

The Eastern European Transitions: A Survey of the Research Fields

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Ever since the events of 1989, the scholarly interest in the Eastern European transition processes has been enormous, resulting in a huge body of literature, which tries to describe and explain what is going on in the region. Following the breakdown of the Communist rule, the 27 post-communist countries have taken different political and economic trajectories, which have resulted in consolidated democracy and market economy in about one third of the countries, in unconsolidated democracy or transitional regimes and economies in about a dozen and authoritarian regimes and consolidated statist economies in the rest (Nation in Transit, 2002 & 2004. See appendix for details). In accordance with the project's purpose, this chapter focuses on the scholarly attempts to *explain the huge variation in political and economic outcomes of the transition processes in the post-communist countries*. Although good in-depth descriptive studies are prerequisites for subsequent theory-driven research, this strand of transition literature is left out in this survey. It should be noted, however, that each chapter contains further elaborations on more specific aspects of transition research.

As was discussed in the previous chapter, one of the core ideas of the project is to study the transition processes from a cross-disciplinary perspective. Accordingly, this research review is also taking an integrative approach, by analyzing explanations for both political and economic outcomes within the same framework, instead of treating the processes separately, which has usually been the case.¹ Naturally, the political and economic transitions have been studied from several perspectives, resulting in a plethora of theories explaining the outcome. Regardless of the approach, however, what unites these studies is that they all have to consider to what extent historical legacies – of distant or recent origins – influence the outcome of the transition. This applies not only to scholars who explicitly focus on different types of historic legacies, but also to those who stress the importance of the reforms pursued in the 1990s and who thereby – deliberately or not – downplay the significance of historic legacies. A 'temporal framework', is thus appropriate, because it allows for the inclusion of most types of explanations for the outcome of both the political and economic transitions. This chapter is structured according to how far back in time scholars consider it necessary to go, in order to explain the varieties of transition, which were previously referred to. This structuring principle is however more than a mere categorization of different types of explanations. It also allows us to map systematically the main similarities and differences regarding how scholars view the economic and political transitions: how different time periods and historic legacies are perceived, what specific factors are considered important, the extent to which the policymakers are perceived to have the ability to influence the outcome etc. It should be emphasized, however that the purpose is neither evaluative nor exhaustive, but rather illustrative,

¹ An increasing number of studies are trying to integrate the political and economic transition processes, though. See for example Offe (1996); Elster et al (1998) and Nørgaard (2000).

demonstrating the great variety of perspectives and explanations used in the transition literature.

Even though some experiments with political and economic reforms had been pursued in some of the countries dominated by the Soviet Union during the communist period, the transition process – in some cases towards democracy and market economy – did not begin before the overthrow of the socialist dictatorships, which started in 1989. The events of 1989 are thus regarded as a watershed in the transition process, but exactly what 1989 represents and its particular impact are however a subject of disagreement. Three basic perspectives can be singled out. The first perspective emphasizes the importance of the decisions made *during* and in the immediate aftermath of the upheavals in 1989; the second perspective emphasizes the importance of the reforms pursued during the post-communist period *after* 1989 and the third perspective, finally, stresses the importance of the historic legacies and the period(s) *before* 1989. In order to avoid confusion by jumping back and forth in the Eastern European history, this chapter is organized chronologically, starting in the distant past, i.e. the period up to 1945. Next, the recent past - i.e. the impact of the Communist experience² - is analyzed, followed by the events around 1989. The last section deals with the post-communist period. Before turning to the explanations, a few words on what is to be explained seem appropriate.

The central question in transition studies is what determines the different political and economic trajectories taken following the fall of the Communist regimes, with the emphasis on democratization and marketization (King, 2000 p 145). Normatively, a transition is successfully completed when a consolidated democracy and a functioning market economy are established. Even though democracy is a highly contested concept, there is a quite broad consensus on its basic components, such as free and fair elections with comprehensive voting rights, political rights and freedoms and the rule of law (See for example Gill, 2000 pp 2-3).³ Most studies, as well as indexes and rankings thus put the post-communist countries in more or less the same order. Concerning democratic consolidation paradoxically, there seems to be a similar consensus about the ranking order, although there is no common understanding of the concept (Schedler, 1998 pp 91-92; Kopecky & Mudde, 2000 p 519).⁴ Where to draw the line between consolidated and unconsolidated democracies nonetheless still remains a bone of contention (Kopecky & Mudde, 2000 p 522). The disagreement among scholars over how to explain the political outcome is therefore not the result of a disagreement over the democratic status in the post-communist countries.

A market economy is characterized by the dominance of free market forces and its central components are competition between producers, prices determined by demand and supply and institutions protecting property and contract rights. The definition of a

² For those countries that belonged to the Soviet Union from the very beginning, the Communist experience started already around 1920.

³ The European Union, for example, decided at the summit in Copenhagen in 1993 to have stable institutions guaranteeing democracy, the rule of law and human rights and functioning market economy as conditions for membership (www.europa.eu.int/comm/enlargement/intro/criteria.htm#Accession%20criteria).

⁴ Usually democratic consolidation denotes the expectations of the survival of a democratic system, i.e. when democracy is “the only game in town”, i.e. not contested by any significant group in the country. See for example Linz & Stepan, 1996 p 6; Kopecky & Mudde, 2000 p 534, footnote 3. On different definitions, see Kopecky & Mudde, 2000 pp 521).

functioning market economy is somewhat more demanding, adding among other things macroeconomic stability and the channeling of savings towards productive investments.⁵

There is quite a difference between studies, which assess political reforms on the one hand and studies, which assess economic reforms on the other, in the sense that the former usually uses the existence of democracy or consolidated democracy as indicators of successful reforms, whereas the latter often uses other indicators such as growth, privatization etc, which are related to, but not the same as those, which define the existence of a market economy. This will be discussed further when it is relevant in the following sections.

The distant past: historic legacies matter

Many scholars who analyze the Eastern European transition emphasize that historic legacies matter (Dryzek & Holmes, 2002; Fowkes, 1999; Gerner et al, 1995; Grugel, 2002). A common assumption of this approach is that historical phases, such as Communism, the Ottoman and Mongol periods and specific institutions established long ago, such as the Christian Orthodox Church, have shaped popular belief-patterns and thereby the political culture in the region, which in turn has had a large impact on the post-communist trajectories towards democracy and market economy. This approach is called path dependence and will be explained in more detail in the following section. Scholars differ, however, on how far back in time it is relevant to go, as well as on the possibilities to change negative patterns. This section focuses on the period up to World War II.

Even though most scholars who adhere to this perspective focus on the recent past, i.e. the Communist period, quite a few also emphasize the importance of the more distant past for the political and economic development after the fall of the Berlin wall. Generally speaking, one could say that the further back in time scholars put the emphasis, the more the transition process is viewed as determined by history and thus the smaller the scope for transition actors to influence the outcome.

Gerner et al (1995) take us as far back as to the late Roman Empire (AD 300s) in their search for the origins of the outcome of the transition. They argue that the division between East and West runs along religious lines, where the successful countries are those on the “right” side of the “brain curtain”⁶, i.e. the Western Christian ones. They identify a number of crucial differences between Catholicism and Orthodoxy, which are said to be responsible for the emergence of different mentalities and political cultures in the East and West and which subsequently to a large extent are believed to have determined the political and economic trajectories that were taken, eventually resulting in the outcome of

⁵ The EU assesses the existence of a functioning market economy on the basis of the following factors: Equilibrium between demand and supply is established by the free interplay of market forces; Prices, as well as trade, are liberalized; Significant barriers to market entry (establishment of new firms) and exit (bankruptcies) are absent; The legal system, including the regulation of property rights, is in place; Laws and contracts can be enforced; Macroeconomic stability has been achieved including adequate price stability and sustainable public finances and external accounts; Broad consensus about the essentials of economic policy; The financial sector is sufficiently well developed to channel savings towards productive investment (European Commission 1998 p 6).

⁶ In Swedish brain and iron is pronounced the same way and the title of the book (Brain curtain) is thus alluding to Churchill’s Iron curtain but implies that there is a mental barrier between East and West.

today's transition. Firstly, there was a split in the West in the relationship between the church and the secular power, resulting in a more pluralistic and dynamic society, which stimulated debate over legal matters and thereby laid the foundation to the rule of law and constitutionalism. In the East by contrast there was no separation between the religious and secular power and the former prevailed, which resulted in a society dominated by religious dogmas and in which critical debate and even scientific research were forbidden. Secondly, the Catholic invention of and subsequent belief in purgatory stimulated social differentiation, individualism and the concept of citizen. The orthodox world in contrast retained its black and white view of the world, interpreted by the ruler, resulting in collectivism and a lack of a civil society. Finally, the split of the Roman Catholic Church and the subsequent isolation of the Orthodox world reinforced the negative paths, since the East never went through the historical epochs that were important for the development of democracy and market economy – such as the Renaissance and the Enlightenment. Although it is stressed that Russia at some points in history (e.g. at the time of the Russian revolution in 1917) could have broken with its past, the origin of today's situation is nevertheless traced 1600 years back in time (Gerner et al 1995 pp 108).

Similar types of arguments have been expressed concerning the effects of the Ottoman occupation of the Balkans between the fourteenth and the twentieth century (Diamandouros & Larabee, 2000 pp 29).

According to advocates of this perspective, when a country has a culture that is assumed to be detrimental to the development of a market economy and democracy, the prospects for turning the tables have been considered to be very difficult, since culture and mentality neither change very easily nor quickly (Gerner et al, 1995 p 106).

An almost identical approach to the one discussed previously, but without the attempt to trace the origin of diverging political cultures, is the quite common view that prior democratic experiences are conducive to democracy, since they by definition prove the existence of a democratic political culture, thus making it much easier to revive democracy, even though a long time may have passed. Conversely, countries with no prior democratic experiences are believed to have major difficulties in establishing democracy, let alone in consolidating it (Bova 1993 p257-258). This argument is consistent with the assumption that a political culture does not change very easily, regardless of the extent of personal experiences of democratic rule in a country. Dictatorships may prevail from time to time, without erasing the population's democratic memory. During the interwar years, most countries in Central Europe established democratic systems, while the Soviet Union and to a lesser extent some Balkan countries took a more authoritarian path. Even though democracy did not survive the inter-war period, with the exception of Czechoslovakia, the memories of the short democratic period survived more than 50 years of non-democratic rule (Elster et al, 1998 p 304).

In addition, when it comes to prior experiences of market economy, there are scholarly arguments, which state that memories of the system can be revived, a long time after it was abolished (Fischer, 2001 p 5). As was discussed previously regarding democracy, these experiences go back to the inter-war years, but they were disrupted by the Communist takeover in the region after World War II. Market economy was never fully

established in most of the territories belonging to the Soviet Union before the Bolsheviks came to power, and hence there was not much to revive after the fall of Communism.⁷

A general conclusion is that distant past explanations have been applied to the outcomes of both the political and the economic transitions, but while it seems to be a quite common approach to the political transformation, it is much less frequently used in explaining the economic outcome. The approaches discussed above adhere to path dependency, which means that prior policy choices or events restrict the range of possible future choices, resulting in virtuous or vicious circles, which are very hard to break away from. According to this perspective the outcome of the Eastern European transitions is largely predetermined by legacies, which the policy makers in the region can do little to overcome. But as we shall see later, there are advocates of this perspective who nevertheless claim that there is scope for fundamental change during so-called formative moments.

The recent past: the Communist experience

The Communist period is generally regarded as having a negative impact on the prospects for democracy and market economy (Agh, 1998 p 51; Bunce, 1999 p 24-36), particularly psychologically by eliminating economic and political incentives, which resulted in apathy and passivity (Nodia, 1996 p 25).⁸ The duration of Communist rule is accordingly considered to be important for the prospects of reform (Nørgaard, 2000 pp 212). The effects of the old system are not viewed as uniform over the entire “East-bloc”, however, and these differences in turn have an impact on which course the transition has taken (McFaul, 2002 p 243). For some countries, e.g. the Soviet Union, Communism is perceived as a mere logical continuation of previous regimes and thus in accordance with the political culture and the state of the popular mentality, while for others – e.g. the Central European states – the imposition of Communist rule constituted a fundamental break with previous political and economic systems and a deviation from the existing political culture (Hahn, 1993 pp 302). The implication, which was addressed briefly in the previous section, is that the transition to democracy and market economy would be easier for countries, which had the ‘appropriate’ political culture but were forced to change paths, than for those who just continued along their ‘natural’ – and detrimental path. The former countries are assumed to be able to revive their political culture as soon as there is an opportunity, while the latter have no such political culture to revive and thus will continue along some form of authoritarian lines (Elster et al, 1998 pp 302). In sum, a Communist system has few advantages in terms of democratization and marketization, but it has a smaller negative impact on countries, in which a civic and democratic political culture exists (Ibid p. 304).

There are also differences between the East-bloc countries concerning the orthodoxy with which the Communist systems were run. During the reign of Josef Stalin there was little room for national deviations from the Soviet model, but after his death in 1953, the

⁷ For a brief evaluation of the political cultural perspective, see Kubicek (2000), pp 298-300.

⁸ van Brabant (1998:88) claims however that “the starting condition can rarely be termed unambiguously positive or negative for the pursuit of general transformation.” See also McFaul, (2002 p 242) for a similar argument.

satellite countries were allowed to pursue a more national form of Communism, as long as the Communist systems were not threatened. Poland and Hungary for example, experimented with small-scale market mechanisms and applied the most “liberal” or least repressive variant of totalitarianism (see van Brabant, 1998 p 88-99).⁹ Czechoslovakia also introduced far-reaching political reforms during the 1960s, but the reforms ended with the Soviet military intervention in 1968. Two influential scholars view these differences as the main factors behind the results of the transitions (Linz & Stepan, 1996; See also Bunce, 1999).

What was later to be termed transition theory, which focused on the strategic interactions of the elites as the main determinants for authoritarian breakdown and successful democratization, gradually emerged in the early 1970s (Grugel, 2002 p 57). The modernization theory, which dominated the theories on democratization in the 1950s and 1960s, became fiercely criticized during the following decades for being too deterministic and for not paying attention to the political elites’ influence over the democratization processes (Ibid p. 60-62). Much of the criticism was due to the fact that the modernization theory was increasingly unable to explain why some countries – predominantly poor third-world countries – succeeded in democratization, while some more affluent ones remained undemocratic. The transition theory became popular only in the mid 1980s, as a result of the publication of a seminal research project comparing the democratization processes in Southern Europe and Latin America (O’Donnell & Schmitter, 1986). Slightly modified, the new approach also became very influential in the research on the Eastern European transition half a decade later. One of the novelties, compared to the modernization approach, was the rejection of everything with a deterministic tone. Where modernization theorists saw socio-economic development as both a necessary and a sufficient condition for democratization, transition theorists dismissed the notions of necessity and sufficiency altogether, claiming instead that democracy could take root anywhere in the world, as long as a political elite – albeit small – with democratic ambitions existed (Shin, 1994). Although the contingency and uncertainty of the process was emphasized, it was not regarded as a totally random process. On the contrary and in accordance with the idea of path dependency, features of the old regime were assumed to influence the relevant actors’ strategies and room to maneuver, thereby making some transitional paths more likely than others.

The most prominent advocates of this approach are Juan Linz and Alfred Stepan (1996). Their main argument, slightly simplified, is that the more repressive the Communist regime, the more difficult the transition process, both in terms of initiation and outcome. For a successful transition to take place, a negotiated transition between the old (Communist regimes) and the new elites (the opposition) is regarded as the most facilitating mode of transition, but this mode was in turn only possible in countries where there were moderate forces on both sides, ready to bargain, like in Poland and Hungary. In the most repressive countries, like Romania, there was no room, neither for an opposition to emerge, nor for a reform-minded leadership. A regime collapse (in worst case a violent one) and a subsequent polarization between the political forces then becomes the only available path of transition (57 pp). This course in turn makes the democratic consolidation process more difficult because compromise and bargaining, rather than

⁹ Linz & Stepan (1996) do not even regard Poland’s political system as totalitarian, but as authoritarian (p 254).

polarization and conflict, are supposed to be features of a mature democracy. The old regime is thus not only believed to influence the transition to democracy, but also the subsequent consolidation process (p. 364).¹⁰

A similar but slightly more institutional approach claims that countries with a higher degree of pluralism within the Communist systems, i.e. competing Communist institutions, with their own power base, were the ones that succeeded, while countries with one single omnipotent institution, with little scope for pluralism, have kept much of their institutional features intact, i.e. relinquished little power (Roeder, 2001 pp 22).

In a critique against the pacted transition argument that is made by Linz & Stepan among others, McFaul (2002) claims quite to the contrary that the outcome of the transition has been successful in the countries where the democratic forces – often coming from the masses rather than from the elite -intransigently furthered their claims of total democratization, without making any compromises with the incumbent regime (p 228). Quite intuitively the conclusion is that only in the countries in which the democratic forces clearly dominated the transition process, was there a clear break with the past and a successful democratization, while countries in which undemocratic forces, i.e. the old regime dominated, resulted in continued dictatorships. Finally, in countries where the democratic and undemocratic forces were about equally strong, the democratization process seems to have stalled between full-fledged democracy and outright dictatorship (p 213-214).

Turning to the effects of the old regime on the economic transition, few economists seem to regard the outcome of the transition as determined or greatly influenced by the features of the old economic system.¹¹ In a review article, which summarizes the last ten years of research on determinants of growth in the post-communist countries¹², Oleh Havrlyshyn finds that initial conditions in terms of over-industrialization, price distortion, trade share, per capita income, natural resources etc, are regarded as important by most scholars, though they are given much smaller significance than the governments' reform efforts and strategies (2001 p 61-79). The impact of initial conditions is most pronounced during the early years of the transition, but their importance quickly decline to the advantage of the reform policies that are pursued. Yet, they might have more explanatory power than scholars have found so far, since the linkage between initial conditions and reform ambitions have been neglected (Havrlyshyn, 2001 p 73). Economists thus seem to agree that transition actors to a fairly large extent have the ability to influence the outcome of the reforms, thereby making them responsible for failures. This implies, in turn that the explanation for the varieties in outcomes are to be found in the reform processes in the 1990s or in the policy choices made in the aftermath of the events of 1989, which is the period under scrutiny in the following section.

Although both political scientists and economists have emphasized the importance of the old regime for understanding the transition, the former have been more prone to stress the differences in the Communist systems throughout the region, which as was mentioned earlier, have led to different paths of transition and outcomes in terms of democratic

¹⁰ McFaul (2002 p 243) argues in a similar vein that "... the balance of power and ideologies at the time of transition had path-dependent consequences for subsequent regime emergence."

¹¹ Kolodko (1999) argues however that countries "that enjoyed a relative liberal system under socialism, the process of learning goes much faster" (p 251).

¹² Growth is in Havrlyshyn's survey treated as a proxy for successful economic reforms.

consolidation. Economists on the other hand, tend to stress the similarities of the command economic systems, which hence cannot explain much of the differences in the outcomes of the transition. The focus of the economists lies elsewhere as will be discussed in the next section. From a political point of view then, the transitional countries are regarded as having different post-communist starting points, while the economists assume that the starting points in terms of economic reforms, are fairly similar.¹³ Consequently, the differences in the transitions to a functioning market economy is determined by the policies and strategies made by the post-communist governments in the region. Put differently, the actors are considered to have the necessary capacity to influence the outcome of the reform process.

The formative moment of 1989: tabula rasa or path-dependency

The choices made in the immediate aftermath of the events of 1989 naturally play an important role in explaining the economical and political outcome of the reforms (Fish, 1998 & 1999; Kolodko, 1999 p 234; Elster et al, 1998 p 303). Two slightly different approaches will be discussed in this section, which both consider 1989 to be a formative moment, i.e. a period during which opportunities for fundamental changes are opened. The first is the traditional path-dependency approach advocated by historical institutionalists. It implies that countries, which are about to launch political and economic reforms, are constrained in their policy choices by their legacies. All options are simply not available to everyone (Bunce, 2003 p 190). When the choices concerning political system, constitutional framework, economic reform strategy etc have been made, the country in question will have to adhere to these choices until a new formative moment arrives, regardless of how the new institutional framework and policies function.

The second perspective - the “tabula rasa” approach - views the options available during formative moments differently. With the collapse of the Communist regimes, the countries were left in a political and economical institutional void, thereby giving the actors involved a clean slate or a *tabula rasa*¹⁴ and a wide range of policy options to choose from, which opposes the path-dependent emphasis on limited choices (Hellman, 1998; Kolodko, 1999). Both perspectives, however, stress the difficulties of fundamental changes once the ‘table is laid’ (Fish, 1999 p 807). Transition actors thus play a fairly large role for the outcome of the transition in both approaches, in particular for the proponents of tabula rasa.

We have now moved from perspectives in which historic legacies are the key to understanding and explaining the outcomes of the transitions, to more actor-oriented approaches, in which the institutions created and the policy strategies pursued are considered to render the legacies of the past irrelevant (Kopecky & Mudde, 2000 p 527; Fish, 1999 p 799). There has naturally been a lot more debate – both academic and political – over optimal strategies and choices than about historic legacies, since the latter are a fact, which cannot be changed, whereas the results of specific strategies can be learned from and hopefully corrected. The debate about the economic aspects of transition

¹³ It should be noted however that economists consider the initial conditions to be similar regarding the economic system, while the countries clearly differed in terms of socio-economic indicators.

¹⁴ Other labels for this phenomenon are windows of opportunity and extraordinary politics.

has been much more heated, than the debate about political change. The reason is that the consensus among scholars has been overwhelming concerning the political goals (democracy, respect for human rights and minorities etc), how to reach them (by holding free and fair elections, adopt and implement constitutional and other legislative amendments among other things) and the preferable speed (as quick as possible), whereas economists differ on all these issues (Goal: a market economy, but with an Anglo-Saxon liberal approach or a Nordic intervening welfare state? How: liberalization or privatization first? Speed: shock therapy or gradualism?). Ideological differences were quite naturally, at the heart of the economic debate.

Leaving the ideological aspects of the economic transition aside, the scholarly debate has been about the speed and sequence of the reforms. Both proponents of shock therapy or big bang, a strategy that is also called the Washington consensus, and the gradualists (or evolutionary institutionalists) share the opinion that it is possible to create a clean slate at the onset of economic reform, by razing the old system to the ground, and that the policy choices made in the immediate aftermath could be very difficult to alter at a later stage. They fundamentally disagree, however, on whether a clean slate *should* be created and whether creating a situation of irreversibility is desirable for achieving a functioning market economy (Roland, 2001 p 34). The advocates of shock therapy are in favor of doing just that, thus making any backsliding to the old system impossible and preventing powerful organized interests from halting the reform process half way, in a position favorable to themselves rather than to the country as a whole (Hellman, 1998). The gradualists on the other hand claim that irreversibility is harmful by definition, because it excludes the possibility of policy changes or adjustments even in cases where a policy does not work properly. They opt instead for incremental reforms that are easily adjustable in the event of failure. The latter argument is the second point of disagreement. While the gradualists argue that piecemeal reforms are needed and that an institutional framework has to be in place before major reforms can be initiated (Kolodko, 1999 p 234-237), the proponents of shock therapy claim that partial reforms inevitably lead to the capture or hijacking of the transition by powerful actors (Hellman, 1998 p 232; Roland, 2001 p 34). In addition, institutions will be established in response to the newly created incentives. The bone of contention between proponents of shock therapy and gradualists is that the former dismiss the possibility to craft a transition process in any detail and they therefore suggest a complete and quick break with the past and the launching of comprehensive reforms, thereby creating new economic incentives to which people will adapt quickly. A market economy will be established when people react rationally to these incentives. The gradualist approach, thus, puts a lot more faith in the transition actors' abilities to create a market economy than do proponents of shock therapy.

Political scientists also tend to view the events of 1989 as an important moment for the prospects of democratization and marketization. In a frequently quoted article, Steven Fish (1998) suggests that the outcomes of the first free elections had a profound impact on the future of the economic reforms and, hence on the successful transition to a market economy. Quite intuitively, the study concludes that the countries, in which reform-minded parties came to power, have been the most successful ones. They immediately launched comprehensive and to some extent irreversible reforms, which subsequent governments could not and would not roll back, since former Communists quickly tended to reform themselves in these countries. The victory of the opposition, moreover,

stimulated the opening of the political system. By contrast, in countries where the former Communists won the first election, the transition was more hesitant and incomplete, resulting in a context, which was more hostile towards reforms (pp. 58). This study thus constitutes a typical example of a path-dependent approach, since the outcome of a single event early in the transition process, is perceived to put the countries on different reform paths – negative and positive – with only limited opportunities to change paths.

Another example is offered by Elster et al (1998), who compare the impact of legacies, institutional choices around 1989 and the policies pursued after 1989 on the consolidation of the market economy and democracy. The conclusion is that the institutional choices are the most important explanatory factors, because they create new incentives and habits, which are self-reinforced in virtuous and vicious circles, thereby eradicating legacies from the past (pp. 296).

Turning to the purely political aspect of the transition, the single most important choice in terms of democracy was to adopt new constitutions and particularly crucial was the establishment of the new division of power. As mentioned in the previous section, scholars who adhere to the path dependence approach view much of the constitution making as an endogenous process, in which the old systems determine the structure of the new one (Roeder, 2001). Proponents of the tabula rasa approach, consider this process an exogenous one, in which the outcome is a result of the preferences and relative strength of the actors involved (Fish, 1999).

The effects of political systems on the prospects for democratization, democratic sustainability and economic performance have been the target of interest from social scientists for a long time. Even though there is no consensus on whether a parliamentary or a presidential system is the most preferable, scholars seem to agree that concentration of power has a negative impact on democratization and democratic stability in general (Shugart & Carey; 1992; Linz & Valenzuela, 1994). This argument is also raised in the case of the Eastern European transition. Fish (1999 pp 803& 2001 pp 82) argues that democratic erosion, i.e. a backsliding from initially democratic or semi-democratic structures, is explained by the power vested in the presidencies of the post-communist countries. The more power invested in the presidency the less flexibility in the case of a deadlock or malfunctioning, and the fewer constraining or balancing institutions in case of a drift towards authoritarianism. The institutions hypothetically preventing for example Lech Walesa and Ion Iliescu¹⁵ from enhancing their respective powers, which may have had resulted in democratic breakdown did not exist in the former Soviet republics in Central Asia, thus facilitating the imposition or in some cases the continuation of dictatorship. The parliamentary systems, adopted mainly in the Western parts of the region, on the other hand have been much more stable democratically (Gill, 2000 p 179-181).

As mentioned in the beginning of this section, a common assumption of the proponents of this perspective is that changes are difficult to accomplish once the initial choices are made. One of the main arguments for a shock therapy approach is that incomplete reforms lead to an impasse, in which actors who benefit from the current situation become powerful enough to resist further reforms. “Actors who enjoyed extraordinary gains from the distortions of a partially reformed economy has fought to preserve these gains by

¹⁵ Lech Walesa was president in Poland 1990 - 1995 and Ion Iliescu was president in Romania 1990 – 1996 and 2000 – 2004.

maintaining the imbalance of partial reforms over time” (Hellman, 1998 p 232). Paradoxically, it might even be better to withhold reforms altogether, than to initiate incomplete ones (Ibid). In contrast, the gradualist approach, views incremental changes as both possible and desirable (Kolodko, 1999).

Changing political systems fundamentally is also bound to be difficult, even if the system does not work properly. The main reason for this is that the power that is distributed to actors and institutions may easily be used to resist changes that threaten their power. For example, a system, which requires the president’s consent for diminishing the power of the presidency, will not change very easily in this respect. To put it differently, once it is established, the concentration of power, which is assumed to have negative consequences for the development of democracy, is very hard to break up. The parallel with the economic interests, which was previously discussed, is obvious.

To sum up this section briefly, the events of 1989 are in principle treated quite similarly, politically and economically. Transition actors are considered to be quite influential during the formative moment - even if some scholars stress the limitation of the available choices - but they are considerably less influential once the choices are made.

In the next section purely actor-oriented approaches, which regard the policies pursued after 1989 to be the most important factor for the transition outcome, will be addressed.

Post-communism unconstrained

The last perspective on the transition process emphasizes the policies pursued after 1989 as the most important factor behind success and failure.¹⁶ Because the actors’ ability to influence the process, according to this perspective, is perceived to be high, the outcome of the reform is determined by the willingness and ambition of the decision-makers to reform, on the one hand, and by their competence and resources to do ‘the right thing’ on the other. These claims are self-evident, since no post-communist country will be reformed automatically (van Brabant, 1998 p 499) and will not be successful pursuing the ‘wrong’ policies (Åslund et al, 2001). The bone of contention is rather which policies are the right ones and in relation to which goals, particularly concerning the economy.

The majority of the literature on transition, particularly studies that are descriptive in nature, which merely present the facts and events since 1989, fall in this category (Kopecky & Mudde, 2000 p 519). There are, however, also studies which explicitly deny the influence of past legacies and previous policy choices, claiming that anything can be done at anytime thereby placing much of the responsibility for failure and the credit success on the policy makers (Fish, 1999 p 796-797).

When the creation of a consolidated democracy is compared with the creation of a functioning market economy, the former process seems to be a lot easier as long as there are high ambitions in that regard. This view is substantiated by the fact that all the EU candidate countries fulfilled the political criteria before the economic ones. In comparison to the enormously costly economic reform programs, the costs for reforming the political

¹⁶ Fish (1999) calls this the political constructivist approach, which claims that “[p]olitical struggles, actions, and choices that took place during and after the onset of transition (...) are more important than legacies for determining variation in trajectories of democratization. Regime outcomes are constructed through politics.” (p 799).

systems have been insignificant. In other words, there are fewer “external” constraints involved, and the blame for failing to achieve democracy and consolidated democratic institutions is thus placed on the most powerful policy-makers in each country; Lukashenka in Belarus, Meciar in Slovakia, Milosevic in Yugoslavia, to name just a few examples (Fish, 2001; McFaul, 2002 p 233). The credit for a successful democracy also tends to be given to influential political actors, such as Havel and Klaus in the Czech Republic (Elster, et al, 1998; McFaul, 2002 p 228), or to collectives such as governments that are committed to the EU and which generally adhere to the political conditions for membership.¹⁷ In contrast to the economic aspects of transition discussed in the following section, it seems relatively easy to achieve consensus about policy choices with respect to democratic consolidation. The policy-makers’ primary task is ‘simply’ to protect the democratic principles laid down in the constitution from being corrupted in practice.

It seems much more difficult to establish a functioning market economy, and it takes both skills and luck to achieve that goal. It takes skills because the economic reform program is a complex and highly labor-intensive task and it takes luck because there are external factors, such as the international economic cycles, over which domestic actors have no control. As mentioned previously, there is a big debate over what strategy is the most conducive to a successful outcome, with the dividing line drawn between those who emphasize early and quick macroeconomic stabilization, liberalization and privatization, i.e. the Washington consensus and those arguing for a stable institutional foundation, prior to launching the reforms previously mentioned. Even though it is hard to tell to what extent it is the decisions made after 1989 or the ones made during that event that matter the most, the prevailing view among economists is that initial conditions and historic legacies are of minor importance compared to the strategies and policy choices pursued by the transition actors (Fischer, 2001 p 2; Havrylyshyn, 2001 p 72). As with the political transition discussed earlier, these policies – successful or not – are sometimes connected to specific transition actors, the Polish shock therapy architect Leszek Balcerowicz being one of the most prominent individuals in that respect. Governments that are eager to join the EU quickly are also regarded as important actors in taking advantage of a favorable context. Other actors are brought up by Åslund et al (2001): “The driving force of positive change has to be entrepreneurs who feel they are at a disadvantage because of the privileges of others” (p 105).

Even though the responsibility for the outcome of the transition to a large extent is put on policymakers, few would deny the importance of external factors, which facilitate the economic and political transition process. The prospect of joining the European Union has of course been regarded as a major factor in this respect, stimulating continuous political, economic and administrative reforms (Kopecky & Mudde, 2000 p 531-532). Moreover, the EU has provided financial assistance to the candidate countries, thereby further enhancing their chances of a successful transition. In the former Soviet republics with the exception of the Baltic countries, these favorable external and geographical conditions do not exist - admittedly partly because of the absence or insufficiency of the reforms undertaken - and the political and economic leadership have had to manage the transition processes more or less on their own, unfortunately with considerably less success (Kopstein & Reilly, 2000 p 36).

¹⁷ See footnote 3.

In summary, contemporary explanations for the outcomes of the transitions have many similarities concerning the economic and political aspects: Political and economic elites and the strategies they pursue concerning the economy are to a large extent viewed as the main determinants of success and failure.

Concluding remarks

The purpose of this review has been to demonstrate the richness of the transition literature concerning explanations for the political and economic outcomes, ranging from psychological structures, which originated thousands of years ago, to contemporary factors, which emphasize the importance of what politician A did “yesterday”.

Even though there are many similarities between how economists (who almost exclusively deal with the economic transition) and political scientists (who study both economic and political transitions) treat the transition processes, which are manifested by the fact that all perspectives discussed in this chapter are represented in studies on the economic as well as the political transition, there are nevertheless some striking differences. Not surprisingly, economists tend to explain the outcome of the reform by looking at the recent development in the post-communist countries, rarely going back further than 1989 and often focusing on the post-communist period. The legacies of the past are thus downplayed and are to a large extent considered irrelevant for understanding the current situation. Instead, it is the policies pursued by the contemporary governments, which are believed to account for the outcome of the transition. The actors are thus considered powerful enough to override potentially facilitating or detrimental structures. The actors largely create the incentive structures themselves and change them as easily when they think it appropriate.

Political scientists on the other hand focus more on historic legacies when explaining the outcomes of both political and economic transitions. Relatively few studies go much further back than the late nineteenth century, but many of them focus on pre-communist and Communist legacies. Studies focusing on the events of 1989 are also well represented, while far fewer regard the post-1989 period to be the most decisive one. Path dependency is to some extent part of almost every study emanating from the political science discipline. Actors are consequently considered to be much more constrained by historic legacies and past policy choices, giving them limited opportunities to influence the outcome.

People who are looking for a clear answer to the question of what determines the outcome of economic and political transitions are bound to be disappointed when consulting research in this area. For people who realize that there are no simple explanations to complex processes, the research on transition offers an exciting diversity of perspectives and explanations, which stimulates further thinking and reflection on the historic and current mechanisms behind change and continuity.

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