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*East European Politics and Societies* 2007; 21; 7

DOI: 10.1177/0888325406297170

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# Democracy in the Post-Communist World: An Unending Quest?

Grzegorz Ekiert, Jan Kubik, and Milada Anna Vachudova\*

Fifteen years after regime change swept across the former Soviet bloc and contrary to the widely held hopes and expectations at that time, liberal democracy has emerged and taken root only in a small number of post-communist countries. In the majority of former communist states, political transformations have either lost their momentum and resulted in partially democratic systems or have been reversed and brought new authoritarian regimes. Hence, the fundamental puzzle of post-communist politics: why have some countries succeeded and others failed, totally or partially, in building and consolidating liberal democracy?

Understanding and explaining this puzzle is a challenge for both scholars and policy makers. The IV General Assembly of the Club of Madrid held in Prague on 9-11 November 2005 brought together academic experts and political leaders to examine the unfolding trajectories and contrasting outcomes of democratization in Central, Eastern, and Southeastern Europe, as well as post-Soviet Central Asia. The Club of Madrid members and experts evaluated political lessons emerging from the region and reviewed reform and policy measures that have been relevant for promoting democracy and improving its quality in post-communist Europe and elsewhere. This special issue of *EEPS* presents nine articles that were originally commissioned as background papers for the Club of Madrid's meeting. Our introduction, drawing on these articles and on the wide-ranging and insightful discussions that took place during the conference, is divided into five parts.<sup>1</sup> The first offers a sketch of the "state of democracy" in post-communist Europe and introduces our central question: what factors are key in explaining the success or failure of democracy in the post-communist world? The second part reviews some of

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\* We thank Amy Lynch and George Soroka for their research and editorial assistance and Jorge Dominguez for his comments and suggestions.

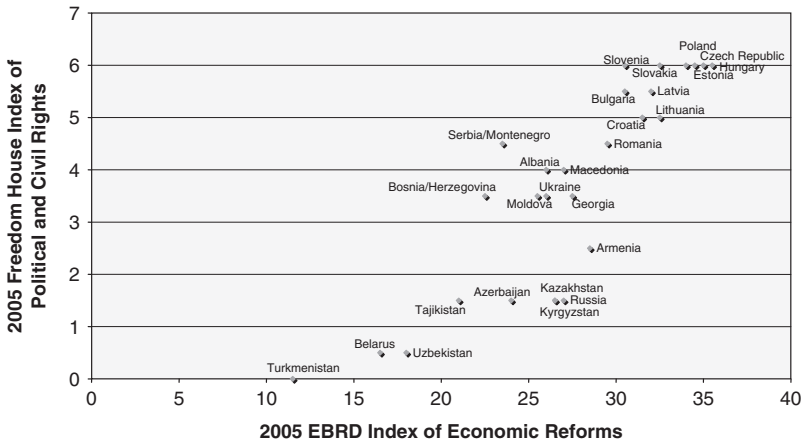
the key noneconomic domestic factors shaping political outcomes in the region. The third analyzes in greater depth the role of different economic reform strategies in reinforcing or undermining democratization efforts. The fourth investigates the role of the European Union (EU) and other external actors in fostering the consolidation of democracy in some post-communist states. In the fifth part, we conclude with several policy recommendations that emerged from the conference and from our analysis.

## **1. Diagnosing and explaining the state of democracy in post-communist Europe**

There has been a striking divergence in political outcomes across the post-communist space. Figure 1, illustrating the progress of economic reforms as measured by the European Bank for Reconstruction and Development (EBRD) index and the extent of political rights and liberties as measured by the Freedom House index, shows that post-communist countries that recently joined the European Union have made considerable progress on both dimensions. They have working market economies, and the quality of their democratic institutions is similar to that enjoyed by the citizens of established Western democracies. These eight countries are closely followed by Bulgaria and Romania, scheduled to join the European Union in 2007, and by another likely EU member, Croatia. The political and economic reforms in other Balkan countries and other countries that emerged from the former Soviet Union are less advanced, as evinced by much lower scores on these two indices.

While the pace of change in the EU member and candidate countries has recently become more consistent, their political and economic reforms were already more advanced than those of the other Soviet bloc countries by the mid-1990s. The recent data show a growing split between these two parts of the former Soviet bloc.<sup>2</sup> On one hand, there is a striking convergence among the new members of the European Union and official candidate countries. They have introduced comprehensive reforms overhauling their states, economies, and welfare systems; they are wealthier with faster-growing economies and lower levels of

**Figure 1.** *Economic transformations and political rights in post-communist countries, 2004*



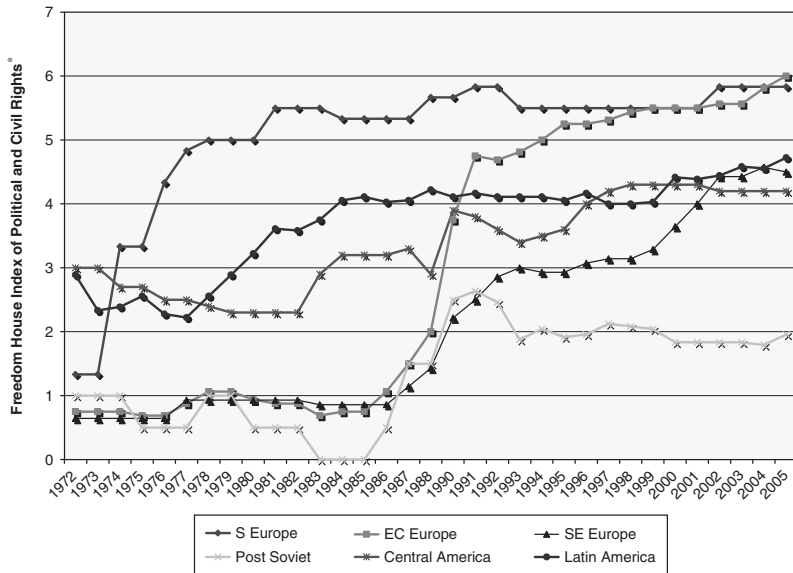
Source: [www.freedomhouse.org](http://www.freedomhouse.org); [www.ebrd.com](http://www.ebrd.com).

Note: EBRD = European Bank for Reconstruction and Development.

income disparity; and they benefit from liberal democratic standards safeguarded by a consolidated democratic system. On the other hand, the majority of former Soviet republics, including Russia, are poorer, more unequal, plagued by economic difficulties, choked by massive corruption, and increasingly authoritarian. Some countries in this group have ended up as “consolidated autocracies,” in Freedom House’s terminology, while others muddle through as semireformed democratic-autocratic hybrids.

Another useful way to assess the outcomes of post-communist transformation is to broaden the field of comparison. A cross-regional comparison of the progress of democratic consolidation (measured again by the Freedom House index), as given in Figure 2, shows that the former Soviet bloc splits into two distinct groups: in one group democracy is more advanced than in any other region that experienced the third wave of democratization, with the exception of Southern Europe. In the other group, comprising both semireformed and authoritarian states, democracy is lagging behind all the other regions. Thus, post-communist countries can claim both the best and the worst record of transition from authoritarianism to democracy.

**Figure 2.** *Cross-regional comparison of third wave democracies*



Source: www.freedomhouse.org.

Note: Freedom House scores of political rights and civil liberties were added and divided by two. Then the scores were reversed: the higher score indicates more extensive rights and liberties.

In the eight leading countries the rate of democratic consolidation (defined as an improvement in the areas of political rights, liberties, and democratic practices) was unexpectedly fast. In these countries, early concerns about impeding legacies of communist rule and initial conditions unfriendly to democracy proved to be largely unfounded. Moreover, the extent of rights and liberties in the new EU member countries reached the level enjoyed by stable Western democracies shortly after the transition. Finally, these rapid democratic gains stabilized at a high level; there were no significant setbacks to democracy in these countries (though Slovakia and, in areas related to the treatment of ethnic minorities, the Baltic states took longer to consolidate liberal democracy than the others). By contrast, Freedom House scores for many countries that emerged from the Soviet Union, including Russia, not only showed lower initial gains but also

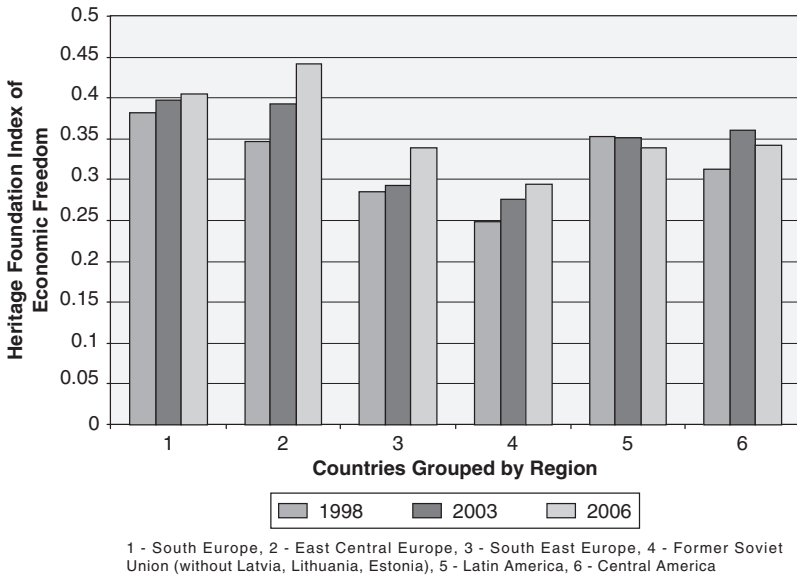
have been declining persistently in recent years, in some cases producing troubling authoritarian reversals.

It must also be noted that successful post-communist countries did not just make swift and significant progress in building democracy. Their transition to a market economy was also faster and more durable than in other post-communist subareas and postauthoritarian regions. This is important since historical experience and rigorous comparative studies indicate that a working market economy provides the indispensable foundation for a working democratic polity. While the EBRD index captures well the differences in economic transition among post-communist countries, it is more difficult to find equally comparable cross-regional data. The Heritage Foundation index of economic freedom that ranks 10 policy dimensions on the scale from 1 (*most free*) to 5 (*not free*) is perhaps the best among the available indices (see Figure 3).

This comparison shows that despite legacies of centrally planned economies, eight East Central European countries rank relatively high in terms of economic freedom. In institutional terms, these economies are very similar to Southern European economies that were never collectivized and have enjoyed the benefits of EU membership for more than two decades. East Central European economies also rank higher than economies in other recently democratized regions. This is a surprising outcome, given the well-known difficulties of constructing markets and sustaining liberal economic policies.

What can be concluded from this cursory overview of the progress in political and economic transformations in the post-communist world? The most obvious fact is that fifteen years after the collapse of communist regimes, there is a wide range of political systems in the region that can be grouped in three categories: democratic, semidemocratic, and autocratic. While some countries enjoy high-quality democratic institutions, others suffer under authoritarian regimes of various hues. More important, despite the welcome phenomenon of “colored revolutions”—an attempt to renew the commitment to democracy in some post-communist countries—the prevailing tendency in the countries that emerged from the Soviet Union is toward “competitive authoritarianism,” as described by Hanson, and Way and Levitsky in this issue.<sup>3</sup>

**Figure 3.** *Levels of economic freedom by region (1998-2006)*



Source: [www.heritage.org](http://www.heritage.org).

Note: For representational clarity, we use the reciprocal of the Heritage Foundation indices for each region so that a larger score indicates greater economic freedom.

It is also evident from this overview that the most successful post-communist countries established the closest relations with the European Union and benefited from European aid and monitoring, institutional and knowledge transfers, foreign investment, and above all from the real prospect of EU membership as a reward for comprehensive political and economic reforms. The benefits and constraints offered by the European Union shaped the character of domestic political competition, informed the agendas of many political and economic actors, and expanded opportunities for reformers. If consolidated democracy is characterized by stable political institutions, rule of law, and extensive protection of political and civil rights, as well as transparency and predictability in the political process, the European Union's preaccession process seems to promote its realization. Additionally, the new EU member countries have the most advanced economic reforms and the most consolidated democracies not only among post-communist states but also in comparison to new democracies in other regions. In

fact, their trajectory resembles most closely the successful pattern of Southern European transformations in the 1970s and 1980s.

These diverging patterns of post-communist transformation have been extensively debated by social scientists who discovered that explaining economic success is as difficult as explaining political success.<sup>4</sup> Various authors invoke different explanatory factors, including historical legacies and initial social and economic conditions, types of democratic breakthroughs, choice of democratic institutions, dominant features of domestic political competition, proximity to the West, and the influence of powerful international actors in support of democratic consolidation.

Much of the specialized literature on democratization emphasizes the key role of political elites and elite choices in various phases of political transition. There is, however, growing evidence that structural constraints; historical legacies; geographical location; and contingent events such as conflicts, wars, or natural disasters can greatly influence political outcomes. It is also evident that organized social actors and external organizations can shape decisively the trajectory of political change. Finally, it is increasingly clear that the quest for democracy may as easily end up in authoritarianism as in consolidated democracy. We cannot address sufficiently all of the important issues that confront social scientists and policy experts in a brief introduction. We hope to convey, however, that a thorough understanding of the complexity of the political and economic transformations in the post-communist region requires theoretical and methodological diversity, political imagination, and detailed contextual knowledge.

## **2. The domestic determinants of democracy**

The outcomes of political transformation show that the accumulated effects of specific national/historical trajectories clearly matter at the moment of regime change. These are among a number of factors beyond the immediate control of political actors, yet they do seem to impact the chances for building a working democratic regime. Sharing borders with developed democratic countries or being in their immediate vicinity is also helpful, as is a less peripheral position in the global economic system. Similarly,



independent statehood (current or in the past) and previous experiences with democracy and a market economy have a positive influence on political and economic reforms. Moreover, the specific nature of communist rule matters. Countries that had less oppressive regimes, more liberalized cultures, and strong dissident movements are more successful in instituting democratic systems and market economies, while countries that endured the most repressive communist party rule face the greatest stumbling blocks. Finally, inherited social and economic inequalities, cleavages, and conflicts play a significant role in shaping opportunities for a successful transition. Ethnic and religious cleavages, especially when reinforced by territorial and economic divisions, create significant problems for democratizing countries and can be exploited by anti-democratic elites. The decrease in tensions between ethnic majorities and minorities, for example in Slovakia and Romania, and the routine inclusion of minority parties in government give cause for optimism. Yet the bloody civil war in the former Yugoslavia and its legacies are a stark reminder of the potential difficulties faced by divided societies in their quest to build democracy. Such constraining conditions require context-sensitive reform designs.

#### The choice of fundamental political and economic institutions

While history and culture matter, their causal impact should not be seen in a crudely deterministic fashion; institutional choices made by political leaders in new democracies also matter. For example, the general lesson emerging from successful cases of democratization in the post-communist world is that institutions promoting dispersion of political and economic power and inclusion of various actors in the policy-making process are the most conducive to facilitating democratic consolidation.<sup>5</sup> The choice of constitutional and electoral systems is considered to be the most important. Adopting a parliamentary system of government with proportional representation fosters the emergence of more diverse and balanced political forces and establishes the habits of moderation and coalition building. In contrast, a presidential system facilitates the concentration of

power in the hands of a small number of less accountable elites and makes reversal toward authoritarianism more likely. Similarly, establishing independent constitutional courts, central banks or currency boards, and other independent bodies endowed with control and regulatory functions increases transparency and accountability, constrains political leaders, and removes opportunities for corruption and illegitimate gains. In the post-communist context, the countries that adopted a parliamentary system and proportional representation and delegated significant authority to the local level and to independent regulatory institutions have been more successful in consolidating democracy.

### The nature of the state and its capacity

State building is a fundamental aspect of successful democratization. The central issue underlying successful state reform is how to build state institutions that are not too strong to interfere excessively with citizens' lives and their political and economic freedoms but strong enough to enforce effectively the rule of law and avoid being captured by powerful interest groups. Successful post-communist countries show that building a capable, efficient, and democratic state, run by publicly minded and professional bureaucracies, facilitates the transition to democracy. It turns out that one of the greatest mistakes of the early transition years was underestimating the importance of a strong state in the consolidation of liberal democracy, even equating the decrease of state power with the growth of democracy. Stephen Hanson (this issue) explains why seven decades of Soviet rule generated particularly inauspicious conditions for the construction of effective state authority in Russia and the other post-Soviet states, helping illuminate one of the most important domestic factors that explain the growing divergence in political outcomes across the post-communist region detailed above. Hanson argues that what was needed in Russia was not just a focus on liberalization and democratization alone but on "democratic state building" as well. The state must remain the dominant actor in the areas of policy making and order maintenance, but countervailing institutions and civil society actors should ensure that it remains accountable and transparent.<sup>6</sup>

## Multilayered political competition and accountability

Another indispensable element of the successful democratic system—clearly contributing to the efficient state—is robust political competition. In Eastern and Central Europe, competitive systems with more balanced political forces that alternate in government and more dispersed powers are the most successful in sustaining democratic institutions and ensuring more equitable policy outcomes. Where one political faction or constellation of political parties has ruled for long periods of time and controlled the organs of the state, the trend has been toward greater authoritarianism and greater corruption. Anna Grzymała-Busse (this issue) emphasizes the various benefits of competition. However, while scholars agree that robust political competition improves democracy, there is a lively debate about what makes competition robust.<sup>7</sup>

Yet properly structured state institutions and strong party competition may not be sufficient: other actors must also have substantial and continuous input into the governing process. Susan Rose-Ackerman (this issue) argues for maximizing the ways of linking government behavior to the interests and concerns of the private sector, including civil society, labor, business, or any other groups beyond elected representatives and bureaucrats. She argues that full democracy cannot be attained unless the policy-making process is accountable to citizens through transparent procedures that seek to incorporate public input. When policy is made inside the government and the bureaucracy, those making the decisions must learn from individuals, firms, and other organizations what is at stake. Citizens and organized groups should not be involved merely in monitoring but also in rule making, with the government retaining the ultimate authority to issue general rules consistent with its statutory mandates.

### The nature of leadership and leaders' commitment to democracy

Effective reforms are carried out by committed reformers. Countries that had stronger political and cultural opposition movements at the outset of democratization were more likely to introduce

earlier and more comprehensive political and economic reforms, especially if these oppositional actors were successful in winning the first democratic elections. Similarly, the fortune of having well-known and committed democratic leaders, such as Václav Havel in the Czech Republic or Lech Wałęsa in Poland, facilitated the introduction of far-reaching reforms and helped to boost public support for democratic transformation. Successful reforms also show that international aid should be directed, as much as possible, toward the education and training of the “functionaries of democracy,” civil servants, lawyers (especially judges and trial lawyers), and—most important—young people in general.

### The significance of democratic culture and a free media

In unsuccessful countries, “democracy” is often dangerously associated with failed or incomplete economic reforms; thus, many people react to the words “democracy” or “liberalism” with annoyance and scorn. This situation needs to be changed: a more solid understanding of democracy and its mechanisms must be achieved. Free and diverse media as well as responsible political leaders are necessary for the success of such an educational project. Democracy needs informed citizens and a culture of moderation. Thus, a “proper, prodemocratic” culture needs to be developed. Some cultural syndromes, such as various forms of religious or nationalistic fundamentalism, are anti-democratic, but culture is not immutable; it can be changed—albeit slowly—with considerable resources and patience. No effort should be spared to instill prodemocratic culture through education and through building free and responsible public media.

### Ideological/philosophical clarity

How domestic and international actors address the problems and challenges of political, economic, and social transformation cannot be limited to finding practical policy tools. Ostensibly arcane and “impractical” philosophical debates on the definition of social and historical justice—and on how to achieve it—have tremendous relevance for the tenor of social and political life.

For example, politicians need to decide whether to prioritize individual choice and responsibility or alternative values such as social solidarity and reducing inequality. They also need to define and implement a transparent, consistent, and publicly acceptable method of accounting for the transgressions and crimes of the communist regime. Even in some successfully democratized post-communist countries, unresolved issues of transitory justice still tend to dominate the political agenda and diminish the legitimacy of the post-1989 regimes. The articulation and institution of explicit and publicly acceptable moral and philosophical principles helps to legitimize transformation processes that involve significant social costs.

### **3. Factoring in economic reform**

The transformation process, especially in the economic domain, has been costly. It has produced startling inequalities, social dislocations, and massive feelings of disappointment and bitterness among the population. The resulting nostalgia for communism and rising populism is dangerous for nascent democratic institutions and provides fertile ground for possible authoritarian reversals. In countries where new democratic leaders had substantial political capital and implemented economic reforms rapidly, the public rode out the economic hardships of transition to the market economy without turning against democratic institutions.<sup>8</sup> Still, everywhere the politics of economic and social transformation bring to the forefront issues of social justice, political representation, and accountability, highlighting potential conflicts between political and economic reform agendas.<sup>9</sup> Conference participants emphasized that the relationship between political and economic reforms is both fundamentally important and deeply problematic. Fabrizio Coricelli (in this issue) argued that a market economy is a necessary precondition for democracy. There is no democratic country in the world without a well-developed market economy. However, many working market economies coexist with non-democratic political systems. Robert Kaufman (in this issue) cautioned that markets, while necessary, are not going to resolve all of the important problems governments face, such as equality/inequality

dilemmas, employment issues, and the social vulnerability of various parts of the population.

### The choice and sequencing of economic reform policies and the trap of partial reforms

The choice and sequencing of economic and social reforms is fundamental to the success of democratic regime change after communism. The most dangerous problems identified by students of post-communist reforms include (1) a delay in moving to a market economy; (2) the trap of partial reform that produces a low-level equilibrium; and (3) disregard for justice, fairness, and social solidarity manifested in a lack of concern for the social costs and dislocations produced by reform and disregard for the social problems and needs of vulnerable groups. The successful cases of democratic transformation in the post-communist world show that attention to social policy and concern with justice, fairness, and equity is a fundamental dimension of democratization, as Kaufman emphasizes. Moreover, it is not only the content of specific reform strategies but also the sequence and timing of various policy reforms that makes a significant difference in the ultimate outcome.

In the past few years, it has become evident that both political and economic reforms are stalled in many post-communist countries. It is increasingly difficult to envision ways of restarting these reforms to solve persistent economic problems and to prevent further backsliding toward authoritarianism. Coricelli described this phenomenon as the trap of partial reform, first identified in the groundbreaking research of Joel Hellman.<sup>10</sup> In a number of post-communist countries one can observe three mutually reinforcing tendencies: (1) weakening incentives for policy makers to continue reforms; (2) increasing popular opposition to all reform measures, especially those that have direct impact on living standards; and (3) effective opposition to further reforms by the winners of the earlier stages in the reform process who want to protect their competitive advantage and secure their assets and monopolistic position. The irony is that rent-seeking elites promise voters what they want—slow reforms—but this approach only enriches the ruling elites and further immiserizes

the majority of the population. Such forestalling of economic and political reforms was identified as a major cause of transformation failure in large parts of the former Soviet bloc.

Once a country falls into the trap of partial reform, it is very difficult to envision strategies to break this low-level equilibrium and recover momentum for reform. Several possibilities mentioned during the discussion included (1) expanding welfare policies to reduce opposition to reforms from disadvantaged sectors of society; (2) providing external incentives that are too costly to ignore, such as EU membership; and (3) relying on possible external or internal shocks or political crises. Breaking out of the trap of partial reforms is costly and requires a strong commitment to democracy among significant parts of the economic and political elite as well as credible international support.

#### Responses to emerging inequalities and uncertainties of economic transformation

Kaufman shows that one of the most striking features of the successful East Central European transitions was an early commitment to rapid welfare reform and social compensation that partially sheltered vulnerable groups that were the losers of transition. There was general agreement at the conference that successful transitions combining market reforms with democratization depend on policies that cushion the shocks experienced by potential or actual losers. Such policies are and must be informed by a broader vision of the state's responsibilities vis-à-vis its citizens. The European tradition of expansive social rights and welfare guarantees clearly had a beneficial impact on policy design in post-communist countries that immediately adopted a liberal democratic trajectory and the goal of joining the European Union. Properly designed welfare policies were instrumental in overcoming the opposition to market-based economic reforms by disadvantaged sectors of society in these countries.

Despite their political effectiveness, expansive welfare policies may also necessitate difficult trade-offs. For example, short- and long-term costs become an issue when strategies that were beneficial early in the transition become impediments to long-term

economic growth by introducing extensive and unsustainable group entitlements. Similarly, they may interfere with active labor market strategies that are needed to bring down high rates of unemployment. Such trade-offs need to be openly debated so that governments can appropriately target and define groups that need specific support and assistance during the economic transition and decide how long the assistance is needed.

In the conference discussion, four principles were outlined that are critical in shaping the interaction between economic and political reforms. If these principles are adopted seriously by politicians and embodied in strategies of economic and political reforms then, the reforms will have a better chance for success.

- Citizens need to believe that reforms are legitimate. That happens when there is sufficient transparency and accountability and a sense that citizens are a part of the decision-making process.
- Citizens need to believe that the reforms are fair. It is essential to create conditions for upward mobility and make people see that reforms provide them with some opportunities, that no one gains power and wealth in illegitimate ways, and that there is a social safety net for those who are left behind.
- Citizens need to see some progress and benefits. The people must feel that there is upward rather than downward mobility, that the middle class is growing rather than shrinking, that successes are highlighted, and that promises are real.
- Reforms need to produce efficiency. Policies must produce outcomes in a way that is efficient and effective in establishing the rule of law, standards of legal protection, and predictability.

### Effective anticorruption strategies: Competition and external anchors of reforms

The existence of a decentralized state and structured political competition lead to better policy design and underpin more successful economic reform. Anna Grzymała-Busse (in this issue) argues that elite competition and competing political parties are the key to designing effective policies and maintaining reform momentum. Competition also reduces corruption since it gives elites the incentive to constrain each other. Indeed, strong, programmatic political competition between political parties that alternate in power limits rent-seeking and patronage opportunities. Competition, however, can also serve as an impediment to the



reform process in deeply divided societies and may lead to political polarization that undermines democracy. Its utility is thus context-sensitive.

External actors also have an important role to play in fighting corruption. Foreign investment, for example, can help to introduce transparency and to combat corrupt practices. This can be achieved particularly by encouraging external actors to assist new democracies in professionalizing their state administrations. By employing fewer and better-paid employees and creating real incentives for honest behavior among bureaucrats, the state is able to restrict opportunities for corruption and rent seeking. Successful post-communist democracies increased their state's administrative and judicial capacity as well as its transparency and efficiency. This is a lesson that could be applied to developing nations across the world.

There are, however, limits to the effectiveness of external actors. Mutual trust, cultural affinity, and meaningful incentives are crucial. There are also obvious preconditions that allow certain countries to respond to the expectations of international organizations. One of these would be the exit of authoritarian elites, without which reforms are delayed. Another would be sufficient state capacity, without which even properly designed reforms are poorly implemented and condemned to failure.

#### **4. Enlargement: The European Union's democratization power**

The European Union may be presiding over the most successful democracy promotion program ever implemented by an international actor. The track record so far is excellent: every democratizing state that has become a credible future member of the European Union (except perhaps Serbia) has made steady progress toward liberal democracy. Improvements in democratic standards, human rights, and ethnic minority rights have gone hand in hand with better state capacity, improved welfare, and better economic performance. While progress has been slow in some areas, there has been little or no backsliding in the pre-accession process. The convergence toward liberal democracy among the European Union's post-communist candidates stands in contrast to the stunning divergence of regime types—from illiberal

forms of democracy to harsh authoritarianism—that have taken hold in the rest of the post-communist region. It suggests that EU leverage can tip the domestic political balance in favor of liberal democracy.<sup>11</sup>

This success has come chiefly from what the European Union is: the benefits of joining the European Union (and the costs of being kept out) sooner or later create the political will for the governments of future members to satisfy the entry requirements. The lion's share of these requirements simply consists of the practices and rules to which EU member states have agreed among themselves over the years, with no reference to enlargement. In brief, the incentive structure is set out in such a way that compliance is attractive and noncompliance visible and costly.

From the perspective of studying and promoting democratization, the most interesting cases are those post-communist states such as Romania, Bulgaria, Slovakia, and Croatia, where there was no immediate consensus among the ruling elites to build liberal democracy and join the European Union. Such a consensus was elusive because elites whose political success depended on domestic policies that were in conflict with liberal democracy and comprehensive economic reform managed to concentrate power in their own hands and marginalize democratic forces. As Frank Schimmelfennig (this issue) argues, it is in these “unstable democratic countries” that the European Union's political conditionality has proved highly effective in supporting democratic forces and locking in democratic reforms. Grigore Pop-Eleches (this issue) concurs and identifies four main mechanisms by which the European Union and other Western actors have impacted domestic politics: (1) by promoting democratic attitudes among citizens yearning for Western integration, (2) by shaping the preferences of political elites (both in government and in the opposition), (3) by tilting the domestic power balance in favor of democratic politicians, and (4) by promoting better democratic governance through incentives for public administration reform. As a result, the commitment to reform has generally been impervious to changes of government: once countries enter the preaccession process, the costs of backsliding are simply too great, notably for actors in the economic sphere who exert an increasingly influential role in keeping the momentum going.

Given the scale of their political, ethnonational, and economic problems, the Western Balkan states of Albania, Bosnia, Macedonia, Serbia, and Montenegro pose the greatest challenge for the democratization power of EU enlargement. However, since 2000, (uneven) progress has been made in all six states, and political elites have gradually responded to EU leverage by adopting agendas that are compatible with their state's bid for EU membership.

Could EU leverage bring democracy, stability, and economic revitalization to other post-communist states along the European Union's new eastern border? Many observers (also at the Prague conference) have argued persuasively and eloquently that the European Union should deploy more fully its democratization power in Belarus, Ukraine, Moldova, Armenia, Azerbaijan, and Georgia. But for aspiring candidates and also for Turkey (already an official candidate), the current political climate in the European Union is a serious setback for their EU membership prospects. Ukraine and particularly Turkey are large states that, for myriad reasons, would be difficult for the European Union to absorb, even if the benefits of doing so may also be considerable. Still, it may be hard for the European Union to walk away from the opportunity to exercise its leverage to promote liberal democracy, minority rights, and the free market. In the case of Turkey, this leverage has already moved mountains in the areas of political and economic reform. Thus, while further enlargement poses grave challenges to the substance and institutions of European integration as well as its support among EU citizens, abandoning enlargement would have visible costs for the credibility of the European Union's emerging foreign policy and for the political and economic future of its neighboring regions.

Lucan Way and Steven Levitsky (this issue) argue that the involvement of international actors ranging from multilateral organizations, individual nation-states, and NGOs to private actors is crucial to successful political and economic transformations. In general, countries that had more linkages to the West and those that established multiple linkages earlier in the transition process were more successful in establishing and consolidating democracy. Even in the absence of further EU expansion, which may be politically difficult, increased contact between the West and post-Soviet states will do a great deal to promote the growth of

pluralism in the region—albeit at a slower pace. Weak social, economic, media, and intergovernmental ties to the European Union and the United States have undermined democratic development in the former Soviet Union in important ways. Weak linkage has reduced constraints on autocratic behavior and undermined the development of a powerful domestic constituency for democracy and good relations with the West. It has also undercut Western incentives for promoting democratic development. Thus, Western governments need to open their borders to trade, tourism, information, and intergovernmental contacts, integrating democratizing states into a wide spectrum of international networks and institutions. Such linkages increase the influence of Western actors and the domestic position of proreform forces. Isolation and exclusion from international fora and resources is an ineffective strategy for loosening the hold of antidemocratic regimes on their polities.

## **5. Conclusion: Policy recommendations**

One of the main objectives of the Club of Madrid conference was to determine what policies and institutional mechanisms worked in post-communist transitions and whether they are transferable to other countries inside and outside the region. A decade and half of post-communist transformations have produced at least three distinct sets of countries. There are successful countries where the process of democratic consolidation and the progress of economic reforms are well advanced. On the opposite pole, there are new authoritarian regimes that differ from communist dictatorship in many respects but nevertheless consistently deny their citizens fundamental political freedoms and routinely violate human rights. Finally, there is a gray zone “in between,” inhabited by countries oscillating between a semi-democratic and semiauthoritarian system. It is a matter of common sense that these three groups of countries present different sets of challenges and require different strategies. The articles in this special issue provide a number of context sensitive recommendations designed to strengthen democracy in successful countries and to facilitate further democratization in those lagging behind.

We highlight here some recommendations made by the academic experts and conference participants since we believe that practical thinking is critical to academic inquiry.

### Foster political competition and inclusion

- The cases of successful post-communist democratization highlight the importance of political competition and inclusion in determining the quality of democracy. The presence of a strong opposition to communism at the moment of regime change forced communist elites from power. This set the stage for the alternation of power between competing parties or factions that served as a check on each other's power and limited rent seeking. On the contrary, in states where power became concentrated in the hands of one party or faction—usually a communist or a nationalist party—illiberal democracy or worse took shape with rampant abuses of power.
- To promote democracy, external actors should support the existence of a strong opposition to the ruling political parties, regardless of its political stripes. Even when reformers win power, they need a strong, critical opposition to keep reforms on course and corruption in check. In all cases, international actors should react very strongly to any attempts by ruling parties to change the rules of the political game. They should also support the inclusion of all parties, including the most radical, in the mainstream political process.

### Promote strong social safety nets and comprehensive economic reforms

- The best recipe for a successful economic transition is comprehensive reform to create a market economy accompanied by a robust system of social protections. The post-communist states that implemented the most comprehensive market reforms and preserved strong safety nets immediately after regime change today enjoy higher growth rates, higher overall GDP per capita, and lower increases in income inequality. Ironically, partial reform has the result of immiserizing the lower classes and radicalizing publics more than comprehensive reforms. Thanks to the strictures of the European Union's preaccession process, Bulgaria, Romania, and Slovakia have gradually escaped the partial reform trap, and today the Western Balkan states are slowly following suit. But powerful elites, drawing benefits from partial reforms, continue to sabotage the economy in virtually all of the post-Soviet states.
- Several Western policies could help end the partial reform trap. First, promoting a strong social safety net could dispel popular opposition and increase pressure for reform. Second, promoting trade with the West and the development of small and medium enterprises could

create a vital middle class that would push strongly for reform. Finally, promoting opposition movements that can help bring about a civic revolution, like in Ukraine, can help break the partial reform trap. However, when opposition leaders win power, they need sustained help and pressure from the West to stay the course. In this regard, it is unfortunate that the prospect of EU membership is not now available for Ukraine and Georgia as it was for the cases listed above.

## Education for elites, citizens, and young people on democratic practice

- Western countries should expand educational exchanges at university and midcareer levels with the aim of eventually giving a wide range of elites, especially those holding key positions in governments and political parties, an opportunity to study in the West. The development of a nonpartisan civil service corps should be encouraged and assisted.
- International organizations and Western governments should work with transnational and local NGOs in promoting better education about democracy in primary and secondary schools and universities. Misinformation about the purpose of democracy and how it functions can lead to groups in society believing that democracy is inextricably linked to economic policies that disadvantage them or unfairly privilege other groups.
- Many post-communist states, including Albania, Bosnia-Herzegovina, Macedonia, Serbia-Montenegro, and Croatia, are emerging from a long period of isolation. In these countries, today's university students grew up suffocated by ethnocentric and antidemocratic propaganda. Large-scale educational opportunities at Western universities may be one means of reversing the worrying impact of this isolation on the world views of an entire generation.

## Expand, not scale back, support for and contacts with civic groups

- In some West European countries, policy makers appear to be experiencing "NGO fatigue." They question the purpose of continuing Western aid to civic groups that are outside of the governing process, and they prefer to deal directly with government officials that can "get things done." In many democratizing states, it is simply not yet possible for civic groups to secure adequate domestic funding to have their voices heard and to function as watchdogs of state institutions and ruling political parties. They are still very often the "lone voice" promoting ethnic minority rights, transitional justice, and the fight against corruption. Finally, they provide an invaluable conduit for a variety of external ideas and influences.

## Open Western markets to industrial and agricultural goods

- Two important factors in laying the foundations for stable democracy are the alleviation of poverty and the creation of a dense web of commercial, governmental, social, and cultural links with established Western democracies.
- Opening Western markets can further both goals substantially. For some countries, the development of a strong democratic movement will depend on a middle class that grows due to trade with the West. This is especially true in heavily rural and unequal countries such as Belarus. The expansion of information technologies (especially the Internet) will closely follow the expansion of trade.
- The EU's European Neighborhood Policy can be used to encourage greater "participation" in the European Union's internal market as an incentive for economic and regulatory reforms as well as greater respect for democratic standards and human rights. However, if this policy is used as an excuse not to open European Union markets to such underperformers as Belarus, it may hinder democracy promotion by delaying the growth of the middle class.

## Ease travel restrictions for the Western Balkans and stand firm on the commitment to EU membership for states that satisfy the requirements

- Today citizens of Macedonia, Serbia-Montenegro, Albania, and Bosnia-Herzegovina are forced to endure long, humiliating, and expensive procedures if they wish to travel to EU member states. Isolation and the feeling of deliberate exclusion hands votes to nationalist and anti-democratic parties and weakens proreform politicians without whom EU leverage in areas such as ethnic reconciliation, economic reform and the fight against corruption cannot succeed.
- EU enlargement has worked as a successful external democracy promotion program, helping shape and lock in democratic gains in democratizing states. It depends, however, on the credibility of the membership incentive. If the reward of membership for satisfying EU requirements on the part of candidate states is put in doubt, it may severely compromise the momentum of reform. In addition, the Western Balkan states need greater "intermediate rewards" from the European Union to keep politicians and publics committed to the reform process. Critically, this should include more communication with the European Union through education, travel, and trade; and greater assistance through European Union programs, even (especially) when candidates are still far from accession. Finally, more needs to be done to enable regional producers to export their agricultural and other goods to the EU market.

## Notes

1. The views presented here are those of the authors and do not necessarily reflect the official position of the Club of Madrid.
2. See also David Cameron, "The Quality of Democracy in Postcommunist Europe" (Paper presented at the 101st annual meeting of the American Political Science Association, Washington, D.C., August 2005).]
3. See also Guillermo O'Donnell, "Delegative Democracy," in Larry Diamond and Marc Plattner, eds., *Global Resurgence of Democracy* (Baltimore: Johns Hopkins University Press, 1995), 94-108; Steven Levitsky and Lucan A. Way, "The Rise of Competitive Authoritarianism," *Journal of Democracy* 13:2(2002): 51-65; and Wolfgang Merkel, "Embedded and Defective Democracies," *Democratization* 11:5(2004): 33-58.
4. See for example Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South Africa, and Post-Communist Europe* (Baltimore: Johns Hopkins University Press, 1996); Valerie Bunce, "The Political Economy of Postsocialism," *Slavic Review* 58:4(1999): 756-93; Valerie Bunce, "Rethinking Recent Democratization: Lessons from the Postcommunist Experience," *World Politics* 55:2(2003): 167-92; Milada Anna Vachudova and Timothy Snyder, "Are Transitions Transitory? Two Types of Political Change in Eastern Europe since 1989," *East European Politics and Societies* 11:1(1997): 1-35; Joel Hellman, "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," *World Politics* 50:2(1998): 203-34; M. Steven Fish, "The Determinants of Economic Reform in Post-Communist World," *East European Politics and Societies* 12:1(1998): 1-35; David Stark and Laszlo Bruszt, *Postsocialist Pathways: Transforming Politics and Property in East Central Europe* (Cambridge: Cambridge University Press, 1998); Herbert Kitschelt et al., *Post-Communist Party Systems* (Cambridge: Cambridge University Press, 1999); Bela Greskovits, "Rival Views of Postcommunist Market Society," in Michal Dobry, ed., *Democratic and Capitalist Transitions in Eastern Europe: Lessons for the Social Sciences* (Amsterdam: Kluwer, 2002), 19-49; Michael McFaul, "The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Postcommunist World" *World Politics* 54:2(2002): 212-44; Grzegorz Ekiert and Stephen E. Hanson, eds., *Capitalism and Democracy in Central and Eastern Europe: Assessing the Legacy of Communist Rule* (Cambridge: Cambridge University Press, 2003); Leszek Balcerowicz, "Understanding Postcommunist Transitions," in Larry Diamond and Marc Plattner, eds., *Economic Reform and Democracy* (Baltimore: Johns Hopkins University Press, 1995), 86-100; Anders Aslund, *Building Capitalism: The Transformation of the Former Soviet Bloc* (Cambridge: Cambridge University Press, 2002); Jan Svejnar, "Transition Economies: Performance and Challenges," *Journal of Economic Perspectives* 16:1(2002): 3-28; Nauro Campos and Fabrizio Coricelli, "Growth in Transition: What We Know, What We Don't and What We Should," *Journal of Economic Literature* 40:3(2002): 793-836; and Grigore Pop-Eleches, *Crisis Politics: IMF Programs in Latin America and Eastern Europe* (Manuscript, 2007).
5. See Richard D. Anderson Jr. et al., *Postcommunism and the Theory of Democracy* (Princeton, NJ: Princeton University Press, 2001).
6. See also Stephen Holmes, "Cultural Legacies or State Collapse? Probing the Postcommunist Dilemma," in Michael Mandelbaum, ed., *Postcommunism: Four Perspectives* (New York: Council on Foreign Relations, 1996). See also M. Steven Fish, *Democracy Derailed in Russia* (Cambridge: Cambridge University Press, 2005); and Anna Grzymala-Busse and Pauline Jones Luong, "Reconceptualizing the State: Lessons from Post-Communism," *Politics and Society* 30:4(2002): 529-54.
7. See, for example, Milada Anna Vachudova, *Europe Divided: Democracy, Leverage, and Integration after Communism* (Oxford: Oxford University Press, 2005); Anna Grzymala-Busse, "Authoritarian Determinants of Democratic Party Competition: The Communist Successor Parties in East Central Europe," *Party Politics* 12:3(2006): 415-37; Conor O'Dwyer, "Runaway State Building: How Political Parties Shape States in Postcommunist Europe," *World Politics* 56:4(2004): 520-53; Anna Grzymala-Busse, "Political Competition and the Politicization of the State in East Central Europe," *Comparative Political Studies* 36:10(2003): 1123-1147; Timothy Frye, "The Perils of Polarization: Economic Performance in



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8. Grzegorz Ekiert and Jan Kubik, *Rebellious Civil Society: Popular Protest and Democratic Consolidation in Poland, 1989-1993* (Ann Arbor: University of Michigan Press, 1999).
  9. Leslie Armijo, Thomas Biersteker, and Abraham Lowenthal, "The Problems of Simultaneous Transitions," *Journal of Democracy* 5 (October 1994): 161-75.
  10. Hellman, "Winners Take All." See also Stephen E. Hanson, "Analyzing Postcommunist Economic Change: A Review Essay," *East European Politics and Societies* 12:1(1998): 145-70; Hilary Appel, *A New Capitalist Order: Privatization & Ideology in Russia and Eastern Europe* (Pittsburgh, PA: University of Pittsburgh Press, 2005); John Gould, "Out of the Blue? Democracy and Privatization in Post-Communist Europe," *Comparative European Politics* 1:3(2004): 277-311; and David Woodruff, *Money Unmade: Barter and the Fate of Russian Capitalism* (Ithaca, NY: Cornell University Press, 1999).
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