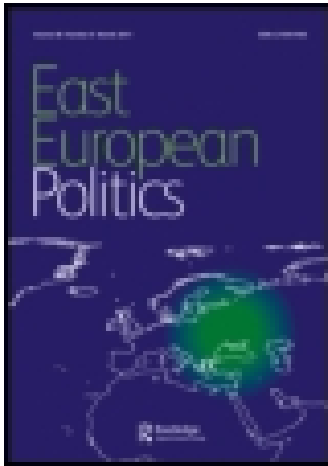


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Democracy in Central and Eastern Europe: test of early impact

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Democracy in Central and Eastern Europe: test of early impact

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Ten years after European Union (EU) enlargement, democracy in the East European new member states is still a topic of discussion. This paper focuses on the initial years of democratisation in these countries, and asks what economic, political, and social processes explain its variation. Cross-sectional time series analysis (1990–2002) shows the impact of political orientation of ruling parties to reform, electoral institutions, size of ethnic minorities, and the extent of EU integration, but not economic development. Further, we disaggregate the effect of EU integration and find that early Europe Agreements signing has a more significant effect than the pre-accession membership negotiation stage.

Keywords: democratisation; EU integration; post-communism; institutions; conditionality

Introduction

Many former communist East European states have now enjoyed a decade of European Union (EU) membership, but the question of democracy after communism remains unanswered. In a recent special issue dedicated to the 10-year anniversary of Eastern Enlargement, Epstein and Jacoby (2014, 1) conclude that “all of the new Member States (NMS) have had problems with democratic consolidation”. Recent democratic backsliding in Hungary and Romania (Sedelmeier 2014), and protests in Slovenia and Bulgaria, among others, have again raised the importance of this question for understanding post-communist transformations and Europeanisation processes. With the benefit of hindsight, we look more closely into the political developments right after 1989 for the 11 post-communist countries that are now members of the EU: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.¹ We examine predictors for early democratisation in this set of seemingly similar countries, and in particular, we scrutinise the role of the EU in this process.

Specifically, we address two questions. First, we evaluate *the weight* of domestic economic, political, and social factors, as well as EU integration processes, in predicting early democratisation in these states, that is, before 2002 when the accession negotiations concluded for most of these countries. Second, we disentangle the various stages of formal EU integration – from signing Europe Agreements (the first institutional arrangement between the EU and post-communist countries), those agreements entering in force, and the process of submission of formal EU membership application and negotiating entry – to ask what we can learn about the mechanisms

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underlying EU integration. In the conclusion, we briefly elaborate on potential repercussions our findings have for the status of democracy in former communist European states.

One of the central issues in understanding political transformations in post-communist European countries has been the role of the EU (Hyde-Price 1994; Kurtz and Barnes 2002; Vachudova 2005; Grabbe 2006; Schimmelfenning and Scholtz 2008, 2010). In the literature, the EU's role in developing democracy in Central and Eastern Europe (CEE) is mostly framed in terms of political conditionality: the EU makes membership conditional on candidate countries meeting certain criteria. As observers note, in the process of enlargement, the EU "routinely vetted candidate countries for their democratic credentials" (Cirtautas and Schimmelfenning 2010, 421) and demanded their compliance with EU legislation (*acquis communautaire*), including democratic institutions.

While the focus on political conditionality is paramount, observers and analysts of broader Europeanisation have pointed to "the many faces of Europeanization" (Olsen 2002, 921) and identified other mechanisms through which the EU impacts CEE countries, such as social learning, political socialisation, lesson-drawing, and experiential learning (Sedelmeier 2001; Olsen 2002; Börzel and Risse 2003; Radaelli 2003; Schimmelfennig and Sedelmeier 2005). However, rarely do quantitative studies attempt to differentiate between the mechanisms underlying EU effects. Instead, the focus of such studies is mostly to showcase the EU's presumed political conditionality when taking into account the role of economic development (Kurtz and Barnes 2002; Schimmelfenning and Scholtz 2008) or legacies (Schimmelfennig and Scholtz 2010).

In this paper, we not only build on previous research, but also scrutinise in more detail the developments in the aforementioned new EU member states in CEE, which do not diverge widely on economic development and legacies. We do so to further specify the role of domestic politics, political institutions, and societal dynamics in fostering or inhibiting democratisation in the initial decade of transformations, together with the influence of the EU. We argue that the central challenge for democratisation in CEE was not lack of modernisation or industrialisation, as it may have been the case for other historical transitions to capitalism and democracy, or for a broader sample of post-communist countries. Rather, the regime transformation challenge of the first decade in CEE required building institutions fundamental to electoral democracy, and learning to use them: free elections, political party plurality and consolidation, open contestation for office, and basic functioning of a democratic government. In our view, early democratisation in CEE should be viewed more from this institutional perspective than as a process of socialising actors into liberal democratic norms and political culture. In fact, we believe that in countries with greater societal diversity along ethno-national lines, breaches to human and political rights will be likely more common, and thus early democratisation slower.

Moreover, we stipulate that the EU will be important, as previous research has shown, but not necessarily due to either strict conditionality or norm socialisation. That is, we do not assume that domestic elites adopt rules that align with the EU conditions/culture due to instrumental rationality with a view of either securing EU membership (political conditionality) or internalising legitimate norms (socialisation). We hold no assumptions as to the true motives of political actors. Instead, we draw from sociological neo-institutionalism and historical institutionalism to observe that CEE countries positioned themselves in the broader European political field after 1989. Beginning with the Europe Agreements, the first stage of CEE countries' relations with the EU (Lippert, Umbach, and Wessels 2001), processes of post-communist political institutional alignment with the EU had started in CEE, and continued due to not only various coercive, normative, and professional mechanisms, but also practical situational logics to handle severe uncertainty that plagued decision-making in the early years after 1989. This, together with domestic

politics and societal dynamics – but less economic development – has more or less facilitated the early democratisation in CEE countries.

In what follows, we first establish the economic, political, and sociocultural context in which early democratisation unfolded. We do so by identifying the features of domestic conditions that we, based on previous research, need to consider as influential for democratisation. We then proceed to discuss the role of the EU and Europeanisation. We present data, methods, and analysis in the third section. The interpretation of results focuses on the evaluation of the weight of domestic political, economic, and social factors, together with EU integration, and then disentangling the various components of the EU integration effect. The final section discusses the implications of these findings for understanding democratisation in CEE.

Internal determinants of democratisation

While quantitative analyses of democracy in Eastern Europe have been preoccupied with the influence of the EU, most other scholarship on democratisation in other places and times, has, in fact, focused on domestic conditions and identified several economic, political, and sociocultural characteristics of individual countries that may promote or hinder their democratisation process. We review them in turn and propose how they pertain to democratisation in CEE.

Economy and democracy

A great deal of scholarship on democratisation has been interested in how economic conditions affect the nature of democratic consolidation (Lipset 1959; Dahl 1989; Huntington 1991; Diamond 1992; Rueschemeyer, Huber Stephens, and Stephens 1992; Bollen 1993; Przeworski and Limongi 1997; Przeworski et al. 2000, Epstein et al. 2006). The *locus classicus* for this is Lipset's 1959 article that links economic development and democracy. The argument is based on Lerner's (1958) study of functional interdependence of modernisation factors, such as urbanisation, literacy, and media. According to this argument, modernisation and industrial development bring more people to the city and improve access to education. The societal structure consequently becomes more complex and democratic, and tolerant norms become widely needed. Hence, it is wealth, a by-product of industrialisation, which brings along receptivity of democratic norms and values and triggers the appearance of intermediary organisations as the core of civil society.

Lipset (1994) reviewed his 1959 thesis four decades later, arguing that capitalism may bring a solution to the plaguing corruption of non-democratic countries. He argued that capitalism weakens autocratic state control by encouraging the development of a middle class. However, even if capitalism diffuses power, it is unlikely a sufficient condition for triggering democratisation (cf. Waisman 1992). Likewise, Przeworski (2004) argued that economic development, conventionally measured as gross domestic product (GDP) per capita, does not have a direct influence on democratisation per se; rather, it affects democratic survival. In a quantitative study, Kurtz and Barnes (2002) also found little empirical support for the thesis that socio-economic development and economic liberalisation promote political democratisation in post-communist countries. In our view, the issue of post-socialist political transformation is not so much about the need to overcome economic backwardness and modernise societal structures, which will bring receptivity to democratic norms, as it is about establishing a set of political institutions that allow for free elections, open contestation of office, and democratic functioning government. In fact, most CEE countries suffered from economic declines right after 1989 due to the implementation of market reforms, but were still progressing in democratisation. Therefore, we expect that for

CEE countries there is no significant relationship between *higher GDP per capita levels, as conventional measure of economic development and democracy scores in the early post-communist period.*

Political institutions in democratic consolidation

Consistent with Lipset's (1959) focus on political legitimacy, we argue that commitment, at least professed, of governments in power to changing the political, economic, and social order of a country is of great importance for democratic consolidation. Hence, it is unlikely that post-1989 governments where (unreformed) communist parties or nationalist parties came to power – even if brought to power in free elections – would do much to foster the democratic project, precisely because of their political orientation. Rather, a break with the previous order will be more effective (McFaul 2002; Bunce 2003). Based on this, we argue that *democratic consolidation will be faster during times when the elites in power have a pro-democratic reform orientation*, defined quite minimally as a government in which the ruling party is neither nationalist nor (unreformed) communist.

In addition to the political orientation of those in power, development of democratic political institutions is important because institutions, particularly the electoral system, constitute rules that support the democratic order. The literature focuses on the ways that majoritarian and proportional electoral systems (Linz 1990; Riggs 1993; Sartori 1994) and electoral thresholds (Farrell 1997; Taagepera 1998; Norris 2004) affect democratisation. The electoral threshold is an invention designed by electoral engineers for eliminating the problems caused by the representation of small and extremist parties. The legal electoral threshold is a minimum percentage of votes that a party gets to be able to become part of the parliament. For example, if an electoral threshold is 5%, this means that every party that gets at least 5% of the total number of votes gets into the parliament. According to Farrell (1997), electoral thresholds are used in proportional systems to counteract the fragmenting effects of equal participation for any party, no matter how small.

In established democracies, the rules of the electoral systems are fairly fixed (Lijphart 1994); that is, they become institutionalised to create stable patterns that structure the political process. However, electoral systems in CEE have changed quite frequently in the first decade after 1989 as elites and the masses were learning about democratic practice. Theoretically, after the communist breakdown, these countries could adopt any of the existing electoral systems, or even implement a brand new one. In reality, no innovations in this regard happened. All countries chose either proportional systems, or some combination of a majoritarian and proportional system, which likely points to the tendency and preference in this region towards the representation of various and multiple political interests. This is in line with the fact that a plethora of political parties were created in the first years after 1989, likely as a backlash to a one party system that existed for some 45 years prior.

In the process of figuring out how electoral democracy works, most of the countries in our sample changed electoral threshold levels since they were initially put in place. In all of the cases, these changes show a trend of establishing higher electoral thresholds over time. For instance, the first electoral threshold in Romania was set equal to 3% in 1992, and it was raised to 5% in 2002. We need to understand this change in the context of very high electoral volatility and a multitude of political parties that are characteristic for the whole of post-communist Europe (Taagepera 1998). The increase in electoral thresholds in some countries can be interpreted as a need to limit the number of political parties and to create party attachments for the population. Additionally, a higher electoral threshold also forbids the entry of small extremist parties into government, which increases political stability and aids the democratisation

project. In brief, we would expect that *having higher electoral thresholds aids party affiliation and assures greater political stability, both contributing to faster democratization.*

Societal dynamics and democracy

Some democracy scholars have also paid attention to ethnic and sociocultural factors that influence political outcomes. According to Smootha and Jarve (2005), ethnic and national cleavages have constituted a major impediment to democratisation. This is primarily due to the rise of nationalism in post-communism made evident by the proliferation of national movements and national sentiments (Calhoun 1993; Brubaker 1996; Verdery 1996a; Caratan 1997). Scholars have drawn the characterisation of the ethnic Eastern national identity versus civic Western identity to suggest that Eastern European states struggle with building democracy in part because their ethnic conception of membership excludes national minorities from political processes (Smith et al. 1998). Others have argued that civic conceptions of national identity promote ethnic tolerance and that ethnic conceptions promote xenophobia (Greenfeld 1999; Janmaat 2006).

Ethno-nationalism may therefore present a great hindrance to democratisation in post-communist states, because post-communist governments can “take the view that they do not represent citizens but the nation” (Schöpflin 1996, 153). Moreover,

in these states, there is a strong tendency for indigenous minorities to be non-assimilating, for majorities to be intolerant of cultural diversity and suspicious of claims for special rights based on ethnicity, and for various essentially non-ethnic issues to be ethnicized. (Smootha 2001, 6–7)

Concretely, in the early post-communist period, ethnic conceptions of national identity have been used to exclude national minorities from national membership. Specifically in Latvia and Estonia, ethnically based citizenship laws have caused large portions of the Russian minority population to be excluded from political decision-making (Smith et al. 1998).

All of these suggest that in light of nationalism that marked the political scene in CEE after the fall of communist regimes, reluctance to affirm ethnic minority rights and their interests will present an impediment to democratisation. This issue can be expected to be more acute in countries with larger ethnic minority populations. Therefore, *we anticipate that countries with substantial ethnic minority populations will be slower in the democratic consolidation process.*

EU and democratisation

The premise that democratisation in CEE has been impacted by the EU is widely accepted (Mayhew 1998; Smith 1998; Grabbe 2001, 2006; Papadimitriou 2001, 2002; Pridham 2002; Jacoby 2004; Schimmelfennig and Sedelmeier 2004; Schimmelfennig, Engert, and Knobel 2006). Pridham (2005, 84–95) suggests that the motivation for joining the EU stemmed from four imperatives that the former communist countries faced in the midst of their political and market transition. First, joining the EU was a historical imperative since membership offered countries the opportunity to reclaim their historical European national identity. Second, new democratic elites faced a democratic imperative to integrate into the EU. They perceived EU accession as crucial to the legitimization of their rule and to their countries’ successful democratic consolidation. Third, countries faced a security imperative to join the EU. The newly democratic regimes were more likely to survive if they were embedded in the European security architecture. Finally, joining the EU was a modernisation imperative since membership offered greater access to trade, foreign direct investment, and EU development aid, which could in turn improve economic development and modernisation.

Vachudova (2005) argues that the EU actively leveraged reform in CEE states through three characteristics of the accession process: the asymmetric relationship between the EU and CEE, the EU's capacity to enforce compliance with its conditions for membership, and the rewards that CEE states gained for their progress. The EU's reluctance to admit the CEE countries and the CEE countries' strong desire to become members set the stage for an asymmetrical relationship between the EU and the former communist countries. It allowed the EU to make credible threats that it would exclude countries from membership if they did not satisfy its conditions for membership, and the CEE countries could not object to the EU's conditions. The EU subsequently enforced its threats by monitoring each applicant's progress towards fulfilling the membership criteria and publishing its findings in the Regular Reports. Member states used the Regular Reports, in the spirit of enforcing conditionality, to decide whether to admit countries to further stages in the accession process (Grabbe 2006). Countries that satisfied membership requirements progressed in their negotiations with the EU and were rewarded with privileged trade access and additional aid. Those that failed to progress in their negotiations were in turn embarrassed into "making dramatic changes owing to the domestic repercussions of failing to meet a major foreign policy goal" (Grabbe 2006, 87).

Providing quantitative evidence in a study of 36 countries of the East European and Mediterranean neighbourhood of the EU for the years 1988–2004, Schimmelfennig and Scholtz (2008) show that democratic conditionality is strongly and positively correlated with democratisation, even when controlling for economic development and transnational exchanges. In a later study, these authors also find that democratic conditionality maintains a robust effect on democratic development in CEE when taking into account historical political and religious legacies (Schimmelfennig and Scholtz 2010).

In the broader literature on Europeanisation, however, the principle of political conditionality is not the only mechanism which impacts the effect of the EU on institutions in member or future member countries (Olsen 2002; Papadimitriou and Phinnemore 2003; Schimmelfennig and Sedelmeier 2005). The socialisation model, based on constructivism, is often presented in opposition to the rationalist model of conditionality (Kahler 1992; Checkel 1999, 2001; Börzel and Risse 2003). Compared to the political conditionality model, the mechanism in the socialisation or social learning models is that of legitimacy or appropriateness. Here, it is assumed that

the European international community is defined by a specific collective identity and as specific set of common values and norms. Whether a nonmember state adopts EU rules depends on the degree to which it regards EU rules and its demands for rule adoption as appropriate in terms of the collective identity, values, and norms. (Schimmelfennig and Sedelmeier 2005, 18)

To some extent, juxtaposing political conditionality and socialisation models as two starkly opposing perspectives is misleading. In fact, both of them are compatible with the idea of rational actors that have certain goals in mind, such as EU membership, and they need to identify ways that would help them reach these goals, be it by adopting rules because non-adoption will be sanctioned, or by adopting rules because they have imbibed a certain set of "European" values that define these rules as legitimate. This is reminiscent of the discussion in sociology about substantive varieties of rationality (Dobbin 1994; Smelser and Swedberg 2005). In fact, Olsen (2002) proposes that as concerns the mechanisms of Europeanisation, both interests and norms may be at play simultaneously, or that different logics are used for approaching different issues. Even in times of relative stability, organisational decision-making is a complex process, and the problems, solutions, and decision-makers, all integral elements for a decision to take place, are not necessarily related to each other (Cohen, March, and Olsen 1972).

Early post-communist transformations add additional layers of complexity. In this environment, the legal system is changing rapidly, post-communist government coalitions are very tenuous, informal practices of socialist times persist, and knowledge and skills required to organise a democratic market system are severely lacking. This means that cognitive and situational uncertainty abound. In big post-socialist political decision-making machines, individual actors sometimes do not know what their goals for action are and what the optimal strategies to reach them are, and they are not independent in decision-making. In fact, they may act more practically than rationally (Bourdieu 1980, Dimaggio and Powell 1991, Whitford 2002); their reasoning is infused with routine, imitation, emotional reactions, normative commitments, or improvisation; and action is not only contingent on the situation, but also the “situation is constitutive of action” (Joas 1996, 160). Based on this discussion, it seems wise to remain agnostic about the motives of decision-makers in CEE who adopt rules aligned with the EU, particularly when they do so very early in the EU integration process, when no specific conditionality is set in place tied to negotiations of EU membership, and when they keep doing so even when they see that no clear sanctions are enacted for non-compliance.

In fact, when investigating the EU integration influence, it is important to keep in mind that there are different stages at which Europeanisation is linked to the evolution of the CEE countries’ relations with the EU. Lippert, Umbach, and Wessels (2001) identify five phases: (1) pre-stage in the late 1980s; (2) Europe Agreements (first stage); (3) the pre-accession strategy (second stage); (4) the accession negotiations (third stage); and (5) the post-accession bureaucratisation of policy-making (fourth stage). Disaggregating behaviour during different stages may give us some insights into the potential mechanisms of EU integration in the early stages of democratisation in CEE.

Some trade cooperation between CEE and the EU already started in the late 1980s (Messerlin 1993), but we begin our analysis with what Lippert, Umbach, and Wessels (2001) identify as the first Europeanisation stage, which is the signing of Europe Agreements. Grabbe (2006) describes the Europe Agreements as a set of trade relations that were intended to create a free trade area and facilitate the implementation of the single market’s four freedoms (free movement of goods, services, capital, and labour). The Agreements made particular policy demands on CEE countries with regard to trade, competition, free movement of workers, and the establishment and supply of services. In this way, they “started the process of introducing the EU’s legislation and policies to the applicants” (Grabbe 2006, 9). The Agreements focused on trade and economic cooperation, rather than EU membership, even if they also encouraged “political dialogue” between the EU and post-communist Europe (European Union 2001). Beginning with 1992, the human rights clause was added, indicating that these agreements could be suspended if the countries failed to uphold human rights. However, Grabbe acknowledges that the EU never suspended these agreements, even after it publicly criticised Slovakia’s undemocratic practices in 1994 and 1995. Mayhew (1998) emphasises other problems with considering the Europe Agreements as a form of conditionality. He observes that the Agreements’ Preamble and the “general principles” are the only places where some conditionality appears in the agreement. Furthermore, like Grabbe, he also notes that conditionality was never applied. He goes even further to argue that, in fact, there was never any credible mechanism for applying it. Moreover, the forms of conditionality in Europe Agreements could not be leveraged – even if the EU were intent to enforce them – before those Agreements formally entered into force, which is several years after they were initially signed. Consistent with this, Vachudova (2005) distinguishes between the passive and the active leverage that the EU can exercise over potential new members, with the former referring to the attraction of EU membership, while the latter denoting deliberate conditionality imposed by the EU during the pre-accession period. Vachudova argues that the EU only employed passive leverage for the first five years after 1989.

Additionally, while countries began signing the Europe Agreements in 1991 (with Poland, Hungary, and Czechoslovakia in the first wave), the actual conditions for EU membership were not set out until 1993 in the Copenhagen European Council. The EU formally launched its “pre-accession strategy” at the Essen European Council in December 1994. Countries also variously submitted official applications to join the EU, with Hungary in March 1994, followed by Poland (April 1994), Romania and Slovakia (June 1995), Latvia (October 1995), Estonia (November 1995), Bulgaria and Lithuania (December 1995), the Czech Republic (January 1996), and Slovenia (June 1996). Furthermore, formal accession negotiations with CEE countries did not begin until 1998, when Hungary, Poland, Estonia, the Czech Republic, and Slovenia started them. The Commission recommended opening accession negotiations with Romania, Slovakia, Latvia, Lithuania, and Bulgaria in 1999, and began in 2000. Table 1 summarises these developments.

We suggest that these various stages of EU integration contribute to democratisation in CEE. To capture the EU integration processes to the point when EU membership was secured, and negotiations concluded with most of these countries in 2002, we compose a scale that ranges from signing Europe Agreements, those Agreements entering into force, submitting the EU application, to beginning negotiations. We call this EU integration scale and we expect that, *ceteris paribus*, higher scores on EU integration scale are associated with higher democracy scores.

In addition, we want to investigate whether different aspects of the EU integration may have differential impacts, so we also test how these separate processes matter for democratisation. In our view, if CEE countries’ decision-makers respond to accession conditions enforcement because they do not want to jeopardise eventual membership, we should see significant effects of the variables that capture the enforcement of Europe Agreements, and the period of formal negotiation of EU membership on democratisation in individual countries and over time. However, if EU integration is more linked to how CEE countries positioned themselves in the broader European political field after 1989, processes of political institutional alignment with

Table 1. History of CEE countries’ integration into the EU.

Country	Europe Agreement signed	Europe Agreement in force	Application for EU membership	Negotiations begin	Negotiations concluded	EU accession
Bulgaria	March 1993	February 1995	December 1995	February 2000	December 2004	January 2007
Croatia ^a	NA	NA	February 2003	June 2006	June 2011	July 2013
Czech republic	October 1993	February 1995	January 1996	March 1998	December 2002	May 2004
Estonia	June 1995	February 1998	November 1995	March 1998	December 2002	May 2004
Hungary	December 1991	February 1994	March 1994	March 1998	December 2002	May 2004
Latvia	June 1995	February 1998	October 1995	February 2000	December 2002	May 2004
Lithuania	June 1995	February 1998	December 1995	February 2000	December 2002	May 2004
Poland	December 1991	February 1994	April 1994	March 1998	December 2002	May 2004
Romania	February 1993	February 1995	June 1995	February 2000	December 2004	January 2007
Slovakia	October 1993	February 1995	June 1995	February 2000	December 2002	May 2004
Slovenia	June 1996	February 1999	June 1996	March 1998	December 2002	May 2004

Source: European Commission.

^aCroatia did not sign a Europe Agreement but signed a Stabilisation and Association Agreement in October 2001, which entered into force in February 2005.

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the EU will already have an impact with signing Europe Agreements, due to various mechanisms that operate in political fields, which were not only coercive, normative, and professional, but also provided practical situational logics to handle the severe uncertainty that plagued decision-making in the early years after 1989.

Data and methods

Sample

We use longitudinal data from 11 post-communist countries which are EU members as of 2013. We cover the period from 1990 to 2002, which is the time by which most of these countries concluded EU negotiations, and also corresponds with what analysts have referred to as the first generation of reform in the region (O'Dwyer and Kovalcik 2007). Our sample includes Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. We intentionally selected this set of post-communist countries because of considerable similarity that effectively reduces the historical, socio-economic, and natural endowment differences in the population of post-communist countries. Indeed, we might expect little variation in democratisation in our sample due to this most-similar research design. However, the descriptive statistics reported in Table 2 show that even among these “advanced” post-communist countries, there was significant variation in the speed of democratisation in the initial dozen years after the collapse of communism. In our empirical analysis, we explore precisely this variation.

Due to data availability, mainly for the electoral threshold measure, and the fact that some of our countries were newly established in the early 1990s, our data set has an unbalanced panel structure, with a varying number of observations over time for different countries (See Appendix 1 for the list of country/year observations). To present models which allow for comparison across different specifications, we use a consistent sample with 124 observations.

Dependent variable

The dependent variable in this analysis is democratisation measured by an assessment of political rights in post-communist countries composed by Freedom House.² Each country is awarded from 0 to 4 raw points for each of 10 questions grouped into 3 subcategories in a political rights checklist: (a) electoral process, (b) political pluralism, and (c) functioning of government. A country is then assigned a numerical rating on a scale from 1 to 7 based on the total number of raw points awarded to the political rights questions, where 1 represents the most democratic and 7 the least democratic. Each 1–7 rating corresponds to a range of total raw scores. For ease of interpretation, we reversed this coding, so that in our case, the higher score captures the more progress in democratisation, and the lower score means less democratisation.

To argue for a causal relationship between predictors and the outcome, we created a temporal lag between our dependent variable and independent variables. That is, democratisation is measured at time $t + 1$, while all the independent variables are measured at time t .

Independent variables

The “internal” independent variables in the analysis include measures of domestic economic, political, and sociocultural predictors: (1) GDP per capita, (2) pro-reform government, (3) electoral thresholds, and (4) size of ethnic minority. The “external” independent variables are various measures of the EU integration effect, combined in a scale, but also disaggregated: (1) EU Integration scale, (2) Europe Agreement signed, (3) Europe Agreement in force, and (4) EU

Table 2. List of variables included in the analysis.

Variable	Description	Mean (SD)
<i>Dependent variable</i>		
Democratisation	Assessment of political rights in post-communist countries as rated by Freedom House. Each country is awarded from 0 to 4 raw points for each of 10 questions grouped into three subcategories in a political rights checklist: (a) electoral process, (b) political pluralism, and (c) functioning of government. A country is then assigned a numerical rating on a Scale of 1–7 based on the total number of raw points awarded to the political rights questions, whereby 1 represents the most democratic and 7, the least democratic; each 1–7 rating corresponds to a range of total raw scores. For ease of interpretation, we reversed this coding, so that in our case, the higher score captures the more consolidated democracies, and the lower score, the less consolidated ones	6.362 (0.965)
<i>European union</i>		
EU integration scale	A scale measuring the EU integration activities before EU membership (0 = no formalised agreement, 1 = Europe Agreement signed, 2 = Europe Agreement in force, 3 = EU membership application submitted, and 4 = accession negotiations are ongoing). To reduce collinearity in the FEs model, this variable was orthogonalised with time using a modified Gram–Schmidt procedure (Draper and Smith 1981). This is equivalent to regressing EU integration on time, and using the unstandardised residuals in place of the original EU integration variable	2.346 (1.577)
Europe Agreement signed	Whether a country has signed a Europe Agreement in any particular year (0 = not yet signed and 1 = signed)	0.758 (0.429)
Europe Agreement in force	Whether Europe Agreement is in force in any particular year (0 = not yet in force and 1 = in force).	0.540 (0.500)
EU application and negotiation	Whether a country has submitted the application and negotiated the accession into the EU and signed a Europe Agreement in any particular year (0 = not yet submitted/negotiated, 1 = application formally submitted, and 2 = accession negotiations ongoing)	0.935 (0.823)
<i>Economic development</i>		
GDP per capita	GDP per capita, in \$, logged because of skewness	3.525 (0.242)
<i>Politics and institutions</i>		
Electoral threshold	Per cent of vote necessary for parties to have representation in government	4.387 (0.925)
Pro-reform government orientation	Dummy variable indicating reform orientation of government in power (0 = nationalist or former communist government, 1 = otherwise)	0.677 (0.469)
<i>Societal dynamics</i>		
Ethnic minority size	Dummy variable indicating per cent of ethnic minority population (0 = less than 10% and 1 = more than 10%)	0.637 (0.482)
<i>Additional controls</i>		
Time	Time counter, where 1990 = 1	8.604 (3.404)

application and accession negotiation. The list of all variables used in the analysis, with details on operationalisation and descriptive statistics, is included in Table 2. Data sources are listed in Appendix 1. Correlation coefficients are provided in Appendix 2.

Pooled cross-sectional time series analysis

To investigate the determinants of democratic consolidation across countries and overtime, we need to pool the individual countries' time series. Pooling creates correlations in the data due to country- and time-specific effects. Such clustering would yield coefficient standard errors smaller than those obtained for independent data. In political science, one standard econometric approach for correcting biased standard errors is to estimate ordinary least squares (OLS) with panel corrected standard errors (PCSE) (Beck and Katz 1995; Beck 2001). In sociology, most studies with panel structure use random effects (REs) or fixed effects (FEs) regression models (Halaby 2004). To test robustness of our results, we report a PCSE model, REs with AR(1) correlation to capture the autoregressive process, and a FEs model.³ We also include a time trend in all our models to de-trend the data and correct for non-stationarity. The analyses were conducted using Stata 13.0 statistical package.

Results

The findings from pooled cross-national time series analysis reported in Table 3 support our argument about the important role of domestic institutions, politics, societal dynamics, and EU integration for early democratisation in CEE. All of these variables are statistically significant. In

Table 3. Pooled cross-sectional time series analysis of predictors of early democratic consolidation in post-communist Europe.

	Model 1 PCSE	Model 2 RE	Model 3 FE	Model 4 two-stage est.
<i>Economic development</i>				
GDP/cap (logged)	-0.130 (0.427)	-0.131 (0.465)	0.372 (1.372)	1.151 (1.428)
<i>Politics and institutions</i>				
Pro-reform government	0.340* (0.148)	0.339* (0.153)	0.423** (0.144)	0.456** (0.134)
Electoral threshold	0.185* (0.091)	0.185* (0.073)	0.240** (0.089)	0.056 (0.076)
<i>Societal dynamics</i>				
Ethnic minorities size	-0.561* (0.258)	-0.561* (0.242)	NA	NA
<i>European Union</i>				
EU integration scale	0.168* (0.065)	0.168** (0.059)	0.226** (0.069)	1.617** (0.435)
<i>Additional controls</i>				
Time	0.032 (0.026)	0.032 (0.030)	0.104 (0.077)	-0.504** (0.151)
Fes			Included	Included
Constant	5.450** (1.586)	5.453** (1.695)	4.226 (5.522)	2.088 (5.596)
R^2	0.630	NA	0.794	0.827

Note: $N = 124$, except for Model 4 where $N = 113$. Unstandardised coefficients are reported, standard errors in parentheses, two-tailed tests. Model 1 is OLS with PCSE. Model 2 is a REs Model with AR(1) correlation. Model 3 is a FEs model. Model 4 is a two-stage estimation, first regressing EU integration on democracy, time, and FEs with one year lag, and then using fitted values in the second-stage estimation presented here.

* $p < .05$.

** $p < .01$.

contrast, the economic development indicator is a weak predictor of early democratisation. This is a conclusion that differs from findings of other studies that examine democratisation, but it is not surprising for the set of countries under consideration here. We should bear in mind that CEE countries did have industrial structures in place and have also achieved a certain level of economic development before communism collapsed. In fact, they suffered declining GDP in the initial years after 1989, but this was also the period of democratisation progress. Therefore, early democratisation progress in CEE is poorly predicted by economic development.

Instead, we find that the governing elite's political commitment to reform (as indicated by the absence of nationalist and unreformed communist party leadership) seems necessary for democratisation. We also find that having higher electoral thresholds is conducive to democratic consolidation. In the face of myriad political parties vying for popular support after the fall of communist regimes, having higher electoral thresholds helps to create political stability. This is because it limits the entry of small extremist parties into government and helps establish party attachments. All these contribute to the institutionalisation of electoral democracy.

We also argued that sociocultural forces make some countries more conducive to the democratisation process than others. Following extensive research that reports pervasive nationalist sentiments in post-communism, we posited that such sentiments will impede the acknowledgement and effective political incorporation of ethnic minorities, which in turn will hurt the democratisation process. This was supported in our analysis. As hypothesised, those countries where more than 10% of population belongs to ethnic minorities, which is how we operationalised the possibility of infringement of ethno-national minority political rights, show a slower democratisation process.

As discussed earlier, cross-sectional pooled time series data structure can be estimated with different model specifications. To assure that the results based on OLS regression with PCSE are comparable to other possible specifications, we present a REs model with autocorrelation adjustment (Model 2) and a FEs model (Model 3). The latter is equivalent to estimating an OLS model that includes a series of country dummies. The FE model is a very stringent specification that captures all variations related to time-invariant country differences, consequently eliminating any potential omitted variable bias related to these country characteristics, such as legacies (Schimmelfennig and Scholz 2008), geographical proximity to Western Europe (Kopstein and Reilly 2000), domination of the country/territory by Moscow during socialism, religion (Anderson 2005), protest history (Ekiert 1996), establishing an independent state after 1989, whether the transition from communism was negotiated or not (Welsh 1994), or initial elections index (Fish 1997). (This is also the reason why, in the FEs model, we cannot include ethnic minority size, which is time invariant.) Models 2 and 3 show the robustness of EU integration scale, pro-reform government, and electoral thresholds to these different model estimations.

Finally, we conducted additional analyses to respond to a potential argument about reverse causality. It can be argued that countries which show promise in their democratisation efforts are invited to start EU integration processes. We have two reasons to believe this is not driving our results. First, our analysis is set up to help establish causal priority between predictors measured at time t and outcome measured at time $t + 1$. That is, what our findings indicate is that having a certain score on the EU variable at one point in time influences democratisation a year later. Second, we conducted two-stage estimations in which we first predicted our EU variable with previous democracy scores, time and FEs, and then used the predicted values of this new EU variable (purged of its correlation to democracy) in our initial analysis (Table 3, Model 4). This is a very stringent test, in particular considering the small sample size we have to work with. However, even in this specification that purges the EU integration variable of its relationship with democracy status before a future EU integration step is made, the results do not substantively alter the interpretation of our findings. The effect of electoral thresholds weakens somewhat, but

note that to perform this endogeneity test, we lost a number of observations in the sample. These additional tests, which previous quantitative studies do not perform, make us more confident that our finding about the EU integration's influence on democratisation is not a result of reverse causality.

We did further scrutinise the EU variable effect, however. Previous literature emphasises that the EU works through political conditionality, whereby the effect of the EU is stipulated to obtain because rational domestic actors establish rules aligned with the EU because they want to achieve EU membership, and EU membership is tied to democratic progress. As it turns out, however, the EU integration process in CEE starts before these countries submit applications to join the EU and begin the negotiations process. We are curious whether the initial stages of signing Europe Agreements, which is not linked (or weakly linked at best) to conditionality and sanctions, have an effect on democratisation. We want to compare this effect to the stage where Europe Agreements enter into force (when conditionality could start to be enforced), and moreover, to the stage when EU applications are submitted and negotiations start, where enforcing membership conditionality, by delaying or stopping negotiations for instance, is most straightforward.

Table 4 reports findings of this disaggregated view of EU integration. Interestingly, it is the signature of the Europe Agreement that has a significant effect on democratisation in CEE, and the phase of the Europe Agreement entering into force, and the EU membership negotiations phase

Table 4. Disaggregated EU integration effects as predictors of early democratic consolidation in post-communist Europe.

	Model 1	Model 2	Model 3	Model 4
<i>European Union</i>				
Europe Agreement signed	0.346* (0.161)			
Europe Agreement in force		0.217 (0.157)		
EU application and negotiation			0.218 (0.120)	
EU integration scale				0.168* (0.065)
<i>Economic development</i>				
GDP/cap (logged)	-0.206 (0.471)	-0.304 (0.519)	-0.314 (0.447)	-0.130 (0.427)
<i>Politics and institutions</i>				
Pro-reform government	0.346* (0.155)	0.324* (0.153)	0.335* (0.162)	0.340* (0.148)
Electoral threshold	0.187* (0.075)	0.172* (0.076)	0.176 (0.096)	0.185* (0.091)
<i>Societal dynamics</i>				
Ethnic minorities size	-0.618* (0.242)	-0.684* (0.271)	-0.658* (0.280)	-0.561* (0.258)
<i>Additional controls</i>				
Time	0.069** (0.024)	0.074** (0.028)	0.053 (0.027)	0.032 (0.026)
Constant	5.560** (1.733)	6.116** (1.907)	6.198** (1.701)	5.450** (1.586)

Note: $N = 124$, unstandardised coefficients are reported. REs models (Hausman test preferred REs), standard errors in parentheses, two-tailed tests.

* $p < .05$.

** $p < .01$.

Table 5. Residuals analysis.

	Residuals PCSE	Residuals RE	Residuals FE
European integration scale	59.39	59.80	25.93
GDP per capita	50.39	50.41	23.59
Pro-reform government	56.68	50.35	25.62
Electoral threshold	55.81	55.83	25.35
Ethnic minorities size	51.14	51.15	NA

Note: Residuals are calculated based on Table 3 as described in text. They denote the influence on explanatory power if an individual variable is omitted from analysis. Therefore, the higher the residual, the greater the explanatory power of the individual variable.

does not show statistical significance. This indicates that the effect of the EU integration starts before political conditionality is clearly laid out, which provides some quantitative evidence that explanations, which envision the role of the EU in early CEE democratisation as solely driven by instrumentally rational domestic decision-makers, are incomplete.

Relative importance of individual predictors

Table 3 reports a series of specifications and unstandardised coefficients, making it difficult to assess the contribution of individual variables to the overall explained variance, and in particular the weight of the EU influence measure in relation to domestic factors. What is the relative importance of EU integration, economic development, government orientation, electoral thresholds, and ethnic minority size for democratic consolidation in post-communist CEE?

To answer this question, Table 5 reports results of the residuals analysis, which helps to determine how much each individual independent variable contributes to the overall explained variance in democratisation across the sample. The values represented for each independent variable X show the difference between the fit of the model and the specification that excludes variable X from that full model. Hence, the greater the value, the greater the variable's contribution in explaining democratisation trends in our sample. This analysis further supports the findings presented earlier that EU integration, electoral threshold, pro-reform government, and ethnic composition contribute importantly to explaining the variation in early democratisation in CEE, in this order of importance and with relatively small differences between them. On the other hand, GDP per capita contributes the least to understanding the differences in democratisation across CEE countries and over the first decade of post-communist transformations.

Discussion and conclusions

The news has been full of recent reports about “new tests for democracy in Eastern Europe” (*The Guardian*, 13 August 2013) with backsliding in many countries, rise in autocratic leadership, and voicing of dissatisfaction by protesters on the streets. Even 10 years after accession to the EU, observers remain unsure of the state of democracy in many new member states. Our analysis goes back to the initial decade after the collapse of communism to examine how electoral democratic institutions were put in place in CEE countries that are now the EU members. While previous quantitative research has focused on EU conditionality, economic development, and legacies, our analysis looks at a set of countries that are quite similar on these dimensions but nevertheless differ in early democratisation. We look at the role of politics, political institutions, and societal dynamics, arguing that the central challenge of early democratisation in these

countries was not so much modernisation that brings forth democratic norms conditioned by the EU, but building of institutions that very basically support free and fair elections, political party consolidation, open contestation of office, and a functioning government, without necessarily guaranteeing a liberal political culture and persistence over time. Incidentally, this is exactly what the Freedom House democracy scores used widely in quantitative analyses of this kind really capture.

We show that during the first phase of reform, governing parties' commitment to democratic reform and the establishment of new political institutions, such as electoral thresholds, provided the basis for initial stability of the democratic order, which in turn significantly determined early democratisation in CEE. We also substantiate the importance of sociocultural forces for political outcomes, which have not received much attention in quantitative studies of CEE democratisation. More concretely, in cases of sizable ethnic populations, the democratisation processes have been more challenging in light of emphasised national(ist) orientations in the early post-1989 period, and those challenges to establishing liberal political norms may be ongoing in light of yet another rise of populists and nationalists two decades later (Verseck 2012).

Bunce (2003) wrote a review article on what lessons from the post-communist experience say about the democratisation processes in general. One of her conclusions was that the uncertainty surrounding the post-communist transitions to democracy varied significantly. This influenced, in turn, the strategies of transition and their payoffs. Hence, the most successful transitions in the post-communist context involved a sharp break with the old order. Our quantitative findings show that, indeed, those post-1989 governments with a pro-reform orientation (not run by the unreformed communists or nationalists) helped their countries consolidate democracy more quickly. This is in line with McFaul's (2002) findings based on a qualitative comparison of countries, which show that changes in power are key: not surprisingly, democratic consolidation happens when proponents of democracy constitute the ruling elite.

Our analysis also speaks to the debate about economic development and democratic consolidation. We do not find a significant positive relationship between GDP per capita and the democratisation score in the first phase of reform in CEE. This makes sense when we consider that most of the countries we analyse in our study have suffered net *declines* in GDP per capita during the first 5–6 years of the 1990s (EBRD 2001). In CEE, economic decline occurred during a period of early democratisation, so the relationship that others found between democratisation and economic development in other times and places is not obtained for the scope conditions of our study.

We also examine the role of the EU, which previous scholarship concludes is of paramount importance to democratisation. Indeed, we find consistent positive effects of EU integration processes that happened before EU accession on early democratisation in CEE. However, we also disaggregate these effects by different stages, differentiating the signing of Europe Agreements, those agreements entering into force, and formally submitting EU application and negotiating accession. In this disaggregated analysis, we find that the timing of signature of Europe Agreements explains a significant amount of variation in democratisation during the first phase of reform in post-socialism, more than the variable that captures those agreements entering into force (when any potential sanctions for non-compliance could actually be enforced). Moreover, the variable that captures the stage when the EU application is submitted and negotiations are ongoing does not have a statistically significant relationship with early democratisation. While signing Europe Agreements has a significant impact, given that experts and analysts agree that conditionality laid out in these Agreements is very weak, and sanctions are not enforced, the immediate instrumental cost-benefit analysis of governments, as a mechanism underlying the effect of Europe Agreements on democratisation, seems not as persuasive. Rather, we remain agnostic about the motives for the action of decision-makers, allowing for the possibility that other mechanisms in addition to conditionality play an important role. In fact, theoretical and

qualitative research on Europeanisation has remained open to the EU influencing CEE through different mechanisms. Our quantitative test is consistent with the idea that Europeanisation's impact is likely multifaceted: while coercive pressures exist, other isomorphic mechanisms operating in a political field such as imitation and professionalisation are likely to operate. In addition, the role of situational contingency cannot be overlooked, given severe uncertainty that has plagued economic and political decision-making in early post-socialist years in CEE (Stark 1996; Verdery 1996b; Burawoy and Verdery 1999; Borocz 2000, 2001; Bandelj 2008). Ultimately, this also means that consistency, cumulative effects, and further democratic progress towards stable and liberal democratic rule and culture are not guaranteed after the CEE countries enter into the EU, and these countries remain vulnerable to political turbulence.

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Notes

1. We refer to these countries as Central and Eastern Europe (CEE).
2. We are aware of the debate about different indicators of democracy, and realise that the Freedom House rankings are not ideal. We use them to be consistent with other research that uses them (Kurtz and Barnes 2002; Schimmelfenning and Scholz 2008). Also, Bollen (1993) showed that most available indices of democratisation are highly correlated. We do stay very close to what these Freedom House democracy scores really measure, which is not consolidation of a political democratic culture but assessing progress in establishing the infrastructure of democracy, including the electoral process, political pluralism, and functioning of government.
3. Given that the time points in our sample are greater than the number of countries, the GMM estimation used by Schimmelfennig and Scholtz (2008), for instance, is not appropriate in this case.

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Appendix 1 – Data structure and sources

Sample: Pooled cross-national time series

Country/year observations: Bulgaria (1990–2002), Croatia (1992–2002), Czech Republic (1990–2002), Estonia (1992–2002), Hungary (1990–2002), Latvia (1993–2001), Lithuania (1992–2002), Poland (1994–2002), Romania (1990–2001), Slovakia (1991–2002), and Slovenia (1993–2002)

Dependent variable

Democratisation score

Source: Freedom House Transition Reports <http://www.freedomhouse.org/template.cfm?page=1>

European Union

Europe Agreement signed

Source: European Union (2005) http://europa.eu.int/comm/enlargement/pas/europe_agr.htm

Europe Agreement in force

Source: European Union (2005) http://europa.eu.int/comm/enlargement/pas/europe_agr.htm

EU Accession application submitted and negotiated

Source: European Union (2005) http://europa.eu.int/comm/enlargement/pas/europe_agr.htm

Internal indicators

GPD per capita

Sources: World Development Indicators online database: <http://devdata.worldbank.org/dataonline>

Pro-reform government orientation

Source: Freedom House Nations in Transit 1998, Freedom House Nations in Transit 2002 <http://www.parties-and-elections.de/europe.html>

Electoral thresholds

Source: Bern Political Indicators in Central and Eastern Europe Database

Ethnic minority size

Source: Freedom House Transition Reports <http://www.freedomhouse.org/template.cfm?page=1>

Appendix 2 – Correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Democratisation (1)									
Europe Agreement (2)	0.565								
Europe Agreement in force (3)	0.465	0.612							
EU membership application and negotiation (4)	0.565	0.651	0.814						
EU integration scale (5)	0.626	0.819	0.830	0.953					
GDP/cap (6)	0.328	0.021	0.048	0.143	0.107				
Pro-reform government (7)	0.601	0.375	0.332	0.428	0.468	0.423			
Electoral thresholds (8)	0.432	0.298	0.281	0.270	0.308	0.227	0.233		
Ethnic minorities size (9)	-0.430	-0.230	-0.191	-0.160	-0.184	-0.681	-0.520	-0.119	
Time (10)	0.452	0.434	0.675	0.816	0.767	0.234	0.387	0.358	-0.028