the population received title to plots of land, but it is not as clear that the organizations of elite dominance have disappeared. A considerable proportion of new landowners either never farmed their land separately or quickly reorganized into larger farms that may still be dominated by their managers and/or the processors within a conglomerate (see, for example, Csaki & Lerman, 1997).

In some countries, however, "farmer agriculture" may be developing. Certainly it has done so in Poland, where land was farmed individually throughout the communist-party era, so removing price controls and compulsory state deliveries established a small-holding agrarian sector (Wädekin, 1982).<sup>10</sup> Moreover, the autonomy and history of social organization crucial to a "commercial agriculture" road to democracy are also visible in the Polish case. Even during the harsh collectivization efforts of the Stalin era, the Polish peasantry managed to prevent all but 10% of agricultural land from entering the state sector, and independent smallholdings continue to dominate agricultural production (Nagiecki, 1996). It is these effects that we aim to capture with our Polish agrarian variable, and we suspect that further refinement of the measure will show even stronger support for the agrarian thesis.

#### **THE IMPORTANCE OF INTERNATIONAL DEMOCRATIC CONDITIONALITY**

The final influence on democratization we consider is the potentially salutary role of the EU in countries with a reasonable chance of joining that organization. Several scholars have written about the effect the EU can have on domestic economic policies in potential members, but few examine the possibility that the carrot of EU membership can promote democratization. The material benefits from admission to the EU are obvious. Economically, member states gain access to a lucrative European market, as well as direct financial assistance. In political terms, EU membership means symbolic acceptance into the "Western world," a completion of the "return to Europe." Most important, EU accession is in the private interest of political leaders in the region—their electoral fortunes can only improve by delivering their citizens material benefits, labor mobility to the wealthy West, and the increase in national stature that membership implies. Consequently, it is not surprising that "in all of the Central and East European countries, EU integration is one

10. Some include the former Yugoslavia in the "farmer" category, but given the small average size of private holdings (3.2 Ha), they are not commercial enterprises in the sense that we intend (see Cochrane, 1988, p. 50).

of the least controversial issues on the political agenda” (Grabbe & Hughes, 1998, p. 71; see also Mayhew, 1998; Orenstein, 1998).

The Union, however, explicitly insists that its members be democracies, a requirement that is not a mere platitude. Funding earmarked for Romania was blocked in the early 1990s because of concern over human rights violations (Mannin, 1999, p. 121). In 1997, the *Agenda 2000* decision separated the 10 potential members into two groups according to their readiness for accession, using commitment to democratization as one of the criteria (Mannin, 1999, p. 51). Of particular note is Slovakia, which was comparable to the fast-track countries in its economic reforms but had moved away from democratic politics with the coming to power of Vladimir Meciar. As a result, Slovakia was not among the favored five. Finally, even an existing member of the EU like Austria cannot ignore the democratic prerequisite—after Jörg Haider’s rise to prominence on a nationalist platform, the Union made Austria a pariah.

Not only has the EU been remarkably consistent in its application of this democratic conditionality, but that insistence seems to have had the desired effect. For example, in the cases of Spain and Portugal, the carrot of common market access was critical in bringing formerly authoritarian business classes into the democratic fold (Bregolat, 1999, p. 149). Furthermore, other studies have shown that politicians pursued the democratizing reforms necessary for EU membership both for the international legitimacy it would confer and for the substantial economic assistance it would bring (on Spain, see Gillespie, 1993; on Portugal, see Corkill, 1993). The success of this kind of pressure is also evident in the past decade. Romania and Bulgaria began to institutionalize democratic practices after sanctions on their new regimes. Meciar’s regime fell in part because it was seen as the major obstacle to EU membership (Castle, 2000). Finally, in Austria, Haider removed himself from party leadership, at least at the formal level.

One of the ways the EU has linked its economic aid to democratic development in the post-communist region, particularly in the latter half of the 1990s, is through the Poland and Hungary: Action for the Restructuring of the Economy (PHARE) program. Originally developed to provide assistance to Poland and Hungary, PHARE now includes most of Central and Eastern Europe (the 10 countries with EU accession agreements, as well as Albania, Bosnia, and Macedonia, with the latter two admitted only in 1996).<sup>11</sup> Furthermore, PHARE aid has become increasingly focused on developing democratic institutions of administration, and the EU dropped Yugoslavia from the

11. See the PHARE Web site at <http://europa.eu.int/comm/enlargement/pas/phare.htm>. The TACIS homepage is at [http://europa.eu.int/comm/external\\_relations/tacis/intro](http://europa.eu.int/comm/external_relations/tacis/intro).

program in 1991 and Croatia in 1995, when the autocratic characteristics of each of those governments became clear. By contrast, the EU's Technical Assistance to the Commonwealth of Independent States (TACIS) program, which channels aid to most of the remaining post-communist states, provides more traditional technical assistance for economic development and environmental safety and is not as strictly contingent on political development. As this study would predict, the TACIS funds have not spurred democratization in the recipient countries. Thus, we find that democratic conditionality (if backed by incentives) can align the private interests of politicians across much of the political spectrum with a national interest in the establishment of democratic politics. Such happy convergences are rare indeed.

### CONCLUSIONS

In this article we have sought to make two sets of points, one substantive and one methodological. Our substantive findings suggest, first, that economic liberalization—whatever its economic merits or defects—may not be the force for democratization that many had hoped, at least in the medium term. Although it is possible that this relationship may change over something less than the proverbial Keynesian long run, we do not see evidence of that process yet. We also find that, although levels of socioeconomic development do not seem to be associated with democracy in this region of the world, our results do reinforce a traditional comparative politics argument highlighting the importance of specifically rural political dynamics in the construction of national political regimes. Finally, we argue that the provision of strong international incentives—in this case the hope of EU membership—has had a felicitous and underacknowledged effect on the process of democratization, whereas similar multilateral pressure for economic reform lacks the political benefits usually attributed to it.

Methodologically, we have sought to demonstrate the utility of multilevel research design strategies and the complementarities that emerge from joint usage of statistical and comparative approaches. Demonstrating well-specified patterns of association is the strength of quantitative analyses, but these patterns leave underexplored the causal mechanisms implicit in the hypotheses tested. Here we have sought to link quantitative exploration to direct comparative examination of causal mechanisms—indeed, it is on that basis that we reject the economic liberalization thesis. The comparative analysis also provides a check on potential measurement and validity issues for our core concepts, particularly given their contested character.

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