Post-Communism or Post-Colonialism? Soviet Imperial Legacies and Regime Diversity in East Europe and the Former USSR

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Abstract

While post-communist countries share a common past, the variability of outcomes in both democracy and economic reform is very large in the region. Only a few countries have become Western-type democracies in Eastern and Central Europe and the Baltic. By contrast, the norm is clearly not democracy for other Soviet successor states: regimes range from semi-autocratic to downright repressive. In my doctoral dissertation, I attribute this variation to differences in the infrastructural capacity of the state. Using both quantitative and qualitative analyses within 21 post-communist countries, I argue that for democracy to flourish, the state must first possess the means necessary to maintain law and order, to protect the rights of citizens, in other words, to insure the maintenance and delivery of essential public goods. The results show that on the one hand, the links between a strong state that has been able to apply a definitive set of rules, and democratic institutions are clear. On the other hand, where state capacity was more limited after independence was gained, democracy was a less likely outcome. By trying to recentralize power to compensate for the state’s administrative limitations, executive authorities also had a parallel tendency to build vertical structures of authority and to suppress liberties and freedoms. In turn, I explore the sources of infrastructural state capacity at the onset of independence. Soviet rule did not leave uniform traces on societies: there were important variations in ruling patterns from Eastern Europe to Central Asia. Therefore this dissertation explores how the shape of colonial ties shared by each entity with the former metropolitan center had direct implications on the administrative capacity of the successor states. In short, the coupling of heavy state engineering with low levels of state penetration and high levels of exploitation were least conducive to the construction of robust state structures.
Résumé

À ce jour, les pays post-communistes présentent de considérables différences en termes de démocratie et de réformes économiques, ce, malgré un passé commun. En fait, seulement quelques pays d’Europe Centrale et de l’Est ainsi que les républiques Baltes, ont acquis le statut de démocraties. Pour les autres anciennes républiques Soviétiques, la norme est toute autre. La plupart d’entre elles affichent des régimes soit semi-démocratiques, ou tout simplement autoritaires. Dans le but d’expliquer cette différence, je fais appel au concept de capacité étatique, qui réfère à l’infrastructure de l’appareil d’état. À l’aide d’analyses quantitatives ainsi que qualitatives menées dans 21 pays post-communistes, cette dissertation vérifie l’hypothèse suivante : un État doit être en mesure de maintenir la loi et l’ordre, de protéger les droits des citoyens, en d’autres mots de garantir l’allocation d’une certaine classe de biens publics, pour qu’un régime démocratique puisse y apparaître et persister. Les résultats des analyses menées établissent la présence d’une robuste association entre, d’un côté des institutions démocratiques, et de l’autre, un certain niveau de capacité étatique. Dans les États où cette capacité était limitée au moment de l’indépendance, une conclusion démocratique était moins probable. En tentant de re-centraliser les pouvoirs de l’État pour compenser certaines faiblesses administratives, plusieurs gouvernements ont eu tendance à construire des structures d’autorité verticales et à ainsi limiter les libertés des citoyens. En retour, cette dissertation explore également les conditions qui peuvent expliquer les différents niveaux de capacité étatiques observés au moment de la chute du communisme. En particulier, je cherche à démontrer que l’Union Soviétique n’a pas utilisé les mêmes méthodes pour gouverner toutes ses colonies : d’importantes variations existent entre les colonies informelles d’Europe Centrale et de l’Est et celles d’Asie Centrale. Certaines pratiques comme l’exploitation économiques, de larges bouleversements administratifs, combinées à un faible encadrement de la part de l’autorité coloniale, ont produit les structures étatiques les moins robustes.
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## List of Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASSR</td>
<td>Autonomous Soviet Socialist Republic</td>
</tr>
<tr>
<td>BPF</td>
<td>Byelorussian Popular Front</td>
</tr>
<tr>
<td>BSSR</td>
<td>Byelorussian Soviet Socialist Republic</td>
</tr>
<tr>
<td>CIM</td>
<td>Contract Intensive Money</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>CMEA</td>
<td>Council for Mutual Economic Assistance</td>
</tr>
<tr>
<td>CPI</td>
<td>Corruption Perceptions Index</td>
</tr>
<tr>
<td>CPSU</td>
<td>Communist Party of the Soviet Union</td>
</tr>
<tr>
<td>CUG</td>
<td>Citizens’ Union of Georgia</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ECE</td>
<td>East Central Europe</td>
</tr>
<tr>
<td>EIU</td>
<td>Economist Intelligence Unit</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FSU</td>
<td>Former Soviet Union</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GSSR</td>
<td>Georgian Soviet Socialist Republic</td>
</tr>
<tr>
<td>HMD</td>
<td>Hungarian Democratic Forum</td>
</tr>
<tr>
<td>HSP</td>
<td>Hungarian Socialist Party</td>
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<tr>
<td>HSWP</td>
<td>Hungarian Socialist Worker’s Party</td>
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<tr>
<td>HWP</td>
<td>Hungarian Worker’s Party</td>
</tr>
<tr>
<td>ICRG</td>
<td>International Country Risk Group</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>KSSR</td>
<td>Kazakh Soviet Socialist Republic</td>
</tr>
<tr>
<td>LSDV</td>
<td>Least Square Dummy Variable Estimator</td>
</tr>
<tr>
<td>MCIG</td>
<td>Minsk City Industrial Group</td>
</tr>
<tr>
<td>NKVD</td>
<td>People's Commissariat for Internal Affairs</td>
</tr>
<tr>
<td>NMP</td>
<td>Net Material Product</td>
</tr>
<tr>
<td>NRT</td>
<td>National Roundtable Negotiations</td>
</tr>
<tr>
<td>OLS</td>
<td>Ordinary Least Square</td>
</tr>
<tr>
<td>PCSE</td>
<td>Panel Corrected Standard Errors</td>
</tr>
<tr>
<td>RPR</td>
<td>Relative Political Reach</td>
</tr>
<tr>
<td>RSFSR</td>
<td>Russian Soviet Federal Socialist Republic</td>
</tr>
<tr>
<td>SNEK</td>
<td>Union of People’s Unity for Kazakhstan</td>
</tr>
<tr>
<td>SSR</td>
<td>Soviet Socialist Republic</td>
</tr>
<tr>
<td>TSCS</td>
<td>Time Series Cross Section</td>
</tr>
<tr>
<td>TSFSR</td>
<td>Transcaucasian Soviet Federative Socialist Republic</td>
</tr>
<tr>
<td>UkSSR</td>
<td>Ukrainian Soviet Socialist Republic</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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1. Introduction

Immediately after the demise of the USSR, scholarly research focused on post-communist democratization, assuming that the Soviet collapse and subsequent initial elections across the region indicated that widespread democratic transitions were then underway (Kohli 2002). Looking back at the 1990s, it is now clear that democratic transitions and consolidation only transpired in a handful of countries. Many Soviet successor states, such as Azerbaijan, Belarus, Kazakhstan, Uzbekistan, and Turkmenistan did not even go through an initial democratization period after the dissolution of the USSR.

While these countries all share a communist past, the outcome of post-communist regimes is highly variable. Only a few countries, in Eastern and Central Europe and the Baltic region, have become Western-type democracies. The norm is clearly not democracy for Soviet successor states; most regimes range from semi-autocratic to downright repressive, and those regimes have become quite established in these forms. What explains the variation in democratic achievements among countries that share a common experience of 40 years or more under communism? I attribute this variation to differences in the infrastructural capacity of state apparatuses upon reaching independence. Although some state-building took place after countries became independent, much initial state capacity derived from Soviet practices.

Despite the large body of literature on factors that promote democratization, only one prerequisite for democracy is the basis for a general consensus: Dankwart Rustow’s (1970) territorial integrity criterion, according to which the settlement of national and state questions must necessarily precede a transition to democracy (Bunce 2003; McFaul 2002a). Following Rustow’s concept, I put forward an alternative, but related necessary condition: effective state capacity. In doing so, I want to highlight the omnipresent and often implicit role of states and state capacity in existing theories. In this sense, I do not aim to present an all encompassing theory of regime outcomes, so much as to draw attention to what I believe is a major constraint to democratization. In short, I
argue that for democracy to flourish, the state must first possess the means necessary to maintain the distribution of a basic class of public goods; such as law and order, the maintenance of an effective infrastructure, the protection of property rights and the enforcement of contracts. By introducing an index to measure state capacity, as well as conducting comparative quantitative analyses of its effects on constitutional choices and regime outcomes, the present study fills an important empirical gap in the field.

A crucial question then is: What is the origin of post-communist state capacity at the onset of independence? Although the scholarly interest in state capacity is increasing, very few observers of post-communism have put forward an explanation of state-building that predates the end of communism. This oversight is puzzling, since I demonstrate that post-communist state apparatuses emerged with dissimilar capacities at the onset of independence. The present study covers this theoretical gap by proposing an explanation based on the tradition of colonialism. I argue that colonial practices of the Soviet Union explain the varying levels of state capacity in post-communist states. The Soviet colonial model, with its forced collectivization, industrialization, and general state engineering, produced important and long-lasting administrative developments in all its protectorates. As a result of Soviet colonialism, the relationship between the state and society was profoundly altered in all regions of the empire. However, Soviet rule was applied differently throughout the empire. The different tools of statecraft used to rule colonies and satellites explain why some countries emerged from communism with better infrastructural capacities than others.

My research explores how the structure of colonial ties shared by each entity with the metropolitan center, that is the level of economic exploitation, the directness of rule and the amount of state engineering, helps to explain the capacity of post-communist states. In turn, I demonstrate how state capacity at the onset of independence constrained possible regime-type outcomes after the Soviet Union disintegrated. State capacity offers a crucial explanation for the types of regimes—democratic, semi-authoritarian and authoritarian—that
emerged after the breakup of the Soviet Union. Where state capacity was limited after independence, strong (presidential) executives tended to emerge, which in turn made democracy a less likely outcome. By trying to recentralize authority to harness the state’s power, executive authorities in weak state environments also had a parallel tendency to suppress liberties and freedoms, as well as to thwart the rise of institutional checks to their power. By contrast, in the more capable post-communist states, elites were not faced with an acute challenge to establish authority over their territory. In turn, these situations usually gave way to less centralization of power in a single branch of government.

The following chapter is divided into four parts. First, I discuss the main explanations for post-communist regime diversity and highlight how an argument focusing on state capacity builds upon existing knowledge. State capacity offers a crucial structural underpinning to actor-centric theories, and provides a plausible causal mechanism for socioeconomic and legacy-based explanations. Most importantly, examining state capacity at the onset of independence allows for a deeper understanding of why post-communist elites made particular institutional design choices; choices which played a key role in either promoting democratization or installing authoritarian regimes. Following this literature review, I discuss the ways in which the concept of state capacity can be grasped empirically by focusing on the delivery of public goods. Based on these considerations, I then review the central role that relative state capacity plays in theories of economic development, and the ways in which these insights can be transferred to explanations of democratization. Finally, I present my methodology and outline the subsequent chapters.

The State and Regime Outcomes

In recent years it has become clear to most observers that all post-communist states will not inevitably transform into Western-style democracies (Johnson 2003), nor are all countries indeed characterized as “transitional” are heading toward the same destination (Carothers 2002; Mandelbaum 1996). In fact, what many countries in the former Soviet Union experienced was a simple
change in leadership, rather than a transition to democracy. Moreover, the states that eventually converged towards democracy did not all display linear trajectories from the start: for instance Estonia restricted political rights shortly after its independence, but quickly changed paths and eventually increased civil liberties and political rights (Tilly 2004). Along those lines, many studies now concur that the dominant feature of post-communism is dissimilarity, not uniformity (Bunce 1999; Carothers 2002).

In the face of obvious distinctions in democratic development among post-communist countries, different families of frameworks have attempted to account for the diverging outcomes. Following the successes in Eastern and Central Europe and the less positive democratic accomplishments in the Commonwealth of Independent States (CIS), theories of post-communist democratization branch off into two different types (King 2000; Way 2002b). On the one hand analysts of Eastern and Central Europe have emulated studies of Western Europe and focused on formal political institutions, elite behavior and the quality of democracy. Such elite and institutional analyses tend to concentrate on actors and “proximate” conditions of transition, often leaving aside the structural and historical factors that make their experience much different than Soviet successor states. By contrast, studies concentrating on the former Soviet Union (FSU) lean more towards discussions of state capacity and development and thus are closer to analogous literature on Asia and Africa. As a result, despite the many attempts at unifying the experience of post-communism, very few frameworks have been successful in characterizing the full variety of outcomes. Far from offering a single framework, studies on East Central Europe (ECE) and former USSR post-communism are becoming increasingly differentiated in their line of inquiry.

This failure to capture the source of the variation in types of post-communist states warrants a shift away from the transition and consolidation tradition to the topic of state formation (Grzymala-Busse and Jones Luong 2002). By directly applying hypotheses derived from “third wave” literature (Huntington 1991), scholars have implicitly assumed that the state structures of ECE and FSU
countries matched closely those of previous democratization waves (Grzymala-Busse and Jones Luong, 2002). Yet, there is a large variability in states’ abilities to affect social policy and reshape society, and that is especially the case for the countries that emerged after World War II, including the Soviet successor states (Migdal 2001). Although not all approaches to democratization take the state for granted, studies on the emergence of democracy in the post-communist world have yet to explore the role that state capacity plays in the establishment of democratic regimes following an authoritarian episode systematically and comparatively.

Transitional Politics: Elite Choices and Modalities of Transition

Operating from an actor-centric perspective, inquiries regarding modes of transitions and elite behavior at the time of transition occupy a central place in the literature on democratization (Abernethy 2000; di Palma 1990; Higley and Gunther 1992; Karl 1990; O'Donnell, Schmitter, and Whitehead 1986; Przeworski 1986; 1986b; Rustow 1970; Shain and Linz 1995). From this perspective, political leaders coming to the fore at a time of uncertain conditions typical of transition periods, are considered the founders of democracy. In turn, these elites can subsequently function to sustain or undermine democracy (Bunce 2000). Whereas much of the elite literature focuses on democratic breakdown (Linz and Stepan 1978), an important body concentrates on the origins of democracy. This material helps to solve the puzzle presented by a variety of outcomes in post-communist countries. However, conventional studies focusing solely on elite interactions are inherently preoccupied with the time of transition as the defining moment, and are usually less accommodating to longer standing historical factors (Bunce 2003). Furthermore, as most elite-centered studies concentrate on the upper bounds of the democratic spectrum, most tend to ignore the elite interactions that either make autocratic regimes more stable over time, or fail to consolidate them, hence allowing a form of pluralism ’by default’ (Way 2005).
During transitions, the conjecture is that elites simply attempt to maximize their interests alongside a certain level of uncertainty. Democratization takes place when democracy is the most compatible outcome of elite interactions (Schmitz 2004). In that sense, the received orthodoxy in actor-centric transition theories is that the likelihood of democratization of an autocratic regime is higher when elites are divided (Huntington 1991; O'Donnell and Schmitter 1986; Roeder 1998). Nevertheless these theories are based on the models of Latin America and Southern Europe. Michael McFaul has argued that this pattern is not evident in the post-communist world, in that not all transitions led to democracy and not all successful transitions were the product of pacts (McFaul 2002a). For McFaul, in contrast to earlier literature, democracy is the result of asymmetrical power relations where democratic elites are the dominant players. Successful transitions are generally not the result of a compromise. This observation also echoes Steven Fish’s (1998) findings concerning the fundamental explanatory power of the outcome of the first elections held during the transition from communism. Using the result of the founding election to assess whether or not opposition forces had registered a decisive victory, Fish established that a break with the past was positively and strongly associated with both democracy and economic reform (Bunce 2001; Fish 1998).

The implication of McFaul’s (2002a) observation is the existence of a qualitative difference between transitions of the “fourth wave” and what occurred in Latin America, Southern Europe, Africa and Asia (Bunce 2005). The post-communist experience also includes transitions from communism to dictatorship, a form of change absent in the literature documenting previous waves. The stable autocracies—Azerbaijan, Belarus, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan—would have been excluded from an analysis of transition modes in the classical sense, as failed protracted transitions like the one in Angola were also deliberately left out of the earlier literature (McFaul 2002a). Perhaps more significantly, what McFaul’s study makes clear is that contrary to previously observed cases, the transitions of the fourth wave were not an evolutionary
process; they were the products of an exogenous shock, the demise and break up of the Soviet Union.

Grzymala-Busse and Jones Luong (2002) also point out some of the limitations of the traditional elite-centered perspective. Stepping away from the assumption that modern consolidated states are givens, the authors return to the process of state building in order to account for variations of outcomes across post-communist countries. They define this state building process as the “elite competition over the authority to create the structural framework through which policies are made and enforced” (p.531). In short they propose a theory of elite interactions based upon both the domestic constraints issued from the legacies of communism and the influences of international forces. Who competes, that is whether the elites are self-contained or representative, and how they compete, either through formal or informal channels, produces four ideal types of state-building that portray the spectrum of post-communist experience: democratic (Czech Republic, Hungary, Estonia, Latvia, Lithuania, Poland and Slovenia), autocratic (Russia, Slovakia), fractious (Tajikistan and Armenia), and personalistic (Central Asia, Belarus, Ukraine.) Thus, Grzymala-Busse and Jones Luong (2002) demonstrate that elite competition not only sheds light on regime formation, but also on the state-formation process, which constitute the two essential components of democratization.

Unlike the countries of Western Europe and the previous waves of democratization (with the exception of Africa and the Middle East) many post-communist states are still not consolidated. Because these states have different capacities and resources, the range of strategies available to elites is not the same across countries. The main contribution of Grzymala-Busse and Jones Luong’s study (2002) is a shifting of the scholarly focus away from the traditional transition literature to the topic of state formation. Such a shift is especially relevant since specific modes of transition (the formation of pacts, compromise, and confrontation) do not necessarily facilitate the emergence of democracy under all circumstances: other structural variables, such as historical contingencies must also be integrated (McFaul 2002a). Grzymala-Busse and
Jones Luong (2002) focus on post-communist state-building, although they recognize that the inception of the process of state building predates the end of the communist experience, by pointing to the pre-existing formal and informal structures and practices post-communist states are built on. The fact that the shape of elite competition changes whether or not a “well-developed central state apparatus already exists” makes the infrastructural capacity of the state at the onset of independence especially important.

Consolidation: Institutional Choices

Also stemming from an emphasis on transitional politics and the effects of human choices, scholarship on comparative institutions produced many fertile hypotheses concerning the role of institutional choices in fostering stable democracies (Crawford and Lijphart 1997; Diamond and Plattner 1996; Elster, Offe, and Preuss 1998; Lijphart and Waisman 1996; Merkel 1996). While the elite perspective focuses on the dynamics of transitions, the literature on institutions emphasizes a different concern, namely democratic consolidation. Derived from the literature viewing institutional arrangements as main shapers of political outcomes (Hall and Taylor 1996), it is conjectured that some constitutional arrangements produce more long term democratic consolidation than others. The assumption behind this position is the theoretical primacy of institutions as shapers of political processes, which makes even more salient the issue of power arrangements in a constitution. From that perspective, the form of the electoral system, the strength of executive power, electoral methods and the effective number of political parties are among the most important choices to be made by ‘constitutional engineers’ (Lijphart 1999) at the time of transition, with the aim of democratic consolidation.

One of the liveliest stages of the institutional debate was related to parliamentary versus presidential systems of government (Easter 1997; Frye 1997; Horowitz 1990; Lijphart 1991; Lijphart 1992b; Lijphart 1999; Linz 1996; Mainwaring 1993; Mainwaring and Shugart 1997; Power and Gasiorowski 1997; Przeworski et al. 1996; Shugart and Carey 1992; Stepan and Skach 1993). The
proponents of the superiority of parliamentarism in consolidating democratic rule based their judgment on a four-point assessment of presidentialism as a system of rule.

First, the winner take-it-all character of presidential elections creates many losers who are not granted participation in the system for a long time, because they are part of parliamentary regimes when they join the opposition. This aspect may exacerbate the resentment of defeated forces and diminish the president’s incentive to enter dialogue and consultation with the opposition. Moreover, the fixed term in office of the chief executive constitutes a strict setting while the parliamentary cabinet is more flexible. For example, the president remains in office even if he has lost the confidence of the assembly, contrary to the case of a prime minister. Third, the dual legitimacy of a president and a prime minister can be the cause of deadlocks that are not easily resolvable. Given that both are elected, settling the question of who has more decision making legitimacy often causes bitter political battles. These conflicts have even led to military intervention, for example in Latin America, but they also act as incentives for presidents to overstep their constitutional boundaries, as it has been the case in the former Soviet Union. Last, the single-man executive aspect of presidential regimes can be grounds for a personalistic type of rule. By contrast, this is more difficult to achieve in parliamentary systems, since prime ministers are typically chosen by the assembly and flanked by powerful collegial cabinets.

Graphic 1.1 presents a bivariate relationship between the strength of executives and Freedom House scores in post-communist countries, from 2004. As the figures indicate, there exists a clear and strong empirical relationship between the two variables: the most powerful executives are concentrated in the most authoritarian regimes (Fish 2001; 2005). As a matter of fact, the empirical connection between the constitutional provisions to executives and the level of democracy is so close around the world that the researchers in charge of the Polity database have integrated presidential strength as an indicator to calculate autocracy and democracy scores in its data sets (Marshall and Jaggers 2001). Hence there seems to be much empirical evidence confirming some of Fish’s
(2001; 2005), Lijphart’s (1991; 1992a; 1992b; 1999) as well as Juan Linz’s (1996) insights on the favourability of parliamentary systems over presidential arrangements, although probably for reasons other than those they had originally anticipated.

**GRAPHIC 1.1**
**BIVARIATE RELATIONSHIP BETWEEN PRESIDENTIAL POWER AND POLITICAL RIGHTS IN 2004**

![Graph showing the relationship between presidential power and political rights]

Even if the correlation between strong (constitutional) executives and autocracy is also evident in the post-communist context, this body of literature was harshly criticized for lingering on shallow causes and for the interchangeable direction of the causal relation under study. Although the literature concerning the effects of institutions on political outcomes is abundant, analyses featuring the conditions surrounding their emergence and how they change over time are much less available and clear (Kreps 1990; Pierson 2004). In essence, while some analysts advocate setting up certain types of institutions after a transition to

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1 Data from Armingeon and Careja (2004) and Freedom House
democracy, institutions are most likely not built from scratch with simple political will, under these circumstances. Indeed while some consider institutions exogenous factors, many have demonstrated that they are most likely outcomes of previous power/elite constellations (Aghion, Alesina, and Trebbi 2002; Bunce 1997; Easter 1997; Kitschelt 2003; Kitschelt et al. 1999). Thus, (constitutional) institutions might not be sole causal explanations for democratic consolidation. Endogenous factors resulting from preceding circumstances, such as the capacity of the state at the onset of independence or transition, most likely play a key role in explaining constitutional arrangements. This is the subject of Timothy Frye’s (2002) proposition that presidentialism was favored in weak states by the winners of the reform process who were seeking to protect the assets they gained.

Along with constitutional provisions to executives, other institutional features are also understood to facilitate democratic consolidation, for example, institutionalized party systems, (Elster, Offe, and Preuss 1998; Kitschelt et al. 1999; Mainwaring 1999; Moser 1999; Moser 2001; Tworzecki 2003) and pluralist electoral methods (Lijphart 1999). However these features seem to offer only limited insight to account for differences in democratic outcomes in ECE and FSU countries. The large variation in institutional design in the region casts doubt on the relevance of some institutional choice typologies, such as Arend Lijphart’s (1999), to understand the variation in democratic outcomes (Ekiert 2003; Fortin 2004; Holmes 1996b). Since this literature is focused on the consolidation of democracy phase, it has only limited applicability to post-communist cases. The consolidation literature addresses the handful of countries whose transition to democracy was successful, but does not explicitly concern the countries who did not undergo a transition or whose transition did not result in the establishment of democratic institutions.

*Transition and Consolidation: Democracy and Socioeconomic Conditions*

One of the possible ways to circumvent the criticism that limited applicability elicits resides in modernization theory (Coleman 1960; Deutsch 1953; Lipset 1959; 1960; Pye 1966). Seymour Martin Lipset (1960) was a
pioneer in the study of democracy and development, arguing that modernization, or socioeconomic development, was positively associated with the rise and maintenance of democracy. The exploration of that hypothesis across different categories of countries led him to the conclusion that “economic development involving industrialization, urbanization, high educational standards, and a steady increase in the overall wealth of the society, is a basic condition sustaining democracy, it is a mark of efficiency of the total system” (Lipset 1959, p.86). In effect Lipset argued that although socioeconomic development was a necessary condition for democracy, it was not a sufficient condition, a proposition that became the heart of a central debate in comparative democratization and the object of much empirical verification (see Arat, 1988 for a more complete review). While many analysts (rightly) consider hypotheses derived from the modernization literature to be ethnocentric and wanting for a convincing causal mechanism, there is something to the viewpoint that democracy is very closely associated with higher per capita income in most countries of the world, although there remain notable exceptions, such as India or Papua New Guinea.

To avoid some of the difficulties associated with modernization theory, Przeworski and Limongi (1997) separated the issues of transition to and from democracy, as well as survival of democracy, in their analyses. With the help of these new and useful distinctions they convincingly argued that while wealth sustains democracy, it does not necessarily create the conditions for its emergence. In a recent follow up to this study, Przeworski et al. (2000b) established a very high standard for testing modernization theory hypotheses. Using event history analyses to test Lipset’s propositions, the authors surveyed 135 countries, from 1935 to 1990. While they show that per capita income has practically no effect on the likelihood of transitions (to or from democracy), they remark that per capita income is indeed related to consolidation, therefore explaining why wealthy democracies seem to flourish.

However, certain aspects of these conclusions were contested by Bois and Stokes (2003), who demonstrated that while the probability of breakdown declines with income, a proportional rise in income does increase the probability
of a transition to democracy. Additionally, by considering a new category of “partial democracies,” as opposed to simply dichotomizing the dependent variable between democratic and non-democratic outcomes, Przeworski et al.’s (2000) findings were also challenged by Epstein et al. The latter group of researchers showed that higher levels of per capita income are linked to the likelihood of undergoing a democratic transition in the first place, and not only associated with higher survival rates of democracies after such a transition (Epstein et al. 2006). Despite these disagreements, there is substantial empirical evidence to support the thesis that economic development is related to the probability of a transition to democracy, and/or that it reduces the chances of a democratic reversal at some point after. In that regard democratization can be understood as a process that is endogenous to development (Boix and Stokes 2003).

GRAPHIC 1.2
BIVARIATE RELATIONSHIP BETWEEN ECONOMIC DEVELOPMENT (LOG GDP PER CAPITA 2000) AND POLITICAL RIGHTS (2004)²

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² Data from the World Bank and Freedom House. GDP per capita in current 2000 dollars.
Valerie Bunce (2000) observed that although the empirical verifications of Przeworski et al. (2000) do not include any post-communist countries in their analyses, she concurred that the democratization patterns of post-communist countries appear to confirm their findings. For that matter, looking at Graphic 1.2 above, which illustrates a bivariate relationship between political rights (Freedom House) and the natural logarithm of gross domestic product (GDP) per capita, it is manifest that despite observing a few countries positioned further away from the regression line, the extent of political rights appears to co-vary closely, but not linearly, with the natural logarithm of GDP per capita. This finding is generally agreed upon in the field. Within the present sample of post-communist countries, all established democracies (Freedom House ratings of 1 and 2) are located within the upper bound of GDP per capita’s distribution. Nevertheless the variance becomes much greater toward the authoritarian end of the spectrum. In the present set of countries, we find an increasingly wide range in income per capita as we move towards less political rights, Belarus being one of the most outlying cases. In Graphic 1.2, we do not observe the linear pattern between variables hypothesized by Lipset (1959) and Cutright (1963).

Thus in the post-communist world, the consolidated democracies tend to be the richer countries while we find a much greater diversity of development levels among the semi-democratic and authoritarian regimes. This is a finding which seemingly contradicts the fundamental contributions of Neubauer (1967) and Jackman (1973) concerning the “threshold phenomenon.” According to this hypothesis a particular level of development is necessary before polities can integrate more complex and demanding forms of politics like democratic institutions. However, once that level has been attained democracy would no longer be a function of socioeconomic development (Neubauer 1967). On the one hand, neither Neubauer (1967) nor Jackman (1973) found any evidence to substantiate a relationship between socioeconomic conditions and democracy within highly developed countries, which is also the case in the sample of post-communist countries, with the exception of Belarus. On the other hand, these studies contend that at lower levels of development, improvements in economic
development also lead to stepwise increases in levels of democracy. With the configuration of cases presented in Graphic 1.2, such a relationship is really not as clear as these studies might suggest, at the lowest levels of development. These findings hint at the presence of more complex relationships among different categories of countries that fall below a certain level of development (Arat 1988).

While very few observers would deny the strength of the empirical evidence supporting modernization theory, what Graphic 1.2 makes obvious is that the relationship at hand is not automatic, linear, curvilinear or positive for the all countries included in the present analysis. Different patterns are evident especially for countries located in the middle of the development axis, since they are generally thought to experience more instability, a conclusion similar to the one arrived at in Arat’s (1988) study using longitudinal analyses.

In addition to the empirical concerns raised above, there are still open debates about the explanatory factors behind these observations that call into question whether development really is a causal factor behind democratic achievement. First, even if an increase in prosperity makes democracies less likely to fail, many contributors believe that wealth has to be spread evenly across a given society for the relationship to hold (Boix and Stokes 2003; Schmitz 2004). Second and more importantly, if development plays a key role in democratization, then it presupposes the existence of a capable state which is able to formulate and conduct coherent development policies. Although much of the discussion surrounding the source of development revolves around the efficacy of democracies versus authoritarian regimes to produce growth, the capacity of states to pursue economic development and growth needs to be taken into account on top of the types of policies favored (Popov 2004). In that sense, the relationship between economic prosperity and democracy could be spurious: state capacity could very plausibly be a common cause behind the co-variation between both of these factors.
**Historical Legacies**

In contrast to much of the institutional choice and elite scholarship, the literature focusing on historical legacies views institutional choices and elite constellations as endogenous to the societies in which they emerge. In that sense, conditions preceding the end of communism are the main determinants of democracy levels and economic success. While proximate causes will inevitably appear more impressive in statistical demonstrations, Herbert Kitschelt (1999) argued that contingent circumstances are temporally too close to the phenomena they attempt to explain to be causal arguments. As a result, the main causal factors explaining diverging trajectories are to be found in the historical legacies passed down to institutions and society; that is “the enduring intergenerational transfer from the past to the present” (Millar and Wolchik 1994).

While historical explanations usually serve to highlight the complex influences of patterns from the past on present events, what is meant by legacies is often very vague and complicated to grasp. For that reason, the primary problem of theoretical models based on legacies is centered on the identification of those legacies. It is essential to determine which past is relevant, and most importantly, the longevity of its relevance. Under what conditions do such patterns emerge and under which circumstances do they remain influential? Do they have the same impact over time, or is their impact limited to periods of “extraordinary politics” when new political institutions have to be designed? Like many macro approaches to comparative politics, the second difficulty associated with legacy explanations is that they tend to highlight continuous processes over rapid change, and in other cases, they explicitly emphasize similarity over difference (Jowitt 1992). Thus it is usually more challenging to account for change in legacy-based frameworks for analysis than in actor-centric theoretical models.

The third difficulty of working with legacy-based explanations is the identification of precise causal mechanisms of social reproduction over time (Ekiert and Hanson 2003; Kiser and Hecht 1998). The common features of Leninist regimes, such as the absence of capitalist markets, private property,
structures of formal accountability, a civil service, or an autonomous civil society, combined with fusion of the state and the Communist Party, left traces on polities that were dominated by Moscow (Grzymala-Busse 2006; Sakwa 1999). In the literature, legacies associated with communism—Leninism, state socialism and nomenklatura rule—operate on different levels; on the minds of individuals, the collectivity, the economy, the institutions, the state and finally the nation. In consideration of that, Elster, Offe and Preuss (1998) outlined no less than four types of causal patterns that may be at work in explaining the economic and political transformations of post-communist countries. Legacies can impact the attitudes of citizens; they can constrain the range of options available to political actors; they can serve as models or reference for the establishment of new institutions; and lastly they can provide a “repertoire of arguments” to be used in political discourse (Elster, Offe and Preuss, 1998, p.60).

The focus on legacies was sparked by Ken Jowitt’s (1992) discussion of “Leninist legacies” as difficult obstacles to overcome for the establishment of stable democracies. From his early post-transition perspective, he believed that institutional features of Leninism were the source of weakness in liberal counterelites to the Communists, which would in turn make the rise of democracy challenging in most countries (with the exception of Poland). By the same token, many scholars have also assumed communist legacies were negative influences to be overcome, emphasizing the strong homogenizing effects of state socialism. However, since the publication of Jowitt’s work the vast range of outcomes in post-communist space has called for a much more differentiated outlook of the effects of legacies (Kopstein 2003). As Jacques Rupnik (1999) pointed out, few such legacies have had an observable and uniform effect across the whole population of post-communist countries. Furthermore, Michael McFaul (2002) called into question the causal significance of a shared communist history, or of a shared culture, to explain the diversity in regime outcomes. Far from uniformity, it has become clear that communism did not leave identical traces on societies: there were important variations of communist ruling patterns from Eastern Europe to Central Asia.
Indeed, regional variations are quite significant within post-communist countries. In fact, some analysts discovered an interesting pattern of spatial distribution: the countries that display the highest scores in indicators of democracy and economic development are usually located more to the west, while these scores decline consistently as we move east (Ekiert and Hanson 2003; Kopstein and Reilly 2003). Since Kopstein and Reilly (2003) recognize that geography alone cannot constitute a sufficient independent variable, they attempt to account for these patterns through stocks and flows of norms and expectations, but also by considering the degree of goods moved across borders. Even if the empirical correlations they uncover seem evident and rather robust, it is indeed difficult to establish an independent causal role for geographic diffusion (Kitschelt 2003). In fact, a variable such as geography has compromised validity from the outset because it most likely encapsulates many other factors in addition to norm diffusion, such as previous relationships between Moscow and its colonies and satellites, or simply the different levels of development in those states. As Valerie Bunce argues, we can observe these geographical patterns “because the legacies of state socialism and the agenda of transformation produced distinctive patterns of democratization and economic reform and distinctive payoffs attached to the various strategies of transformation” (Bunce 1999).

Even inside smaller, more homogeneous, geographical regions such as ECE countries, there are still some observable variations in regime outcomes. To explain the variation among ECE countries, Grzegorz Ekiert (1996) traced legacies of communism in the patterns of resistance against the standardization of Leninist institutions across these states. The various crises leading to Soviet military intervention are critical historical junctures that shaped the relationship between state and society in Hungary, Czechoslovakia and Poland, giving way to different paths of institutional development in these three countries. In a somewhat similar fashion, Kitschelt, Mansfeldova, Markowski, and Tőka (1999) also proposed a theory of differentiated legacies interacting with institutional choices. They hypothesize that variations, in both patterns of formal rational-
bureaucratic state apparatuses under the communist rule and the mechanisms used by the communist party to exert compliance (repression, cooption or toleration of dissent), offer a structural explanation into regime outcomes through the intervening effect of political parties. They identify three different subtypes of communism in Central Eastern Europe: a bureaucratic authoritarian model, a national accommodative model and a patrimonial model of communism. In turn, these types of state tradition inform the kind of party system competition and subsequently, regime outcomes in the Czech Republic, Hungary, Poland and Bulgaria. These countries all have become consolidated democracies.

The Missing Link: The Role of the State

Taken separately, the above surveyed approaches all contain important elements to plausibly explain the pattern of diversity in regime outcomes of post-communist countries. The empirical connections among elite interactions, the results of the first elections, socioeconomic conditions and institutional choices on regime outcomes form a considerable combination of factors and should not be overlooked. However, as Ekiert and Hanson (2003) underline, combining results from investigations conducted at different levels of analysis in one single inquiry can prove challenging. Similarly, it seems as difficult to avoid what Herbert Kitschelt (1999; 2003) considers too-deep or too-shallow approaches to causality. Research that has been concentrated in proximate factor explanations, such as elite interaction and the effects of political institutions, cannot explain the conditions that gave rise to elite constellations prior to the transition, the outcomes of first elections, or the choice of institutions (Bunce 1999). Why were certain leaders, and not others, able to choose the right set of institutions and policies? On the other hand, while economic development and legacy-based explanations also yield insightful information, many lack explicit causal mechanisms.

Because most institutional, societal and elite approaches to consolidation of the fourth wave of democracy are based on the experience of previous waves of democratization, one of the weaknesses they share is that many have taken the
state for granted (Carothers 2002), although there are some notable exceptions (Geddes 1994; Grzymala-Busse and Jones Luong 2002; Johnson 2003; Jones Luong 2004d). The states of Southern Europe and Latin America, on which most of the theorizing was conducted, were much more developed and capable than many of those in the post-communist world, such as Georgia and Tajikistan, which suffered from serious malfunctions at the time of their emergence. But since the state was taken as a constant, previous theorizing about democratization paid little attention to the role the state could take in fostering or impeding the development of democracy outside Africa. Thus, differences in state capacity separate the experiences of Southern Europe and Latin America from the post-communist fourth wave of democracy (Bunce 2003; 2004).

The danger in taking the state for granted is the premise that state infrastructures are similar across regions and time, and have the same potential, or ability to achieve their leaders’ intentions (Migdal 1988). By assuming similarity, the varying role of the state in different contexts, more specifically, its capacity to penetrate, regulate, extract and appropriate resources, is lost in the process. This distortion leads some analysts to the often implicit assumption that governing authorities are more or less equal, as in the assumption made by Lijphart (1999). These analysts then focus their theories on the effects of formal institutions like party-systems, executive arrangements, electoral methods and constitutional courts, even though these institutions evolve in different state contexts. In short, formal checks on executive power are likely to develop and constrain more effectively in strong state environments rather than in weak ones. For these reasons, the capacity or incapacity of states to guarantee the delivery of basic public goods should be taken into account to explain regime outcomes in the post-communist space, which in turn leads to the question of how different states emerged with dissimilar levels of infrastructural capacity after their experience under communism.
The State as an Important Player in Democratization

The study of the “state” in all its manifestations has spawned many debates concerning an appropriate methodology to conceptualize it. Much of the statist literature of the late 1970s and 1980s sought evidence of the state’s ability to shape social and political forces (Linz and Stepan 1978), affect the conditions that underlie effective economic intervention and development (Amsden 1979; 1985; Rueschmeyer and Evans 1985), or generate autonomous policy (Krasner 1978). Central to the literature on the state is a polemic over the existence of an analytical boundary separating state and society. Corollary to the assumption of a boundary between state and society, we often find an assumption of implicit autonomy of the state versus other societal actors. This focus, grounded on an assumed theoretical autonomy of the state, became so integral to the literature that Theodore Lowi considered the state a “residual category” that is used when researchers have exhausted all other possible measurable and controllable factors (Lowi 1988).

While this observation would be plausible in the study of modern and cohesive states, such an opinion clearly does hold up as well for most countries that were founded after the Second World War. It is easy to assume that capacity is an invariable property of the state when comparing polities that possess equally modern, organized and well functioning institutions. However, when comparing the developmental states of Latin America, Asia and Africa, the state simply cannot be reduced to a residual category, especially in the many cases where state institutions are not operating with equal efficiency. Numerous young countries achieved independence despite lacking the military, economic and bureaucratic ability to function effectively (Krasner 1984). The same observation also has to be extended to post-communist states: there is a large variation in state capacity from Eastern Europe to Central Asia. Many FSU countries gained independence without the infrastructural capacities to perform as successfully as other more established states. On the other hand, ECE countries were already much more experienced with statehood compared to the Soviet successor states of Central Asia or the Caucasus.
It is thus not surprising to note that, in contrast to the previous wave of literature on the state, the renewed state literature is only marginally concerned with autonomy, and instead is currently centered on capacity or strength. Recent analyses focusing on the overall capacity that states possess are less dependent on the theoretical separation of the state from societal actors, which was so problematic in the previous literature on advanced democracies. These contemporary analyses concentrate more on the tools that states have at their disposal to enact preferences from either societal actors or shielded aggregated public officials. More concretely, although autonomy is sometimes a problem in the case of a captured state, a focus on state capacity rather than autonomy means that we explicitly recognize that some public officials have more means at their disposal to enact policy than others, regardless of their degree of insulation.

The point here is that the institutional security or degree of insulation rulers and elites achieve is not automatically a function of the institutional capacity of the state. Personal power obtained during precarious conditions of state does not often survive the disappearance of its original proprietor; subsequent rulers might never be able to wield the same authority. Officials may consolidate power in the hands of an insulated, constitutionally powerful executive, but this should not be confused with state hegemony or the consolidation of state sovereignty, since it does not address the questions of informal, personalistic and clientelistic ties the ruling elites may have. If autonomy from society does not have a symmetrical relationship with capacity, how can we assess the relative strength different states at various levels of development possess? This point is also particularly problematic in the literature on weak states in the context of post-colonial Africa, where this approach was mostly developed. For many analysts, the structural autonomy of elites and rulers from society is an essential part of the concept of state “hardness”3 (Forrest 1988). However, while we have to concede that the ability of the state to be

3 Joshua Forrest defined the concept of state hardness in four components. The first is structural autonomy of leaders and officials, the second concerns the ability to penetrate society, the third is the ability to extract resources, while the fourth is an ideological legitimation of the state so that the three first components are achieved easier.
somewhat shielded from social forces (avoiding state capture) is an aspect of state capacity, total insulation of the state from social forces is not necessarily an indication of a capable state. In order to be effective a state must be able to work along with social forces, rather than simply being autonomous enough to safely ignore them (Wang 1999).

With that in mind, many scholars from the statist perspective realized that some of the claims about autonomy made by state theorists had been pushed too far (Wang 1999), or in the words of Migdal, Kohli and Shue, were “overreactions” that had “misleading implications for development studies” (1994, p.2). State capacity cannot be equated with autonomy from society because the state cannot achieve its goals without society (Evans 1997; Migdal, Kohli, and Shue 1994; Wang 1999). This realization warrants a re-positioning from the concept of autonomy to the concept of capacity to study the formation of institutions in post-communist countries. For these reasons, the literature on the state that emanated from the experience in developing countries focuses on another aspect of the state; its infrastructural capacity. Although many have referred to state capacity in the context of developed countries (Atkinson and Coleman 1989; Krasner 1978; Kugler and Domke 1986; Skocpol 1985) and a recent a wave of literature attributes the rise of terrorism to weak state structures (Fukuyama 2004; Mentan 2004; Patrick 2006; Rotberg 2003; 2004), the most flourishing literature on state capacity stems from the African, Asian or Latin American context (Amsden 1989; Herbst 2000; Jackson 1993a; 1993b; 1993c; Kohli 2002; 2004; Migdal 1988; 2001; Myrdal 1968; O'Donnell 1993; Wade 1990).

What is State Capacity?

This consideration leads to the thorny issue of finding empirical indicators for an elusive concept, given the many domains in which we observe state activity, and the many normative entanglements relating to the role of the state in both economy and policy. Despite the definitional difficulties, the majority of observers would still concur that some states are simply “more purposive and
better organized than others” (Kohli 2004). If most scholars agree that “the infrastructural bases of better governance are more solid in some countries than in others” (Ganev, 2005, p.427), then there must exist a way for analysts to establish some parameters for empirical comparison.

To that end, several attempts have been made to encapsulate the concept of state capacity, using a variety of indicators to make a distinction between weak and strong states. While many have referred to the different capacities states may possess, few are referring to the same aspects of states, and even fewer have used measurable empirical indicators (Acemoglu 2005). For example, most of the classical international relations literature, such as the “Correlates of War” project (Singer and Small 1995), focuses on tangible physical resources, weaponry, the size of the military, and the economic potential of states; in essence the necessary components of successful war making. This is supposed to determine whether relationships between countries will be peaceful or antagonistic (Kugler and Lemke 1996; Morgenthau 1948; Organski 1960; Waltz 1979). In international relations, strong states are considered to be those nations who are likely to win wars. By contrast, in international political economy, strong states are those who can best shield certain policy domains (foreign, economic and social protection) from the pressures of international or globalizing factors (Krasner 1978; Mares 2005; Rodrik 1997; 1998). These states are also considered the best equipped to anticipate and respond to economic change, where capacity is a requirement to remain competitive in international markets (Weiss 1998). In comparative politics the focus is much less concentrated, as state capacity can take on several meanings and affect different policy domains, from economic growth and development to administrative reforms and social protection.

In his seminal work from 1968, Gunnar Myrdal was the first to employ the concept of “soft state” to characterize what he believed were inefficient state structures in Asia. He was primarily concerned with corruption and bureaucratic ineffectiveness describing a circular causation pattern which was cumulative over time. Thus he concentrated on the bureaucratic function of states. Similarly, Rueschmeyer and Evans (1985) maintain that stronger states have well-developed
bureaucratic apparatuses that are staffed with a cohesive group of civil servants. In a related perspective, John Ikenberry (1986) believes that in addition to these bureaucratic requirements, the elites in place must have the necessary built-in incentives to be able to keep potential rent seekers in check, as well as the means to harness resources for policy purposes. More recently, Peter Evans (1995) has demonstrated that states that have bureaucracies which display an embedded autonomy characteristic were much more successful than others in the promotion of industry.

Based on the typology proposed by Michael Mann (1993), state power has two components. One is the infrastructural and administrative aspect, and the other is the despotic power of the state. The former highlights the state’s capacity to achieve specific goals and implement its policies. At the core of the infrastructural aspect of state power is the question of the state’s authority over territory, as well as the degree to which the state is able to exert compliance or resort to coercion in the event that this authority is jeopardized. (Migdal, Kohli, and Shue 1994). In the words of Mann, infrastructural power is “the institutional capacity of a central state, despotic or not, to penetrate its territories and logistically implement decisions” (Mann, 1993, p.59).

By contrast, what Mann calls despotic power, is close to the concept of autonomy covered in the previous section. Despotic power “derives from the range of actions that state elites can undertake without routine negotiation with civil society groups” (Mann, 1993, p.59). As Mann argued, the role that a state can play in promoting social change is proportional to its infrastructural power; and this kind of power can only be enforced through society. However, infrastructural power and despotic power may not always evolve in the same direction. Mann considers, for example, that democracies are usually strong in infrastructural power, but weak in despotic power. In that sense, he considered most authoritarian regimes strong in both despotic and infrastructural power (Mann, 1993, chapter 2). Yet, that last statement is contested by observers who believe that authoritarian regimes are not necessarily strong in infrastructural power (Holmes 1996).
This is why some analysts add a less tangible dimension to state capacity: social control, or the linkages between state and society. To further qualify how infrastructural power operates and illustrate the link between state and society, Joel Migdal (1988; 2001) has integrated normative and societal aspects of state capacity to Mann’s concept of infrastructural power and at the same time shelved the despotic aspect of states. Because it is a collective instrument, infrastructural power can be enhanced by society (Wang 1999). State strength depends on a certain degree of social control or cooperative links with society to achieve its goals. In addition to that, other factors are the presence of external enemies, population density, as well as size and variety of environmental conditions, all of which affect the cost for a state to project its power through a territory (Herbst 2000; Migdal 1988; Roberts and Sherlock 1999; Tilly 1990). Organized social forces can either offer resistance to the state or be engaged in an agenda setting process, thus making infrastructural power more effective. For example, conducting tax collection in a cost-effective way also depends on the means to exert quasi-voluntary compliance among tax payers, or some form of consent that is present even in autocratic regimes (Levi 1988; 1997a; 1997b; 2002).

Social control is “the currency for which social organizations compete,” (Migdal, 2001, p.51), and it is produced by organizations that offer strategies for survival and enforce rules for interaction in a society. In strong and efficient states, this currency is provided by governments which are capable of providing the public goods necessary for the functioning of the state. This involves administrating the nation’s infrastructure, or more precisely, the health, educational, judicial, energy and transportation systems (Holmes 1996b). However clans, tribes, families, ethnic groups, states, and institutions of social classes are also among the entities from which those norms and rules can emanate. Once citizens see that their governments can supply these necessary goods, they are more likely to view taxation and cooperation with a benign eye. The effectiveness of the state depends greatly on “its capacity to elicit voluntary cooperation for the solution of collective problems” (Holmes, 1996b, p.51). The larger the accessible amount of this “currency,” measured in compliance,
participation and legitimation, the more state leaders can use social control to achieve their goals (Migdal, 1988, p.33). When the level of social control is high, mobilization is easier and states can gather their resources expeditiously to face external security concerns, for example. Conversely, lack of centralized social control acts as a constraint on the state’s infrastructural capacity, especially in a conflict environment.

Moreover, it is not sufficient that a state should possess important human and natural resources for the production of wealth: a state also must be able to effectively make use of them. The production of public goods depends on both the state’s extractive capabilities and a professional and competent bureaucracy to carry through policies. For most contributors to the literature, capable or strong states are able to extract resources from their populations in order to enact policies (Holmes and Sunstein 1999; Kugler and Domke 1986; 1966; Migdal 1988; Organski and Kugler 1978; 1980; Popov 2004; Radian 1980; Snider 1988; 1990). Indeed, it is a commonly held position in the literature that revenue extraction is a core component of state-building, since it is one of the principal means to finance government generated activities (Ardant 1975; Easter 2002; Tilly 1990; Tilly 2004). For instance, the degree to which a state is able to assure a revenue base adequate for its functioning accurately defines its potential to penetrate society. In other words it serves as one of the best proxies for the concept itself:

A state’s means of raising and deploying financial resources tells us more than could any other single factor about its existing (and immediately potential) capacities to create or strengthen state organizations, to employ personnel, to co-opt political support, to subsidize economic enterprises, and to fund social programs. (Skocpol 1985, p.16)

Different states will inevitably display dissimilar levels of aptitude in the different domains of state capacity. Still, we should expect effective states to display proficiency in both the infrastructural and social control domains of state capacity, while we should expect weaker states to display deficits in some or most areas. In simple terms and at the extreme end, a weak state can be described as a
situation in which “governments simply do not govern,” (Huntington 1968). Or in the words of Joel Migdal (1988, p.33), state weakness refers to “the inability of state leaders to achieve predominance in large areas of their countries.”

Jeffery Herbst (2000) has contrasted successful economic development in South Korea and Taiwan to Africa, and suggested that the difference in performance lies in the inability of African state rulers to dominate and extract resources from society compared to rulers in Asia who were able to achieve much more in the extractive realm. In a nutshell, contrary to weak states, strong states have the ability, and assume the responsibility, to function as stable sources of public goods provision (Holmes 1996b; Jones Luong 2004a; Skidelsky 1996; Volkov 2002; Wang 1999). The question is: which public goods count the most?

In essence, as Sherlock and Roberts (1999) and many other analysts have argued, strong states must be able to provide essential public goods for the smooth functioning of society. At the very least, such basic public goods involve guaranteeing territorial integrity, safeguarding physical and material security, mobilizing public savings, coordinating resource allocation, and providing the conditions for effective citizenship (Przeworski 1995, pp.12 and 110). Examples of important public goods are the enforcement of law and order; the development of energy and transportation systems; the provision of educational opportunities; and the maintenance of an infrastructure for a functioning market economy. These goods stem from the guarantee of property rights, their specification and effectiveness over time, contract enforcement, control over corruption and the ability of the government to collect taxes effectively in order to pay for the ongoing delivery of these goods. For example, Stephen Holmes maintains that only strong states are able to “insulate budgets from the forces of lobbying and inertia and can resist the temptation to print money to fulfill its reckless promises” (Holmes 1996b, p.53). In return, officials in weak states are more likely to use inflation (and other short-term fixes that are damaging in the long run) as a tool to reconcile demands on the state’s treasury.
The Rise of the Modern State

In the first modern states of Europe, the rise of standing armies, improved tax-collecting apparatuses, and the expansion of police and court systems succeeded as mechanisms to shift social control from diffuse centers to the state (Downing 1992; Ertman 1997; Mann 1986; Tilly 1975; Tilly 1990). For such a centralization strategy to be successful, rulers had to build organizations that would encourage leaders of state agencies to follow the rules provided by the top leadership, instead of using their positions to operate unilaterally for the purpose of gaining access to and taking advantage of societal resources (Migdal 1988). The Western European states were thus slowly consolidated over centuries, owing to the constant threat of war. Under those circumstances constant innovation in military affairs was needed to survive in a precarious international climate. As a result, state personnel built complex bureaucracies and resorted to violence to make sure state rules were obeyed.

However, this particular scenario was not duplicated in most countries that became independent after World War II (Herbst 1990; Sorensen 2001). As opposed to European countries that were formed and consolidated in the previous century, war did not foster state-building in the later developers; quite the contrary. For example, the important wars of conquest played a much smaller role in Africa than in Western Europe, considering the more extensive territory and lower population densities found in the former (Herbst 2000, p.20). In Europe, the mobilization of tremendous resources from given populations was necessary to fight and win wars. For this reason, rulers developed profound ties with their hinterlands. By contrast, Jeffrey Herbst (2000) argues that in Africa this process did not evolve as in Europe, but rather unfolded through slavery and population capture. African states did not have the same incentives to centralize their governments, consequently rulers developed different kinds of strategies to control their territories.

The two contrasting scenarios clearly demonstrate that the formation of centralized and cohesive states is not a natural evolutionary process at work across all territories and centuries alike. By examining the formation of the state
in Africa, Herbst (2000) aptly reminds us that exerting control and projecting power over large and sparsely populated areas is an expensive endeavor compared to a similar undertaking in the smaller and more densely populated countries of Western Europe. As a result, on top of external conditions driving centralization, the ability of states to project power over their territory is also largely dependent on their revenue base and the efficiency with which this revenue is collected and distributed: thus smaller countries possess a definite advantage in that realm.

Since not all states face the same incentives to centralize, we should also expect state formation patterns to vary across continents and at different times. Whereas boundaries were in constant flux and countries under permanent pressure from their neighbors until recently, the present sanctity of borders norm in the international realm has relieved most countries of the constant threat of invasion (Fukuyama 2004). Young nations can simply acquire military technology without making institutional changes, and most do not have to worry about an invasion even if they are not prepared to defend their borders. For example, Robert H. Jackson (Jackson 1993a; 1993b; 1993c) documented the existence of a regime of negative sovereignty that helps sustain the quasi-states of Africa despite their rather incompetent state institutions. As noted by Herbst (2000), a supportive international environment coupled with the artificial importation of the state model in post-colonial countries negatively affected the incentives to construct internal rules. Therefore very weak states will likely continue to appear and exist without the external pressures to centralize and strengthen the state apparatus that the previous waves of state formation imposed on certain polities.

This examination of literature on the state outside of its rise in Western Europe serves as a reminder that, although the state is a difficult variable to grasp, it cannot be overlooked in comprehending democratization processes. In that vein, Joel Migdal (2001) believes that many scholars are guilty of extending the assumptions about Western European states to new states that emerged after WWII, and therefore are misleadingly considering states as “omnipotent givens”
which all share the same characteristics. To that end Migdal rightly suggested that there exists a variability in the ability that states possess to affect social policy and reshape society (2001, p.37). Achieving a strong capable state is a goal that is not easily achieved by all countries: Bosnia, Tajikistan and Georgia provide recent examples of post-communist states that have shown extreme weakness in important aspects of statehood, such as exercising a monopoly over the legitimate use of violence (Nodia 2002).

The character of states, however “soft” or “weak,” shapes their economic policies and potential for intervention. Clearly, the state can be both a powerful agent of change and an impediment to change. Atul Kohli (2004) has demonstrated the existence of a wide variation in state capacities to pursue economic transformation across countries; his examination of cases ranges from a fairly effective, growth-promoting state such as South Korea, to a quite ineffective state like Nigeria. Strong states, or at least capable states, were key to Asian economic successes and weaker states help explain more problematic efforts in Latin America, where excessive state intervention has reduced the capacity of the state to govern (Corrales 2003; Kohli 2004; Smith 1998; 2005). More intervention is understood to increase the scope of state activity, which in turn increases the potential of subverting the authority of the state. The example developed by John Ikenberry demonstrated that by nationalizing enterprises to ensure that policies were enacted properly, the very same channels built for intervention can be used by the state enterprises to impose their ideas on the government and promote patronage, which in turn reduces the government’s overall policy making capacity (Ikenberry 1986).

By contrast, in the cases of South Korea, Japan and Taiwan many contributors attributed their economic success to positive state intervention in key areas (Amsden 1989; Fukuyama 2004; Johnson 1982; Johnson 1987; Krieckhaus 2006; Przeworski 1995; Wade 1990). Likewise, there is also an extensive literature explaining poor performance in sub-Saharan Africa through poorly functioning patrimonial states (Amsden 1989; Fukuyama 2004; Herbst 2000; Przeworski 1995; Sandbrook 1985; Wade 1990; Young 1994). Following the
debacles of the Washington Consensus, even the World Bank has recognized the importance of a capable state in the successful implementation of market reforms, or any package of economic policies (Burki and Perry 1998).

From this perspective the evidence is quite compelling that “patterns of state authority, including how the politics of the state are organized and how state power is used, have decisively influenced the economic context within which private economic decisions are made,” (Kohli 2004, p.2). Success in economic reforms is much more likely to occur among the post-communist states that are able to enforce their own rules and regulations, regardless of democratic levels. Conversely, poor rule of law is associated with lower growth rates (Popov 2003; 2004). In a business environment where there are few credible legal safeguards for investments, there will be higher incentives for investors to opt out of the legal economy, have recourse to private protection, or to engage in asset stripping rather than long-term investment. These scenarios essentially refer to what Frye and Shleifer (1997) have called the “invisible-hand” and the “grabbing-hand” models. In the first model, the government provides contract enforcement, law and order and such public goods, as in Poland, where the climate has been more supportive of business and has led to growth. In the “grabbing-hand” scenario, the government is staffed with corrupt bureaucrats who take bribes, thus providing an oppressive climate for businesses to evolve in, which in turn, explains why private companies have been less dynamic in Russia than in Poland (Frye and Schleifer 1997). In “grabbing-hand” environments of the FSU, incentives for the formation of small businesses, or the encouragement of foreign investment, and even enterprise restructuring have been more limited than in Eastern Europe (Hay and Shleifer 1998; Johnson et al. 1997).

Thus, contrary to previously held beliefs, it is not so much the autonomy of the state versus societal actors that determines the success of state intervention for economic development, but the infrastructural capacity of the state in question. Strong states are able to provide the necessary climates for flourishing business environments, and these favorable conditions are not attainable in environments where the rule of law is only marginally maintained. This explains
why the best economic performances in transition countries were achieved where state institutions were the most steady and trustworthy from the beginning (Popov 2004). In this sense, authoritarian states do not automatically have an advantage in conducting successful economic reforms as such (For instance in Johnson 1987): democratic regimes can achieve just as much, (Przeworski et al. 2000a), although the relationship is far from automatic (Smith 2005).

In short, the present study will focus on state capacity first as an independent and then as a dependent variable. In the following chapter, I develop an index with which to measure state capacity. With this index I will then proceed to demonstrate that where the capabilities of the state were more limited after the collapse of communism, democracy was a more difficult outcome to achieve. State capacity as an independent variable influences the likelihood of democratization through the degree of centralization of political institutions: parliamentary versus presidential. Leaders in weaker states have tended to organize authority vertically, while the organization of authority has been more horizontal in stronger states. However, a demonstration of the importance of state capacity at the onset of independence, or democratic transition, leads to a central question about the origins of the different levels of state capacity observed among post-communist countries. For this reason, I will subsequently explore the colonial practices of the Soviet Union to evaluate their repercussions on the capacity of its successor states and satellites.

**Methodology**

*Case Selection*

One of the consequences of focusing almost exclusively on transition and consolidation in the literature was the exclusion of many cases from analyses, such as Central Asian states that did not go through a democratic transition. By the same token this also confined the debate solely to terms of democracy and autocracy, a typology around which too much effort has already been concentrated (Kohli 2002). Hence the present study endeavors to cover an important theoretical and empirical gap by considering 21 cases of post-
communist countries that were part of the Soviet colonial system, and providing systematic empirical demonstration of the importance of state capacity to explain regime outcomes on a continuum. Since the study focuses on colonies of the former Soviet Union, the number of eligible countries is not large enough to allow a selection of a sample inside the complete population, therefore the entire group is considered, with some exceptions.

I include the following 21 cases: Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Romania, Slovak Republic, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. This selection includes both former Soviet satellites and Soviet republics that gained formal independence after its collapse. Thus I consider both the formal empire, that is the Soviet Socialist Republics (SSRs) of the Soviet Union which became independent in 1991, and the informal empire composed of the East Central European members of the Council for Mutual Economic Assistance (CMEA) which became “independent” in 1989. They represent an ideal testing ground for a state capacity derived hypotheses by offering a relatively controlled environment concerning the development of their states. This is because they were part of the same imperial system and as such were subjected to Soviet rule from Moscow, are more or less located in the same region, and achieved independence between 1989 and 1991.

There are some exceptions, and consequently seven other potential cases are excluded for practical and theoretical reasons. First, the German Democratic Republic (GDR) could have been a valid case since it was an integral part of the informal Soviet empire in Europe. However its post-communist political development differed significantly from the other ECE satellites, given its reunification and integration with the much more advanced and already democratic Federal Republic. I chose to exclude the GDR on this basis. I have also excluded Mongolia even though it was a part of the empire. The decision to omit this case from the analysis is entirely practical and due to the extreme

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4Arguably the “independence” reached in 1989 in East Central Europe is independence from communism and Moscow, not the gain of de jure sovereignty, which they conserved during the entire communist period.
scarcity of empirical data concerning that country: the vast number of missing cases would have made empirical analyses impossible. The last exclusion was based on theoretical grounds and concerns the countries of the former Yugoslavia. The literature is divided on whether or not they were part of the informal Soviet empire. I believe their independence from the Soviet Union, and the outright opposition Tito displayed towards Moscow at times, makes it difficult to view Yugoslavia and its successors as colonies. For this reason, I chose not to integrate them in the analysis.

Research Design

To demonstrate both the importance of colonial legacies on state capacity and the subsequent importance of state capacity in explaining constitutional arrangements and regime outcomes, a variety of techniques, both quantitative and qualitative are employed in the present analysis. To begin with, I develop an index to measure state capacity composed of five items. Taxation capacity, levels of corruption, infrastructure reform, property rights protection and contract intensive money (CIM) are used to estimate both the countries’ initial conditions and their progress over time. Factor and correlation analyses reveal that the association among the items is strong and that they measure a similar latent construct. Exploration of the data reveals that the five chosen indicators contained in the index of state capacity maintained stable values in most countries after the end of communism. This finding leads to the conclusion that initial levels of state capacity are crucial in determining subsequent levels: better starting conditions are associated with progress in all measures, while weaker starting conditions are generally associated with stagnation or decline.

Using this state capacity index I then proceed to demonstrate that state capacity at the onset of independence helps to explain both post-communist constitutional choices (parliamentary versus presidential systems) and democratic quality. To estimate these two hypotheses, I employ two techniques, one

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5 We already know from the analyses performed in this chapter that strong executives are robustly and negatively associated with high levels of democracy.
qualitative, one quantitative. The coupling of qualitative and quantitative tests allows me to tackle the issue of complex causality by harnessing the strength of necessary, sufficient, and correlational approaches to causation. The first test employs a qualitative method to test probabilistic hypotheses: the methodology of necessary conditions as developed by Braumoeller and Goertz (2000). The second technique employed involves quantitative analyses in the form times-series cross-sectional regressions from the first year of independence to 2005. Since data from the early years of independence are often missing from most published sources, I have attempted to cover some of the data gaps by using a multiple imputation technique. This imputation technique increases the number of valid cases and makes it possible to perform more sophisticated analyses. Indeed, TSCS improves the simple cross-sectional estimations by taking into account the effect of time on the variables of interest. With these techniques, I demonstrate that the empirical linkage between state capacity and democracy is clear and robust among post-communist countries—albeit not linear—and that the connection between state capacity and constitutional provisions to the executive are clear and strong.

To grasp the direction of causality relative to state capacity and democracy, but also between state capacity and the strength of executives, I employ the Granger (1969; 1980) method of testing for causal direction. The use of this technique represents a practical improvement over other studies that have already found strong empirical linkages between our variables of interest without being able to establish which factor was causally prior. The direction of causality among the three variables cannot be established in only one direction using this technique, which indicates that state capacity, institutional arrangements and levels of democracy have mutually constitutive relationships. The only unambiguous unidirectional causal link is between the strength of executives and levels of democracy; executive constraints being Granger causally prior to levels of democracy.

In the next section, to demonstrate the effects of Soviet colonialism on state infrastructural capacity, I analyze thirteen indicators along three dimensions
of colonial rule (exploitation, state penetration-directness of rule, state engineering). The methods employed in this section are again two-fold. On the one hand, correlations between the thirteen indicators of interest are performed within each other, but also in relation to state capacity scores. On the other hand, I have tried to uncover patterns that would allow classifying the cases in “types” using Average Linkage Cluster Analysis. This technique offers explorative rather than confirmatory evidence and is used to identify patterns of similarity and dissimilarity in a group of cases according to different variables. Since similarity should be strong among items included in one group, and minimal between groups, each cluster can be considered relatively homogenous. However, as I will demonstrate in Chapter 3, the clusters found in each dimension of colonial rule are too differently composed to allow a general typology.

Since quantitative research on its own suffers from weaknesses when it comes to clarification and demonstration of causal linkages, the third part of the demonstration will involve four qualitative case studies using Belarus, Georgia, Kazakhstan and Hungary. I believe the addition of case studies to be fundamental to the research design, considering that state capacity is a necessary, but not sufficient condition for democratization, and that the relationship between these variables is not linear. The non-linear pattern requires explanations that go beyond simple correlations between items, especially when cases are difficult to classify or place in neat categorical boxes. The four cases were selected to demonstrate that the effect of state capacity is neither linear nor automatic on democratic outcomes. I have selected two cases whose outcomes provide a counter-argumentation to the general theory I develop in Chapters 2 and 3, Belarus and Georgia. Then I analyze two cases whose outcomes mirror the expectations derived from the theory, Kazakhstan and Hungary.

First, I selected the case of Belarus to illustrate the limitations of the theoretical model and the non-linear pattern of association between state capacity and democracy. In Belarus, a stable autocratic regime emerged from a relatively strong state despite a large potential for democratization. In turn, over time, the strong initial conditions were eroded by patrimonial rule. Second, Georgia also
presents a challenge to the present framework; one of privileged position within the empire that nevertheless gave birth to an extremely weak state with contested authority. The example of Georgia exposes the difficulties elites have faced in establishing the state’s authority over a challenged territory and by consequence, making democracy flourish. Nevertheless, in spite of the very weak infrastructural capacity of the state, no authoritarian regime emerged, and the state was able to rebuild its authority over time. By contrast, Kazakhstan represents a more typical case of colonial relationship between center and periphery where a predatory set of elites have thrived on a weak state since its independence. For the last case, I have selected Hungary, where the strong infrastructural capacity of the state facilitated its transition to democracy, but where most importantly, the rise of watchdog institutions coupled with the presence of political parties capable of providing a credible opposition also served to make the state more capable over time.

A Roadmap

To develop and demonstrate the arguments that colonial legacies from the Soviet Union help explain the capacity of the successor states, and in turn that levels of state capacity provide a crucial explanation into regime type, Chapter 2 develops a five-item index of state capacity compiled on a yearly basis from the first year of independence. With the use of this index, I then proceed in Chapter 3 to explore the empirical linkages between state capacity, strength of executives and regime outcomes, including analyses which attempt to establish causal primacy. Following this demonstration stressing the importance of initial state capacity, the inevitable question arises concerning the origin and the building of state capacity. Chapter 4 argues that colonial legacies of the Soviet Union imposed on its protectorates are important in explaining the relative strength of Soviet successor states and satellites. Chapters 5, 6, 7 and 8 are detailed case studies that serve to further test the central hypotheses laid out in Chapters 2 and 3, but also serve to outline the limitations of those hypotheses. Finally, the conclusion ties together the preceding material and examines the implications for
the relationship between state capacity and regime outcome outside post-communist countries.
2. Operationalizing and Measuring State Capacity

To establish what state capacity is and, most importantly, is not, we need to distinguish among its different domains. Researchers have to be careful not to evaluate the capacity of a state simply based on its infrastructural and coercive capabilities, or as a direct function of the strength and organization of civil society (Jones Luong 2004c). Even more difficult is distinguishing between enlargements of personal authority and the expansion of government power. Rulers can be strongly entrenched in their privileged access to scarce resources and have complete control over their allocation; though this does not mean that the state is as strong as the authority or autonomy of the individual rulers in place. What’s more, as Pauline Jones Luong argues, a state can be strong in its ability to shape citizens’ expectations, to channel access to scarce resources, as well as to imprison and torture political opponents (Jones Luong 2004c). At the same time, the state can be weak in its inability to formulate coherent goals and implement policies consistently across its territory even if the government’s structure is highly centralized. The financial meltdown of 1998 laid bare many of the Russian state’s vulnerabilities (Easter 2006). Then again in 2000, the Russian state was still powerful enough to shape electoral processes and control the media, nongovernmental forces, political parties, and trade unions (McFaul 2002b).

In this chapter, I propose an index to measure the concept of state capacity containing five indicators: taxing capacity, progress in infrastructure reform, levels of corruption, the quality of property rights protection and contract intensive money. With the help of this index I explore the starting conditions as well as the evolution of state capacity within the 21 post-communist countries included in this study, with two conclusions. First, the level of state capacity has remained surprisingly stable within most countries between 1989-91 and 2005. Second, the initial level of state capacity is the strongest determinant of subsequent levels of state capacity.
Differentiating Scope from Capacity

The many different possible conceptualizations of state capacity which integrate different domains of the concept can lead to normative entanglements: for example, regarding the role of the state in promoting economic development or social protection. Economists view the state’s role as ranging from simply redressing market failures, through the more encompassing role of agent of development (Bates 1981; Kohli 1987), to the role of guarantor of welfare for its citizens. One useful way of delimiting the domains of state capacity is to separate the scope of state activity from its institutional capacity (Fukuyama 2004). This scope refers to the state’s redistributive activities: its dealings with economic policy and its level of interventionism. Still, there is no essential theoretical link between scope and institutional capacity. It might be the case that some of the most capacious states are also the most redistributive (referring to Wagner’s Law 1893; see also Bird 1971; Tobin 2003; Wagner 1893; Wagner and Wever 1977) but the most capable states are not automatically the most redistributive. While the United States is to some extent less redistributive than Scandinavian countries, it is no less capacious. The differentiation between scope and capacity becomes even more important in the case of post-communist countries since the scope of the Soviet state was extended to its maximum, while its administrative capacity was more limited.

Communist states in general were “far too strong for the good of those it governed, so strong that it imposed a kind of dismal equality by stifling liberty, fraternity and prosperity” (Mandelbaum 1996, p.5), even if, paradoxically, many of the actual problems of transitions can be traced to weak and dysfunctional states (Roberts and Sherlock 1999). What Mandelbaum refers to as the excessive strength of the state is the large apparatus of surveillance and coercion with which social forces were closely monitored. The Soviet state aggressively prosecuted dissent and eliminated opposition with militarized forces on many an occasion. Yet, communist states, even with extensive surveillance and coercion apparatuses, were not necessarily capable and efficacious states; Michael Mann’s (1986) distinction between infrastructural and despotic power is particularly
salient in the present situation. Stephen Holmes (1996) established that while the Soviet Union may have been exceptionally repressive, it was administratively weak, increasingly so after the death of Stalin. Case in point: Holmes argues that weak states, including the Soviet Union, are more likely to rely on custom duties for extraction purposes than possess elaborate tax-levy systems, since monitoring borders is easier than obtaining money from consenting citizens (Holmes, 1996, p.50).

Given the extreme centralization of the economy, the massive shortage of consumer goods can also be attributed to the state’s failure to put in practice its plan fulfillment policies (Urban 1985). Additionally, the proliferation of informal-patronage networks parallel to both state and economic institutions reflected the Communist Party’s “inability to sustain cadre-impersonalism” (Jowitt 1983); in other words, its large tolerance to corruption. As a matter of fact, although still ideologically repressive, the Soviet state was quite enfeebled in the 1980s, and nearly bankrupt or at least engulfed in a deep fiscal crisis (Easter 2006; Skidelsky 1996). As a consequence of Brezhnev’s cadre policy, strong regionally-based informal networks competing for the Center’s resources became even more entrenched (Easter 1996). The weakness of the Soviet state was exposed after the reforms proposed by Gorbachev failed to make headway: powerful informal networks were capable of keeping policies from Moscow from being implemented in the regions. The immediate consequence was that the Communist Party could no longer exert compliance within its ranks, and thus was no longer able to stop the massive theft of state property (Solnick 1998).

The difference between scope and capacity is also important in the realm of economic and social policies. On top of occupying a huge part of the political and coercive space, the communist states also monopolized the economy.⁶ Thus, when communist parties lost power, one of the first reforms was for the state to retrench from the economy to allow market forces to take their course.⁷

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⁶ The degree to which the state dominated the economy varied between the Soviet Union and the European satellites, but also between the satellites.
⁷ Although this process had already started before the collapse of communism in Eastern Central Europe.
However, more or less state intervention in economic policy should not be confused with state capacity. It is Francis Fukuyama’s (2004) contention that after the collapse of communism the West sought to impose a reduction of what they thought were bloated states. For example, the IMF acting in concert with the Washington consensus prescribed a reduction of state intervention in economic affairs (Fukuyama 2004). Successful liberalization entails a pulling out of the state from the economy: deregulation, privatization, the pulling down of political barriers, the prevention of administrative inference, allowing the market to flourish, are all crucial steps in diminishing state activity.

**Measuring State Capacity**

A direct empirical grasp of the concept of state capacity is not possible. When we look at absolute revenues, wealth is not always a good indicator of mobilization either: wealthier countries can tax and borrow more from their population than can poorer nations (Kugler and Domke 1986). Similarly, countries that offer larger social programs generally collect more revenues than those who do not provide services on such a wide-ranging spectrum. Likewise, societies endowed with mineral resources generate more wealth than nations with different, less profitable, attributes. Therefore, even though gross domestic product (GDP) provides a crucial indicator to compare the aggregate performance of countries, it only measures activity in absolute terms, whereas relative measures are needed to report on the variation in reach and extraction relative to performance (Arbetman and Kugler 1997).

One way to escape this difficulty and capture state capacity is to measure the collective goods they can provide to their populations. Indeed, we might be able to empirically distinguish strong from weaker states through the effectiveness of the delivery of such goods (Rotberg 2004-05). Some of the difficulty will lie in finding not only measurable and comparable instances of public-goods delivery, but also relevant yearly data documenting their existence and performance. For example, the World Bank’s *Governance Matters V* contains indicators related to the capacity of states, such as political stability and
the absence of violence, government effectiveness, regulatory quality, the extent of rule of law, in addition to the control of corruption. The biggest drawback of this data source is that the data was only published every two years from 1996, rendering the addition of a time component in a comparative analysis difficult.

Collective goods such as large social protection networks, health care, and pension systems pertain more to government scope than infrastructural capacity, and thus will not be included in the present research. Rather, I will consider public goods in the realm of infrastructural power, such as roads, railways, airports and communication networks. In the area of security and control, the protection of private property from theft and expropriation from non-state actors will be assessed, as well as the size of the informal economy. Last but not least, the delivery of such public goods depends on the crucial factor of funding. Thus a state’s ability to collect taxes will be paramount to the delivery of public goods and consequently a core measure of state capacity.

a) Tax Revenue

A commonly held position in the literature is that revenue extraction is a fundamental component of state-building, since it is one of the key means by which governments can finance their activities (Ardant 1975; Brownlee 1996; Chaudhry 1997; Cheibub 1998; Easter 2002; Levi 1988; Steinmo 1993; Tilly 1975; 1990; 2004; Weyland 1998). Revenue extraction enhances state strength; and, in general, stronger states tend to extract more tax revenue (Easter 2006). The ability to collect taxes in a sustained and efficient manner can only be achieved when a state has effective control of a territory (Herbst 2000). Thus, state development in Western Europe went hand-in-hand with better extractive strategies and less popular resistance to the raising of professional armies and bureaucracies. Taxes are the products of a considerable number of political bargains made by the state with different societal groups (Herbst 2000, p.115).

The distinction between tax and non-tax revenue is crucial (Cheibub 1998; Lieberman 2002). Revenues stemming from business ownership surplus, postage stamps, school fees, and road tolls do not involve the same free-rider problems as
taxation, while the use of monetary instruments to finance the state does not involve societal participation (Lieberman 2002). Taxes are a special kind of revenue in that their collection corresponds with the ability of governments to make its citizens perform an act that goes against their immediate self-interest, that is, the payment of taxes. Such a measure thus serves to distinguish capable from less capable governments, and, by the same token, captures the dynamic relationship between state and society. Not only is tax revenue an indicator of the extractive capability of the state and its ability to have tax payers contribute; it also serves to gauge the quality of a variety of procedures and institutions upon which tax collection is dependent: “Tax collection is ultimately the product of policy making, the monitoring of economic activity, the administration of complex laws, and judicial and punitive enforcement” (Lieberman 2002, p.92).

Furthermore, this capacity is reflected not only in the state’s ability to reform and implement fiscal policies, but also in its ability to exert compliance from individual and corporate taxpayers. Of particular interest is that the aptitude of governments to employ coercion does not make them more proficient in tax collection: the level of taxes accumulated largely depends on the presence of an effective system of tax administration (Cheibub 1998). This administrative body performs the essential tasks of identifying potential revenues and liabilities and effectively collecting them (Bird 1989). However, with a transition to a market economy, the functions of the tax administrations need to be adapted to new conditions of compliance, involving a much more numerous and diversified base of tax payers, than under central planning.

Taxation in communist regimes functioned differently than in a market economy, since the state owned all means of production and controlled all aspects of the economy down to the smallest detail. In this way, the state was able to mobilize a maximum of resources from its population at minimum cost. The most important taxes, profit, turnover, wage and payroll taxes were collected directly from state-owned enterprises and collective farms through state banks. Another, smaller level of taxation was levied on imported goods through tariffs. At times, revenue from these taxes constituted up to 50 percent of GDP (Tanzi
Taxation from individuals, on the other hand, played a very minor role in tax revenue during Soviet times. Even if the tax schemes were acknowledged to be substandard in most communist countries before independence, as the state did not collect taxes directly from individuals but from a handful of state-owned businesses, total compliance was much easier to ensure since audits could be performed on all taxpayers (Balcerowicz and Gelb 1995; Kodrzycki and Zolt 1994; Martinez-Vasquez and McNab 2000; Tanzi 1993; 1999). Furthermore, the plans gave authorities accurate foreknowledge of the price and quantity of goods produced.

If the capability of tax schemes under central planning, where only a handful of geographically concentrated taxpayers could be kept in check, was not too problematic, transition to market economy entails massive fiscal reform as well as dealing with a set of liabilities directly inherited from the previous system. Martinez-Vasquez and McNab (2000) list the most important liabilities, such as the absence of a tradition of voluntary individual compliance begotten from the indirect means of taxation, underdeveloped administration, and distrust of government institutions combined with a tradition of interventionism. Other distortions stemming from non-market taxation and informal practices would place a heavy burden on post-communist countries. In addition to these legacies, FSU countries were faced with the additional difficulty of reaching independence in the midst of crumbling fiscal system (Fritz 2007). Revenue as a percentage GDP declined sharply in the Soviet Union during the 1980s, while expenditures increased concurrently.

I believe it is reasonable to expect the strongest states to extract the most revenue proportional to their GDP, up to a limit. The relationship between state capacity and national revenue extraction is only linear to a point when a certain level of development is achieved. According to Fukuyama, tax extraction is both a measure of scope and a measure of capacity (Fukuyama 2004). For the most developed countries, taxation measures the scope of government (size of the welfare state) while for less developed countries it measures capacity. On the less developed side of the equation, tax evasion tends to be an indicator of corrupt and
incompetent law-enforcement practices (Holmes 1996b). Nevertheless, tax evasion is a predicament that does not only affect developing countries. Economists argue that a tolerance or resistance to paying taxes can develop when taxes reach a certain ratio and that “tolerance to tax” is rampant even in advanced industrial democracies (Skidelsky 1996). Moreover, this tolerance tends to be different across countries, depending on the quality of law enforcement and services provided by the government.

As discussed at length by economists (Allingham and Sandmo 1972; Mossin 1968; Stiglitz 1969; Tulkens and Jacquemin 1971), tax declarations are made under conditions of uncertainty, where individuals face the decision to accurately report or underreport their earnings, not knowing whether or not they will be investigated by tax authorities. The payoff of underreporting depends on the likelihood of investigation, to a certain degree. In conditions where this “uncertainty” is alleviated by lax law enforcement, taxpayers will find the easier solution in maximizing their utility through evasion. Conversely, in environments where law enforcement is more efficient, individuals will still consider tax evasion if they judge the risk appropriate. Although the amount of declared income seems to grow larger as the probability of being caught by the authorities increases (Allingham and Sandmo 1972), tax authorities cannot possibly have the means to investigate every citizen’s tax declaration. In reality, penalties are seldom distributed, though tax evasion is widespread. It follows that, even for risk-neutral individuals, the utility of tax evasion increases with tax rates, explaining the pervasiveness of tax evasion in both advanced industrial democracies and less developed states.

Keeping this caveat in mind, following Cheibub (1998) and Steinmo and Tolbert (1998), I will use the ratio of tax revenue to GDP for every year available in order to illustrate state taxing capacity. Of the seven categories of tax revenue listed by the International Monetary Fund (IMF), I will consider taxes on income, profits, and capital gains; taxes on payrolls and the workforce; taxes on property; domestic taxes on goods; taxes on international trade and transactions; and other taxes. To put the countries included in this study in a more comparable field, I
will exclude taxes from social contributions in financing the welfare state (pension and health care systems), as they refer more to the scope of the state than its capacity, and so as not to penalize less redistributive states. For example, in 2003, social contributions accounted for about 13.4 percent of the GDP in European Union countries, while these contributions were much lower in CIS states. While Lieberman (2002) convincingly argued that the inclusion of the categories ‘other taxes’ and ‘international trade and transaction taxes’ tended to undermine the validity of tax revenue as an indicator of state capacity, it was not always possible to obtain separate figures for these types of taxes for every country, every year. To avoid inconsistency, I include them.8 The figures collected are general government revenue, including all levels of government. Data was collected on a yearly basis as of 1989 from IMF reports and supplemented with EIU estimates where IMF data is missing.

b) Relative Political Reach: Size of the Informal Economy

The second aspect of political capacity is Relative Political Reach (RPR), or the relative capacity for government to reach human resources, and, by extension, capture the extent of economic resources that are not collected by the state (Kugler and Arbetman 1997, p.24). Although tax evasion and tax avoidance are also understood to be part of the larger phenomenon of shadow economy, the difference between the two activities was made clear by Lippert and Walker (1997). Tax evasion remains in the realm of financial transactions, whereas shadow economic activities more often than not involve the production of goods and services. More specifically, these activities can take place in the household, and in general the informal, the underground, and the criminal sectors of the economy, further complicating measurement of the phenomena. Some activities are legal, while others are prosecutable (Schneider and Enste 2002; Thomas 2001). For instance, shadow-economic activities include building and renovating,

8 The indicator with least internal validity – international trade and transaction taxes – generally represented less than 6 percent of the total tax revenue of countries included in this study between 1999 and 2003, while other taxes and revenues were close to 3 percent. Clearly these two categories are the least influential in the final taxation figures; therefore I doubt their addition will present large empirical validity problems overall.
repairing cars and appliances, child-care, housekeeping, as well as beauty related services, all of which are simply additional-employment activities. By contrast, activities in the criminal sector, such as gambling, money lending, drug trafficking, prostitution rings, and human trafficking, are clearly illicit; while irregular sector activities, such as operating a legal business without fully complying with industrial or labor regulations, are more in a grey zone.

One way to encapsulate this concept is by the degree to which unofficial or black market forces contribute to the productivity of a society. In light of the various aspects of the shadow economy, black-market activities cannot simply be equated with criminality or deviant behavior. Instead, illicit work is the evidence of a more fundamental struggle between the state and other organizations that have the authority to make rules (e.g., tribes, ethnic groups, families, corporations). Although low levels of economic liberalization, high taxes, lack of government credibility and macroeconomic instability all increase informal sector activities—and by extension state weakness—deficient authorities and legal failings are also important contributing factors. In the opinion of Linda Weiss, the infrastructural capacity of the state, “the ability to effectively co-ordinate, regulate and police,” serves to strengthen or weaken the systems of informal networks necessary for the functioning of an underground economy (Weiss 1987, p. 230).

It goes without saying that measuring the impact of informal market forces in an economy is a complex task due to the scarcity of available data. For instance, a direct measurement of the phenomena would necessitate surveys based on voluntary replies, a technique that tends to underestimate the size of the informal economy because of individuals’ natural reluctance to make their fraudulent behavior public (Schneider and Enste 2002). Consequently, we only can indirectly measure the size of the shadow economy with indicators. Since they are performed outside official state channels, informal market activities are difficult to trace and compile. In order to grasp this underground phenomenon, several indicator techniques are available. For instance, the gap between national expenditures and income statistics, since these two items should be equal, could
serve as an indicator of the size of the shadow economy. However, given that the expenditures are not always measured without error (deliberate, or not), the estimates produced by such a method outside OECD countries would not be very reliable (Schneider and Enste 2002).

Another available and feasible method to gauge the scope of the informal sector is to measure the relative number of individuals who work outside official channels. This is estimated by constructing a theoretical model of a labor profile in which there is no informal sector. After this information is generated, it becomes feasible to estimate the size of the informal sector with the inconsistencies between the reported product and the ideal typical model. Hence theoretically, we should be able to capture black-market activities by comparing the average activity rates of all countries with individual country rates using the following formula from Kugler and Arbetman (1997) adapted from a study by Pettenati (1979) on the size of the informal economy in certain regions of Italy where:

\[
Relative \, Political \, Reach \, (RPR) = \frac{Actual \, Activity \, Rate}{Average \, Activity \, Rate}
\]

The activity rate is the rate of employed persons from all recorded sectors of the economy of the total working age population (definition from the International Labor Organization). The average activity rates are calculated for every year, each within five different levels of development to make valid in-category comparisons. This in-category comparison allows, among other things, for the comparison of only those countries with similar feminine activity rates.

c) Property Rights Enforcement

In the economic literature, property rights enforcement is recognized not only as a key driving force behind economic growth, but also as a central feature of state capacity. Since the protection of private property is the responsibility of governments, property-rights protection is a significant way to gauge their capacity to perform basic tasks. For most economists, the most important
function of states is the enforcement of property-rights (Kriekhaus 2006). Capacious states have court systems that enforce contracts efficaciously within reasonable delays, that is, unless the state is interested in expropriating and keeping property rights enforcement by design. A state that enforces property rights is also able to punish individuals who unlawfully confiscate private property, thereby greatly reducing the risk of unlawful expropriation.

While many subjective indicators of property-rights enforcement are available world-wide, very few offer data relevant for post-communist countries. For instance, one of the most vastly used indicators devised by Knack and Keefer (1995) from data provided by International Country Risk (ICRG) is only available for a handful of post-communist countries from 1989 to 1995. Furthermore, the indicator of contract viability, a measure comparable to expropriation risk used by Knack and Keefer (1995), is also of limited availability for the cases used in this study: Romania, Bulgaria, and Hungary are the only countries for which values exist from 1989 on. The dataset covers 1984-1992 for Czechoslovakia, from 1992 for Russia, from 1993 for the Czech Republic and Slovakia, from 1998 for Belarus and the Ukraine, and from 1999 for Armenia, Azerbaijan, Estonia, Kazakhstan, Latvia, Lithuania and Moldova. ICRG does not cover Georgia, Kyrgyzstan, Mongolia, Turkmenistan, or Uzbekistan. Consequently, using these data in time-series models would be difficult because of the large amount of missing cases.

ICRG is by no means the only dataset attempting to gauge the quality of property-rights protection regimes. Heritage Foundation also produces an index of property-rights protection in its annual survey of economic freedom (Kane, Holmes, and O'Grady 2007). Although this source also suffers from limited information in the early years of transition, it provides data for the countries excluded by ICRG, which in itself is a major improvement over other available sources. The indicator of economic freedom produced by Heritage Foundation as part of its index of economic freedom is defined as: “an assessment of the ability of individuals to accumulate private property, secured by clear laws that are fully enforced by the state” (Beach and Kane 2007, p.57). The scale used by the
researchers ranges from 0 to 100, where 100 points represent the maximum score of security of private property by the state. Conversely, a score between 0 and 10 indicates either that all property is in the hands of the state, that the government is not able to protect private property with its judiciary, or that people simply do not have the right to appeal to courts to settle property matters. In the case at hand, the highest score reached by post-communist countries is 70 points in the Czech Republic, Hungary, and Estonia, while the lowest score is 10 points for Turkmenistan in 2005 and 2006. These scores are obtained through a subjective review of qualitative sources such as Economist Intelligence Unit reports; U.S. Department of Commerce, Country Commercial Guides; and U.S. Department of State, Country Reports on Human Rights Practices by experts.

Judging state capacity on the criterion of enforcement of private property can present some problems since a state that is sufficiently capacious to enforce property rights is also technically strong enough to confiscate wealth and property (North 1991; Weingast 1995). Therefore considering property rights enforcement as a valid measure of state capacity goes hand in hand with the declared aims of the state, and some states do not declare that their task is to protect property rights as in Belarus where they are opposed. The main inconvenience of using Heritage Foundation’s measure, rather than ICRG’s, is that the scores include the probability that the government will expropriate private property as well as third parties, and therefore the measures assumes some degree of economic liberalization. And in this respect, Heritage has a built-in bias based on a narrower definition of what states ought to do. One way to verify the extent of this bias is to use a criterion-related validity test performed by correlating median Heritage Foundation scores from 1995-1999 to median ICRG scores from 1982-1995 for 44 (non-post-communist) countries. The obtained correlation coefficient of Pearson’s \( r = 0.69 \), despite the time period difference, indicates that both measures represent a similar latent construct, or that, despite its wider definition, the concept of property-rights protection as understood by Heritage Foundation is very closely related to the criterion I used for the standard of judgment (here ICRG’s measure of property rights protection).
d) Contract Intensive Money

Because most available measures of property-rights enforcement rely on subjective evaluations of judicial provisions, contract-intensive money is also used in the economics literature as a way to detect where transactions are more difficult to enforce (Clague et al. 1996; 1999). Clague et al. demonstrate that variation in CIM mirrors actual change in institutions and policies, and therefore is a better indicator than subjectively derived data on property-rights enforcement. According to the creators of this measure, CIM is set to capture the quality of the institutions of contract enforcement, thereby serving as a proxy for measuring the well being of governance and institutions in general. CIM is the ratio of non-currency money to the money supply, that is, (M2-C)/M2. M2 represents the money supply, broadly defined, whereas C (or M0) is the amount of currency held outside banks. Most of the data that will be used in the following analyses were drawn from the International Financial Statistics Yearbooks of the IMF, and where this information was not available estimates from the Economist Intelligence Unit reports (EIU) were used instead. Data for CIM is available for all countries and for most years under study, generally starting in 1993 for CIS countries.

Using CIM as an indicator of the reliability of contract-enforcement and the security of property rights also has the advantage of offering much-improved data availability over ICRG or Heritage Foundation indicators. The coupling of this more objective measure of individuals’ portfolio decisions with the subjective measures of property protection, because they are generated from different processes, will serve to correct each other’s biases and weaknesses and offer complementary information on the concept of state capacity (Clague et al. 1996; 1999). Despite the measure’s alleged objectiveness, some concerns were raised about the possibility of systematic measurement bias. For instance Joshua Walton (2005) has hypothesized that CIM could be biased upward in the presence of currency substitution to the dollar in countries such as Russia. Despite this reported widespread currency substitution in CIS countries during the 1990s, the phenomenon itself can also be considered a sign of weak state capacity.
Theoretically, the more effective a state’s monetary sovereignty, the less currency substitution we should observe.

This indicator takes into account the aptitude of individuals and firms to choose the form in which they want to maintain their assets given the type of governance in a country. As a result, we would expect CIM to be larger when third-party enforcement is credible, and smaller where third-party enforcement is less secure. Based on the work of Clague et al., when individuals believe enforcement is sufficient, they will be more likely to allow other parties to hold their funds in exchange for some compensation (Clague et al. 1999, p.188). In such safe environments, financial institutions offer many advantages in addition to safety for individuals who are more likely to use currency for small transactions than for large ones. However, when enforcement is less secure, individuals should prefer to hold their assets in currency, because money lent to institutions in an environment of unreliable contracts is never safe. Alternatively, in environments of black markets, where contract-enforcement is unsafe by definition, parties are more likely to rely on currency for transactions: shadow-economic activities are often associated with payments in cash in order to avoid detection. From this perspective, we should expect larger amounts of printed money in circulation where informal activities are more important.

e) Corruption

Corruption is a phenomenon generally understood to be composed of three overlapping elements: the misuse of public office for private gain, exchange of money or favors for undue influence or power, and the violation of public interest or norms of behavior to gain special advantages or self-serving purposes (Heidenheimer, Johnston, and LeVine 1989, p.8). The pervasiveness of corruption is an important indicator of the state’s ability to regulate transactions in a country, corruption being more prevalent usually in less developed countries. On top of being an indicator of state capacity, rampant corruption is also understood as further undermining the state since it serves to undercut the public’s trust in its institutions, a trust that determines the citizen’s willingness to
pay taxes and to support the extension of the state’s authority (Nye 1967). In his work focusing on political corruption in the United States, David Nice (1986) focused on the number of convictions of public officials who had violated federal laws. The uniform standard across states and the compilation of actual number of convictions by the Public Integrity Section provided the author with relatively objective and comparable data across cases, a luxury from which the present study will not benefit. While some contributors have attempted similar approaches to examining corruption in post-communist states, official figures are difficult to obtain, inconsistent, and often incomplete, if existing at all (See Holmes 2006a for a discussion on Russia and Eastern Europe). Such inconsistencies make comparisons across countries nearly impossible.

The problem of limited data will plague any indicator of corruption. For instance, the World Bank’s Governance indicators contain a measurement of corruption; however this information is not available on a yearly basis. Of the remaining sources of corruption assessment, Transparency International’s Corruption Perception Index (CPI) and Heritage Foundation’s, none is available for the early years of transition of the countries included in the present study. CPI, perhaps the most renowned tool of corruption assessment, measures the perception of the existence of corruption among public officials and politicians. It is a composite index drawing mainly on surveys reflecting the views of businesspeople and analysts from both inside and outside the countries under study. Yet CPI only begins to cover a small number of post-communist countries in 1998. By contrast, the Heritage Foundation’s measure of corruption, while largely based on CPI, covers more countries and years. For these reasons, I have selected it for use in the upcoming analyses. While CPI ranges from 1 to 10, that is, from high to low perceived corruption levels, Heritage Foundation’s index runs on a scale from 0 to 100 in the same direction.

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9 Heritage’s coverage starts in 1995 for most countries included in this analysis.
f) Infrastructure Reform

Certainly, the inability of the state to provide adequate infrastructure and regulatory frameworks necessary for a market economy can produce important parallel economies that render major sectors of state and economic activity vulnerable to incursion by criminal elements. At a more fundamental level, the state contributes, not only to the prosperity of the country, but to the day to day welfare of its citizens through a (long-term) commitment to physical infrastructure like electricity, roads, railways, water and water waste, and telecommunications. Physical infrastructure requires funding and political commitment for its management, maintenance, and upgrading. Consequently, progress made in infrastructure reforms provides a good approach to measuring whether governments can formulate coherent basic and necessary goals, as well as implement policies consistently across respective territories. Progress in the sector of infrastructure reforms indicates that leaders are capable of governing in a unified manner that is effective enough for significant policy goals to be achieved in vital sectors.

For example, planned economies typically neglected the development of public telecommunications services, both in access and technology development (Campbell 1995; Carbajo and Fries 1997). Telecommunication-network penetration in former communist countries was substantially lower in the early 1990s than in the European Union. Also, in the early 1990s the generation and supply of electricity often relied on dated and inefficient technology in addition to a rail-development system that reflected the importance of heavy-industry production, but also led to a general neglect of road systems. Under such conditions, the management of the infrastructure sector needed to be reformed to overcome the distortions from central planning and accommodate the demands stemming from a market economy and new environmental and safety standards (Carbajo and Fries 1997).

Reforms and upgrades in the sectors of electric power, railways, roads, telecommunications, and water and water waste are summarized by the infrastructure-transition indicators published yearly by the European Bank for
Reconstruction and Development (EBRD 1999). Although other alternative interesting indicators exist (e.g., the World Bank index and the Bertelsmann management index), they are only available for a very limited time period, whereas the EBRD index has been compiled since 1993. The scale’s lowest value is one, representing little or no change from a centrally planned economy, while its highest value is four, indicating the point where infrastructure reaches the standards of industrial market economies. Since all countries departed roughly from the same score (1 to 1.3), it is not a large stretch to hypothesize that states showing the largest improvements in infrastructure sectors over time are also the most capable.

**State Capacity Ranking and Index Construction**

In an article advocating the importance of improved governance for developing states, Robert Rotberg (2004-05) also called for a ranking of countries on a single scale to allow for easier comparisons. However as Stephen Krasner (1978, p.58) and later Timothy Colton (2006, p.6) have argued, there is no particular reason to expect patterns of capacity to be uniform across countries and across different types of policies. For instance there are notable differences in performance even among OECD countries in health care, transportation or economic policies. Since there is a large degree of variation in post-communist countries’ level of development, these performance discrepancies should be even larger in the cases at hand.

Table 2.1 presents average country rankings on five of the measures of state capacity discussed above. Looking at table 2.1 reveals interesting patterns in the group of countries under study. Hungary, the Czech Republic, Estonia, and Poland are consistent top performers in all five aspects of state capacity. Conversely, Tajikistan’s performance is among the five weakest in every category. Despite these patterns, not all countries perform steadily on all five components of state capacity. It follows that a strong post-communist state (relative to the others) could display different performance in different categories of the concept. The most striking example is Turkmenistan, which performs
particularly well in its taxing functions but ranks in the bottom group in all other
categories. Similarly Romania exhibits good performance in most categories of
state capacity, but ranks close to last in property rights protection.

TABLE 2.1
COUNTRY RANKINGS ON FIVE MEASURES OF STATE CAPACITY

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Revenue</th>
<th>Corruption</th>
<th>Infrastructure Reform</th>
<th>Property Rights</th>
<th>Contract Intensive Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>28.6</td>
<td>59.9</td>
<td>Hungary 2.9</td>
<td>Czech R. 70</td>
<td>Czech R. 0.89</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>25.7</td>
<td>53.3</td>
<td>Estonia 2.8</td>
<td>Romania 70</td>
<td>Slovak R. 0.89</td>
</tr>
<tr>
<td>Czech R.</td>
<td>24.4</td>
<td>49.9</td>
<td>Poland 2.7</td>
<td>Hungary 70</td>
<td>Romania 0.87</td>
</tr>
<tr>
<td>Poland</td>
<td>23.7</td>
<td>44.7</td>
<td>Czech R. 2.5</td>
<td>Poland 63</td>
<td>Belarus 0.84</td>
</tr>
<tr>
<td>Ukraine</td>
<td>23.7</td>
<td>44.2</td>
<td>Latvia 2.4</td>
<td>Slovak R. 52</td>
<td>Poland 0.84</td>
</tr>
<tr>
<td>Slovak R.</td>
<td>23.6</td>
<td>37.3</td>
<td>Lithuania 2.1</td>
<td>Armenia 50</td>
<td>Estonia 0.83</td>
</tr>
<tr>
<td>Belarus</td>
<td>23.5</td>
<td>37</td>
<td>Bulgaria 2.1</td>
<td>Latvia 50</td>
<td>Hungary 0.83</td>
</tr>
<tr>
<td>Latvia</td>
<td>23.3</td>
<td>34.8</td>
<td>Romania 2.1</td>
<td>Lithuania 50</td>
<td>Bulgaria 0.82</td>
</tr>
<tr>
<td>Estonia</td>
<td>23.1</td>
<td>32.5</td>
<td>Russia 2</td>
<td>Moldova 50</td>
<td>Russia 0.72</td>
</tr>
<tr>
<td>Lithuania</td>
<td>22.1</td>
<td>30.6</td>
<td>Armenia 1.9</td>
<td>Bulgaria 45</td>
<td>Lithuania 0.71</td>
</tr>
<tr>
<td>Romania</td>
<td>21.1</td>
<td>26.4</td>
<td>Kazakhstan 1.9</td>
<td>Russia 42</td>
<td>Latvia 0.69</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>20.4</td>
<td>26.3</td>
<td>Slovak R. 1.9</td>
<td>Belarus 35</td>
<td>Kazakhstan 0.68</td>
</tr>
<tr>
<td>Moldova</td>
<td>19.8</td>
<td>24.6</td>
<td>Georgia 1.8</td>
<td>Georgia 32</td>
<td>Ukraine 0.67</td>
</tr>
<tr>
<td>Turkmen.</td>
<td>15.6</td>
<td>24.6</td>
<td>Moldova 1.8</td>
<td>Ukraine 32</td>
<td>Moldova 0.66</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>15.4</td>
<td>20.3</td>
<td>Ukraine 1.6</td>
<td>Azerbaijani 30</td>
<td>Armenia 0.6</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>15.3</td>
<td>19.3</td>
<td>Azerbaijan 1.4</td>
<td>Kazakhstan 30</td>
<td>Uzbekistan 0.6</td>
</tr>
<tr>
<td>Kyrgyz R.</td>
<td>13.9</td>
<td>18.6</td>
<td>Kyrgyz R. 1.4</td>
<td>Kyrgyz R. 30</td>
<td>Azerbaijan 0.58</td>
</tr>
<tr>
<td>Armenia</td>
<td>13.6</td>
<td>18.4</td>
<td>Uzbekistan 1.3</td>
<td>Romania 30</td>
<td>Tajikistan 0.53</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>13.4</td>
<td>11.1</td>
<td>Belarus 1.1</td>
<td>Tajikistan 30</td>
<td>Georgia 0.49</td>
</tr>
<tr>
<td>Russia</td>
<td>11.5</td>
<td>8.7</td>
<td>Tajikistan 1.1</td>
<td>Uzbekistan 30</td>
<td>Turkmen 0.46</td>
</tr>
<tr>
<td>Georgia</td>
<td>11.2</td>
<td>6.7</td>
<td>Turkmen 1</td>
<td>Turkmen 26</td>
<td>Kyrgyz R. 0.38</td>
</tr>
<tr>
<td>Averages</td>
<td>19.7</td>
<td>29.95</td>
<td>1.9</td>
<td>44</td>
<td>0.70</td>
</tr>
</tbody>
</table>

Values are averages over the years 1989-1991 to 2006, calculated from the original data without imputation

Most countries travel quite a bit in rankings from indicator to indicator,
suggesting that Krasner’s hypothesis on performance variability from one policy
to the next is confirmed to some degree with these data. Belarus is the archetypal
example of this inconsistency with top scores in taxing capacity and CIM, both of
which are indicative of capable administrative institutions. At the same time
Belarus exhibits high levels of corruption, inadequate protection of property
rights and almost no infrastructure reform. This finding reflects the inherent bias
in Heritage Foundation notation since Belarus’ economy has been one of the least
transformed of Soviet successor states and has retained much of its command structure. Despite the measure’s bias, these patterns point to the presence of major reform-stalling forces within the state coupled with an ineffective court system that does not enforce contracts consistently and where independent lawyers are barred from practice (Kane, Holmes, and O’Grady 2007). Belarus’ state is only strong in certain areas, while being weak in others.

Looking closer at each component, we should expect CIS and Eastern European countries to be able to collect, on average, around 20 percent of their GDP in taxes. This figure is rather low compared to an average of 36 percent of tax revenue to GDP in OECD countries. The least effective tax collectors are Russia and Georgia, with meager tax revenue averages in the region of 11 percent of their GDP. Although Georgia has experienced substantial increases in taxing capacity over time, Russia has maintained steady low collection figures. The group’s most effective tax collectors are Hungary, Uzbekistan and the Czech Republic, with collection rates over 24 percent of GDP.

Corruption figures follow regional lines more closely than the fiscal-capacity measures; the least corrupt countries are in Europe, while the most corrupt are in the Caucasus and Central Asia. The average Heritage Foundation corruption score of 32 in 2000 is very close to the continental average of 28 in Africa for the same year, and still far from the OECD average score of 80 for 2006. Corruption levels remain particularly high among post-communist countries, even among the newest additions to the European Union: the highest score attained is 60, attributed to Estonia in 2006, which suggests that Soviet-era informal networks linger in its political and economic institutions. Along those lines, post-communist countries are also among the most corrupt countries in the world: Transparency International ranked Georgia 130th, Tajikistan 144th, and Turkmenistan 155th out of 158 countries in 2005.

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10 Data for 2000, unadjusted for social contributions revenues which average 10%.
11 Georgia has low tax rates. For instance the highest income tax is a flat 12% tax, while the highest corporate rate is only 20%.
12 Estonia ranked 27th on 158 countries according to Transparency International in 2005.
Linked to corruption levels, the average property rights protection scores vary between 26 and 70 over the covered period. Even among the top scorers, protection of property rights remains at times inconsistent. For example, there are large procedural delays that can span over several years for bankruptcy proceedings in the Czech Republic, in addition to sluggish and complicated company registration procedures. In average cases such as in Bulgaria, courts still struggle over the protection of ownership and shareholders rights, as well as intellectual-property rights despite the fact that the constitution provides for an independent judiciary (Kane, Holmes, and O'Grady 2007). In some of the poorest performers such as Azerbaijan, the judiciary branch is too underdeveloped to enforce contracts and regulations, hence the abysmal average score of 30 out of 100 for this country. Arbitrary judiciary practices are also common in Belarus, Georgia, Ukraine, Kazakhstan, Kyrgyz Republic, Romania, Tajikistan, Uzbekistan and Turkmenistan. In the worst cases, property protection laws are poorly developed, making expropriation possible, while judiciary staff and judges do not have proper training, or worse, are receptive to bribery.

At first blush, CIM seem to provide a more optimistic picture of institution performance in post-communist countries. The Czech and the Slovak republics both exhibit CIM ratios comparable to Austria and Spain’s.\(^\text{13}\) Romania, Belarus, Poland, Estonia, Hungary, and Bulgaria also display CIM ratios that are equivalent to what we observe in relatively developed nations. Nevertheless, the average ratio of 0.7 obtained when we considerer our entire group of post-communist countries is close to the individual country scores of Haiti and Benin. Russia’s average CIM of 0.72 points to the existence of a large amount of cash transactions, although maybe not as large as some observers had estimated. For example, Zhilin (1995) had estimated the amount of shadow capital in circulation in Russia for 1994 to be equivalent to the legal government’s funds. Therefore the fears of measurement inflation due to the presence of dollars in certain areas are probably justified to a certain degree. Still, Azerbaijan’s score of 0.58 is

\(^{13}\) Taking 1969-2000 averages as calculated by Clague et al. 1995.
largely consistent with the protracted underdevelopment of its financial sector and its predominantly cash-based economy.

TABLE 2.2
COUNTRY RANKINGS ON RELATIVE POLITICAL REACH

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per Capita</th>
<th>Relative Political Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>5164.87</td>
<td>1.13</td>
</tr>
<tr>
<td>Estonia</td>
<td>3666.33</td>
<td>1.07</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>3563.72</td>
<td>0.97</td>
</tr>
<tr>
<td>Poland</td>
<td>3765.51</td>
<td>0.92</td>
</tr>
<tr>
<td>Hungary</td>
<td>4173.43</td>
<td>0.89</td>
</tr>
<tr>
<td>Romania</td>
<td>3087.66</td>
<td>1.02</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3264.75</td>
<td>1.01</td>
</tr>
<tr>
<td>Latvia</td>
<td>3076.38</td>
<td>0.97</td>
</tr>
<tr>
<td>Russia</td>
<td>1869.24</td>
<td>1.07</td>
</tr>
<tr>
<td>Belarus</td>
<td>1230.2</td>
<td>1.05</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1278.57</td>
<td>0.99</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1602.82</td>
<td>0.9</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>715.72</td>
<td>1.17</td>
</tr>
<tr>
<td>Ukraine</td>
<td>785.15</td>
<td>1.11</td>
</tr>
<tr>
<td>Armenia</td>
<td>570.6</td>
<td>1.06</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>707.85</td>
<td>0.93</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>560.49</td>
<td>0.89</td>
</tr>
<tr>
<td>Georgia</td>
<td>615.29</td>
<td>0.84</td>
</tr>
<tr>
<td>Moldova</td>
<td>381.62</td>
<td>1.08</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>290.08</td>
<td>1.05</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>207.15</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1932.26</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>

Source: All figures are based on country averages from 1989 to 2005. GDP per capita is in constant 2000 US dollars. Average activity rates and RPR are the author’s own calculations based on International Labor Organization country data and World Development Indicators.

Table 2.2 shows relative political reach (RPR) scores for the countries of interest. Because of the classification within development categories, no clear pattern can emerge with regard to the regional differences that are usually present in other economic indicators. In theory, RPR scores above one should indicate that the conditions for disguised unemployment are not present, given excess labor demand when this demand is compared across countries with a similar development level (Kugler and Arbetman 1997). Likewise, a RPR score below
one reveals conditions where we should expect concealed labor. In the category of the most developed countries located in the top part of Table 2.2, we can observe that in the Czech Republic and Estonia, the conditions for disguised unemployment are not prevalent. By contrast, we should expect a certain amount of concealed labor in the Slovak Republic, Poland, and even more so in Hungary, situations that are not necessarily accurate empirically. Turning to the countries with the second lowest GDP per capita also reveals some inconsistencies with estimates from Schneider and Enste (2002) for 1999-2000. For example, Azerbaijan displays above average scores in RPR, yet Schneider and Enste estimated that 61 percent of Azerbaijan’s GDP was in the shadow economy in 1999/2000, the second highest level after Georgia (67.3 percent) among all post-communist countries.

Given the differences in country performances in various indicators, a correlation analysis between these measures was performed to ascertain the validity of the six indicators as a reflection of the larger concept of state capacity. In theory, all six factors should be closely linked. The fact that states have difficulties levying taxes, for instance, also translates into limited means to pay state employees. The states that cannot afford honest and competent employees are also often struggling with structural corruption problems. In turn, corruption and shadow economy are often considered twin phenomena, either complements or substitutes for each other (Schneider 2007). Accordingly, despite some of the inconsistencies outlined in the rankings, the patterns of positive and moderately strong correlations among six elements of state capacity, presented in Table 2.3 below, is hardly surprising. The only indicator that exhibits a different pattern is RPR, partially because the concept is not readily interpretable across all levels of development.

This puzzling result serves to emphasize that frameworks designed to estimate the size of informal economies of advanced industrial countries often do

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14 Schneider and Enste calculate the proportion of shadow economy in percent official GDP using a latent estimation approach, using structural equations to estimate unobservable variables. So far their data contains only 5 time points, from 1999/2000 to 2005.

15 Turkmenistan and Tajikistan excluded.
not perform as well in the post-communist context. Contrary to advanced industrial democracies, unemployment statistics are not always accurately reported and are systematically underreported in several cases in post-communist countries, especially in the Caucasus and Central Asia. More importantly, in many cases, being formally employed does not preclude individuals from holding one to several informal monetary occupations as well, which happens regularly in post-communist countries (Kandiyoti in UNDP/RBEC, 1999, p. 124). RPR was intended to measure the size of the informal economy, but falls short of grasping the breath of criminal activities we know are rampant through other indicators like contract-intensive money and perceptions of corruption. For instance the evidence of sharp increase in money laundering activities in former Soviet countries (Thomas 2001) is not apparent in RPR’s yearly results. Since Kugler and Arbetman’s measure of relative political reach falls short of capturing the intended phenomenon, I will not include it in the upcoming analyses.

TABLE 2.3
CORRELATION MATRIX BETWEEN SIX MEASURES OF STATE CAPACITY

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>[1] 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[2] 0.48</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[3] 0.17</td>
<td>0.68</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[4] 0.45</td>
<td>0.73</td>
<td>0.65</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[5] 0.51</td>
<td>0.57</td>
<td>0.43</td>
<td>0.5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>[6] -0.00</td>
<td>0.07</td>
<td>-0.03</td>
<td>-0.05</td>
<td>0.05</td>
<td>1</td>
</tr>
</tbody>
</table>

All bold lettered correlation coefficients are significant at the 0.01 level (2-tailed) calculated from the original data with no imputation.

Despite this setback, the remaining pattern of correlations warrants the possibility of building an index of state capacity recommended by Robert Rotberg.
To assess the reliability of such an index, I employ two methods: the coefficient Cronbach’s Alpha of scale reliability and principal component analysis. Cronbach’s Alpha assesses how consistently items are measuring a latent construct: the more the items are correlated, the higher the Alpha coefficient. The coefficients run from 0 to 1 and 0.7 is usually employed as the threshold for acceptable reliability coefficients (Nunnaly 1978). In the case at hand, the coefficient Alpha of scale reliability\textsuperscript{16} score of 0.8 indicates that a single index containing these five items would be highly reliable. To further assess if the elements I have selected measure the phenomena of state capacity consistently, I performed a principal component analysis. Using the Guttman-Kaiser criterion (Guttman 1954; Kaiser 1960; Kaiser 1961), I retained only the factors with eigen values greater than 1, in the present case a single factor.\textsuperscript{17}

Rotated factor loadings of the retained factor are exposed in Table 2.4. From the results presented in Table 2.4, it is apparent that three items measure our concept more clearly, while two others exhibit slightly more independence. Corruption levels, protection of property rights and infrastructure reform display the strongest correlation coefficients with the common component, here state capacity. In return, contract intensive money and tax revenues, while still strongly associated with the common component, retain some measure of uniqueness.

\textbf{TABLE 2.4}

\textbf{ROTATED FACTOR LOADINGS OF FIVE MEASURES OF STATE CAPACITY ON A SINGLE FACTOR}

<table>
<thead>
<tr>
<th>Items</th>
<th>Correlation to Latent Construct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption</td>
<td>0.76</td>
</tr>
<tr>
<td>Protection Property Rights</td>
<td>0.75</td>
</tr>
<tr>
<td>Infrastructure Reform</td>
<td>0.72</td>
</tr>
<tr>
<td>Contract Intensive Money</td>
<td>0.53</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>0.42</td>
</tr>
</tbody>
</table>

\textsuperscript{16} All variables were standardized.

\textsuperscript{17} A scree test confirmed the above structure.
Although there are some minor cautionary signs that aggregating five indicators of state capacity would be done at the cost of losing some information, multicollinearity among the items would undoubtedly be an issue in multivariate settings. While evaluating the effects of individual components would offer the advantage of possibly isolating which features of state capacity have more important effects on regime type when all the others are held constant, the combination of five of these items in a single scale seems like the best indicated option in the present case. The following analyses will thus integrate an index of state capacity, composed of the standardized values of tax revenue, contract intensive money, property rights enforcement, corruption, and infrastructure reform.

**Average Combined Rankings**

Averaging combined state capacity scores allows us to rank individual countries’ overall performance. Table 2.5 presents the average scores of state capacity for the five items chosen above. Most of the cases are distributed within 0.5 standard deviation of the mean on either side with Armenia as the median value.\(^{18}\) Unsurprisingly, we find Georgia, the Kyrgyz Republic, and Tajikistan in the bottom group. Conversely, the best performers of the group of post-communist countries are Hungary, Estonia, Poland, and the Czech Republic. Georgia’s average position is explained by the very weak scores it received between 1992 and 1996, although the performance of its state institutions improved steadily after 1997. By contrast, the Kyrgyz Republic and Tajikistan’s scores have remained low throughout the period under study. While the present analysis makes no predictions regarding the likelihood of a total collapse of authority, values displayed in Table 2.5 are consistent with the findings of the State Failure Task Force (Esty et al. 1998; Esty et al. 1995) as well as with King and Zeng’s (2001) forecast of state failure, despite the fact that these likelihoods were calculated from different variables.\(^{19}\) The Kyrgyz Republic and Georgia

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\(^{18}\) It is also worth mentioning that the values of this index are normally distributed.

\(^{19}\) The Task Force studies perform logistic regressions with three variables: a democracy score from Polity IV, a measure of trade openness and a log of the ratio of infant mortality scores. King
were among the ten states most likely to collapse in the 1990s, in addition to Armenia and Kazakhstan for the years 1994 and 1995: all four countries exhibit low overall scores that point to comparative state weakness, though without signs of imminent collapse.

### TABLE 2.5
**COUNTRY RANKINGS BY AVERAGE SCORES OF STATE CAPACITY 1989-2005**

<table>
<thead>
<tr>
<th>Country</th>
<th>State Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>1.40</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.19</td>
</tr>
<tr>
<td>Poland</td>
<td>1.04</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1.02</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>0.61</td>
</tr>
<tr>
<td>Latvia</td>
<td>0.44</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>0.36</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0.35</td>
</tr>
<tr>
<td>Romania</td>
<td>0.22</td>
</tr>
<tr>
<td>Moldova</td>
<td>-0.08</td>
</tr>
<tr>
<td>Armenia</td>
<td>-0.21</td>
</tr>
<tr>
<td>Belarus</td>
<td>-0.24</td>
</tr>
<tr>
<td>Ukraine</td>
<td>-0.28</td>
</tr>
<tr>
<td>Russia</td>
<td>-0.29</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>-0.40</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>-0.44</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>-0.82</td>
</tr>
<tr>
<td>Georgia</td>
<td>-0.84</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>-0.91</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>-1.14</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>-1.17</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>-0.009</strong></td>
</tr>
</tbody>
</table>

Certain inconsistencies with previous studies’ assessments of state capacity among post-communist countries underline the importance of constructing empirical assessments of the concept. In his analysis, Charles Fairbanks (2002) accurately identified Georgia and Tajikistan as weak states, but also qualified Uzbekistan and Turkmenistan of “strong state autocracies” due to the tight control executives in these countries have retained over officials and political dissent. The scope of the state in Uzbekistan and Turkmenistan has

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and Zeng (2001) improve the model by adding variables depicting the fraction of population in the military, population density and replacing Polity scores with a measure of legislative effectiveness.
indeed remained extensive, and comparatively very little privatization was enacted; however, as Table 2.5 makes apparent, the infrastructural capacity of these states clearly does not match this scope. Turkmenistan’s state capacity scores have consistently remained among the lowest between 1991 and 2005 and show no sign of improvement. While Uzbekistan’s scores have remained higher than Turkmenistan’s, they still remain much below of the group average.

In a similar way, Lucan Way (2003) in explaining Moldova’s pluralism throughout the 1990s considered the state’s weakness as one of the key variables. Looking at Table 2.5, the average state capacity score in Moldova is higher than the median score, and even higher than Belarus, generally understood to have a strong state (Way 2005). Certainly weak tax administration and widespread corruption are real problems in Moldova, but seemingly not much more than in any other CIS country. What explains the difference in classification is that Way (2003; 2005; Way and Levitsky 2006) and Fairbanks (2002) rely more on Mann’s (1986) despotic definition of state capacity than on the infrastructural aspect considered in the present analysis. These authors also likely take into account that the Moldovan government does not exercise effective control over an important part of its territory, Transnistria, which has set up an independent political and economic system.

**The Progression of State Capacity**

Ironically, the countries where communism left behind the most deficient state structures were, by extension, the ones in need of the most sweeping reforms and also where resistance to change was most significant. Although the literature on the post-communist state refers to the importance of building state capacity after a transition, in reality, this aspect of the state remained surprisingly steady over time, as is apparent in Graphic 2.1, in which starting values of state capacity scores are juxtaposed with the scores obtained in 2005.\(^{20}\) The correlation between the items is strong and positive. The diagonal line, around which most cases

\(^{20}\) The data point used here is t=0 that is 1989 or 1991 depending on the country. The data is augmented where cases are missing by a data imputation technique explained in chapter 3
neatly coalesce, indicates that very little change has happened over time, and that all in all, knowing the departure score allows a fairly accurate prediction of future performance. Most states displaying below average scores at time 0 did not improve on their score over time, except for Poland, Bulgaria, Moldova and Armenia. The same way, the best performers in the first year have also tended to display increasing state capacity over time, the exceptions being Lithuania and Czech Republic, which maintained more or less stable scores, and Russia and Belarus, which had decreasing scores.

The stability of state capacity over time supports the thesis of longevity of state structures. For instance, Perry Anderson (1974) traced the legacies of European states to the middle ages, while Thomas Ertman’s (1997) account of state formation in Europe also relies on lingering legacies of the state. The fact

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21 Georgia also fits this pattern, but Graphic 2.1 is misleading. The state capacity score from the first year is considerably higher than for the subsequent years. Therefore considering the low scores from 1992 to 1996 instead, Georgia’s state capacity score has improved steadily until 2005.
that state capacity indicators remain relatively constant in post-communist countries, even in time of extraordinary politics, suggests that starting conditions are especially important in explaining regime outcomes, although we should not overlook that despite the stability, some states have experienced some regression or expansion in state capacity. By extension, this stability highlights the impact of the importance of exploring the conditions that gave rise to those state structures. For instance, the importance of the informal networks that were developed under the Soviet regime to palliate the weakness of the central state’s capacity to administrate the regions is reflected in the extremely high level of corruption observed in many countries (Easter 1996).

The observation that many of the weaker states’ capacities either remained constant or declined over time also supports Migdal’s assertion that “rulers of weak states tend to destroy the arms of the state that could possibly mobilize people, to prevent other state official from mobilizing people on their own against the state’s leadership,” such as an effective bureaucracy and institutions of oversight (Migdal 1988, p.264). Leaders in weak-state environments do not possess the same incentives to rationalize their bureaucracies as politicians who have a collective stake in sustaining public support for those of their reforms, which are usually best served by meritocratic bureaucracies (Geddes 1994): “executives threatened by military coups are less likely to relinquish patronage resources than those who can reap the long term rewards of an effective development program” (Kaufman 1999, pp.363-364). In other words, weak state environments are more difficult to overcome since the state feeds on itself (Fairbanks 2002).

Additionally, these empirical findings suggest that the direction of policies is also influenced by the strength or weakness of institutional apparatuses. For instance, built-in incentives from patterns of elite conflict drove some leaders to neglect issues of state building. Given that survival is the primary concern of office holders, Roberts and Sherlock (1999) hypothesized two potential scenarios concerning the cost of state building for leaders. When incumbents believe they have considerable support from key sectors, state building has acceptable
opportunity costs, as the experience of the Czech Republic and Poland demonstrates. By contrast, when their support base is narrower, politicians facing opposition are more likely to use state resources to attract allies. The case of Russia makes clear that; “under conditions of collapsing financial and state structures, polarized elite combat, and societal weakness, governing elites had few opportunities or incentives to build state capacity” (Roberts and Sherlock 1999, p.479). The poor progression in the capacity of the Russian state since 1991 demonstrates that Robert and Sherlock’s observations are empirically well-founded. We must nevertheless add to this argument that the rapid privatization of the economy without proper institutions of economic regulation and oversight also did much to weaken the central state and oligarchize the economy.

In states that are weaker or lack infrastructural capacity, and which face little competition from an institutionalized civil society, leaders meet even fewer obstacles in using state power if they can agree with elites about resource distribution, generally by allowing some form of corruption, rent-seeking, or patronage (Roberts and Sherlock 1999; Way 2003). In this way elites have become predators of the state in Turkmenistan, Tajikistan, Kazakhstan, Azerbaijan, Belarus, and Russia, Kyrgyzstan until 2005, Georgia and Ukraine both until 2006, where we observe a weakening of state capacity over time in Graphic 2.1. For instance, in Russia, control over the distribution of assets during privatization enabled some leaders to secure loyalties (Matveeva 1999) but also created potentially strong opposition to further economic reform from a new class of large business owners (Hellman 1998). In a related fashion, Pauline Jones-Luong established that leadership strategies found among Central Asian leaders are geared more toward self-legitimization than the attainment of popular support (Jones Luong 2004a). Yet the absence of notable increase in the Russian state capacity indicators between 1999 and 2005 is puzzling given that Putin’s rule has been explicitly connected with a mission to strengthen the state apparatus.
Conclusion

Despite some degree of skepticism from some scholars, I believe that state capacity not only can be measured, but also that it is possible to classify countries according to the quantity of such capacity they possess, although some of the measures I have selected such as taxing capacity are arguably more appropriate to assess state capacity in less developed countries. As it was to be expected, some countries do not score consistently across all categories, however the final five item index is both high in validity and reliability. Looking at the experience of post-communist countries in terms of state capacity between 1989-91 and 2005 allows reaching two important conclusions. First, the level of state capacity has remained surprisingly stable within most countries since reaching independence from communism. Second, the initial level of state capacity is the strongest determinant of subsequent levels of state capacity. These two central findings will guide the following Chapters’ demonstration where I link state capacity with both executive constraints and democratic progress.
3. Connecting State Capacity and Regime Type

While most analysts now agree that many post-communist countries share an acute state crisis, these concerns appeared rather slowly in the literature after 1989 (See Bunce 2003; 2004; Cirtautas 1995; Colton 2006; Frye 2000; Ganev 2001; 2005; Sperling 2000; Stoner-Weiss 2001; Volkov 1999). Since we know that a strong state can be a “guarantor of democracy” (Bunce 2000), or a key variable in explaining economic success (Johnson 2003) in post-communist countries, the analytical point of departure needs to be placed beyond transitional constitutions and institutional features to focus on the deeper factors that give rise to the crystallization of certain power configurations.

Already for many scholars in the discipline, the links between a strong state and democratic institutions are clear (Bunce 2000; Hashim 2005; Hendley 1997; Holmes 1996; Huber, Rueschemeyer, and Stephens 1999; Kaufman 1999; Linz and Stepan 1996; O'Donnell 1993; Przeworski 1995; Roberts and Sherlock 1999; Sharlet 1998; Suleiman 1999; Wang 1999). 22 In the words of Stephen Holmes: “liberalization cannot succeed under conditions of state collapse for the democratization of state authority is pointless if no state authority exists,” (Holmes 1996b, p.49). In essence, for democracy to flourish the state must possess the means necessary to maintain the rule of law, to protect the rights of citizens, and to regulate economic transactions. As Linz and Stepan (1996) argue, an effective state is essential to support the other building blocks of democratic consolidation (civil, political, economic, and the rule of law).

Following these scholars, I argue that state capacity directly affects democratization processes by shaping the form of post-communist political institutions, either assuming a presidential or parliamentary shape. Leaders’ capabilities for reform were greatest in post-communist countries where the successor state had the ability to apply a definitive set of rules, and by extension to build channels of political support. Where the capabilities of the state were more limited after the collapse of communism, democracy was a more difficult

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22 Although not for all, see for instance Kugler and Arbetman (1997).
outcome to achieve. Indeed, if the coercive, organizational, and mobilizational powers of a state can reasonably be thought of as agents of economic change, there are good reasons to believe that these factors likely have an impact on the political structures installed during post-communist transitions as well. Or, as elegantly stated by Stephen Holmes:

The most formidable challenge facing post-communist societies is the creation of effective and accountable instruments of government, able to extract resources efficiently and fairly and to channel them not into private pockets but toward the provision of elementary public goods—such as security, sanitation, electricity, education, transportation, currency stability, and the legal preconditions of a functioning market economy, including enforceable contract law. (Holmes 1996b, p.61)

Then again, we must concur with Margaret Levi (2002) that strong states are not immune to political pressures stemming from lack of accountability, responsiveness, or other sources. Strong states do not automatically produce democratic regimes, nor do they guarantee their survival. Using growth as an indicator of state capacity, Margaret Levi argues that a growth-enhancing state would not be a sufficient condition for democracy (Levi 2002, p.49). Far from being a sufficient condition for democracy, a strong or capable state is also essential for the maintenance of stable autocratic rule (Way 2005). It follows that we must not expect the association between state capacity and democracy to assume a linear pattern. Consequently, the argument proposed here is more limited in scope: namely that democracy is more likely to arise in capable states than in weaker ones. In other words, while a capable state is not a sufficient condition for democracy, it is likely a necessary condition.

Therefore, in my view, post-communist patterns of state capacity offer crucial insights into the types of regimes—democratic, semi-authoritarian, and authoritarian—that emerged after the breakup of the Soviet Union. However compelling in theory, this proposition has never been rigorously tested in the context of post-communist countries. For this reason, the present chapter uses statistical modeling to evaluate how well this hypothesis reflects the reality of post-communist transformations. Using the five item index of state capacity developed in the previous section, I demonstrate the importance of state capacity
for regime outcomes in two ways. First, I will establish state capacity as a necessary condition for democracy using a qualitative method to test probabilistic hypotheses: the methodology of necessary conditions as developed by Braumoeller and Goertz (2000). Following this preliminary demonstration, more ambitious time-series cross-sectional (TSCS) estimations will be performed on 21 countries from 1989 to 2005 using state capacity to explain resulting patterns of executive constraints and democracy to confirm the patterns observed. Last, I will conduct additional tests to assess the direction of the causality between the variables included in this study.

The combined results of these methods lead to three basic conclusions. First, the empirical linkage between state capacity and democracy is clear and robust among post-communist countries, although not linear. Post-communist countries with high initial state capacity were more likely to make an early move toward democracy. Second, the connection between state capacity and institutional configurations is also evident in this group of countries. Finally, however, the direction of causality among the three variables cannot be established clearly, which indicates that state capacity, institutional arrangements, and levels of democracy have mutually constitutive and self-reinforcing effects. The only unambiguous unidirectional causal link was found between the strength of executives and levels of democracy, where institutional configurations appear to have prior effects on regime type, but in return regime type does not affect institutional configurations.

**Cross Sectional Analyses**

With the help of the state capacity index of five items, and knowing that initial levels of state capacity are critical in determining future scores, in this section I will demonstrate that state capacity is a key determinant of both regime outcomes and institutional arrangements. First, I will describe the two dependent variables employed in the upcoming analyses: regime outcome and executive strength. Second, using graphical evidence and a methodology of necessary conditions, I will demonstrate the importance of state capacity in explaining
regime outcomes. Following this demonstration, I will use a time series cross-section methodology to assess the importance of state capacity for both regime outcome and institutional arrangements. Last, I will address the central issue of causality, that is, whether or not state capacity levels are empirically prior to levels of democracy and the strength of executives in post-communist countries.

a) Regime Outcome

The decision to select a quantitative dependent variable depicting levels of democracy is not an easy one. Most observers agree that no single index offers a satisfactory response to all three challenges of conceptualization, measurement, and aggregation accompanying the transformation of an abstract concept into a measurable indicator (Munck and Verkuilen 2002, p.28). On the one hand, we find maximalist operationalizations of democracy that tend to include too many attributes, which burdens our attempts at comparison since many characteristics included make it difficult for even the most advanced industrialized countries to meet all the criteria: when too many elements are included, internal validity is compromised as democracy can be conflated with items that can be used to explain it. On the other hand, minimalist definitions (Schumpeter 1991 [1942]) run the risk of failing to capture meaningful dimensions of the concept since they focus solely on the procedural aspects of democracy. For instance by relying exclusively on the concept of free elections to represent democracy, instances of incomplete democratization, where significant authoritarian elements remain despite the holding of regular elections, could be inappropriately qualified as democratic. In short, not enough information is provided to differentiate between democratic and non-democratic in minimalist definitions.

In addition to these theoretical concerns, few research projects have constructed quantitative indexes that provide observations for periods longer than ten years, except for Freedom House (2005a) and the Polity datasets developed by Gurr and associates (Gurr 1974; Gurr, Jaggers, and Moore 1990; Jaggers and Gurr 1995; Marshall and Jaggers 2003). Indeed, the Nations in Transit studies (Goehring and Schnetzer 2002) supply scores only from 1999 onwards (1997 if
we remove corruption indicators), while the Governance Indicators from the World Bank Institute’s measures of voice and rule of law (Kaufmann, Kraay, and Mastruzzi 2003) are available only every two years since 1996. Meanwhile, the Bertelsmann Transformation index (Bertelsmann Foundation 2004) so far has been published only once, and Tatu Vanhanen’s index is only offered for years prior to 1998 (Vanhanen 1997; Vanhanen 2000a; Vanhanen 2000b): the choices available to the researchers are thus very limited.

Despite ongoing debates about the intrinsic value of each index, observation of the correlation coefficients between five of the most widely used indices of democracy for the countries of interest reveals that they all measure one single dimension, namely the underlying real variable of democracy, and that their combination in one single scale would be highly reliable [see Table 3.1 presenting correlation coefficients between five competing measures of democracy].

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>[1]</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[2]</td>
<td>0.90</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[3]</td>
<td>0.95</td>
<td>0.81</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>[4]</td>
<td>0.97</td>
<td>0.86</td>
<td>0.97</td>
<td>1</td>
</tr>
<tr>
<td>[5]</td>
<td>0.91</td>
<td>0.79</td>
<td>0.95</td>
<td>0.93</td>
</tr>
</tbody>
</table>

All correlation coefficients are significant at the 0.01 level (2-tailed). Test year is 2002-2003.

23 Rating scales were standardized. Freedom House and Nation in Transit’s original scales were reversed. Cronbach’s Alpha, the coefficient of scale reliability was used to measure how well a set of items (or variables) capture a single unidimensional latent construct. In this particular instance, the measurement is very high (0.98) for the five variables combined. Moreover, to demonstrate this point further, I used a nonlinear principal components method to further examine the potential

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23
until at least 2004, the dependent variable used in the present study is an additive combination of Freedom House (2005) scores and the Polity IV (Marshall and Jaggers 2003) index in one single variable to avoid shifts in averages when other indicators come and go.24

By keeping and grouping the two indices, I hope to maximize both the validity and the reliability of the combined measure, since Freedom House uses a maximalist definition of democracy and Polity a more restrictive one. For instance, Freedom House (2005) includes characteristics such as socioeconomic rights, freedom from gross socioeconomic inequalities, and freedom from war (Bertelsmann Foundation 2004; Gastil 1991; Munck and Verkuilen 2002; Ryan 1994). Polity’s coding of democracy is based on an assessment of the competitiveness of political participation, the regulation of political participation, the competitiveness and openness the executive recruitment, as well as the constraints placed on the chief executive. As observed by Vanhanen (2000a), Polity does not include a measure of extent of participation although it takes the right to participate into account. While Freedom House does not explicitly consider electoral participation as such, Vanhanen considers that the concepts of electoral competition and participation are reflected by Freedom House’s ratings of political rights and civil liberties, albeit only indirectly: together the measures will account for both extent and right to participate.

Polity IV (Marshall and Jaggers 2003) provides a detailed coding scheme and intercoder reliability testing, but Freedom House does not explicitly expand on how cases are coded. In addition to these concerns, Kenneth Bollen (1993) demonstrated that the two components of Freedom House, political rights and civil liberties based on Raymond Gastil’s work (1989), display systematic measurement error of 7 percent and 16 percent that are inherent to the classification scheme. Therefore combining and taking the average between both indices will thus serve to alleviate problems of systematic and random measurement errors undoubtedly present when the two measures are considered

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multidimensionality of the data, and, contrary to Munck and Verkuilen (2002), found them neatly and consistently clustered in one single dimension.

24 Cronbach’s Alpha is 0.95.
separately. Both measures will be transformed to vary in the same direction, from autocracy to democracy, and standardized in order for increments to be on the same scale. Given that Polity IV only provides results until the year 2004, I will use Freedom House scores for 2005. While this decision can introduce bias in favor of the Freedom House scores, the number of cases that would otherwise be lost justifies this substitution in my view.25

b) Executive Constraints

Like measurements of regime outcomes, the classifications of executive strength are varied and contested in the literature (Duverger 1980; Elgie 1998; Frye 1997; Frye, Hellman, and Tucker 2000; Hellman 1996; Lucky 1994; McGregor 1994; Metcalf 2000; Sartori 1997; Shugart and Carey 1992). Of the available schemes to quantify executive dominance, scholars who choose simple categorical classification of institutions (parliamentary, hybrid, or presidential) have been criticized for employing values that do not capture the extent of concentration of power and overlook the differences among the many possible hybrid arrangements (e.g., Mainwaring 1993; Stepan and Skach 1993). Therefore a measure based on the power that executives derive from authority vested constitutionally in the office (Shugart 1998) would prove more justified, especially to account for the semi-presidential systems that constitute the majority of institutional arrangements in post-communist states.

The Polity dataset based on the works of Ted Robert Gurr (Marshall and Jaggers 2003), provides one such measure called “constraints on chief executive” with a scale ranging from (1) through (7) where (7) is executive parity or subordination. The caveat that comes with using Polity’s measure is that it takes into account factors such as informal influence and authority that may not be reflected in formal constitutional provisions. For example, an executive coded at its most powerful includes instances where constitutional provisions are ignored or violated. Yet I do believe that crucial differences exist between an executive

25 As data becomes more abundant in the later years, the potential sacrifice of 21 cases, that is 21 countries for one year, makes this substitution justifiable.
that is made strong by provisions included in a constitution and an executive that chooses to ignore the rules of the game. Constitutions play a crucial role in channeling political activity and political struggles and in this understanding there exists a fundamental relationship between constitutional provisions and the actual conduct of politics (McGregor 1996). Because a measure based exclusively on constitutional provisions to the executive does not exist on a time-series basis, I will use Polity IV’s measure of executive strength despite its inclusion of informal powers.

By conflating measures of informal authority with institutional arrangements, Polity’s presidential strength variable becomes less useful to determine the independent effect that institutional arrangements may have on instances where rules are violated. With the inclusion of occurrences where a single executive ignores the rules, the variable simply becomes an endogenous factor of democracy/autocracy, which explains the authors’ decision to incorporate executive constraints in their democracy index. In addition to problems of endogeneity, the closeness between an indicator of presidential strength and democracy would present additional estimation difficulties, even if the Polity score was to be disaggregated to exclude its indicators pertaining to the executive. The very close relationship between the two variables (Pearson's r of 0.91) would likely make it difficult for other independent variables to have a significant effect.

For these reasons, executive constraints will be used as a second dependent variable in the multivariate analyses. Since we already know that there exists a strong empirical relationship between strength of the executive and democracy (Easter 1997; Fish 2001; 2005; Frye 1997; Lijphart 1991; 1992b; 1999; Linz 1996; Mainwaring 1993; Mainwaring and Shugart 1997; Power and Gasiorowski 1997; Przeworski et al. 1996; Shugart and Carey 1992; Stepan and Skach 1993) state capacity should also be strongly associated with legislative-executive institutional arrangements. Given that this body of literature was harshly criticized for lingering on shallow causes and for the interchangeable direction of the causal relation under study, testing for the conditions surrounding
the emergence of such institutions and how state capacity shapes them over time will prove valuable.

**State Capacity as a Necessary Condition for Democracy**

The first step in testing the hypothesis of state capacity as a necessary condition to the establishment of democracy consists in visual inspection of graphical representation of both variables of interest. Graphic 3.1 presents tax to GDP scores in the first post-communist year with 2006 combined democracy scores from Freedom House. Visual inspection of data points reveals an additional difficulty of demonstrating a clear link between state capacity and regime outcomes and confirms earlier suspicions of a non-linear relationship. As previously hypothesized, the relationship between the two variables of interest is not straightforward. The two vertical lines represent Freedom House’s classification cutoffs (respectively, free, partially free and not free), while the horizontal line simply is the mean of cases in taxing capacity; its location is highly sample dependent. The most important finding is that nearly all regimes classified as “free” by Freedom House are located in the upper left cell of the graphic: only one democratic regime in 2006 had a taxing capacity below average in its first year, that is, Romania. Conversely, almost all authoritarian and semi-authoritarian regimes are located in the lower half of the taxing capacity quadrant, except Ukraine and Belarus.

Although the relationship between state capacity and democracy is strong (Pearson’s $r = -0.65$) in the post-communist context, analyses by Lucan Way (2005) have also hinted that the linkage was not linear in shape. For instance Way argues that “key elements of a strong state are critical for maintaining nondemocratic rule” (Way 2005, p.235). Later refining the argument, these elements are termed coercive state capacity, scope and cohesion (Way and Levitsky 2006). Semi-authoritarian regimes in the weaker states of Georgia and Kyrgyzstan were easily shaken in the face of protests. By contrast Armenia’s regime, nested in a stronger state, remained resilient in the face of massive demonstrations until very recently. Way and Levitsky argue that the
administration of coercion necessary to keep these regimes going requires a certain form of cohesion within the state apparatus; among leaders, police, military, and bureaucrats so that policies—even coercive ones—can be enacted. Graphic 3.1 provides a partial confirmation of their hypotheses. While democracies are neatly clustered in the upper left corner of the graphic, we notice that variability in state capacity scores increases as we move towards the more authoritarian end of the spectrum. The direction of the smooth regression line changes in the bottom right cells: state capacity becomes weakly associated with more repressive regimes, but with too many outliers to offer unambiguous evidence.

**GRAPHIC 3.1**

**TAXING CAPACITY AND DEMOCRACY IN 2006**

Technically, Romania’s positioning in the lower left cell would require rejecting the necessary causation hypothesis altogether since in many necessary causation tests, we should reject the theory in the case a single counterexample should be discovered (Deckard 1972). Such a strict approach to testing for
necessary conditions is hazardous in the present situation, not only because of the arbitrariness of the position of category lines, but also of possible measurement errors and inconsistencies coupled with the fact that only one year is taken into account. For instance, strict necessary condition testing presupposes perfect reliability in the measurement, and in the present case, taxing capacity is only one potential dimension of state capacity. Furthermore the arbitrariness of the horizontal line has two potential consequences for necessary causation testing.

GRAPHIC 3.2
AVERAGE STATE CAPACITY 1989-2005 AND DEMOCRACY IN 2006

Due to their median position in Graphic 3.1, Romania, Bulgaria, Latvia, Azerbaijan and Ukraine could be located either in the more capable states or in the less capable states: they are somewhat in a grey zone as it is often the case in dichotomization of variables that are fundamentally non-dichotomous (Braumoeller and Goertz 2000). The same argument undeniably also applies to the classification of democracies and non-democracies which leave the door open for interpretation as to where the line of demarcation between democracies and non-democracies should be located and whether or not such an empirical cutoff is
Looking at average values of state capacity during the period 1989-2005 instead of starting taxing capacity values, presented in Graphic 3.2, allows the inclusion of Romania in the stronger state category, since the country’s performance increased over the years and eventually surpassed both Belarus and Ukraine. The distribution of cases in Graphic 3.2 presents even clearer evidence (Pearson’s $r = -0.82$) in favor of the state capacity hypothesis as all cases fall neatly within three categories. When using average values of state capacity, the relationship between the two variables assumes a more linear shape.

Table 3.2 presents the results from Graphic 3.2 in a four cell table to test for necessary or sufficient causes. Observation of Table 3.2 reveals, unsurprisingly, that the data does not satisfy the sufficient causation requisites. In particular, for state capacity to be a sufficient cause of democracy, we should find some cases located in cell A while no cases should be present in cell C (cells B and D are not considered in this design). Because authoritarian regimes can also be an outcome in strong states, state capacity is not a sufficient cause for democracy. Using the Positive Outcome Design, where the analyst only focuses on cases where the outcome variable is present (Braumoeller and Goertz 2000; Dion 1998; Ragin 1998; 2000) to test for necessary conditions, we can observe that democracy has only occurred in countries displaying a certain level of state capacity in the early years of the transition. The occurrence of variation in both independent and dependent variables further indicates that state capacity is a nontrivial necessary condition to democracy.

According to rules of the All Cases Design (Seewright 2002) for establishing necessary causation, cases should be distributed in cells, A, C and D, while no cases should be found in cell B: undoubtedly the pattern outlined in Table 2.6 satisfies these requirements. Using simple models of Bayesian inference where we set prior probabilities that the necessary condition is true, these figures suggest that the results from these data are consistent with the

---

26 For the purpose of the analysis, considering that Freedom House measures are not dichotomous, I established the empirical cut off for democracies at $<3$, and non-democracy at $\geq 3$.

27 The correlation coefficient between starting values in tax to GDP and the overall average of the combined state capacity index is Pearson’s $r = 0.83$. 

---
necessary causation pattern. In a model where we have no reason to believe that either hypothesis is more likely to be true, the confidence level that the data is consistent with the necessary causation pattern is 96 percent.\(^{28}\) This means that there is a 96 percent probability to observe democracy in the presence of a relatively capable state.\(^{29}\) This cross-sectional analysis confirms that post-communist states exhibited different levels of state capacity in 1996 and these levels contributed to different regime outcomes in 2005. Further confirmation of these findings will be established in the following section using more ambitious time-series cross-sectional (TSCS) estimations.

### Table 3.2
**NECESSARY OR SUFFICIENT CAUSE DESIGN**

<table>
<thead>
<tr>
<th>Democracy</th>
<th>Stronger States</th>
<th>Weaker States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell A</td>
<td>Bulgaria</td>
<td>Armenia</td>
</tr>
<tr>
<td></td>
<td>Czech Republic</td>
<td>Moldova</td>
</tr>
<tr>
<td></td>
<td>Estonia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hungary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Latvia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lithuania</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Romania</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Slovakia</td>
<td></td>
</tr>
<tr>
<td>Cell C</td>
<td>Kazakhstan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kyrgyzstan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tajikistan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Turkmenistan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Georgia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Azerbaijan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ukraine</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Belarus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uzbekistan</td>
<td></td>
</tr>
</tbody>
</table>

\(^{28}\) When both the working and the alternative hypotheses are set at 50%.

\(^{29}\) This posterior probability given the data was calculated using the All Cases Design P (WH|D) = P (WH) / (P (WH) + P (AH) * 1 / (a + c + d + 3)).
TSCS Estimation

Pooled time series and cross-section estimations are generally useful when cross national and temporally comparable quantitative indicators are available only for a short time and are applicable only to a small group of countries (fixed, not sampled) as in the previous section. Hence, a conventional cross-sectional empirical analysis such as the one presented above, can only contain 21 points, or 15-17 points at best for individual country analysis. In the present case, the pooling of times series (t=15-17 years) and cross sections (n = 21 nations) not only allows for relatively large sample analyses that draw on both temporal and cross-national variations, but also permits the addition of other variables to the analyses.

The choice of TSCS over event history techniques was made in large part to accommodate continuous dependent variables rather than dichotomies. Event history modeling would not only make it necessary to use dichotomous dependent variables, but also to establish clear thresholds at which we could reasonably and empirically identify regime change from one discreet status to another, for example from democratic to authoritarian. There are clear setbacks associated with using democracy, and strength of executives as dichotomies. Most important, dichotomous dependent variables do not allow us to capture the full range of possible options: a valuable part of the picture in terms of nuances across cases is lost. More specifically, there can be gradual democratic withdrawal that precedes an actual breakdown, or democratic erosion without actual breakdown that would be left out in the estimation. What is more, the establishment of such cutoffs would largely be irrelevant when considering a variable such as strength of executives. Very few countries in the sample fit the traditional typology of presidential versus parliamentary arrangements and drastic changes from one type to another are very rarely observed in polities of any type.

While it offers clear sample size advantages, the pooling of times series from a number of cross sectional units can present some estimation difficulties. Although the data is not temporally dominant (N > T), the nature of the units and the arguably endogenous variables all point toward probable heteroskedasticity.
When times series data are pooled from geographic entities, cross-sectionally correlated errors can become more problematic (Kmenta 1971). More precisely, the variance of error processes likely differs from unit to unit. The generalized least squares (GLS) proposed by Parks (1967) that is typically used to deal with these problems often yields downward biased standard errors and potentially flawed hypotheses tests. To reduce the risks associated with overconfidence in the performance of estimators; this study’s analyses will be performed using time-series cross-section (TSCS) models of linear regression with panel corrected standard errors (PCSEs) (Beck and Katz 1995). Because serially correlated errors are common occurrences in these types of model, some analysts (Beck 2001; Beck and Katz 1996) suggest the addition of a lagged value of the dependent variable among the independent variables to avoid bias. However this method was criticized for adding even more bias to estimations since it is possible that the effects of the lagged dependent variable will be overestimated and consequently absorb all the predictive power of other independent variables we know to be important (Achen 2000). Therefore, the use of this technique will be further considered in the presentation of results, below.

TSCS equations assume that countries are completely homogeneous, that is that they differ only in the levels of their explanatory variables, which is not a realistic assumption in the case at hand, where the states included in this study present many differences in size, history, and population density, among many potential processes. To model this heterogeneity, I also add in the analyses a series of country dummy variables for each unit of the pooled model (N-1). This Least Square Dummy Variable Estimator (LSDV) will account for the possibility of intercept differences across units, but also to account for variance from potentially influential variables that were left out of the model (Hicks 1994; Judge et al. 1985).30 To avoid the potential problem of spurious correlations that can arise when some values of the dependent variable vary independently, but in the

30 An F-Test performed indicated that the null hypothesis of no-effects should be rejected. The addition of country dummy variables should account for the remaining possibility of intercept differences across units. It is important to note that the addition of these variables can bias downwards the coefficients of those variables whose effects are partly cross-sectional.
same consistent direction over time, I include a trend variable in the model. This trend variable, which represents the number of years since independence from communism, will also serve to capture effects of maturation and regime development that can account for some extent of variance in regime outcomes.

Data Imputation

As in most analyses involving quantitative data, even small amounts of randomly distributed missing cases in a dataset can cause results to be less robust, but more importantly can introduce bias in estimates. The default technique employed by analysts and statistical software alike to deal with this problem is listwise deletion; where entire observations are deleted from an analysis even if only one variable is missing since most statistical procedures necessitate complete cases from all variables. By using this technique, researchers lose, on average, over a third of their data analyses (King et al. 2001). To deal with this perpetual problem, an increasing amount of researchers employ multiple imputation techniques since new, easier to use, tools are available to obtain a computational algorithm to estimate the missing values. For these reasons I chose to impute the missing cases using *Amelia II*, a program developed by King, Honaker, Joseph and Scheve (2001), the best option available to produce plausible and unbiased results for TSCS data (Allison 2000). For this purpose, five completed datasets are created, thus imputing missing data five times, each of which using independent draws, in an attempt to approximate the true distributional relationship between these missing data and the information that is already present in the dataset. Following this procedure, analyses are then performed in each complete dataset, and last, results are combined to account for the uncertainty around the imputed values.31

Like most TSCS datasets that includes developing countries, the dataset I have collected from various sources presents many missing cases. On the potential 348 cases the present analyses could benefit from, a mere 155 remain

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31 The five Imputed data sets are automatically combined into a single estimation using Kenneth Scheve's MI program (available from http://gking.harvard.edu) and “miest” commands in STATA 9.0.
when full models are estimated: on a total of 29,998 observations, roughly 5% of cases were missing. These missing cases were most likely distributed in the extremities of the time variable and in the least developed countries. Listwise deletion would be especially damaging given the distribution of the missing cases in the first year of independence, since this removes the crucial information of the early nineties all together from the final analyses and consequently renders it impossible to perform appropriate tests for the hypothesis. Furthermore, the concentration of missing cases in Central Asia would undoubtedly introduce bias in estimating the effects of low state capacity on outcome variables.

Because TSCS requires a minimum of continuous panel information to produce reliable estimates, listwise deletion would reduce country observations from two to a maximum of eleven years, with one or two gaps between years which is not enough. Although no strict minimum rule exists for $T$, Nathaniel Beck warned practitioners to be suspicious when TSCS methods are used when $T < 10$, although the rule can be more flexible for the number of cross sectional observations (Beck 2001, p.274). For these reasons, imputation of missing data was the most desirable option in this research: the data imputed through *Amelia II* will allow for 14 to 16 observations for each country and removed gaps between years which by the same toke reduced some of the difficulty in computing diagnostic statistics. The year 2006 was dropped due to an unusually large amount of missing cases.

**Specifications**

Two sets of models will be estimated, the first using democracy as the outcome variable, the second executive dominance. I deliberately left out an important variable from the estimations performed below, that is, a factor to capture the closeness to the institutions of the European Union (EU) to each case. Such a variable is usually included as a proxy for the incentive to reforms a country’s institutions to be included in the EU, and is usually strongly associated with positive democratic progress (Cameron 2007; Dimitrovna and Pridham 2004; Kopstein and Reilly 2003; Risse, Green Cowles, and Caporaso 2001;
Vachudova 2005). While I recognize the value of including this information to avoid omitted variable bias, including “proximity to the EU” would invariably present both multicollinearity and internal validity problems. A measure of distance from each country’s capital to Berlin would certainly encapsulate other unobserved phenomena that are specific to each country and unrelated to the EU. Since such a measure will also likely be associated with the other variables included in this study, state capacity, level of development and country dummies, evaluating the independent effects of closeness to the EU on democratic progress would be empirically impossible. Bearing in mind these considerations, the general specifications of the fully specified models are as follows:

Model 1: Democracy = bo + b1 (Democracy) t-1 + b2 (state) + b3 (log GDP per capita) + b4 (time) + country dummy variables.

Model 2: Strength of Executive = bo + b1 (Strength of Executive) t-1 + b2 (state) + b3 (log GDP per capita) + b5 (time) + country dummy variables.

Findings

Estimation results of the baseline state capacity model are presented in the first columns of Table 3.3, while the two models containing country dummies are found in the last two columns. For all models presented, the upper portion of the table represents estimates of the parameters of the causal factors included in the regression. The middle portion of the table represents nation-specific intercepts in relation to the left-out unit, Russia, and net of the effects of the other independent variables. These additions allow for slope heterogeneity of state capacity effects across nations. It should be emphasized that these parameter estimates have little theoretical meaning for the hypotheses tested here and only are offered as additional information of country specific effects in relation to Russia. Lastly, the lower portion of the table displays the goodness of fit and residual statistics.

The baseline model in the first columns of Table 3.3 provides unambiguous support for the principal proposition regarding the importance of
state capacity for democracy. Observations within TSCS data are rarely independent along the time dimension and some degree of serial autocorrelation is to be expected. A lagged value of the dependent variable was added to the baseline model to alleviate the high level of serial correlation of the errors that would have been present otherwise (Beck and Katz 1996). Because of the real causal impact past values of democracy have on subsequent scores, the inclusion of such an item makes theoretical sense. Additionally, because a lagged dependent variable also serves as a proxy by picking up some of the unmeasured variables, its addition also makes empirical sense (Burkhart and Lewis-Beck 1994). As it was to be expected with a model presenting some amount of serial autocorrelation, the lagged value of the dependent variable became the dominant explanatory factor in the model, absorbing much of the strength of the other variables while dramatically improving $R^2$ (Achen 2000). Even with the inclusion of this autoregressive term and a certain amount of bias in all the coefficients, the parameter estimates for state capacity, and levels of development remain statistically significant even if their effects are underestimated.

Since this model contains only a few of the variables thought to have an effect on regime outcome, the addition of country-specific variables serves to alleviate concerns of model heterogeneity and doubles as a two way fixed effect model. The above results are also robust in the face of fixed country effects. Under such conditions, the fact that the parameter estimates depicting the index of state capacity remain significant even in the fully specified models demonstrates the empirical importance of this variable in determining regime outcomes. Given that parameter estimates from TSCS models encompass the combined average partial effect of the cross-section dimension and time, their substantive meaning is less readily interpretable than in cross-section models.

---

32 Parameter estimates for the model without the lagged dependent variable (not shown) were much stronger, which suggest that the addition of this variable introduces a large amount of bias in estimates. In order to detect serially correlated errors a Lagrange multiplier test was performed. This was accomplished by estimated an OLS regression equation of the fully specified model and then regressing the residuals on all the independent variables and the lagged residuals. Since the coefficient on the lagged residual was statistically significant, I had to reject the null hypothesis of independent errors. From this perspective it becomes safest to assume that we are in the presence of first order autocorrelation $AR(1)$.

33 Although these were partially addressed by the addition of a lagged dependent variable.
(Firebaugh 1980; Kittel 1999). Although it is impossible to determine the exact magnitude of the relative contribution of each dimension to the parameter estimates, the robustness of the state capacity variable in the models holding country-effects constant can be considered as evidence of developments over time that are common to all cases (Kittel and Winner 2005). Thus as a general rule, a unit increase in state capacity is also associated with an increase in the levels of democracy, no matter which controls are added in the model and despite the non linearity we know is present in the relationship. Overall, the full model explains close to 95% of the linear variation in regime outcomes in post-communist countries which indicates that models that integrate state capacity, development and country-specific variables manage a good fit to the data.\(^{34}\)

The state “is crucial in constituting social order, in enabling regular and peaceful private relations among groups and individuals,” (Przeworski 1995, p.110) because it makes interactions among groups and individuals more predictable. Consequently, the less capacity a state has at its disposal, the more difficult it becomes to perform the tasks associated with modern statehood (Easter 2002). When the institutions of the state are not able to enforce rights and obligations, the state’s claims on the monopoly of violence and resources can be more easily challenged. Further, when the state cannot fulfill its obligations, individuals turn to alternative channels to satisfy their needs, thus explaining the rise of private protection rackets in Russia to cope for the state’s inability to guarantee security for individuals in the early 1990s (Volkov 2002).

Therefore, in states where leaders most successfully accomplish the tasks associated with state capacity, the introduction of a rational tax collection administration, infrastructure reform, keeping corruption under control, and protecting property rights, democracy levels are generally the highest. However, unlike Jose Antonio Cheibub (1998) who hypothesized that democracies are more likely than authoritarian regimes to assemble the conditions necessary for an

\(^{34}\) Further confirming these results, a cross-sectional OLS regression (not shown) explaining the difference in levels of democracy between \(t=0\) and 2005 with the level of democracy at \(t=0\) and difference in state capacity between \(t=0\) and 2005 yielded an adjusted \(R^2\) of 0.41. With the addition of the logarithm of GDP per capita, the adjusted \(R^2\) rose to 0.48. In all models, the variable depicting the change in state capacity scores remained statistically significant.
effective tax system, the present findings suggest that the causal arrow might point the other way as well: democracy is more likely to have emerged in countries with the most effective tax systems within a few years from independence.

TABLE 3.3
MODELING REGIME OUTCOME: TSCS RESULTS

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Model 1a</th>
<th>Model 1b</th>
<th>Model 1c</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OLS est.</td>
<td>PCSE</td>
<td>OLS est.</td>
</tr>
<tr>
<td>Regime outcome t-1</td>
<td>0.789***</td>
<td>0.057</td>
<td>0.359***</td>
</tr>
<tr>
<td>Time elapsed</td>
<td>-0.011*</td>
<td>0.007</td>
<td>0.021**</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>0.080*</td>
<td>0.043</td>
<td>-0.109</td>
</tr>
<tr>
<td>State capacity</td>
<td>0.189***</td>
<td>0.061</td>
<td>0.297**</td>
</tr>
<tr>
<td>Armenia</td>
<td>-0.099</td>
<td>0.233</td>
<td>0.038</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>-0.972***</td>
<td>0.208</td>
<td>-0.562***</td>
</tr>
<tr>
<td>Belarus</td>
<td>-0.900***</td>
<td>0.205</td>
<td>-0.623***</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>0.480*</td>
<td>0.251</td>
<td>0.575***</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.663**</td>
<td>0.282</td>
<td>0.630***</td>
</tr>
<tr>
<td>Estonia</td>
<td>0.565***</td>
<td>0.217</td>
<td>0.391**</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.126</td>
<td>0.190</td>
<td>0.209*</td>
</tr>
<tr>
<td>Hungary</td>
<td>0.757***</td>
<td>0.182</td>
<td>0.583***</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>-0.890***</td>
<td>0.145</td>
<td>-0.564***</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>-0.638***</td>
<td>0.303</td>
<td>-0.288*</td>
</tr>
<tr>
<td>Latvia</td>
<td>0.823***</td>
<td>0.169</td>
<td>0.531***</td>
</tr>
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<td>Lithuania</td>
<td>1.015**</td>
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<td>0.649***</td>
</tr>
<tr>
<td>Moldova</td>
<td>0.121</td>
<td>0.297</td>
<td>0.255</td>
</tr>
<tr>
<td>Poland</td>
<td>0.764***</td>
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<td>0.557***</td>
</tr>
<tr>
<td>Romania</td>
<td>0.308</td>
<td>0.218</td>
<td>0.379***</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>0.545**</td>
<td>0.245</td>
<td>0.544***</td>
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<td>-0.551**</td>
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<td>Turkmenistan</td>
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<td>0.201</td>
<td>-0.962***</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.223</td>
<td>0.192</td>
<td>0.213*</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>-1.645***</td>
<td>0.247</td>
<td>-0.0973***</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.457</td>
<td>0.346</td>
<td>0.626</td>
</tr>
</tbody>
</table>

| Observations          | 306      | 327      | 306      |
| Number of Countries   | 21       | 21       | 21       |
| Observations per group avg. | 14.57 | 15.57 | 14.57 |
| Rho                   | 0.252    | 0.432    | 0.253    |
| Adj. R-Squared        | 0.892    | 0.774    | 0.945    |

Cells contain regression coefficients from a time-series cross-sectional analysis using panel-corrected standard errors performed on five imputed data sets. Rho and R-Squared values represent the average of five models. *** p < .01; ** p < .05; * p < .10.

Surprisingly, our trend variable also exhibits a negative coefficient in the baseline model, although the direction becomes positive when country dummies
are controlled for. It appears then, all things being equal, that post-communist regimes have tended to become more democratic over time, although this trend is too insubstantial to remain significant upon the inclusion of a lagged valued of the dependent variable. The weakness of the variable representing time in the face of a fully specified model suggests that democratic development was not unidirectional in the region and also confirms many analyses’ suggestions that these countries will not necessarily become more democratic over time.

In an article reviewing the evidence in favor of modernization theory, Burkhart and Lewis Beck (1994) demonstrated that economic development alone accounted for more variance in democracy than any of the other variables they had included in their model, a finding that echoed many earlier studies on the topic (Bollen 1979; Bollen and Jackman 1985b; Brunk, Caldeira, and Lewis-Beck 1987; Jackman 1973). Despite this plentiful evidence, the present study does not replicate these findings: the variable depicting levels of development, here captured by the natural logarithm of each country’s GDP per capita, does not achieve significance in any model. While the coefficient for GDP per capita is in the right direction, that is positively associated with higher levels of democracy, and significant in the baseline model, it does not resist the addition of country-specific variables. An explanation for this finding may have to do with the close association between this variable and the state capacity index: the high connection between both makes it impossible to discern each independent effect from one another. Even if in the face of multicollinearity OLS estimates remain unbiased, the standard error of the estimates increases with the level of association between estimators (Berry and Feldman 1985). Hence, it follows that the inflated standard errors could lead us to underestimate the significance of the estimator in question, here GDP per capita. To verify whether or not this was the case I performed an additional model where the state capacity index was left out.

35 Although not all; Arat (1988), and Gonick and Rosh (1988)
36 Pearson’s r between the two variables is 0.84
Even when GDP per capita is regressed in a model without state capacity, this variable still fails to achieve statistical significance.37

**TABLE 3.4**
MODELING EXECUTIVE DOMINANCE: TSCS RESULTS

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Model 2a</th>
<th></th>
<th>Model 2b</th>
<th></th>
<th>Model 2c</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OLS est.</td>
<td>PCSE</td>
<td>OLS est.</td>
<td>PCSE</td>
<td>OLS est.</td>
<td>PCSE</td>
</tr>
<tr>
<td>Executive Dominance t-1</td>
<td><strong>0.796</strong>*</td>
<td>0.062</td>
<td><strong>0.452</strong>*</td>
<td>0.072</td>
<td><strong>0.480</strong>*</td>
<td>0.159</td>
</tr>
<tr>
<td>Time elapsed</td>
<td>-0.020</td>
<td>0.015</td>
<td>0.022</td>
<td>0.167</td>
<td>-0.016</td>
<td>0.013</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>0.035</td>
<td>0.108</td>
<td>-0.190</td>
<td>0.429</td>
<td>0.223</td>
<td>0.368</td>
</tr>
<tr>
<td>State capacity</td>
<td><strong>0.480</strong>*</td>
<td>0.159</td>
<td><strong>0.695</strong></td>
<td>0.246</td>
<td><strong>0.392</strong></td>
<td>0.174</td>
</tr>
<tr>
<td>Armenia</td>
<td>0.554</td>
<td>0.591</td>
<td>0.637</td>
<td>0.512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>-1.214**</td>
<td>0.595</td>
<td>-0.319</td>
<td>0.502</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>-0.453</td>
<td>0.758</td>
<td>-0.430</td>
<td>0.476</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>2.405***</td>
<td>0.492</td>
<td>1.700***</td>
<td>0.339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2.132***</td>
<td>0.566</td>
<td>1.199***</td>
<td>0.455</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td>2.391***</td>
<td>0.459</td>
<td>1.120***</td>
<td>0.428</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>1.372**</td>
<td>0.623</td>
<td>1.199***</td>
<td>0.528</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>2.378***</td>
<td>0.447</td>
<td>1.053***</td>
<td>0.460</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>-1.479***</td>
<td>0.417</td>
<td>-0.706**</td>
<td>0.337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>0.189</td>
<td>0.757</td>
<td>0.735</td>
<td>0.659</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>2.834***</td>
<td>0.367</td>
<td>1.395***</td>
<td>0.395</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>2.888***</td>
<td>0.430</td>
<td>1.431***</td>
<td>0.435</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td>2.317**</td>
<td>0.891</td>
<td>1.915**</td>
<td>0.716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1.881***</td>
<td>0.504</td>
<td>1.002**</td>
<td>0.436</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>1.313***</td>
<td>0.443</td>
<td>0.990***</td>
<td>0.289</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>2.165***</td>
<td>0.453</td>
<td>1.314***</td>
<td>0.360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>-0.434</td>
<td>0.975</td>
<td>0.587</td>
<td>0.805</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>-2.264***</td>
<td>0.495</td>
<td>-0.943**</td>
<td>0.442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>1.228**</td>
<td>0.541</td>
<td>0.891*</td>
<td>0.442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>-2.718***</td>
<td>0.682</td>
<td>-1.082*</td>
<td>0.593</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.967</td>
<td>0.809</td>
<td>5.263</td>
<td>3.370</td>
<td>0.598</td>
<td>2.819</td>
</tr>
</tbody>
</table>

Observations: 306, 327, 306
Number of Countries: 21, 21, 21
Observations per group avg.: 14.57, 15.57, 14.57
Rho: 0.279, 0.35, 0.103
Adj. R-Squared: 0.858, 0.798, 0.933

Cells contain regression coefficients from a time-series cross-sectional analysis using panel-corrected standard errors performed on five imputed data sets. Rho and R-Squared values represent the average of five models.

*** p < .01; ** p < .05; * p < .10.

37 The high correlation between GDP per capita and the state capacity index warrants the question why both were estimated separately in the same models and why GDP per capita was not left out. According to Berry and Feldman, “the worst possible time to delete a variable from an equation is when it is highly correlated with the other independent variables in a model,” (Berry and Feldman, 1985, p.49). However because GDP per capita is an indicator of a distinct and very important theoretical concept, I agree with Berry and Feldman that it would make little sense to delete this variable.
A similar pattern with executive constraints as a dependent variable emerges in the data analyses, which is hardly unanticipated given the empirical closeness between this variable and regime outcomes.\textsuperscript{38} As it was the case in the models depicting regime outcome, the lagged value of the dependent variable has a dominant impact in the equations where it was included, crushing the effect of other potentially influential estimators.\textsuperscript{39} By contrast with the first set of models, neither time nor GDP per capita produce statistically significant parameter estimates; the weight exerted by the lagged value of executive constraints completely absorbs the significance of these variables. Despite the large effect of this inclusion, the index of state capacity remains significant in all the specified models: a unit increase in the index of state capacity is also associated with increases in executive constraints, holding all other factors constant. Overall, the full model explains some 93% of the linear variation in executive constraints in post-communist countries. The high value of $R^2$ indicates that here as well, the choice of variables provide a good fit to the data.\textsuperscript{40}

\textit{Causality}

On the whole the index of state capacity is a strong predictor of both executive constraints and levels of democracy, which in turn are closely associated. This triangle of connection raises a last methodological concern over causality, an issue that is central to the present argument. Does state capacity cause democracy? Or does state capacity explain executive constraints which in turn explain democracy? Or does democracy cause state capacity? The issue is particularly thorny here because of the impossibility of integrating all variables of

\textsuperscript{38} In order to detect serially correlated errors a Lagrange multiplier test was performed here as well. Since the coefficient on the lagged residual was statistically significant, I had to reject the null hypothesis of independent errors. From this perspective it becomes safest to assume that we are in the presence of first order autocorrelation $AR\ (1)$.

\textsuperscript{39} For instance the inclusion of the lagged value of the dependent variable in model 2a produces a 40% increase in linear explained variance ($R^2$).

\textsuperscript{40} Here again, further confirming these results, a cross-sectional OLS regression (not shown) explaining the difference in executive dominance between $t=0$ and 2005 with the $t=0$ values of executive dominance and the difference in state capacity between $t=0$ and 2005 yielded an adjusted $R^2$ of 0.48. With the addition of GDP per capita, the adjusted $R^2$ rose to 0.5. In all models, the variable depicting the change in state capacity scores remained statistically significant.
interest in a single model, thus unequivocally demonstrating directional causality. One alternative way of establishing the direction of causation is to perform Granger causality tests (Granger 1969). Granger causality only evaluates whether a phenomenon happens before another and helps predict it, but it does not represent the concept causality in any other deeper theoretical sense (Granger 1980). This test is conducted by regressing the dependent variable \( y_t \) on lagged values of \( y_{t-k} \) and an independent variable \( x_{t-k} \). The null hypothesis is that \( x_{t-k} \) does not Granger cause (g-cause) \( y_t \): this null hypothesis can be rejected when one or more of the lagged values of \( x \) are significant. Table 3.5 presents the results from the estimations performed according to the above specifications.

### TABLE 3.5

RESULTS FROM GRANGER CAUSALITY TESTING

<table>
<thead>
<tr>
<th>Dependent: Democracy</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy ( t-1 )</td>
<td>0.90**</td>
<td>37.8</td>
<td></td>
</tr>
<tr>
<td>State capacity ( t-1 )</td>
<td>0.13***</td>
<td>4.25</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-2 )</td>
<td>0.87***</td>
<td>28.57</td>
<td></td>
</tr>
<tr>
<td>State Capacity ( t-2 )</td>
<td>0.18***</td>
<td>4.42</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent: State Capacity</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy ( t-1 )</td>
<td>0.08***</td>
<td>3.47</td>
<td></td>
</tr>
<tr>
<td>State capacity ( t-1 )</td>
<td>0.86***</td>
<td>27.98</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-2 )</td>
<td>0.13***</td>
<td>4.51</td>
<td></td>
</tr>
<tr>
<td>State Capacity ( t-2 )</td>
<td>0.79***</td>
<td>21.28</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent: Executive Dominance</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive ( t-1 )</td>
<td>0.90***</td>
<td>36.76</td>
<td></td>
</tr>
<tr>
<td>State capacity ( t-1 )</td>
<td>0.25***</td>
<td>3.56</td>
<td></td>
</tr>
<tr>
<td>Executive ( t-2 )</td>
<td>0.88***</td>
<td>29.24</td>
<td></td>
</tr>
<tr>
<td>State Capacity ( t-2 )</td>
<td>0.30***</td>
<td>3.49</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent: State Capacity</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive ( t-1 )</td>
<td>0.03***</td>
<td>2.86</td>
<td></td>
</tr>
<tr>
<td>State capacity ( t-1 )</td>
<td>0.88***</td>
<td>30.23</td>
<td></td>
</tr>
<tr>
<td>Executive ( t-2 )</td>
<td>0.04***</td>
<td>3.41</td>
<td></td>
</tr>
<tr>
<td>State Capacity ( t-2 )</td>
<td>0.82***</td>
<td>23.23</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent: Democracy</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive ( t-1 )</td>
<td>0.09***</td>
<td>4.15</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-1 )</td>
<td>0.79***</td>
<td>16.4</td>
<td></td>
</tr>
<tr>
<td>Executive ( t-2 )</td>
<td>0.11***</td>
<td>3.82</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-2 )</td>
<td>0.74***</td>
<td>11.66</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent: Executive Dominance</th>
<th>Variables</th>
<th>Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive ( t-1 )</td>
<td>0.92***</td>
<td>17.29</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-1 )</td>
<td>0.1</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Executive ( t-2 )</td>
<td>0.89***</td>
<td>13.36</td>
<td></td>
</tr>
<tr>
<td>Democracy ( t-2 )</td>
<td>0.14</td>
<td>0.97</td>
<td></td>
</tr>
</tbody>
</table>

Cells contain results from eight OLS regressions performed on three different dependent variables. Regressions for one-year lags were performed separately from two-year lags. Estimates were obtained from one of five imputed datasets. Nevertheless, the same estimations performed in the other four data sets allow very close replication of the above table. *** p < .01; ** p < .05; * p < .10.
In the present case, results indicate that state capacity \((x_{t+k})\) \textit{g-causes} democracy \((y_t)\), but that democracy \((y_{t+k})\) also \textit{g-causes} state capacity \((x_t)\);\(^{41}\) we are facing a feedback stochastic system where causality is not unidirectional and values from both variables help predict future values in the other. A similar result occurs with executive dominance as a dependent variable. State capacity \((x_{t+k})\) \textit{g-causes} executive dominance \((y_t)\), but this variable also \textit{g-causes} state capacity \((x_t)\). The only unequivocal result obtained is when the Polity IV executive dominance variable is regressed on Freedom House scores. Executive dominance \((x_{t+k})\) \textit{g-causes} democracy \((y_t)\), but democracy does not \textit{g-cause} executive dominance. These tests provide reasonable empirical evidence that executive dominance causes regime outcome, or is at least \textit{Granger} causally prior. Among the many analyses of the hypothesis of institutional features and levels of democracy, this is the only empirical demonstration, to date, of the direction of the causation between these two variables.

Taken at face value the results from the Granger causality tests involving state capacity seem disappointing. One way to interpret these findings is that Granger causality is limited to linear change. Since we already know from graphical evidence that the relationship between our variables of interest is not linear, it is probable that the tests overlook much of the non-linear variance at work.\(^{42}\) Second, this test can only be performed on pairs of variables and may produce misleading results when more than two variables are known to have an impact, such as in the present case. What is more, the variables depicted here are aggregated and only imperfect measures of very broad and abstract concepts. We cannot hope to achieve the same kind of precision with such crude variables than with detailed macroeconomic data gathered on a weekly basis for very long periods of time. Because the statistical tests performed in this chapter fall short of establishing clear temporally causal relationships between our variable of

\(^{41}\) These tests were conducted on all 5 imputed data sets. Similar results were obtained in all datasets with significant F test results up to 2 lags.

\(^{42}\) Some non-linear extensions of Granger’s original contribution are now available, but the empirical implications are still very complex to implement.
interests, further examination through detailed qualitative case studies will be necessary to establish the evidence of such relationships.

In the end, though, it is somewhat reassuring to see that the direction of causality cannot be established beyond doubt simply through statistical modeling; social reality is much messier than the simplified representations these models offer. Most importantly, the causal arrow between state capacity and democracy is likely to run in both directions at times: feedback effects are undoubtedly present. As demonstrated by Anna Gryzmala-Busse (2007), the causal arrow also runs from democracy or party competition to state capacity. In her analysis of post-communist state reconstruction, Grzymala-Busse showed that opportunistic behavior by ruling parties was curbed in the presence of robust political oppositions, a point similar to Hellman, Jones and Kaufmann’s (2000) finding that levels of state capture can be kept in check by sufficiently developed civil societies. Thus the building of formal state institutions of monitoring and oversight was a more likely outcome in the most competitive systems. Conversely, unchecked governing coalitions have tended to engage in more resource exploitation, clientelistic and rent seeking behavior. Consequently ruling parties in uncompetitive settings fashioned state institutions that facilitated such predatory behavior by thwarting the development of formal institutions of monitoring and oversight.

**Discussion and Conclusion**

Three basic conclusions about the importance of state capacity in explaining regime outcomes can be reached. First, the empirical linkage between state capacity and democracy is clear and robust among post-communist countries, although the linkage is not linear. Second, the connection between state capacity and institutional configurations, a feature we know to be related to levels of democracy, is also evident in this sample. Finally, the direction of the causality between all three variables cannot be established in only one direction, which indicates that state capacity, institutional arrangements and levels of democracy have mutually constitutive relationships. The only unambiguous
unidirectional causal link was established between the strength of executives and levels of democracy, executive constraints being *Granger* causally prior to levels of democracy. This crucial issue of causality will be reexamined with qualitative evidence in the four case studies presented in Chapters 5 through 8.

The scope of the challenge post-communist countries faced after the demise of state socialism was extremely broad: it involved economic transformation, democratic transition, state reconstruction, the resurgence of civil society, the formation of political parties, a complete reorientation of foreign and security policies and for some, even a reconfiguration of national identities (Sakwa 1999). As the results presented in the previous section make apparent, some countries were more or less successful at implementing these changes because the capacity of the state, its strength or weakness, has set the limits of reform agendas that they could reasonably undertake (Roberts and Sherlock 1999). The varying capacity of states in the early years after their release from communism, gave way to different constraints on policy makers about the available options for conducting both economic and political reforms.

Arguably the biggest challenge was the retrenchment and reorientation of the state’s role in the economy (Hellman, Jones, and Kaufmann 2000). The climate surrounding privatization for instance, where property rights were shifted from the public to private spheres has set the tone for levels of state capture by particularistic interests: privatization is a retrenchment of the scope of the state’s activities that requires high degrees of state capacity for its implementation. Where insiders, former soviet managers, were given preferential treatment, classes of powerful rent seekers secured ownership of precious state assets. In turn, seeking to protect their newly acquired financial gains, the winners of the privatization process gained a vested interest in keeping the state’s regulatory (fiscal) powers ineffective (Stoner-Weiss 2006). In a related fashion, firms in an environment where public goods such as private property and contract enforcement are underprovided by the state will be more likely to seek to purchase such services from officials, further undermining the state’s capacity to make credible commitments (Hellman, Jones, and Kaufmann 2000). The under
provision of private property rights and contract enforcement in Ukraine for instance explains much of the collusion between the winners of the transition and political forces. The newly rich fearing their assets in precarious position under the current legal system more readily engaged in state capture to protect their property (Diuk 2002).

In Joel Migdal’s view, leaders of weak states typically turn their attention to staying in power by adopting strategies that close out the use of power to fulfill their original purposes, pushing substantive policies onto the “backburner” (Migdal, 2001, p. 55). Strengthening state institutions is more perilous for leaders in weaker states, as was the case in the Russian military in the mid 1990s. Yeltsin tolerated high ranking military officers selling material to enrich themselves in exchange of their tacit support. A similar scenario emerged in Uzbekistan where Islam Karimov created a new National Guard in 1992 to combat “domestic challenges to the state” as well as a new National Security Service (former KGB) and the regular armed forces (Easter 1997, p.203). Likewise, observers in Georgia blame Shevardnadze’s soft stance on corruption on the fact that he needed certain key players to remain in power throughout the 1990s (Bochorishvili 2005).

Thomas Carothers (2002) termed this phenomenon “dominant-power” politics, where the distinctions between the ruling political forces and the state are blurred because the state’s assets (money, jobs, public information and the police for example) are put into the direct service of the rulers. At the extreme end of the state weakness spectrum, Neil Englehart (2007) claimed that governments desperate to remain in power in the short run were often one of the main causes leading to state collapse, a phenomena he calls self-destructive despotism. Lacking any kind of support, leaders are willing to sacrifice state institutions to purchase loyalty from key players. How long such strategies can be sustained depends on the country’s resources and on how serious the attacks are on the state apparatus. The observation that post-communist countries with low initial state capacity scores were more likely to experience a further decline in state capacity over the following years confirms the soundness of this logic.

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While individual leaders have been blamed for some deleterious decisions they might have taken to restrain or damage democracy, the circumstances surrounding their actions provide important qualifications on the options available to them. Using the case of Yeltsin’s Russia, Valerie Bunce (2003) convincingly argued that leaders in weak states face additional constraints in their abilities to conduct reforms. Not only are reforms more difficult to conduct, but the formation of unified opposition to such reforms is made easier. For instance she argues that assuming that certain reforms such as the building of party-systems, a strengthening of democratic institutions, the expansion of state control on the regions and staying on course with economic reforms could have been carried out in Russia, their logical result would have been the alienation and potential unification of authoritarian forces, regional bosses and various other rent seekers against the regime: a scenario she considers much more dangerous for the survival of democracy than the actual one. In such a light, Bunce views Yeltsin’s decisions much less critically.

As the results of the previous analyses also make clear, the precariousness of post-communist state authority also offers an explanation into the shape of executive-legislative relations. State capacity is empirically closely connected with the strength of the executive in post-communist countries; presidentialism was favored by many actors wanting to secure access to state’s power resources. In return, institutional and legal checks to this strong executive power were seldom developed. This finding substantiates Timothy Frye’s (2002) explanation of constitutional arrangements in which he contended that strong coalitions in favor of presidentialism arose in weak states to protect the assets gained by the winners of the reform process. The present findings also give weight to Gerald Easter’s (1997) revised institutionalist explanation of post-communist regime type. Easter argues that presidentialism was favored in states where old regime elites emerged more or less intact from the transition and maintained and restricted access to the state’s resources. By contrast, parliamentarism seemed to have been the option where former elites were dispersed, to guard against the
takeover of the state’s resources by only one group, such as in the strongest states, here Hungary, Estonia, Latvia and Czechoslovakia.

Hence in that understanding, it becomes clearer why presidentialism has had such a dire record among post-communist countries; the effects of presidentialism are compounded by the environment surrounding the installation of such constitutional arrangements, namely weak structures and politicians in precarious positions. In the post-communist context, a president or executive equipped with decree making authority will be able to buy off key players through the distribution of benefices (Remington 2006, p.265). As a result of weak state capacity, executive authorities, by trying to recentralize power, also developed a tendency to suppress liberties and freedoms. For example, executives in Russia, Belarus, Kyrgyzstan, Moldova (in the 1990s), Ukraine and Georgia sought to stay in power by enlarging their authority at the expense of other institutions (legislatures, courts) and civil society, and hence have moved away from democratic rule, although the ‘Colour Revolutions’ of the early 2000s makes recent development more complicated especially in Ukraine. By contrast, countries in which parliaments “are at the center of national politics” have tended to exhibit higher democracy scores and have generally performed better in overcoming pressures from various rent seekers. (Fish 2005, pp.198-199).

These new independent countries that surfaced after the collapse of the Soviet Union were not entirely new. In fact most of these administrative units and states were bequeathed, practically untouched, to governing elites that were also active in the old regime (Beissinger and Young 2002b). Therefore the capacity of the successor state at the time of transition is a direct legacy of the previous regime and thus a particularly important factor to understanding regime outcomes. Conditions of state infrastructure were not uniform across communist countries, especially between Eastern European satellites and Soviet republics. Hence upon reaching independence, post-communist elites were faced with different ranges of possible options.

The fact that state capacity has proved to be relatively stable since the 1990s in the states included in the present study makes clear that these different
points of departure offer crucial insight on transition and consolidation patterns. More importantly this apparent stability in state capacity warrants questions concerning the process of state formation under Soviet rule. In the following chapter, I will attempt to explain the differences in state capacity by conceptualizing the Soviet Union’s rule as a type of colonial power. Tracing the kind of social order created by the colonial power is particularly significant since patterns of state capacity were likely to remain intact even after Moscow’s power ceased to be.
4. Colonial Legacies and State Capacity

As outlined in the previous chapters, in addition to different starting conditions, the levels of state capacity in post-communist countries have remained relatively stable over the last fifteen years. This stability suggests that state traditions established during the communist era have likely endured after the collapse of the Soviet empire. In this chapter, I will argue that colonial legacies of the Soviet Union can explain some of the variation in state capacities in post-communist states. By contrast with Western Europe where the state has tended to be an embodiment of social structures over time (Huntington 1968), the late-developed bureaucratic third world state takes an independent causal role in fostering social structural transformation (Anderson 1986). Because of the abolition of almost all private enterprise and the imposition of centrally-determined priorities, but also because society because more industrialized and complex, the Soviet state became much bigger and more bureaucratized than its predecessor, the Tsarist imperial state. As a result of Soviet colonialism, the relationship between the state and society was profoundly altered in all parts of the empire.

The Soviet colonial model, with its enormous forced collectivization, industrialization, and general state engineering, produced important and long-lasting administrative developments in all its protectorates. Yet for all its potent capacity to extort massive social change through force and its extensive surveillance apparatus, the reach of the Soviet state was far from hegemonic. As I will demonstrate below, Soviet rule was applied differently throughout the empire: colonies differed in degrees of exploitation, state penetration and engineering. Soviet authorities did not deploy the same tools of statecraft, and differences in colonial power thus led to the later disparity in capacity among their successor states.

While some studies have examined the effect of communist-era colonialism or legacies on the prospects for democratic consolidation or economic reform, very few have used variables beyond the duration of the
communist period, geographic location, or measures of trade dependence (Pop-Eleches 2007). To demonstrate the effects of Soviet colonialism on state building, I analyze thirteen indicators of the colonial relationship's impact on state capacity organized in three dimensions: economic exploitation, depth of state penetration and degree of state engineering. The results reveal two basic conclusions. First, one cannot propose a unified map where colonies fall into the same neat groupings across the different aspects of colonialism. The absence such a finding reveals that some simplistic geographical groupings established in past studies do not reveal sufficient information about communist or colonial legacies. Rather, we have to examine particular constellation of colonial practice in each state to get a more precise description, which is the second main finding of this Chapter: most of the indicators of colonialism selected are indeed related to the level of state capacity reached after independence.

In clear, I posit that it is not the amount of state engineering alone that is deleterious to the construction of robust state structures so much as the coupling of heavy state engineering with low levels of state penetration and economic exploitation. More specifically, in the case of the Soviet Union, widespread intervention in all aspects of social and economic life went hand-in-hand with the creation of a large class of bureaucrats whose interests became increasingly self-preserving over time, giving rise to entrenched informal networks capable of bypassing or insulating themselves from the state’s authority (Cirtautas 1995; Hough 1969; Jowitt 1983). Sweeping changes in state-society relations that were not accompanied by deep state penetration and direct rule have opened the door for even larger patronage networks and other groups that were in position to challenge state authority to form and survive communism such as clans in Central Asia (Collins 2004a; Collins 2004b; Mamdani 1996; Schatz 2004).

The demonstration of this chapter will be conducted in four sections. In the first section I demonstrate the advantages of considering the Soviet Union as a colonial empire despite some noteworthy departures from the practices of classical European overseas empires. In the second section, I review the thirteen indicators of Soviet colonialism chosen to represent the concepts of exploitation,
state penetration and state engineering, and propose quantitative measurements for each where possible. In the third section, I attempt to uncover geographic patterns of colonialism using a technique of average linkage clustering. In the fourth and last section, I establish how these indicators are related to state capacity in successor states and satellites alike, by performing correlations between each indicator of colonialism and the index of state capacity developed in Chapter 2.

The Soviet Union as a Colonial Empire

The conceptualization of the USSR as a colonial empire is not free from metaphorical and teleological implications of decay and disintegration. Mark Beissinger (1995) and David Laitin (1991) appropriately emphasized the teleological attribute of the concept of empire: empires unavoidably carry the seeds of their collapse. Despite the pejorative connotations behind the use of the empire concept, I maintain that it nevertheless has the potential to increase the understanding of state formation processes in post-communist countries. The practice of imperialism necessarily involves “a considerable degree of direct administrative supervision, as distinct from other more partial and indirect ways of asserting influence” (Lieven 1995). Imperialism thus can be treated as an independent variable shaping the process of state formation. Further, such a conceptualization of Soviet rule allows the consolidation of different patterns of rule imposed by the USSR on its provinces and satellites into one single theoretical framework.43

What made the internal administration of the Soviet Union (and its relations with its internal component states and with its Eastern European satellites) imperial? When Michael Doyle (1986) suggests that an “empire… is a

43 Many scholars argue that the Soviet Union was indeed a colonial empire, despite its singularities (Beissinger and Young 2002; Carey and Raciborski 2004; Clark and Bahry 1983; Dawisha and Parrot 1997; Gleason 1991; Holdsworth 1952; Jowitt 1992; Kolarz 1952; 1964; Kuzio 2002; Luke and Boggs 1982; Sharani 1993), and even more widespread after the demise of the regime (Carrère d’Encausse 1993; Cullen 1991; Dawisha and Parrot 1997; Dunlop 1993; Felshman 1992; Gerner 1993; Kappeler 2001; Lieberman 1994; Martin 2001; Matlock 1995; Pryce-Jones 1995; Racevskis 2002; Remnick 1993; Roy 2005; Rudolph and Good 1992; Suny and Martin 2001b; Urban 1993; Viola 1996).
relation, formal or informal, in which one state controls the effective political sovereignty of another political society”, he might only scratch the surface of the concept’s complexity. As David Laitin remarked, Doyle does not elaborate explicitly about what he understands by “another political society.” He does not say whether or not this would include any group with or without political sovereignty like the Flemish in Belgium or the Basques in Spain (Laitin 1991). Similarly vague is David Lake’s definition: “in empire, one partner cedes substantial rights of residual control directly to the other; in this war, the two polities are melded together in a political relationship in which one partner controls the other” (Lake 1996).

Although lacking in clarity, when taken together these definitions intimate that in addition to foreign rule, there has to be a relationship between at least two entities in which a dominant core is present. Moreover, an empire must possess widespread territories composed of diverse people and cultures, the management of which constitutes the primary task of imperial administration. One might argue that many multinational states match this description, but the difference between multinational states and empires lies in the role of the center: “all states have centers, capital cities and central elites, which in some ways are superior to the other parts of the states, but in empires the metropole is uniquely sovereign, able to override routinely the desires and decisions of peripheral units” (Suny 2001).

Soviet imperialism was characterized by the imposition of its power through coercion, although this imperialism (especially with regards to nations) assumed different forms during the Civil War, New Economic Policy (NEP), Stalinist, and post-Stalinist eras. In addition to physically extending its territory after WWII, the USSR forced sovereign countries into client positions and militarily occupied regions it wanted under its influence. Furthermore, the center even intentionally transferred populations in order to alter the ethnic composition of some regions (such as in Central Asia and the Baltic republics) or to remove
certain ethnic groups from key locations. From this perspective, the Soviet Union clearly qualifies as a colonial empire.

As Suny (2001) notes, the concept of empire necessitates the presence of a power center, or a core, which was Moscow in the case the Soviet Union. Unlike traditional empires featuring a large region or country at the core, the Russian Soviet Federated Socialist Republic (RSFSR) did not possess self-governing national institutions and by extension also did not receive special treatment nor exert control over the imperial state (Lieven 2000). By contrast with the British Empire, in which England remained a separate entity with a higher status, the USSR was ruled as a single country. Although Russians did enjoy considerable advantages in obtaining elite positions, they were not spared the hardships imposed on other constituent parts such as massive repression, collectivization, or shortages of consumer goods. Soviet authority was concentrated in Moscow rather than the RSFSR or the USSR more broadly. In addition to most state institutions where executive decisions were taken, the majority of roads, railroad networks, and commercial infrastructure were centered around serving the capital (Gleason and Buck 1993; Suny 2001).

Colonialism is only one of the many manifestations of the more general phenomenon of imperialism: “imperialism implies not only colonial politics, but international politics for which colonies are not just ends in themselves, but also pawns in global power games” (Osterhammel 1997). Like the concept of empire, colonialism not only lacks specific terminological precision, but also has assumed very diverse manifestations in history: “the multiformity of colonial situations continues to confound efforts to define colonialism” (Osterhammel 1997, p.4). For instance, both the British and the French Empires employed numerous methods of ruling within their respective empires. The British did not govern their African colonies the same way they managed their settler colonies. Thus

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44In addition to the deportation of people from certain religious, ideological and ethnic groups (including women, children and the elderly) such as the Kulaks, Jews, Jehovah’s Witnesses, Poles, Volga Germans, Crimean Tatars, Chechens, Kalmyks, Ingush, Balkars, Karachays, and Meskhetian Turks, Moldovans, Romanians, Greeks, Lithuanians, Estonians, Latvians as well as many other minorities and “anti-soviet elements” were that were transported to various locations in Siberia and Middle Asia.
British colonial influence is still traceable in both Canada and Nigeria, although their repercussions differed in both countries. As a result, various practices can be comprised under the concept of colonialism, from the formal colonial empires where the indigenous rulers are replaced by rulers from the metropolis, to the informal ones where the polity remains an independent actor with its own political system, with many other possible power configurations in between (Osterhammel 1997; Wendt and Friedheim 1995).

The literature on the relationships between Moscow and its diverse colonial entities makes clear that its authority fluctuated across time and territory. More specifically, we can identify two distinct physical structures of control in the Soviet Union: a formal and an informal empire. The formal empire was composed of the fifteen republics on which Moscow imposed a centralized imperial system. The entities enclosed within the Soviet Union, while theoretically granted the right of secession, were not politically independent.

By contrast, informal empires are “structures of transnational political authority that combine an egalitarian principle of de jure sovereignty with a hierarchical principle of de facto control” (Wendt and Friedheim 1995). The Eastern European satellites, Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Slovakia 45 did possess de jure sovereignty over their territory: this differentiates between the two types of empires. However, Moscow closely managed these six states from the mid 1940s to 1989. The relationship between the Soviet Union and these six countries satisfied Wendt and Friedheim’s definition of informal empire according to which: “informal empires are structures of transnational political authority that combine an egalitarian principle of de jure sovereignty with a hierarchical principle of de facto control (1995, p.695).” The foreign and military affairs of the satellites as well as their ideological orientation were perceived to be internal policy by Soviet leadership and thus tightly controlled by Moscow (Bialer 1981; Dibb 1988; Korbonski

45 Although East Germany and Mongolia fit this description as well, I will not consider them in the analyses. Because of the reunification of Germany, the development of the German Democratic Republic state can not longer be studied outside the larger German state. Additionally, the extreme rarity of data and information on Mongolia, during and after communist rule, make it virtually impossible to study.
The security of Eastern Europe was a primary concern for Moscow as the region provided a physical safeguard against entry into Soviet territory. Moreover, controlling the level of dissatisfaction and insurrection in the Eastern satellites was paramount to the stability of Communist rule not only locally, but within the Soviet Union as well where spillover effects of discontent were feared (Dibb 1988).

What ultimately sets apart simple dependency from informal empire, however, is the expectation of military intervention in the event a dependent unit goes astray (Doyle 1986; Wendt and Friedheim 1995). In that regard, the Soviet interventions in Hungary in 1956 and Czechoslovakia in 1968 were unambiguous demonstrations that Soviet leaders would not tolerate dissent. By the same token, these military interventions confirmed that maintaining control over the states in question would be costly, more so than for the formal empire over which Moscow had sovereign control (Bunce 1985). The Brezhnev Doctrine of 1968 formalized this limitation on the Eastern satellites’ sovereignty by rendering explicit their vulnerability to Soviet intervention. The effectiveness of the concept of informal empire is thus demonstrated by the domination of the USSR over the ideology, personnel and policies of its satellites albeit alongside formal sovereignty and a fair increasing degree of independence.

The continuities between Tsarist Empire and the Soviet Empire also cannot be overlooked. The demarcation between the two successive empires might not be equally obvious for all (Brower 1997). In most regards, the revolution was a radical break with the past. In theory at least, the goal of the Bolshevik revolution was to eliminate all traces of Tsarist imperialism in Russia. Dietrich Geyer (1986) argued that a direct comparison between the two empires would not be very fruitful due to the amount of changes in both domestic and foreign contexts. The conditions surrounding domestic political decisions processes were starkly different from the Tsarist to the Soviet empires, for example, as were the international climates in which they operated (Carrère d'Encausse 1978). Yet despite announcing a break with history, one will still notice the evident territorial continuity between the two empires, especially after the Second World War when
the Soviet Union recovered almost all (except Finland) of the territories that were lost to the old Tsarist Empire. The rapid recovery of Russia’s great power status, albeit under a different name, and the perpetuation of some nationalistic and imperialistic attitudes also seem to offer an evident pattern of continuity between the old and the new empires.

With communist rule came, a new social order was imposed through force, alongside many other impressive projects. More importantly, the ability of the state to control and manipulate the entire territory from the center was greatly expanded under Soviet rule. Under Tsarist administration, Russians ruled indirectly in its remote periphery, relying on local elites to collect taxes, for example, as well as crafting a system of hereditary Khans resembling the Russian nobility system (Edgar 2004). Although Tsarist elites disapproved of the Muslim religion, they did not possess the will or the means to impose a different value system, to promote mass education or train a local class of civil servants. In the territory that is now Uzbekistan, Imperial Russian authorities dispensed justice using the local codes of Islamic and tribal customary law rather than imposing the Russian legal systems (Edgar 2004). By contrast, the Soviet state’s grip in the periphery was much tighter than its predecessor’s.

*An Uncommon Empire*

Undoubtedly, some of the core characteristics of classical colonialism in the realm of economic exploitation and nationalities set the experience of the Soviet Union apart. Indeed, Jane Burbank suggested in her study on the Tsarist Empire that the concepts of core and periphery do not have the same import for the Soviet Union as in the classic European colonial empires (2006). In Africa, the elite positions were monopolized by Europeans who believed they were representatives of a superior race, thus creating “racially defined endogamous colonial societies” (Mommsen and Osterhammel 1986). The situation was quite different in the Soviet Union and its satellites, where “natives” were eligible for higher education and had access to power positions, albeit unequal representation (Kolarz 1964).
Not unlike the Ottoman and Hapsburg empires, there was considerable intermingling between imperial and colonial subjects in the Soviet Union, which produced a blurring of the distinction between imperial and colonial identity (Hobsbawm 1997; Suny and Martin 2001a). For instance, Russia did not have a separate Communist Party like the other nations, and thus did not technically control the central state. This distinction is, in the opinion of Dominic Lieven (2000), the biggest difference between the Soviet and British Empires.46 In the formal part of their empire, the Soviets attempted to create one nation, with one unified set of laws, customs and ideas, while the British kept a sharp constitutional distinction between itself and its colonies. All residents of the Soviet Union could become Soviet, but not everyone could become British in British colonies (Lieven 2000). In fact, it is Terry Martin’s contention that the central state, in its beginnings, purposely avoided association with Russian ethnicity and culture and even actively promoted other national cultures, even though this policy was later reversed by Stalin (Martin 2001). The Soviet “Affirmative Action Empire” (Martin 2001) was aimed at lessening the dangers of nationalism that had been fatal to the Habsburg, Ottoman and Tsarist Empires by granting minorities lesser forms of nationhood to undercut feelings of prejudice and injustice.

Secondly, contrary to the classic Western empires, the Soviet empire was not simply based on exploitative resource extraction from the periphery. In the vein of the precedent Tsarist Empire, economic factors played a secondary role in Soviet imperialism (Geyer 1986). Although Moscow was to a certain point dependent on natural resources flowing from the periphery, the core was less in pursuit of enrichment than maximum security (Bunce 1985). The Soviet domination of its colonies was mostly of a political and military nature. In general, economic control was derived from this political control (Clark and Bahry 1983) although extraction of resources was more intense in certain areas such as Uzbekistan and Azerbaijan.

46 With the exception of British settler colonies.
The Soviet Union was thus not a “typical” empire (Hobsbawm 1997; Zaslavsky 1997). Based on the command economy, Moscow was able to subsidize the cost of many resources to the republics not only for their co-option, but to equalize development among republics. The separation of the Soviet bloc from the global market due to reliance on the centrally planned economy is what Viktor Zalsavsky (1997) believes has thwarted the development of the Soviet Union as a classic empire, with the center usually containing most of the value-added production. Since market forces were not driving growth and development, value-added production could be artificially dispersed both in the center and in the periphery.

Furthermore, unlike most classic cases of capitalistic dependent development, the compulsory industrialization brought some material benefits and higher standards of living (Clark and Bahry 1983). Between 1918 and 1928, the equal status of women was proclaimed, and child marriage, dowry, the veil, and polygamy were thus abolished in Uzbekistan and Tajikistan (Holdsworth 1952). Moscow contributed to an unprecedented degree in the advancement of literacy by introducing mandatory schooling requirements and intensive literacy campaigns for adults as well as founding institutions of technical training and higher research. In that regard, Ken Jowitt (1992) describes a unique variety of colonialism that generated exceptional circumstances for social mobility—conditions unrivaled in any colonial empire. This special type of colonialism was based on transformation: the center insisting that provinces engage in rapid and comprehensive industrialization, build factories and industries as well as mass produce a new class of agronomists and engineers for these institutions (Jowitt 1992).

The Politics of Empire

Like European colonialism, Soviet colonialism did not leave uniform traces on the societies it influenced. To a certain extent, the Soviet authorities accorded the development of its western territories including the informal empire as well as the Baltic States, Ukraine, Belarus and the RSFSR a privileged status
over its ethnic periphery. Therefore, important variations in ruling strategies coexisted between the informal empire in Eastern and Central Europe, and the formal empire in the Soviet Union. There were also large variations within what is called the formal empire in addition to variation between the regions. In contrast with the literature on the legacies of European overseas colonialism, most observers of post-communism conclude that these differences depend either on patterns of national integration or on geographical positioning.

Abundant recent literature on the integration of nations into the Soviet Union explains patterns of nationalism and nation-building after its demise (Barkey and Von Hagen 1997; Brubaker 1996; Hirsh 2005; Kappeler 2001; Laitin 1991; 1998; Martin 2001; Motyl 1992; Rudolph and Good 1992; Skak 1996; Suny and Martin 2001b). In one of the most authoritative treatments of the national question, David Laitin (1998) observed that the Soviet Union used differentiated incorporation models for different nationalities: certain types native elites were considered equal to the elites in the center while others were not. Laitin’s typology is divided in three methods of elite incorporation based on the prospects for native elite mobility from a titular republic in the political center. Some nationalities were incorporated either via a ‘most favored-lord’ mode, where national elites had an equal status to central elites, a ‘colonial’ mode, where elite mobility was almost impossible, or an ‘integral’ mode where elite mobility was partially blocked outside, but not inside the republic. In turn Laitin used these models of incorporation to identify patterns in the various uprisings and independence movements from the Soviet Union. Although his interpretations concerning the emergence of a new Russian-speaking identity remain contested (Beissinger 1999; Kaiser 2001; Ponarin 2000; Poppe and Hagendoorn 2001), Laitin’s analysis points to the existence of different patterns of national integration, thus in directness of rule used throughout the empire. The general picture he paints, however, fails to account for the ways in which elite equality was elaborated in Moscow, that is, what made Latvian elites more desirable for mobility than Armenian or Azeri elites for example.
Other contributors argue that geopolitical factors resulted in differences in Soviet ruling types throughout the empire. For example, Mette Skak (1996) identified a series of concentric circles based on geographic positioning in relation to Moscow. She identified the first circle as the internal empire, including Russia and the fourteen other former Soviet republics. In a second circle, the territories making up the Warsaw pact as well as Mongolia were identified as being part of the external empire. The last circle is the border of empire, comprising the former Yugoslavia and Albania. The addition of this last circle, the border of the empire including the former Yugoslavia and Albania, is the least consensual in the literature.

Henri Carey and Rafal Raciborski (2004) produced a similar territorial classification based on the works of Muriel Evelyn Chamberlain (1999) and Andreas Kappeler (2001). These categories, which are not unlike Mette Skak’s (1996), include classical colonies, inner colonies and finally semicolonies. While their goal is to distinguish regions according to varying patterns of marginalization, depth of state penetration and degrees of state engineering under Soviet rule, the final classification criteria they use are not always explicit and seem to focus almost exclusively on geography. As I will demonstrate below, reviewing the different features of Soviet colonialism seldom allows such clean geographic classifications as those proposed by Carey and Raciborski (2004) and Skak (1996).

Three Dimensions of Colonial Rule

Although the studies above provide useful starting points, the academic discourse on European overseas colonialism and state building links colonialism with the formation of dysfunctional states more explicitly. For instance, countries that are poor in capital, such as former African colonies, will face additional difficulties to coordinate activities over large areas and will be less hospitable for large scale organizations such as governments (Olson 1987). In most accounts, colonialism in general is associated with imported statehood, social fragmentation, neopatrimonial rule, authoritarianism and poor quality of civil
service – factors that are in turn responsible for low levels of state capacity in post-colonial African states (Bayart 1989; 1994; Bratton and van de Walle 1997; Jackson and Rosberg 1982; Kriekhaus 2006; Lewis 1996; Migdal 1988; Young 1994; Young 1998). Similarly, Beissinger and Young attribute what they call a crisis of the state in both Africa and Eurasia to a shared legacy of imperial subordination (Beissinger and Young 2002, p.4). In their account, the imposition of social order and territoriality through force, the expansion of state power accompanied by massive state engineering by state authorities contributed in both regions to the creation of weak states. Building on these contributions, the following analysis will test the effects of three dimensions of Soviet colonial rule on state capacity: levels of exploitation, depth of state penetration and level of state engineering.

According to Jonathan Kriekhaus (2006), we should expect colonial exploitation to be associated with state weakness. Late colonialism, where the intensity of exploitation was highest, coupled with low investment in human capital, produced the most dysfunctional states (Kriekhaus 2006, p.53). Agriculture concentration, trade dependence and commodity concentration will serve as the first set of indicators for the larger concept. Commodity and export partner concentration are relatively common indicators of trade dependence on a single good or partner, hence by extension of polities’ vulnerability to world market price fluctuations (Chase-Dunn 1975; Galtung 1971). Nevertheless, due to the form of non-market command economy on which economic relations functioned within the Soviet bloc, trade specialization was the result of policies from the center, not necessarily from comparative advantage and regional characteristics as commonly observed in the developing world.

Because in socialist countries the economic decisions originated from a single state-centralized source, the potential leverage of the USSR in shaping its colonies’ economies was much greater than its imperialist counterparts in the West (Clark and Bahry 1983). In a classic dependent relationship between center and periphery, we would expect poorer peripheral regions to import expensive manufactured goods from the more developed core in exchange for their natural
resources (Bornschier and Chase-Dunn 1985; Bunker 1996). In turn, export-dependent countries are usually reliant on logging, mining, drilling, and monocrop agriculture (Shandra 2007). These factors are important indicators of internal colonial relationships where a “relatively powerful core establishes exchange relationships with a relatively weak peripheral area” (Gleason 1991). In such cases of dependent development we should observe specialization in a primary commodity or product of agriculture destined for export to a limited amount of trade partners, where little control is exercised on the terms of the trade by the producing party.

The second dimension, the level of state penetration, or what Atul Kohli calls the downward penetration of public power, is consequential for the resulting capacity of post colonial states (Forrest 1988; Herbst 2000; Kohli 2004; Mamdani 1996). Where the infrastructure of power was least developed, post independence leaders were faced with the problem of extending power over their territories in spite of the dysfunctional administrative systems they inherited from the previous authorities (Herbst 2000). The concept of depth of state penetration will be represented by four indicators: 1) Communist Party and Komsomol membership, 2) the directness of rule measured by titular nationalities in Party leadership and civil service positions (Mamdani 1996; Osterhammel 1997) as well as retention of turnover taxes, 3) the longevity of republican Party First Secretaries, and 4) the extent to which Soviet authorities attempted to implant Russian nationals in each component republic.47

One way to think about state penetration in communist regimes is through the level of entrenchment of the Communist Party, the main organ of control and the Komsomol, the youth wing of the Communist Party.48 The Communist Party’s authority over individuals operated through the cells it positioned at every echelon of political and administrative rule: every collective farm, every work

47 The reader will notice that some of these indicators, Komsomol membership and directness of rule only apply to the Soviet Union. Since ECE satellites conserved their sovereignty, they were subjected to the most indirect form of colonial rule, where only their national institutions were chaperoned from Moscow. While national elites were dependent on decisions taken in Moscow, no personnel from the center was sent and they retained control over the administration of their finances.

48 Komsomol membership was between the ages of 14 and 28 years old.
place and even apartment building. The Communist Party of the Soviet Union (CPSU) and the Soviet state, although different bodies in theory, were practically indistinguishable from one another in practice, as instruments of Soviet rule. Following that logic, we could hypothesize that—at least in the case of the Soviet Union—the more members the Party possessed in a given location, the more authority it could potentially wield through its members, hence the more entrenched the likely penetration of the state. The average duration of Party first secretaries will assess the relative trustworthiness of native elites and their degree of autonomy from Moscow, while russification will serve as measure of strategic importance within the Soviet Union.

Depth of state penetration will also be captured by indicators of the directness of colonial rule, measured by the ratio of titular civil servants to all civil servants, the share of turnover taxes retained. In the French model of direct colonial rule, subjects are integrated through cultural assimilation and administrative centralization (Clapham 1985). This centralization entails the replacement of traditional authorities and institutions by the bureaucratic agencies of the colonial state, and the creation of a new elite, educated with the colonial power’s standards and its language. By contrast, British style indirect rule was more likely to leave indigenous local elites in place making them serve Britain either through coercion or co-option (Wilson 1994). In such cases, colonial authorities considered unnecessary to dismantle existing indigenous institutions and patterns of social organization, instead relying on ‘divide and rule’ strategy to keep different groups from uniting and challenging British control (Clapham 1985).

The concept of state engineering will be understood as a composite of several facets of Soviet colonialism such as the imposition of artificial boundaries and state institutions, collectivization and industrialization. In the Soviet Union, following the demise of the Tsarist Empire, the Communist rulers sought to reorganize the administration to adapt to their own purposes, and also to purge scores of Tsarist elites, ensuring loyalty to the new regime. Although it is clear that the Tsarist Empire left important traces behind, the thoroughgoing Bolshevik
social engineering project changed most existing patterns of authority, a process Beissinger and Young (2003) have coined “massive state engineering.” Moscow either imposed new borders or modified existing ones heavily in many regions. The aftermath of these border changes are still felt today as many territorial entities subject to modifications under Soviet rule are still contested by the concerned parties.

*Exploitation*

*a) Agriculture Concentration*

Despite the early “anti-colonial” Soviet rhetoric aimed at eliminating capitalism-induced dependent development, the outcomes of Soviet policies were sometimes not much different than what one would expect under classical economic imperialism: namely, strong political control, economic exploitation, and extreme regional specialization of the economy. From that perspective, the Soviet Union reinforced a situation of economic dependence already present in the former Tsarist Empire in Central Asia with the production of a single agricultural export crop such as cotton.

Table 4.1 presents the concentration of crop agriculture production in the USSR between 1980 and 1990. The most clearly exploited agricultures are those of Turkmenistan, Uzbekistan, Tajikistan, and to some extent Kazakhstan with over 55 percent concentration in either a single commodity or a commodity group. Looking at table 4.1 reveals that during the 1980s, about 80 percent of all Turkmen crop production was composed of cotton, while this ratio was close to 60 percent in Uzbekistan (Pockney 1991; World Bank 1993). Although the agricultural economies of the other Central Asian republics were, according to Gregory Gleason, more diversified than Turkmenistan and Uzbekistan, they were all closely linked in the cotton farming by producing either machinery or fertilizers for its cultivation (Gleason 1991).

49 Given the size of Kazakhstan and its different climate zones, it is difficult to consider its aggregate performance. For instance, the north was concentrated around grain production, while the much dryer south produced cotton.

50 In 1980, 56 percent of Tajik crop production was cotton, 16 percent in Kyrgyzstan and less than percent in Kazakhstan.
### TABLE 4.1: CONCENTRATION OF SOVIET AGRICULTURE PRODUCTION, 1980-1990

<table>
<thead>
<tr>
<th>Republic</th>
<th>1980</th>
<th>1985</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Commodity</td>
<td>Percent</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>80</td>
<td>Cotton</td>
<td>78.3</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>-</td>
<td>-</td>
<td>50.3</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>-</td>
<td>-</td>
<td>61.9</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>-</td>
<td>-</td>
<td>56.6</td>
</tr>
<tr>
<td>RSFSR</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Belarus</td>
<td>47.2</td>
<td>Potatoes</td>
<td>39.5</td>
</tr>
<tr>
<td>Georgia</td>
<td>24</td>
<td>Grapes</td>
<td>22.8</td>
</tr>
<tr>
<td>Lithuania</td>
<td>20</td>
<td>Grain</td>
<td>21.2</td>
</tr>
<tr>
<td>Ukraine</td>
<td>25</td>
<td>Grain</td>
<td>21.7</td>
</tr>
<tr>
<td>Armenia</td>
<td>23.7</td>
<td>Grain</td>
<td>26.3</td>
</tr>
<tr>
<td>Latvia</td>
<td>33.6</td>
<td>Potatoes</td>
<td>28.3</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>16</td>
<td>Cotton</td>
<td>27.0</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>-</td>
<td>-</td>
<td>23.0</td>
</tr>
<tr>
<td>Moldova</td>
<td>23.3</td>
<td>Tobacco</td>
<td>20.4</td>
</tr>
<tr>
<td>Estonia</td>
<td>28.5</td>
<td>Potatoes</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Source: Pockney (1991)

This model of economic concentration produced a situation of dependent development. Soviet leadership not only dictated the types of cultivation, but also production quotas and prices on top of buying 100% of the production. By consequence, the welfare of entire populations in the Central Asian republics was dependent on the central government setting of quotas and prices (Gleason 1991). Despite the evident concentration in Central Asia, no concentric geographic pattern of exploitation appears when we look beyond Turkmenistan, Uzbekistan and Tajikistan. For instance, while the agriculture of the Kyrgyz SSR, Azerbaijan and Moldova featured tobacco and cotton, which are known cash crops, these products represented at most only a quarter of all crop production in these republics during the 1980s, thus not reflective of an obviously exploitative pattern. Looking at the RSFSR, with its moderately concentrated agriculture (40 percent on different grain production) does not point toward an unambiguously exploitative relationship involving a powerful core exploiting the natural resources of its weak periphery in neat concentric circles.
TABLE 4.2:  
CONCENTRATION OF AGRICULTURE PRODUCTION IN EASTERN SATELLITES, 1961-1989

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Crop</td>
<td>% Crop</td>
<td>% Crop</td>
<td>%t Crop</td>
<td>% Crop</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>30.2 Maize</td>
<td>27.1 Maize</td>
<td>32.1 Maize</td>
<td>35.9 Maize</td>
<td>35.5 Maize</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>27.8 Maize</td>
<td>28.1 Maize</td>
<td>37.6 Maize</td>
<td>28 Maize</td>
<td>29.1 Maize</td>
</tr>
<tr>
<td>Hungary</td>
<td>33.6 Maize</td>
<td>39.4 Maize</td>
<td>39.7 Maize</td>
<td>39.5 Maize</td>
<td>37.4 Maize</td>
</tr>
<tr>
<td>Poland</td>
<td>54.3 Potatoes</td>
<td>53.3 Potatoes</td>
<td>32.3 Potatoes</td>
<td>37.1 Potatoes</td>
<td>34.4 Potatoes</td>
</tr>
<tr>
<td>Romania</td>
<td>36.5 Maize</td>
<td>35.6 Maize</td>
<td>31.9 Maize</td>
<td>21.7 Maize</td>
<td>18.5 Maize</td>
</tr>
</tbody>
</table>

SOURCE: FAO Statistics Division 2007

Table 4.2 presents the agriculture concentration figures of ECE countries between 1961 and 1989. From Table 4.2 we notice that the agricultural sectors of the five satellites appear to be slightly more concentrated than most Soviet republics outside Central Asia, but not sufficiently so to offer a distinctive pattern of exploitation: around 30 percent concentration on a single crop does not represent a pattern of dependency. The agricultural sectors of Belarus, Latvia, Estonia and Poland’s were similarly and relatively highly centered on the production of potatoes, while Kazakhstan, the RSFSR, Lithuania, Ukraine, Armenia, Bulgaria, Czechoslovakia, Hungary and Romania produced mainly grain and fodder: none of these commodities can be considered cash crops.

b) Commodity Concentration

Turning to the patterns of export commodity concentration, where the proportion of the largest export commodity is considered in relation to total exports to assess the degree of diversification of the economy, no obvious geographical pattern emerges. Table 4.3 presents the figures of commodity concentration of external trade at international market prices in 1989. Looking at Table 4.3 reveals that most republics’ and countries’ essential exports reflect the Soviet Union’s style of development, focusing on heavy industry and producer goods: machinery, metal works and transportation equipment dominate most republics’ exports.
While Czechoslovakia, the Kyrgyz and Turkmen SSRs exports are the most concentrated over a single commodity category, they are much different qualitatively. The economy of Czechoslovakia was much more developed and also showing high export figures in manufactured goods, while Kyrgyzstan’s exports were more centered on primary commodities reflecting dependent development. The Tajik, Uzbek and Kazakh SSRs exports were more diversified, though revolving around mining and oil. Of importance, as exposed in Table 4.3, only the Turkmen exports with 57 percent concentration on a single commodity corresponds to a clearly exploitative pattern. Of importance, the Azeri (33 percent) and Kazakh (26 percent) SSR’s exports were also dominated by oil and gas production, and the Tajik SSR (37.5 percent) by non-ferrous metals and thus seem to only weakly correspond to a pattern of high commodity concentration. In the late 1980s, the RSFSR was producing 51 percent of all Soviet grain, 50 percent of all potatoes, 49.4 percent of all meat, and 46.6 percent of all wool (Deutsche Bank 1991). The RSFSR also produced 95.5 percent of all Soviet petroleum, 74.38 percent of all natural gas and 54% of the USSR’s coal (Deutsche Bank 1991): these figures demonstrate that Moscow had also established a form of internal colonialism over the RSFSR.

By contrast with the resource-rich RSFSR, the Estonian, Latvian, Lithuanian, Byelorussian, and Moldovan SSRs were relatively poor in natural resources such as minerals, and were not readily exploitable. Although Czechoslovakia’s commodities were the most concentrated around a single category as mentioned earlier, its main export products were machinery, motorized vehicles and manufactured goods, not agriculture or mining products. Likewise, Poland, Romania, and Hungary are the only countries sporting large exports of manufactured goods, while being net importers of basic raw materials for heavy and light industry (iron ore, raw cotton). Thus, Eastern Europe assumed the role usually reserved for industrialized countries within the Soviet Bloc, instead of Russia or the Slavic core (Granick 1954; Zimmerman 1978). Although Bulgaria’s economy was the least concentrated around a single commodity group, it differed from the rest of Eastern European satellites in its
main exports. In 1992, Bulgaria’s largest export commodities were non-ferrous metals and mineral products.

**TABLE 4.3**
**COMMODITY CONCENTRATION OF EXTERNAL TRADE AT INTERNATIONAL MARKET PRICES, 1989**

<table>
<thead>
<tr>
<th>Republic</th>
<th>Type of Commodity</th>
<th>Percent Total Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Czechoslovakia</td>
<td>1. Machinery / Mechanical</td>
<td>70.0</td>
</tr>
<tr>
<td></td>
<td>2. Manufactured Goods</td>
<td>29.0</td>
</tr>
<tr>
<td>2. Kyrgyzstan</td>
<td>1. Machinery and Metal Works</td>
<td>63.1</td>
</tr>
<tr>
<td></td>
<td>2. Food and Beverage Production</td>
<td>8</td>
</tr>
<tr>
<td>3. Turkmenistan</td>
<td>1. Oil and Gas</td>
<td>57.0</td>
</tr>
<tr>
<td></td>
<td>2. Light Industry</td>
<td>23.2</td>
</tr>
<tr>
<td>4. Belarus</td>
<td>1. Machinery and Metal Works</td>
<td>56.8</td>
</tr>
<tr>
<td></td>
<td>2. Oil and Gas</td>
<td>13.6</td>
</tr>
<tr>
<td>5. Ukraine</td>
<td>1. Machinery and Metal Works</td>
<td>48.9</td>
</tr>
<tr>
<td></td>
<td>2. Ferrous Metals</td>
<td>19.8</td>
</tr>
<tr>
<td>6. Latvia</td>
<td>1. Machinery and Metal Works</td>
<td>44.0</td>
</tr>
<tr>
<td></td>
<td>2. Chemicals and Products</td>
<td>11.9</td>
</tr>
<tr>
<td>7. Lithuania</td>
<td>1. Machinery and Metal Works</td>
<td>41.6</td>
</tr>
<tr>
<td></td>
<td>2. Oil and Gas</td>
<td>14.6</td>
</tr>
<tr>
<td>8. Armenia</td>
<td>1. Machinery and Metal Works</td>
<td>41.3</td>
</tr>
<tr>
<td></td>
<td>2. Light Industry</td>
<td>22.5</td>
</tr>
<tr>
<td>9. Moldova</td>
<td>1. Machinery and Metal Works</td>
<td>39.2</td>
</tr>
<tr>
<td></td>
<td>2. Food and Beverage Production</td>
<td>19.5</td>
</tr>
<tr>
<td>10. RSFSR</td>
<td>1. Machinery and Metal Works</td>
<td>37.8</td>
</tr>
<tr>
<td></td>
<td>2. Oil and Gas</td>
<td>31.2</td>
</tr>
<tr>
<td>11. Tajikistan</td>
<td>1. Nonferrous Metals</td>
<td>37.5</td>
</tr>
<tr>
<td></td>
<td>2. Light Industry</td>
<td>24.7</td>
</tr>
<tr>
<td>12. Georgia</td>
<td>1. Machinery and Metal Works</td>
<td>33.8</td>
</tr>
<tr>
<td></td>
<td>2. Food and Beverage Production</td>
<td>18.1</td>
</tr>
<tr>
<td>13. Azerbaijan</td>
<td>1. Oil and Gas</td>
<td>33.3</td>
</tr>
<tr>
<td></td>
<td>2. Machinery and Metal Works</td>
<td>23.4</td>
</tr>
<tr>
<td>14. Hungary</td>
<td>1. Machinery / Mechanical</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td>2. Manufactured Goods</td>
<td>17.0</td>
</tr>
<tr>
<td>15. Estonia</td>
<td>1. Machinery and Metal Works</td>
<td>29.9</td>
</tr>
<tr>
<td></td>
<td>2. Food and Beverage Production</td>
<td>16.8</td>
</tr>
<tr>
<td>16. Poland</td>
<td>1. Machinery / mechanical</td>
<td>29.9</td>
</tr>
<tr>
<td></td>
<td>2. Manufactured Goods</td>
<td>20.1</td>
</tr>
<tr>
<td>17. Romania</td>
<td>1. Machinery / mechanical</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>2. Manufactured Goods</td>
<td>21.0</td>
</tr>
<tr>
<td>18. Uzbekistan</td>
<td>1. Light Industry</td>
<td>26.8</td>
</tr>
<tr>
<td></td>
<td>2. Machinery and Metal Works</td>
<td>22.2</td>
</tr>
<tr>
<td>19. Kazakhstan</td>
<td>1. Oil and Gas</td>
<td>26.1</td>
</tr>
<tr>
<td></td>
<td>2. Ferrous Metals</td>
<td>13.1</td>
</tr>
<tr>
<td></td>
<td>2. Mineral Products</td>
<td>21.3</td>
</tr>
</tbody>
</table>

c) External Trade Concentration

Table 4.4 presents the patterns of export partner concentrations of external trade at foreign prices in 1989. For all Soviet republics with exception of the RSFSR, the concentration of trade within the Soviet Union is generally well over 80 percent, which is indicative of a high level of dependency. Following Carey and Raciborski’s (2004) argument, we should have expected Central Asian republics to display more concentrated trade relationships and Slavic and European Republics more diversified trade partners. In 1989, the exports of the Kyrgyz, Armenian and Turkmen SSRs were the most centered around domestic trade. Conversely, the Tajik SSR, Ukrainian SSR (UkSSR) and RSFSR displayed the highest proportions of foreign, non COMECON trade. Interestingly in 1989, close to 95 percent of Estonia, Latvia and Lithuania’s exports were geared toward the rest of the USSR and former COMECON partners; an extremely high ratio of trade concentration indicating a high level of trade dependency on the Soviet Union.

<table>
<thead>
<tr>
<th>Republic</th>
<th>Percent USSR</th>
<th>Percent Foreign$^a$</th>
<th>Percent Former COMECON$^a$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyrgyzstan</td>
<td>98</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Armenia</td>
<td>96.9</td>
<td>1.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>95</td>
<td>2.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Estonia</td>
<td>94</td>
<td>3.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Latvia</td>
<td>94</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>92</td>
<td>4.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Moldova</td>
<td>92</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Lithuania</td>
<td>90</td>
<td>5.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Georgia</td>
<td>89.6</td>
<td>5.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>89.4</td>
<td>6</td>
<td>4.6</td>
</tr>
<tr>
<td>Belarus</td>
<td>88.3</td>
<td>6</td>
<td>5.7</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>88</td>
<td>6.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>82</td>
<td>10.3</td>
<td>7.7</td>
</tr>
<tr>
<td>Ukraine</td>
<td>82</td>
<td>9.4</td>
<td>8.6</td>
</tr>
<tr>
<td>RSFSR</td>
<td>63</td>
<td>20</td>
<td>17</td>
</tr>
</tbody>
</table>

SOURCE: World Bank (1992)
a. USSR trade figures with COMECON and foreign countries were estimated with 1990 figures

$^{51}$ Exports are generally understood to be highly dependent when concentration on a single partner reaches 60 percent.
Table 4.5 presents the direction and concentration of external trade of ECE satellites between 1950 and 1990. In contrast with Soviet republics, the intensification of Eastern European exports to the USSR between 1950 and 1960 indicated an increasing export dependency on the Soviet Union. This pattern was reversed after 1960, and exports to the USSR continued to steadily decrease until 1990 (in Table 4.5). From this indicator, we know that the European satellites were much less export-dependent on the USSR than the component republics, with the exception of Bulgaria during the 1960s. Thus, there is a clear difference between Soviet republics and European satellites in commodities and partner concentration, Soviet republics being much more concentrated around specific commodities and a single trading partner. In absolute terms, though, all the Soviet republics’ trade exhibit highly dependent patterns. In Eastern Central Europe, only Bulgaria between 1950 and 1980, Czechoslovakia in 1960 and Romania during the 1950s exhibit concentration close or above 60 percent, while for all Soviet republics trade concentration is much over that percentage.

**TABLE 4.5**

EASTERN EUROPE PERCENT EXPORTS TO USSR, 1950-1990

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>63.92</td>
<td>92.89</td>
<td>60.03</td>
<td>54.31</td>
<td>28.38</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>44.79</td>
<td>64.44</td>
<td>35.13</td>
<td>33.89</td>
<td>18.04</td>
</tr>
<tr>
<td>Hungary</td>
<td>26.01</td>
<td>42.87</td>
<td>33.49</td>
<td>27.92</td>
<td>21.29</td>
</tr>
<tr>
<td>Poland</td>
<td>25.14</td>
<td>36.05</td>
<td>35.06</td>
<td>25.41</td>
<td>19.44</td>
</tr>
<tr>
<td>Romania</td>
<td>74.87</td>
<td>49.12</td>
<td>26.55</td>
<td>17.11</td>
<td>11.25</td>
</tr>
</tbody>
</table>

SOURCE: Gleditsch (2002)  
*Actual data from1959

*Depth of State Penetration*

*a) Party Membership*

While the Party rank-and-files did not hold any effective political power, they were the nomenklatura’s key co-opting agents, proving the regime with a large basin of loyalty against internal opposition (Gershenson and Grossman 2001). In the opinion of Jerry Hough (1980) and later Gershenson and Grossman (2001),
the regime ensued the loyalty of talented and ambitious individuals by attracting them with better living standards, privileges and possibilities of upward mobility that depended on the survival of the communist regime.

Moreover, by contrast with party membership in most Western countries, Communist Party membership involved a series of complicated procedures for admission that insured that only very motivated applicants would follow through, especially in the Soviet Union. For instance, Hough and Fainsod (1979) as many others have highlighted that each potential application had to be invited after being recommended by three individuals who had been members for at least five years. The initiative was more in the hands of the Party and the Komsomol authorities, than it was the individual’s (Hill and Frank 1986, p.21). After following these steps, the applications of potential members had to be approved by several committees and bureaus, pass through a probationary stage of one year, and gain final approval by two additional higher level Party organs. Thus in comparison with Western parties, membership was very selective and represented a much more serious political affiliation.

On top of all difficulties inherent in gaining membership, the privilege could be revoked at any moment if an individual failed in the accomplishment of any of his numerous duties. These duties were listed under ten headings, some containing several sub-points (Rules 1977). Among other things, Party members were expected to serve as examples for others, to carry out and explain Party decisions, take an active part in political affairs, be proficient in the theories of Marxism-Leninism, to be active supporters of Soviet patriotism and international communism, to safeguard the Party against infiltrations and report deviations, to speak out against actions or thoughts that could be detrimental to the CPSU, to observe Party discipline, and help in any way possible to strengthen the USSR’s defenses (Graeme 1988; Hill and Frank 1986; Hough and Fainsod 1979, pp.321-322, 355; Rules 1977). Additionally, members were required to work in one of the Party’s organization where many supervisory activities were often performed.

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52 Although conditions for admission were probably loosened in certain periods of massive expansion such as between 1917 and 1921 and after the 1930s massive purge.
Party members were therefore expected to be much more than merely passive supporters of the regime.

TABLE 4.6
COMMUNIST PARTY MEMBERSHIP 1971-1972

<table>
<thead>
<tr>
<th>Country</th>
<th>Communist Party Membership 1971-1972 in percent total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>8.2</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>8.34</td>
</tr>
<tr>
<td>Hungary</td>
<td>6.99</td>
</tr>
<tr>
<td>Poland</td>
<td>6.92</td>
</tr>
<tr>
<td>Romania</td>
<td>11.4</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>6.08**</td>
</tr>
</tbody>
</table>

SOURCE: U.S. Department of State (1973)

By examining Table 4.6 exposing Communist Party membership between 1971 and 1972, we again obtain a different picture than an explanation simply based on geography. Although the marginal differences among republics and countries are not very large, from this indicator, the Communist Party appears to have had deeper roots in Eastern Europe than in the Soviet Union, when all nationalities are considered together. In effect, this finding is exactly the opposite of what Carey and Raciborski (2004) are suggesting in their typology. Eastern European countries present higher concentrations of Party membership than the Soviet Union as a whole, with Romania exhibiting the highest magnitude and Poland, the lowest. It is still far from clear, however that the differences in Party membership can indicate either of two interpretations. On the one hand, this indicates that the Party had more authority in Eastern Europe than the Soviet Union: the higher membership rates indicate at least that the Communist Party had grown a far-reaching set of connections in the Eastern European satellites. On the other hand, the lower relative Party membership in remote places of the Soviet Union could also reveal some regions’ greater subordination to and political dependency on Moscow.

** Close to 60 percent of that figure is composed of ethnic Russians.

* 1971 represents a key year for party membership since it marks the end of the strategy of massive cooptation employed by the administration under Khrushchev. When Brezhnev announced a change in party documentation in 1971, criticizing the lax admission policies of his predecessor, there was a rise in number of individuals leaving the party. Hough and Fainsod (1979) have estimated that 347,000 persons who were suspected of having deviated from official views did not receive new membership cards during that period.
### TABLE 4.7
COMMUNIST PARTY MEMBERSHIP BETWEEN 1956 AND 1973 IN SOVIET REPUBLICS\(^{55}\)

<table>
<thead>
<tr>
<th>Region</th>
<th>Membership 1956</th>
<th>1956 compared to USSR average</th>
<th>Membership 1973</th>
<th>1973 compared to USSR average</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSFSR</td>
<td>7.3</td>
<td>1.4</td>
<td>11.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>6.4</td>
<td>0.5</td>
<td>11.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Georgia</td>
<td>7.8</td>
<td>1.9</td>
<td>10.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Armenia</td>
<td>7.5</td>
<td>1.6</td>
<td>10.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>5.5</td>
<td>-0.4</td>
<td>8.6</td>
<td>-1.1</td>
</tr>
<tr>
<td>Belarus</td>
<td>3.3</td>
<td>-2.6</td>
<td>8.2</td>
<td>-1.5</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>3.7</td>
<td>-2.2</td>
<td>8.2</td>
<td>-1.5</td>
</tr>
<tr>
<td>Estonia</td>
<td>3.1</td>
<td>-2.8</td>
<td>7.9</td>
<td>-1.8</td>
</tr>
<tr>
<td>Latvia</td>
<td>3.8</td>
<td>-2.1</td>
<td>7.8</td>
<td>-1.9</td>
</tr>
<tr>
<td>Ukraine</td>
<td>3.7</td>
<td>-2.2</td>
<td>7.7</td>
<td>-2</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>5</td>
<td>-0.9</td>
<td>7.2</td>
<td>-2.5</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>4.8</td>
<td>-1.1</td>
<td>7.2</td>
<td>-2.5</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>3.8</td>
<td>-2.1</td>
<td>6.8</td>
<td>-2.9</td>
</tr>
<tr>
<td>Lithuania</td>
<td>2.6</td>
<td>-3.3</td>
<td>6.3</td>
<td>-3.4</td>
</tr>
<tr>
<td>Moldova</td>
<td>2.7</td>
<td>-3.2</td>
<td>5.7</td>
<td>-4</td>
</tr>
</tbody>
</table>

\(^{55}\) SOURCE: Dellenbrant (1978, p.186)

In the mid 1980s, nearly 79 percent of all CPSU members were of Slavic origin, namely Russians, Ukrainians and Byelorussians (Hill and Frank 1986). In sheer numbers, the Party appears to have been an overwhelmingly Slavic institution. These figures, however, are mere reflections of the Soviet Union’s demographics; Russians, Ukrainians and Byelorussians were among the most populous ethnic groups in the former USSR. The patterns outlined in Table 4.7 reveal the national composition of the CPSU between 1956 and 1973 offering evidence that Party or state entrenchment is actually not quite as clear as aggregate figures might lead us to believe. For instance, from this table, there is no longer any clear geographic or ethnic pattern in the distribution of membership. Although we know that the highest percentage of Party membership is composed of ethnic Russians, the Party appears to be most entrenched respectively in Russia, Azerbaijan, Georgia and Armenia. Interestingly, while Turkmenistan, Kyrgyzstan and Tajikistan exhibited similarly

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\(^{55}\) Population 20 years old and over.
low membership figures, membership rates were noticeably higher in Kazakhstan and Uzbekistan.

**TABLE 4.8**

**NATIONAL COMPOSITION OF CPSU 1946-1973**

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Number of Communists</th>
<th>Percentage of CPSU membership</th>
<th>Communists per 1000 of national population</th>
<th>Party Membership rate as percent of USSR average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgians</td>
<td>107910</td>
<td>246214</td>
<td>2</td>
<td>1.7</td>
</tr>
<tr>
<td>Russians</td>
<td>3736165</td>
<td>9025363</td>
<td>67.8</td>
<td>60.9</td>
</tr>
<tr>
<td>Armenians</td>
<td>100449</td>
<td>225132</td>
<td>1.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Ukrainians</td>
<td>667481</td>
<td>2369200</td>
<td>12.1</td>
<td>16</td>
</tr>
<tr>
<td>Byelorussians</td>
<td>114799</td>
<td>521544</td>
<td>2.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Other Nations</td>
<td>514104</td>
<td>1252133</td>
<td>9.3</td>
<td>8.5</td>
</tr>
<tr>
<td>Azerbaijanis</td>
<td>55448</td>
<td>212122</td>
<td>1</td>
<td>1.4</td>
</tr>
<tr>
<td>Kazakhs</td>
<td>92354</td>
<td>254667</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Estonians</td>
<td>7976</td>
<td>46424</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Latvians</td>
<td>8408</td>
<td>61755</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Lithuanians</td>
<td>3704</td>
<td>96558</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Uzbeks</td>
<td>61467</td>
<td>291550</td>
<td>1.1</td>
<td>2</td>
</tr>
<tr>
<td>Kirgiz</td>
<td>14039</td>
<td>46049</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Turkmen</td>
<td>12675</td>
<td>44218</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Tajiks</td>
<td>13757</td>
<td>58668</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Moldovans</td>
<td>2913</td>
<td>59434</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>USSR</td>
<td>5513649</td>
<td>14821031</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**SOURCE:** Rigby (1976, p.326)

Despite an increase in Party membership between 1956 and 1973, Ukraine and Belarus remained below national average in Party membership in 1973. Turning to Table 4.8 we see composition of the CPSU between 1946 and 1973 by nationality instead of aggregate figures by republic. This shows lower membership rates than Georgians, Russians and Armenians, suggesting that membership is not necessarily more common among Slavs. To explain Ukrainians’ lower -than-expected figure, Hough and Fainsod (1979) point out that membership would be less common in the western Ukrainian regions annexed in 1939. Since the Baltic Republics and Moldova were also acquired in the 1940s Hough and Fainsod (1979) hypothesized that the low membership in these regions probably reflects a poorer integration rate among the older generations, but would not explain why Lithuanians exhibit considerably lower membership.
membership rates than Estonians or Latvians, for example. Estonia, Latvia, Ukraine and Belarus exhibit similar paths of Party membership over time: while they have middling positions in the overall figures, membership has been on the increase (Dellenbrant 1978). Lithuania and Moldova, while starting from very low figures, also experienced membership growth.

**TABLE 4.9**

**KOMSOMOL MEMBERSHIP BETWEEN 1956 AND 1973 IN SOVIET REPUBLICS**

<table>
<thead>
<tr>
<th>Republic</th>
<th>Membership 1956</th>
<th>1956 compared to USSR average</th>
<th>Membership 1973</th>
<th>1973 compared to USSR average</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSFSR</td>
<td>37.2</td>
<td>4.1</td>
<td>67.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Belarus</td>
<td>28.9</td>
<td>-4.0</td>
<td>67.9</td>
<td>4.8</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>31.1</td>
<td>-1.8</td>
<td>65.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Georgia</td>
<td>29.5</td>
<td>-3.4</td>
<td>62.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Armenia</td>
<td>35.9</td>
<td>3.0</td>
<td>62.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>30.7</td>
<td>-2.2</td>
<td>59.4</td>
<td>-3.7</td>
</tr>
<tr>
<td>Ukraine</td>
<td>27.4</td>
<td>-5.5</td>
<td>59.1</td>
<td>-4.0</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>27.6</td>
<td>5.3</td>
<td>57.2</td>
<td>-5.9</td>
</tr>
<tr>
<td>Moldova</td>
<td>18.6</td>
<td>-14.3</td>
<td>56.0</td>
<td>-7.1</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>27.2</td>
<td>-5.7</td>
<td>54.8</td>
<td>-8.3</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>27.7</td>
<td>-5.2</td>
<td>51.8</td>
<td>-11.3</td>
</tr>
<tr>
<td>Latvia</td>
<td>23.2</td>
<td>-9.7</td>
<td>51.2</td>
<td>-11.9</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>22.8</td>
<td>-10.1</td>
<td>49.3</td>
<td>-13.8</td>
</tr>
<tr>
<td>Lithuania</td>
<td>15.7</td>
<td>-17.2</td>
<td>48.7</td>
<td>-14.4</td>
</tr>
<tr>
<td>Estonia</td>
<td>20.9</td>
<td>-12.0</td>
<td>42.9</td>
<td>-20.2</td>
</tr>
</tbody>
</table>

_SOURCE: Dellenbrant (1978, p.187)_

Figures representing Komsomol membership in the Soviet Republics between 1956 and 1973 generally conform to a similar pattern. The main difference is the magnitude of increase in membership over time: CPSU membership assumes a 4 percent increase over the period 1956 and 1973 and stagnates in the 1970s, while Komsomol membership increases an average of 30 percent over the same period and continues to grow afterwards (Dellenbrant 1978). Similar to CPSU membership, the highest rates of growth are found in Ukraine, Belarus, Lithuania and Moldova. Interestingly, Turkmenistan and

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57 Population 15-29 years old.
Kyrgyzstan display high figures of Komsomol growth compared to lower growth in CPSU membership.

From this data, we can conclude that both CPSU and Komsomol membership grew more rapidly in the most socio-economically developed part of the Soviet Union than elsewhere, and thus, that there are clear differences in political recruitment within the Union. In more developed regions, Party and Komsomol members were recruited among specialists to form a “body of loyal political activists” (Dellenbrant 1978, p.198). These loyal overseers were considered more necessary in developed economies than in traditional systems, where the CPSU did not enforce political control on the same level. Such figures also corroborate earlier studies commenting on the lack of penetrative capability of the Soviet state and the persistence of local cultures in its periphery (Bouchet 1991-92; Carrère d'Encausse 1978; Dragadze 1988; Olcott 1987; Poliakov 1993; Snesarev 1974).

b) Directness of Rule

The three hallmarks of indirect rule are native courts, native administration and native treasury (Mamdani 1996). A popular assertion is that British indirect rule has left the most positive legacy to its colonies by preparing local elites to assume government after independence (Bernhard, Reenock, and Nordstrom 2004; Blondel 1972; Bollen and Jackman 1985a; Dominguez 1987; Huntington 1984; Lipset, Seong, and Torres 1993; Weiner and Obzudun 1987). Not only is this evidence contested (Kriekhaus 2006) in the literature, but it is also well-documented that the British only employed indirect rule in a handful of colonies. A direct form of rule was employed in most of India, Ceylon, Hong Kong, Singapore, Gibraltar and Cyprus, while the settler colonies were self-governing dominions. The various forms of indirect rule for which Britain was renowned were only employed in the remainder of India, as well as Malaya and Africa (Cell 1999).

The type of rule employed by the Soviet Union on its republics was also deemed a type of indirect rule by Dominic Lieven (2000). Certain categories of
republics ruled their own territories under central supervision: the level of this supervision, operating through Moscow’s non-native agents, differed across the Union. In the British Empire, the White colonies enjoyed a higher level of self government, which was also the case in the USSR with Slavic colonies, although with considerably less autonomy than British dominions. In the peripheral colonies, the system worked differently. While administrative positions were more or less delegated to natives, treasuries and courts were directly controlled by Moscow in the case of Soviet republics. In the case of Slavic republics, Georgia and Armenia, native elites were generally entrusted with the tasks of administering the republic’s affairs. In the case of the other non-Slavic republics, Moscow generally entrusted Russians in power positions, as native elites were either considered less trustworthy or generally lacking the necessary educational attainment. By contrast, the indirect rule over the East Central European satellites was visible in all components: administration, treasury and courts, despite the application of socialist law everywhere, remained in the hands of national elites.

### TABLE 4.10
LEADERS OF THE PARTY ORGANIZATIONS, STATE AND CO-OPERATION INSTITUTIONS, 1939

<table>
<thead>
<tr>
<th>Republic</th>
<th>Percent titular to total in sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>86.2</td>
</tr>
<tr>
<td>Georgia</td>
<td>67.1</td>
</tr>
<tr>
<td>Belarus</td>
<td>63.6</td>
</tr>
<tr>
<td>Ukraine</td>
<td>59.6</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>51.9</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>50.3</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>47.6</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>39.8</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>38.2</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>36.3</td>
</tr>
<tr>
<td>Moldova ASSR</td>
<td>16</td>
</tr>
</tbody>
</table>

**SOURCE:** Author’s own calculations from Johnson (1995)

Important differences among Soviet republics are made visible by observing whether cadres are selected from the metropole or from republican natives (Young 1994). Table 4.10 presents the titular representation among leaders of Party organizations, state and cooperation institutions in 1939.
Armenia and Georgia, followed by Belarus and Ukraine comprised the largest proportion of natives in the high echelons of the Party and state institutions, an indicator of indirect rule. These findings also corroborate John Miller’s (1977) classification of top leadership teams, that is, first and second Party secretaries of Union Republics. Between 1954 and 1976, Ukraine, Belarus (since 1956), Estonia\(^\text{58}\) (until 1971), Armenia (until 1973), and Georgia (until 1961) had natives consistently occupying both top positions: in terms of leadership, these nationalities were therefore seen as most reliable by Moscow. Although Latvia, Lithuania, Georgia and Azerbaijan also had native first and second secretaries after the death of Stalin, they were more likely to have Russian second secretaries in the 1960s and 1970s. A similar pattern emerges from Table 4.11 depicting the percentage of titular nationals in management positions of Party, state and public institutions. Again, Armenians, Georgians, Byelorussians and Ukrainians have the highest representation within republican and city apparatuses.

<table>
<thead>
<tr>
<th>Republic</th>
<th>Within a republic</th>
<th>Within a city, within a district</th>
<th>Chairmen &amp; vice chairmen of the rural soviets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>95.2</td>
<td>88.5</td>
<td>75</td>
</tr>
<tr>
<td>Georgia</td>
<td>62.6</td>
<td>72.4</td>
<td>72.2</td>
</tr>
<tr>
<td>Ukraine</td>
<td>42.1</td>
<td>67.8</td>
<td>88.6</td>
</tr>
<tr>
<td>Belarus</td>
<td>41.6</td>
<td>65.1</td>
<td>88.7</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>33.1</td>
<td>61.1</td>
<td>73.5</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>25.8</td>
<td>47.7</td>
<td>61.0</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>24.7</td>
<td>47.2</td>
<td>72.9</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>22.3</td>
<td>51.6</td>
<td>76.7</td>
</tr>
<tr>
<td>Moldova ASSR</td>
<td>16.5</td>
<td>14.9</td>
<td>28.5</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>14.8</td>
<td>45.2</td>
<td>74.8</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>13.9</td>
<td>43.7</td>
<td>83.9</td>
</tr>
</tbody>
</table>

**SOURCE:** Author’s own calculations from Johnson (1995)

\(^{58}\) However as Hill and Frank (1986) point out, the difference between Estonia and Ukraine, Belarus and Armenia was that many elites who assumed power positions in the republic spent the interwar in the USSR as communist émigrés.
Russians were omnipresent in leading positions in non-Russian territories to assure the integrity of the federation as well as loyalty and acquiescence of populations (Miller 1977, p.9). Two distinct patterns emerged, although one only temporary; a homogeneous Russian leadership such as Kazakhstan 1954-1957 and Moldova 1954-1959, and the more classical pattern of a native First Secretary and flanked by a Russian Second Secretary, usually the norm in Uzbekistan, Kyrgyzstan and Turkmenistan. Correspondingly, the staff representation figures presented in Table 4.11 plunge in Azerbaijan and Central Asia, where, in general natives held less than 30 percent of positions at the republican level, while holding about 50 percent of positions at the city and district levels. In these republics, outsiders held the majority of key posts. Interestingly, chairmen and vice-chairmen of rural soviets are mostly drawn from the native population. As we move from the republican to the rural level, natives begin to assume larger roles in all places except Armenia and Georgia, where they were also prominent at the republican level. In the majority of cases, the countryside has thus remained in the hands of native authorities. In sharp contrast with the management of internal colonies, Moscow did not export Slavic personnel in its informal empire. All leadership has remained in the native elite’s hands in Poland, Czechoslovakia, Hungary, Romania and Bulgaria. As a result Moscow’s political authority over these countries was exercised considerably less directly.

Turning to the subject of financial autonomy, the share of turnover taxes retained by republican governments indicates greater financial autonomy in the periphery than in the core Slavic republics. Since Eastern European satellites preserved sovereignty over their finances, each national government retained the totality of such taxes. Turnover taxes were the biggest source of government income in planned economies. Until the death of Stalin, budget making was extremely centralized; in 1932, 90 percent of total budgeting was planned within the All-Union Budget. After 1953, the allocation of revenues between Moscow and the republics assumed a more decentralized character. Figures presented in Table 4.12 illustrate the evolution in the share of turnover taxes retained by the
republics of the Soviet Union over time. In general, the least-developed republics were awarded the highest deductions, since taxes collected at the republican level, such as agricultural and personal income taxes, did not yield enough revenue to cover spending (Bahry 1987). In the 1980s, Kazakhstan, Uzbekistan, Kyrgyzstan and Turkmenistan retained 100 percent of their turnover taxes. By contrast, Baltic republics (with the exception of Lithuania) and Slavic republics were keeping roughly half of their own taxes.

**TABLE 4.12**

SHARE OF TURNOVER TAX RETAINED BY REPUBLIC (IN PERCENT)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>3</td>
<td>11.2</td>
<td>26</td>
<td>43.1</td>
<td>20.8</td>
</tr>
<tr>
<td>RSFSR</td>
<td>6.5</td>
<td>24.7</td>
<td>32.7</td>
<td>47.9</td>
<td>28</td>
</tr>
<tr>
<td>Ukraine</td>
<td>16.4</td>
<td>27.7</td>
<td>27.2</td>
<td>54.8</td>
<td>31.5</td>
</tr>
<tr>
<td>Estonia</td>
<td>21.4</td>
<td>51</td>
<td>35.8</td>
<td>56.9</td>
<td>41.3</td>
</tr>
<tr>
<td>Moldavia</td>
<td>54.8</td>
<td>22.1</td>
<td>37.8</td>
<td>54.1</td>
<td>42</td>
</tr>
<tr>
<td>Belorussia</td>
<td>28.5</td>
<td>44.2</td>
<td>64.3</td>
<td>64</td>
<td>50.3</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>19.9</td>
<td>59.1</td>
<td>79.5</td>
<td>52.6</td>
<td>52.8</td>
</tr>
<tr>
<td>Georgia</td>
<td>27.8</td>
<td>63.6</td>
<td>75.7</td>
<td>67.2</td>
<td>58.6</td>
</tr>
<tr>
<td>Armenia</td>
<td>43.8</td>
<td>59</td>
<td>100</td>
<td>61.8</td>
<td>66.2</td>
</tr>
<tr>
<td>Lithuania</td>
<td>39.8</td>
<td>61.6</td>
<td>75.2</td>
<td>91</td>
<td>66.9</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>22</td>
<td>47.9</td>
<td>100</td>
<td>98.2</td>
<td>67</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>48.6</td>
<td>80.1</td>
<td>100</td>
<td>91.1</td>
<td>80</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>47.8</td>
<td>93.4</td>
<td>78.7</td>
<td>100</td>
<td>80</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>33.3</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>83.3</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>35.3</td>
<td>99.8</td>
<td>98.6</td>
<td>100</td>
<td>83.4</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>29.9</strong></td>
<td><strong>56.4</strong></td>
<td><strong>68.8</strong></td>
<td><strong>72.2</strong></td>
<td><strong>56.8</strong></td>
</tr>
</tbody>
</table>

*SOURCE: Bahry (1987, p.56)*

Therefore, the picture of financial autonomy differs from the patterns of elite recruitment in the Soviet Union. Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan had the lowest proportion of natives in key posts coupled with considerable financial autonomy. Azerbaijan, Belarus and Ukraine occupied a midpoint, while Georgia and Armenia had most natives in the administration coupled with considerable financial autonomy. The directness in ruling type was thus variable on two axes rather than uniform across the financial and administrative pillars of rule.

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59 Eastern Central European satellites are not considered here since they possessed independent fiscal systems.
To solve the problem of achieving effective political control on varied territories, colonial metropoles usually have to grant a certain amount of leeway to governors. Yet metropoles must be careful not to concede too much autonomy, else its colonies will become too independent (Abernethy 2000). In general, the goal of establishing effective control is achieved by recruiting governors from the metropole in addition to keeping tenures short. From this perspective, we should have expected that peripheral territories and native First Secretaries would be granted the shortest tenures, and that the longest tenures would be awarded to the most loyal territories and elites. Despite these expectations, the career paths of Communist Party First Secretaries assumed a different shape in the Soviet Union and satellites alike. Table 4.13 contains the average duration of tenures of Communist Party First Secretaries between 1938 until the fall of communism, as well as the time-span of the longest tenure. The choice of 1938 was made to correct for the widespread cadre purges in the Soviet-Union in 1936-1937, but also to account for fact that the length of tenures rose steadily after 1955, in order not to penalize the republics that were part of the Union before WWII.

From the data presented in Table 4.13, two distinct patterns of most trusted nation emerge. On the one hand, Eastern European satellites (with the exception of Poland) and Baltic republics held the longest tenure averages. On the other hand, core Slavic republics display the shortest time averages. From these results, coupled with patterns of elite recruitment, we can infer that while natives were holding most power positions in the Slavic and Baltic republics alike, Moscow kept the Party First Secretaries of Ukraine, Moldova, and Belarus on a tighter leash than Estonia, Lithuania and Latvia. Kazakhstan and Moldova,

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60 The unit of analysis considered here is the actual tenure, not the individuals holding certain positions. Therefore, individuals who served in two different republics or more than once in a single republic are counted as different tenures. The total amount of tenures considered in the time period 1938-1991 is 112 in the Soviet Union and 29 in East and Central Europe (1946-1989).

61 1938 marks the arrival of new first secretaries in almost all Union republics. The only exceptions are Arutyunov in Armenia (tenure starting September 1937), Yuzopov in Uzbekistan (tenure starting September 1937), Fomin in Turkmenistan (tenure starting February 1939). The only problematic case is Polonsky’s tenure in Azerbaijan from November 1933 to March 1953. Since Polonsky was the only first secretary that was not removed from office during the 1936-1937 purges; I have considered the full length of his tenure in the overall calculations.
often headed by ethnic Russians, displayed the shortest average tenures, well below 2000 days. Soviet decision-makers were therefore not any more wary of potential “localism” and “lordliness” on the part of native republican authorities, than on the part of Russians occupying the same positions depending on the ethnic composition of the republics.

### TABLE 4.13
AVERAGE TENURES OF FIRST PARTY SECRETARIES AFTER 1938

<table>
<thead>
<tr>
<th>Republic</th>
<th>Average Tenure in Days</th>
<th>Longest Tenure in Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>3995.8</td>
<td>11367</td>
</tr>
<tr>
<td>Romania</td>
<td>3980.3</td>
<td>8913</td>
</tr>
<tr>
<td>Estonia</td>
<td>3713</td>
<td>10170</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3360.6</td>
<td>12037</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>3214.6</td>
<td>6720</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>3211.5</td>
<td>8813</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>3200.3</td>
<td>7552</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>3198</td>
<td>12928</td>
</tr>
<tr>
<td>Latvia</td>
<td>3059.8</td>
<td>6930</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>2434.3</td>
<td>8866</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>2374.5</td>
<td>5757</td>
</tr>
<tr>
<td>Armenia</td>
<td>2192</td>
<td>5591</td>
</tr>
<tr>
<td>Georgia</td>
<td>2120.6</td>
<td>6864</td>
</tr>
<tr>
<td>Poland</td>
<td>2044.9</td>
<td>5099</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>2016</td>
<td>4819</td>
</tr>
<tr>
<td>Ukraine</td>
<td>1929.4</td>
<td>6243</td>
</tr>
<tr>
<td>Moldova</td>
<td>1834.4</td>
<td>7411</td>
</tr>
<tr>
<td>Belarus</td>
<td>1798.2</td>
<td>5554</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1745</td>
<td>7929</td>
</tr>
<tr>
<td>Average</td>
<td>2706.5</td>
<td>7871.7</td>
</tr>
</tbody>
</table>

**SOURCES:** authors own calculations based on www.rulers.org, Zarate’s Political Collections (ZPC) and Archie Brown (1991).

While native elites held a large amount of leadership and administrative positions in Armenia and Georgia, typical tenures there were also relatively shorter than the mean. In Kyrgyzstan and Tajikistan, first secretaries remained in power an average of 3200 days, considerably above the mean tenure of 2700 days. Uzbekistan and Turkmenistan also had relatively lengthy First Secretary tenures, around 2400 days, still longer than any other Soviet Republic apart from Estonia, Lithuania and Latvia. Despite the presence of Russian second
secretaries, these long tenures by native first secretaries in Central Asia indicate that, apart from a few incidents where first secretaries were (publicly) demoted, they had potentially a much freer hand than their other Soviet counterparts. These differences in tenure length are signs that a certain amount of leeway in the exercise of power by natives was deemed more necessary to ensure the effective exercise of Soviet power in Eastern and Central Europe, the Baltic republics and Central Asia than in the Caucasus, Kazakhstan, Azerbaijan and the Slavic republics. Or in other words, Moscow did not have the ability or willingness to rule as directly and profoundly throughout the empire.

d) Russification

Population transfer patterns did differ with the strategic importance of the territory. For instance, authorities sought to populate border lands with loyal subjects to the regime, but also to russify the European soviet republics to a certain extent. More specifically, these population transfers took the form of either forced deportations of national populations from their territories or transfers of ethnic Russians in the periphery and other strategically important areas such as “border zones.” Such special administrative border zones were composed of strips of 22 kilometers of land around external borders of land or sea and were of crucial security importance in Moscow’s eyes. The form of population transfer clearly indicates a hierarchy of territory within the Union: some were worthy of being russified and cleansed of unwelcome minorities, while others were either left untouched or were the recipients of the undesirable groups.

Population transfers were used as counterinsurgency tools preceding and following the Second World War in the Western Borderlands. These borderlands were cleansed of certain nationalities whose loyalty to the regime was questionable as a way to increase security. In 1919, authorities attempted to remove all Cossacks from Southern Russia as they were considered obstacles to the establishment of Soviet power, and purged and deported many other groups close to external borders throughout the 1920s and 1930s for fear of cross border
affiliations (Baron and Gatrell 2003; Martin 1998). In later years between February and April 1940, 139,590 Poles were deported from Ukraine and Belarus to Siberia, while an estimated 21,857 officers were executed (Statiev 2005). Following reports of nationalist activities from the dawn of the German invasion to the mid 1950s, the People’s Commissariat for Internal Affairs (NKVD) deported many thousands more from Belarus (105,000), Ukraine (571,000), Moldova (65,000), but also from Lithuania, Estonia and Latvia.

In this, the form of colonialism in the European core of the Soviet Union differed from the periphery. In the European colonies of Ukraine and Belarus, the center sought to assimilate both Ukrainians (little Russians) and Byelorussians (white Russians), since both were considered “regional branches of Russians” (Eke and Kuzio 2000; Kuzio 2002). By contrast with other nationalities, Ukrainian and Byelorussian cultures were to be replaced with Russian. Therefore, the language, culture, national historiography and collective memory of Ukrainians and Byelorussians were severely affected by policies of the Soviet core (Kuzio 2002). Both languages were considered inferior “rural dialects” whereas the usage of Russian was a sign of progress towards modernity. This policy of russification is even more evident when we look at the distribution of ethnic Russians in the republics of the USSR over time, as presented in Table 4.14: some of the largest percentage increases in Russian population are in Belarus and Ukraine. Between 1959 and 1979, the Russian population grew from 17 percent to 21 percent in Ukraine and from 8 percent to 12 percent in Belarus.\(^\text{62}\)

The Moldovan SSR has a particularly heavy history of russification and border manipulation. Following its formation in 1940 out of parts of the

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\(^{62}\) These figures must nevertheless be put in comparative perspective. Even the largest increases in Russian population in the Soviet republics remain minimal compared to other accounts of demographic change associated with classical colonialism. Classical colonialism especially in the Americas, Africa and Oceania has generally been associated with drastic falls in indigenous populations. For example, Chinese colonialism in Tibet is said to be responsible for a 9.2 percent decrease in native population between 1952 and 1964 as result of repression and famine. In addition to population decrease, Han migration to Tibet, although not necessarily state sponsored, has changed the demographic balance in the region, where Chinese now outnumber Tibetans. Total Chinese immigration was claimed to have been around 7.5 million in 1987, while ethnic numbered 6 million (Sautman 2001-2002). In contrast with Chinese colonialism, Russian migrations inside the Soviet Union have not created demographic changes on such high levels, except perhaps in Northern Kazakhstan after 1954.
previously existing Moldovan SSR and the annexation of Bessarabia from Romania in 1940, 90,000 deportations and executions were conducted (Schrad 2004). An attempt was made to create a new nation by separating Moldovans, or Bessarabians, from Romanians and stressing their fundamental differences (King 1994a; 1994b; Livezeanu 1981). In this perspective, the Sovietization of Moldova was operated through forced deportations and relocation of Moldovan families in addition to sending an influx of ethnic Russians and Ukrainians in the territory. Also apparent in table 4.14, Moldova was a net receiver of Russians between 1959 and 1979, the proportion of which rose from 10 percent to 13 percent in twenty years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>0.2</td>
<td>0.3</td>
<td>5</td>
<td>+0.2 mln 8</td>
</tr>
<tr>
<td>Latvia</td>
<td>0.6</td>
<td>0.7</td>
<td>19</td>
<td>+0.2 mln 6</td>
</tr>
<tr>
<td>Ukraine</td>
<td>7.0</td>
<td>9.1</td>
<td>21</td>
<td>+3.5 mln 4</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.7</td>
<td>0.9</td>
<td>12</td>
<td>+0.4 mln 4</td>
</tr>
<tr>
<td>Moldova</td>
<td>0.3</td>
<td>0.4</td>
<td>13</td>
<td>+0.2 mln 3</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0.2</td>
<td>0.3</td>
<td>9</td>
<td>+0.1 mln 0</td>
</tr>
<tr>
<td>RSFSR</td>
<td>97.8</td>
<td>107.8</td>
<td>83</td>
<td>-0</td>
</tr>
<tr>
<td>Armenia</td>
<td>0.06</td>
<td>0.07</td>
<td>3</td>
<td>+0.01 mln -1</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4</td>
<td>5.5</td>
<td>17</td>
<td>+2.0 mln -2</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>1.0</td>
<td>1.5</td>
<td>12</td>
<td>+0.7 mln -2</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>0.3</td>
<td>0.4</td>
<td>12</td>
<td>+0.1 mln -3</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.4</td>
<td>0.4</td>
<td>7</td>
<td>-3</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0.6</td>
<td>0.9</td>
<td>26</td>
<td>+0.3 mln -4</td>
</tr>
<tr>
<td>Turkmen.</td>
<td>0.3</td>
<td>0.3</td>
<td>13</td>
<td>-4</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.5</td>
<td>0.5</td>
<td>8</td>
<td>-6</td>
</tr>
</tbody>
</table>


The three Baltic republics were integrated as parts of the Russian living space. Estonia and Latvia in particular received the highest influx of Russians between 1959 and 1979, with respectively 8 and 6 percent overall increase (Pockney 1991). Approximations by Misiunas and Taagepera place around 230 000 Russian immigrants in Estonia between 1945 and 1955, 535 000 in Latvia and 160 000 in Lithuania (Misiunas and Taagepera 1983, p.279). The influx of Russians in the Baltic republics reached its climax when Russian was established.

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63 Atrocities were not only committed by the Soviet government. 123,000 Jews were deported or assassinated upon the brief return of the Romanians with the advancing German army.
as an official language, on an equal footing with Latvian, Estonian and Lithuanian. This imposition of Russian as the lingua franca of the empire is also reminiscent of colonial oppression in other empires (Racevskis 2002). Especially in Latvia, individuals were compelled to use Russian for fear of punishment. Forced migrations were conducted so to alter the ethnic compositions of territories and facilitate their control by Moscow as it was the case in Baltic States. Some 100,000 Lithuanians, 20,000 Estonians and 40,000 Latvians figured on the list of special national deportees in 1953 (Tishkov 1991).

To balance the outflow of local residents to Siberia and less hospitable regions, a large amount of ethnic Russians were transferred into Estonia and Latvia. This large Russian immigration to the Baltic States was also of different quality. Administrators, economic experts and skilled workers were dispatched in order to assume key positions in both the administration and the economy, slowly colonizing the most important echelons of power. In contrast, Latvians, Estonians and Lithuanians were not able to get important positions in Moscow. For instance after the annexation of the territories, republic leaders were not admitted in the Central Committee of the All-Union Communist Party and only became alternative members of that body (Kolarz 1952, p.109).

While russification was a concern in many republics, it was not a real threat in the Caucasus. The Georgian SSR exhibited one of the highest levels of national concentration and fewest population transfers: its ethnic Russian population remained stable at 400,000 individuals from 1959 to 1979. In both Georgia and Armenia, the overall proportion of ethnic Russians even declined in the period from 1959 to 1979. Azerbaijan’s Russian population remained constant at 500,000 individuals between 1959 and 1979. By contrast with nationalities in Central Asia, Georgians and Armenians had more social advantages, in general reaching better educational and occupational attainments than the other nationalities of the Union (Roeder 1991). For instance, Georgian

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64 Although native representatives always occupied the positions of Prime Ministers of the Baltic Republics, first party secretaries or chairmen of the local Supreme Soviets. Kolarz (1952) argued that Moscow would not have been so clumsy as to impose Russians in those positions of power for fear of antagonizing the population too overtly.

65 Leading to a 6 percent proportion decrease, the largest in the Soviet Union.
and Armenian elites alike could reasonably hope to pursue bureaucratic careers outside the republic; this was less the case so Central Asian elites with the exception of Kazakhstan where Russians became a considerable ethnic group.

Although Central Asia received an important amount of Russians, it also received a large influx of “less desirable” individuals in the form of less trusted nationalities (Koreans for instance), dekulakized peasants, social aliens, diverse counterrevolutionary elements and common criminals. In Kazakhstan and Uzbekistan, the Russian population increased by respectively two million and 700,000 individuals between 1959 and 1979. Despite this important influx, the high birthrate of the non-Russian population led to an overall decrease in the proportion of ethnic Russians in both republics. Similarly, Kyrgyzstan and Tajikistan also experienced a small increase in ethnic Russians, but their overall proportion decreased between 1959 and 1979. Conversely, there was no increase in Russian population in Turkmenistan during that period, leading to an overall decrease of four percent in twenty years, further suggesting that very little effort was made to russify the region or to gain more control over it through increasing the number of loyal agents to the regime.

The Degree of State Engineering

a) Artificial State Imposition

The practice of border and institution crafting has been prevalent, but differentiated throughout the Soviet Empire. However, unlike russification or exploitation, these concepts do not lend themselves to unambiguous empirical measurement; to assess the degree of artificiality in state institutions, I propose a four-point scale. The first and most vital axis will measure the extent of sovereign existence prior to and during Soviet rule. Territories with no history of independence obtain three points, very brief independence (three months-three years) two points, at least a decade one point, and continued sovereign status, zero points. I hypothesize that the absence of prior independence represents the biggest instance of state engineering since it can be posited that all, or most, of the institutions of the state were imposed and crafted by the Soviet Union, and
consequently would be the most artificial impositions. In the instances where formal independence was interrupted by Soviet annexation, state institutions existed before the inclusion but underwent modifications under Soviet rule. States could go back to these preexisting institutional traditions upon regaining independence. Last, the instances of continued sovereignty are the ones where the Soviet Union has least modified existing state institutions.

The second axis comprises Soviet-directed border changes: imposed border crafting is understood to have modified the conditions associated with ruling each protectorate, making some of them less stable as a result, especially where such changes created new territorial entities. Territories having undergone border modifications after having been included in the empire receive one point, while territories that have not get zero points. The breakdown of the resulting constructed territoriality index is presented in Table 4.15. Low values represent instances of little or no artificial state imposition, while high values are found where the most changes were enacted.

<table>
<thead>
<tr>
<th>Republic</th>
<th>Independent Existence prior to USSR</th>
<th>External border change under USSR</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakh SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Kirghiz SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Tajik SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Turkmen SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Uzbek SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Moldovan SSR</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Ukrainian SSR</td>
<td>1918-1919</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>Byelorussian SSR</td>
<td>1918-1919</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>Armenian SSR</td>
<td>1918-1920</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>Azerbaijan SSR</td>
<td>1918-1920</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>Georgian SSR</td>
<td>1918-1921</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>Russian SFSR</td>
<td>1721-1917</td>
<td>Yes</td>
<td>2</td>
</tr>
<tr>
<td>Estonian SSR</td>
<td>1918-1940</td>
<td>Yes</td>
<td>2</td>
</tr>
<tr>
<td>Latvian SSR</td>
<td>1918-1940</td>
<td>Yes</td>
<td>2</td>
</tr>
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<td>Lithuanian SSR</td>
<td>1918-1940</td>
<td>Yes</td>
<td>2</td>
</tr>
<tr>
<td>Czechoslovakia</td>
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<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Poland</td>
<td>Continued Sovereignty</td>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Romania</td>
<td>Continued Sovereignty</td>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Continued Sovereignty</td>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Hungary</td>
<td>Continued Sovereignty</td>
<td>No</td>
<td>0</td>
</tr>
</tbody>
</table>
Some obvious episodes of state engineering can be traced to the origin of each constituent and satellite: whether the drawing of borders is prior to the Soviet Union, was changed or created by Moscow. The most illustrative example of the hewing of nations, or politico-geographical engineering (Farrant 2006) by Moscow is exemplified by the creation of the administrative entities preceding Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan, which all obtain four points in Table 4.15. None of these colonial administrative divisions existed in their present shape or form before the establishment of the USSR and their final outline was the result of numerous territorial renaming, exchanges and reconfigurations. The five republics of Central Asia were carved out from a larger Turkestan Soviet Socialist Republic and the RSFSR in order to thwart the development of independent pan-Islamic and pan-Turkic movements and make the establishment of Moscow’s rule easier. Although created in 1924, the official administrative divisions were only finalized in 1936 (Kolarz 1964).

These administrative divisions created a sense of national identity that was previously absent in the region and also led to the establishment (or invention) of separate languages to match each group (Roy 2005, p.62). As documented at length by Adrienne Lynn Edgar (2004), the primary distinctions between Uzbeks and Tajiks were murky at best. Most inhabitants of the region were bilingual in both Turkic and Persian, dialects were closely related, and intermarriages frequent. In several instances, individuals declared themselves Uzbek even though their first language was Tajik, or at worst, simply did not know to which group they belonged. While Turkmen were easier to identify, the notion of a broader Turkmen identity was of little significance before Soviet rule (Edgar 2004, p.23). In addition, the final imposition of territorial division did not correspond exactly to distribution of nationalities in each territory and all contained large pockets of minorities. For example, Samarkand, a Tajik city, less than 70 kilometers from the border, was imparted to Uzbekistan, while Tashkent, a Turkic city, replaced Samarkand as the capital of Uzbekistan in 1930. Despite

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66 Turkestan itself was formed in 1924 after the Soviet authorities dissolved all previous administrative entities that were formed around the principle of one ethnic group, one territory.
being populated mostly by Uzbeks, the city of Osh was attached to Kyrgyzstan, while the Uzbek-populated town of Chimkent was given to Kazakhstan (Roy 2005).

Boundary changes were also abundant in the Caucasus, but new nations were not created as such. Despite the absence of a formal state lasting more than a few months, a sense of pre-Soviet Armenian or Georgian nation nevertheless existed (Roy 2005). Regardless of the existence of these nations, territories remained in flux during Soviet rule. In particular, Georgia was forced to relinquish territory to Turkey, Armenia, Azerbaijan and the RSFSR upon its entry in the Soviet Union. Nagorno Karabakh, which was mainly populated by Armenians, was annexed to Soviet Armenia in 1921. However, this decision was reversed shortly after by Stalin, who was commissar for nationalities at the time. Karabakh was then transferred to Azerbaijan, where in 1923 it was granted the status of an autonomous region within Azerbaijan, in an effort to divide and rule. The redrawing of borders and creation of autonomous territories inside both Georgia and Azerbaijan, which comprise minorities that have tended to build national identities of their own, have served to destabilize the region over the years. This episode was by no means the only example of arbitrary border-drawing aimed at balancing nationalities against one another in the Caucasus. In Georgia, the regions of Abkhazia and Southern Ossetia also perform a similar destabilizing function.

Whereas the creation of the five Central Asian republics was certainly the most comprehensive episode of state engineering, it was not the only territorial reorganization conducted during the Soviet regime. As presented in Table 4.15 exposing external border changes under Soviet rule, no Soviet republic’s borders were left untouched. Although a Moldovan republic was shortly independent in 1918, its outline was very different from the actual shape of Moldova today. After the revolution, Bessarabia proclaimed its independence and was quickly reunified with Romania. Meanwhile the territory to the east of the Dniester River in the UkSSR became the Moldovan autonomous oblast, and eventually the Moldovan Autonomous Soviet Socialist Republic (ASSR) until 1940. With
Bessarabia occupied by the Red Army, a new Moldovan SSR was crafted from a portion of Bessarabia and Transnistria, ceding some to Ukraine. After a brief interlude of German occupation, the configuration of the republic composed of Bessarabia, northern Bukhovina and Transnistria was finalized in 1947. Thus the actual Moldovan republic was almost entirely crafted by Soviet authorities during the 20th century.

In addition to the considerable border craft performed in Central Asia and the Caucasus, more minor changes were enacted in the Slavic and European republics of the USSR. The province of Crimea was transferred to the UkSSR in 1954. Ukraine, Belarus and Lithuania also saw their territory increased with Kresy (Western borderlands), lost in the Polish-Ukrainian war, but recaptured in 1939. Even small parts of the Estonian and Latvian SSRs acquired in 1940 were shifted to the RSFSR in January 1945. All in all, no component republics of the Soviet Union were left intact during their years under communist rule, but the magnitude of change varied across regions, with the most significant episodes of state engineering in Central Asia, Moldova and the Caucasus, to the smallest changes in the Slavic and Baltic republics.

East Central European satellites also underwent radical border modifications at the end of the Second World War. Following the Soviet Union’s victory, it expanded its frontiers to the north and the west. With the Yalta accords, Poland saw its borders shifted more than 200 kilometers to the west, so that large amounts of territory were redistributed between Ukraine, Belarus and Lithuania. Polish and Jews were more or less expelled from this territory. In turn, the newly formed Polish state drove out the Byelorussian, Ukrainian and Lithuanian minorities from the territory. The western boundaries of Poland were also relocated further to the west, taking in former German territory on the Oder-Neisse Line. This border modification went together with massive population exchanges between the two countries. With the Treaty of Paris of 1947, changes were also enacted in the Romanian-Soviet (Bessarabia was shifted to the USSR to become a part of Moldova) and Bulgarian-Romanian borders. All in all, most border changes in Eastern Central Europe after WWII, apart from Poland and
Bessarabia, were simply returns to prewar configurations, not so much attempts by Moscow to make them more pliant.

b) Collectivization

State engineering was also carried out through the collectivization of land by massive expropriation that allowed the state to maximize its capability to extract resources from the farms to feed its plans for industrial development (Kochin 1996). Collectivization was also a project to create a new Soviet culture and eradicate peasant “backwardness” (Viola 1996). Among others, Ken Jowitt underscores that collectivization was much more than simple land reform but a campaign that swept the socio-cultural bases of peasant institutional life by attacking the political economy of the previous elite organization (Jowitt 1992; Mitrany 1951; Viola 1996). Collectivization removed the legitimacy basis of the previous set of landed elites and transferred them to a new set of communist elites.

In primarily agrarian societies, Lisa Anderson has demonstrated with the examples of Tunisia and Libya that modern state formation usually comes hand-in-hand with the establishment of a bureaucratic state that erodes the autonomy of hinterland populations (Anderson 1986). Thus, the process of state formation in agrarian societies, especially where the links of kinship are dominant, entails transforming powerful local peasant leaders into government functionaries. The necessity of eradicating the basis for rural social relations serves to undermine and remove the base of legitimacy from under the previous holders of power and extend the bureaucracy’s control over resources. In the Soviet Union, this modification of social relations was pushed even further. Following Marx, rulers sought to eliminate the class differences between workers and peasants (Mitrany 1951). To finalize the task of modern state formation, the state attacked the remaining pillars of rural cultural life such as religion, the marketplace and village elites.

In the periphery of the Empire, Tsarist rulers had only moderately attempted to transform social relations and had left the previously existing social
order more or less intact. The role of the communists in advancing administrative development was much more important than their predecessors: first through distribution of the land to peasants to eliminate the last remnants of feudalism, and second, through collectivization and dekulakization. Land collectivization was to enable the state to extract resources on a new level to finance the first five year plan, whereas dekulakization was the elimination of the opposition to land reform projects by assassinations and deportations of richer landowners and refractory elements of the peasantry (Conquest 1986). Similarly, in the Soviet Union, and to a lesser extent in its communist satellites, collectivization also allowed the Party to rule the countryside by making peasants entirely dependent on resources and command from the center, thus fundamentally altering the relationship between the state and society. Crop planning, delivery quotas, price setting, trade monopoly, and even grain distribution were all set in Moscow independently of local conditions. In the words of Lynn Viola, the countryside of the Soviet Union became “an internal colony from which tribute in form of grains, taxes, labor and soldiers could be extracted to finance the industrialization, modernization and defense of the country” (Viola 1996, p.29).

In addition to starting conditions, the timing of the introduction of land reforms also is also relevant to an assessment of their effects. The earliest collectivization drives were also the most disorganized and contested. As shown in Table 4.16 which illustrates the pace of collectivization in the Soviet Union, and also through several examples by Narkiewicz (1966) complete collectivization was more likely to have been first achieved where there were vast virgin lands, in regions not populated by Russians, or where the machinery to be put to communal use was already in existence, because the state did not have the means necessary to undertake such a large scale policy. By 1932, three quarters of agriculture was collectivized in Turkmenistan, Kazakhstan, and Uzbekistan, and about 70 percent in Kyrgyzstan, Moldova (ASSR) and Ukraine. While 60 percent of agriculture was collectivized in the RSFSR by 1932, figures are much lower in Belarus, the Caucasus and Tajikistan. Despite some well-documented early setbacks, the main drive for collectivization was accomplished by 1937 in
the USSR where 90 percent of agriculture was collectivized, the 1950s for the additional territories of the Baltic Republics, Moldova (SSR) and the Western Borderlands, and the 1960s in the case of Eastern Europe.

<table>
<thead>
<tr>
<th>Republic</th>
<th>1932</th>
<th>1937</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>36.4</td>
<td>76.5</td>
<td>94.1</td>
<td>99.4</td>
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<td>100</td>
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<td>98.3</td>
<td>99.8</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>41.9</td>
<td>89.9</td>
<td>98.7</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
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<td>99</td>
<td>99.96</td>
<td>100</td>
<td>100</td>
</tr>
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<td>RSFSR</td>
<td>59.3</td>
<td>92.6</td>
<td>96.6</td>
<td>99.2</td>
<td>99.9</td>
<td>100</td>
</tr>
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<td>98.9</td>
<td>99.9</td>
<td>100</td>
<td>100</td>
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<td>98</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
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<td>100</td>
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<td>99.9</td>
<td>100</td>
<td>100</td>
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<td>97.5</td>
<td>99.3</td>
<td>99.95</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>81.7</td>
<td>95</td>
<td>99.8</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Estonia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90.3</td>
<td>98.8</td>
<td>99.7</td>
</tr>
<tr>
<td>Latvia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90.3</td>
<td>99.3</td>
<td>100</td>
</tr>
<tr>
<td>Lithuania</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72.8</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Average</strong></td>
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<td><strong>90.9</strong></td>
<td><strong>97.8</strong></td>
<td><strong>95.3</strong></td>
<td><strong>99.8</strong></td>
<td><strong>99.9</strong></td>
</tr>
</tbody>
</table>

SOURCE: Narodnoe Koziastvo USSR (1922-1972, p.215)

Lynne Viola (1996) argues that the massive popular resistance to collectivization was the most serious challenge the Soviet state encountered after the Russian Civil war. While the exact figures of collectivization’s casualties are unavailable, the losses of life either due to starvation, or execution following arrests, are estimated to be around 1.5 million people while nearly 80 percent of all livestock perished. Uprisings were most important in Ukraine and also Central Asia, where the Red Army suppressed rioters in 1931. Borderlands and regions with pockets of ethnic minorities were most susceptible to peasant disturbances, as were the grain-producing areas of the North Caucasus and the Lower and Middle Volga in the RSFSR. In turn, these areas subjected to the disorganized first attempts at collectivization were also the hardest hit by state repression: by his own admission, Stalin recognized that the application of the idea had run ahead of theoretical preparation (Mitrany 1951).
From the figures presented in table 4.16, the extensiveness of collectivization did not appear to differ significantly across regions of the Soviet Union, as 100 percent of areas were considered collectivized by 1971. However, turning to the distribution of production between collective and state farms versus private plots, as presented in Table 4.17, some differences are perceptible.\textsuperscript{67} Crop production from private plots occupied more than 35 percent of all production in 1990 in Lithuania, Estonia, Armenia and Georgia. By contrast, in Uzbekistan, Moldova, Tajikistan and Kyrgyzstan, crop production was clearly dominated by the collective sector. Interestingly, the covariates of animal husbandry follow a slightly different pattern, with close to 50 percent of all production remaining in the hands of private individuals in Uzbekistan, Tajikistan, Kyrgyzstan, Azerbaijan and Georgia.

Inside the Eastern satellite bloc, the shape and structure of Soviet control not only varied across time, but also across cases. This was because communist regimes were installed and consolidated at different paces depending on the level of economic development, rural inequality and the political base of the state (Rothschild and Wingfield 2000; Sokolovsky 1990). The different patterns in agrarian reform are exposed in Table 4.18 presenting the percent of agricultural area socialized at three different points in time. These fluctuations in tightness of control suggest that a number of strategies were employed by Moscow not only to keep each country acquiescent, but to establish firm control over the peasant population. Patterns in land reform therefore most varied among the satellites, as collectivization was not equally needed or desirable in all countries depending on types of agriculture and levels of socioeconomic development (Kulski 1959). Because Poland and Czechoslovakia were more economically developed than the Soviet Union was in the 1930s, collectivization of agriculture was less of a necessity to gather adequate resources for further industrialization (Koenig 1958), although it also met with more resistance in certain areas.

\textsuperscript{67} Unfortunately, no comparable data on the RSFSR, Ukraine, Kazakhstan and Turkmenistan exist.
<table>
<thead>
<tr>
<th>Republic</th>
<th>Farm Type</th>
<th>1980</th>
<th>1985</th>
<th>1990</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td>Crops</td>
<td>Animals</td>
<td>Crops</td>
</tr>
<tr>
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<td>Kolkhoz</td>
<td>14</td>
<td>10.6</td>
<td>14.2</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>76.3</td>
<td>54.4</td>
<td>76.4</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>8.4</td>
<td>34.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Kolkhoz</td>
<td>-</td>
<td>-</td>
<td>46.1</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>-</td>
<td>-</td>
<td>41.9</td>
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<tr>
<td></td>
<td>Private Plots</td>
<td>-</td>
<td>-</td>
<td>10.6</td>
</tr>
<tr>
<td>Moldova</td>
<td>Kolkhoz</td>
<td>56</td>
<td>47.4</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>30</td>
<td>23.7</td>
<td>28.8</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>12.9</td>
<td>28.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Kolkhoz</td>
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<td>21</td>
<td>51.9</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>29</td>
<td>30.9</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
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<td>42.5</td>
<td>14.4</td>
</tr>
<tr>
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<td>34.7</td>
<td>46.1</td>
</tr>
<tr>
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<td>33.5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>14.9</td>
<td>26</td>
<td>11.4</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Kolkhoz</td>
<td>42.2</td>
<td>20.2</td>
<td>41.8</td>
</tr>
<tr>
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<td>State Farms</td>
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<td>22.6</td>
<td>42.6</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>13.2</td>
<td>53.4</td>
<td>14.1</td>
</tr>
<tr>
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<td>Kolkhoz</td>
<td>37.6</td>
<td>36.6</td>
<td>41.4</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>28.4</td>
<td>35.1</td>
<td>31.3</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>31.9</td>
<td>27.1</td>
<td>24.8</td>
</tr>
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<td>Kolkhoz</td>
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<td>38.3</td>
<td>44.1</td>
</tr>
<tr>
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<td>State Farms</td>
<td>22.7</td>
<td>27.3</td>
<td>24.1</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>34.1</td>
<td>33.3</td>
<td>30.5</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Kolkhoz</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Private Plots</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Estonia</td>
<td>Kolkhoz</td>
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<td>82</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>25</td>
<td>18</td>
<td>25.6</td>
</tr>
<tr>
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<td>Kolkhoz</td>
<td>29.2</td>
<td>28.6</td>
<td>26.6</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>39.8</td>
<td>38.8</td>
<td>40.9</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
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<td>31.1</td>
<td>32.2</td>
</tr>
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<td>Kolkhoz</td>
<td>33.5</td>
<td>20.5</td>
<td>34.4</td>
</tr>
<tr>
<td></td>
<td>State Farms</td>
<td>24.7</td>
<td>22.9</td>
<td>24.2</td>
</tr>
<tr>
<td></td>
<td>Private Plots</td>
<td>40.8</td>
<td>55.7</td>
<td>40.6</td>
</tr>
</tbody>
</table>

SOURCE: Author’s calculations from figures available in World Bank (1993)
Agricultural land reforms made during the 1950s, for instance, were not permanent in Poland. Although collectivization was assertively enforced from 1949 to 1956, massive peasant discontent in 1956 led to the dissolution of 85 percent of the collectives before the year was over (Korbonski 1965). Despite the more secondary role of agriculture in the economy of Czechoslovakia, 44 percent of all farmland was socialized by 1952 and this ratio rose to 90 percent in 1960, making it one of the leaders in European collectivization. In contrast with Hungary and Poland, where the state was forced to retreat in the face of mass discontent, the disruptions in the agricultural sector caused less systemic disturbance in the Czechoslovakian economy (Sokolovsky 1990). Consequently, the state had better footing to impose such an unpopular measure.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Number of Cooperatives</th>
<th>Percent of Agricultural area socialized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>1949</td>
<td>1500</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>1952</td>
<td>5315</td>
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</tr>
<tr>
<td></td>
<td>1962</td>
<td>4018</td>
<td>97</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1950</td>
<td>3760</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>1952</td>
<td>7835</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>1962</td>
<td>8165</td>
<td>90</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1947</td>
<td>516</td>
<td>..</td>
</tr>
<tr>
<td></td>
<td>1953</td>
<td>2744</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>1956</td>
<td>3100</td>
<td>78</td>
</tr>
<tr>
<td>Rumania</td>
<td>1949</td>
<td>1952</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>1955</td>
<td>2152</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>1962</td>
<td>5398</td>
<td>74</td>
</tr>
<tr>
<td>Poland</td>
<td>1950</td>
<td>635</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>1955</td>
<td>9076</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>1961</td>
<td>1783</td>
<td>13</td>
</tr>
</tbody>
</table>

SOURCES: Sokolovsky (1990, p.158), and Dovring (1965, p.200)

Diverging with the experience of Poland, about 78 percent of agricultural land was collectivized in Bulgaria by 1956. Bulgaria, the most rural society in Eastern Central Europe, was also the first nation to reach full collectivization. The aggressive land reform policy pursued by the state led to the most violent
protest outbreaks in Eastern Central Europe (Sokolovsky 1990). Full collectivization in Romania was reached in 1962 (about 74 percent arable lands). After several unsuccessful attempts in the 1950s, some 97 percent of Hungary’s agricultural areas were collectivized between 1959 and 1961, although that figure is not directly comparable with Soviet percentages given a substantial liberalization of the agricultural sector enacted in the 1960s.

c) Industrialization

Since in a command economy the key decisions are taken from the center and imposed on the regions, massive industrialization can also be considered an indicator of state engineering. To reverse the process of uneven development, Soviet authorities sought to modernize the economy of the Soviet Union through a top-down approach (Bahry 1987). Geared towards heavy industry and military production rather than consumer products, Soviet-style industrialization produced a distinct pattern of dependent development (Luke and Boggs 1982). Since it is impossible to know how exactly much Moscow spent in each region (Gleason 1991), I will use the change in the distribution of rural population as a proxy for industrialization.

Officially, the Soviet state was committed to reaching equality between regions, but in reality some regions received much more interest than others. As illustrated in Table 4.19, the most agrarian societies in 1959 were Moldova, Belarus, Tajikistan and Romania while the most urban were Hungary, Latvia, Estonia and the RSFSR. Moldova, Belarus and Bulgaria went through massive industrialization that led to a sharp rise in their urban population. By contrast, Tajikistan, Uzbekistan, Kyrgyzstan, Turkmenistan and Azerbaijan underwent the smallest increase in ratio of urban population and were the most agrarian regions of the empire in 1990: on average they experienced considerably less than the mean decrease of 17 percent between 1959 and 1990. In contrast to Central Asia, the increase of urban population was sharpest among the East European satellites that were below average in 1959, namely Czechoslovakia, Bulgaria, Romania, Belarus, Moldova and the RSFSR. Even the most urban cases in 1959, Estonia,
Latvia and Hungary saw their urban population increase more than any Central Asian republic (apart from Kazakhstan).

### TABLE 4.19
DISTRIBUTION OF RURAL POPULATION 1959-1990

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>Belarus</td>
<td>69</td>
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<td>44</td>
<td>35</td>
<td>-35</td>
</tr>
<tr>
<td>Czechoslovakia</td>
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<td>25</td>
<td>25</td>
<td>-29</td>
</tr>
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<td>44</td>
<td>32</td>
<td>-29</td>
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<td>38</td>
<td>34</td>
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</tr>
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<td>60</td>
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<td>26</td>
<td>-22</td>
</tr>
<tr>
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<td>54</td>
<td>46</td>
<td>-20</td>
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<tr>
<td>Latvia</td>
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<td>39</td>
<td>-13</td>
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<td>Ukraine</td>
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<td>38</td>
<td>33</td>
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<td>47</td>
<td>43</td>
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<td>36</td>
<td>34</td>
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<td>62</td>
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<td>Uzbekistan</td>
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<td>59</td>
<td>59</td>
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<td>Azerbaijan</td>
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<td>-6</td>
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<td>52</td>
<td>55</td>
<td>1</td>
</tr>
<tr>
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<td>63</td>
<td>65</td>
<td>68</td>
<td>1</td>
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<tr>
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<td>37</td>
<td>35</td>
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</tr>
</tbody>
</table>

SOURCES: Pockney (1991), and World Bank Development Indicators

Patterns of Colonization

For the purposes of establishing groups of cases with the available data, I have employed Average Linkage Cluster Analysis. Although this technique offers explorative rather than confirmatory evidence, it identifies patterns of similarity and dissimilarity in a group of cases according to different variables. Similarity should be strong among items included in one group, and minimal between groups, thus we can consider each cluster as a relatively homogenous group.

Contrary to previous analyses proposing typologies of colonial rule in simple categories, these patterns of association do not allow simple and unequivocal classification of cases into neat regional boxes. Table 4.20 presents
the results of the Average Linkage Cluster Analysis performed on three dimensions of colonial rule. The first dimension, exploitation, contains the indicators of concentration in agriculture, commodity and external trade. Along this axis, half of the cases cluster in one single group. Tajikistan, Uzbekistan, Russia and Kazakhstan form one distinct group of most exploited colonies, while Poland, Romania, Hungary and Bulgaria form another distinctive cluster, likely the least exploited. Interestingly, Czechoslovakia and Turkmenistan each form their own group, being too different from each other and the other cases. In the end, Central Asia (except the Kyrgyz Republic), Russia and Eastern Europe displayed different exploitation patterns than the rest of the Soviet republics. Interestingly, neither the Baltic nor the Caucasian republics display different exploitation patterns than core Slavic republics.

**TABLE 4.20**

<table>
<thead>
<tr>
<th>Republic</th>
<th>Group</th>
<th>Republic</th>
<th>Group</th>
<th>Republic</th>
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<td>Romania</td>
<td>4</td>
<td>Kyrgyz Rep</td>
<td>4</td>
</tr>
<tr>
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<td>Czechoslovakia</td>
<td>5</td>
<td>Azerbaijan</td>
<td>4</td>
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<tr>
<td>Bulgaria</td>
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<td>Hungary</td>
<td>5</td>
<td>Turkmenistan</td>
<td>4</td>
</tr>
<tr>
<td>Czechoslovakia</td>
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<td>Bulgaria</td>
<td>5</td>
<td>Uzbekistan</td>
<td>4</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>5</td>
<td>Russia</td>
<td>5</td>
<td>Poland</td>
<td>5</td>
</tr>
</tbody>
</table>

Cells contain unordered results from average linkage clustering, values do not imply rank order.
Turning to state penetration, taking into account Party membership and average First Secretary tenure length\(^{68}\) we obtain a slightly different constellation of clusters. Again, most ECE countries cluster together, with the exception of Romania and Poland. This group arguably contains the highest Party membership rates coupled with long Party First Secretary tenures. This explains the large margin of elite independence. Poland clusters with the core republics of the Soviet Union (Georgia, Belarus, Kazakhstan, Ukraine and Armenia). This cluster seemingly comprises well-integrated republics with the medium to high Party membership and tighter supervision in the form of short tenures. The next cluster is formed by Turkmenistan, Moldova, Azerbaijan and Uzbekistan, where Party membership was lower than average and First Secretary tenures slightly longer than average. We find Lithuania, Estonia, Latvia, together with Kyrgyzstan and Tajikistan with the lowest Party membership, forming a separate cluster coupled with longest First Secretary tenures. This area thus appears to be least penetrated by the state in terms of Party membership and elite tenure. However in the case of the Baltic republics, when the shares of turnover taxes (of which Estonia and Latvia retained very little) are taken into account, they were under much tighter control from Moscow than Kyrgyz and Tajik SSRs, who retained nearly all such revenues by the end of the 1980s.

When we consider state engineering (territoriality, share of agriculture in individual tenures and relative urbanization), different groups again emerge. In this case, Tajikistan, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan and Azerbaijan fall into one single group sharing the characteristics of very low individual land tenure, low urbanization and none to almost no independent existence prior to their inclusion in the USSR. Belarus and Moldova form another group with medium to high individual land tenure, very high industrialization and practically no independent existence prior to their inclusion in the USSR. Ukraine, Latvia, Georgia, Russia, Estonia, Armenia and Hungary

\(^{68}\) These two indicators were selected rather than the others presented above because the origins of Party leaders, ethnic composition of management in republics, cities and districts, as well as the share of turnover taxes only concern USSR republics. Furthermore, the data on the origins of party leaders, ethnic composition of management in republics, cities and districts only contains the republics that were part of the Soviet Union in 1939.
cluster in one group, while Lithuania, Czechoslovakia, Romania and Bulgaria cluster in another, with Poland forming a cluster on its own, likely because of its extreme outlying position in collectivization.

In view of all categories together, overall clustering only loosely follows regional lines; cases from a single geographic region seldom are classified in groups together consistently. The only steady alignments are composed of Ukraine, Armenia and Georgia who cluster together in a single bloc in all three categories, Moldova and Belarus who exercise a considerable degree of similarity, and Latvia, Lithuania and Estonia also together in almost all instances. Eastern European satellites have a tendency to remain grouped in exploitation and state penetration patterns, although Romania and Poland end up in separate clusters. In state engineering, both Hungary and again Poland are in different groups: the experience of the Eastern bloc is thus not completely homogeneous when compared to the Soviet republics.

Despite their clustering together in state engineering, it is difficult to assess the experience of colonialism in Central Asian republics to have been completely uniform, as some republics were more exploited than most, for instance Turkmenistan compared with Kyrgyzstan. Kazakhstan was webbed more tightly to Moscow on a similar footing as core Slavic republics due to its large Russian population, while Kyrgyzstan and Tajikistan were considerably less penetrated and submitted to a looser rule similar to the Baltic States’. Azerbaijan is only comparable to Armenia and Georgia in exploitation levels, but nevertheless deviates considerably from them in state penetration and state engineering. As we witness some considerable variations in clustering across our indicators, we should exercise some caution in creating a rigid classification of post-communist countries as simply following regional lines.

How Colonialism informs State Capacity

In much of the literature on democratic institutions, the influence of Soviet communism is usually associated with negative effects: more communist interference leads to more negative outcomes. For instance, the number of years
under central planning undoubtedly plays a large part in explaining the success or failure of agrarian reforms after the collapse of communism (Macours and Swinnen 2002). Stephen Hanson argued that communism did not provide states with the conditions for the establishment of effective state authority (Hanson 2007). Indeed, if “communism” is itself the key to the puzzle, it becomes difficult to explain the remaining differences among CIS countries. As I will demonstrate below, not all ‘communist interference’ had negative consequences in terms of state building.

What makes the effects of colonialism so enduring is the relationship to state-building: the practice of colonialism involves a shift in structures of authority that, most of the time, results in the invalidation of preexisting arrangements in the territories under colonial control. Once established, these new core institutions of rule have proved very difficult to alter, a point Mahmood Mamdani (1996) has argued in his masterful treatment of authoritarianism in post-colonial Africa. Colonial models were different ways by which control from a remote center was established on foreign territories and mediated by local elites.

How exactly colonial practices operate on the state, is the most interesting question. In the case of the former Soviet empire, why have some successor states succeeded in harnessing or concentrating authority within the center, while others have failed to achieve concentration and struggle with fragmented authority or neopatrimonial structures? A look at Table 4.21, presenting correlation coefficients between the thirteen elements of colonialism and the average state capacity scores of 21 post-communist countries allows a few tentative answers. A total of eleven correlation coefficients achieve statistical significance.
Table 4.21
Correlation Matrix of 14 Indicators of Colonialism with Average State Capacity 1989-2005

<table>
<thead>
<tr>
<th>Items</th>
<th>Pairwise Correlation Coefficients with Average State Capacity 1989-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exploitation</strong></td>
<td></td>
</tr>
<tr>
<td>Agriculture Concentration</td>
<td>-0.40*</td>
</tr>
<tr>
<td>Commodity Concentration</td>
<td>0.06</td>
</tr>
<tr>
<td>External Trade Concentration</td>
<td>-0.61***</td>
</tr>
<tr>
<td><strong>Depth of State Penetration</strong></td>
<td></td>
</tr>
<tr>
<td>Party Membership</td>
<td>0.45**</td>
</tr>
<tr>
<td>Native Party Leaders</td>
<td>0.54*</td>
</tr>
<tr>
<td>Native Management Republic</td>
<td>0.51</td>
</tr>
<tr>
<td>Native Management City and Districts</td>
<td>0.59*</td>
</tr>
<tr>
<td>Share of Turnover Taxes Retained</td>
<td>-0.57**</td>
</tr>
<tr>
<td>Party First Secretary Tenure Average Length</td>
<td>0.45**</td>
</tr>
<tr>
<td>Extent of Russification</td>
<td>0.85***</td>
</tr>
<tr>
<td><strong>State Engineering</strong></td>
<td></td>
</tr>
<tr>
<td>Territoriality</td>
<td>-0.81***</td>
</tr>
<tr>
<td>Share of Agriculture in Individual Tenure</td>
<td>-0.40**</td>
</tr>
<tr>
<td>Urbanization</td>
<td>-0.45**</td>
</tr>
<tr>
<td>Collectivization*Urbanization</td>
<td>-0.62***</td>
</tr>
</tbody>
</table>

Cells contain bivariate correlation coefficients $r$

*** $p < .01$; ** $p < .05$; * $p < .10$.

Patterns of Colonial Exploitation on State Capacity

In patterns of exploitation, at first glance, agriculture (Pearson’s $r = -0.51$) and trade concentration (Pearson’s $r = -0.52$) appear to have a statistically significant influence on state capacity. In the Soviet republics, those with the most concentrated agricultural sectors are also the ones where the weakest states have been born. Yet this apparent relationship is largely driven by four countries with influential remote positions: Turkmenistan, Tajikistan, Uzbekistan and Kazakhstan. When these four cases are removed from the analysis, no evident relationship remains. Although it would be fair to say that these four cases exert a strong influence on the correlation coefficient, their level of exploitation in terms of agriculture concentration was both quantitatively and qualitatively different than the other colonies. It follows from this that high levels of this type
of exploitation, in the case of post-communist countries, is associated with weak state capacity.

Similarly, the relationship between trade concentration and state capacity reflects a major discrepancy between the external trade of ECE satellites and Soviet republics. When both groups are considered separately, the relationship between trade concentration and state capacity disappears. On the other hand, when Latvia, Lithuania and Estonia are removed from the analysis, then, interestingly enough, relationship then becomes considerably stronger than when all cases are considered. Consequently, high levels of trade concentration during Soviet times are associated with low state capacity scores, though not so much in the case of the three Baltic States. Even if the correlation coefficient between commodity concentration of exports in 1989 and state capacity is not significant, the relationship remains of interest. In 1989, Czechoslovakia featured an extreme outlying position, with more than 70 percent of its exports composed of machinery and mechanical elements. Only when this case is pulled from the analysis does the relationship between the variables of interest border on statistical significance. Hence, apart from Czechoslovakia, export economies highly concentrated around single commodity categories were also most liable to exhibit low state capacity scores.

The three categories of exploitation taken together suggest that overall, higher levels of economic exploitation in the form of agriculture, commodity and export concentration are associated with lower state capacity scores in post-communist countries. This result indicates that the more dependent the colonies, the less authorities felt the need to create elaborate bureaucracies or independent apparatuses of tax collection and decision-making. These results also corroborate Jonathan Krieckhaus’ suggestion that “the more intense the exploitation, the more dysfunctional were states and societies” (2006, p.31). Late colonialism is usually associated with extractive and exploitative states and low investment in human capital. While investments in human capital were considerably higher in

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69 In addition machinery and mechanical elements are a category of commodity, not a single commodity. Also given that 29 percent of Czechoslovakia’s exports in 1989 were composed of manufactured goods, it does not display the usual signs of a dependent economy.
the Soviet Union than any other colonial empire, the patterns of russification outlined earlier hints that this was not equally pursued across the empire. Some republics were more endowed with qualified workforce from the start, or received a higher influx of such workforce throughout the colonial period.

Furthermore, these results also suggest, as was the case in Africa, that the state’s promotion of exploitative structures tends to impede the establishment of effective political domination (Berman 1984; Boone 1994; Phillips 1989). In the most exploited republics, Turkmenistan, Tajikistan, Uzbekistan and Kazakhstan, the extractive policies of the central state helped create and strengthen clientelistic ties that ultimately constrained the capacity of the post-colonial state to achieve effective rule. As in sub-Saharan Africa, rulers sought to harness both land and labor for the production of agricultural commodities for export (Boone 1994, p.111). In all cases, the use of coercion was a central feature in the establishment of this exploitative project and political order. Collectivization was used to subject peasants to the demands and pressures of the colonial market. The main difference with Africa was that Soviet peasants did not retain private access to the land like their African counterparts, apart from household plots. This private access to the land remained one of the most fundamental constraints on European power in Africa according to Boone (1994): this constraint was wiped by Soviet authorities, or so they thought, with the removal of traditional landed elite from ownership positions. Yet a form of indirect rule or ‘politics of collaboration’ was used in the regions most likely to reject Soviet authority and revolt against it: the most exploited regions, where nationalism was strong and Eastern European satellites. Soviet authorities did not completely destroy the established forms of native authority in such regions as we will see below.

**Patterns of Colonial Penetration on State Capacity**

The relationship between Party membership and state capacity, the first indicator of state penetration depth, is positive and moderately strong ($r = 0.45$), with the three Baltic States as obvious outliers weakening the overall relationship. This indicator also encapsulated the level of directness of rule: where the network
of the Party was most developed, we can infer that rule was more direct. In this case, colonies that were more deeply penetrated by the authority of the colonial state also presented the strongest states after independence: the results suggest that the density and embeddedness of colonial rule are associated with higher levels of state capacity. If we consider Party members as the elite of communist societies, it is not surprising that countries in which this educated elite were more numerous have fared better in establishing effective political rule after their independence, although the Baltic States do not fit this pattern.

The pattern of unequal state penetration and differentials in directness of rule appears again when we look at the origin of Party and government elites across the Soviet Union. In 1939, Russia\textsuperscript{70}, Georgia and Azerbaijan were the three republics with the highest proportion of titular nationals in positions of power, followed by Belarus and Ukraine. From these figures, it would be fair to infer that these republics were the ones where nationals were most trusted to assume positions of power. In turn, these republics were also the ones who were able to achieve better state capacity scores after independence, Georgia being in an outlying position. At the bottom of the range, we find Uzbekistan, Azerbaijan and Tajikistan, with about 50 percent of natives as leaders of the Party, and Turkmenistan, Kyrgyzstan and Kazakhstan with less than 40 percent. Native elites in these republics occupied fewer influential positions, and consequently, were perhaps the least prepared to assume the responsibly of independence. Since native elites were less trusted in these republics, their chances of promotion outside the republic were constrained. Consequently, native elites struggled to establish strong ties on the regional level, helping patronage networks to flourish in their absence (Jones Luong 2002).

Although we could have hypothesized that the experience of managing a high proportion of a republic’s share of turnover taxes would be conducive to higher levels of state capacity, evidence from Table 4.21 actually points to a

\textsuperscript{70} Although no data exists for the RSFSR concerning the ethnic composition of its Party, government and administrative staff in the 1939 Census, it is fair to assume from other sources on the composition of the Party that Russians occupied an overwhelming majority of such positions in their republic at the time.
strong relationship in the opposite direction. The Soviet Republics that retained the lowest proportion of their turnover taxes, on average, were the ones who established the strongest state apparatuses after 1991. The latitude in financial management allotted to republics such as Turkmenistan, Tajikistan, Kyrgyzstan, and Kazakhstan stands in sharp contrast with the small proportion of national elites holding power in those republics. Control from Moscow was thus tight in the sense that native elites were not trusted to govern, but at the same time lax in the sense that they were under less scrutiny from the center. In the same vein, the most trusted Slavic republics of the core were the ones under the tightest financial control in the Union. Belarus, Ukraine, Moldova, and Russia, but also Estonia and Latvia, retained a considerably smaller amount of their turnover taxes than the other republics, although their native elites enjoyed a better status than elsewhere. It could be hypothesized that since these republics were more economically developed and collected large amounts of turnover taxes, Moscow considered that less resources should be redistributed in these areas.

The duality of this system of control is again visible when we look at the russification covariates. In the context of French and British colonialism, Jonathan Krieckhaus (2006) argued that a difference existed between settler and non-settler colonies in the protection of property rights, and thus in state capacity after independence. In short, colonies that received large influxes of European settlers usually had more effective institutional safeguards for property and better human capital (health and education), which in turn leads to better economic performance, or growth over time (Acemoglu, Johnson, and Robinson 2001; Easterly and Levine 2003; Hall and Jones 1999; Krieckhaus 2006; Sachs 2003). Conversely, substandard property right protection institutions and lower growth rates are typically found in colonies that did not benefit from large European settlement, hence where the metropolis installed more extractive and exploitative state infrastructures.

Similarly, the colonies of the former Soviet Union, with increasing ratios of ethnic Russians to natives over time, also exhibited the strongest states after independence. Whereas ethnicity was a less overtly salient issue in the Soviet
Union than in Africa or Asia, the close association between increasing proportion of ethnic Russians in any given republic and the capacity of the resulting state is too strong to ignore (Pearson’s $r = 0.81$). However intense efforts at russification and capable states do not have a direct link. On the one hand, this effort to assimilate populations, and thus to rule more directly, has provided the state a more direct form of control over institutions. On the other hand, association with local elites, rather than assimilation, may have led to larger patronage networks and increased leverage of local authorities over the distribution of resources due to the more extractive and exploitative state infrastructures put in place by central authorities. Or, perhaps, the Soviet government simply concentrated the bulk of its efforts in regions that had more economic potential from the start, hence the population shuffling in strategically important regions.

In general, according to Ken Jowitt (1983), long-cadre tenure should be an indicator of the success of organizational corruption, and thusly be associated with weak state capacity. Cadre tenures are usually cut short by metropolitan centers wary of colonial elites becoming too independent. Yet curiously, the last indicator of depth of state penetration, the average length of tenures of Party first secretaries in colonies, is positively associated with state capacity. Only the graphical representation of the relationship between the two variables allows us to discover an interesting non-linear pattern: Jowitt’s (1983) hypothesis only holds true in the case of Soviet republics when Latvia, Lithuania and Estonia are pulled from the analysis. When the Baltic States and the Eastern Central European satellites are considered, the cases exhibiting the longest tenures, the relationship assumes a different character. Thus, long tenures are associated with both the highest and lowest average scores of state capacity.

In sum, three patterns emerge with regards to direct and indirect rule. Indirect rule is associated both with the lowest and highest scores of state capacity, while direct rule is found in republics displaying average state capacity scores. On one end of the spectrum, we find Eastern European satellites ruled indirectly from Moscow through native elites, high Party membership, large financial autonomy coupled with some of the longest Party First Secretary tenures
(except Poland). Although they were webbed rather tightly in the Party apparatus, the satellites were allotted the largest latitude in rule. What separates the experience of Latvia and Estonia from the satellites was the tighter control they were subjected to. While average Party First Secretary tenure was among the longest, suggesting lax control, financial control was among the tightest in the Soviet Union. Contrary to the satellites, Party membership was low and Moscow sought to replenish the stock of loyal subjects by pursuing a rather aggressive policy of russification.

With the exception of Kazakhstan, the Central Asian republics and Azerbaijan were under another flavor of indirect rule: financial autonomy was high and Party First Secretaries’ tenures were lengthy, suggesting a good measure of independence of republican elites over resource redistribution (especially in Tajikistan and Kyrgyzstan). In spite of that independence, native elites were considerably less involved in ruling the republics than elsewhere in the Empire, and the Communist Party’s active base of support was much more limited. The smallest proportion of natives becoming either leaders of the Party or management staff of a republic or a city was found in Turkmenistan and Kyrgyzstan. Furthermore, comparatively fewer Russians were established in such areas. In certain cases, there was actually a decline in the demographic weight of Russians. Thus, although Moscow ruled mainly through Russian administrators in such republics, the lower echelons were filled with natives, and the republics under much looser control than the core Slavic entities, thus by extension less well penetrated by the central state.

State administration was more tightly woven in Ukraine, Moldova, Belarus and Kazakhstan, where Party First Secretary tenures were kept at their shortest, signaling more direct intervention by Moscow. Cadre recruitment was also different, as native elites had considerably more weight in the ranks of Party leaders and management staff, albeit not in Kazakhstan. With relatively high Party membership (again less for Kazakh nationals), but also high influx of Russians within the republics, the reach of the state was more direct than in any other case. Armenia and Georgia represent special cases of most trusted nations.
While they share many traits in common with core Slavic republics, namely tight financial and relatively short elite tenures, two characteristics set them apart. First, Party membership was the highest in these two republics than in any other republic, and second practically no effort at russification or other ethnic manipulation were attempted.

These results give weight to Jeffrey Herbst’s (2000) hypotheses that studies of colonialism have tended to conflate control and violence. Herbst exposed a tendency to overemphasize the hegemonic reach of the colonial state in the classic studies of Jackson (1993b), Mamdani (1996) and Young (1994). He established that in fact, the aspirations of colonial states were much more limited than previously theorized, and that the extent of violence and repression used on colonies should not be confused with the extent of control wielded by the metropolitan center. I believe a pattern comparable that of Africa was at work in the Soviet empire, where the reach of the Soviet state was not equally deep in all regions.

State Engineering and Resulting State Capacity

Certain types of state engineering, such as the creation of territories in Central Asia and frequent border manipulation, are associated with state weakness. The coefficient for territoriality is very strongly associated with state capacity scores (Pearson’s $r = -0.81$). States that remained independent such as the ECE satellites or that were independent for several years, such as Estonia, Latvia and Lithuania, had an undeniable advantage in establishing or refurbishing functioning state institutions after the collapse of the Soviet Empire. Upon reaching independence, not only did CIS countries lack their own currencies, armed forces, border guards, diplomatic services, and central banks, in addition to all the ministries that had been centralized in Moscow, but even the heritage of such institutions since they were never endowed with them. By virtue of their

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71 The most important ministries were all centralized in Moscow while republics only retained competence over health care, primary and secondary education, welfare, housing, and municipal services, until 1953 when some decentralization took place.
complete engineering by USSR, CIS countries were thus placed at a great comparative disadvantage from the outset.

Further deepening the disadvantage of internal colonies was the effect of collectivization on state building. The larger the share of individual land tenure, the higher the state capacity after the collapse of communism. Separate analyses with 11 Soviet republics where data was available revealed that larger yields from private plots were also associated with stronger state capacity scores over time. Since it is reasonable to assume that collectivization’s impact was more important in the most agrarian regions, the direction and strength of the association between a multiplicative term involving the percent of land collectivized and the percent change in agrarian population is not surprising (Pearson’s $r = -0.48$). It follows that the marginal effect of collectivization on state capacity declines as populations become more urban. The only group for which the relationship becomes inverted is the most urban societies. For the five most urban republics in 1959, the marginal effect of collectivization increases as populations becomes more urban.

Last when we consider the change in the proportion of rural population between 1959 and 1990, a moderate negative relationship exists between the size of the change in rural population and state capacity (Pearson’s $r = -0.45$). More specifically, the countries in which there was the largest increase in urban population between 1959 and 1990 were also the ones who exhibited the highest scores in state capacity. With the exception of Hungary, which was more developed than the others in 1959, all cases in which the decrease in rural population was below ten percent were among the weakest states after 1991. For example, Turkmenistan and Tajikistan where the rural population grew by one percent between 1959 and 1990 are also the two states that performed the worst on the state capacity index between 1991 and 2005. By contrast, all cases (except Belarus) in which urbanization was above 25 percent were among the top tier performers in state capacity.

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72 Analysis not shown with Pearson’s $r$ of 0.46. Georgia and Armenia were outlying cases.
Discussion and Conclusion

If European colonialism influenced economic growth and development as well as the formation of states in most developing countries, then the same could be true of the influence of communism on post-communist states. To be sure, if we accept that the core institutional features established during different colonial dominions, such as extended protection of property rights, have persisted in most developing post-colonial countries, then this model should also be extensible to post-communist countries whose state institutions were, for the most part, products of Soviet decisions. Indeed, many post-communist states share similarities with Africa as cases of archetypal colonialism. They also have in common their problematic state building and rocky paths towards post-independence democratization (Beissinger and Young 2002). Just as the Spanish, Portuguese, Dutch, British, French and Ottoman Empires shaped the social order and the capacity of their post-colonial successor states, the Soviet Union left its own legacy of governance after 1989.

After the breakup of the Soviet empire, the colonial social order was likely to remain intact even after Moscow’s control disappeared. The newly independent countries were not entirely new; in fact most of them were bequeathed, practically untouched, to governing elites that were also active in the old regime (Beissinger and Young, 2002). Furthermore, even new leaders were faced with the same problem of how to extend state power over their territories given the sometimes incomplete and highly variable administrative systems they inherited from the past. The Communists may have lost power in most countries, new constitutions may have been drafted, but the main legacy, namely the state institutions (or lack thereof), remained.

As demonstrated in the previous Chapter, the degree to which practices of those in power actually changed at independence varied in step with state capacity. Most CIS countries made few attempts to change the basic

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administrative structures left behind by the Soviets, even when extremely arbitrary. In most new or nearly independent countries, some political institutions and the economic structures were quickly reformed. But many other institutions, infrastructure, and bureaucratic composition, the strength of a particular set of elites, demographics as well as the overall cultural legacy were products of the previous communist political order. It is on these leftover imperial foundations that new institutions and relationships had to be built.

My claim that Soviet colonialism has affected post-communist state structures is not to say that it is the unique cause of these patterns. Rather, I believe that colonialism is one of the most influential factors shaping state capacity in post-communist countries. If legacies are understood as the embodiments of inherited characteristics that continue to exist after the historical period that gave birth to them, then (communist and colonial) institutional legacies imply the survival of particular institutions and organizational structures after the collapse of communism. The type of rule institutionalized during the Soviet colonial period bound the subjects to the rulers and provided a basis for social control. The collapse of the imperial center did not destroy these relationships.

The goal of Soviet state engineering was above all to project and consolidate state power on a very large and unequally developed territory. Along those lines, we should expect the heaviest episodes of state engineering to be concentrated in areas that were less well penetrated by the state. Table 4.22 presents a correlation matrix between the 13 indicators of colonialism. Looking at Table 4.22, a rather distinct pattern emerges from the data, suggesting indeed that more state engineering tends to covary with low levels of state penetration and vice versa. In very few cases do we observe the dense infrastructure of hegemony combining both heavy penetration and engineering proposed by Young (1994): the cases that come closest to that pattern are the Slavic core republics, Belarus, Russia, Ukraine and Moldova. Quite to the contrary, despite its potent capacity to extort massive societal change through force and extensive surveillance apparatus, the reach of the Soviet state was not hegemonic. For
example, there was less industrialization and more collectivization where the Party had the shallowest roots and native elites were excluded from power positions. These results give weight to the hypotheses that some of the most sweeping changes were enacted where the depth of the state’s penetration was shallowest: purposely to increase state control.

TABLE 4.22
CORRELATION MATRIX BETWEEN 13 INDICATORS OF COLONIALISM

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All bold lettered correlation coefficients are significant at the 0.1 level (2-tailed)

More specifically, in the case of the Soviet Union, heavy state engineering in the form of nation creation, border changes, population transfers and collectivization were partly enacted to anchor the Party and the administrative
machine. These changes were heaviest where there existed necessity for concretizing completely new authority structures, or for shifting the sources of native authority, such as in the rural and semi-nomadic societies of Central Asia and Azerbaijan. However, these changes were accompanied by the creation of a large class of bureaucrats whose interests became more self-preserving over time. In this, the Soviets were much more ambitious than the previous Tsarist authorities in recruiting and co-opting a new class of native elites to exercise local rule in accordance with their policies. Elites that accepted Soviet power had much to gain in access to scarce resources given the absence of market mechanisms. With the power over allocation of land, resources, opportunities and sanctions, the Soviet state was in a prime position to prevent or promote the development of centralized indigenous leaderships: the leadership had the power to consolidate or fragment social control by which groups it favored in the distribution of resources from the center.

Consequently, one of the legacies of Moscow’s rule is undermining the aptitudes of states to achieve a monopoly of violence in the region where sweeping changes were enacted without the direct oversight of the central state: the large bureaucratic institutions it created were easier to capture without direct control, leaving behind entrenched informal networks that could challenge or undermine the new state upon independence. Thus it is not the amount of “communism” or state engineering alone that is deleterious towards the construction of robust state structures so much as the coupling of heavy state engineering with low levels of state penetration and high levels of exploitation. The colonial influence is even more pronounced where the skeletons of state infrastructure were placed with the sudden, radical change institutions imposed by Moscow on its colonies. Sweeping changes in state-society relations that were not accompanied by direct rule have opened the door for even larger patronage networks and other groups that were in position to challenge state authority to form and survive communism. In such contexts, Soviet institutions were easier to capture. In environments of economic exploitation with indirect rule, these networks were the mechanisms by which power was organized access to state
resources in exchange for political acquiescence on the part of republican elites, or what Mamdani (1996) has coined “decentralized despotism.”

Behind the façade of the Communist Party, Olcott (1987) argues that traditional clan authorities controlled the real structure of local power, the same way links of kinship thrived in the collective sector in Tajikistan (Poliakov 1993), Turkmenistan (Bouchet 1991-92), Uzbekistan (Snesarev 1974), and Georgia (Dragadze 1988). The combination of state engineering with low state penetration not only encouraged the fragmentation of authority in several hands rather than in one central base, but also made heavy use of coercion to force acceptance of unpopular policies more likely. This would explain why in Central Asia, Pauline Jones Luong has noticed that the Soviet rule left many centers of authority: republican Communist Party, regional (oblast-level) Party Secretaries, factory managers, and kolkhoz chairmen, many of which have persisted in the post-Soviet era to challenge or undermine the authority of the successor states (Jones Luong 2004c).

Empirical evidence from this Chapter establishes the importance of individual aspects of Soviet rule on states, more specifically, the combined effects of high economic exploitation, depth of state penetration and state engineering on post-independence state capacity levels. However we fail to uncover clear geographic patterns other than a distinction between East Central European satellites and Soviet republics. Given the complexity of the global picture of colonialism on state capacity, I will devote the following four chapters to qualitative assessments of each dimension of colonial rule on the capacity of the state in four circumstances: upon Hungary’s transition to democracy, and the accession to independence in Belarus, Georgia and Kazakhstan.
5. Belarus: Missed Opportunity in a Strong-Weak State

By most accounts, the rise and ensuing crystallization of an authoritarian regime in Belarus presents a puzzle. From its Soviet experience, the new country was endowed with high standards of living, urbanization, educational levels and native elite mobility. Furthermore, Belarus’ level of income inequality and the prospects for serious ethnic or religious strife have remained low, suggesting little potential for instability (Silitski 2003). Surprisingly, in fact, the structure of mass opinion in Belarus exhibits many similarities with neighboring Baltic States. According to the 1999 World Values surveys, respondents in Belarus displayed significantly higher levels of interpersonal trust – an indicator of high levels of social capital – than Lithuania, Poland, Ukraine or Russia (Halman 2001).

The position of Belarus within the Soviet Union’ formal empire as a preferred and trusted colony endowed the successor state with a more capable apparatus than most FSU country, but also left behind a positive view of the USSR where counterelites have been unsuccessful to propose an alternative to the Communist Party and its successor party. In this Chapter, I will elaborate on the relationship between the Soviet Union and Belarus and the conditions that explain why Belarus’ state was more capacious than most former Soviet countries in 1991. The high economic development, coupled with high state penetration and native rule, despite the absence of prior independence, gave Belarus considerable advantage in self-rule over other colonies. In return, the strength in infrastructural capacity of the Byelorussian state should have facilitated a transition to democracy, but the considerable potential for democratization existing at the onset of independence was, unfortunately, no guarantee of democratic consolidation. Therefore, the case of Belarus is a prime example that while a strong state is a necessary for democracy, it is not a sufficient condition.

Efforts to industrialize and assimilate Belarus as a part of the Russian living space succeeded in shifting perceptions of empire. By contrast with Ukraine or Lithuania, the period under Soviet rule was appraised positively by Byelorussians because it represented prosperous times. In this context,
opposition groups denouncing or opposing the Soviet past either failed to rise or to gain popular appeal after the country gained independence. These popular feelings also explain the continuity in elite recruitment patterns after 1991, where the former Communists were not discredited, but simply continued to assume most power positions. In addition to elite continuity, Soviet traditions of democratic centralism, which involved a fusing of executive and legislative power, endured as well. On this already very centralized organization of power, the addition of a strong presidential office was the outcome favored by all political groups. Although not an unavoidable development, authoritarian consolidation was precipitated in Belarus by the adoption of a strong presidential office and was compounded by the absence of organized opposition, a combination that has served to weaken the state over time.

**Starting Conditions Bequeathed to a Preferred Colony**

In the following section I will demonstrate that the case of Belarus was one of the most privileged colonies of the Soviet Union receiving high levels of investments, where economic exploitation was relatively low and that was well penetrated by the Soviet state. Since the republic benefited form the Soviet Union more than any other, this contributed to the perpetuation of positive feelings towards the Soviet Union, even after its dissolution.

**Economic Conditions**

Despite these cultural setbacks, Belarus remained one of the most advantaged republics of the Soviet Union in economic terms. By Soviet standards, at least, the amount of investment it received was massive. In 1959, the Byelorussian SSR was among the most agrarian societies in Europe, along with Moldova, Tajikistan and Romania. By 1990, however, it had undergone the most radical urbanization process of all: close to a 35 percent decrease in rural population, a larger change than all other cases put together. These numbers go hand in hand with capital investment figures. Between 1960 and 1975, the Byelorussian SSR underwent the highest incremental levels of capital investment
of any Soviet Republic, close to 385 percent increase, compared with 271 percent for the Russian SFSR and 248 percent for the Ukrainian SSR. Minsk, whose industrial base had to be rebuilt from scratch after WWII, numbered among the leading industrial cities of the USSR in the late 1980s (Zaprudnik and Urban 1997).

As uncovered in the previous Chapter, in the case of Soviet republics, more industrialization is associated with stronger post-independence states. These striking industrialization figures also represent strong evidence that the center was not unilaterally extracting resources from Belarus. Quite the opposite, Moscow was investing in its development, which is an indicator of the strategic importance of the republic within the empire. In step with massive industrialization came russification, where large amounts of Russian personnel, administrators, and additional work force settled in the republic. Over the period between 1959 and 1989, the Russian population had increased some 4 percent in the republic, one of the highest increases aside from Latvia and Estonia. In the Soviet Union, countries displaying the highest russification percentages were also the strongest states after independence, most likely because russification served as a reservoir of loyal subjects to Moscow and helped entrench Moscow’s authority, but also because russification also serves as a proxy for strategic and economic importance of constituent republics.

The living conditions in the Byelorussian Soviet Socialist Republic (BSSR) were also thought to be some of the highest in the Soviet Union, prompting some observers to call it “a shop window for benefits of soviet socialism” (Eke and Kuzio 2000). In addition to its large potassium and fertilizer production, Belarus produced mainly heavy trucks and agricultural machinery. The economy of Belarus was heavily concentrated around these industrial commodities, and, like most FSU republics, also around only a handful of trading partners. Yet, Belarus was mainly trading manufactured industrial and defense goods in exchange for cheap natural resources, a situation usually not associated with dependent and exploitative core periphery relationships. In this sense
Belarus assumed the traditional role reserved for the core in an empire, however not to the extent of Eastern Central European satellites.

In spite of the market distortions associated with central planning, Belarus inherited important economic assets from the USSR that proved to be competitive on the international market when compared with many other FSU countries, to whom considerably less profitable economic sectors where bequeathed (Bakanova and Freinkman 2006). For instance, Belarus’ tractor and automobile manufactures are competitive on the Russian market, where demand for these products has remained high. Additionally, Belarus’s chemical and oil manufacturing industries have been able to compete on the European market.

*Integration of Belarus in the Empire*

By tracing the number of Party First Secretaries representing each republic in the Soviet empire’s highest decision organ, the Party’s Politburo or Party Presidium (1952-1966), we can see that Belarus was well incorporated in the Soviet power system. Looking at Politburo membership from the BSSR, although the republic did not gain a full-member representation between 1924 and 1980 (only the RSFSR, Ukraine and Kazakhstan did), 24 individuals gained candidate member status to the politburo. On the individual level, Panteleimon Ponomarenko, a native Byelorussian, achieved full member status in the Politburo from 1952 to 1953. Perhaps more importantly, Kirill Mazurov, BSSR Party First Secretary from 1956 to 1965, became First Deputy Chairman of the Council of Ministers and full member of the Politburo with Brezhnev’s rise to power (Miller 1990). Mazurov’s ascension (potentially a reward for his participation in ousting Khrushchev from power) came together with the emergence of the Minsk City Industrial Group (MCIG) whose members would assume several top positions at the republic and All-Union levels.

At the republic level, with relatively high party and Komsomol membership rates, natives held a large proportion of leadership positions in the BSSR Party. Despite heavy russification efforts, deportations and purges, Byelorussians were sufficiently trusted to hold management positions in public
institutions, as well as in city and smaller districts. In 1939, titular Byelorussians held 41.6 percent of Party, state, co-operative, public institutions and organizations management staff within the republic: the fourth highest proportion in the Soviet Union. The proportion of natives increases as we move to the local level. Within cities and districts, 65.1 percent were native; natives numbered 88.7 percent of chairmen and vice chairmen of the rural Soviets. What is more, between 1954 and 1976, Belarus was among the few cases in which both First and Second Party Secretaries remained natives of the republic.\(^74\) In most non-Russian republics, it was a matter of policy to have at least one Russian filling one of these top positions (Miller 1977).

Although Byelorussian elites were well integrated in the power structure of the Soviet Union, republic authorities remained under close central scrutiny through the large amount of Russians in republic-level positions, and its control of cadre tenure length, and the republic’s finances. Even if Moscow allowed more ethnic nationals to occupy the top leadership positions of the republic than in other regions, the average tenure of First Party Secretaries was among the shortest of all colonies. The average tenure at this position after 1938 was of 4.9 years, compared to the combined average of 7.4 years when all cases are considered.\(^75\) The longest BSSR tenure of 15.2 years was held by Piotr Masherau\(^76\)—again, significantly shorter than the sample average longest tenure of 21.6 years. Masherau died in a suspicious road accident in 1980, around the time his political adversaries in Moscow perceived him becoming too independent and powerful. The high turnover in this top position indicates willingness from Moscow to keep the leaders of the republic under tight supervision. If long cadre tenure signals the success of organizational corruption (Jowitt 1983), Belarus’ shorter tenures should point to a reduced ability of cadres to insulate themselves from decisions taken in Moscow. By regularly disrupting

\(^74\) Only in Ukraine and Armenia (until 1973) were the both position filled by natives consistently.
\(^75\) When all First Secretaries are taken into account from 1920 to 1991, average tenure length drops to 1248 days (3.4 years) compared to the average of 2527 (6.9 years) days when all cases are considered during that time period. There were thus far more top level reshufflings in Belarus than in any other case included in the present study.
\(^76\) also known as Pyotr Mironovich Masharov
leadership and limiting extended interaction between the same groups, what was dubbed ‘bureaucratic pluralism’ by Jerry Hough (1972) meant that entrenched systems of patronage would be more difficult to form and maintain in the BSSR.

Financial control was no less centralized in Moscow than the relatively short cadre tenure. Over the period ranging from 1950 to 1980, Belarus retained about 50 percent of turnover taxes. In general, poor republics kept more turnover taxes, although Lithuania, Azerbaijan and Georgia did not fall into this pattern. The taxes were a tool used by the center for redistributing revenue and financing economic development in regions with lower development levels (Bahry 1987). Overall, Belarus was well penetrated by the state. Although natives occupied many leading positions, high Party membership, short cadre tenure and tight financial control assured compliance with the center.

State Engineering

In terms of state engineering, Belarus had not experienced independent statehood outside the Soviet Union, having been formally independent for less than one year between 1918 and 1919. The first Byelorussian state emerged as the BSSR, a combined result of the Russian Revolution, Civil War and Russo-Polish War (Urban 1989). In addition to its lack of experience with formal statehood, Belarus was also subjected to a number of border manipulations and their accompanying population transfers during Soviet rule. Between the two World Wars, the boundaries of the BSSR were shifted, separating the region in 1921 into two pieces, each ruled by different authorities: the ‘western territories’ under Polish control and a smaller BSSR in the east with a population of about 5 million. In 1924, Russia ceded the regions of Polotsk, Vitebsk, Orsha and Mogilyov to Belarus, along with, Gomel and Rechitsa in 1926, as they were populated by ethnic Byelorussians. This last shift marked the final location of the BSSR-RSFSR border, almost exactly along the ethnographic border outlined by the 1926 census. Some minorities in other republics were not as lucky in the territorial shuffling (Martin 2001, p.277-78). While the ‘western territories’ and
the BSSR were reunited in 1939, the present shape of the BSSR was only finalized after the Second World War.

Together with the absence of formal statehood before its Soviet experience, no firm national sentiments existed prior to the 1920s. Historically, Byelorussians have never been masters of their land. From the Polish-Lithuanian Commonwealth of the 16th century to the Tsarist Empire, Poles, Lithuanians and Russians assumed the role of landowners, while Byelorussians were generally serfs and laborers. Often confined to areas outside of urban centers, Byelorussians had the lowest rate of literacy in the European part of the Russian Empire (Urban 1989). In such conditions, it is no surprise that a concept of Byelorussian nationhood cannot be found in the oral tradition and folklore predating the Soviet Union. As underlined by Urban (1989), the first literature to appear in Byelorussian was written by Lithuanians. It is only with the implementation of Lenin’s policy of promotion of national languages and national elites, or Korenizatsiia, in the 1920s that the basic ideas of nationhood were developed in Belarus. According to Terry Martin, this policy had two purposes: “the creation of national elites (affirmative action) and the promotion of national languages to a dominant position in the non-Russian territories (linguistic Korenizatsiia) (Martin 2001, p.75). Before that policy was implemented, Byelorussian had never been the official language of rule, or even a majority language in the territory. By 1929 Martin (2001, p.261) remarked that Byelorussization was thriving, pointing to the increasing use of the language in the printed press and educational system.

Unlike most FSU republics apart from Central Asia, there is very little pre-Soviet expression of a national consciousness to refer to. Korenizatsiia was a period of promotion of local culture, literature and native elites in the administration coupled with a massive literacy campaign that has no historical precedent in terms of the development of national sentiments. For Byelorussians, statehood and nationhood were thus completely rooted in the Soviet experience. After that brief historical episode, this policy of indigenization of rule was reversed. In the western territories in the late 1920s, Polish authorities
endeavored to eradicate all the manifestations of Byelorussian culture, while in the BSSR cadres underwent a massive purge in the 1930s in addition to heavy russification that lasted well into the 1980s.

In short, the colonial experience of Belarus is marked by its strategic importance leading to higher industrialization rates than everywhere else in the empire. Belarus’s elites also enjoyed a privileged position where they were both influential at the republican level and could integrate the circles of power in Moscow. The pattern of Soviet state penetration of Belarus was very tight compared with elsewhere in the empire: the Party, through which societal compliance was enforced, was well entrenched, while native elites were trusted enough to assume power positions. But by keeping republican elite tenures short and undercutting their redistributive power, Moscow’s rule in Belarus was at its most direct. The extent of the directness of rule is visible through the attempts to assimilate Belarus into the Russian living space. With this direct rule, the space for informal networks was more limited than elsewhere in the Union. And since the living standards of Byelorussians were also higher than elsewhere, the logics of scarcity of goods resulting from the failures of the command economy were felt less bitterly, hence producing lower incentives for powerful networks to become entrenched. Authority was therefore relatively centralized in the Byelorussian state upon its independence.

Is Belarus a Strong State?

Indeed, Belarus emerged from the Soviet Union as one of the least dysfunctional new states. Compared to the Soviet republics that have experienced heavy state engineering, we find no important ethnic strife, conflict, territorial division, contested territories or groups such as clans that could pose a real challenge to the authority of the central government such as in Moldova or Georgia. While comparing rather favorably overall with other former Soviet states, Belarus remains far from the level of state capacity achieved in the Baltic Republics or the Eastern Central European satellites. As I will demonstrate in this section, much of the capacity the Byelorussian state exhibits stems from the
reluctance of elites to undergo economic transition to a market economy. And despite the advantageous starting conditions, most indicators of state capacity have registered a decline since 1994.

Mirroring the split in scholarly assessments of Belarus’ state capacity, Belarus exhibits important inconsistencies in the five indicators of state capacity discussed in Chapter 2. Table 5.1 presents a summary of the evolution of the five components of state capacity between 1991 and 2005. Belarus scores well on capacity for taxation and contract intensive money, both of which are indicative of competent administrative institutions. However, the country’s performance on measures of infrastructure reform, property rights enforcement and corruption is much weaker, partly again, because of the absence of transition.

<table>
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<th>Property Rights Enforcement</th>
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In comparison with most post-Soviet states, the fiscal system of Belarus has been qualified as being both robust and capable (Fritz 2007, p.211). The differences in collecting revenue were very large among post-communist countries, especially in the early 1990s. These variations in ability are reflective, in part, of the state’s capacity to deal with the shock of independence. Interestingly, after the Soviet collapse, government revenues decreased everywhere except Belarus. Clearly, this means that the scope of the state had to
be reduced drastically in all cases, although this trend was later reversed in the mid-1990s when countries started to recover economically. Despite having different fiscal systems, Belarus and Estonia were the two former Soviet countries with the largest ratios of revenues to GDP and the smallest budget deficits immediately after the transition. While the level of development (GDP per capita) partly accounts for the ratio of revenue to GDP in former communist countries, the relationship is not entirely straightforward (Fritz 2007). For instance, the percentage of tax collected is still larger in Belarus than we might expect despite the country’s relatively high level of development.

Fritz (2007) hypothesized that early regime consolidation, democratic or authoritarian, is associated with better fiscal discipline. In both cases, the clear allocation of power, and demarcation of rules and leadership (for autocracies) would enable better fiscal discipline, such as in Belarus. While this argument is undeniably applicable to Uzbekistan, which experienced a direct transition from communism to autocracy, the case of Belarus is murkier. Independence was declared 25 August 1991, but the constitution was only adopted in March 1994. Judging from Freedom House scores, political rights and civil liberties scores both shifted into the “not free” category only in 1996, leaving the period between 1991 and 1995 in the “partly free” category. We should have expected less fiscal discipline at the onset of independence in Belarus considering its unconsolidated regime.

The other, more plausible hypothesis relates to the role of state-owned enterprises after the transition and their pivotal importance in centrally planned economies. When privatization is enacted, taxes on business profits can be drastically reduced in the process of restructuring and decentralizing such enterprises in the wake of a new environments of budget constraints entailed by competitive markets (Kopits and Mihaljek 1993). This reduction in output is especially pronounced where the fruits of reforms such as improved efficiency and higher growth are slow to come, that being the usual state of affairs in the most distorted, and over-industrialized economies with large trade dependencies.
(Berg et al. 1999). Because no other revenues can immediately compensate for these losses, the state simply loses its income.

The persistence of a command economy in Belarus has allowed the government to hold on to its former revenue base without having to enact drastic fiscal reforms to assure tax compliance. The state can continue to collect most of its taxes from a handful of large state-owned businesses and keep them compliant despite a more or less efficient bureaucracy. More importantly, perhaps, slow to absent privatization has spared Belarus from the asset stripping and capital flight some other republics have experienced. Many large enterprises in the FSU have seen the share of their original productive capacity decline sharply in the first few years of the transition due to insider privatization. By eschewing privatization, Belarus avoided such sharp productive decline (Bakanova and Freinkman 2006).

Although this short-term problem was prevented, the failure to enact proper fiscal reform is starting to have negative consequences. According to the World Bank’s *Doing Business* survey (2008a), Belarus was considered the worst country in the world in which to pay taxes for three years in a row, from 2005 to 2007. Tax regulations are so complicated that an average business must make about 125 tax payments each year, use 1188 working hours dealing with tax documentation, in addition to spending close to 161 percent of their profit in taxes which is by far the highest taxation rate among former communist countries (World Bank 2008a). It goes without saying that in such an environment, tax evasion and bribery are rampant (Freedom House 2007): as hypothesized by Johnson and his associates, the higher the level of taxation and administrative regulations, the larger the bribes politicians and bureaucrats can extract from entrepreneurs to avoid paying taxes (Johnson et al. 1997).

Along with intermediate taxing capacity, Belarus also exhibits relatively high ratios of contract intensive money, that is, money not held in currency, but in banks and other financial assets. A high ratio of CIM indicates a high level trust in banks and government, where contracts are easy to enforce and credible property rights abound (Clague et al. 1996; 1999; Knack and Kugler 2002). The banking, insurance and securities sectors in Belarus have remained in the hands
of the state, which helps account for the higher than average confidence citizens have in such institutions. While Belarus scores relatively well in CIM among post-communist countries, it ranked only 81th out of the 156 countries surveyed by Knack and Kugler in 2002, a level symptomatic of mediocre rule of law and contract enforcement (Knack and Kugler 2002). Average CIM ratio indicates that third party enforcement is relatively credible, but not enough for a non negligible part of assets to still be held in currency. In 1996, independent estimates valued the amount kept in cash at homes by Byelorussians at $2bn. Bank-held deposits were estimated to be worth less than 40 percent of the amount of cash kept at home (EIU 1996c). This quantity of currency held in cash points to a likely proliferation of black market activities. Additional factors such as the dominance of barter transactions (non-money) reinforce this position (Ioffe 2004).

One of the reasons the state appears stronger in Belarus is reluctance on the part of elites to actually implement economic and institutional reforms, or what Fritz has qualified “a painless way of preserving substantial state capacity, because in this way Belarus was able to avoid some of the high costs associated with large scale change” (Fritz 2007, p.211). This unwillingness to undergo transition also explains why Uzbekistan exhibited strong scores in fiscal capacity and positive growth rates throughout the 1990s. To avoid a drastic reduction in outputs and worsen the loss of national income already made unavoidable by the interruption of the inter-republican trade flows on which Belarus was extremely dependent, the central government has sought to keep a centralized hold on the economy (Lücke 1993). Consequently, the economy of Belarus is the one of the least transformed of the Soviet bloc (Korosteleva, Lawson, and Marsh 2003). In turn, some credit this government-centered approach with having reduced the costs associated with transition, such as high unemployment rates, extreme income inequality, high administrative corruption, and mass bankruptcy (UNDP 2005).

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77 Belarus ranks fourth in average CIM among the countries included in this study.
This reluctance to implement a transition from central planning to a market economy is visible in the EBRD’s transformation index scores over time, as presented in Table 5.1 above. Reforms and upgrades in the sectors of electric power, railways, roads, telecommunications, water, and waste are summarized by the indicators of infrastructure transition published annually by the EBRD (1999). The scale’s lowest value is one, representing little or no change from a centrally planned economy, and highest value is four, indicating the point where infrastructure reaches the standards of industrial market economies. All countries included in this analysis departed roughly from the same score (1 to 1.3), thus states showing the largest improvements in infrastructure sectors over time can also be considered the most capable: what sets the case of Belarus apart is that the government chose not to restructure these sectors of the economy. Table 5.1 makes clear that practically no change was enacted in Belarus in the realm of infrastructure from 1991 to 2005, despite what the EBRD had considered relatively positive initial conditions for reforms. Transition scores remain particularly low in the realm of electric power, rail, water and waste management, which indicate they still function as government departments and receive practically no investment. By contrast, some minor changes were brought to the telecommunication and road sectors, albeit short of actually restructuring these sectors away from their function in a planned economy.

Belarus also exhibits high levels of corruption by international standards, although it ranks rather favorably compared to other FSU countries. Certain amounts of corruption are to be expected in formerly communist countries. The shortages created by a planned economy created a pervasive second economy for food and consumer goods. The large informal networks necessary to maintain this second economy are another direct legacy of communism and a common explanation for the high levels of corruption present in post-communist polities. The puzzle lies in explaining the differences between groups of countries. For instance, some analysts claim that these markets were more prominent in the Southern belt of the Soviet Union, not only because of favorable climatic conditions to grow food products, but mostly due to the state’s lack of control in
the area (Zaslavsky 1997). In less penetrated areas, as a result of communist
development, large informal patronage networks arose and flourished to distribute
wealth and resources in the face of an insufficient state to enforce policies. As
argued previously, in better penetrated areas, such as Belarus, these informal
networks existed, but were less pervasive.

Unfortunately, corruption data does not exist for FSU and Eastern Central
European countries at the onset of their post-communist debut, and this claim is
difficult to substantiate. Only anecdotal evidence and data from the Soviet era or
later (starting in 1999) can offer clues into the levels of corruption in the early
days of Belarus’ independence. For example, Party First Secretary Piotr
Masherau (1965-1980) was thought by many to have been the least corrupt of
communist leaders of the Soviet Union, thus somewhat explaining why Belarus
was less corrupt than most colonies (Marples 2003). Most likely, Moscow’s
direct control over the republic and the better availability of consumer goods
curbed some of the potential for elites and informal networks to become as
entrenched in Belarus as they were in Georgia and Kazakhstan, for example.
Despite the fact that Belarus was one of the best supplied republics in terms of
consumption goods, externalities from failures in planning in the form of
permanent shortages were also felt: like elsewhere in the empire, a large informal
economy and patron-client relationships operated in Belarus as well. Research by
the World Bank however, indicated that administrative corruption was less of a
problem in Belarus than in Russia in the mid 1990s, although civil servants
moonlighting during work hours and an openness to bribery were common
(Freedom House 1998). In 2000 Transparency International ranked Belarus 43rd
out of 90 countries, leading all FSU countries except Estonia, and ahead of
Slovakia, Bulgaria and Romania.

Interestingly, corruption ratings from Transparency International started
deteriorating after 2002, a phenomenon symptomatic of stalled reforms and the
inconstant and overabundant regulation governing the business environment
(Freedom House 2005b). From 1995 to 2001, the Heritage Foundation corruption
score in Belarus was of 10 points out of 100. Despite what seemed a slight
amelioration in corruption scores before 2002, Belarus ranked a low 151st out of the 163 countries surveyed by Transparency International in 2006 (Freedom House 2007). The proliferation of corrupt practices in both low and high echelons of the administration can be attributed not only to the weighty bureaucracy planning the economy, but also to the presence of major power abuse within the state—the president and his entourage—evident in other indicators of state capacity.

These increasingly high levels of corruption are coupled with an ineffective, politicized court system that does not enforce the very few private contracts evenly and where independent lawyers have been barred from practicing since 1997 (Kane, Holmes, and O'Grady 2007). Indeed, the enforcement of private property rights is very weak in Belarus, which makes expropriation by the state or third parties possible. The weak private property protection regime in Belarus stems in large part from the reluctance of the government to allow most forms of business privatization since 1991. To this day, the vast majority of medium-sized and large enterprises are still controlled by the state. What is more, in 2004 Belarus ranked a low 96th in ease of property registration (World Bank 2008a). While the number of procedures required to register a business is within the average and the costs relatively low, the average of 231-days delay to complete the process is extremely high. Cheap and efficient procedures usually ensure that more property is registered formally rather than informally transferred and operated: the bureaucratic complications associated with property registration are an impediment to the legal functioning of businesses in Belarus.

In short, Belarus’ state is only strong in certain areas, such as tax collection and CIM, while at the same time extremely weak in infrastructure reform, protection of property rights, contract enforcement and control of corruption. Arguably the absence of commitment from the state to enact market oriented reforms explains the weak property rights regime maintained by the state. Authoritarian consolidation may have only helped strengthen some parts of institutions, such as imposing fiscal clarity and confidence in institutions for
currency, but has not necessarily helped to build a stronger rule of law in Belarus over time.

**A Measured Transition to Authoritarianism**

The political landscape of post-independence Belarus is marked by the weakness of credible opposition to the Communists capable of forming a political party with popular appeal. The privileged position of Belarus within the structure of the Soviet Union, a relatively strong and unchallenged state, coupled with the absence of an effective nationalist movement facilitated a continuity of elites in power given positive popular feelings about the Soviet period. In the present case, all political forces including the opposition supported the instauration of a president. Ironically, the most important challenges to democracy would stem from this very office. Belarus represents a case where presidential politics literally foreclosed the formation of institutions of oversight, the absence of which served to weaken the state in the long run.

<table>
<thead>
<tr>
<th>Year</th>
<th>Standardized State Capacity Score</th>
<th>Political Rights</th>
<th>Civil Liberties</th>
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<tbody>
<tr>
<td>1991</td>
<td>0.22*</td>
<td>4</td>
<td>4</td>
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<tr>
<td>1992</td>
<td>0.25*</td>
<td>4</td>
<td>3</td>
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<tr>
<td>1993</td>
<td>0.28*</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>1994</td>
<td>0.55*</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>1995</td>
<td>-0.26*</td>
<td>5</td>
<td>5</td>
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<tr>
<td>1996</td>
<td>-0.34</td>
<td>6</td>
<td>6</td>
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<tr>
<td>1997</td>
<td>-0.34</td>
<td>6</td>
<td>6</td>
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<tr>
<td>1998</td>
<td>-0.42</td>
<td>6</td>
<td>6</td>
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<tr>
<td>1999</td>
<td>-0.06</td>
<td>6</td>
<td>6</td>
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<tr>
<td>2000</td>
<td>-0.27</td>
<td>6</td>
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<tr>
<td>2001</td>
<td>-0.49</td>
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<tr>
<td>2002</td>
<td>-0.32</td>
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<tr>
<td>2003</td>
<td>-0.59</td>
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<tr>
<td>2004</td>
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<td>6</td>
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<td>2005</td>
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<td>6</td>
</tr>
</tbody>
</table>

*contains values estimated with five randomly imputed data sets where data was missing
In 1991, the combined state capacity score of Belarus was of 0.22, a higher score than the average post-communist cases in their first post-transition year. From the combined index of state capacity presented in Table 5.2, we notice that the capacity of the state actually seemed to grow until 1994. These higher than average initial scores suggest that Belarus was ostensibly better equipped than most FSU countries to tackle the challenge of independence. Despite the disruption in exports, the state was still able to collect ample revenue, thus to spend, which meant that it had inherited institutions that were not utterly defunct or captured. With a relatively high level of socioeconomic development, urbanization, human capital and a stable economy, policymakers faced, theoretically at least, fewer constraints concerning the available options for conducting both economic and political reforms; overall enviable starting conditions.

In Belarus, authoritarian regime consolidation was neither obvious from the very start of independence, nor unavoidable, despite legacies of central planning and authoritarianism. While the incumbent regime did not take any immediate or drastic action towards the adoption of a new fundamentally different system of power separation, Belarus did not undergo any radical transformation in the composition of leadership either. There was a definite stability of old regime elites inside political institutions directly inherited from the Soviet period. Apart from a few counterexamples, former Soviet Communists continued to occupy top power positions until 1995. The fact that elite composition did not change significantly is usually understood to have negative impacts on the processes and outcomes of a transition, if we consider Belarus’ independence a transition of such (Higley 1999). In spite of this continuity in Communist Party elite dominance, Belarus nevertheless underwent a period of substantial political liberalization between 1991 and 1994 (Silitski 2003).

Importantly, independence was not accompanied by new legislative elections. Viachalsau Kebich continued to exercise his position of Prime Minister from his 1990 election to the Supreme Soviet. In such instances where old regime elites emerged more or less intact from the transition and maintained and
restricted access to the state’s resources, Easter (1997) argues that presidentialism was generally the favored course of action. In step with a wider trend among CIS countries toward executive presidencies, Belarus also ended up with a presidential regime eventually, but only in 1994, when former-Soviet elites began to face their most serious competition after years of popular dissatisfaction over economic hardships. Indeed, following the Soviet model and also during the first few years of independence, effective political power was shared between the Speaker of the Supreme Soviet and the Prime Minister. While the Prime Minister and the council members were appointed by the Supreme Soviet in theory, power sharing functioned differently in practice. Over time in the Soviet model, the position of Prime Minister had accumulated much of the executive power at the expense of the Speaker and the Supreme Soviet, a part-time body.

Although the first set of post-communist policymakers led by Prime Minister Vyachaslau Kebich and the Supreme Soviet Speaker Stanislau Shushkevich vacillated between options, they ultimately chose not to embark on a complete reorientation of the state’s role. This path was preferred by the nomenklatura in order to keep a grip on the power it had cultivated, but also perhaps because Belarus did not possess many valuable resources whose privatization could bring large riches to private owners. Indeed, Belarus did not follow Russia and Ukraine in their nomenklatura-led privatization where state assets were redistributed among former apparatchiks, who proceeded to amass huge fortunes. While voucher privatization was briefly enacted, it was completely abandoned by 1996. Consequently, Belarus did not experience the emergence of a class of oligarchs, or ‘new Byelorussians’ capable of influencing politics (Lukashuk 1998). In addition to the absence of privatization, the fact that Belarus does not have gas, oil or metal also constrained the ability of acquiring fast riches for new entrepreneurs and curbed the incentives for asset stripping (Hoff and Stiglitz 2004). Belarus’ only mineral resource is potassium, whose value cannot be compared with Russia’s natural resources. In contrast with Russia and Ukraine, authorities in Belarus had therefore little to fear from private-sector actors wanting to secure what they had amassed in the transition.
Under the conditions of favored nation during Soviet times, popular feelings towards the Soviet Union were considerably more positive than in all other colonies. Under Soviet rule the republic had experienced development, urbanization, higher standards of living, possibilities of upward mobility for native elites, and a new linguistic identity, Russian. Thus little changed in Byelorussians’ attitudes towards Russia after the declaration of independence. Commentators even reported that the government looked to Russia for policy advice (Abdelal 2001; Markus 1996). For some individuals, the period under Party First Secretary Piotr Masherau between 1965 and 1980, represented a golden age of socialist development which is still an object of veneration today (Marples 2003). Many see Masherau as a truly dedicated Communist who stood strong in the face of the corruption in Moscow. As emphasized previously, Byelorussians had no other period of independence in the twentieth century to look back upon, apart for a brief moment in 1918.\textsuperscript{78}

It thus comes as no surprise that the Soviet elites were not discredited shortly before or after the dismemberment of the USSR. For example in the Supreme Soviet elections, on March 4, 1990, the Communist Party received 84 percent of the vote, while only 25 seats went to the Byelorussian Popular Front (BPF) and 15 seats remained unfilled. This Byelorussian Supreme Soviet survived to the end of its legal life in 1995, in contrast with Russia and Ukraine’s Supreme Soviets that disappeared respectively in 1993 and 1994 as a result of crises. This conservatively-oriented body, led by the Communist Party, itself the longest lasting legislative body of all post-communist early transitional politics, would not become the source of important reforms. In a move that further confirmed the conservative attitudes of the electorate, close to 83 percent of the population voted in favor of a 1991 proposal to preserve the Soviet Union as a federation of sovereign states, in spite of the fact that Supreme Soviet of the BSSR adopted the Declaration of state Sovereignty of the BSSR on June 27 1990.

\textsuperscript{78} Other potential sources of national identity stem back to the Republic of Lithuania, Rus and Samogitia between the fourteenth and the sixteenth centuries.
One explanation into the longevity of Communists in power is that the privileged position of Belarus within the structure of the Soviet Union, coupled with the absence of an effective nationalist movement, (Way 2005) did not produce a strong anti-communist elites capable of gaining widespread popular support. Many consider this weak nationalist feeling as the missing pillar on which a cohesive modern state could have been built in Belarus (Marples 1999; 2003; Schneider 2007; Silitski 2003; 2005; Zaprudnik 2003; Zaprudnik and Urban 1997). The Byelorussian Popular Front (BPF) provided such a hope at the time of its formation in the late 1980s, denouncing the Soviet regime’s inadequacy in dealing with the Chernobyl catastrophe and the discovery of a mass grave containing 200 000 Byelorussians executed by the NKVD near Kurapaty.  

Throughout the 1990s, the BPF and other democratic groups remained unable to gather sufficient support and internal cohesion to become an effective opposition force. In 1992 the BPF collected over 400 000 signatures calling for a referendum for the holding of early parliamentary elections in 1992, but this motion was rejected by the Supreme Soviet on the dubious grounds that some signatures were not admissible. While the amount of signatures was impressive, it did not directly translate into support for the BPF. Some commentators attribute the electoral failure of the BPF to the positioning of the movement in favor of severing ties with Russia, which was not reflective of popular nor elite feelings at the time (Abdelal 2001; Beissinger 1996; Marples 2003; Mihalisko 1993). The BPF therefore simply and repeatedly failed to appeal to the general electorate. The further separation of the movement into two feuding wings (which gave birth to the Christian Conservative Party BPF) in the late 1990s, often unwilling to collaborate with other political parties, has contributed in the overall electoral marginality of the movement. Most likely, the absence of legislative elections before 1995 has greatly reduced the possibility for any opposition group, or new political parties to form and enter the political arena.

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79 Estimates differ concerning the final tally of the Kurapaty massacres. For instance, some estimate that more than 300 000 were murdered.
What is evident in the case of Belarus is that the introduction of the new constitution in 1994 marked a profound shift in its political development, and that these developments stem in large part from the weakness of the democratic opposition, the BPF in particular. From that moment onward, the chances for successful democratization greatly declined (Silitski 2003; 2005). Paradoxically, the election that brought Lukashenka to power was relatively free and fair: freedom of speech was, to some extent, respected; evenhanded coverage was provided for the candidates (Silitski 2005). The fact that the movement towards strong presidential arrangement was supported by both the Communist nomenklatura and the democratic opposition has not escaped the attention of commentators (Korosteleva, Lawson, and Marsh 2003). In effect, Kebich himself initiated the change towards a presidential arrangement. Thinking he would be the one to assume the role of president after the elections, Kebich even carefully dislodged his most important rival Shushkevich from his position before the campaign started. Despite these precautions, Lukashenka easily defeated his opponents, winning 80 percent of the vote in the second round of balloting on a populist platform denouncing corruption in government.

Immediately after his election, Lukashenka sought to concentrate power in the presidential office by replacing Kebich with a less contentious figure and obtaining the prerogative to appoint governors in the six oblasts of the country (Mihalisko 1997). The constitution, adopted in 1994, still contained important checks on the power of the president, enacted mainly though the Constitutional Court and the Supreme Soviet. After the election of Lukashenka, the Constitutional Court overturned a number of presidential decrees in the first months of his tenure. This constitution also recognized the supremacy of law, listing the inviolable human rights contained in the Universal Declaration of Human Rights. However it is also under this new constitution that the President started to restrict rights and freedoms, most notably the freedom of press, which suffered a severe decline, dropping from Partly Free to Not Free in 1994 according to Freedom House (1994-95).
In his next major move in 1995, Lukashenka initiated a referendum to address four questions that were all positively received by the population. The questions asked whether the President should have the authority to dissolve parliament in times of crisis, whether Belarus should entertain closer ties to Russia, if Russian should be introduced as a second official language, and the last, whether the new post-independence national symbols should be replaced by the former Soviet ones. At the same time, the President sabotaged the Parliamentary elections held simultaneously by being seen on television spoiling his vote ballot and claiming that no candidate was worth his vote. As a result, turnout was so low for legislative elections that only 119 seats on a total of 260 were filled after two rounds of voting.\footnote{Election law in Belarus stipulates that election results where turnout is lower than 50 percent can be invalidated.} Pushing back the holding of additional elections to fill the empty seats while refusing to recognize the authority of the Supreme Council whose mandate was coming to term, Lukashenka relied on presidential decrees to govern (Mihalisko 1997).

Lukashenka solidified his hold on power with the November 1996 referendum he initiated. Seeking to consolidate his power further and to thwart the remaining potential power holders, namely the parliament and the Constitutional Court, Lukashenka initiated a second referendum which dealt a final blow to his opponents, introducing a new version of the constitution. With this referendum, he successfully divided parliament into two houses (the House of Representatives and the Council of the Republic) extended his term in office by two years, and bestowed many of the former duties of the legislature onto the presidency, such as the appointment of chairpersons to the Constitutional, Supreme and Supreme Economic Courts, the Central Election Commission, the General Procurator and the State Secretary of the Security Council, and some members of the new Council of the Republic.

Although the opposition weakly attempted to resist this second referendum by using an impeachment procedure against Lukashenka, they fell short of blocking the president’s ambitions. The Constitutional Court conspired
to invite Russian dignitaries to help reach a compromise, ultimately leading Lukashenka to shut down the parliament and dissolve the Constitutional Court. He then proceeded to hand pick the members of the House of Representatives by decree. By the second presidential election in 2001, the President had succeeded in establishing complete and personal command over all state institutions. Leaving nothing to chance, his control over the press and the electoral process itself secured him an official tally of 75.66 percent of the votes, in what all observers considered an unfair election. These manipulations culminated with the extension of his five-year presidential term from 1999 to 2001, and finally by the referendum held in 2004 eliminating presidential term limits. This last referendum did away with the only remaining constitutional safeguard to check unlimited presidential power, the two-term limitation after which a president formerly had to step down.

The First and Last Post-communist Elite Turnover

As of 1995, state capacity scores become lower than the average of post-communist countries and deteriorate steadily until 2004. This decline coincides with the arrival of Lukashenka in power in 1994, as illustrated by Table 5.2, outlining state capacity scores along with yearly corresponding Freedom House scores. From 1991 to 1994, Belarus’ political regime was considered “partly free.” During the same period, Belarus also exhibited comparatively high state capacity scores. In 1996, the ratings decline into the “not free” category, and reach an all time low in 2005 with political rights rated at their lowest value, 7. The parallel movement of state capacity and democracy scores suggests that they are related.

According to Lucan Way, the consolidation of an authoritarian regime in Belarus was facilitated by the strong autocratic capacity of the state coupled with the weakness of the opposition (Way 2005). Between 1992 and 1996, Way considered that Belarus had incumbents of limited experience, moderate
authoritarian state power, moderate elite organization quality and weak anti-incumbent national identity. For the period from 1997 to 2004 Way’s assessment of Belarus’ incumbents changes: in his view, incumbents became more knowledgeable in maintaining and concentrating political power and the state’s authoritarian power became much more efficient, although he does not register change in the organization of elites and the strength of national identity.

While Way is right to point out that authoritarian state power increased in the period 1997-2004, the experience of incumbents was not uniform during the period 1992-1996. Former communist elites were not discredited outright after the collapse of the Union. Quite to the contrary, the former republican elite simply assumed the status of national elite, at least until 1995 (Belova-Gille 2003). In the early transition years, despite some institutional changes, the ruling elite retained a relative firm resting place in top-tier positions. Communist Party Central Committee members were the main actors composing the Council of Ministers and remained so until 1994. Prime Minister Viacheslau Kebich, the main political figure of the brief transition period 1991-1993, was himself among the many former members of the Soviet nomenklatura who were successfully able to adapt to the new conditions. Even if Kebich failed to foresee his demise, the main reason Way offers to conclude that he was inexperienced; this set of elites was in fact very experienced in ruling the BSSR and then, Belarus which continued with the same institutions.

The election of Lukashenka in 1994 went hand in hand with the replacement of most politicians occupying top positions in a short period of time. The election of Lukashenka marked a sharp contrast with his predecessors in elite recruitment. Describing himself as a man of the people, espousing a middle ground position between the former Communist elite and the BPF, he was a relatively unknown former state farm director before his election in 1990 as a Deputy in the Supreme Council. Lukashenka was an outsider and emerged from

81 By that, what he meant was that the state had officials that exerted strong control on their subordinates, a broad set of issues on which the state possesses discretionary powers, and a limited size.
82 The one notable exception to this pattern was Stanislau Shushkevich, a scientist from the Belarusian State University, elected President of the Supreme Soviet in 1991.
outside the old recruitment mechanisms of the Party. So far from the presidential radar was Lukashenka, the main contender for the presidential election, Kebich, considered him a minor competitor throughout the election, mistakenly assuming that the support from both the local and Moscow’s nomenklatura would guarantee his victory (Mihalisko 1997).

With Lukashenka’s election, the pattern of elite recruitment shifted considerably in favor of his former associates in the Mahileu oblast and people who had worked on his electoral campaign; the former nomenklatura had been part of the MCIG. The selection criteria seem to have been based more on loyalty than competence or experience (Belova-Gille 2003). Lukashenka’s chief of the Presidential Administration, Presidential Manager, Secretary of the National Security Council, and First Adviser to the President were his campaign workers, bodyguards, and personal assistants that he knew from the Communist Party Bureau in the Mahileu oblast in the 1980s. Undoubtedly, this new entourage helped him secure more personal power for his position. The period between 1992 and 1994-95 therefore would be the one where incumbents had most experience, while the period between late 1995 and 1996 would thus be the one where the new elites had least formal political experience. The most important political developments, however, happened between 1994 and 1996.

Given that few of the new Presidential appointees had official government experience, the importance of incumbent experience for effective centralization of political control remains doubtful in the case of Belarus. Most new appointees were former plant managers, agricultural managers, members of the armed forces, or district committee party members. This new circle of loyal supporters allowed Lukashenka to establish the basis for this personal power and gave him the appropriate footing to attempt to reduce the influence of the other political institutions such as the opposition, the parliament and the Constitutional Court. Therefore while Lukashenka gained in discretionary power by establishing personal vertical lines of control over the administration and the regions, or what Way calls authoritarian state power, it is this type of centralization and
personalization of power that contributed to undermine overall state capacity after Lukashenka became President.

**Conclusion**

Belarus was both strategically and economically vital to the Soviet Union, and consequently received large amounts of investments for its development compared with other republics. Byelorussian native elites were sufficiently trusted to assume power positions at both the republic and the Union level. The high economic development, coupled with direct state penetration and some native rule, despite the absence of prior independence, gave Belarus considerable advantage over other colonies of the formal empire to assume the challenge of independence. The relatively strong state capacity scores obtained by Belarus between 1991 and 1994, compared to other FSU republics, should have pointed to a considerable potential for democratization, at least in structural terms. In spite of the favorable conditions associated with a relatively strong state, an autocratic regime crystallized in post-Soviet Belarus. Belarus’ development embodies Margaret Levi’s (2002) warnings that strong states are not immune from political pressures stemming from lack of accountability, responsiveness or other sources. As the case of Belarus illustrates, strong states do not automatically produce democratic regimes, nor do they guarantee the survival of those regimes.

Quite on the contrary, state capacity was used to authoritarian rather than democratic ends. Like in its Soviet predecessor, a large apparatus of surveillance and coercion continues to closely monitor social forces in Belarus. Since 1997, repression of dissent has become frequent and an independent press technically forbidden. The state is sufficiently powerful to keep the feeble opposition and media under control and manipulate the results of elections and referenda. As an example, many prominent political figures and critiques of the government have mysteriously disappeared during the 1990s.\(^\text{83}\) Belarus was even referred as one of the worst offenders of free press in Europe by the World Association of Newspapers in 1999 (EIU 2000).

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\(^\text{83}\) Among which Yuri Zakharchenka, Viktor Gonchar, Anatoli Krasovky, Dmitri Zavadky.
Although originally not taking place in a weak state setting, the Byelorussian case nevertheless exhibits characteristics we should expect to observe in a super presidential regime, that is, a regime where power is almost all clustered around the presidency. The head of the executive, sitting since 1994, has made considerable progress in centralizing the power of the presidential office at the expense of other institutions such as the parliament and the Constitutional Court. The increasingly large scope of state activity, coupled with vertical control lines stem, not only from the president’s unwillingness to allow himself to be challenged, but also from the absence of oppositional forces that could credibly offer an alternative. However in this case, consolidation of power in the presidential office has not transformed into a consolidation of the state apparatus: state capacity scores declined after 1994. Unlike most democratic regimes whose overall state capacity score increased over time, few component elements of state capacity improved in Belarus during the time period between 1994 and 2005, quite on the contrary. The subsequent erosion of state capacity in Belarus stemming from the current president’s personalization of authority validates the previous chapter’s findings concerning the existence of a dynamic relationship between state capacity and democracy.
6. Georgia, the Re-emergence of a Broken State

Soviet colonialism in Azerbaijan, Armenia and Georgia took the form of occupation, collectivization and internal border drawing. Unlike the European Soviet colonies, Moscow did not attempt to russify republics of the Caucasus, or to transform them beyond a certain point in order to anchor Soviet rule. Like Belarus, Georgia held a preferential status within the empire, but benefited from a different kind of special treatment. Belarus received massive investment for industrialization and was well penetrated by the Soviet regime. By contrast, Georgia received overall considerably less investment although it was granted the privilege of self government. Such differences led Georgians to thrive as a nationality during Soviet times, but also to be considerably less well penetrated by the Soviet regime than Belarus prompting observers to question whether Soviet rule actually existed in Georgia in the 1970s (Parsons 1982).  

Faced with many regions demanding either sovereignty or more autonomy, it is an understatement to say that Georgia at its independent beginnings was a weak state where the central government did not possess effective authority on its territory. In a situation of a disintegrating state coupled with collapsing economy, the first post-independence ultranationalist government did little to strengthen state institutions until its violent overthrow in 1992. The reconstruction of the state’s capacity during most the 1990s under Shevardnadze’s subsequent presidency led to improved performance on most indicators of state capacity, except for corruption which has remained rampant. In fact, Shevardnadze established his rule on the basis of existing corruption networks, a governing strategy that has not been conducive to the establishment of a rule of law.

The following chapter’s argument will be conducted in three parts. In the first section, I describe Moscow’s indirect rule in Georgia, which gave rise to a state heavily handicapped and challenged. In the second section, I outline the

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84 In Chapter 4, average linkage clustering placed Belarus and Georgia in one category in terms of levels of state penetration. This result is due in part to the absence of the parameter measuring russification since it did not apply to the totality of the sample (Eastern Central Europe).
conditions that make Georgia a weak state by most indicators. Indeed, the new independent Georgia inherited the largest informal economy of the Soviet Union, in addition to embittered relationships with its minority enclaves which soon led to civil conflict. Third I review how the environment of weak state and conflict has impeded the development of democracy, but also how this weakness of the state might also have prevented the establishment of a stable authoritarian rule. Unlike the cases of Belarus and Kazakhstan, since 1991, no single leader has been able harness the coercive power of the state, at least until 2004 with the election of reformer Mikheil Saakashvili.

**Preferential Status of a Non-Slavic Colony**

In the following section I demonstrate how Georgia’s preferred, albeit economically inconsequential, non-Slavic positioning in the formal empire gave its elites sufficient autonomy to shield themselves almost completely from Moscow’s control to pursue private gain. Under Soviet rule, the Georgians achieved a predominance they had never possessed in their institutions. In return, Moscow’s state engineering by empowering competing ethnic and religious groups inside the republic, coupled with this low regime penetration gave rise and potency to many possible challengers to the new state’s authority, in the form of either regional and territorial claims, and strong criminalized informal groups.

Georgia’s first episode of formal independence from the Tsarist Empire started in May 1918 under a Menshevik government. But by early 1921, the Red Army invaded Georgia and installed a revolutionary committee, forcing the formerly dominant Mensheviks in exile. Georgians did not easily accept Soviet occupation by the Cheka and the military and nationalist resistance movements were created, leading to a general insurrection in 1924. The defeat of the insurgents marked the final installment in the establishment of Soviet rule in Georgia (Lang 1961). The installment of Soviet rule thus came with the military occupation of Georgia. Although short lived, the period of Georgian independence reinforced a sense of national belonging that would oblige Communists to exercise caution in ruling the Caucasian republics.
Unlike Byelorussians, Georgians had acquired an acute sense of national consciousness before their inclusion in the Soviet Union. By 1917 they had acquired their own national leadership under a group of Marxists that enjoyed widespread support among all sectors of the population (Suny 1994). While Georgians had formerly assumed a subordinate role within the Russian Empire, the new Soviet institutions provided them with the opportunity to acquire economic and political power within their territory. In this regard, Armenia and Georgia represent special cases of most trusted nations within the Soviet Union. Georgians had never been a dominant majority in Tbilisi and had never been in control of their own political and administrative institutions before the Soviet era.

While it had originally emerged as a Soviet Socialist Republic in its own right, Georgia was soon forced to relinquish this status and enter the Transcaucasian Soviet Federative Socialist Republic (TSFSR) along with the Armenian and Azerbaijan SSRs from 1922 to 1936. The formation and dissolution of the TSFSR was by no means the only manipulation enacted by Moscow during its rule over Georgia. For instance, Georgia relinquished territory to Turkey, Armenia, Azerbaijan and the RSFSR upon its entry in the Soviet Union. More important than these territorial transactions was the creation and official recognition of minority enclaves within the republic. Despite its small territory, three autonomous entities complete with their own governing institutions were established within the Georgian SSR; the South Ossetia Autonomous Oblast established in 1922, the Ajarian Autonomous Soviet Socialist Republic (ASSR) established in 1921. The last entity, the Abkhaz ASSR was first granted the status of SSR as a founding member of the Soviet Union, and then was downgraded into ASSR status in 1931 under the jurisdiction of the Transcaucasian SFSR, and later the Georgian SSR. While Ossetians and Abkhaz are national minorities with different ethnic background and languages, Ajars were first granted special status on the basis of their Moslem religion; they acquired the status national category with the 1926 census (Toft 2001).

Soviet border drawing along ethnic and religious lines facilitated the institutionalization of multiple centers of authority within the Georgian republic:
this strategy would prove useful to keep Georgian nationalism in check. The new
independent Georgia would inherit the governing structures of these three entities
from the Soviet Union in 1991. The privileged national status conferred upon
these nationalities, crystallized in their special autonomous status, became one of
the sources of secessionist movements in the case of Ossetians and Abkhaz, and
of special demands by Ajars. In a way, the Soviet state empowered regional
entities by granting them relative self-government. These ethnic minorities owed
their special status to the Soviet government, and Ossetians and Abkhaz often
appealed in Moscow against perceived unfair treatment on the part of Georgian
authorities: at the same time, the large latitude Georgians had been granted to rule
their republic was often perceived to be performed at the expense of national
minorities.

The importance of Georgia for Soviet authorities seems to have been seen
more in terms of strategic rather than economic importance. Industrialization
figures suggest that Georgia was not a key investment area for Moscow, although
its overall level of industrialization increased substantially under the Soviet
regime. Soviet planners seemingly expected fewer immediate returns on their
investments in Georgia than in other regions where skilled workers and resources
were more abundant. For these reasons, social transformation was conducted at a
slower and less intense pace in the Caucasus (Parsons 1982). Using changes in
urbanization as a proxy for industrialization (Clem 1980, p.23), we can conclude
that Georgia’s rate of industrial development was less important than that
experienced by most other Soviet republics outside Central Asia. While the
average rate of decrease in rural population was 17 percent between 1959 and
1990 when all 20 cases are considered, Georgia’s decrease in rural population
was only 14 percent. In both 1959 and 1990 rural population in Georgia was
larger than the average colony by at least 6 percent. By comparison, the
neighboring republic of Armenia has achieved more rapid development.

Despite these comparatively low industrialization figures, industrial output
increased tremendously between 1921 and 1970, especially since Georgia started
at a very low point of departure. Between 1921 and 1940, output grew by 670
percent, between 1940 and 1958, by 240 percent and between 1958 and 1965, by 57 percent (Parsons 1982). What is striking is that Ukraine and Georgia both obtained comparatively low rates of investment given their political preeminence within the Union. Donna Bahry observed that both republics experienced a decline in their slice of the pie over time, which suggests that investment concentration is not necessarily linked with regional standing (1987, p.301). Georgia thus had a preeminent political status while not being so important economically.

In spite of its less significant rate of industrialization, Georgia was also not subjected to more economic exploitation than other colonies. In general, low industrialization was associated with higher levels of economic exploitation for Soviet republics, like Kazakhstan, Turkmenistan and Tajikistan whose agricultures were heavily concentrated around single export commodities. Mainly geared toward the production of citrus fruits and grapes for wine production, the agricultural sector of Georgia was not clustered only on one export commodity, such as cotton. In 1989, Georgia exported machinery, metal work (potassium) and wines, primarily within the Soviet Union and COMECON partners, a pattern similar to most other Soviet republic at the time.

In addition to less significant industrialization, the desire to transform the social composition of rural Georgia was taken rather slowly by the authorities. Coupled with the nationalist sentiments of its population, the lower level of socioeconomic development in the Caucasus prompted Lenin to exercise moderation in the establishment of Soviet rule in the region compared to what was planned for the RSFSR (Suny 1994, p.211). Also, because of their mainly agrarian composition, authorities feared Georgia and the other Caucasus republics could easily establish trade relationships with the West, leaving Russian geographically isolated as a consequence. For these reasons, the general pace of collectivization in Georgia and Armenia were the slowest of all Soviet republics.

In the early days of the Soviet Union, Belarus and Georgia were mostly agrarian societies. The main difference was that peasants in the Caucasus were comparatively poorer than in the European USSR. On average they possessed
smaller amounts of land, fewer livestock and modern tools for agriculture. In 1928 the per capita income of the USSR as a whole was 91.6 rubles, while it was only 51.2 rubles in Georgia, Armenia and Azerbaijan combined (Suny 1994, p.242). At first, collectivization was pushed insistently all over the Soviet Union, leading to bloody clashes between the authorities and peasants until Stalin’s 2 March 1930 ‘dizzy with success’ article where he blamed local officials for the mistakes that were committed. From this point forward, the pace was slowed down and some ‘excesses’ on the part of local authorities corrected.

Accordingly in 1932, only 36.4 and 37.9 percent of land had been collectivized in Georgia and Armenia respectively, compared with a national average of 59 percent at the time (Narodnoe Koziastvo 1922-1972). Again, in 1937, only 76.5 percent of land had been collectivized in Georgia against 92 percent in the rest of the USSR. By 1937, Armenia had caught up with the rest of the country with 88.7 percent completion. The fact that full collectivization was only reached in 1950 demonstrates that Moscow enacted land reform and large-scale change with greater caution than anywhere else, either fearing the hostility of Georgians, or not being as concerned with Georgian agriculture. The other potential explanations were that no more than two percent of households could have been considered kulak households and also the difficulty of enacting reforms in the remote areas of national minorities. Since the vast majority of peasants were not wealthy enough to fit into the kulak category, repressive measures against that class of individuals were less necessary in the Caucasus than in the European part of the USSR, although they certainly took place.

In addition to the slower pace of Georgian collectivization, the proportion of its agricultural output coming from the collective sector was the smallest within the Soviet Union. While crop production from private plots occupied less than 20 percent of all production in 1990 in Uzbekistan, Moldova, Tajikistan and Kyrgyzstan, 44 percent of Georgia’s crop production emanated from private plots; still considerably more than neighboring Azerbaijan and Armenia. Georgia also led other republics in the high proportion of its animal husbandry sector in private hands, on average 55 percent between 1980 and 1990. In 1970,
individuals reportedly earned three times more income from their private plots than from collective farms. The high standard of living acquired by Georgians is attributable to its private sector agriculture stemming from the lack of control Moscow was able or willing to establish in the republic.

*Escaping Moscow’s Control*

Given the republic’s low overall economic significance, Moscow did not consider the importation of a skilled outside workforce a priority, as was the case in Latvia later (Parsons 1982). In comparison with nationalities inhabiting Central Asia, Georgians reached better educational and occupational attainments and were comparatively a much more skilled workforce (Roeder 1991). But the deficiencies in skilled workforce were not the only reasons behind transfers of ethnic Russians in republics. Large amounts of Russians were relocated to Belarus in an effort to suppress Byelorussian as a separate language and culture. However, no such phenomenon was recorded in Georgia: practically no russification was attempted in Georgia after the death of Stalin. There was no recorded influx of Russians between 1959 and 1979, leading to an overall decrease of 3 percent in the proportion of Russians in the republic during that period (Pockney 1991). Georgia, Turkmenistan and Azerbaijan are the only three Soviet republics whose demographic composition was not purposely altered by the influx of Russian immigration. Interestingly, these three republics are also the ones which have underwent the least intensive industrialization.

What sets the case of Georgia a part from these other cases is that it is the only of such republics—with low Russian immigration and low investment—where natives have remained in control of the republic’s administration and Party apparatus. Armenia and Georgia, followed by Belarus and Ukraine comprised the largest proportion of natives in the highest echelons of the Party and state institutions. As in Belarus, Korenizatsia had important and lasting repercussions on Georgians and Georgian culture in general. The promotion of ethnic Georgians in government and Party apparatus led to a very high proportion of natives occupying positions in the administration. In the early Transcaucasian
Soviet Federative Socialist Republic (TSFSR), Georgians were in control of most state and Party institutions (Suny 1994, p.235). In 1939, 67 percent of leaders of the Party organizations, state and cooperation institutions were Georgians, the second highest proportion in the Soviet Union after Armenia. Parallel to these numbers, the management staff of the Party and other public institutions comprised 62 percent Georgians in the same year, again a very high proportion.

If we believe Ralph Clem’s assertion that “the party is a means by which Russian interests can be safeguarded in non-Russian territories,” (Clem 1980, p.46) then, Soviet control over the republic was assured by the high level of Georgian integration in the ranks of the CPSU. In fact, Georgia is the first republic where Marxism achieved widespread popularity before the collapse of the Russian Empire, even among the peasants. Communist Party membership was, on average, much higher among Georgians than most Soviet nationalities. Komsomol membership was slightly lower, Georgian ranking fourth in 1973 among Soviet Republics. These figures imply a thriving Georgian nationality within the Soviet Union.

As in Belarus, Georgia was at least temporarily part of a privileged group where natives often held both top two positions in the republic, a highly unusual configuration of power in non-Russian republics. Such an arrangement suggested considerable trust and favor from Moscow in republican authorities. While the custom was to appoint a native in the first command position, to give a local flavor to Soviet rule, he was often flanked by a Russian in the second position, likely in place to embody a form of direct oversight from Moscow. The First and Second Party Secretaries have both remained Georgians until 1956, after which it became customary for an ethnic Russian to assume the position. Some analysts attribute the absence of Russian supervision in the form of a Party Second Secretary to the personal authority granted to Lavrenty Beria over the republic by Stalin until 1951 when he enacted a purge in the party ranks of Georgia (Fairbanks 1978; Suny 1994). Putting the pattern of leadership into a

85 The Abkhazia and Ajaria have also consistently retained natives as both First and Second Party Secretaries between 1951 and 1971.
more regional perspective for a moment, we soon notice that both Azerbaijan and
Armenia had native First and Second First Party Secretaries, until 1955 for
Azerbaijan and 1973 in Armenia.

John Miller (1977) suggests that the cadre policy of appointing an ethnic
Russian as Party Second Secretary became much more widespread with
Khrushchev, mirroring his concern over adding additional institutional checks in
the face of the sovnarhoz reforms granting more power to the regions. Yet
Parsons (1982) doubted that a Russian Party Second Secretary could reasonably
hope to achieve much influence within the Georgian republican administration,
given the very few other Russians in the high echelons of power and the difficulty
of the language. Observing trends in fluency in Russian as a second language
also confirms Parsons’ hypothesis: in the 1970s only about 25 percent of
Georgians claimed fluency in Russian as a second language, a figure higher than
in previous decades, but still very low figure compared with other republics. In
return, only 15 percent of Russians living in the republic claimed fluency in
Georgian (Parsons 1982).

While Georgians were in control of their republic’s Communist Party and
administration, most did not seek establishment outside Georgia. Therefore very
few figures besides the most conspicuous—Stalin, Beria and Shevardnadze—
pursued careers outside the republic. Georgians have consistently remained most
concentrated inside their republic, by contrast with Armenians whose
concentrations are highest outside their republic. In the 1989 Soviet census, 95
percent of Georgians resided inside the Georgian SSR, the highest concentration
in the Soviet Union. This shielding of the population has contributed to the
reinforcement of what Deutsch called an “implied claim to privilege” (Deutsch
1953, p.102). Georgian Communist Party members could seek to establish and
foster long lasting regional and patronistic ties within the republic that would not
be disrupted by outside appointments.

Although natives were well integrated in the party and administration on
the republican level, First Party Secretaries enjoyed slightly shorter tenures on
average than other Soviet colonies with about 5.8 years compared with the 7.4
years when all cases are considered. After the death of Stalin ad Beria, political
control of Georgia from Moscow became more indirect, meddled through what
Suny calls “dependent local elites” (Suny 1994). The long successive tenures of
Vasily Pavlovich Mzhavanadze from 1953 to 1972 and of Eduard Amvrosiyevich
Shevardnadze from September 1972 to 1985 signaled the probable insulation and
entrenchment of Georgian republican power from Moscow, in spite of the
additional precaution of nominating Russian Second Secretaries. In tandem with
Khrushchev’s decentralization of political authority, this gave local authorities
even more leverage to purse their own policy of favoritism. Party First
Secretaries in Georgia were therefore granted sufficient autonomy to conduct
their own policies, but only to a point, after which Moscow could replace them.
Case in point, Moscow replaced Mzhavanadze with Shevardnadze largely
because of the uncontrolled corruption affecting the republic at the time. During
Mzhavanadze’s term in office, corruption had colonized all echelons of the Party
and administration to a point where there was an open trade for high ranking
positions (Simis 1982; Stefes 2006; Voslensky 1984).

This second economy, although present all over the Soviet Union and
communist countries alike, became most infamous in Georgia, where its
proportions were unparalleled (Grossman 1977). The lack of control from
Moscow combined with the cultural importance close-knit family and personal
ties contributed to the gradual shielding of the republic from central authorities.
Dragadze’s (1988) ethnographic survey of a Georgian village also suggests that
the Soviet system coupled with an economy of shortage has only served to
reinforce, rather than undercut these already existing family ties. Permanent
scarcity and high demand for consumer goods encouraged individuals to find
solutions for their procurement outside the cumbersome official channels. Family
ties and kin based moral codes are reinforced because trust, honor and networks
are used to enforce transactions in the parallel economy. The wider ranging one’s
network of trustworthy individuals—filled with family, friends, clients and
patrons—the more one can extract; hence the proliferation of these dense
networks that simply became impermeable to the state’s authority.
While Shevardnadze purged some 25,000 officials, including some very high ranking Party members, on charges of corruption during his term as Party First Secretary (Stefes 2006), this action did not dislodge a system of distribution that benefited the majority of the population. Proceeds extracted from the second economy were often superior to wages in Georgia (Law 1983; Mars and Altman 1987; Sampson 1987). Soviet authorities believed that by replacing one individual by another in key positions, problems were eliminated. In the Georgian context, where private informal networks were prevalent, this strategy was fruitless:

In a network-based culture, though a person can be replaced, networks continue to exist. Persons will use personal support networks to try to find a new lead to the new appointee, or if he proves too difficult to deal with, find a way to get rid of him or make his task impossible by limiting access to the social resources he needs. (Mars and Altman 1983, p.558).

In short, Moscow’s policy towards Georgia is explained by the negligible economic importance of the republic. Because Georgia resources were much more limited, unlike Kazakhstan’s natural resources or Belarus’ industrial potential, Moscow did not seek to transform Georgia as deeply as these other republics by rapid and thorough collectivization or heavy industrialization. Additionally, the center did not seek to transform the republic culturally by sending an influx of Russian immigration. Instead, Soviet authority was established in Georgia more indirectly, first through military occupation, second through cooptation in the Communist Party in which native Georgians acquired almost exclusive control. In such a setting of privileged nationality without effective supervision, patronage networks flourished. The ultimate check imposed on Georgian nationalism in the form of autonomous republics coupled with patronage networks helped the institutionalization of multiple centers of authority within the Georgian republic that would pose a direct challenge to the state after independence.
The Case of Georgia as a Weak State

The legacy of border drawing has undermined the successor states’ ability to exercise control over their territories. Despite the weak grasp they have over parts of their territory Georgia, Moldova, Azerbaijan and Tajikistan have continued to retain formal sovereignty over their secessionist enclaves. Control over territory seems to be a category unto itself for these nations. Indeed, the Georgian state did not possess the “monopoly of legitimate physical coercion” on its territory upon reaching independence (Weber 1980). Furthermore, there was essentially no state in Abkhazia and South Ossetia, whereas the regions of Svaneti and Panski, Samtskhe-Javakheti, and Kvemo-Kartli were either too isolated or inhabited with minorities (Chechens, Armenian or Azeri) who reject Georgian rule to be considered firmly under the control of Tbilisi (Jawad 2006). Ajaria has also remained outside the grasp of Georgian rule under Aslan Abashidze until 2004, but has now been successfully reintegrated within the state.

Since the state has struggled to achieve a monopoly of coercion, the Georgian government has at times proved incapable of providing security for its citizens. More specifically, the state of national security forces was so abysmal in the early 1990 that the country’s territorial integrity was defended by Russian troops, who kept bases and also acted as peacekeepers in the contested regions. The withdrawal of Russian troops from Georgian soil is now the object of an enduring ‘bras de fer’ between the two countries. Georgia, like Tajikistan, Chechnya and Dagestan, has also experienced some degree of privatization of violence during the 1990s (Reno 2002). Militia and paramilitary groups were legion between 1991 and 1994, among which the National Guard and the Mkhedrioni, the latter completely eluding state control. Only very recently has the government been able to take steps to bring the country’s armed forces to NATO standards, raise its military expenditures and implement a security sector reform in 2005.

The backbone of the state capacity measure, capacity for taxation, reveals most clearly the extreme weakness of the new Georgian state. Table 6.1 presents the disaggregated state capacity scores from 1991 to 2005. With tax revenues
valued at 9 percent of the GDP in 1992, compared to 30 percent in most liberal economies, Georgia’s debut as an independent nation was made in particularly difficult conditions (Ramishvili et al. 1999). Since then, tax revenues to GDP have remained undersized compared not only with other CIS states, but with nations in development as well. While it is true that most former communist countries experienced a severe fiscal crisis upon reaching independence, the scale of this crisis differed across cases. For instance, Fritz demonstrated that the crisis was especially serious in countries experiencing secessionist movements and conflict such as Armenia, Georgia, Tajikistan, but also among the less developed republics under endowed with natural resources (Fritz 2007, p.85).

<table>
<thead>
<tr>
<th>Year</th>
<th>EBRD</th>
<th>Infrastructure Reform</th>
<th>Tax Revenue</th>
<th>Property Rights Enforcement</th>
<th>Corruption</th>
<th>Contract Intensive Money</th>
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<td>1991</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>1992</td>
<td>1</td>
<td>9.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>1993</td>
<td>1</td>
<td>2.57</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1994</td>
<td>1</td>
<td>3.3</td>
<td>-</td>
<td>-</td>
<td>0.44</td>
<td>0.34</td>
</tr>
<tr>
<td>1995</td>
<td>1</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.34</td>
</tr>
<tr>
<td>1996</td>
<td>1</td>
<td>8.4</td>
<td>30</td>
<td>30</td>
<td>0.33</td>
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<tr>
<td>1997</td>
<td>1.67</td>
<td>10.8</td>
<td>30</td>
<td>10</td>
<td>0.36</td>
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<tr>
<td>1998</td>
<td>2</td>
<td>11</td>
<td>30</td>
<td>10</td>
<td>0.43</td>
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<tr>
<td>1999</td>
<td>2.33</td>
<td>14.6</td>
<td>30</td>
<td>10</td>
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<tr>
<td>2000</td>
<td>2.33</td>
<td>11.7</td>
<td>30</td>
<td>10</td>
<td>0.50</td>
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</tr>
<tr>
<td>2001</td>
<td>2.33</td>
<td>12</td>
<td>50</td>
<td>10</td>
<td>0.53</td>
<td>0.53</td>
</tr>
<tr>
<td>2002</td>
<td>2.33</td>
<td>15.5</td>
<td>30</td>
<td>0</td>
<td>0.55</td>
<td>0.55</td>
</tr>
<tr>
<td>2003</td>
<td>2.33</td>
<td>15.9</td>
<td>30</td>
<td>0</td>
<td>0.59</td>
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<tr>
<td>2004</td>
<td>2.33</td>
<td>18.2</td>
<td>30</td>
<td>24</td>
<td>0.60</td>
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</tr>
<tr>
<td>2005</td>
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<td>18.1</td>
<td>30</td>
<td>18</td>
<td>0.62</td>
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In contrast with Belarus, which refrained from privatizing its economy, the loss of output was enormous in Georgia in the first year of Georgian independence as the economy was also being privatized. The economic contraction experienced in Georgia was the most critical in the CIS, with its GDP falling by 44.9 percent in 1992 (Robson 2006). The conflicts surrounding national secessions interrupted main trade lines with Russia since a large amount of transportation and communication links were shut down. The collapsing
output led to an acute fiscal crisis in Georgia that compromised the already limited capacity of the state to deliver social security of any sort, therefore aggravating the already existent problems of corruption, bribery, tax evasion, security and even crime (Bernabè 2002). Whereas Belarus inherited competitive economic sectors from the USSR, despite a high level of trade dependency, Georgia was not as well-off. Mainly an exporter of agricultural and energy-intensive industrial goods to the Soviet Union, it was hard hit by the loss of its preferential access to former Soviet market. Unlike Belarus, Georgia’s economy lacked specialization in a commodity pattern that might help it reach new markets (Robson 2006).

Despite increasing rates of tax revenue recorded after 2002, the IMF estimated that Georgia’s capacity for taxation was still much weaker than what would be predicted by international norms (Lorie 2003). The econometric model performed by Lorie predicted that the average CIS country should be able to collect 20 to 24 percent of its GDP in taxes; Georgia’s tax revenues started approaching this lower level only in 2004 as a new tax code was being adopted. Given the difficulties of the state in gathering revenues throughout the 1990s, it is not surprising to notice that Georgia’s expenditures were also still much lower than all CIS country in 2002 (Lorie 2003). Deprived of precious revenues, the state could not provide a living wage for the vast majority of its employees during the early 1990s. In turn, low revenue implies that the state would have difficulties to afford honest and competent employees therefore would most likely continue to be plagued with structural corruption and crony capitalism (Nodia 2002).

As in most FSU republics, the magnitude of corruption is considerable in Georgia, which exhibits arguably the highest level among former communist countries. Again here as in Belarus, hard data illustrating the degree of the phenomenon is not existent for the early years of independence. Nevertheless substantial anecdotal evidence from the Soviet period confirm the belief that the extent of corruption was without equivalent among Soviet republics, especially in the sector of agriculture (Bernabè 2002; Gougouchvili and Zourabichvili 1983;
Grossman 1977; Mars and Altman 1983; 1987). Given these conditions prior to independence, in addition to the collapse of central authority of the early 1990s, much would suggest that the level of corruption and the size of the informal economy were enormous in 1991, especially if we accept the assertion that “rapid socio-economic and political changes tend to strengthen patronage networks and clientelism” (Stefes 2006, p. 80).

What is more, official assessments of corruption levels by Transparency International and The Heritage Foundation have noted very little improvement between 1996 and 2005. The problem of corruption and informal economy has mutated into one of crime and illegal trade in the pockets of secessionist territories with damaging consequences on the small national budget. The absence of control by the state has transformed secessionist provinces into heavens of illegal drugs, human, and weapons trafficking. In turn, observers have documented cases where criminal bands operating in the secessionist regions have also been known to provoke violence between Georgia and Abkhazia and South Ossetia (Kukhianidze, Kupatadze, and Gotsiridze 2003; Lynch 2004; Shelley 2005). Far from affecting only the rural regions, crime rates in Tbilisi have remained very high, suggesting corrupt and or inefficient law enforcement even for petty crimes.

In addition to high corruption levels, property rights enforcement by the state has remained inadequate. Informal contract enforcement will be the dominant mode of enforcement where there is either no state, or “when economic agents expect the state to expropriate rather than protect their property, or when the state is unwilling or unable to secure property rights and enforce contracts (Greif 2006, p.8).” In Georgia, two factors encourage economic agents to opt out of the formal system: legacies and current conditions. In the case of the Georgian SSR, the communist state would expropriate market agents, forcing them into informal contract enforcement; while in the case of independent Georgia, the state does not have the capacity to secure property rights or enforce contracts, also making agents more likely to opt out and rely on the pre-established and more dependable informal mechanisms. Therefore existing entrepreneurs active in the
informal economy during Soviet times have little incentives to enter the formal market.

Contract intensive money ratios have been extremely small in Georgia since its independence. The economy of Georgia has been largely cash-based accompanied by currency substitution to palliate the hyperinflation recorded between 1992 and 1994. The currency introduced in 1992 remained valueless and was not used in actual transactions. As a result, the Russian ruble and the U.S. dollar became the de facto national currencies until the introduction of the new lari in 1995. Although CIM ratios have increased steadily since 1995, the rate of 0.62 calculated in 2005 is one of the lowest among former communist countries: this result is unsurprising given the already documented proportion of informal economic activities. Since CIM is set to capture the quality of the institutions of contract enforcement and also serve as a proxy to assess the well being of governance and institutions in general (Clague et al. 1996; 1999), we must conclude that Georgia’s institutions have emerged and have mostly remained defective in the realm of protection of property rights and contract enforcement, especially if the present estimates are biased upward due to the presence of large currency substitution.

Last, progress made in infrastructure reforms provides a good approach to measuring whether governments can formulate coherent basic and necessary goals, as well as implement policies consistently across respective territories. This capacity does not appear to be present in Georgia in the early 1990s, as the scores remained at their lowest level from 1991 to 1996. The first progress is registered by the EBRD in terms of infrastructure reforms only in 1997. Between 1991 and 1996, the state was simply too enfeebled and poor to invest in its aging infrastructure. For this reason, the entire heat distribution infrastructure simply collapsed in the few years following independence. Power shortages were frequent during the 1990s due to a lack of maintenance in hydroelectric plants. Water distribution shortages we also common, despite the abundance of water in the country (Collier and Way 2004).
Neither Authoritarianism nor Democracy

Despite its preferential position within the empire, the independent Georgian state emerged already enfeebled, the late 1980s and early 1990s having been marked by bitter conflicts. In the first moments of its independence in 1991, Georgia displayed a low combined score in state capacity as illustrated in Table 6.2 presenting aggregate state capacity scores and matching Freedom House scores. The aggregate state capacity score has continued to register a decline until 1996, when it reached its lowest point. These low starting scores run parallel to rather pessimistic evaluations from Freedom House, indicating a regime first assuming an authoritarian shape, but later consolidating neither in an authoritarian nor in a democratic form. In this sense, Georgia may have enjoyed a period of “pluralism by default” throughout the 1990s (Way 2003).

The fact that no single political force could harness the power of the state during the 1990s also lowered the possibility that a harsh dictatorial regime would emerge in such an environment, by contrast with Belarus and Kazakhstan where such consolidation of power was possible. The consolidation of state authority has been the primary preoccupation of leaders in Georgia’s political development since 1991. Perceiving the secessionist movements and other regional power holders as direct threats to state power, successive Georgian executives have sought to compensate this limitation by enlarging their powers without really being able to redress the weakness of the state. All three men that would consecutively assume the role of president proposed constitutional arrangements or amendments favoring a strong executive branch.

In sharp contrast with Belarus, Georgians quickly rejected the continuation of the Soviet Union, which they viewed as a form of Russian imperialism. Georgians had already manifested their disapproval of Soviet rule between 1988 and 1989 through large protests that were broken up by Soviet troops in April 1989. Surveys conducted in 1990 reveal that the population was overwhelmingly in favor independence from the Soviet Union, and moreover, that independence was a crucial and urgent topic for Georgia (Nelson and Amonashvili 1992). Even before independence was proclaimed, the Supreme
Soviet had changed the flag, the national anthem and emblem and also removed the militia and KGB from Soviet control. Not astonishingly, close to 92 percent of the electorate declared themselves in favor of independence in the 1991 referendum. In the case of Georgia, the sharp rejection of the communist past was fueled by a virulent nationalism present in most political parties electoral platforms; the same nationalism that was practically absent in the Byelorussian political landscape.

### TABLE 6.2
AGGREGATE STATE CAPACITY AND DEMOCRACY SCORES IN GEORGIA 1991-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Standardized State Capacity Score</th>
<th>Political Rights</th>
<th>Civil Liberties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>-0.17*</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>1992</td>
<td>-0.83*</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1993</td>
<td>-1.28*</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>1994</td>
<td>-1.10*</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>1995</td>
<td>-1.50*</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1996</td>
<td>-1.57</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>1997</td>
<td>-1.28</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1998</td>
<td>-1.11</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1999</td>
<td>-0.87</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2000</td>
<td>-0.92</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2001</td>
<td>-0.60</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2002</td>
<td>-0.86</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2003</td>
<td>-0.80</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>-0.40</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2005</td>
<td>-0.46</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*contains values estimated with five randomly imputed data sets where data was missing

By comparison with Belarus, where old elites remained in power throughout the 1990s, the Georgian parliamentary elections held in 1990 initially marked a change in the top echelon of leadership with the ascension of Zviad K. Gamsakhurdia’s bloc. His mandate was clear and powerful; winning 155 of the 250 seats in the Supreme Soviet, well ahead of the Communist Party, although they would soon be replaced by members of the old nomenklatura in 1992. This Round Table — Free Georgia bloc supported democratic and market reforms, but
contained a very nationalistic component as well. After the elections, the new chairman of the Supreme Soviet then appointed a new class of elites to top power positions, rejecting all individuals formerly connected with the Soviet rule. Many new appointees lacked either government or any other relevant experience (Areshidze 2007), or access to the already establish informal networks (Stefes 2006). In the end, given the short duration of Gamsakhurdia’s rule, he did not have enough time to purge the majority of former elites.

The precariousness of state authority at this point also offers an explanation into the shape of executive-legislative relations: in an environment of weak state the new leader sought to consolidate his power by centralizing authority in the hands of a strong president capable of rising over politics and take decisive action. Despite the official rejection of the Soviet past, a new constitution was not immediately adopted; the Soviet constitution remained in place until 1992, although some important amendments were made. The most important was the addition of a presidential office after a referendum held March 31 1991. Already in a strong position from his legislative victory, Gamsakhurdia easily won the new presidency with 86 percent of the vote on May 26 1991. The amended Soviet constitution did not stipulate a term limit for the president, however, or grounds for dismissal other than treason. The new president quickly worked to put the Ministry of Justice, the Ministry of National Security (the former KGB) and the Ministry of Defense under direct presidential control, rather than the parliament. Gamsakhurdia sealed his new discretionary powers with the establishment of a National Security Council with large emergency prerogatives and subsequently declaring the state of emergency.

In addition to a powerful executive, new laws integrated in the constitution in 1991 would serve to centralize the state by restricting the authority of regional assemblies. Prefects chosen by the president and the Supreme Soviet would oversee much of the activities of regional representative bodies down to

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86 The bloc contained parties such as the Helsinki Union of Georgia, St. Ilia the Righteous Society, the Merab Kostava Society, The Union of Georgian Traditionalists, the Popular Front of Georgia-Radical Union, the National Liberal Union of Georgia, and the National Christian Party of Georgia.
their budgets and appointments. Similar centralizing steps were taken with regards to the autonomous republics, where the president and the Supreme Soviet appropriated powers of appointment and dismissal of the cabinet including its prime minister. Despite the talk, the Gamsakhurdia administration did not move toward democratic rule. The president restricted freedom of the press by maintaining a monopoly over the media. In 1991 several independent newspapers were barred from publishing, while television content was also kept under close scrutiny. The Freedom House scores for 1991 were 6 out of 7 for political rights and 5 for civil liberties; Gamsakhurdia’s regime was thus not free.

Although this presidency was formally strong, it has failed to establish the formal control of the state over the entire country. Slogans such as ‘Georgia for the Georgians’ were not well received by minorities inhabiting the three autonomous enclaves, as they continued to vote en masse for the Communist Party. Minorities feared that without Moscow’s protection, Georgian authorities would have a free hand to repress them. Such fears were substantiated as the new Georgian state immediately attempted to centralize its power at their expense by curbing the authority of its minority territories. Indeed, soon after the election, access to economic and political power was restricted for non-Georgians (Jones 1997). The new government would move in to abolish the autonomous status of the South Ossetian region in December 1990, consequently sparking a bitter conflict that would ultimately serve to weaken the state’s ability to govern the country (Areshidze 2007).

In addition to secessionist enclaves, the state apparatus was further undermined by informal networks and militias. Soviet era regional power holders remained very much in control in practice. Indeed, despite the vast amount of formal powers the new president office had amassed, the ultra-nationalist and semi-authoritarian regime established in Georgia was easily perturbed in the face of relatively minor protests. Gamsakhurdia, the first democratically elected president of Georgia, would be deposed by a coup d’état in January 1992 in favor of Eduard Shevardnadze, the former Communist Party First Secretary of the GSSR. A similar scenario unfolded in Azerbaijan as Abulfaz Elchibey was
ousted from power to be replaced by the Communist Party First Secretary of the Azerbaijan SSR, Heydar Aliev. Both had suffered from their “(…) inability to work the machinery of the communist state” (Fairbanks 2004, p.111).

New Hope with Shevardnadze

In 1992, upon the removal from power of the first president, the amended Soviet constitution was replaced by the 1921 constitution of the independent Georgian Republic, which did not provide for an office of president. Ironically, this second regime would also be overthrown by protests in 2003. Despite his achievements in restoring immediate order, Shevardnadze could not stop the disintegration of the country. The ousted president (and his supporters, the Zviadists) would continue to unofficially govern parts of the country that did not recognize the new government until 1993, whereas several local ‘warlords’ established de facto control over other regions (Nodia 2002). In the winter of 1993-94 the Georgian government was in a dire situation. It could not manage to defend the country, keep order on the streets of the capital, pay state workers, collect taxes, or print the currency in common use, the Georgian Coupon (Fairbanks 2002).

Some other analysts even went as far as saying that the only domain Shevardnadze really had under his control at the time was the country’s foreign policy. Despite this weakness of the central government, Georgia still refused to grant autonomy to its feuding minorities. Only after Georgia lost the war in Abkhazia and was faced with increasing Zviadist insurrection in late 1993, did Shevardnadze accept a compromise with Russia: Georgia would become a strategic satellite by joining the CIS in exchange for assistance to restore the authority of the Georgian state on its territory (Nodia 2002). Russian support helped in defeating the Zviadist, restoring some control in the regions, as well as subduing the heads of the National Guard and the Mkhedrioni, the two most important militias.

With this fresh hold on power came a new constitution in 1995, in which the office of president was reinstated, equipped with far-reaching powers. In
theory, this executive, modeled on the US model, would be checked by a comparatively potent legislature and judiciary. While the powers of the president were extensive, the parliament remained strong enough to offer a credible check to presidential abuses, but not enough to prevent “soft authoritarianism” (Areshidze 2007, p.40). This constitution was a turning point in post-independence Georgia. Yet the assassination attempt on Shevardnadze, from which he barely escaped, made clear that his position was still precarious despite these victories (Stefes 2006). He nevertheless easily won the presidential election held in November of 1995. At the time of the election, Shevardnadze had regained control of most state institutions. This newfound capacity gave the state some momentum to implement reforms in the form of privatization and measures to limit inflation, but only to an extent. The central government did not regain control over Abkhazia and Ossetia, however.

Strengthening state institutions is more perilous for leaders in weaker states, and the weakest point for Shevardnadze was his reliance on corruption networks to govern. He used his first few years in office to consolidate his grip on power, since it could be reasonably expected that the former president would attempt a comeback (Areshidze 2007). While he did not move towards more authoritarianism per se, he did not push for reforms towards more democracy either: neither was possible in his position. In this sense, observers in Georgia blame Shevardnadze’s soft stance on corruption on the fact that he needed certain key players to remain in power throughout the 1990s (Bochorishvili 2005; Stefes 2006). He allowed corrupt officials to hold on to high positions in exchange for their tacit support. In his position, Shevardnadze could only evolve in a nomenklatura environment as he continued to choose allies on the basis of their territorial networks rather than for their competencies, packing the administration with former members of the nomenklatura (Devdariani 2004; Jones 1997). Like Lukashenka in Belarus, Shevardnadze surrounded himself with a loyal entourage from his hometown Guria and co-opted the police at a high cost since they were central allies in fighting warlords.
Although Shevardnadze spoke much about curbing corruption, especially between 1997 and 1998, no tangible results emerged from the various steps he took. Had Shevardnadze really implemented measures to curb structural corruption, powerful players would have easily been able to challenge his authority (Nodia 2002). With Shevardnadze’s personal approach to power, capacity was not vested in the state’s formal institutions per se, but in their informal functioning through networks. In his position, he chose not to upset the existing networks and players given their importance, wanting to maintain the status quo. The precarious balance between major players was held together by the president. The successive attempts on his life and the extraconstitutional transfer of power in 2003 demonstrate the instability of this balance, as if opponents to the regime understood that the network, without its head, could easily fall apart.

The Rose Revolution, a Popular ‘Power Grab’ 87

Despite Shevardnadze’s continued support for corrupt ministers, stalling in implementing reforms and alleged electoral frauds, he was able to rebuild the capacity of the Georgian state from disintegration to a level it had not yet achieved. The Georgian government had definitely regained some authority over the state apparatus, and recentralized the corruption networks, albeit incompletely (Stefes 2006). By the end of the 1990s, the armed forces were under the authority the state, the currency under control and the capacity of the state for taxation was considerably restored, as the rising state capacity scores from 1997 through 2003 make evident.

2001 marked the beginning of the end of this period of stability. Protesting against the absence of reforms, Mikheil Saakashvili and Zurab Zhvania, two young and popular ministers, resigned from their positions and from the Citizens’ Union of Georgia (CUG), Shevardnadze’s party. In addition to the collapse of the CUG, 2001 was marked by student protests, a demonstration by National Guard units demanding to be paid their large wage arrears, a slowing

87 This term was employed by Areshidze (2007), p.8 to describe the Rose Revolution.
down of the economy and the sacking of an entire cabinet by Shevardnadze. Massive electoral fraud in the end of the 1990s started to be recorded at the same time Shevardnadze’s popularity was plummeting.

For the second time in the short history of independent Georgia, 2003 brought popular demonstrations that would depose an elected government. Following what most observers believed was a rigged parliamentary election, massive protests were mounted that led to the resignation of Shevardnadze on November 22 2003 and allowed Mikheil Saakashvili to take over as president in a snap election held January 2004. This quick change of leadership, although carried out through extraconstitutional means, nevertheless brought high hopes of democratic consolidation. On the surface, this transition in power was to be the first among CIS countries where a nomenklatura leader would not be granted the privilege to manage his succession by passing power over to a handpicked heir, such as Yeltsin choosing Putin to govern Russia and Ilham Aliev replacing his father in Azerbaijan (Areshidze 2007).

Still evolving in the context of a weak state, although the state had gained unprecedented capacity since 1991, the new leader sought again to consolidate power further. The installment of a new president and his staff of “young reformers” also came with significant amendments to the constitution adopted in 1995. The constitution introduced by Shevardnadze provided for a strong executive in the U.S. style, but also a strong parliament that could effectively check the executive branch. Saakashvili introduced modifications to concentrate even more authority in the executive branch, at the expense of the parliament and judiciary. These amendments created the position of prime minister, but decreased the overall importance of the legislative branch, since the prime minister would be dependent on the president’s will and was not granted the prerogative to appoint ministers to his cabinet without presidential approval. Notably, the president acquired the power to dissolve parliament under several circumstances. The amendments also made it very difficult for the legislature to dismiss the prime minister (appointed by the president, in some circumstance by decree), even following a vote of non confidence. Dissolution could also come
early in the case of a legislature rejecting a budget on three occasions. In such cases, the president would be empowered to approve the budget by decree, therefore making it possible for him to bypass legislative consent (Areshidze 2007). The 2004 package of amendments also contained provisions for the president to depose judges guilty of corruption violations and appoint new ones, which severely reduced the independence of the judiciary branch.

Under the 1995 constitution, the president already possessed extensive authority over the legislative process (Shugart 1999). This constitution provided the president with a package veto with extraordinary large majority override on all bills, exclusive authority to introduce legislation, but did not provide a line item veto or decree powers over new legislation. While the Saakashvili’s amendments did not pertain to these prerogatives, similar ones were granted in the position of prime minister, hence making it possible for him to hold votes of non confidence attached to any bill. In the event the parliament was to reject the law in question, the president could once again dissolve the chamber. The high risks of dissolution coupled with the prime minister’s veto made the legislature pliant and less prone to reject bills. Since 2004, opposition forces have been minimally present in the parliament, the judiciary less likely to disagree with the government, and finally the press more acquiescent.

Strong from the new presidential prerogatives, the new regime has taken up the cause of fighting corruption. The early weeks of Saakashvili’s presidency were marked by the public arrests of several officials and entrepreneurs on corruption charges. In 2004, the government increased the salaries of 10 000 public officials to provide them with wages on which they could make a living without bribes, financed in part by the UNDP. Arguably the most corrupt organization under Shevardnadze, the traffic police, was disbanded and a new police patrol was created and staffed competitively, thus eliminating close to 90 percent of its former staff. As of 2005, Georgia was rid of police barrages extorting bribes to drivers. A number of other initiatives such as reducing the size of the state apparatus and the bureaucracy, issuing land titles, simplifying business procedures and the tax code and lowering the tax rates were
implemented to diminish the structural incentives of opting out of the formal economy (Stefes 2006). Last, the central government’s establishment of control over Ajaria also helped to remove the most corrupt elements from its administration and reduce illegal activities. These measures met with considerable success. In 2008 Georgia’s global ranking on the World Bank’s Doing Business Survey went from 122 in 2005 to 18 on 178 countries surveyed (World Bank 2008b).

While the measures have helped curtail the level of corruption in the country, some observers worry that the effective reduction of the incentives to corruption have been made at the cost of civil liberties as well the independence of the judiciary (Areshidze 2007; Fairbanks 2004; Jawad 2006; Stefes 2006). Or in other words the concentration of power in the hands of a single branch of government might not have been necessary to achieve a strengthening of the state. These concerns find their echo in the democracy ratings after 2005; while democracy scores reached an all time best in 2005, reflecting the international community’s enthusiasm towards the Rose Revolution, they have decreased since then as a result of the increasingly authoritarian approach of the new administration.

**Conclusion**

The positioning of Georgia as a formal colony of the Soviet Union explains much the weakness of its successor state. Because of the overall secondary economic weight of Georgia, Moscow deployed fewer direct tools of statecraft to establish its authority in this part of the Caucasus than in more economically or strategically vital colonies. Therefore, Georgia underwent Sovietization at a lower speed and lesser intensity than Belarus, or Kazakhstan as I will demonstrate in the following Chapter. Despite this economic position, Georgians acquired a preferred status within the Union, and succeeded in co-opting the instruments of Soviet rule such as the Party in entrenched informal networks. However in Georgia, heavy episodes of Soviet border drawing along ethnic and religious lines have facilitated the institutionalization of multiple
centers of authority within the republic. While this strategy would prove useful to keep Georgian nationalism in check during Soviet times, the inherited self-governing structures of the three ethnic and religious autonomous republics would pose a direct challenge to the state upon independence.

Georgia represents a case of weak state where democracy has not been consolidated, despite the occurrence of relatively free and fair elections. While there was no tangible movement toward democracy in Georgia between 1991 and 2005, neither has it experienced the installation of an authoritarian regime like its neighbors Azerbaijan and Armenia. The first two presidents, Gamsakhurdia and Shevardnadze were faced with severe difficulties trying to cement their authority on the territory and eventually failed to establish a functioning state apparatus over the defective institutions left behind by the Soviet regime. On such foundations democracy was not a likely outcome. Yet, the fact that no single political force could harness the power of the state during the 1990s also lowered the possibility that a dictatorial regime would emerge. Put simply, no leader was able to achieve the necessary coercive state capacity, scope and cohesion to establish a stable authoritarian regime in Georgia during the 1990s. What Lucan Way called “key elements of a strong state are critical for maintaining nondemocratic rule” were simply missing (Way 2005, p.235).

As it was to be expected in an environment of weak state, the consolidation of state authority has been the primary preoccupation of leaders in Georgia’s political development since 1991: successive Georgian presidents have all sought to compensate for this weakness by enlarging and arranging their powers vertically without being able to redress the shortcomings of the state until recently. Indicators of state capacity are rising in Georgia since 1997, but even more so since 2004 given the many steps taken to reduce the incentives to structural corruption by the new administration. The state is now able to collect a reasonable amount of taxes and has implemented a fiscal sector reform. In turn, it has been increasingly able to spend in order to raise the salaries of the public servants in order to curb corruption. But with the new improved performance of the state came a worrisome recentralization of power in the executive branch:
until 2004 Georgia had been the only CIS state to have escaped the predicament of a superpresidential regime.
7. Kazakhstan: A Predatory Regime in a Weak State

The experience of colonialism in Kazakhstan was more repressive and exploitative than in Georgia or Belarus. Kazakhstan was more exploited economically than most other republics outside Central Asia. In addition, the imposition of new borders and thorough collectivization not only transformed the ethnic composition of the republic, but also the social organization of its inhabitants. The titular nationality was not considered as competent and trustworthy as Georgians or Byelorussians. Yet, despite massive state engineering efforts, the state was not able to fully penetrate the clannish structure of Kazakh society: in fact, the shortage economy made these ties stronger and more necessary for everyday survival.

For these reasons, Kazakhstan emerged from the Soviet Union at a disadvantage; taken by surprise, and without any prior experience of formal independence, it had a dysfunctional state apparatus ridden with corruption. With the task of building or transforming the necessary institutions of the state, the former communist elites sought to establish the state’s formal authority solidly throughout the entire territory and to concentrate it in the executive branch. Unlike Georgians, however, Kazakh authorities were able to establish their authority over the territory with ease, remaining in control of the state’s institutions of coercion. Although the state was weak in the five dimensions presented in this study, authorities possessed some of the key elements needed to maintain stable autocratic rule, such as elite cohesion. The case of Kazakhstan represents a clear cut instance of direct transition from communism to authoritarianism. The communist ruling elite from the Kazakh Socialist Soviet Republic simply continued to assume power as the republic gained formal sovereignty.

The central argument of this chapter is that Kazakhstan is a representative case of a post-independence environment of weak state in which the instauration of a predatory presidential regime living off its resources was facilitated. The following demonstration will be divided in three parts. In the first section, I will
outline the conditions of high exploitation, relatively low state penetration and massive state engineering in Soviet-era Kazakhstan. Next I outline how these inherited colonial legacies negatively affected the performance of the state after independence. Finally, I elaborate on how these disadvantageous starting conditions negatively influenced the likelihood of democratization in Kazakhstan.

**Soviet Colonialism in Kazakhstan**

Three features of Soviet colonialism in Kazakhstan help to explain why the republic emerged from the Soviet Union with one of the weakest states. First and perhaps most important, among colonies of the Soviet Union, Kazakhstan received the largest amount of state engineering. The Kazakh SSR experienced the imposition of artificial borders, a sweeping change in peasant life style through quick and complete collectivization, and further transformation of the land and of the ethnic composition of the republic in 1954 with the Virgin Lands program. These conditions were compounded by the second and third features, economic exploitation and a form of indirect rule that marginalized the titular nationality.

**Transformative State Engineering**

An independent Kazakhstan had never existed prior to the formation of the SSR under Soviet authorities, although the emergence of a distinct Kazakh ethnicity can be traced to around the late fifteenth and early sixteenth centuries (Crowe 1998). Kazakhs, however, remained subjugated to different empires until the fall of the Soviet Union. The Kyrgyz ASSR was born in 1920 and put under the jurisdiction of the RSFSR: its name was changed to the Kazakh ASSR in 1925. The Kazakh ASSR did not upgrade to the status of union republic until 1936. Kazakhstan’s borders were finalized in 1936, but remained disputed in the north as a result of Moscow’s territorial colonization policy. The northern part is mostly inhabited by Russians who do not see a dividing line between Russia and Kazakhstan (Olcott 2002). The concept of statehood, therefore, was imported by the Soviet Union with the creation of regional entities based on ethnicity with
self-governing institutions. As in African nations such as Somalia (Englebert 2000), the former clannish structure of social organization in Central Asia was starkly at odds with the idea of centralized statehood.

The second form of Soviet state engineering was carried out through collectivization. Such a sweeping land reform would serve twin purposes in Kazakhstan: the settling of the nomads and accompanying eradication of backwardness associated with the nomadic lifestyle, plus harnessing the huge agricultural potential of the terrain. According to Soviet development theories, the Asian regions of the USSR could reach socialism directly from tribalism without going through a capitalist phase since they were more backward than the rest of the country (Lane 1975). What would be required is nothing less than the settling of the nomads and massive development on all social and economic levels. Kin-based property holdings such as the ones found in Kazakhstan would have to be eliminated since they would only perpetuate the institution of private property. Because ownership of cattle was an especially important marker of status, the confiscation of animals would serve as a means to undermine the traditional authorities. Most importantly, considering that Central Asian people had low literacy rates, Russians would have to supervise them more directly in building a socialist society. For that purpose, Holdsworth (1952) noticed that many high-ranking Bolsheviks such as Stalin, Kaganovich, Kuibishev, Kalinin, Kirov and Lenin played important personal roles in establishing Soviet rule in Central Asia.

Unlike in the Caucasus where the pace of transformation was slow, collectivization in Kazakhstan was among the quickest in the Soviet Union, as its large agricultural resources would help finance industrialization. By 1937 close to 98 percent of arable land had already been collectivized. Although in theory, collectivization was to be an entirely voluntary and spontaneous, the reality was starkly different. In Kazakhstan there was a well-documented, important and widespread resistance (Olcott 1981). While exact figures of casualties resulting from force collectivization are unavailable, the loss of life, either due to starvation or execution following arrests are estimated to be around 1.5 million people and
80 percent of livestock in the Kazakh SSR alone. Intensive rather than extensive grain production was too important for a slow implementation in such fertile territory. Meanwhile, quick collectivization would also function to wipe out the authority base of the former clan elites. Afterwards, Soviet power could be established completely, at least in theory. In practice, the organization of collective farms often grouped together members of a single clan, perpetuating a sense of belonging to the forbidden groups, but under the new heading of the kolkhoz (Jones Luong 2002; Schatz 2004).

As in Georgia, the planned economy and the permanent shortages in consumer goods reinforced already existing kin-based networks, making certain positions with access to such resources much more important. The Party First Secretary at the oblast level, the obkom, became a pivotal source of power in Central Asia (Jones Luong 2002). Since ethnic Kazakh elites had little chance of being promoted to a career outside their native oblast, they cultivated tight and trusting relationships locally on the basis of which all political advancement rested. Furthermore, these regional and local positions were seldom rotated, increasing the likelihood of deep entrenchment of regional patronage networks. Area specialist Pauline Jones Luong (2002) even proposed that a sense of regional identity supplanted the tribe as the preeminent political category.

In addition to their capacity to be concealed from officials (Schatz 2004), the added advantage of networks based on kin is that they are based on affective links. This produces high trust, loyalty and reliability, which are essential components to enforcements of transactions in a parallel economy. Clans, therefore, were an already conveniently established source of networks with clear identification markers; individuals simply reverted to their old subsistence strategies when the new ones provided by the Soviet government failed to provide them with public goods. The area was simply less penetrated by the state, and kin-based groups continued to exercise authority behind the collective farm and Party structures, presenting certain advantages over other types of informal networks. The modern clan system is thus a result of fusing between endemic elements of the Soviet system with a pre-existing tradition, which made this
particular system of kin-based informal networking pervasive in Central Asia (Rumer 1989).

Collectivization was not the only reorganization of Kazakhstan’s countryside: its ethnic composition would be transformed a second time in a massive way. Khrushchev’s Virgin Lands 1954 program was set to create 50 million new hectares of grazing land to be put up for cultivation in order to revive the Soviet economy. These “Virgin Lands” were located in Kazakhstan, the northern Caucasus, western Siberia and the right bank of the Volga. Kazakhstan subsequently became the main grain producer for the entire Soviet Union. This colossal project brought waves of immigrants from the European part of the Soviet Union. Since the lands appointed for the campaign had formerly been grazing land for cattle, the local Kazakh population was displaced to make space for the newcomers.

With the Virgin Lands program came on the most important russification projects, in what amounted to a physical colonization of the land by Russians. Collectivization had already taken a heavy toll on the Kazakh population: the Kazakh population shrunk from 3,960,000 to 3,099,000 in 1939 (Pipes 1957). Russification was conducted in two important waves. The first one came with collectivization in the early 1930s. Between 1926 and 1939, the gain in the Russian population was of 1,900,000. The second wave of russification came with the Virgin Lands drive in 1954, where, again, a considerable number of Russians and Ukrainians immigrated to Kazakhstan to populate a confined area chosen by Khrushchev (Laird and Chappell 1961). By 1959, Russians represented 43 percent of the population of the republic. Between 1959 and 1979, 2 million more Russians were brought into the republic, the second highest number after Ukraine with 3.5 million (Pockney 1991). The end result would be the production of one the most ethnically diverse republics to emerge from the USSR, with 38 percent of Russians, over 6 percent Ukrainians and Byelorussians, and less than 40 percent ethnic Kazakh: Kazakhstan would be the only Soviet successor state in which the titular nationality would be a minority (Olcott 1997).

88 Based on the 1989 Census.
These population transfers altered much of the ethnic configuration of oblasts over time, creating long-lasting divisions between Kazakhs and Russians.

Russification was not the only population import in Kazakhstan: the republic also received other ethnic and social groups deported from elsewhere. The second type of in-migration suggests ethnic Kazakhs were considered a nationality of lesser consequence. In a related fashion, Baron and Gatrell (2003) for instance, place Kazakhstan at the lowest end of the spatial hierarchy in the USSR because it was on the receiving end of many less desirable deported nationalities. While strategically important western borderlands needed to be cleared of elements of questionable loyalties, Kazakhstan was one of the “anti-spaces” (Baron and Gatrell 2003) where Moscow considered it appropriate to send dekulakized peasants, social misfits, counterrevolutionary elements and criminals.

Colonial Relationship to the Center and Indirect Rule

Unlike Belarus and Georgia, the position of the Kazakh SSR was not one of privilege within the Empire. In fact, the experience of Central Asia comes closer to the traditional colonial relationships found within European overseas empires, with high levels of material exploitation and ethnic differentiation between the center and periphery. Despite large investments unrivaled in any empire, the Soviet periphery was still mainly used for its extractable resources, such as oil in Azerbaijan, gold in Uzbekistan and cotton in Turkmenistan. Kazakhstan is no exception, as the bulk of its economy was geared towards agriculture and the extraction of its extensive mineral resources. Although Moscow invested heavily to educate, modernize, mechanize and industrialize the periphery, it still imposed an interregional division of labor that was most defined in Azerbaijan and Central Asia, who were mainly suppliers of raw materials to the rest of the Empire, exactly as they had been under the previous political order (Khazanov 1995, p.88).

According to Jonathan Kriekhaus (2006), late colonialism, and its high intensity of exploitation coupled with low investment in human capital produced
the most dysfunctional states. This statement can also be applied to the Soviet case. In the Soviet republics, those with the most concentrated agricultural, commodity and export sectors are also the ones that have developed the weakest states. Turkmenistan, Tajikistan, Uzbekistan, and Kazakhstan form one distinct group of most exploited colonies that have emerged with weak states. Kazakhstan represents a typical case of economic exploitation, with an agricultural sector heavily centered on grain production (predominantly spring wheat in the fertile Northern Kazakhstan and cotton in the dryer Southern Kazakhstan), in addition to having the majority of its exports concentrated on oil, gas and non-ferrous metals. Kazakhstan holds more than half of the USSR’s reserves in copper, lead, zinc and nickel (Baransky 1956). In return, the republic was and still is a net importer of consumer goods from outside, and is thus more exposed to commodity price shocks.

The exploitation of Kazakhstan’s riches dictated its economic development around a limited set of industries (minerals and petroleum), with little emphasis on light industry and consumer goods (Alam and Banerji 2000). The exploitative pattern from periphery to center is visible in the development of transportation routes of raw materials out of the republic to the RSFSR, rather than a pattern serving the boundaries of the republic (Blackmon 2005). For instance, a railway built in the 1930s links the main Kazakh coal mines to its ‘domestic’ market outside the republic, in the Urals. The Omsk-Pavlodar-Shymkent oil pipeline connects Kazakh oil from the field to its refining station in the RSFSR. Massive infrastructure investments would be needed upon reaching independence to adapt Kazakhstan’s trade routes to its new situation as a sovereign state.

Before its inclusion in the Soviet Union, there was virtually no industry in Kazakhstan (Baransky 1956). Practically all the industrialization of the republic was accomplished under Soviet rule, according to plans designed in Moscow. Because of the scarcity of water in many areas, and probably because of the limited pool of qualified work force as well, Kazakhstan was not an industrial investment priority for the USSR. As in Georgia, the average magnitude of
industrialization in Kazakhstan was below both that of the USSR and ECE satellites. In 1939, 72 percent of the population was rural; in 1990, 43 percent of the population was still rural, compared to an average of 35 percent when all cases are considered (Pockney 1991). These figures must also further be sorted by nationality: Kazakhs were more likely to be living in rural areas, while Russians were more likely to be concentrated in urban centers and hold industrial employment (Schatz 2004). Upon reaching independence, 40 percent of the republic’s net material product (NMP) was derived from the agricultural sector, while only 28 percent came from industry, a low figure compared with most other Soviet republics (Shome 1993). Despite these low overall figures, Kazakhstan became the most industrialized of the Central Asian republics, most likely reflecting the large influx of skilled Russian workers over the years.

In addition to high exploitation and low investments in the republic, ethnic Kazakhs were not as well integrated in the structure of the Communist Party, displaying noticeably lower membership rates than the USSR average. While the overall proportion of Communist Party membership was close to the USSR average in the republic between 1956 and 1973, membership percentages diverge considerably between ethnic Russians and Kazakhs. Thus, in Kazakhstan, the nomenklatura’s key co-opting agents were generally Russians that would provide the regime with a large buffer of loyalty against internal opposition. Mirroring the low integration rate in the Party, Kazakhstan displayed one of the lowest rates of Komsomol membership; in 1973 Kazakhstan was 11.3 percent below the national average in Komsomol membership. Ethnic Kazakhs were not considered trustworthy party members: their allegiance and reliability were deemed limited. In addition, they were considered only weakly identified with the working class, especially in the 1920s when the size of the proletariat was very small and many Party members were illiterate (Lane 1975).

The low penetration of the regime in the countryside led to what David Lane (1975, p.175) called a ‘super-imposition’ of the Soviets on the traditional local authorities, the auls, dominated by elders and based on ties of kinship. The regime did not readily gain support in the periphery, and was thus forced to use
the existing power relationships to govern and acquire some legitimacy, especially before collectivization was enacted. To Sovietize the Kazakh countryside only using propaganda and education would have undermined Soviet authority in many places (Schatz 2004). Instead, traditional authority structures within the clan system were used in order to bring the Kazakh population under control (Jones Luong 2002; Olcott 1987): a form of indirect rule or ‘politics of collaboration.’ Natives continued to rule locally at least until the start of collectivization, as an alliance was forged with existing tribal leaderships, evoking British indirect rule in its non-white colonies.

However, this network of intermediary native authorities remained concentrated at the local level. Unlike Georgians and Byelorussians, ethnic Kazakhs were granted little power at the republican and national echelons. Even after Korenizatsiia and massive literacy campaigns, in 1939, only 36.3 of the leaders of the organization of the Party, the state and co-operation institutions were ethnic Kazakhs; the lowest rate in the USSR after the Moldovan ASSR. In the same year, only 25.8 percent of the management staff of the Party and of other public institutions was composed of ethnic Kazakhs at the republican level. This proportion increased to 47.7 percent at the city and district level, and increased up to 61 percent at the level of chairmen and vice chairman of rural Soviets. While Korenizatsiia had the effect of making Georgians masters of their own institutions, the results were much more limited in Kazakhstan, at least until the late 1970s brought a reversal of the trend.

Throughout the Soviet Union, Russians were omnipresent in leading positions in non-Russian territories in order to ensure the integrity of the federation as well as the loyalty and acquiescence of populations (Miller 1977, p.9). In this, Kazakhstan was no exception. While the most common pattern in the USSR was a native Party First Secretary with a Russian Party Second Secretary, both top positions were generally filled by Russians in Kazakhstan, a rare scenario reflecting the large influx of Russian immigration in the republic. Supreme Kazakh Party chief Zhumabay Shawakhmetov was the only local who made it to the position in the early years. Shawakhmetov was sacked in 1954 in
favor of Byelorussian Ponomarenko, followed by Brezhnev, neither of whom spoke Kazakh. These new leaders were sent as a result of a challenge to Soviet policy.

Only following the implementation of the Virgin Lands campaign did an ethnic Kazakh regain access to the leading position in the republic. Dinmukhamed Kunayev, a protégé of Brezhnev, acquired the position of Party First Secretary of the Kazakh SSR from 1960 to 1986, with an interruption of two years between 1962 and 1964: dissatisfied with the results of the Virgin Lands campaign, Khrushchev sacked Kunayev in favor of Yusopov, a Uyghur. Kunayev regained his position when Brezhnev took over Khrushchev. Kunayev gained the status of candidate member in the CPSU politburo in 1966, and full membership in 1971. He was the highest ranking party official of Muslim heritage (Crowe 1998). Kunayev’s tenure contributed to a reversal in elite recruiting patterns to favor ethnic Kazakhs. After Kunayev, Moscow appointed a Russian Party First Secretary from 1986 to 1989 to eradicate the corruption networks established by his predecessor.

Kazakhstan and Moldova, often headed by ethnic Russians, also displayed the shortest average Party First Secretary tenures: 1641 days for Kazakhstan between 1936 and 1991, or 1791 if we consider Kunayev’s two terms as a single entity. Kunayev’s cumulative 25 years in his position is much longer than any other Russian holding the position in the Kazakh SSR. Kazakhstan was bound more tightly to Moscow than the other Central Asian republics due to the bigger transformative tasks the authorities had planned for the republic in the 1950s.

In sum, the degree of state engineering in Kazakhstan was massive, much larger than in Belarus and Georgia. All this state intervention aimed at engineering the Kazakh SSR required the formation of a colossal bureaucracy that became self-serving over time. Once the plans were completed, the republic’s native elites were granted increasing distributive authority, although they were generally confined outside the corridors of Soviet power (Laitin 1998, p.66). Central Asians in general exhibited much lower rates of elite incorporation into positions of authority than elsewhere in the Empire. Since Kazakh native
elites were less trusted by Moscow, their chances of promotion outside the republic were severely constrained. As a result, native elites strove to establish strong ties on the regional level, helping patronage networks to flourish (Jones Luong 2002). Republican authorities, however, had little influence over economic policymaking; most decisions were made in Moscow. Even after Khrushchev’s decentralization, close to 90 percent of Kazakh industries were under the direct jurisdiction of federal ministries in Moscow (EIU 1996b). In turn, it is the republics where natives occupied fewer influential positions that were perhaps the least prepared to assume the responsibly of independence.

Independent Kazakhstan as a Weak State

While the Kazakh SSR was at the receiving end of a heavy campaign of state engineering, the republic remained only imperfectly penetrated by Soviet power and was weighed down by a large and corrupt bureaucracy. The important state engineering projects were not conducted to integrate or assimilate Kazakhstan with the Russian core, as was attempted in Belarus, but rather to harness and exploit the republic’s vast resources more effectively from the center. Like Belarus, Kazakhstan had never been a sovereign nation and was ill-prepared for the challenges of independence. It nevertheless inherited far fewer positive attributes on which to build a strong state than Belarus, partly because of the heavy infrastructure of exploitation of resource, limited development and an extremely well-entrenched web of informal networks based on ethnic sub-identities. As a result, an independent Kazakhstan emerged on 16 December 1991 with weaker state infrastructure than most former Soviet republics, although not as enfeebled as Georgia’s. All in all, Kazakhstan has ranked consistently among the bottom six countries between 1991 and 2005 in all measures of state capacity excepting infrastructure reform and contract intensive money, where the scores approach mean values.

Despite the burdensome colonial heritage of economic exploitation and state engineering leading to an ethnically mixed population, the state did not face severe challenges from secessionism on the same scale as Georgia, Moldova and
Russia. Far from facing disintegration, Kazakhstan emerged as a unitary state despite a potentially fragmented consolidation process between differentiated regions. Russians were more concentrated in the north and ethnic Kazakhs in the south. Although authorities came to worry about an unfolding scenario similar to the Transdniestrian secessionist movement in Moldova, that is, fueled by ethnic Russians in the north acquiring de facto separation from the republic, these fears never materialized. The Kazakh SSR did not consist of minorities granted the higher status of autonomous republics or oblast. No pre-organized sub national polity, therefore, emerged with substantial bargaining power to openly challenge or actively resist the center’s sovereignty, let alone threaten the use of force. Of crucial importance, strong from their long experience in power under communist rule, the ‘new’ Kazakh authorities have managed to remain in control of the state’s coercive institutions and the monopoly of violence on the territory.

While Belarus was able to hold on to its former revenue base by eschewing privatization, Kazakhstan’s rapid and drastic privatization scheme made radical fiscal reform immediately necessary. Indeed, the instantaneous effect of market-oriented reforms was a significant and lasting fiscal disequilibrium starting in 1991. The largest sources of tax revenue in the Kazakh SSR, as in most other Soviet republics, were taxes on income, profit, turnover, and sales (Shome 1993). As argued previously, since the state did not collect taxes directly from individuals during Soviet times, but rather from a handful of state-owned businesses, total compliance was much easier to ensure because audits could be performed on all taxpayers (Balcerowicz and Gelb 1995; Kodrzycki and Zolt 1994; Martinez-Vasquez and McNab 2000; Tanzi 1993; 1999). The role of state-owned enterprises was pivotal in centrally planned economies. Their privatization was at the source of the massive reduction in taxes on business profits.

In distorted economies characterized by trade dependence such as Kazakhstan’s, the reduction in output was likely to be more pronounced than elsewhere (Berg et al. 1999). The state has been able to temporarily offset such a large decline in output by using revenues from privatization to alleviate budget
deficits (Alam and Banerji 2000). The proceeds from privatization were the largest among transition countries, because of the nature of the enterprises that were privatized, namely, large oil and mining concessions. Moreover, each Union republic was only implementing fiscal legislation that had been decided in the center. Deficits were covered by the central government in Moscow until 1990, on top of transfers it allocated to the republic. Since estimates of grants and transfers from Moscow accounted for close to 13 percent of the KSSR’s GDP in 1990 according to the Economist Intelligence Unit (EIU 1996b), and up to 20-25 of the GDP according to the World Bank (World Bank 1997), independence was a great financial shock for a new state like Kazakhstan. Clearly, when we consider Kazakhstan, early authoritarian regime consolidation has not been associated with better fiscal discipline, contrary to what Fritz (2007) hypothesized using a sample that did not include this country.

As soon as the Kazakh state undertook market-orientated reforms, the entire previous system of taxation based on price controls became obsolete (Shome 1993). The government introduced its first tax code in 1991, with more or less successful results. Since then, the tax base has remained narrow, while deficient administration coupled with an ambiguous legal environment has made certain businesses more prone to harassment and unfair audits (Alam and Banerji 2000). Adding to these problems is a de facto fiscal decentralization observed by Pauline Jones Luong (2004b). Specifically, Luong observed that regional tax administrators have not been consistently subordinated to the central government. Regional tax authorities have displayed a tendency to issue exemptions at their discretion and have gained access to extra-budgetary funds by fining a select group of individuals for noncompliance with the law. Further, collection efforts vary widely from region to region and according to the type of taxes: the best collection rates are concentrated in the category of taxes that remain at the local level (Jones Luong 2004b, p.192). The failure of regional tax agencies to fully comply with the center paints a bleak picture of the compliance of individual taxpayers.
Consequently, consolidated national tax revenues have shifted from 27.6 percent of GDP in 1987, to only 18.5 in 1991. This proportion in tax collection ratios decreased steadily until 1996, where it stabilized at around 13 percent of GDP. Like the majority of former communist countries, Kazakhstan’s overall revenue base has registered a sharp decline between 1991 and 1995. This downturn is also mirrored in the pattern of tax revenue to GDP as outlined in Table 7.1 presenting the evolution of the five indicators of state capacity between 1991 and 2005. While the loss of output was catastrophic in Georgia during the same period, the decrease recorded in Kazakhstan was less steep, although still considerable. The cumulative loss in GDP between 1991 and 1995 was estimated to be around 50 percent. The revenue base of the state has shrunk from 36.8 percent of GDP to 23.6 percent during the same period (World Bank 1997). Capacity for taxation only began to recover from this long ‘initial shock’ in 2001, but has since remained much lower than the 30 percent collected in most liberal economies, and also inferior than in most CIS countries considering they should collect 20 to 24 percent of their GDP in taxes (Lorie 2003).

<table>
<thead>
<tr>
<th>Year</th>
<th>EBRD Reform</th>
<th>Tax Revenue</th>
<th>Property Rights Enforcement</th>
<th>Corruption</th>
<th>Contract Intensive Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>1</td>
<td>18.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1992</td>
<td>1</td>
<td>16.4</td>
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<tr>
<td>1993</td>
<td>1</td>
<td>15.6</td>
<td>-</td>
<td>-</td>
<td>0.72</td>
</tr>
<tr>
<td>1994</td>
<td>1</td>
<td>13.8</td>
<td>-</td>
<td>-</td>
<td>0.63</td>
</tr>
<tr>
<td>1995</td>
<td>1.67</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>0.58</td>
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<tr>
<td>1996</td>
<td>2</td>
<td>11.3</td>
<td>-</td>
<td>-</td>
<td>0.55</td>
</tr>
<tr>
<td>1997</td>
<td>2</td>
<td>12.8</td>
<td>-</td>
<td>-</td>
<td>0.46</td>
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<tr>
<td>1998</td>
<td>2</td>
<td>12.2</td>
<td>30</td>
<td>10</td>
<td>0.54</td>
</tr>
<tr>
<td>1999</td>
<td>2</td>
<td>12.5</td>
<td>30</td>
<td>10</td>
<td>0.62</td>
</tr>
<tr>
<td>2000</td>
<td>2</td>
<td>16.2</td>
<td>30</td>
<td>10</td>
<td>0.73</td>
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<tr>
<td>2001</td>
<td>2.33</td>
<td>18.5</td>
<td>30</td>
<td>10</td>
<td>0.76</td>
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<tr>
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<tr>
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<td>2.33</td>
<td>16</td>
<td>30</td>
<td>24</td>
<td>0.80</td>
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</table>
This loss in taxation revenue severely undercut the state’s ability to spend for the provision of public goods such as a regulatory framework and a competent bureaucracy to support the emerging market, forcing existing businesses to remain in the informal sector, and new ones to opt-out of the formal economy. The government experienced difficulties financing the massive and unsustainable civil service containing more than one million employees it inherited from the Soviet Era (World Bank 1997). The World Bank (1997) has estimated that spending in household transfers, namely pensions, public investment and operations and maintenance of public service were the hardest hit by the drop in state revenues. But it is also worth noting that, considerable payment arrears to state employees valued at about 5 percent of the GDP were registered until at least 1999, although some sources estimate the payment arrears to have been much larger (Alam and Banerji 2000; Olcott 2005).

Whereas Belarus offset its loss of output by retaining control of much of its economy, quick voucher based privatization took place in Kazakhstan despite the absence of market-supporting institutions. The republic’s privatization program was even considered the most ambitious of the FSU (Blackmon 2005). For this reason, much like in Russia, privatization involved the transfer of lucrative resources from the state into the hands of a small group of private insiders. Early on, privatization created a new class of extremely wealthy individuals while poverty spread among the remainder of the citizenry. In the case of voucher privatization, steps were taken to reduce the likelihood citizens would sell their vouchers for cash by making them personalized and non-transferable, but the weak control and verification by the state authorities compromised the fairness and transparency of the enterprise (Duberman 1997). In the case of large and profitable enterprises, case-by-case privatization processes have been the most corrupt (Olcott 2002). In some instances, privatization served mainly as a transfer of state assets to the new president Nursultan Nazarbayev’s family who created a media empire in addition to receiving lavish signing bonuses from foreign oil companies.
If the pattern of kin-based informal networks were important during Soviet rule, independent Kazakhstan emerged with these large and powerful informal networks mostly intact, headed by the same ruling clique in power. The main difference was that without communism, sizeable valuable assets would finally be up for grabs as Kazakhstan possesses vast arrays of extractable metals in addition to the richest oil fields in the region. During the period 1990-1993, Schneider and Enste (2002) estimated that shadow economic activities amounted to a proportion close 32 percent of measured GDP. As output continued to decline, this proportion climbed 34 percent in 1995. In spite of the recovery, shadow economic activities rose to 42 percent of measured GDP in 2000-2001. For the same year, Schneider (2002) evaluated that 33 percent of the population in working age was involved in shadow economic activities. It goes without saying that this large informal economy remains outside the taxable base and contributes to perpetuate substandard tax collection by the state.

As shown in Table 7.1, CIM ratios are only calculated as of 1993 when Kazakhstan was expelled from the ruble zone and introduced its own currency, the tenge. Since CIM is designed to capture the quality of the institutions of contract enforcement as well as serve as a proxy for measuring the well being of governance and institutions in general (Clague et al. 1996; 1999), we can conclude without difficulty that such institutions have performed particularly poorly in Kazakhstan during the 1990s, although there was a noteworthy recovery after 2000. The fluctuation in the amount of contract intensive money mirrors the lack of confidence in monetary institutions and in the local currency, coupled with hyperinflation. CIM ratios have declined continuously from 1993 to 1998, reaching the abysmal score of 0.54 in 1998, an indication of a massive amount of shadow capital held in cash. President Nazarbayev reportedly claimed in 2000 that there was nearly $2 billion in hidden money in the country that would need to somehow be legalized (Olcott 2002).

In addition to extensive shadow economic activities, widespread administrative corruption has remained problematic in Kazakhstan throughout the period of the study, which is demonstrated by the limited ability of the state to
regulate transactions in the country. As in Belarus and Georgia, no measure of the extent of corruption exists for the early years of independence; the first reported measurements from the Heritage Foundation appeared in 1998. Nevertheless, as in the previous cases, we can safely assume that levels of corruption have not changed substantially between 1991 and 1998, while we know from anecdotal evidence that they were already considerable during Soviet times (Rumer 1989). In 1998, the Heritage Foundation marked Kazakhstan with 10 points out of 100, indicating extensive abuses of power within state agencies. This score has improved minimally over time, reaching 24 out of 100 in 2005. In 2002, 52 percent of enterprises included in a World Bank survey admitted having needed to bribe public officials in the current year (World Bank 2002). The same survey revealed that law enforcement agencies such as the traffic police and regular police force, tax officials and custom authorities, various bureaus of inspection, institutions of education at all levels, bureaus of licenses and permits as well as courts are generally considered the most corrupt agencies by businesses and households alike.

Binding property and enforcement of contractual rights appeared after the start of privatization, making the business environment insecure for investors. Indeed, the score calculated by the Heritage Foundation has remained only 30 points out of 100 for quality of property rights enforcement. Most legal disputes involve breaches of contract or nonpayment by the government, although the government reportedly tries to uphold an “investor friendly” image to keep the flow of investment coming (Holmes, Feulner, and O'Grady 2008; Olcott 2002). For instance a bankruptcy law appeared only in 1996, time until which it was possible for enterprises to accumulate huge arrears before being able to exit the market. Enforcing a contract took, on average 120 days, necessitating 41 procedures and costing 8 percent of income per capita in 2004 (World Bank 2004). Complicated market entry and exit procedures also encourage economic actors to opt out of the formal economy and or try to capture institutions to protect their interests. Dealing with building licenses is still the weakest sector in Kazakhstan: the country ranked 173rd on 177 in 2008 due to the high costs and
delays of obtaining permits without resorting to bribery (World Bank 2008d). In addition to perceptions of widespread corruption in the judiciary (World Bank 2002), the courts that enforce contracts have remained highly politicized and partial to the executive, causing enforcement of property rights to be at times unfairly balanced against foreign businesses and other ‘outsiders.’ Unfair and non-transparent judicial procedures tend to make the costs of informal practices more acceptable to market players.

In the realm of infrastructure, Kazakhstan inherited a severely distorted transportation system favoring inter-republican trade rather than national trade. Some reforms in the sector of infrastructure have taken place since 1995, when Nazarbayev introduced a series of privatization measures through decree. Nevertheless, the large collapse in output of the 1990s has negatively impacted infrastructure investments from the state. Under-financing led to a deep crisis in the energy consumption sector: gas, either for heating or cooking was seldom available. In the winter 1996-1997, Almaty residents were forced to cook on open fires and camp stoves outside their homes because of a shortage of gas in the city (Crowe 1998). Moreover, the moving of the capital from Almaty to Astana in 1997 created a shift in infrastructural investment priorities, with billions of dollars being channeled to the capital rather than for planned improvements in infrastructure. President Nursultan Nazarbayev has largely used this opportunity to further his network of patronage relationships. Under such conditions, administrative corruption has been and remains a huge impediment to the maintenance and renovation of infrastructure in the country.

Resurgence of Pre-Soviet Identities or Standard Post-Soviet Networking?

The factors outlined in the previous section are indicative of weak state administrative capacity. In concert with the poor performance of its state institutions, a democratic transition has yet to manifest. As presented in Table 7.2 exposing combined state capacity scores with yearly corresponding Freedom House scores, the situation in Kazakhstan is one of stable authoritarianism. Both political rights and civil liberties have remained severely constrained by the
government, albeit not as tightly as neighboring Uzbekistan and Turkmenistan. Civil liberties have remained coded at 5 out of 7 points, which indicates a controlled but vital amount of freedom within civil society, which is absent in Uzbekistan and Turkmenistan.

TABLE 7.2
AGGREGATE STATE CAPACITY AND DEMOCRACY SCORES IN KAZAKHSTAN, 1991-2005

<table>
<thead>
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*contains values estimated with five randomly imputed data sets where data was missing

The case of Kazakhstan represents a typical instance of a weak post-colonial state converted into a predatory presidential regime feeding off the natural resources of the country. The economic reforms undertaken in a weak-state environment actually promoted oligarchization (Fritz 2007). In such an environment, in addition to the absence of effective opposition and popular mobilization, there was thus little to hinder a smooth transition between communism and independence at the hands of the same ruling elite. Nazarbayev, as an ethnic Kazakh and member of the nomenklatura, appealed to both Kazakhs and Russians. With Nazarbayev at the head of the new independent republic, the former nomenklatura remained in a position of power with few changes in elite recruitment patterns and modest opposition.
The collapse of the USSR brought little immediate change in the composition of Kazakh leadership, or in the structure of political institutions. Nursultan Nazarbayev, the Party First Secretary in 1989 and elected president of the republic by the Supreme Soviet in 1990, simply assumed power upon independence as there was no opposition candidate in the 1991 elections. Nazarbayev had made his career in the nomenklatura, assuming the role of Chairman of the Kazakh SSR Council of Ministers from 1984 to 1989, a time during which he built an extensive patronage network. The Communist Party won 95 percent of all seats to the Supreme Soviet in the March 1990 election and this body would stay together until it was dissolved in 1993. When the Communist Party was banned after the 1991 coup, the president sought to create a new party to replace it. After a few failed attempts, the Union of People’s Unity for Kazakhstan (SNEK) was formed in 1992.

Much like Lukashenka and Shevardnadze, Nazarbayev built an entourage to surround himself based on loyalty to his person. Whereas Lukashenka and Shevardnadze would choose individuals from their oblasts of origin to occupy those pivotal positions, Nazarbayev seemed to have privileged elements from his clan, whom in term helped him consolidate his power. And like Shevardnadze in Georgia, Nazarbayev has relied on patronage and co-optation to gain allies and buy off political opponents in order to rule (Jones Luong 2004c). Despite the well documented resurgence of clan-based identities after independence, there exist too many similarities between these patronage networks and the ones built by Lukashenka and Shevardnadze for clan-based identities to simply be a resurgence of pre-Soviet identities.

Patterns of elite circulation after 1991 demonstrate that former communist elites have continued to hold important positions in the new government, hence demonstrating an important continuity with the Soviet past. For instance Jonathan Murphy (2006) traced the career of former Communist Party employees and senior officials after the collapse of the USSR. Between 1991 and 2002, most of them retained employment in the government or in the business sectors and enjoyed considerable success. Far from being discredited for their former
affiliation, ex-CP staffers have remained plentiful inside Nazarbayev’s presidential administration and have enjoyed overall advantageous situations (Murphy 2006). This low elite turnover reinforces the picture of continuity in power that was visible at the top echelon with Nazarbayev’s career path, but also as suggested by Murphy (2006) that nomenklatura ties might be more important factors of promotion than clan-affiliation.

*The Centralization of Power in a Weak State*

Before independence, in contrast with Ukraine and Georgia, Kazakhstan and Belarus did not experience a significant growth of counter-elites. No division of republican communist parties took place, for that matter, into national and centrally loyal factions during the Gorbachev era (Eke and Kuzio 2000). Far from rejecting their Soviet past, Kazakh authorities sensing the disintegration of the Soviet Union actively supported propositions that would perpetuate the old Union (Olcott 1997). Moreover, Nazarbayev was one of the driving forces behind the formation of the CIS. Like in Belarus, the Kazakh political scene is marked by the weakness of nationalism as a credible source of opposition, although it is not completely absent from the political landscape. The most noticeable expression of modern Kazakh nationalism can be traced to 1986, when a demonstration against the installation of a Russian Party First Secretary was repressed by force. However such opposition has remained quasi-absent from parliament for much of Kazakhstan’s independence as the increasingly stringent rules for party registration and encroachments on legislative power have made it almost impossible for groups who do not support the president to have an impact on policy decisions.

While authority has become extremely concentrated on the formal institutional level, the president does not have complete control over the informal level of politics. As in Georgia, informal power holders remain key players, hence Nazarbayev must navigate these (clan) networks to govern. The centralizing image is further questioned by Jones Luong (2004b) when examining the process of bargaining between central and regional players: she contends that
regional leaders have gained much de facto control over economic matters from the center throughout independence. For instance, regional leaders have a mitigated record of implementing economic policies from the center. Jones Luong (2004b) has noted this propensity, especially in the realm of privatization, where certain regional leaders have opposed resistance to transferring property into private hands by either refusing or creating bureaucratic hurdles.

The main opposition to Nazarbayev’s regime would therefore not originate from civil society, but from within the state—from potential regional power holders and the new capitalist class. Fearing a disintegration of national power, but also wanting to control the flow of foreign investment, Nazarbayev embarked almost immediately on a campaign to bolster the authority of both the executive branch and the central government after gaining office (Jones Luong 2002). Nazarbayev has spent most of the 1990s entrenching his power in the presidential office creating what Edward Schatz (2004, p.88) has termed a prezidentskaia vertical, much like his Byelorussian counterpart Lukashenka crafted in the late 1990s. By the same token, the president crippled the arms of the state that could possibly mobilize people, such as the parliament and local governments.

The first post-Soviet constitution was adopted on 28 January 1993 by the Supreme Soviet, which was to announce its own dissolution in December of the same year. From this moment, all legislative powers were temporarily transferred to the president of the republic until the next legislative elections in March 1994. During this interlude of legislative power, the president boasted having issued over 200 decrees (EIU 1996b). This first constitution already established the basis for a superpresidential regime covered with a thin democratic veneer. The important positions of prime minister, vice-prime minister, the ministers of foreign affairs, defense, finances and the president of the National Security Council would be subject to direct nomination by the president. The new legislative body, containing 177 seats, would have only restricted powers. Regions were also put under direct presidential control. Furthermore, in the first post-independence legislative elections held in 1994, 42 seats from this assembly
were reserved for candidates chosen by the president (Bremmer and Welt 1995; Buyukakinci 1999).

Although the Constitutional Court would later declare the 1994 legislative elections invalid and unconstitutional, Nazarbayev would use the opportunity to further bolster his powers, again through decree rule. With the help of a new legislative assembly packed with his supporters, he instigated popular referendums for the adoption of a new constitution and for the prolongation of his presidential term until 2001. Also during this decree-rule period, the most important legislations in favor of privatization were introduced, among which the new tax code in July 1995, and the new banking legislation in August. The adoption of a new constitution in 1995 most likely dealt the fatal blow to any hopes of democratic development in the republic. Coined the “Nazarbayev Constitution” this new power arrangement granted the office of the president almost absolute power; the position of vice-president was abolished. A subsequent decree issued in December 1995 granted the president powers of appointment and dismissal over the entire cabinet.

The virtual removal of term limits for Nazarbayev and the extension of his term from 5 to 7 years makes him practically irremovable, even if the practice of manipulating elections were ever abolished. As observed by Cheibub (2002), in presidential regimes incumbency grants an incredible advantage to presidents who run for successive terms. Term limits serve to impede presidents from exploiting this advantage to stay in office despite dissatisfaction with their performance. Cheibub (2002) further acknowledges that such scenarios encourage presidents to have recourse to extra-constitutional solutions to retain office if they enjoy popular support; this is exactly what Nazarbayev did while he was enjoying a high level of support.

In addition to concentrating power in the executive branch, Nazarbayev also recentralized power in the hands of the central government, rather than regions, by severely undercutting autonomous decision making and local democracy. The president feared that strong groups could exert too much power in the regions, challenging his authority. To that effect, the constitution
introduced in 1993 stipulates that Kazakhstan is a unitary state, a statement that was later reaffirmed in the constitution adopted in 1995. Despite the unitary constitutional arrangement, the central government had to contend with relatively strong regional leaders. These leaders were fortified by the large informal networks they had built to surround them under Soviet rule over their constituencies, but also by their discretionary powers over resource distribution.

While Kazakhstan’s 19 oblasts had their own elected representative bodies, in line with the former Soviet practice, the president has retained the power to appoint *akims* or governors to exercise executive power over each assembly (Jones Luong 2002; Olcott 1997). In turn these governors, reporting directly to the president, are responsible for a myriad of regional appointments. Nazarbayev, fearing governors would become too independent and forge their own power bases, rotated individuals through the positions frequently. Between 1991 and 2000, Schatz reported that the average tenure at the position of *akim* was only 23.5 months (Schatz 2004). Along this vertical line of power, *akims* gained discretionary powers of appointment in exchange of their loyalty to the president. Uzbekistan’s president Islam Karimov has also employed a similarly unstable cadre policy in dealing with regional governors. However, he has granted them less authority (Ilkhamov 2004). But since Kazakhstan has more valuable assets, in the most resource rich regions, local *akims* have gained formidable economic power of patronage from their dealings with foreign companies, pocketing advances, contracts and bribes.

In 1997 Nazarbayev sought once more to undercut the power of regional elites, through a reduction in the size of the administration. From the 19 original oblasts, only 14 remained after revision. Area specialist Martha Brill Olcott hypothesized that this process combined an occasion to create new patronage opportunities, with one to remove some other situations where the president’s grasp had been less absolute (Olcott 2002, p.194). This campaign for administrative and government streamlining was also a cover up for further concentration of authority in the hands of the president. Examples include curtailing the number of ministers from 21 to 14, and the number of sub cabinet
positions. The uniform budgeting system adopted in 1996 also served to bolster central power; both expenditures and incomes of oblasts became the responsibility of the central government, at least in theory (Cummings 2000; Olcott 2002).

With these centralizing measures, little space remains for formal public appeal, as all the potential outlets are now closely monitored. Nazarbayev has therefore succeeded in insulating himself from the rest of the population, although not in strengthening state institutions. The president is shielded through the network of positions he has granted to a loyal entourage by virtue of his personal authority. Formally, the president personally appoints most of the people in important positions, has completely curtailed regional autonomy, and controls the security sector and the press. Authority is also wielded through the regular and copious use of coercion to punish detractors, which has led numerous observers to conclude Nazarbayev’s rule was highly dictatorial and centralized (Cummings 2000; George 2001; Hyman 1997; Kubicek 1998).

**Conclusion**

Upon reaching independence, Kazakhstan was already burdened by the existing proto-state institutions left behind by the Soviet regime and the built-in incentives they created. The imposition of artificial borders, collectivization, economic exploitation and a form of indirect rule that served to marginalize the titular nationality most likely helped create and strengthen clientelistic ties that ultimately constrained the capacity of the post-colonial state to function effectively. In turn, in this environment of an ineffective state with a large, inefficient and corrupt bureaucracy, falling revenues and facing challenges from regional actors and clans, attempts by leaders to concentrate power vertically was to be expected.

While abundant literature stresses the importance of clan-based identities as a key to understanding post-Soviet Central Asia (Collins 2004a; 2004b, p.194; Schatz 2004), the many parallels between Kazakhstan, Belarus and Georgia’s post-communist political development cast doubt on the central importance of
clans in explaining both the absence of democracy and the rise of extremely strong and authoritarian-leaning presidencies. In Kazakhstan post-independence power was quickly concentrated along two axes: in the hands of the executive branch, and in the center, also paving the way for presidential tenure to be both permanent and personal. The reliance on state resources for patronage and co-optation to gain allies and buy off political opponents, coupled with formally strong executives seems to a defining feature of weak state governance. Case in point, neither the level of democracy nor the capacity of the state have become augmented since it reached independence in 1991.

Like Shevardnadze in Georgia, Nazarbayev ruled through existing networks rather than trying to undercut them: the difference in Kazakhstan was that these networks were in the form of clans with stronger ties of loyalty. In contrast with Georgia, elites were able to concentrate the authority of the state into a small set of hands by remaining continuously in power, making effective use of their coercive powers. In the opinion of Pauline Jones Luong (2004a), Kazakhstan’s leaders have eroded state capacity in order to implement policies and wield coercion: while the formal powers of the president are technically formidable, the state has not seen its capacity increase since independence. To enhance coercive capabilities, leaders have sought to maintain control over networks of resource distribution and to limit democratization. The concentration of power has gone hand in hand with the direct limitation of other state institutions such as the legislatures, the courts, but also the regional administrations and personal freedom in general. Since reaching independence, the government has become less and less accountable—Nazarbayev’s survival in office is hardly linked to government performance. Indeed, Nazarbayev is insulated from society and is managing to stay in power largely by avoiding the challenges of state building.
8. Successful Decolonization in Hungary

Hungary having retained its sovereign state status gives its colonial experience a different character than that of internal colonies. Instead, the colonial relationship between Moscow and Hungary was based on the ceding of foreign and military affairs over the dependent territory, as well as Soviet interference in the domestic affairs of the country (Kulski 1959). The Soviet domination over Hungary was therefore mainly military and strategic, and less ideological or transformative than in the Soviet Union, despite the harsh repression under Stalin, which culminated in a full-scale revolution in 1956 after Stalin’s death. Hungary was less economically exploited by the USSR than most colonies, profited from access to its cheap resources, while authorities in Moscow tolerated Hungarian leaders raising living standards through non-Marxist methods.

Therefore, when Eastern Central European satellites recovered their autonomy from Moscow, they faced less acute challenges than their Soviet counterparts, partly because their legal sovereignty had been accepted all along. This represented an incredible advantage. Upon reaching independence, leaders had access to a broader range of options than their Soviet counterparts, who faced the additional burden of having to affirm and enforce the newfound authority of the state on their territory. Moreover, the relative capacity to enforce the rule of law, established under Janos Kádár’s long paternalistic rule, had placed Hungary in an advantageous situation compared with other satellites. The state increased its institutional capacity by giving up some control over economic activity. Authorities undercut the strength of informal networks in the second economy by providing a legal framework that protected property rights and seeing to the enforcement of contracts.

The central argument of this chapter is twofold. On the one hand, I maintain that Hungary’s position within the Soviet Union’s informal empire and its strategic importance translated into advantageous circumstances for state capacity compared with colonies of the formal empire. On the other hand, the
strong infrastructural capacity of the Hungarian state facilitated its transition to
democracy. In the following section I will elaborate on the relationship between
Hungary and Soviet Moscow and describe the conditions that made Hungary’s state more capacious than any other former communist country after gaining independence from Moscow. I will then demonstrate how these initial conditions made a transition to democracy and subsequent democratic consolidation more likely.

Hungary’s strong state made the processes of building democracy, engaging in dialogue, and agreeing to a constitution that did not concentrate power in the executive branch of government much easier for post-communist elites. The presence of oversight institutions coupled with the rise of political parties capable of providing a credible opposition also confirm the reciprocal relationship between democracy and state capacity outlined in Chapter 3. Hungary developed a strong system of checks and balances that contributed to the transparency of the political process and the strengthening of the rule of law over time, a conspicuously deficient process in Belarus, Kazakhstan and Georgia.

Military Occupation and Informal Empire in Eastern Europe

Socialist Hungary represented a coupling of indirect rule with comparatively little state engineering, resulting in a strong post-independence state. Soviet control over the East European satellites was different than in the internal colonies in both shape and intensity for two reasons. The first is that the republics retained de jure sovereignty over their territories. Consequently, control from Moscow was established much more indirectly, entirely through cooptation of domestic elites coupled with an array of international and bilateral agreements. The second reason, stemming from the first, concerns the strategic significance of the ECE satellites as physical safeguards of the Soviet Union which made their acquiescence crucial to the survival of the Soviet bloc. The fact that Hungary was less vital strategically than Poland or Czechoslovakia, may help to explain why it was granted even more autonomy to experiment with economic policies
that diverged from the orthodoxy imposed elsewhere (Barany 1999b; Valenta 1984).

In ECE satellites, Stalin established “people’s democracies” as a middle ground between Western type democracy and mature Socialism, rather than simply ‘proletarian dictatorships’ such as in the Soviet Union (Rothschild and Wingfield 2000, pp.76-77). Despite the formal sovereign status of the countries, at the height of Stalin’s rule the communist bloc’s sovereignty was fictional (Zimmerman 1978). The political systems of Eastern European satellites were penetrated by the Soviet Union mainly through the mechanisms of the CPSU, the secret police and Stalin until 1953. Each countries’ national Communist Party was integrated into the structure of the CPSU (Jowitt 1978), while every major decision, from policy to the appointment of high-ranking Party personnel would be made with the knowledge and the approval of Soviet authorities (Clark and Bahry 1983).

This tight structure took a different shape after the death of Stalin, when the Soviet relationship with its ECE satellites assumed a form that was both more institutional and more dynamic. First, control and uniformity were enforced through two institutions, the Warsaw Pact, set up in 1955, and the CMEA, which became active in 1956 despite its official origin in 1949. These two institutions provided a formal framework that bound various states together, supplying the juridical basis to limit the exercise of their sovereignty as well as a forum for integration and expressing a unanimous front (Brzezinski 1961). In short, the two institutions manufactured a form of consent to the exercise of Soviet external control on these sovereign states. For example, the Warsaw Pact facilitated Soviet intervention on Eastern Central European soil while denying members independent national defense capabilities (Jones 1981).

To support the Warsaw Treaty and CMEA, the Soviet Union also put down an intricate system of bilateral friendship and mutual assistance pacts between itself and its satellites, qualified by Brzezinski more like a “…a cloak for a relationship of political subservience with the juridical fiction of equality serving both to mask the relationship and to perpetuate it,” than truly equal
partnerships (Brzezinski 1961). These treaties, such as trade agreements formalized the recommendations from CMEA, were of importance in that they made the norms for the occupation of territory by Soviet military forces more explicit. On top of these formal institutions, many dynamic aspects reinforced the hierarchical aspect of the relationship between the USSR and its satellites such as frequent visits and consultations between state leaders or the publication of inter-party political and ideological magazines in which the CPSU assumes a central role: in short, the ECE countries were made dependent upon Moscow’s decisions in most aspects of their political realms, not simply in the area of security.

The importance of Eastern Central Europe for the USSR stemmed mainly from security and strategic concerns, since the region provided a physical *cordon sanitaire* against entry into Soviet territory. The real buffer between the USSR and NATO was Czechoslovakia; Hungary bordered only Austria and Yugoslavia (Valenta 1984). Soviet foreign policy imperatives were therefore paramount in the exercise of authority over the satellites. For these reasons, controlling the levels of dissatisfaction and insurgence in the ECE satellites was considered vital to the stability of Communist rule not only locally, but within the Soviet Union as well, since authorities were concerned about the potential spillover effects of any swelling of discontent (Dibb 1988; Valenta 1984). The Soviet interventions in Hungary in 1956, Czechoslovakia in 1968 and Poland in 1981 were unambiguous demonstrations that Soviet leaders would not tolerate mass open dissent.

By the same token, these military interventions confirmed that maintaining control over the satellites would prove much more costly than in the formal empire over which Moscow had sovereign control (Bunce 1985). In particular, the defense expenditures, necessary to sustain a military presence in strategically forward positions of Eastern Central Europe were prohibitive. A massive contingent of Soviet forces was deployed in the satellites. Between 1983-1984 the satellites hosted 31 soviet and 54 non soviet divisions, a total of 565,000 troops, 65,000 of which were stationed in Hungary (Dibb 1988). Since these forces would be the ones confronting NATO troops in the event of a conflict, they also received first priority in high quality equipment and armament.
Communism 'Lite' I: the Party

Soviet efforts to establish control over Hungary were not as transformative as in the internal colonies. Soviet-induced state engineering was less important in Eastern and Central Europe: boundaries were certainly shifted as a result of the conclusion of WWII, but Moscow did not impose any additional changes in order to facilitate the establishment of its authority like in Central Asia and the Caucasus. In contrast with its internal colonies, the Soviet Union did not attempt to bring a supplementary Russian workforce to Hungary or the other satellites, although they hosted Red Army contingents and some advisers. No noteworthy Russian immigration was directed towards Hungary: the only “Muscovites” in the political landscape were Hungarian communists who had been exiled and returned to their homeland after the war, henceforth showing loyalty to Moscow. In contrast with Soviet republics, the indirect rule over the East Central European satellites was visible in all the components of government. Administration, treasury and courts, despite the application of socialist law everywhere, remained in the hands of national elites: Soviet rule was at its most indirect in the satellites.

Because of these strategic conditions, the integration of Hungary in the Soviet empire followed a different pattern than internal colonies such as Belarus, Georgia and Kazakhstan. Soviet rule unofficially began with the victory of Red Army troops over the Wehrmacht in Budapest on April 4, 1945, albeit with a short democratic interlude. This military occupation was later formalized during the Yalta agreements with the other victorious powers of WWII. The Red Army quickly set up a provisional government containing many Hungarian anti-fascist factions that included the Hungarian Communist Party. Because of the lack of domestic support (the Party had less than 2 500 members in 1944), concerns about the reaction of the West and the past 1919 failure of Communists to establish a dictatorship of the proletariat in Hungary, Moscow proceeded slowly

89 With the Treaty of Paris of 1947, changes were enacted between the Hungarian-Slovak borders, Romanian-Hungarian (Transylvania given back to Romania from Hungary where it only remained a few years after the Ribbentrop-Molotov Pact), but these were not Soviet impositions per se.
and cautiously towards the subjugation of Hungary as a satellite (Gati 1986). The takeovers of Bulgaria, Romania, and Poland were conducted at a much quicker pace than in Hungary. Stalin went as far as allowing cooperation between different political factions in the provisional assembly of early 1945, where Communists did not have an absolute majority with only 71 out of 230 representatives (Felkay 1989).

Despite Soviet military occupation, the Allies demanded that free elections be held in Hungary in the fall of 1945, in which the Communist Party only obtained 17 percent of the vote. The Smallholder’s Party won 245 out of the 409 seats in the legislative assembly, but the head of the Allied Control Commission, Red Army Marshal Voroshilov insisted on a distribution of portfolio that would favor Communists. Full Communist control would only come in early 1948, when the Hungarian Workers Party (HWP) was born out of the merger of the Hungarian Communist Party and the Social Democrats (Vali 1961).\(^\text{90}\) The short democratic episode of coalition government lasted three years between 1944 and late 1947. It was only after Communists succeeded in consolidating power that a period of intensive Sovietization, complete with a cult of Stalin to make up for the loss of time, was imposed on Hungary (Rothschild and Wingfield 2000).

In addition to occupation by the Red Army, Moscow wielded its power in the satellites through local Communist Parties. As elsewhere in the Soviet bloc, Party members were the regime’s key co-opting agents (Gershenson and Grossman 2001). Moscow insured the loyalty of talented and ambitious individuals by attracting them with better living standards, privileges and possibilities of upward mobility that depended on the survival of the communist regime, and Hungary was no exception. In effect, Party recruitment has been based more on meritocratic criteria in Hungary than in other colonies. Many studies have demonstrated that higher educational attainment was associated with

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\(^{90}\) The Hungarian Worker’s Party (MDP) was dissolved after the uprising in 1956 and a new party, the Hungarian Socialist Worker’s Party (HSWP) was created to replace the old one. This new party would be the one which lasted until 1989, when again its name was changed into the Hungarian Socialist Party.
a higher likelihood of joining the ranks of the Party (Sin-Kwok Wong 1996; Szelényi 1989). When all nationalities are considered, the Communist Party appears to have grown deeper roots in Eastern Central Europe than in the Soviet Union, resulting in high membership rates in the satellites. However, direct comparisons should be made with caution given different recruitment practices in the USSR. Additionally, the discordant history of the Hungarian Communist Party mirrors its difficulties in achieving and retaining a genuine and widespread popular appeal.

The Party made its debut with a limited base of support, coming mainly from urban areas and certain poor peasant groups in 1945 Hungary (Molnar 1978). Such trivial appeal prompted some observers to point that the real support of the Party in the early years laid in the Red Army’s occupation (Sokolovsky 1990). The Party quickly gained mass membership, reaching close to 1.5 million members by 1948; these numbers dropped to about 100 000 members in 1957 after the 1956 uprisings that had brought about the dissolution of the original Hungarian Workers Party. The brittle grasp on power by the Communists was made most evident in 1956 when then Prime Minister Imre Nagy attempted to withdraw Hungary from the Warsaw Pact and restore the multiparty system in the face of mass anti-Soviet popular demonstrations. Only after violent repression by the Red Army did Hungarians come to terms with the rigidity of Moscow’s imposed political order. By then, the old Hungarian Workers Party was discredited and replaced by a new, less tainted, entity.

After this very low point in popularity that made the creation of a new Hungarian Socialist Worker’s Party (HSWP) necessary, Party membership rose slowly and consistently until 1985, with membership figures approaching one million, representing about 8 percent of the population (Molnar 1978). While 8 percent membership is a relatively small figure compared to other ECE satellites, it is a larger proportion than that found in Soviet republics, especially on the periphery. Therefore, the Communist Party, through its local branches, had grown a far-reaching set of connections in the ECE satellites over time, though less in Hungary than elsewhere in Eastern Central Europe. Overall the
Communists’ grasp on authority had grown strong, especially after the heavy repression that followed the 1956 revolution. Janos Kádár’s tenure and nationalization of communism to fit Hungary lent a higher level of legitimacy to the regime than found elsewhere in Eastern Europe. That legitimacy, however, began to show serious signs of strain in the late 1980s in the wake of economic hardships. Under these conditions, 73,000 (8.3 percent) people left the ranks of the Party in 1988, while the Communist Youth League lost close to 20 percent of its effective membership (Barany 1999a).

Communism ‘Lite’ II: the Economy

Shortly after the end of the Second World War, the Soviet Union demanded war reparations payments from the German Democratic Republic, Poland, Hungary, Romania and Bulgaria (Marer 1974). Since Germany had invested in Hungary before and during the war, Moscow was eager to extract reparations in the form of assets that were formally German-owned. Given that the economies of ECE countries were comparatively more advanced, they would serve as sources of capital to help the recovery of the ruined Soviet economy (Rothschild and Wingfield 2000). Although its economy was also devastated after the war, Hungary accepted an unequal economic cooperation agreement worth 300 million dollars that would heavily favor the Soviet Union (Felkay 1989). Before Stalin’s death, the economic relationship between the USSR and Eastern and Central Europe was mainly extractive, with emphasis on heavy industrialization (Marer 1974).

Yet, there exists no compelling evidence that the Soviet Union unilaterally extracted resources from Eastern Central Europe after the mid 1950s. To the contrary, the Soviet Union started paying an increasingly high price for the political benefit of maintaining the satellites both pliant and dependent on its resources (Marer 1974). After 1956, Hungary received large Soviet investments in return for the submission of the population to the regime (Rothschild and Wingfield 2000). These costs are visible in the trade patterns between Eastern Central Europe and the Soviet Union. Even if the trade balance between the
Soviet Union and Eastern Central Europe came to favor the latter in the 1970s (Zimmerman 1978), resource dependency on the Soviet Union continued to grow, thus shifting the type of control it wielded over its satellites from predominantly politico-military to economic.

The export concentration patterns of Eastern European satellites stand in sharp contrast with internal colonies, whose trade dependency continued to remain very high during the entire period of Soviet rule. Augmentations in Eastern Central European exports to the USSR between 1950 and 1960 indicated an increasing export dependency to the Soviet Union, a trend that was reversed after 1960, where export partner concentration steadily decreased until 1990. From this indicator, we know that ECE satellites were much less dependent on exports to the USSR than the component republics, and that Bulgaria, Czechoslovakia and Romania had the most concentrated export patterns to the USSR. From 1950 to 1990, Hungary and Poland have remained the least trade-dependent on the USSR. In 1950, 26 percent of its exports went to the USSR, a proportion that increased to about only 43 percent in 1959, but declined steadily until 1990 where it made up about 21 percent of total exports (data from Gleditsch 2002). Considering that the countries with the highest trade concentration patterns emerged with the weakest states, the case of Hungary fits very well within the pattern.

In addition to a low concentration of trading partners, Hungary’s export commodities were also more diversified than in most cases. Only 30 percent of its exports were centered on machinery and mechanical goods while 17 percent was concentrated around manufactured goods. In 1989, Czechoslovakia, Hungary, Poland and Romania were the only countries whose exports contained a high proportion of manufactured goods, which usually are not associated with exploitative core/periphery relationships. Dependency was more discernible in Soviet republics’ exports, mostly clustered around ferrous and non-ferrous metals, food, machinery, or oil and gas. Therefore Hungary, more than many other cases, came to assume the traditional role reserved for the core in an empire.
Favorable Conditions for Economic Reforms

The long duration of the tenure of First Party Secretaries also signals a high level of independence from Moscow. The average tenure of a Party First Secretary in Hungary is much longer than for most cases; about 11 years compared with an average of 7.4. In this case, one Party First Secretary accounts for much of the overall variance in Hungary: Janos Kádár’s term in office lasted more than 31 years, between 1956 and 1988. Kádár’s predecessor, and communist Hungary’s first Communist Party First Secretary, Matyas Rakosi, had been coaxed into resigning in the summer of 1956, as Moscow feared the mounting anti-communist and anti-Soviet feelings in the country. Shortly before the Red Army marched on Budapest (4 November 1956), the Kremlin appointed Janos Kádár (on the 25 October) as a trustworthy individual who could handle the crisis and lend some legitimacy to Soviet rule. Kádár’s tenure is the third-longest of any Party First Secretary after Todor Zhivkov in Bulgaria (35 years) and Antanas Snieckus in Lithuania (33 years). In fact most of Hungary’s communist experience came under Kádár’s leadership. Such a long reign by a single individual suggests an extraordinary amount of trust form Moscow, but also the utter entrenchment of Kádár’s authority.

In return for his loyalty to the Soviet Union—most importantly by neither challenging the Communist Party’s monopoly on power nor the place of Hungary within the Soviet bloc—Kádár was granted much autonomy to govern the domestic affairs of Hungary, notably in the realm of the economy, where he was permitted to employ non-Marxist methods (Rothschild and Wingfield 2000). After the repression following the 1956 revolution, Kádár’s regime did not have to rely on much coercion to establish and retain its authority. In fact, certain forms of dissent and even some religious practices were tolerated. Hungarians were more readily permitted to travel abroad than Soviet nationals. Kádár’s tenure was also, apart from collectivization, marked by the absence of grand transformative projects for Hungary: as he himself declared: “People do not exist

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91 Tenures from all cases after 1938.
92 Ernő Gerö immediately followed on July 18 1956, with a brief 97 day tenure, before power was transferred to Kádár on October 25 1956.
so that we may test Marxism on them (quoted in Gati 1986, p.160).” The tables were turned on the satellites, whose strategic importance was growing, and Moscow let them gather more autonomy. However, this gain in autonomy did not result in the rise of informal networks observed in the Caucasus and Central Asia, but rather in a slight liberalization of the regimes.

The New Economic Reform (NEM) introduced in 1968 was one such privilege of informal empire granted to Hungary, where the economy was decentralized and some forms of competition encouraged. As a result, central planning agencies no longer designed requirements at all echelons down to the firms. This policy also served to reduce the arbitrary role of the party bureaucracy in allocating resources. Much modernization of Hungary’s economy can be attributed to this policy. Consequently, the Hungarian economy became much less vulnerable to penury than its Soviet counterparts. In turn, this served to diminish the usefulness of informal networks to compensate for shortages in consumer goods. The partial price and wage liberalization of the NEM also encouraged individuals to work to their full capacity and raise their standard of living without unavoidably having to resort to the informal economy. It should be emphasized that while these reforms worked to reduce the size of the informal economy in relation to other cases, they did not eradicate the phenomenon altogether. Further reform in 1982 legalized private business activities. This reform brought forward the necessity for the state to establish guarantees of property rights for the residual incomes (Seleny 1999). Property rights were therefore legalized in the second economy and undercut once more the discretionary power of the bureaucracy over distribution of resources, but also increased the scope of the rule of law (Linz and Stepan 1996). The Hungarian state would emerge much stronger than the others in the provision of this public good because of this experience since “legalization of business transitions helps in enforcing private contracts” (Kornai 1992, p.13).

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93 NEM was not pursued continuously during Kadar’s tenure, for instance, it was halted between 1972 and 1979.
Apart from increases in aggregate urbanization from 1959 to 1989, there appears to have been little effort to industrialize Hungary compared with other instances, which seems at odds with its strategic importance within the Soviet bloc. However, in 1959 Hungary was already among the most urban of the Soviet protectorates (along with Estonia and Latvia) with a 56 percent urban population, compared with an overall average of 48 percent. While in the case of Soviet republics, more industrialization is associated with stronger post-independence states, the shape of the relationship is inverted in Central Eastern Europe. The countries that were industrialized less during Soviet rule were the ones who exhibited the strongest subsequent state capacity scores, with Hungary only undergoing a 10 percent increase of its urban population. One way to explain these results would be that the countries that have received comparatively little industrialization in Eastern Central Europe were already more developed than the others and simply required less investment. If this hypothesis is correct, Czechoslovakia would be a noteworthy outlier, having emerged with a strong state despite the large industrialization it received during communist rule. The other probable explanation would be that beyond a certain point in levels of development, Stalinist-style industrialization centered almost exclusively on heavy industry at the cost of light industry and service sectors becomes increasingly damageable, even comparable to a form of de-industrialization. In contrast, below a certain level of development, a degree of overreliance on heavy industry is preferable to no industrialization at all.

The most important Soviet transformative effort was the collectivization of the Hungarian countryside. Patterns in land reform varied among the satellites, as collectivization was not equally needed or desirable in all countries depending on types of agriculture and levels of socioeconomic development (Kulski 1959). Hungary’s collectivization was conducted in two waves. The early collectivization drive, kicked off in 1948 was considered a failure; the Party was divided and cadres tended to evade implementation and where the state was forced to retreat in the face of mass discontent. Despite the early setbacks, the second collectivization drive started after 1956 would be the most successful and
complete among European satellites. Strong from the defeat on the population Kádár re-imposed harsh collectivization measures in 1959 and completed the project by 1962; at this point 97 percent of all agricultural areas had been collectivized by comparison with 90 percent in Czechoslovakia, 78 percent in Bulgaria, 74 percent in Romania and 13 percent in Poland.

Whereas the rate of collectivization was comparatively high, the picture remains incomplete without mentioning the reforms that were enacted in agriculture during the 1960s. While collective farms’ production was determined through central planning agencies in the other colonies, Hungary’s agriculture was liberalized considerably, as central planning was supplemented with market incentives, with a large role for household plots (Marer 1999). With this reform, the effects of collectivization on the distribution of wealth and the strategies for survival may have only been temporary. Field research conducted by Szelényi (1988) revealed that the income individuals derived from their private plots were strongly and positively associated with the size of the land they or their parents possessed before the land reform. Therefore the ‘communist experiment’ with collectivization only temporarily delayed the further manifestation of an existing trend in private farming.

**A Post-Communist Strong State**

Unlike former Soviet republics, a majority of which had never experienced formal sovereignty, let alone democracy, Hungary was in a privileged position upon its release from Soviet control. The Soviet Union’s indirect rule over Hungary gave its leaders substantial leeway to enact economic reforms. The country emerged from its communist experience with a “hybrid” economy with comparatively well developed institutionalized private and quasi-private sectors (Seleny 1991, p.150). Lindblom (1977) argues that administrative centralization encourages the personal appropriation of public office: the more centralized the decision making, the more potential exists for the evasion of responsibility. By giving up some control over economic activities during the communist period, the Hungarian state has undercut some of the rationale feeding
bureaucratic corruption. Reforms also weakened informal networks in the second economy through the provision of a legal framework for the protection of property rights and enforcement of contracts.

Given its sovereign status, most institutions of the state such as the military, the police, and ministries already existed and did not need to be created anew. Only certain oversight institutions as well as those of a functioning market economy would need to be created from scratch. Institutions for privatization, bank regulation, insurance regulation, monitoring of anti-monopoly legislation, and an auditor general to supervise the state bureaucracy had to be constructed quickly (Kornai 1992). By the same token, the parallel institutions of the Party, in addition to those of the centralized economy like planning and price offices, had to be abolished. ‘Independence’ from the Soviet Union was thus considerably less traumatic for ECE satellites than former Soviet republics, which also had to assert sovereignty over their territories.

During four decades under communist rule, Hungary’s natural resources were not overly exploited, and few massive state engineering projects were enacted aside from the incomplete collectivization of agriculture. Because of its strategic importance, indirect rule allowed Hungarian Party elites a large measure of independence in running the domestic affairs of the country. As a result of this less-exploitative indirect rule, Hungary emerged from its communist experience with one of the most capacious states among post-communist countries. Since 1989, it has consistently ranked among the top three performers in tax revenue, corruption, infrastructure reforms, and the protection of property rights, although its performance is slightly poorer in measures of contract intensive money. The experience of quasi-market economics and property rights protection before the transition, the comparatively low level of corruption, the absence of precious natural resources and the avoidance of early hyperinflation all served to reduce incentives for asset stripping and increased the likelihood that rule of law would be effectively established (Hoff and Stiglitz 2004).

Crucially, institutions of taxation were not created from scratch as in some former Soviet states in which most decisions were made in Moscow ministries.
Nevertheless, some reforms were necessary in order to allow the state to levy taxes efficiently in a market economy. Hungary emerged again at an advantage compared to ECE satellites, getting a head start with NEM when fiscal policy ceased to be completely subordinated to central plans. From this liberalization came the need to establish adjustable tax rates on commodities, enterprise income, assets and wages, that would serve as stabilization tools between the plan and the market (Kopits 1993, p.66). While the 1978-79 economic reforms engendered further changes in the tax system, the most important fiscal reforms were implemented in 1987. A progressive personal income tax (PIT) and a value-added tax were introduced in that period, and replaced the corporate and commodity specific taxes as main government revenues (EIU 1996a; Marer 1999). These two taxes provided the government with much of its revenue during the transition (Gomulka 1994).

It thus follows that Hungary was in a considerably better position to try to hold on to its revenue base upon the collapse of CMEA markets and the loss of output that would invariably ensue. Like all former communist countries, Hungary’s economy was markedly centered on heavy industry in addition to producing a large quantity of goods that would not be competitive on the international market. The loss of its guaranteed export markets, and by extension, its cheap supplies of energy and primary resources would be the main cause of declining revenues (in addition the added burden of having to service a large foreign debt). Like most former communist countries, Hungary’s finances collapsed in the early 1990s; industrial output declined by 31 percent between 1989 and 1992, and by 54 percent in the manufacturing sector (EIU 1997).

In Hungary, a monobank deducted the taxes due from the large state-owned firmed directly, as in all communist polities: a market economy would entail taxing a rising number of new private firms. Despite the predictable economic hardships that transition entailed, the state remained able to extract a high proportion of tax revenue in relation to GDP, even early during the transition, at Table 8.1 makes evident. The high level of tax revenue meant that the state would not face a financing problem as acute as many former Soviet
republics whose revenue base almost vanished in the early years of independence, although the country’s large external debt and the liquidity shortage it caused in the 1990s led to fiscal imbalance. Given that government spending is highly correlated with tax revenues (Johnson et al. 1997), the Hungarian state was in a good position to continue to finance its institutions and uphold the delivery of public goods such as law and order and a potentially less corrupt bureaucracy, even in the transition period. Still, several years after the completion of the transition, the environment surrounding the collection of taxes exhibited many similarities with other post-communist nations. These liabilities inherited from the communist past include excessive amounts of regulation, very high tax rates, and bureaucratic hurdles. For those reasons, Marer (1999) argues that there remain strong incentives for tax evasion in small and medium enterprise. Marer’s suspicions are confirmed by findings from the World Bank’s Doing Business Survey of 2007, in which Hungary ranked 124th out of 178 countries in relation to the weight of the administrative burden for companies to fill for and pay their taxes (World Bank 2008c).

TABLE 8.1
DISAGGREGATE STATE CAPACITY IN HUNGARY 1989-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>EBRD</th>
<th>Tax Revenue</th>
<th>Property Rights Enforcement</th>
<th>Corruption</th>
<th>Contract Intensive Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>1.33</td>
<td>33.5</td>
<td>-</td>
<td>-</td>
<td>0.74</td>
</tr>
<tr>
<td>1990</td>
<td>1.33</td>
<td>31.8</td>
<td>-</td>
<td>-</td>
<td>0.77</td>
</tr>
<tr>
<td>1991</td>
<td>2</td>
<td>32.3</td>
<td>-</td>
<td>-</td>
<td>0.78</td>
</tr>
<tr>
<td>1992</td>
<td>2.33</td>
<td>32.8</td>
<td>-</td>
<td>-</td>
<td>0.81</td>
</tr>
<tr>
<td>1993</td>
<td>2.33</td>
<td>32.4</td>
<td>-</td>
<td>-</td>
<td>0.81</td>
</tr>
<tr>
<td>1994</td>
<td>2.67</td>
<td>31.7</td>
<td>-</td>
<td>-</td>
<td>0.82</td>
</tr>
<tr>
<td>1995</td>
<td>3</td>
<td>26.1</td>
<td>70</td>
<td>50</td>
<td>0.84</td>
</tr>
<tr>
<td>1996</td>
<td>3</td>
<td>33.8</td>
<td>70</td>
<td>50</td>
<td>0.85</td>
</tr>
<tr>
<td>1997</td>
<td>3</td>
<td>22.2</td>
<td>70</td>
<td>50</td>
<td>0.86</td>
</tr>
<tr>
<td>1998</td>
<td>3.33</td>
<td>22.2</td>
<td>70</td>
<td>50</td>
<td>0.85</td>
</tr>
<tr>
<td>1999</td>
<td>3.67</td>
<td>22.6</td>
<td>70</td>
<td>50</td>
<td>0.84</td>
</tr>
<tr>
<td>2000</td>
<td>3.67</td>
<td>28.2</td>
<td>70</td>
<td>70</td>
<td>0.85</td>
</tr>
<tr>
<td>2001</td>
<td>3.67</td>
<td>28.2</td>
<td>70</td>
<td>70</td>
<td>0.85</td>
</tr>
<tr>
<td>2002</td>
<td>3.67</td>
<td>28.1</td>
<td>70</td>
<td>52</td>
<td>0.85</td>
</tr>
<tr>
<td>2003</td>
<td>3.67</td>
<td>27.9</td>
<td>70</td>
<td>53</td>
<td>0.85</td>
</tr>
<tr>
<td>2004</td>
<td>3.67</td>
<td>28.4</td>
<td>70</td>
<td>49</td>
<td>0.86</td>
</tr>
<tr>
<td>2005</td>
<td>3.67</td>
<td>28.1</td>
<td>70</td>
<td>48</td>
<td>0.85</td>
</tr>
</tbody>
</table>
In terms of quality of the protection of property rights, Hungary’s bureaucracy benefited from a greater expertise than other cases because of the 1968 reforms, where some forms of private property were legalized. While observers (Kornai 1992) considered that courts were “inexperienced” in the beginning to impose law and order on a market economy, data from Table 8.1 indicates that property rights are been relatively well enforced between 1995 and 2005. Despite the head start, there remain some difficulties to register property in Hungary; from the World Bank’s Doing Business Survey, Hungary ranked 101st out of 177 countries in the ease of registering property in 2007 (World Bank 2008c). Furthermore, Hungary also performed rather poorly in the investor protection index during the same year: 105th out of 177.

The climate surrounding privatization, where property rights are shifted from the public to private spheres, influences the levels of state capture by particularistic interests. Where the state is not able to enforce a fair process, insiders can gain undue advantages in acquiring state asserts. Unlike Russia, no mass privatization was enacted in Hungary after the transition. Rather, “UK-style” case-by-case procedures were applied, and transactions were conducted in cash rather than with vouchers (EIU 1996a). The pace of privatization of the economy only accelerated in 1995 and was accompanied by a transparent legal framework for the reduction of state ownership by 80 percent (EIU 1997). The process of privatization as a whole has been generally considered a success, with many companies becoming internationally competitive. Hungary has gone the furthest in privatizing its public utilities, which explains the high infrastructure reform scores listed in Table 8.1. Perhaps most importantly, both waves of privatization were much less corrupt than in Russia, where a class of powerful domestic rent-seekers secured ownership of precious state assets.94 Hungary has not seen the rise of a class of “winners” of the privatization process gaining a vested interest in keeping the state’s regulatory (fiscal) powers ineffective (Hellman, Jones, and Kaufmann 2000; Stoner-Weiss 2006). And given that the state was relatively competent at enforcing property rights and contracts,

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94 Hungary’s main financial and business assets were privatized to foreign companies.
Hungarian firms have been less likely to resort state capture to protect their property.

Lesser incentives to engage in state capture do not necessarily entail a political and economic landscape devoid of corruption. In Hungary as in every other post-communist country, corruption has been and remains a significant problem. Hungary’s first post transition Heritage Foundation score for corruption was of 50 points out of 100 in 1995. Despite ranking among the best performers of the post-communist group, there still exists a large gap between Hungary and the West European EU members. As mentioned earlier, Hungary inherited a large informal economy adept at tax evasion. Related to the persistence of corruption, we also find evidence of a substantial amount of cash transactions in the Hungarian economy.

Contract intensive money seems to be one of the weakest points, with an average over the period 1989-2005 of 0.83, and a low starting value of 0.74, despite the legalization of a large part of the informal economy in 1982. While this crucial reform increased the number of registered private businesses, observers agree that a large proportion of private economic activity has continued to thrive outside official channels (Seleny 1991), which helps explain why the size of the informal economy has remained substantial throughout the 1990s. High taxation levels most likely account for why many businesses remained outside official channels in spite of the liberalized business environment. In 1989, using a model based on electricity consumption, Kaufmann ad Kaliberda (1996) estimated that the share of unofficial economic activity in total activity in Hungary was 27 percent, the highest percentage among ECE satellites, hence why cash transitions were significant in that regard. Despite displaying the highest level of legal safeguards for investors in 1995, along with Poland and the Czech Republic, Hungary’s unofficial economic sector remained more important than in these countries (Johnson et al. 1997). Between 1989 and 1996, CIM ratios have risen substantially. The Economist Intelligence Unit estimated that in 1996, that ft340bn were traded on the illegal market compared with ft2.26trn that was traded legally, thus still a large proportion (EIU 1997).
Smooth Transition to Democracy

As illustrated in Table 8.2, presenting yearly Freedom House and corresponding state capacity scores, Hungary officially became a free country in 1990 as a result of the first post-communist parliamentary elections involving multiple political parties. Nevertheless, the political regime had been liberalized before this event. In 1984, Hungary’s ranking with Freedom House had changed from “not free”, to “partly free” until the end of 1989. In step with the amelioration of democracy scores over the period between 1989 and 2005, we notice a parallel and steady rise in state capacity scores. In the following section I will demonstrate the mutually constitutive relationship between these two factors.

<table>
<thead>
<tr>
<th>Year</th>
<th>Standardized State Capacity Score</th>
<th>Political Rights</th>
<th>Civil Liberties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>0.52*</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>1990</td>
<td>0.63*</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1991</td>
<td>0.79*</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1992</td>
<td>0.93*</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1993</td>
<td>0.95*</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1994</td>
<td>1.06*</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1995</td>
<td>1.22</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1996</td>
<td>1.49</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1997</td>
<td>1.11</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1998</td>
<td>1.19</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1999</td>
<td>1.26</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2000</td>
<td>1.73</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2001</td>
<td>1.73</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2002</td>
<td>1.49</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2003</td>
<td>1.50</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2004</td>
<td>1.48</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2005</td>
<td>1.45</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

*contains values estimated with five randomly imputed data sets where data was missing

In 1989, Hungary was in a considerably better place to enact both political and economic reforms than the FSU states as well as most other ECE countries. Unlike former Soviet republics that had never been independent, political authority did not need to be established in Hungary’s territory. It was already in
existence along with the institutions of state strong enough to enforce it. With the center of authority already legitimately established, there would be no uncertainty about its predominance. Consequently, there were generally fewer constraints on leaders because the capacity of the state was much higher: the continuous delivery of public goods would make it less probable that state authority would come under any serious strain. These conditions would facilitate a power transition that avoided the typical pitfall of a single group of actors wanting to secure access to state’s power resources seeking to lock-in their victory in an unbalanced constitution. Instead, competing groups would seek to avoid that a single group would obtain unchecked power over all others.

In addition to these favorable conditions, but despite many setbacks, there was a 25 year legacy of economic and political reforms to build on when it underwent transition (Marer 1999). Hungary is considered to have experienced the most liberal form of state socialism (Ágh 1995). What is more, Hungary was the country where analysts had the highest expectations relating to its ability to make a smooth transition from communism to a democratic regime (Barany 1999b; Brown 1991; 1994). Despite the advantageous circumstances, especially compared to other former communist polities, transition from communism would entail dealing with the economic liabilities inherited from the previous regime such as a significant external debt, capital shortages, falling consumption, deteriorating infrastructure, and of course, corruption and a large informal sector (Bunce and Csanádi 1993).

In 1989, the HSWP had already accepted that by allowing the creation of new political parties and the reconstitution of old ones, it would lose its political monopoly (Barany 1999a). Instead of disappearing from the political scene, the HSWP’s own internal opposition transformed into the Hungarian Socialist Party (HSP), and became a key actor in the transition (Ágh 1994). In contrast with most Soviet republics, Hungary’s “independence” was not an imposition resulting from the end of the empire, nor did the national branch of the Communist Party collapse like in Romania and Czechoslovakia. Rather, the conditions of the transition were negotiated among several elite intra-groups during the National
Roundtable (NRT) negotiations between June and September 1989 (Tókés 1996), leading to the first post-communist parliamentary elections, held in the spring of 1990. The agreement reached during the NRT formed a basic framework establishing the checks and balances of the future Hungarian political landscape. As a result of these negotiations, the 1994 constitution provides for a presidency with very few effective powers, even by the low standards of other ECE countries. From this perspective Hungary fits Linz and Stepan’s “post-totalitarianism by choice” category where:

[...] regime elites (often for their own sense of personal safety) may collectively decide to constrain the completely arbitrary powers of the maximum leader, to reduce the role of terror (if it had been prominent), and to begin to tolerate some non-official organizations to emerge in what had been virtually a completely flattened civil society. (Linz and Stepan 1996, p.293)

Whether or not the composition of elites changes significantly has important impacts on the transition (Higley 1999). The process of breaking with state socialism went peacefully overall in Hungary, in contrast with Romania for instance, which experienced a much more violent rupture with its past. Hungary’s first post-communist government was a coalition under the name of Hungarian Democratic Forum (HDF) composed of the Independent Smallholders’ Party and the Christian Democratic People’s Party, two parties that had already existed before communist rule and formed part of the opposition during the NRT negotiations. This change in ruling elites in Hungary produced what Linz and Stepan have called an “out-of-type” regime, meaning that the new regime would be much different than the previous (Linz and Stepan 1996).

Despite the rise of counter elites and proto-parties in the 1980s, in addition to a large toleration of dissent, there was no sharp rejection of the communist pasts like elsewhere in Eastern Europe. Some commentators viewed the adaptation of communist elites to the new conditions as a liability for the political system (Marer 1999). Kádár’s regime had acquired a “semilegitimate” status in the eyes of the population, having introduced a liberal form of state socialism (Ágh 1995). In such liberalized conditions, a branch of reformers was able to form within the Party’s ranks. The strength of these reformers, wanting to sever
ties to the past, could be explained by fewer negative impacts from marketization and privatization in Hungary compared with other cases. For instance, it could be hypothesized that communist successor parties are more tempted to retain connections with the past where transition has been economically painful. While this explanation certainly fits the case of Hungary, which experienced fewer hardships than most and whose successor state party adapted to democracy, Belarus and Uzbekistan should be counted noteworthy exceptions. More realistically, the perceived failure of Gorbachev’s reforms in the late 1980s, plus the economic crisis coupled with the tolerance of dissent facilitated the rise of a reformist branch within the Party (Linz and Stepan 1996). Therefore the HSWP’s main “successor,” the HSP, has remained a key player in Hungarian politics. Despite having only obtained 11 percent of the vote in the first parliamentary elections, the HSP became the most popular party by 1993, paving the way to reaching 33 percent of the vote in the 1994 parliamentary elections.

As in Spain and Uruguay, transition in Hungary was the result of an elite pact, the option most likely to lead to democratic consolidation (di Palma 1990; Higley and Gunther 1992; O’Donnell, Schmitter, and Whitehead 1986). However, the negotiated character of the transition cannot be the only explanation for the constitutional arrangement. Both Hungary and Poland experienced negotiated transitions, but Poland emerged with a semi-presidential arrangement (Merkel 1996). Parliamentarism seemed to have been the preferred option where former elites were dispersed, as a method of guarding against the takeover of the state’s resources by only one group, such as in the strongest states: Hungary, Estonia, Latvia and Czechoslovakia. What is striking is that in these circumstances where old-regime elites continued to play a central political role, there was a choice of a parliamentary arrangement over presidential.

Like in other cases, even the reformist branches of old regime elites supported the option of a strong and directly elected president during negotiations, a role arguably intended for the popular Imre Pozsgay to serve as a counterweight to a parliamentary oppositional majority (Lijphart 1992a; Rose-Ackerman 2005; Szoboszlai 1991). Since two particular opposition groups
opposed such a strong position for a president, the question was resolved through a referendum in 1989. Although the referendum was not binding, the directly elected presidential office option was rejected in favor of a secret vote in the parliament to elect the president with a majority of two thirds. The HSP did not abandon the hope of acquiring a stronger presidency, initiating another referendum after the 1990 elections to establish a directly elected president that failed by a small margin (Lijphart 1992a).

Also contrasting with Belarus, Georgia and Kazakhstan, was the trend towards decentralization in Hungary. Whereas the executives quickly moved to impose a vertical control structure over regional and local administrations in Belarus, Georgia and Kazakhstan, the opposite happened in Hungary. Hungary, like ECE satellites and Soviet republics, was vertically centralized under the former socialist regime under what was referred to as “democratic centralism” (Balázs 1993). New legislation in 1990 granted considerable authority to elected local governments, although regional authorities remain unelected. This move toward the establishment of local democracy stands in sharp contrast with the appointed governors armed with discretionary powers directly nominated by and responsible only to a president. In a strong state environment, regional administrators have been less apt to be considered as direct challengers to the authority of the central state.

Reverse Effects of Democracy on State Capacity

The smooth and peaceful electoral transition from a center-right coalition government to an “oversized” center-left coalition in 1994 can be considered a strong indicator of a completed transition and consolidated democracy (Huntington 1991; Merkel 1996). Contrasting Hungary with the other cases included in this study confirms that a constrained executive is essential to the consolidation of democracy (Rose-Ackerman 2005; Stark and Bruszt 1998). The conditions under which constrained executives arise are thus especially important. As in Georgia, no single group was able to mobilize the majority of the state’s power resources. But what sets the case of Hungary apart from Georgia or others
is that rulers did not have to use the resources of the state to remain in power since the authority of the central state was never questioned so long as it continued to be a credible provider of public goods.

Results from causality tests conducted in Chapter 3 pointed that state capacity g-causes democracy, but that in turn, democracy also g-causes state capacity. We know from these tests that causality between the two variables is not unidirectional and values from both variables can help predict future values in the other. A similar result occurred with executive dominance as a dependent variable: state capacity g-causes executive dominance at the onset of transition, but this variable also g-causes state capacity after a transition, or the lack thereof. Both feedback processes are visible in Hungary’s political development since 1989, as the increase of state capacity has moved in a manner correspondent with the increase in democracy scores.

While Hungary’s strong state facilitated its democratization process, the reverse is also true. Hungary has developed a strong system of checks and balances that contributes to the transparency of its political process. Thus, the building of formal state institutions for monitoring and oversight was a more likely outcome in the most competitive systems. In Hungary, organized opposition in the form of political parties and interest organizations arose before the end of the communist regime and were ready to assume leading political roles. Hungary experienced what Anna Grzymala Busse (2007) has called robust competition. The high level of competition among political parties during the post-communist period explains why state resources were less exploited by ruling coalitions, than in the Czech Republic, Slovakia, Latvia or Bulgaria. Opposition parties have been vocal and critical in all successive governments as of 1990, even managing to successfully monitor the level of state exploitation (Grzymala-Busse 2007). A further extension of Grzymala Busse’s (2007) thesis can also explains why the unchecked executives in the CIS, for instance Kazakhstan, Belarus and Georgia, have tended to engage in more resource exploitation, clientelistic and rent seeking behavior, than the group of countries that developed

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95 Along with Poland, Estonia, Slovenia and Lithuania.
effective democratic institutions. Rulers in uncompetitive settings fashioned state institutions that facilitated such predatory behavior by thwarting the development of important formal institutions of monitoring and oversight. Examples include the undercutting the independence of the constitutional court and chipping away at the prerogatives of legislative branch and the freedom of the media to expose unfair procedures, but more importantly, using the resources of the state to ensure their survival.

Grzymala Busse’s argument goes together with studies by Weingast and Moran (1983) as well as Keefer and Stasavage (2000) who argue that the credibility of governments not to renege on their policy commitments is enhanced by the presence of veto players. Similar to these works, Hellman, Jones and Kaufmann’s (2000) findings also contend that levels of state capture can be kept in check by sufficiently developed civil societies. In addition to robust competition from political parties who can provide a credible opposition, Hungary has developed crucial effective fundamental institutions of oversight: a presidency, the constitutional court, ordinary courts, the ombudsman, the procuracy and supreme audit offices (Rose-Ackerman 2005). Contrary to the monopolization of power in the position we have seen in the CIS, the president in Hungary occupies a more limited but nevertheless important oversight role: the referral of legislation she or he believes runs counter to the constitution to the Constitutional Court for review. In turn, the Constitutional Court has been very active, especially in the early post transition years, overturning a much larger amount of legislation than is customary in mature democracies.

The establishment of institutions of oversight can have two potential facilitators in post-communist countries. On the one hand, the early establishment of such institutions can result from ‘robust competition,’ where political parties establish tools to monitor state institutions (Grzymala-Busse 2007). On the other hand, I believe their rise is also linked to initial levels of state capacity. Any state having inherited a corrupt and or ineffective bureaucracy, a large informal economy, and a severely impaired ability to finance its activities will face more difficulties in establishing functioning agencies to
oversee privatization, securities and exchange commissions, courts staffed with competent personnel, law enforcement, national accounting offices and other such oversight institutions that are so crucial to avoid the abuse of power. While Grzymala Busse argues well that some former communist states are weak because they failed to implement these institutions fast enough, if at all, the flip side of the coin is that most such states were already weak at the onset of independence and faced additional constraints in establishing these institutions. It therefore becomes difficult to disentangle a factor that is prior and unequivocally casual.

Conclusion

In spite of having achieved democratic consolidation, some problems related to the institutional capacity of the state remain to be curbed, namely corruption and the size of the informal economy: these are impediments for government accountability (Rose-Ackerman 2005). Furthermore, Susan Rose-Ackerman noticed some of the institutions that improve the accountability of policymaking in Hungary are still missing, or weak despite the high democracy scores: in a parliamentary system like Hungary, citizens’ only hope of having influence on the policy process is through political parties that are represented in the legislature. For example, despite the presence of institutions of oversight, the level of public involvement remains limited compared with advanced industrial democracies.

The contrast between the type of indirect rule used in the Soviet periphery and in Central and Eastern Europe is stark. The strategic position of Hungary in the bloc allowed it to gain some autonomy in the management of its affairs in the form of market reforms that undercut a lot of the incentives for structural corruption present elsewhere in the empire. With its privileged position and higher economic development, Hungary had some characteristics more common of an imperial core, while the Soviet periphery remained economically exploited and less developed. A smaller number of large-scale transformative projects conducted by Soviet authorities involved less state intervention in Hungary. The
economic reforms introduced after 1968 served to further reduce the discretionary power of bureaucratic elites over time in Hungary. In turn this has created less entrenched cadres capable of using their positions to advance personal interests (Cirtautas 1995).

The long tenures granted to Hungarian Party First Secretaries after the 1956 revolution produced less bureaucratic corruption than what cadre autonomy in the periphery of the Soviet Union created. There, heavy state engineering served to provide more discretionary power to (centralized) bureaucratic elites over the distribution of resources: such factors have undercut the capacity of the successor states to intervene effectively. The autonomy of cadres coupled with the economy of shortages has created very entrenched informal networks that became even more important after the collapse of communism in the face of the inability of successor states to provide basic public goods in the form of law and order. In comparison, Hungary emerged from its communist experience with a considerably more capable state than most other cases in the Soviet bloc. The state was in a position to continue to finance its institutions and uphold the delivery of public goods through a less corrupt bureaucracy, that, even during the transition period.

The high infrastructural capacity of the state made it much easier for post-communist elites to build democracy. It fostered a climate under which a negotiated transition between several societal groups would lead to the formation of a parliamentary regime and several institutions of oversight. The state capacity argument, on its own, would be too simple in this case. Indeed, other factors contributed to the relative ease of Hungary’s democratic transition: its favorable geopolitical location, the short, albeit crucial previous experience with democracy, the structure of international incentives such as the lure of membership in the European Union, along with the corresponding funding and expertise. What the case of Hungary reveals best is the feedback effect of democratic competition on state capacity that had been uncovered in the comparative analyses conducted in Chapter 3. Here, robust competition between political parties and a strong system of checks and balances contributing to the
transparency of the political process was beneficial to the capacity of the state; such mechanisms are still amiss or defective in most former Soviet countries.
9. Conclusions

The independent countries that surfaced after the collapse of the Soviet Union were not completely new entities; most of them sported the institutions, bureaucracy and staff, left behind by the previous regime. Consequently former communist states did not commence their transition to democracy, or newfound independence, endowed with the same starting conditions: ECE and Baltic States were considerably advantaged in infrastructural capacity in relation to their former Soviet counterparts. In the case of republics that had never been independent before, the concentration of formal governing institutions in Moscow in the shape of All-Union ministries and Union-republican ministries meant that each one would need to fill a large institutional vacuum in a short period of time upon the dissolution of the USSR. ECE countries would only have to reform their existing state institutions, while Baltic States could at least lean on their pre-war democratic experience. The disappearance of the Communist Party—the main institution of oversight—would also leave an institutional void in need of replacement. Even among the founding members of the USSR that endured seven decades of Soviet rule, there was a large variation in the capacity of successor states, and consequently, in the challenges new (or incumbent) rulers would face to establish state authority on the new sovereign territories. These crucial differences in starting conditions call into questions theories of democratization that focus solely on the immediate circumstances surrounding a transition to democracy to explain regime outcomes.

Over the preceding chapters, I have performed an examination of state capacity as both an independent and a dependent variable. My first aim was to put forward a necessary condition for political liberalization: a criterion of effective state capacity as a pillar to a polity’s potential to democratize, implying that some capacity is required for a functioning democracy. If there is no organized and competent state authority, even highly mobilized citizens cannot possibly influence policies:
Any policy-based advance toward social democracy requires significant instrumental state capacity: the greater the state’s capacity to implement policies effectively, the greater the degree to which citizen’s mobilization and participation will translate into influences on social outcomes, ceteris paribus. (Huber, Rueschemeyer, and Stephens 1999)

For this reason, I argue that the likelihood of a state becoming and remaining democratic is considerably higher when it possesses the means necessary to maintain the distribution of a basic class of public goods a minimally interventionist state would provide. Although I believe some fundamental infrastructural capacity is a necessary condition for democratization, the case of Belarus made clear that a strong state was by no means a sufficient condition in itself. My second goal has been to determine the conditions that would explain the different strength post-communist states displayed upon reaching independence. For that, I argue that the vast array of colonial practices used by the Soviet Union on its protectorates provide a key into the different capacity of the states over which it ruled.

**State Capacity as an Independent Variable**

The various empirical and qualitative methods performed in this research allow me to reach four conclusions about the importance of state capacity in explaining regime outcomes. The first pertains to the evolution of state capacity over time. The scores of the index of state capacity constructed using taxing revenues, levels of corruption, property rights enforcement, contract intensive money and infrastructure reform, have remained stable during the post-communist phase. While some countries’ state capacity increased and others deflated, the chief finding is that initial levels of state capacity are crucial in determining subsequent levels. This result reaffirms the importance not only of starting conditions, but also of the factors that can account for these initial scores.

The second main finding is a strong and clear empirical relationship between state capacity and democracy among post-communist countries, although this connection is not linear. In that regard our finding runs counter Thomas Remington’s (2006) assertion that young democracies should perform
worst at protecting property and contractual rights. All the democratic regimes contained in this study are nested within the strongest states, to be exact, the best protectors of property and contract rights. Conversely, there is greater variability of state capacity in semi-autocratic and authoritarian states. Stronger states are not linearly associated with better democracy scores in such categories, nor do young autocracies perform better at protecting property rights and enforcing contracts. The cases of Belarus and Georgia provide clarifying examples of this non-linearity between the variables. Despite Belarus’ more optimistic starting conditions, a strong and repressive authoritarian regime emerged. On the other hand, given Georgia’s very weak state in its beginnings, its political regime has remained more open to contestation and participation.

The third conclusion pertains to the connection between state capacity and the separation of power. Several studies have already established that the strength of executives is generally inversely associated with quality of democracy (Fish 2001; 2005; Lijphart 1991; 1992a; 1992b; 1999; Linz 1996), but none of these studies has been in a position to establish the direction of causality empirically. Confirming the general insights of these studies, causality tests performed in Chapter 3 revealed that executive constraints are indeed causally prior to democratic achievements. In addition, results from TSCS model also uncovered a strong relationship between our index of state capacity and institutional arrangements. The connection to the two variables suggests that state capacity could most likely be considered a common cause driving both the level of concentration of constitutional provisions in the executive and the level of democracy. The addition of state capacity therefore provides a possible response to Herbert Kitschelt’s (1999) criticism that contingent circumstances, such as institutional choices, were temporally too close to the phenomena they attempted to explain to be considered causal arguments.

Why do rulers respond to institutional weakness with vertical power? Leaders in time of crisis often claim the nation needs firm and decisive leadership that would stand above the partisan way, and can pursue the national interest more directly, in addition to providing more immediate benefits for society
(Smith 2005). The most illustrative example of such a situation was Boris Yeltsin’s refusal to surrender the emergency decree powers he had been granted in 1990, and his heavy use of such tools between 1992 and 1994 to enact privatization that would benefit a group of insiders. His successor, Vladimir Putin, also entered the presidential office with the overt goal of strengthening or consolidating vertical authority, an undertaking that went hand in hand with in increase in authoritarian practices (Holmes 2006b, p.301). What is nevertheless interesting is that all this centralization of power did not lead to a noteworthy increase in any of the state capacity components except infrastructure reform since 1999. In fact, scores for property rights protection and corruption have registered declines since then.

The last, and perhaps most interesting finding relating to state capacity as an independent variable, is that the direction of causality between all three variables under study – save for executive constraints and democracy – cannot be established unambiguously in only one direction. From this follows that the relationships between, on the one hand, state capacity and democracy, and on other hand, state capacity and strength of executives, should be considered mutually reinforcing over time. Strong state capacity is associated with democracy, whereas high democratic performance is also driving higher state capacity scores. While Remington (2006, p.289) argues that “democratization does not necessarily improve institutional capacity,” results from this group of countries show that high levels of democracy did in fact have positive impacts on capacity. Nevertheless, I concur with Remington that a weak state is more susceptible to capture and corruption: the nuance I want to bring is that a weak state most likely will not be democratic. In the more open systems, where political parties can freely aggregate demands from citizens, they also serve as watchdogs over how public funds are spent and contribute to expose corrupt practices from officials. In return, where strong executives have thwarted the rise of effective political parties, or other institutions of oversight, they have had a much freer hand to use state resources to assure their continuity in office, thus
perpetuating patron-client relationships and other practices that erode state capacity.

For cause, centralizing tendencies among administrations are generally understood to encourage the personal appropriation of public office (Lindblom 1977; Urban 1989). In such environments of personal power, subordinates can sidetrack or ignore directives coming from the center by evading accountably. As administrative centralization was an important feature of Soviet-style systems, it was reasonable to expect a predominance of personality relationships in communist institutions: the more centralized the decision making, the more potential exists for the evasion of responsibility. The building of presidential verticals in the post-communist context has generally functioned similarly. With the vertical concentration of formal authority, there is no guarantee that informal sector will comply with decisions made in the center. As the case of Kazakhstan illustrates, the more the president concentrates power vertically, the more opportunities open to evade presidential directives.

Vertical organization of authority, hence personalization of power, therefore serves to reduce the capacity of states over time though the perpetuation of patron-client relationships. This configuration may also serve to destabilize the regimes where presidential powers are most concentrated, especially when issues of succession in power arise. This more concentrated the power, the higher the stakes in political struggles over the position. But as what Hale (2006) has called the institutions of “patronal presidentialism” continue to remain in place, a movement towards democracy may become increasingly improbable. Even after a harsh political struggle over succession, with every change in autocrat, strong incentives for elite collusions around the new autocrat will prevail since the position holds so much redistributive power.

*State Capacity as a Dependent Variable*

The above results also emphasize that levels of state capacity in post-communist countries have remained relatively constant over the last fifteen years. Such stability suggests that state traditions established during the communist era...
have likely endured after the collapse of the Soviet empire and continue to exert influence, although the longevity of such influence will likely prove difficult to evaluate. The inevitable question that ensues relates to the prior conditions that can account for each country’s different starting position.

By anchoring the analysis in Soviet colonialism, I do not intend to deny the importance of pre-communist history. It goes without saying that states and territories that were submitted to Soviet colonial power were not incorporated at the same time, and what is more, displayed vast ranges in size, level and type of development, history, culture, religious practices and in many other factors that have undoubtedly influenced the process of state formation. The East Central European satellites were already industrialized when they were attached the Soviet bloc, while many others did not even exist administratively before their creation under Soviet rule. Instead, my contention is that the Soviet colonial model, with its forced collectivization, industrialization, and general state engineering, produced important and long-lasting administrative developments in all its protectorates by profoundly altering the relationship between state and society. This shift presents a large enough rupture with the past to offer a useful and distinct analytical point of departure.

To account for the different ruling practices and legacies of communism, some studies have proposed explanations based on the longevity of communist rule as a proxy (Macours and Swinnen 2002; Pop-Eleches 2007), or by making typologies (Carey and Raciborski 2004; Kitschelt et al. 1999; Pop-Eleches 2006; Skak 1996). But it is far from evident that the mere longevity of communist rule has detrimentally impacted states: not all legacies of communism are negative, or “anti-modern” (Rose and Munro 2002). With counterfactuals, we could hypothesize about what would have happened in the event the Soviet Union had never ruled Central Asia: perhaps we would witness a large territory without any effective state institutions of central rule resembling Afghanistan today. Given the different starting positions for Eastern Central Europe where state structures were already functional, and Central Asia, where no such structures existed prior to Soviet rule, the fact that we can even deliberate about the capacity of state
institutions in Kyrgyzstan and Tajikistan, for example, is noteworthy. In any event, the longevity argument is only useful to differentiate the experience of ECE satellites and Baltic States from the others, as there is such a large gap between the two groups. Longevity, however, is of little help to account for the performance disparity of CIS states, between Armenia and Turkmenistan, or Belarus and Azerbaijan.

Given the intricacy of ruling practices used to exert control over the Soviet bloc, I believe geographic typologies also fall short. What is perhaps the most important finding about Soviet colonialism is that there was not one single policy of empire. Rather, Moscow’s approach to ruling was multilayered and multifaceted, based on practical, economic and strategic considerations that fluctuated over time. The presence of important outliers in almost all bivariate correlations performed in Chapter 4 expose the complexity of these patterns: a privileged position in one aspect of colonial rule did not mean entitlement for all others. While some nationalities enjoyed more autonomy for self-rule, this kind of prominence did not entail that the republics in question would obtain more investments, or that they would be spared any hardships and economic exploitation.

Moscow did enforce a form of economic division of labor between colonies: economic exploitation was manifest in Central Asia and Azerbaijan, although not as apparent elsewhere in the Union. In contrast with most classical colonial empires, the traditional economic role reserved for the core was occupied by East Central European satellites, leaving an ambiguous role for the RSFSR for instance. All in all, agriculture and trade partner concentration were found to be associated with lower levels of post-independence state capacity. I did not uncover, however, a clear relationship between export commodity concentration and state capacity. The absence of significance in this coefficient can be explained by the large qualitative difference in export pattern within the Soviet bloc, some exporting oil and minerals while others exported manufactured goods. From these findings we can hypothesize that in the most exploited the colonies, authorities felt a lesser need to create elaborate bureaucracies capable of dealing
with a complex economy, or independent apparatuses of tax collection and decision-making. As was the case in Africa, that the state’s promotion of exploitative structures has tended impede the establishment of effective political domination (Berman 1984; Boone 1994; Phillips 1989). The most exploited republics, Turkmenistan, Tajikistan, Uzbekistan and Kazakhstan were also the ones who emerged from the Soviet Union sporting the strongest clientelistic networks.

Another crucial finding is that the Soviet Union did not have a hegemonic reach in its colonies, nor did the center endeavor to establish such deep rule. Soviet authority was anchored only as deeply as necessary for the purpose each component republic or satellite filled, such as a source of natural resources, value-added goods, stability or security. High rates of Party membership and large amounts of natives in positions of Party leadership, or in the administration are associated with more capable states after independence. Therefore the colonies were native elites were trusted to be in positions of power were also the ones which were most able to establish effective political authority upon reaching independence – with the notable exception of Georgia.

Three loose patterns emerge with regards to direct and indirect rule in which it is difficult to classify all cases. On one end of the spectrum, we find ECE satellites ruled indirectly from Moscow through native elites, exhibiting high Party membership, large financial autonomy coupled with some of the longest Party First Secretary tenures. Latvia and Estonia differ from the satellites: they were subjected to much tighter financial and political control through short Party First Secretary tenures. With the exception of Kazakhstan, the Central Asian republics and Azerbaijan are part of the second pattern, also one of indirect rule, with high redistributive autonomy and long Party First Secretary tenures. Yet, native elites were considerably less involved in ruling the republics than elsewhere, and the Communist Party’s active base of support was much smaller. In such cases, Moscow installed Russians in important positions, filling the lower echelons of the administration with natives. The last pattern is one of direct rule in Ukraine, Moldova, and Belarus, with rigid financial control.
and where Party First Secretary tenures were kept at their shortest, signaling more direct intervention potential by Moscow. Armenia and Georgia represent special cases of this pattern, the main difference being that natives were clearly dominant at all administrative echelons and the republics were not submitted to russification.

Last, the analyses performed also reveal that state engineering, that is, inexperience with independent statehood, border manipulations, higher rates of collectivization and low industrialization, is associated with lower state capacity upon independence. The goal of Soviet state engineering was above all to project and consolidate state power on a large and unequally developed territory. Therefore the heaviest episodes of state engineering were concentrated in areas that were less well penetrated by state structures to start with; Central Asia. State engineering in the Baltic States and especially ECE satellites was minimal in comparison to the rest of the Soviet Union, and these two groups consistently displayed the highest post-communist state capacity scores.

While most indicators surveyed are empirically related to post-independence state capacity, it becomes complicated to outline general conditions under which states emerge strong or weak from such diversified methods of establishing and maintaining authority. In this sense, it is also difficult to delineate a single strand of communist legacy that is common to all cases, save the pervasiveness of informal networks and economies, as well as administrative corruption. Communism fashioned strategies of survival based on informal networks for procurements. Consequently all post-communist states exhibit these networks. Only their size and levels of entrenchment differ between cases; mafias in Russia, sub-ethnic clans in central Asia, regional warlords in Georgia are all part of the same class of phenomena. Most important, informal networks are structures that have survived the end of communism and serve to weaken the capacity of the state to enforce a rule of law especially where they are most deep-rooted. Whether the new states can dislodge those competing forces depends, at least in part, on their ability to provide public goods at a more acceptable price than what is offered through its competitors.
One of Many Explanations

The view I proposed in this dissertation is essentially state centric, not however, because I believe other factors are less relevant to explain post-communist democratization. The role of civil society, values held by key elites and elite constellations, feelings of national unity and ethnic strife, levels of development, international actors, contagion effects, political parties and other institutions have been purposely been relegated to the background in order to isolate the significance of a single factor that had not yet been submitted to comparative empirical verification. Remembering that Samuel Huntington (1991) listed no less than 27 variables in his explanations of how democratic regimes emerge and consolidate, the state can only be one among many factors, while presidentialism is arguably another. And such variables are by no means complete explanations, but facilitators or obstacles. In particular the European Union has been a major influence for Eastern and Central European countries. The conditions to fulfill for admission in the select club of the EU have translated into direct policy impact (Rose-Ackerman 2005). The countries that were not considered for membership arguably did not receive the same attention, funding and impetus for change.

In addition to these concerns, my conceptualization of the state in terms of its capacity, strength or weakness, does carry some heavy assumptions; that of the state as a unitary actor. Such a criticism would not be completely misguided, as the state is not a unitary actor endowed with a will of its own. Certainly the distinction between state and society is an artificial one, and this artifice was only introduced to give the state a level of analytic priority. Consequently my approach intentionally oversimplifies reality since considering the state as transcending its component parts requires a high level of abstraction (Lentner 1984).

More precisely, this study has undeniably granted civil society a much too limited treatment given its importance. Results obtained from analyses performed in Chapter 3 clearly show that civil society is the flip side of the state capacity coin. The relationship between the two is mutually constitutive.
strong state will facilitate democracy, but the opposite is also true: the main message of the Federalist Papers was that the only way to check to power abuse by the state was through civil society (Hamilton, Madison, and Jay 1961; Markovitz 1999). In the case of Eastern Central Europe and the Baltic States where democracy was consolidated, political parties and civil society have played, and continue to play, a crucial oversight role. CIS states stand in sharp contrast with these democracies in terms of the development and mobilization potential of their civil society. In fact, few states have actually developed a system of political parties with genuine popular appeal, and much less parties that could serve of credible opposition have risen to the challenge in the restricted arenas for contestation they are granted.

Even among the consolidated post-communist democracies, civil society and associational life are considered limited by advanced industrial democracies’ standards. In fact, weakness in civil society and associational life are common denominators among the cases included in this study. For cause, independent civic associations were heavily discouraged during communist rule. Marc Morjé Howard (2002) attributes the lower willingness to join associations in Russia and the GDR to a built-in mistrust of communist institutions, but also to the importance of “friendship networks,” or informal networks. Since communist regimes strove to abolish the division between state and society, “vibrant private networks” bound together by high levels of trust were a response to both the repression of dissent and the shortage economy. It is no surprise then, to observe that states are weakest where these networks are most entrenched. Informal networks not only undermine the state’s authority, but also substitute the voluntary associations so crucial to Western democracies. The absence of vibrant civil societies impedes both democratization and the prospects of building effective state authority.

The Prospects for Democratization

State weakness engendered conditions conducive to vertical and personal power concentration, at least on the formal institutional level, while state strength
has tended to facilitate horizontal accountability and democracy, in most cases except Belarus. Taken literally the picture I present appears deterministic and pessimistic; arguing that the conditions at the dawn of independence limit political actors leaves little freedom for agency to rise above the structural constraints of deficient state capacity. The importance of state capacity at the onset of independence, or transition, also seems to imply that legacies are fixed somehow, and that post-communist countries cannot escape the predicaments of their starting conditions. For states that still exhibit weak infrastructural capacity so long after reaching independence, what can possibly be expected? Is there a way to break free from environments of weak state and predatory presidentialism? More precisely, how can states like Tajikistan, Kyrgyzstan and Georgia compensate for their starting conditions over time?

If the causal arrow pointed in only one direction, from the state to regime outcomes, then indeed, the opportunities for openings would be bleak. Since there also exists a potential for change pointing in the other direction, from democracy to the state, also passing through constitutional provisions to the executive, considerably more positive developments are possible, as recent events demonstrate. The popular mobilizations coined Orange, Rose and Tulip revolutions in Ukraine, Georgia and Kyrgyzstan carried high hopes for democratization. Despite the enthusiasm of the international community towards popular uprisings against corrupt leaders, these revolutions only reached tangible results in Ukraine, where a constitutional devolution of power from the president to the legislature was enacted.

In the cases of Georgia and Kyrgyzstan, no clear movement towards decentralization of presidential power was codified in their respective constitutions. In both revolutions, the end result was a rotation of elites in power without democratization (Tudoroiu 2007). Far from a change favoring stronger parliaments, in Georgia, Mikheil Saakashvili used his 96 percent electoral victory to further enlarge the already extensive powers vested in the executive. To explain these outcomes, Henry Hale (2006) noticed that such “revolutions” were most likely to spring in environments surrounding the succession of a president.
not seeking reelection, becoming irrelevant in the political arena and against whom elites could safely rally. Furthermore, while many contributors have applauded the positive contagion effects of popular movements of the sort across post-Soviet countries, a less positive type of “contagion” has also been at work (Hale 2006): dictators are learning from the mistakes of others, and are becoming increasingly adept at the use of coercion to crush movements before they reach large proportions, such as were the cases in Azerbaijan in 2003, Uzbekistan in 2005, and Armenia in 2008.

In the end, redistributions of power following the model enacted in Ukraine could prove beneficial to increase the vitality of political parties. Still, wholesale reductions of presidential powers is not necessarily the most desirable solution in environments where no effective opposition is in a position to reasonably exercise a counterweight (D'Anieri 2006; Hale 2006). Perhaps more realistically, how to curb corruption will be the most important challenge to the building of effective governance in post-communist countries. Finding ways to diminish the magnitude or channel the potential of informal and black markets, of informal groups exerting social control such as clans, but also reforming state bureaucracies and introducing of civil service should be on the top of reform agendas, even among the new additions to the EU. Nevertheless, since implementation of top down reforms in the weaker states is expected to be more difficult, the disparity between EU members and CIS states will likely remain large without some form of civil society mobilization.
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