



○ **FAILURE OF NETWORK INDUSTRY LIBERALISATION  
IN EASTERN EUROPE: THE CASE OF ELECTRICITY  
LIBERALISATION IN UKRAINE**

Katharina ILLIUSHCHENIA

---

○ **A COMPARATIVE PERSPECTIVE ON THE BALKAN  
CONSTITUTIONS AND THE SPACE PROVIDED FOR THE  
CITIZENS**

Teuta VODO and Eleni STATHOPOULOU

---

○ **FALLING BETWEEN TWO STOOLS – THE CASE OF THE  
LITHUANIAN CIVIL SERVANT REFORM OF 2013**

Lars JOHANNSEN, Karin HILMER PEDERSEN and Saulius PIVORAS

---

○ **THE BACKWARD EAST? EXPLAINING DIFFERENCES IN  
SUPPORT FOR RADICAL RIGHT PARTIES IN WESTERN AND  
EASTERN EUROPE**

Alina POLYAKOVA

---

○ **INCOME INEQUALITY AND GOVERNMENT REDISTRIBUTION:  
A CROSS-NATIONAL STUDY**

Vincent A. MAHLER, Kimberly LOONTJER and Sara PARANG

---

○ **BOOK REVIEW: DEMOCRACY AND SOCIAL PEACE IN  
DIVIDED SOCIETIES: EXPLORING CONSOCIATIONAL PARTIES**

Henrik JACOBSEN

---

**EDITORIAL TEAM****General Editor  
Miro Haček**

University of Ljubljana  
Faculty of social sciences, CAAPPI  
Kardeljeva ploščad 5  
1000 Ljubljana, Slovenia  
[miro.hacek@fdv.uni-lj.si](mailto:miro.hacek@fdv.uni-lj.si)

**General Editor  
Peter Csányi**

Alexander Dubček University Trenčín  
Department of Political Science  
Študentská 2  
911 50 Trenčín, Slovakia  
[peter.csanyi4@gmail.com](mailto:peter.csanyi4@gmail.com)

**General Editor  
Jurij Toplak**

Alma Mater Europaea  
European Center Maribor (AMEU-ECM)  
Gospodarska ulica 1  
2000 Maribor, Slovenia  
[jurij.toplak@almamater.si](mailto:jurij.toplak@almamater.si)

**Assistant Editor  
Simona Kukovič**

University of Ljubljana  
Faculty of social sciences, CAAPPI  
Kardeljeva ploščad 5  
1000 Ljubljana, Slovenia  
[simona.kukovic@fdv.uni-lj.si](mailto:simona.kukovic@fdv.uni-lj.si)

*Articles appearing in JCP, are abstracted and indexed in following bibliographical databases: EBSCO, International Political Science Abstracts, ProQuest Political Science, International Bibliography of Social Sciences (IBSS), JournalSeek, UlrichsWeb and DOAJ (Directory of Open Access Journals); also included (from 12/2013) in Universal Impact Factor.*

**EDITORIAL BOARD**

**Davor BOBAN**, University of Zagreb, Croatia  
**Marjan BREZOVŠEK**, University of Ljubljana, Slovenia  
**Đorđe GARDAŠEVIĆ**, University of Zagreb, Croatia  
**Araldo M.A. GONÇALVES**, Universidade Católica Portuguesa, Macau  
**Victoria GRAHAM**, Monash University Johannesburg, South Africa  
**Pavol HRIVIK**, Alexander Dubček University of Trenčín, Slovakia  
**Lars JOHANNSEN**, Aarhus University, Denmark  
**Kenneth KA-LOK CHAN**, Hong Kong Baptist University, China  
**Rudolf KUCHARČÍK**, University of Economics Bratislava, Slovakia  
**Lisa McINTOSH SUNDSTROM**, University of British Columbia, Canada  
**Meredith REDLIN**, South Dakota State University, USA  
**Andrius ŠUMINAS**, Vilnius University, Lithuania  
**Michael TKACIK**, Stephen F. Austin State University, USA  
**Taro TSUKIMURA**, Doshisha University Kyoto, Japan  
**Nebojša VLADISLAVLJEVIĆ**, University of Belgrade, Serbia  
**Reuben WONG**, National University of Singapore, Singapore

**CO-PUBLISHERS**

Department of Political Science  
Alexander Dubček University Trenčín  
Študentská 2, 911 50 Trenčín, Slovakia

Centre for analysis of administrative-political processes and institutions (CAAPPI)  
University of Ljubljana, Faculty of social sciences  
Kardeljeva ploščad 5, 1000 Ljubljana, Slovenia

Alma Mater Europaea - European Center Maribor (AMEU-ECM)  
Gospodarska ulica 1, 2000 Maribor, Slovenia

**DESIGN**

CAAPPI, Ljubljana.

*Journal of Comparative Politics* is published twice a year, in January and July.

**TABLE OF  
CONTENTS**

4

**FAILURE OF NETWORK INDUSTRY  
LIBERALISATION IN EASTERN EUROPE: THE  
CASE OF ELECTRICITY LIBERALISATION IN  
UKRAINE**

Katharina ILLIUSHCHENIA

20

**A COMPARATIVE PERSPECTIVE ON THE  
BALKAN CONSTITUTIONS AND THE SPACE  
PROVIDED FOR THE CITIZENS**

Teuta VODO and Eleni STATHOPOULOU

34

**FALLING BETWEEN TWO STOOLS – THE CASE  
OF THE LITHUANIAN CIVIL SERVANT REFORM  
OF 2013**

Lars JOHANNSEN, Karin HILMER PEDERSEN and Saulius PIVORAS

49

**THE BACKWARD EAST? EXPLAINING  
DIFFERENCES IN SUPPORT FOR RADICAL  
RIGHT PARTIES IN WESTERN AND EASTERN  
EUROPE**

Alina POLYAKOVA

75

**INCOME INEQUALITY AND GOVERNMENT  
REDISTRIBUTION: A CROSS-NATIONAL STUDY**

Vincent A. MAHLER, Kimberly LOONTJER and Sara PARANG

95

**BOOK REVIEW: DEMOCRACY AND SOCIAL  
PEACE IN DIVIDED SOCIETIES: EXPLORING  
CONSOCIATIONAL PARTIES**

Henrik JACOBSEN

**PARTICIPATE**

For further information on submissions, please consult  
the guidelines at <http://www.jofcp.org>.

# FAILURE OF NETWORK INDUSTRY LIBERALISATION IN EASTERN EUROPE: THE CASE OF ELECTRICITY LIBERALISATION IN UKRAINE

Katharina ILLIUSHCHENIA<sup>1</sup>

.....

*Deregulatory reform of electricity industries includes three main steps: a) the break-up of vertically integrated monopolies; b) the privatisation of generation (and sales) companies; and c) the introduction of competition rules in the electricity market. This article discusses the key acts of reform, the political and economic circumstances in which they were enacted, the positions of key actors and the challenges confronted in Ukraine during electricity liberalisation policy-making. The article concludes that liberalisation reform of the electricity industry under both political systems in Ukraine in the 1990s and early 2000s failed because no effective privatisation rules were established and implemented.*

**Key words:** electricity liberalisation, privatisation, competition, Ukraine.

## 1 PROBLEM SETTING

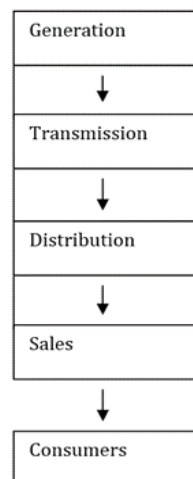
Through the mid-1980s, the monopoly was the dominant form of organisation for national electricity markets all over the world. Vertically integrated monopoly companies, usually owned by states, controlled all spheres of electricity production, transmission, distribution and supply (Figure 1). In some national electricity markets, independent power producers and sales companies existed, but they sold or purchased electricity from state monopoly companies through special agreements and were not allowed to set their own prices. Electricity tariffs for consumers were fixed by state regulatory bodies. Such consensus on the monopolistic organisation of the electricity industry was based on two core assumptions. It was believed, first, that state ownership is necessary to provide the appropriate mechanisms for control and finance and, second, that the monopoly is an efficient means to preserve and develop electricity networks and to secure energy supplies (Helm 1993, 411).

---

<sup>1</sup> Katharina ILLIUSHCHENIA, PhD Fellow at the University of Hamburg, Institute of Political Science. The present paper is based on the doctoral project on the electricity liberalization policies in the EU, Ukraine and Russia. The research was funded by a grant from the Konrad Adenauer Foundation. Contact: klliushchenia@gmail.com.



FIGURE 1: MODEL OF MONOPOLY IN ELECTRICITY MARKETS



Source: Belyaev (2011, 52).

Since the 1980s, however, two of the most significant trends in world economic policy have been the deregulation of infrastructure sectors, such as electricity, telecommunications, aviation and railways, and the replacement of monopolies with competitive market models. The major philosophy behind the deregulation of traditionally monopoly-dominated infrastructure sectors is the economic belief that free competition between infrastructure companies will lead to large efficiency gains, lower prices for all groups of consumers, high economic growth, increased welfare and, as a result, a more competitive position for national companies in the globalised international economic arena. Hirsh (1999), in his study of the deregulation of the American electricity industry, claims:

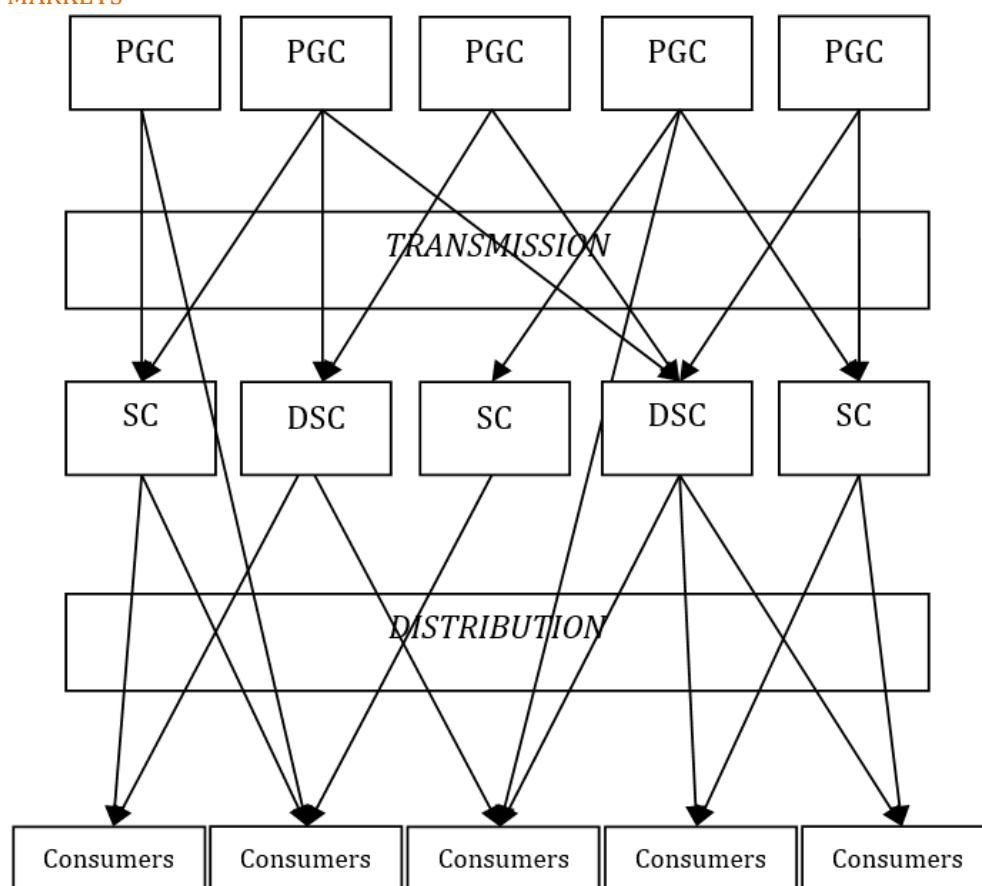
*By the end of the century, however, technological change discredited the central tenets of the consensus and contributed to the downfall of utility elites. Change manifested itself as technological stasis, the end of previous trends towards increasing thermal efficiency and economies of scale in standard generating hardware. By itself, the reversal of historical patterns would not have contested the rationale for utilities' natural monopoly status unless other producers could generate electricity at comparable costs. But in other embodiment of technological change, independently owned cogeneration units and small-scale renewable energy facilities evolved rapidly, and they produced electricity as cheaply (or more cheaply) than could utilities. (Hirsh 1999, 262)*

Deregulatory reform of electricity industries includes three main steps: a) the break-up of vertically integrated monopolies; b) the privatisation of generation (and sales) companies; and c) the introduction of competition rules in the electricity market. The introduction of competition is achieved primarily by separating transmission and generation activities (vertical restructuring) and selling generation assets to a number of private companies in order to introduce competition into the generating sector. Such an electricity market with competition in the power generation sector is called a single buyer market. In this model, the transmission, distribution and supply sectors of the electricity market remain bundled and merged in one monopolist, vertically integrated company that normally is state-owned. The subsequent stages of the reform include the introduction of competition into the wholesale and retail markets (Figure 2). The introduction of competition generally has been limited to power generation activities and the supply of electricity, while maintaining transmission and distribution power grids as natural monopolies has been

widely accepted. However, it is worth pointing out that the monopoly features in the electricity sector arise from technological factors that are constantly developing and that, in the future, these changes might lead to opening up the transmission and distribution power grids to competition (Mittra, Lukas and Fells 1995, 690).

Western and Eastern European countries have followed the world trend of liberalising national electricity industries. Countries in the European Union (EU) agreed to liberalise national electricity markets in 1996. The first EU electricity directive introduced accounting separation of electricity generation, transmission and distribution assets and the option to choose among three models of liberalised electricity market organisation: single buyer, negotiated third-party access and regulated third-party access. In the mid-1990s, Ukraine decided to introduce reforms in the power-engineering sector, taking the British model of power sector restructuring as an example for the reform. The president's 1994 and 1995 decrees, along with the 1997 Law on Electricity, initiated the accounting unbundling of electricity assets and proposed the pool model for the organisation of the electricity market. As well, Russia adopted the liberalised model for the organisation of its electricity market. In accordance with the corresponding presidential decrees, the accounting separation of electricity generation, transmission and distribution assets and the pool model of the organisation of the electricity market were introduced in 1992. Under the impact of globalisation tendencies, Western and Eastern European countries decided to liberalise their national electricity markets.

FIGURE 2: MODEL OF FULLY COMPETITIVE WHOLESALE AND RETAIL ELECTRICITY MARKETS



Note: PGC: power generating company; DSC: distribution sales company; SC: sales company. Source: Belyaev (2011, 59).

However, the implementation of these first steps towards liberalisation, as well as further reforms required for the establishment of truly liberal electricity markets, varied to a large degree among Western and Eastern European countries. During the 1990s and early 2000s, EU countries agreed to establish fully competitive national electricity markets; introduced competition in power generation; effectively separated electricity generation, transmission and distribution; and recognised the right of all groups of consumers to freely choose their electricity supplier. In 2003, Russia introduced a law calling for the establishment of a fully competitive wholesale electricity market and, in 2008, abandoned the state monopoly of the electricity industry. Up to this point, Russia had established a hybrid form for the functioning of the electricity market, with generation companies owned by the largest firms, which are few in number and under the control of the state. In contrast, despite the 2002 adoption of the concept of a fully competitive electricity market, Ukraine—the Eastern European country with the largest electricity sector behind Russia—failed to replace the old hybrid form of electricity market organisation combining the monopoly and pool models, which had been implemented in the late 1990s, with more liberal models. These differences in the outcomes of the cases of Russia and Ukraine are puzzling because the direction of the initial reforms in these countries was similar. The purpose of the study is to address this development in the case of Ukraine.

## 2 PROBLEMATISATION OF THE ISSUE

The regulatory policies for network industries can be explained by either the monopoly rationale or the free market rationale. Until the mid-1980s, the natural monopoly rationale dominated beliefs about network industries policy all over the world. The natural monopoly rationale positions the electricity industry as a classic example of a natural monopoly. According to the definition of natural monopoly, in industries which are highly capital- and technology-intensive, the lowest possible production costs can be achieved only if there is one firm in the market (Jaccard 1995, 580). Regarding the electricity sector, it was argued that, first, duplicate distribution systems owned by competing firms result in much higher costs, and, second, that large generating units have lower production costs than small units (Jaccard 1995). In addition to the argument of economies of scale, proponents of the natural monopoly rationale contended that a demonopolised electricity industry cannot cope with the numerous potential market failures and market imperfections that characterise the power engineering sector (Vickers and Yarrow 1991, 486). Such imperfections of the electricity market include specialised electricity transportation which allows market participation only by consumers and producers who have direct connections to the electric power systems with sufficient transfer capability; daily, weekly and seasonal load variations which create uncertainty in the short-run costs of electricity producers and make impossible organising spot electricity markets; high capital intensity; and the long periods of construction and service of power plants and others.

However, after 1985, the situation changed rapidly. Calls for privatisation and deregulation of infrastructure industries began in the United States and very quickly developed in the aggressively free market atmosphere of the United Kingdom under Prime Minister Margaret Thatcher. The main argument of the free market rationale was that supplying energy at the lowest possible cost and having higher standards of quality and service can best be achieved by opening up to full competition those areas where competition is feasible (Mittra, Lukas

and Fells 1995, 697). Despite specific market failures, such as environmental externalities and natural and artificial monopolies, and coordination failures in investment that hinder liberalisation, it became an established practice to create fully competitive electricity markets throughout the world. The competition rhetoric surrounding the electricity market organisation in Europe, which had an impact on Eastern European countries, was strongly pushed by the European Commission in the 1990s and early 2000s. The Commission's main argument was that the electricity markets in Europe had a number of significant distortions, such as significant increases in wholesale prices, which could not be fully explained by higher primary fuel costs and environmental obligations, as well as persistent complaints about entry barriers and limited possibilities to exercise customer choice (Commission of the European Communities 2006). In this argument, it followed that the full separation of ownership of accounts was necessary to prevent market distortions as the integration of generation, imports and supply interests within the same group, combined with the prevalence of long-term power purchase agreements between electricity producers and a few incumbent suppliers, reduced the incentives for new entrants to trade in wholesale electricity markets. Thus, according to the Commission:

*Economic evidence shows that ownership unbundling is the most effective means to ensure choice for energy users and to encourage investment. This is because separate network companies are not influenced by overlapping supply/generation interests as regards investment decisions. It also avoids overly detailed and complex regulations and disproportionate administrative burdens. The independent system operator approach would improve the status quo but would require more detailed, prescriptive and costly regulations and would be less effective in addressing the disincentives to invest in networks. (Commission of the European Communities 2007, 7)*

The liberalisation of electricity industries in EU countries and the competition rhetoric of the European Commission during the 1990s and early 2000s had an impact on the development of similar policies in Eastern European countries.

There is already a large amount of literature that discusses the policies of electricity sector deregulation in the countries of Western Europe (Vickers and Yarrow 1991; Schmidt 1998; Eising 2002; Barte 2005; Jamasb and Pollitt 2005). In contrast, electricity sector restructuring in Eastern Europe has not been the subject of broad comparative analysis. Most of the available empirical literature (Ryding 1998; Lovei and Skorik 1999; Vincentz and Hirschhausen 1999; Palamarchuk, Podkovalnikov and Voropai 2001; Aslund 2002) discusses the difficulties of restructuring and liberalising electricity industries in Eastern European transformation countries but do not explain the policy outcomes. Only a minority of studies attempt to explain the policy outcomes of liberalisation reforms in the power engineering sector. Hirschhausen and Opitz (2001), with the Deutsches Institut für Wirtschaftsforschung, took an institutional approach to studying power utility restructuring in East European and CIS transformation countries. The researchers argue that the radical systemic and institutional change in Eastern Europe and the worn-out condition of the post-socialist infrastructure explain the failure of electricity liberalisation in these countries in the 1990s (Hirschhausen and Opitz 2001). Wengle (2012, 76), in an examination of Russia's electricity sector restructuring during the early 2000s, argues that the patterns of market institutions that emerged in Russia's liberalised electricity sector during this period cannot be adequately explained by seeing the state only as captured by oligarchic interests. She proposes the term 'post-Soviet developmentalism' to explain the specific policy



outcomes of Russia's electricity liberalisation policy during the 2000s. According to Wengle (2012, 76), the new market institutions that emerged in Russia as an outcome of electricity liberalisation policies depended on certain types of bargains between the government and Russia's powerful economic conglomerates and, therefore, were the products of the Russian state's enlistment of conglomerates in its developmental agenda.

This study employs the institutional perspective and presents a systematic discussion of the electricity liberalisation processes in Ukraine from 1990 to 2010.

### 3 THEORETICAL FRAMEWORK AND METHODOLOGY OF THE STUDY

This study attempts to advance a systematic policy analysis of the restructuring of the electricity sector in Ukraine from 1990 to 2010. The main argument of the study is that differences in institutions, policy structures and the interests and behaviour of relevant policy-making actors account for differences in policy outcomes across states. Accordingly, formal and informal political and social institutional settings shape the preferences and actions of the main decision-making actors. Country-specific institutional settings mostly define different actors' degree of access to policy making. In turn, the changing preferences of policy-making actors have an impact on the actions of other policy-making actors and cause changes in their preferences, as well.

In studying the impact of formal and informal institutional settings and policy-making actors' preferences on policy outcomes, the present study employs Mayntz and Scharpf's (1995) and Scharpf's (1997) theory of actor-centred institutionalism for a number of reasons. First, actor-centred institutionalism aims to facilitate interaction-oriented research which explains past policy choices and produces systematic knowledge potentially useful for developing politically feasible policy recommendations and designing institutions favouring the implementation of policies which serve the public's interests (Scharpf 1997). Second, actor-centred institutionalism allows discussing the preferences of all possible relevant policy-making actors and ascertaining their impact on one another without excluding some actors due to theoretical considerations. Third, actor-centred institutionalism places actors' preferences and actions into specific formal and informal institutional settings by arguing that policy outcomes tend to be those appropriate for the institutional environment, not rational responses to technological and economic imperatives. In other words, institutional contexts, as forms of established and developed rules of the game which vary cross-nationally and inter-temporally, constrain actors' behaviour by regulating their degree of access to policy-making (Steinmo 2008, 129). Finally, actor-centred institutionalism provides a conceptual scheme for discussing the capacity of decision-making systems for solving specific policy problems. The theory systematically combines analyses of actors' constellations and modes of interaction. If actors' constellations—in other words, the divergence or convergence of their preferences—can be revealed in substantive policy analyses, the framework of actor-centred institutionalism provides analytical categories of four modes of actors' interaction that allow structuring analysis and making cross-comparisons.

In this framework, institutions are defined as 'systems of rules that structure the courses of actions that a set of actors may choose' (Scharpf 1997, 38). To these systems of rules belong formal legal rules sanctioned by the court system

and the state and social norms, or informal rules that actors traditionally respect and whose violation is punished by loss of reputation, social disapproval, withdrawal of cooperation and rewards, and ostracism. In the framework of actor-centred institutionalism, institutions influence actors and their interactions as socially constructed formal and informal rules permit or prohibit the actions of actors. Scharpf (1997) describes the theory thus:

In our framework the concept of the ‘institutional setting’ does not have the status of a theoretically defined set of variables that could be systematized and operationalised to serve as explanatory factors in empirical research. Rather, we use it as a shorthand term to describe the most important influences on those factors that in fact drive our expectations—namely, actors with their orientations and capabilities, actor constellations, and modes of interaction. (Scharpf 1997, 39)

**TABLE 1: MODES OF INTERACTION IN ACTOR-CENTRED INSTITUTIONALISM**

	<i>Institutional Setting</i>			
	<i>Anarchic Field</i>	<i>Network</i>	<i>Association</i>	<i>Organisation</i>
<b>Unilateral Action</b>	X	X	X	X
<b>Negotiated Agreement</b>	(X)	X	X	X
<b>Majority Vote</b>	-	-	X	X
<b>Hierarchical Direction</b>	-	-	-	X

Source: Scharpf (1997, 47).

The unit of analysis in actor-centred institutionalism is the interaction of actors, which explains policy outcomes. To find out what interaction occurs in certain policy-making areas, one must analyse the actors and their constellations, perceptions, preferences and capabilities. However, knowing actors’ perceptions, preferences and capabilities does not mean that they determine policy outcomes as, in real life, it is unlikely that any actor is capable of unified action. Therefore, in order to analyse a particular policy process, it is necessary to look at the constellations of actors involved in policy-making. These actors’ constellations have specific modes of interactions. The theory of actor-centred institutionalism defines four modes of interactions possible in certain institutional settings (see Table 1). The first mode of interaction is unilateral action, in which all parties involved unilaterally choose their own strategies. The second possible mode of interaction is negotiated agreement, when all parties involved negotiate common strategies of action. The third mode of interaction is majority vote, when majority rule determines strategies. The fourth and last mode of interaction is hierarchical decisions, when the unilateral choice of a single actor determines the strategies of one or more other actors.

As seen in Table, certain institutional contexts permit the employment of all modes of interactions, while others allow the employment of only some modes of interactions. Thus, the sufficient level of institutional capacity for each modes of interaction differs, as does the capacity of institutional settings to support different modes of interaction (Scharpf 1997). From Table, it can be concluded that, in the anarchic field where all institutional structure is absent, actors act unilaterally or have limited possibilities for negotiated agreement. In the case of networks, regimes and joint-decision negotiation systems are possible because of institutional structures that ensure the binding nature of negotiated agreements. However, in the network institutional setting, it is impossible to make decisions by majority rule or by hierarchical direction as these forms demand much denser and more specific institutional settings. Such institutional settings are provided by associations which allow for majority vote and by organisations which allow for hierarchical direction.

To date, the framework of actor-centred institutionalism has been applied systematically to the study of electricity liberalisation in EU countries (Schmidt 1998, Eising 2001). However, no systematic study applying actor-centred institutionalism to the liberalisation of the electricity industries of Eastern European countries has been conducted. Therefore, this study applies this theory to the case of electricity liberalisation in Ukraine. In addition, the study contributes new research by empirically investigating the newest developments in policy-making in the Ukraine electricity industry from the early 1990s until the end of the first decade of the 21st century.

To reconstruct the electricity liberalisation policy processes in the selected case study, the present study makes use of hypothesis-driven process tracing. The process tracing method helps to 'identify the intervening causal process—the causal chain and causal mechanism—between an independent variable (or variables) and the outcome of the dependent variable' (George and Bennett 2005, 206). Employing hypothesis-driven process tracing in the selected case study is intended to generate sufficient empirical evidence to support the hypothesis generated by the framework of actor-centred institutionalism.

The research is based on a qualitative analysis of primary and secondary sources that are interdisciplinary in nature and written in English, German, Russian or Ukrainian. In order to identify the main policy-making actors and their preferences, the study includes a qualitative analysis of policy documents by policy actors on the issue of electricity sector restructuring. The analysed policy documents cover from 1988 to 2010. European, Ukrainian and Russian media sources; analytical materials from European, Ukrainian and Russian think tanks; and published academic literature covering particular problems relevant to the topic of the present study were analysed in order to identify changes in the main policy actors' positions on electricity liberalisation and in the intensity of actors' interactions. Additionally, the study uses available opinion polls and economic statistical data and the author's interviews and discussions with representatives of the Ukrainian intellectual elite and experts from Ukrainian think tanks. The purpose of interviewing experts was to explore the attitudes of Ukrainian elites towards the policy deadlock in electricity sector restructuring during Yushchenko's government.

## **4 CASE STUDY: ELECTRICITY LIBERALISATION POLICIES IN UKRAINE (1991–2010)**

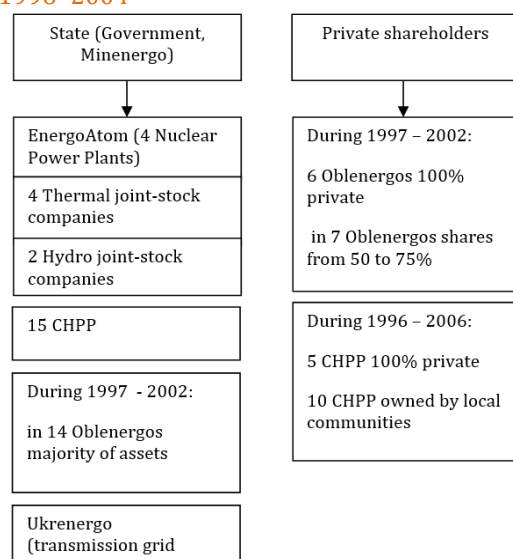
### **4.1 Electricity Reform under Kuchma**

Until 1990, the Ukrainian electricity industry was part of a Soviet state-controlled electricity monopoly, the Unified Electricity System (UES). The creation of a unified power system was started by the Soviet Union in 1956. By 1978, it included all of the Soviet Union and was run by the Ministry of Energy and Electricity, a hierarchically organised bureaucracy directed from Moscow. After the dissolution of the Soviet Union, the energy systems of former Soviet countries were separated. Ukraine inherited a rather well-developed power engineering sector, served by 44 thermal, coal- and gas-fired power plants, 7 hydro power plants and 6 nuclear plants (Razumkov Centre 2012a; 2012b; 2012c; 2012d; Ryding 1998). However, during the 1990s, all energy utilities in Ukraine could not cover their operational costs and were subsidised by the state. Therefore, in the early 1990s, the Ukrainian Ministry of Power and Electrification (Minenergo) proposed reforms of the power engineering sector.

Indicating the direction of the reforms, Minenergo followed the modernisation of the electricity sector in the United Kingdom in 1989–1990. The British model of power sector restructuring foresaw the creation of a wholesale market pool for electricity, with private generators competing on price to supply demand. The supply companies bought energy from the pool and delivered it over common transmission and distribution networks while competing with other supply companies through customer service.<sup>2</sup>

In May 1994, Ukrainian President Kuchma issued a decree requiring the liberalisation of the power sector. The purpose of the reform was to unbundle the vertically integrated organisation of the power sector and to open generation and retail trade to competition, while high-voltage transmission remained a natural monopoly. In 1996, the Members Agreement was signed by active participants in the electricity market, specifically, power generation companies, the grid company and electricity suppliers. It was agreed that the state-owned company, the National Dispatch Centre, would act as a purchasing and dispatching agency and had the rights to control and finance the high-voltage network and to administrate the system of settlements. The Ukrainian parliament adopted the Law on Electricity in 1997. Competition was introduced into the power generating and supply sectors. Generators which obtained licenses from the government could offer their electricity in the wholesale market, and licensed suppliers could compete by selling electricity to final non-household consumers at a non-regulated tariff.

**FIGURE 3: OWNERSHIP STRUCTURE OF THE UKRAINIAN ELECTRICITY MARKET, 1996–2004**



Note: CHPP: combined heat and power plant; Oblenergo: a joint-stock company that owns and operates low-voltage electricity networks. Source: Compilation of Ukrainian law.

However, reforms to establish the pool model in Ukraine's wholesale electricity market were not fully implemented. A loan from the World Bank was suspended in July 1997 and cancelled at the government's request in 1999 due

<sup>2</sup> The pool model foresees a partial liberalization of the electricity industry and an introduction of competition into the power generation and retail trade segments of the electricity market. In this model, the wholesale electricity market remains closed to competition, as wholesale trade is organized by a pool. The rationale of the introduction of this model is to make both generating and supply companies more efficient. The natural monopoly remains only in transmission, which is normally controlled by the state. The unbundling of power generation, transmission, distribution and supply assets forces the separation of costs between them and, therefore, makes their control more transparent and more economically rational.

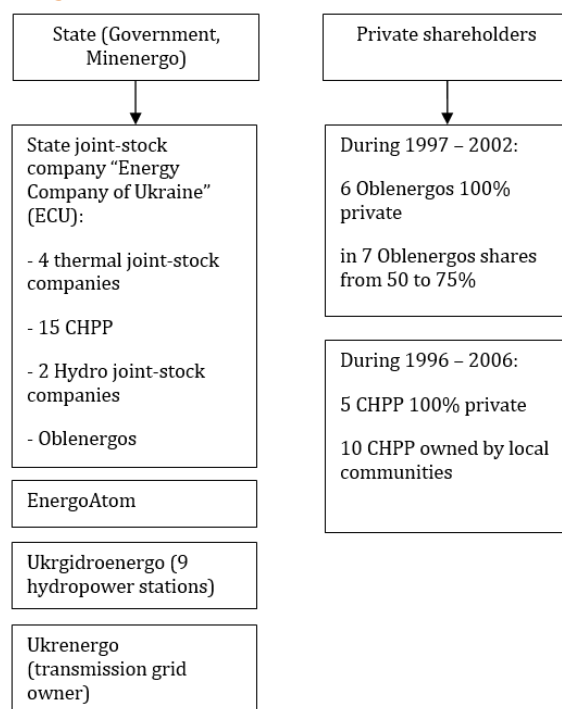
to the impact of a Russian financial crisis on the Ukrainian economy. Regarding the situation in the Ukrainian power generation sector in the late 1990s, the World Bank concluded the following:

*There is little merit in pursuing comprehensive power sector reform policies (legislation, regulation, unbundling, competition, privatization, regulation) in a country suffering a major economic crisis. The project shows that in an economy that was barter-based, with salaries and pensions in arrears, and where the government condoned the culture of non-payment, there was no way to make consumers to pay for electricity in cash. In such an environment, the introduction of an advanced model of a competitive power market was bound to be a losing proposition. Project objectives should have been more modest and targeted to improving well-delineated technical, institutional, and financial problems. (World Bank Group 2003, 42)*

In addition to the economic crisis, Ukrainian policy-making on electricity sector restructuring in the 1990s was influenced by a path-dependency in the form of decisions made by the old Soviet bureaucracy. Two path-dependent regulations in the electricity sector prevented the effective implementation of reforms. First, the government forced regional distributors to supply electricity to communal consumers at very low prices. Large industrial consumers were largely unable to pay for electricity, which resulted in a lack of payment to the pool and ultimately to the generators, which then could not pay for their fuels. At the end of the 1990s, payments to oblenergos, joint-stock companies which own and operate low-voltage electricity networks, were less than 40%. Second, the privatisation of generation companies was not part of the reform (Hirschhausen and Opitz 2001, 19) as the government was at first reluctant to sell shares in the state's power generation joint-stock companies. Concerning electricity distribution companies, the picture looked more positive. The non-payment problem pushed the government to acknowledge that the privatisation of distribution assets would be a major initial step to improving payment collection and generating income for the state budget. In 1997, the State Property Fund and Minenergo prepared a privatisation plan. However, in the original privatisation plan, the government prioritised selling only minorities of shares in the oblenergos to private companies after satisfying the demands of managers and workers to receive shares in the companies. Foreign companies had little interest in buying minority shares, and the government was pushed to sell controlling stakes in some oblenergos to private companies. In 1998 and 1999, numerous large electricity sales enterprises were privatised by the few emerging Ukrainian oligarchs. For example, Hryhoriy and Ihor Surkis, with the Kyiv Group, acquired nine regional electricity distribution companies in these years (Aslund 2009).



FIGURE 4: OWNERSHIP STRUCTURE OF THE UKRAINIAN ELECTRICITY SECTOR, 2004–PRESENT



Note: CHPP: combined heat and power plant; Oblenergo: joint-stock company that owns and operates low-voltage electricity networks. Source: Compilation of the Ukrainian law.

In June 2004, the government took a step back from privatisation and created the state holding company Energy Company of Ukraine (ECU). The ECU acquired operational control over power distribution and supply companies through state-owned stakes varying from 25% to 100%, as well as over power generating companies and Ukrinterenergo, the state enterprise handling exports to Moldova and Eastern Europe. This decision, however, contradicted the concept of the functioning of the wholesale electricity market introduced in 2002. The ECU owned most generating and distribution companies and controlled 40% of the country's power generation output and 65% of its power supply (see Figure 4).

#### 4.2 Electricity Reform under Yushchenko

When Yushchenko became president, the electricity sector of Ukraine was subsidised by the state and did not function effectively. However, there was no public demand to introduce reforms in the sector because of very low electricity prices. In 2005, the Orange Coalition government tried to obtain strong state control over the country's energy companies and made no plans to sell further stakes in regional distribution companies and thermal power plants. Neither did it discuss the elimination of ECU, which consolidated state power engineering and distribution companies and prevented competition and efficiency in the WEM. In 2005, the Cabinet of Ministers transferred the power to manage ECU to the Ministry of Fuel and Energy.

The Orange Coalition did remove cross-subsidies and tried to overcome a debt problem. To that end, the new government cancelled privileged tariffs which allowed plants to benefit from special electricity prices. In June 2005, the parliament adopted a law entitled "On Arrangements Aimed at the Stable Operation of Enterprises in the Fuel and Energy Sector" (the so-called Debt Law), which provided the framework for the resolution of the debts of power,

coal, gas and district heating companies. The wholesale market operator Energorynok created the Special Settlement Centre, which managed the mechanisms of debt restructuring, such as write-offs, offsets, partial payments and refinancing, and provided various incentives for energy companies to participate in these settlements, such as tax privileges and a temporary ban on bankruptcy proceedings. However, according to Ukrainian experts, the new government failed to implement the roadmap by the required deadline.

Yushchenko set Ukraine on a clear course towards European integration and demonstrated a willingness to implement European standards. The EU–Ukraine Action Plan signed in 2005 established a set of objectives for aligning Ukraine’s energy policy towards EU internal energy policy. Among general objectives established by the Action Plan were gradual adoption of the principles of the internal EU electricity and gas markets, co-operation on nuclear energy and safety, and progress towards energy networks, energy efficiency and the use of renewable energy sources. The Memorandum of Understanding signed by the EU and Ukraine in 2005 defined four roadmaps for bilateral cooperation in energy security, to which a fifth was added later: (1) the safety of operating Ukrainian nuclear power plants that should be compliant with the IAEA’s Safety Standards requirements; (2) the integration of electricity and gas markets and fulfilment of the requirements of the Energy Community Treaty; (3) the security of energy supplies and the transit of hydrocarbons, including the modernisation of the Ukrainian Gas Transit and reforms related to the corporatisation and financial transparency of the monopoly oil and gas company Naftogas of Ukraine; (4) cooperation with the Coal Sector Policy Support Programme, financed by the EU to support institutional strengthening in the Ukrainian coal sector; and (5) energy efficiency and renewable energies.

On 28 November 2007, the Ukrainian Cabinet of Ministers adopted an action plan for electricity market liberalisation. On 29 September 2008, the Ukrainian government held the First Ukrainian Electricity Market Reform conference, outlining core directions for the WEM reform. According to this reform, a competitive wholesale electricity market should be established. This market should be divided according to how generation companies sell their output: bilateral contracts, day-ahead markets, balancing markets, system/ancillary services markets and export/import electricity auctions. This reform should be undertaken in compliance with the WEM concept approved by the government in 2002 and re-confirmed in 2007. Therefore, a transition from the single buyer model to direct contracts between electricity producers and suppliers and eligible customers was envisaged. It was planned that the introduction of the competitive wholesale electricity market model in Ukraine would be carried out after 1) achievement of full payments for electricity, resolution of accumulated debts and price imbalances, cancellation of cross-subsidies, withdrawal of privileges awarded to individual categories of consumers, and technical modernisation of systems for commercial metering and information exchange; and 2) the development and adjustment of an adequate legal framework and the creation of infrastructure for the new wholesale electricity market (NERC 2006).

From 2006 to 2010, the electricity market in Ukraine functioned according to the single buyer model. The main participants in the electricity market were power generators; suppliers of electricity at non-regulated tariffs (independent electricity suppliers); electricity suppliers which owned or control networks and supplied electricity at regulated tariffs in the corresponding area; the electricity wholesaler Energorynok; and a company carrying out the centralised dispatch for the power grid of Ukraine. Heat power-generating companies and

three cogeneration plants sold electricity competitively based on daily (hourly) bids per unit. Nuclear, hydropower, wind and cogeneration plants sold electricity in the WEM as charged by the National Electricity Regulatory Commission (NERC). The NERC was responsible for setting the wholesale electricity price.

In addition to defining the direction of the electricity liberalisation reform, the government also increased the electricity tariffs for all groups of consumers. In 2005, the Cabinet of Ministers decided to introduce a single retail electricity tariff for commercial and industrial customers. Suppliers had to fix the retail electricity tariffs based on the wholesale market price and the transmission and supply charges approved by NERC. In 2006, the retail electricity tariff was increased by 27.7%, primarily due to changes in the wholesale market price (NERC 2007).

In 2006, NERC revised the transmission and supply charges for most supplying companies, taking into account changes in transmission volumes, the structure of consumption, indexation of the company's material costs, the revised wages fund and investment programmes implemented. Household electricity prices, which had been unchanged since 1999, recovered only 36.5% of the costs of power generation, transmission and supply. In order to change this situation, the government increased electricity prices for household consumers. On 1 September 2006, household electricity prices were raised to 58% of economically sound cost recovery (NERC 2007).

In 2009, Ukraine expressed its desire to join the Energy Community Treaty<sup>3</sup> and signed the Memorandum on Competing the Accession Negotiations. The main condition for entering the organisation was the adoption of the Gas Market Liberalisation Law. In 2011, the country joined the Energy Community Treaty. The organisation required a gradual transition to a liberal electricity market of bilateral contracts and the liberalisation of relations among electricity generators, suppliers and consumers. Ukraine obliged itself to implement the Second and the Third Energy Packages of the EU, including all European electricity legislation.

The dominant theme of the post-Orange Revolution governments in the electricity industry was re-privatisation. Prime Minister Tymoshenko proposed the renationalisation of previously unfair privatised enterprises and their sale to new owners, but President Yushchenko opposed this plan. The government of Yanukovych (2006–2007) continued to exercise its powers in rent-distribution in regulatory policies and property management, as well as the use of state budgetary funds. Among the major rent-seeking schemes of Yanukovych's government that became well known in the Ukrainian print media were the awarding of licences for the development of the Black Sea and gas fields to Vanco Prykerchenska, a company partially owned by Akhmedov, and for the exploration of gas resources to allied private companies, along with favouring allied businesses in privatisation deals and tendering (Kudelia 2012, 424). One privatisation deal was pursued in the electricity industry. In 2007, the government issued shares of the state-owned thermoelectric plant Dniproenergo to pay outstanding debts and increased its share of capital in

---

<sup>3</sup> The Energy Community Treaty (ECT) was signed between the European Union and the southern European countries that were candidate members in 2002. The Treaty set the deadlines for the implementation of the First, Second and Third Energy Packages of the EU concerning the establishment of common rules in the electricity and gas markets as well as environmental requirements of the functioning of the EU internal energy market in the southern European countries that took the obligations to implement the relevant directives by signing the treaty.

favour of DTEK, a minority shareholder belonging to Akhmetov, a closely ally of Yanukovych. The deal gave DTEK a 44% stake in the power generating company (Kubrushko 2008, 4–5). In March 2008, Tymoshenko's second government announced that it would sell 61% of shares of its four thermal power producers, Dniproenergo, Tsentrenergo, Zakhidenergo and Donbassenergo, and eliminate the deal for a share increase in Dniproenergo made under Yanukovych's government. However, Yushchenko suspended this government resolution, arguing that the privatisation of electricity generating companies threatened national security (Ukrainskaya Pravda 24 April 2008). The privatisation of power generating companies did not occur under Tymoshenko's government and Yushchenko's presidency. In 2011, the government owned 70–85% of shares of Donbasenergo, Zakhidenergo and Tsentrenergo.

## 5 CONCLUSION: WHY HAVE ELECTRICITY LIBERALISATION POLICIES SO FAR FAILED IN UKRAINE?

In the 1990s and early 2000s, the Ukrainian government's intention to implement the liberal pool model of electricity sector organisation led to a hybrid form of the functioning of the national electricity market, which preserved the state electricity monopoly but made formally possible access to the power generation and supply market segments by private firms. None of the modes of actors' interaction for electricity liberalisation employed by the governments were effective. The reform failed because of three major reasons:

1. Different rent-seeking interests influenced state institutions.
2. State institutions were not ready to lose ownership of electricity assets.
3. State institutions had no experience in establishing efficient, transparent privatisation rules.

The electricity reform of the 1990s was hierarchically directed by Kuchma's government, with elements of bargaining with interest groups. The direction of the reform was administratively driven by central Minenergo officials. No negotiations occurred between the government and political parties. The institutional feature which had the greatest impact on Ukrainian policy-making was the subordination of state building and institution building to personal interests, including the accumulation of political power and economic wealth (Kudelia 2012, 420). The specific choice for the organisation of the electricity industry in Ukraine emerged as a consequence of a complex bargaining game involving Kuchma and his government, on one hand, and Kuchma, the power industry and rent-seeking elites, on the other hand. The outcome of this bargaining was the Members Agreement signed in 1996 by state-owned power generation companies, the state-owned grid company and both private and public electricity suppliers. The agreement led to a number of concessions from the government to power generation companies, which obtained state subsidies and guarantees that the state would buy all of their produced electricity, as well as supplier companies that often did not pay for electricity they received from the grid company. The government attempted to control the overall organisation of electricity industry; therefore, it politically controlled the NERC regulatory body, which performed important functions in issuing and monitoring licenses for electricity generation, high-voltage transmission, low-voltage distribution and tariff and non-tariff supply.

The major institutional shift in Ukraine in the early 2000s was the revision of the 1996 Constitution in December 2004. The constitutional reform changed

various actors' degree of access to policy-making and led to power sharing among policy-making actors and influential oligarchic interest groups in the country (Kudelia 2012, 423). The president could still influence the distribution of rents in the country through his appointment powers, but he could govern rent-distribution only in cooperation with the government. The rent-seeking preferences of the new elite actors in the government and parliament and their close ties with big businesses had a negative impact on the effectiveness of policy-making during Tymoshenko's (2005, 2007–2010) and Yanukovych's (2006–2007) premierships. The slow implementation of reforms in the electricity industry between 2005 and 2010 in Ukraine, therefore, can be explained by the political divisions between the president, government and ruling elites in the government and parliament which desired rent-seeking opportunities. The electricity reform was driven hierarchically by the government and the president, with elements of horizontal bargaining with political and business elites. This horizontal bargaining among political and business actors on electricity liberalisation was ineffective in Ukraine during the early 2000s because of different policy preferences, rent-seeking by the new elite actors in the government and parliament, and these actors' close ties with big businesses. Consequently, the Ukrainian parliament could not promulgate an electricity law but simply re-confirmed the 2007 concept of the competitive wholesale electricity market, which a previous government had approved in 2002.

Overall, during the 1990s and early 2000s, state institutions in Ukraine preferred to preserve electricity assets as state property. In addition, no effective privatisation rules were established or implemented. Naturally, for the effective implementation of electricity liberalisation policies, Ukraine needs to establish a clear procedure for electricity assets privatisation. To do so, the Ukrainian government can follow the best practices of East Germany's privatisation policies during the 1990s (Breuel 1993).

## REFERENCES

- Aslund, Anders. 2002. *Building Capitalism. The Transformation of the Former Soviet Bloc*. Cambridge: Cambridge University Press.
- Aslund, Anders. 2009. *How Ukraine became a market economy*. Washington: Peterson Institute for International Economics.
- Barte, Ian. 2005. *Globalisation and EU policy-making. The Neo-Liberal Transformation of Telecommunications and Electricity*. Manchester: Manchester University Press.
- Belyaev, Lev S. 2011. *Electricity Market Reforms. Economics and Policy Challenges*. New York, Heidelberg, London: Springer.
- Breuel, Birgit. 1993. *Treuhand Intern*. Frankfurt and Main and Berlin: Ullstein.
- Commission of the European Communities. 2006. *Inquiry Pursuant to Article 17 of Regulation (EC) No 1/2003 into the European Gas and Electricity Sectors (Final Report)*, COM(2006) 851 final. Brussels. Available at [http://europa.eu/legislation\\_summaries/energy/internal\\_energy\\_market/127076\\_en.htm](http://europa.eu/legislation_summaries/energy/internal_energy_market/127076_en.htm).
- Commission of the European Communities. 2007. *Communication from the Commission to the European Council and the European Parliament, "An Energy Policy for Europe"*, COM(2007)1 final. Brussels. Available at [http://ec.europa.eu/energy/energy\\_policy/doc/01\\_energy\\_policy\\_for\\_europe\\_en.pdf](http://ec.europa.eu/energy/energy_policy/doc/01_energy_policy_for_europe_en.pdf).
- Eising, Reiner. 2001. *Liberalisierung und Europäisierung. Die Regulative Reform der Elektrizitätsversorgung in Großbritannien, der Europäischen Gemeinschaft und der Bundesrepublik Deutschland*. Opladen: Leske und Budrich.
- Eising, Reiner. 2002. "Policy Learning in Embedded Negotiations: Explaining EU Electricity Liberalisation." *International Organization* 56 (1): 85–120.



- George, Alexander L. and Andrew Bennett. 2005. *Case Studies and Theory Development in the Social Sciences*. Cambridge and London: MIT Press.
- Helm, Dieter. 1993. "Energy Policy and Market Doctrine." *The Political Quarterly Publishing* 9 (1): 410–419.
- Hirschhausen, von Christian and Petra Opitz. 2001. "Power Utility Re-Regulation in East European and CIS Transformation Countries (1990–1999). An Institutional Interpretation." *DIW Discussion Paper*. Berlin: Deutsches Institut für Wirtschaftsforschung.
- Hirsh, Richard F. 1999. *Power Loss: the Origins of Deregulation and Restructuring in the American Electric Utility System*. Cambridge, MA: MIT Press.
- Jaccard, Mark. 1995. "Oscillating Currents. The Changing Rationale for Government Intervention in the Electricity Industry." *Energy Policy* 23 (7): 579–592.
- Jamasb, Tooraj and Michael G. Pollitt. 2005. *Electricity Market Reform in the European Union: Review of Progress toward Liberalisation and Integration*. Massachusetts: Joint Centre of the Department of Economics, Laboratory for Energy and the Environment and Sloan School of Management.
- Kubrushko, Yuri. 2008. "Ukraine's Thermal Power Producers for Sale." *Energy in East Europe* 136: 4–5.
- Kudelia, Serhiy. 2012. "The Sources of Continuity and Change of Ukraine's Incomplete State." *Communist and Post-Communist Studies* 45 (3-4): 417–428.
- Lovei, Laszlo and Konstantin Skorik. 1999. "Energy Sector Reform in Ukraine: Mid-Term Report." In *Ukraine at the Crossroads: Economic Reforms in International Perspective*, eds. Siedenberg, Alex and Lutz Hoffmann, 333–351. Heidelberg: Physica-Verlag.
- Mayntz, Renate and Fritz William Scharpf. 1995. *Gesellschaftliche Selbstregelung und Politische Steuerung*. Frankfurt/ New York: Campus Verlag.
- Mitra, Bikash, Lukas, Nigel and Ian Fells. 1995. "European Energy: Balancing Markets and Policy." *Energy Policy* 23 (8): 689–701.
- NERC (National Electricity Regulatory Commission of Ukraine). 2006, 2007. *Annual Reports*. Kiev: Department for Public Relations and Mass-Media of NERC.
- Palamarchuk, I. Sergey, Podkovalnikov, V. Sergey and Nikolai I. Voropai. 2001. "Getting the Electricity Sector on Track in Russia." *The Electricity Journal* 14 (8): 52–58.
- Razumkov Centre. 2012a. "Power Engineering in Ukraine: The State and Trends." *National Security and Defence Journal* 6 (135): 2–4.
- Razumkov Centre. 2012b. "United Energy System of Ukraine: General Description." *National Security and Defence Journal* 6 (135): 4–28.
- Razumkov Centre. 2012c. "Electricity Market in Ukraine: The State and Problems." *National Security and Defence Journal* 6 (135): 16–31.
- Razumkov Centre. 2012d. "Prospects of Power Engineering Sector Development: Trends and Problems." *National Security and Defence Journal* 6 (135): 31–41.
- Ryding, Helene. 1998. *Electricity Restructuring in Ukraine: Illusions of Power in the Power Industry*. Edinburgh: Centre for Economic Reform and Transformation.
- Scharpf, Fritz William. 1997. *Games Real Actors Play: Actor-Centred Institutionalism in Policy Research*. Boulder, Colorado and Oxford: Westview Press.
- Schmidt, K. Susanne. 1998. *Liberalisierung in Europa. Die Rolle der Europäischen Kommission*. Frankfurt am Main and New York: Campus Verlag.
- Steinmo, Sven. 2008. "Historical Institutionalism." In *Approaches and Methodologies in the Social Sciences: A Pluralist Perspective*, eds. Della Porta, Donatella and Michael Keating, 118–138. Cambridge: Cambridge University Press.
- Vickers, John and George Yarrow. 1991. "Reform of the Electricity Supply Industry in Britain: An Assessment of the Development of Public Policy." *European Economic Review* 35 (2-3): 485–495.
- Vincenz, Volkhart and Christian von Hirschhausen. 1999. "Price Policies and Subsidies in the Energy Sector of Ukraine." In *Ukraine at the Crossroads: Economic Reforms in International Perspective*, eds. A. Siedenberg, Alex and Lutz Hoffmann, 377–390. Heidelberg: Physica-Verlag.
- Wengle, A. Susanne. 2012. "Post-Soviet Developmentalism and the Political Economy of the Russia's Electricity Sector Liberalisation." *Studies in Comparative International Development* 47 (1): 75–114.
- World Bank Group. 2003. *Private Sector Development in the Electric Power Sector. A Joint OED/OEG/OEU Review of the World Bank Group's Assistance in the 1990s*. Washington DC: World Bank, Operations Evaluation Department.

## A COMPARATIVE PERSPECTIVE ON THE BALKAN CONSTITUTIONS AND THE SPACE PROVIDED FOR THE CITIZENS

Teuta VODO and Eleni STATHOPOULOU<sup>1</sup>

.....

*One of the major developments in the Balkan region after the '90s was the adoption of constitutions, which brought the expansion of the constitutionalization of rights having in this way a relevant impact on the citizens to exercise their rights. Even though the constitutions in the Balkan region were adopted according to the western model, the space provided for citizens' rights may vary from one country to another. Therefore, our research question may be formulated as follows: what kinds of constitutions exist in the Balkan region? Which is the space for political activity provided for citizens in the Balkan constitutions? Is there a relation between the space provided in the Balkan constitutions for their citizens and the extent to which these latter exercise their rights? Furthermore, are civil rights stronger in terms of citizens' political engagement based on the constitutions' political character? Our main argument is that the space provided for political activism in these constitutions is that there is no direct relationship between the constitutions and the way people exercise their rights. We put forward a comparative study of two countries, Albania and Serbia, as two cases with distinct constitutional and historical backgrounds.*

**Key words:** Balkans; civil rights; constitutions; social movements.

### 1 INTRODUCTION

The Balkan region is known for wars and nationalist extremist leaders but little is known about what is called "history from below", the human side of history and citizens' influence of governments' policy-making. As Krastev puts it, democracy is marked not only by free and fair elections but also by the fact that

---

<sup>1</sup> **Teuta VODO** is a senior PhD Candidate as well as a Teaching and Research Assistant at the Department of Political Science in the Free University of Brussels since 2010. Her research interests lie in the fields of constitutional studies, law and courts, and judicial systems. E-mail: teutvodo@ulb.ac.be. **Eleni STATHOPOULOU** is a senior PhD Candidate at the Department of Political Science and History at Panteion University in Athens. She specializes in the areas of political sociology (trust, participation, and public opinion), political institutions and democratic theory. E-mail: eleni.stathopoulou@gmail.com.

citizens can also influence public policy. Democracy, in this view, is less a matter of institutional settings than of the relations between governments and citizens (Krastev 2002, 45). What citizens think and their actions matters at least as much as what governments do.

Making a clean break with the communist past is complicated by the fact that the region's previous communist regimes were to a large extent 'home grown' (Batt 2007, 61). The end of Communist Party hegemony and post-war international order weakened the state (Bunce 1997, 352–353). A number of Balkan countries were classified as weak states because they were unable to implement development policies and to provide for all their citizens with human, financial and social security. Similarly Krastev (2002, 45) defines as "weak" a state that is unable to deliver the rule of law or protect human and property rights. Another source of weakness lies in the lack of state tradition, which does not go back very far. The Balkan states, for the aforementioned reasons, remained economically and politically weak (Danopoulos and Messas 1997, 8).

Assessing also legitimacy proved to be a serious challenge, which stemmed from profound social, political and cultural divisions linked to ethnic and national minorities, established within the boundaries of these states (Diamandouros and Larrabee 2000, 25). Arrogance and disregard for the rules of the game, and in particular for the opposition, was persistently displayed from the government side (Vejvoda 2000, 233). The current movement for citizen participation has its origins in the '60s. In the politics of affluence and optimism, which it spawned, the belief was widespread that policy could and should be both more responsive to the people and more rational (Kweit and Kweit 1987, 34).

After the '90s, an unprecedented pattern of deindustrialization has taken hold parts of the region. As large-scale industry collapses and individual workers turn back to the countryside for survival, supplemented by ad hoc unregistered earning in the 'grey' economy (Batt 2007, 63). In the Balkans during the first decade, the demands of state building, national identity and ethnicity have to a significant degree distracted from the priorities of democracy- building and economic reform (Pridham 2000, 1).

A source of legitimacy of the state comes from its success in fulfilling its obligations towards its citizens. (Rakipi 2007, 265–266). Citizens' influence may range from a position of policy dominance (value decisions) to one of minimal or non-involvement (technical decisions) (De Sario and Langton 1987, 216).

Therefore, in order to study the citizens' role in the public policy and their dissatisfaction towards the state, we will focus in two countries, Serbia and Albania in the last two decades. The first part of the paper proposes a theoretical distinction of the constitutions, by describing the different categories of constitutions and in the second part we will go through the empirical examination by identifying the category where these two constitutions fall, the space provided for its people and the extent to which these latter exercise their rights. The empirical evidence will be analyzed through the referendums and the mass protests since the early '90s until now.

## 2 THEORETICAL CONSIDERATIONS ON THE CONSTITUTIONALIZATION OF RIGHTS

Constitutions are codes of norms which aspire to regulate the relationship between the government and the public by handling serious internal ethnic, linguistic, and religious differences, while others are written for a homogeneous population (Finer, Bogdanor and Rudden 1995, 1–6). Nevertheless, the constitutionalist doctrine that goes back to Benjamin Constant indicates that people's sovereign power was never full and did not include the destruction of the very fundamentals of its existence by authorizing despotism. Fundamental human rights cannot be disposed of; even by people (Klein and Sajo 2012, 440). Some of the present texts say that constitutions were made into a constitution by 'the people', but this is not so (Finer, Bogdanor and Rudden 1995, 8). Most constitutions contain fictive or decorative passages as well as omitting many of the powers and processes met with in real life (Finer, Bogdanor and Rudden 1995, 3).

Constitutions are legal documents which contain 'the rules of the political game' (Hodder-Williams 1988) and manifestations of power where there are winners and losers (Hirschl 2004; Ginsburg 2003; Finkel 2004; Erdos 2010). They result from power struggles among elite groups in a nation; the resulting constitution may be similar to other constitutions, containing familiar restraints on government and providing the usual protection of rights; but instead of its being an expression of agreed ideas and ideals, the constitution is an instrument for securing positions of power. Constitutions are, first and above all, instruments of government, which limit restrain and allow the exercise of political power (Sartori 1994, 198).

They serve the perceived interests of the best-organized and therefore most powerful social forces (Holmes 2012). Thus, constitutions are manifestations of power (Hirschl 2004; Ginsburg 2003; Finkel 2004; Erdos 2010) and result from power struggles among elite groups in a nation; the resulting constitution may be similar to other constitutions but instead of being an expression of agreed ideas and ideals, the constitution is an instrument for securing positions of power (Contiades 2013). Constitutions are never impartial and never treat the powerful and the powerless at the same way. They serve the perceived interests of the best-organized and therefore most powerful social forces (Holmes 2012). Constitutions are examined from the point of view of the actors who write them and their strategic consideration, which builds on a line of contemporary research in political science (Hirschl 2004; Ginsburg 2003; Finkel 2004; Erdos 2010). The ruling elites accept constitutional constraints when it is in their interest to do so. Thus, constitutions emerge and their contents are determined by strategic considerations of ruling elites (Hirschl 2004).

Almost every state in the world today possesses a codified constitution. Yet the vast majority of them are either suspended, or brazenly dishonoured, or – if neither of these – are constantly and continually torn up to make new ones (Finer, Bogdanor and Rudden 1995). Constitutions channel and constrain the scope and direction of the power of government in general and the various organs of government in particular (Finer, Bogdanor and Rudden 1995). Their conception depends on 'the relationship between the contents of constitutional documents and the fundamental character or form of the polity it is designed to serve (Elazar 1986).

The main and most general way for the people to exercise their sovereignty is through referendums. Among the numerous modalities of the referendum that can be found in constitutional texts or practices, the initiative is considered to be the most important. Most typologies of referendums are indeed based on this criterion and distinguish between 'mandatory' referendums, on one side, and 'optional' (or facultative) referendums, on the other side, with a distinction within the latter category between referendums initiated by institutional actors such as the executive, the legislative branch, or a parliamentary minority, and popular initiatives.

A good typology should focus on three basic variables, which measure the extent to which legislative power is shared with the people and/or the opposition. The first variable is the initiative, which applies only to optional referendums. But the fundamental divide is between government and non-government initiative. Government-initiated referendums are decided either by the executive alone, by the legislative alone, or, more frequently, by a common decision of the executive and the legislative. Non-government-initiated referendums are in the hands either of the opposition, or of a popular minority. The second variable is the author of legislation, which refers to the capacity of the initiator of the referendum to put a proposal of his own to the vote.

The third variable regards the scope of the referendum. Here a first distinction must be between referendums on constitutional revisions, which deal essentially with institutional issues, and referendums on ordinary legislation. Within the latter category, one should then differentiate according to the subject: institutional, international, territorial or other (Morel 2012, 508–509).

## 2.1 Albania

For good or for bad, the lack of strong historical roots and the heavy abuse of the nationalist ideology by the communists, strongly posed Albanians to have different experience from other Balkan countries. While these latter filled the post-communist vacuum with a collective identity based on nationalist myths, Albanians somehow fell back to where they had started their history of the formation of the nation: into a scattered array of clans trying to survive (Lubonja 2002, 101). The old elites pinned their hopes on a new combination of communism and nationalism (Schwimmer 2007, 116). Additionally, the post-communist Albania was affected both by the institutionalization of political democracy and the transition to a market economy (Schwimmer 2007, 116). Poorly institutionalized parties, their lack of strong social bases or effective governing programmes, a legacy of authoritarian power structures (Pettifer 2000, 247) and the weakness of civil society are characteristics of Albania in the '90s. The encouragement of civil society was a highly partial process, with strong state support for business and religious institutions but undermining of basic rights in many fields (Pettifer 2000, 242).

There was a special need to adopt all the legal provisions since the regime collapse. Nonetheless, it is only in 1998 that the Constitution of Albania was adopted. In the Albanian constitution, the concept of 'people' is explicitly mentioned in the following statement of the preamble: 'the sovereignty in the Republic of Albania belongs to the people.' No notion such as 'citizens' is mentioned, as Albania is a homogenous country that does not deal with minority rights issues such as other Balkan countries.



Furthermore, in the preamble is stated that the exercise of sovereignty is formulated as follows: 'the people exercise sovereignty through their representatives or directly'. As it is shown from the formulation of the aforementioned preamble of the Albanian constitution, there is not an expressed and explicit explanation of how this sovereignty should be exercised directly. In comparison with many other written constitutions, the formulation of how the sovereignty should be exercised, is limited and does not offer a mean to guide the citizens into exercising their rights. This is relevant in a fragile and new democracy because as Rakipi (2007, 272–273) argues the institution-building in Albania is a top-down approach and broadly speaking, the institutions have an important role in shaping the development of individuals within their role (Bell 2006, 350).

As mentioned in the introduction, the empirical evidence will be shown through the referendums and the mass protests. Concerning the referendum, in the Albanian constitution, it is referred as follows: "The people, through 50.000 citizens who enjoy the right to vote have the right to a referendum for the abrogation of a law, as well as to request the President of the Republic to hold a referendum on issues of special importance" (Article 150). In such way, in two decades, the Albanian citizens have been appealed three times to vote in a referendum.

The first referendum was held on 6 November 1994 on the approval of a new constitution. It was on October 10th 1994 when the National Assembly approved the draft constitution to be passed by referendum. According to the polls, 84.43% of the population participated in the referendum where 41.70% voted in favour and 53.89% against. The referendum rejected the new constitution as the proposed draft conferred too much power to the president.

The second referendum was held on 29 June 1997 on restoring the monarchy. In 1997, Leka Zogu came back to Albania and the government agreed to organize a popular referendum on restoring monarchy. The referendum paradoxically was held together with the parliamentary elections of 29 June 1997. As Albanians voted for new deputies they were also asked at the same time to vote for or against monarchy. Each vote, for or against the monarchy, counted contra monarchy. However a referendum was held and central Election Commission announced that monarchy won a 20% share of the vote.

Leka Zogu decided to appeal and the court judged the result equal to 37% in favour of the monarchy. Despite the fact that the result was figured as being higher, nevertheless it did not reach the necessary quota and was considered a failure (NOA 2011). Years later Berisha stated that the results of the referendum held in 1997 were manipulated, while the Albanian citizens voted for their king (Shqiptarja 2011). It was argued that one-third of the voters were in favour of the restoration of the monarchy but 23% of the votes were declared invalid (Investigim Lajmi 2012).

The third referendum was held for the approval of the Constitution, which passed in 22 November 1998. After the 1997 turmoil, the newly elected Albanian government was encouraged by national and international actors to prepare the constitution draft as an urgent need for the state of right in Albania and put it to a popular referendum.

The Constitution enshrines the basic principles of the state and the sovereignty of the Republic of Albania, which belongs to the people, who exercise it through their representatives elected by direct vote; it guarantees the independence,

integrity of the Albanian state, respect for basic rights and freedoms, religion. The Constitution is the supreme law of the Albanian democracy whose provisions are directly applicable.

A fourth referendum was presumed to be held in 2013. The aim was to hold a popular referendum against the importation and waste recycling from EU countries. The civic movement "Alliance against Import of Fertilizers" managed to collect sixty thousand signatures. The referendum has historical significance because it is the first in post-communist politics outside the influence of political parties. But it also has another value: the Albanian citizens which were generally characterized by apathy reacted for the first time in the name of a communitarian issue without taking into account their political affiliations. In the end, the referendum was not held because the elections took place and, as promised during the electoral campaign, the new elected government nullified the law for the importation of waste recycling.

### *2.1.1 The role of mass protests in political life and public policy*

Since the late December 1989, demonstrations of students took place in Shkoder area (northern Albania) (Champseix and Champseix 1990, 310; Keesing 1990, 37618–37619). They were the first timid attempts against food shortages and democratic reforms, which kept on going in January 11th 1990 (Vickers 1995, 20). Consequently, as early as January 1990, the First Secretary of the Party and Head of State announced modest changes such as more popular election of officials, more reliance and less central planning, free sale of agricultural surpluses and on February 1990 he declared presidential rule by naming a provisional government and a small presidential council (Clunies and Sudar 1998, 56–58).

When the apparatus of state socialism began to be dismantled in 1991, one major and immediate impact of exposure to global processes was Albanians' realization of the impoverishment and inadequacies of their country in comparison to its neighbours (Hall 1999, 167–168). On 1st July 1990, there were 'unprecedented anti-government street demonstrations' (Keesing 1990, 37618–37619). On December 1990, mass protests spread all over the main cities; the demands were an end to one-party rule, multiparty elections, and changes in the economic structure (Keesing 1990, 37924). Condition worsened in 1991 through arrests and resignation of government leaders and the production-supply system very largely broke down. There was a wave of destruction of public property and 'spontaneous privatizations' of land (Clunies and Sudar 1998, 61).

A second period of democratic transition goes from the legalization of independent parties during the demonstrations of December 1990 until the election at the end of March 1991, a time of emerging hardship and serious uncertainty. From the election of March 1991 and the election of March 1992, the unrest continued. In 1991, the Prime Minister Fatos Nano resigned after protests at economic conditions and killing of opposition demonstrators.

In the following parliamentary election, the Party of Labour of Albania won with about two-thirds of the vote but demonstrations, riots and strikes continued reaching a pitch in November (Clunies and Sudar 1998, 58–60). The time frame 1992–1996 represented the time of most intense reforms (Lubonja 1993, 1).

In 1997, the fraudulent pyramid investment schemes collapse, costing thousands of Albanians their savings and triggering anti-government caused mass protests known also as the Lottery Uprising.<sup>2</sup> The pyramid schemes started to grow in 1996 marking an artificial economic development. As a result, a nationwide turmoil followed for several months. The weapon depots were opened, which was followed by the spread of anarchy chaos and, breakdown of state apparatus (police, prosecutors, judges etc.). The popular riots took place in the whole country. The unrest in most of the Albanian regions and the refusal of the government to resign had a strong impact in terms of trust in the institutions. Thus, the collapse of the financial pyramids scheme made the state to lose credibility.

In 1998, violent anti-government street protests aimed at the resignation of the prime minister. The protests took place following the murder of the historic opposition leader Hajdari who was shot dead by an unidentified gunman.

In 2004, the Albanian opposition stages angry demonstration in the capital in order to demand the resignation of the prime minister and protest against government failure to improve living standards.

In 2008, a mass protest led by the opposition asked the resignation of the government after the explosion of an ex-military ammunition depot occurred in the village of Gërdec with 26 deaths and 300 injured.<sup>3</sup> The Government was accused of corruption in this affair of arm trafficking of Chinese artillery sold to US army in Afghanistan.

In 2009, the opposition party began a series of demonstrations in the capital in protest against alleged vote rigging in the 2009 elections. In 2010, tens of thousands of people marched through Albania's capital to demand the reopening ballot boxes from last year's election, amid claims of vote rigging.

From the above analysis is evident that throughout two decades, the total of referendums and mass protests taking place in Albania were mainly of political character. In such manner, they are animated by the opposition asking resignation of the party in power. Very little rights are attributed to the citizens so they can freely exercise them with the result to be heard by their governments. All the protests animated by the opposition were propagated as political from the part of the government. The point of views and requests of the citizens were not been taken into account. One differentiation has been noticed only in 2013 whereas mass protests took place concerning environmental issues and many citizens chose to protest without being affiliated to a political party.

## 2.2 Serbia

In 1990, after the breakdown of communism in Europe and in the course of disintegration of the Socialist Federal Republic of Yugoslavia, the first Serbian Constitution was adopted. The institutional system that resulted from the Constitution, in the first phase of the constitutional period (1990–2000), was clearly dominated by the manipulative and authoritarian presidency rule of

---

<sup>2</sup> A Ponzi scheme is a fraudulent investment operation that pays returns to its investors from their own money or the money paid by subsequent investors, rather than from any actual profit earned by the individual or organization running the operation.

<sup>3</sup> The sources are provided by national newspapers describing a detailed historical background and the practices encountered.

Milosevic, whose substantial power was stemming from his direct popular election and the strong constitutional authorities he enjoyed (Miller 1997, 179). Although in 1997 he was elected president of the Yugoslav Federation, he continued to influence strongly the Serbian political life in the position of the President of the Republic of Serbia.

Furthermore, one has to take into account also that war left an indelible mark in the '90s. The social and economic devastation, the sanctions, the failure of the regime and its supporters to satisfy the nationalist feelings that had cultivated in the first years – ethnificating every aspect of the political life (Offe 1993, 6) – posed enormous obstacles to the democratization process of the country, although the democratic institutions were already there. During the demonstrations in the years 1996–1997 oppositional leaders described the regime as a dictatorship and totalitarian as opposed to authoritarian, while others have surmised that it is somewhere between a democracy and a dictatorship, clearly depicting a distinction between formal democratic rules and the lack of a substantive democratic regime (Klador and Vejvoda 1997, 62–63).

After Milosevic was overthrown in 2000 and the democratic opposition took over, the two parties went into an ongoing political infighting concerning whether or not there was a need for a new Constitution. According to Kostunica, leader of the Democratic Party of Serbia (DSS), no radical institutional changes were needed since the Constitution and laws during the Milosevic regime were not anti-democratic per se, but were highly misused by him. Djindjic, leader of the Democratic Opposition of Serbia (DOS) and winner of the 2001 elections, on the other hand, supported that the existing then Constitution and institutions of the system were unacceptable and that they had to be either replaced or ignored. The 5th of October 2000 was not only a mere change of regimes, as Kostunica believed, but a revolution that manifested the need for the Milosevic Constitution to be replaced and demonstrate a clear distance of the old and deeply autocratic and corrupted system (Pribicevic 2008, 60).

The Serbian Parliament after an ongoing debate for years (Pajvancic 2010, 44–45) voted in 2007 a new Constitution, which was approved in a constitutional referendum held on 28–29 October 2006. The 2006 Constitution Preamble defines the basic principles of the Serbian Constitution, among others the principle of popular sovereignty (Serbian Constitution 2006, Art. 2), which can be exercised with free election of representative bodies and the direct exercise of power, in a referendum or a popular initiative. Serbia is the creation of the Serbian people, where all its citizens as well as the ethnic communities are equal. Also it is emphasized that the Autonomous Province of Kosovo and Metohia have a status of substantial autonomy within the sovereign state of Serbia.

The citizens have the right in referendum to determine the proposal and decide on establishing, abolishing and joining of autonomous provinces (Serbian Constitution 2006, Art. 182 § 3) as well as on the territory of the autonomous province (Serbian Constitution 2006, Art. 182 § 4). The National Assembly can also call for a referendum concerning issues that fall within its competence (Serbian Constitution 2006, Art. 99 § 1 Item 2). The subject matter of a referendum may not include the obligations from international contracts, laws pertaining to human rights, financial laws, budget and financial statement, proclamation of the state of emergency, amnesty, and other issues pertaining to the electoral competencies of the National Assembly (Serbian Constitution 2006, Art. 108 § 2). Moreover the constitutional referendum is recognized. This

referendum is mandatory if the revision of the Constitution relates to the Constitution Preamble; the Constitution principles; human and minority rights and liberties; governance system; proclaiming the states of war and of emergency, as well as derogation from human and minority rights in states of war and of emergency; procedure for amending the Constitution (Serbian Constitution 2006, Art. 203 §7). Concerning the revision of other parts of the Constitution, these may be scheduled by an optional referendum (Serbian Constitution 2006, Art. 203 §6). Popular sovereignty is directly exercised by the popular initiative. The Constitution also particularly defines the right of the citizens to propose legislation (legal initiative) (Serbian Constitution 2006, Art. 107 §7) provided that the proposal is corroborated by at least 30,000 voters, the right to propose revision of the Constitution (Constitutional initiative) (Serbian Constitution 2006, Art. 203 § 1) if the proposal is corroborated by 150,000 voters, and the right to call for a republic referendum (Serbian Constitution 2006, Art. 108 § 1) upon the request of the majority of all deputies or at least 100,000 voters.

Although the institution of the referendum pre-existed in the 1990 Constitution and although the 2006 Constitution provides all concrete principal guarantees for citizens to participate and propose a referendum (Serbian Constitution 1990, Art. 2; Serbian Constitution 2006, Art. 56), however in the Serbian political history, the institution has been used only on a minor scale. The first time to be implemented was in 1990 in order to adopt the new constitution, which also gave an end to Kosovo's autonomous status and abandoned the one-party communist system, providing however the basis for the one-man rule of Milosevic (Hayden 1992, 660). A referendum on Serbia's state symbols was held on May 31, 1992 in Serbia to decide the republic's flag, coat of arms and the anthem, which was initiated by the political party in opposition. In 1998, Serbian President Slobodan Milosevic proposed a referendum, where voters were asked "Do you approve the participation of foreign representatives in solving the problems in Kosovo and Metohija?". The last time the Serbian people had an opportunity to exercise direct democracy through referendum process was in 2006, within the constitutional procedure for adoption of the new constitution. Due to lack of public debate Jovanovic, the President of the Liberal Democratic Party (LDP), Canak, the President of the League of Social Democrats of Vojvodina (LSDV), and Kandić, the Director of the Humanitarian Law Centre (HLC) were among others the ones that protested against (Belgrade Centre for Human Rights 2007, 253–255). Almost in all referendums the electoral response was insufficient.

On the other hand, according to Pavlovic, the right to popular initiative is used more frequently, although it is hard to claim that it has much effect. Illustrative of the ineffectiveness of the popular initiative is the case of the coalition of civil society organizations and their effort to amend the Law on Access to Information of Public Importance and propose a Law on Classification of Information to the Serbian Parliament. They gathered 70.000 signatures delivered it to the Parliament on December 7th 2007, creating obligation for the President of the Parliament to forward the proposed initiatives to all the deputies, appropriate committees and the Government, in accordance with Articles 137 and 138 of the Rules of Procedure of the National Assembly. Although it was mandatory that a valid popular initiative finds its place on the agenda of the next sitting, there were no developments in this process before the interventions of the Civil Defender (the Ombudsman) and the Commissioner for Free Access to Information of Public Importance (Pavlovic 2010, 117).



### *2.2.1 The role of mass protests in political life and public policy*

In the years 1991, 1992 and 1993 mass anti-war and anti-regime protest took place in Serbia however brutal police interventions swept the demonstrators off the streets and plunged the country into a rollercoaster of war, nationalist euphoria, and socio-economic disaster. In terms of opposition, the resulting war-tiredness, disillusion with political initiative, preoccupation with everyday life survival and massive outmigration by the young and educated, hardly provided a fertile soil for action (Pribicevic 2008, 54).

In 1996 things were different. The post-Yugoslav wars were over and lost, and the corrupted regime provoked a wave of discontent and anger, by committing electoral fraud. Hundreds of thousands of people were demonstrating for almost three months (Jansen 2000, 395). In 1996–1997 hundreds of thousands were again on the streets against their own government and it had become clear that the street protest in Serbia was not simply an ephemeral upsurge. The regime manipulating the media continued to ignore the demonstrations in its news and this fired up the protesters and the popular energy. The demonstrations brought together a diverse array of people bound together by anti-Milosevic feelings, which conveyed an unspecified anti-regime discourse (Mimica 1997, 11). In order to quell mass protests the government was forced to make concessions and recognize the opposition's electoral victories in 14 of Serbia's 19 biggest cities. Although the demonstrations achieved to redress the election fraud, the opposition coalition Zajedno (Together), fell apart shortly after this (Jansen 2001, 37).

Additional cracks in the political regime emerged on the eve of the 2000 elections for the federal Yugoslav presidency, the federal assembly, and city councils. Milosevic, who was still in power and whose term was set to expire in July 2001, called early presidential election for September 2000. The student movement Otpor recognized the early presidential elections as an opportunity for ousting Milosevic from office. Also several substantive political changes increased the odds of mass mobilization against the regime (Nikolayenko 2012, 142–143). At the same time, there were also widespread concerns that Milosevic would manipulate electoral procedures to stay in power. Indeed, after Milosevic losing the elections, the Federal Constitutional Court declared the results of the election invalid and that new ones did not have to be called until the end of Milosevic's term in office (July 2001). During the course of the 5th October hundreds of thousands descended on the capital. They joined the half-million Belgraders who had already gathered in front of the federal parliament and other government-controlled buildings, storming altogether later in the buildings (Krnjevic-Miskovic 2001, 103). By the end of the day the opposition was in control.

On February 2011 popular dissatisfaction with the government, urges about 70.000 people in Belgrade, to take to the streets in an anti-government protest a major rally by the opposition Serbian Progressive Party (SNS). The SNS, Serbia's main opposition party, is calling for early elections because of the "poor state of the country", explained party president Nikolic (The Economist 2011). The same happened in April, when 50.000 of supporters of Serbia's main opposition Progressive Party rallied, demanding that the government call early elections this year. Nikolic, the leader of the Serbian Progressive Party, SNS, announced to go on a hunger strike until President Boris Tadic announces the date of early parliamentary elections (Voice of America 2011). The Progressives asked that the government call early elections for December.

Our overview above has shown that, even if the referendum as well the popular initiative are considered to be instruments of a so-called direct, bottom-down democracy, as it is obvious from the aforementioned this is not the case in Serbia. The authoritarian rule and regime of Milosevic in the 1990s did not allow any free space for initiatives to develop, even when the party in government or in opposition would initiate the referendum, there was no room for public debate, since the media were directed by Milosevic and his supporters.

A country with a troubled history, with Kosovo casting a long shadow over the political life and a drained economy was difficult to grow an active civil society that would take initiatives. Even if the constitutional and legal preconditions pre-existed in order to empower citizens and civil society, in the form of a referendum and popular initiative, without a political culture that would include civil society organizations playing a central role, the practice would fail the expectations.

### 3 CONCLUSION

The aim of this paper was to confront the space provided in the constitutions of Albania and Serbia and the effective rights exercised by the citizens. For what concerns Albania, whereas there is an effective space provided for the citizens in the Albanian constitutions we have found that these latter have not been exercised neither by the referendums nor by the mass protests. In all respects, in the first decade (1991–2000), only few protests took place and even those were mainly animated by the opposition by asking the party in power to resign. No protests on the life conditions have taken place with the initiative of the citizens. Even in the second decade, we see a weak civil society and a weak opposition yet. This is demonstrated not only by the fact that all the protests in the second decade were animated by the opposition but the nature of requests by the protesters were focused on the government resignation instead of pointing to their own aims and interests. Serbia proves to be quite a similar case and confirms our initial argument. Although the constitutions adopted in the post-communist era, indicated an attempt to break with the past, and in the relevant texts all the prerequisites are provided and guaranteed in order to fulfil citizen empowerment and party competition, the space provided in the constitution is mostly used by the political parties in opposition. It is true though that historically speaking, referendums around the world have been used mainly by opposition parties and only over time the institution starts to shift into the hands of civil society (Serdült and Welp 2012). In newly established democracies, as Serbia and Albania, it is common referendums on sovereignty or independence to be used in times of crises, in societies in transition.

### REFERENCES

- Batt, Judy. 2007. The Western Balkans – Comparisons with Central Europe. In *The Balkan Prism; A Retrospective by Policy-Makers and Analysts*, eds. Deimel, Johanna and Wim P. Van Meurs, 55–64. München: Sagner.
- Belgrade Centre for Human Rights. 2007. *Human Rights in Serbia 2006. Legal Provisions and Practice Compared to International Human Rights Standards*. Available at <http://english.bgcentar.org.rs/images/stories/Datoteke/human%20rights%20in%20serbia%202006.pdf>.

- Bell, John. 2006. *Judiciaries within Europe: A comparative review*. Cambridge: Cambridge University Press.
- Bunce, Valerie. 1997. Conclusion: The Yugoslav Experience in Comparative Perspective. In *State-Society Relations in Yugoslavia 1945–1992*, eds. Bokovoy, Melissa, Irvine, Jill and Carol Lilly, 345–367. Basingstoke: Macmillan.
- Champseix, Elisabeth and Jean-Paul Champseix. 1990. *57 Boulevard Stalin*. Paris: Editions La Découverte.
- Clunies-Ross, Anthony and Petar Sudar. 1998. *Albania's Economy in Transition and Turmoil: Policies, Adaptations and Reactions, 1990–97*. Aldershot: Ashgate.
- Contiades, Xenophon. 2013. *Constitutions in the Global Financial Crisis: A Comparative Analysis*. London: Ashgate.
- Danopoulos, P. Constantine and Kostas G. Messas. 1997. Ethnonationalism, Security, and Conflict in the Balkans. In *Crises in the Balkans, views from the Participants*, eds. Danopoulos, P. Constantine and Kostas G. Messas, 1–18. Boulder: Westview Press.
- De Sario, Jack and Stuart Langton. 1987. Toward a Metapolicy for Social Planning. In *Citizen Participation in Public Decision-Making*, eds. De Sario, Jack and Stuart Langton, 205–221. New York, Westport, London: Greenwood Press.
- Diamandouros, P. Nikiforos and Stephen F. Larrabee. 2000. Democratization in South-Eastern Europe; Theoretical considerations and evolving trends. In *Experimenting with Democracy, Regime change in the Balkans*, eds. Pridham, Geoffrey and Tom Gallagher, 24–64. London and New York: Routledge.
- Elazar, J. Daniel. 1986. *Exploring federalism*. Tuscaloosa: University of Alabama Press.
- Erdos, David. 2010. *Delegating Rights Protection: The Rise of Bills of Rights in the Westminster World*. Oxford: Oxford University Press.
- Finer, E. Samuel, Bogdanor, Vernon and Bernard Rudden. 1995. *Comparing Constitutions*. Oxford, New York: Oxford University Press.
- Finkel, Jodi. 2004. "Judicial Reform in Argentina in the 1990s: How Electoral Incentives Shape Institutional Change." *Latin American Research Review* 39 (3): 56–80.
- Ginsburg, Tom. 2003. *Judicial Review in New Democracies: Constitutional Courts in East Asia*. Cambridge: Cambridge University Press.
- Hall, R. Derek. 1999. "Representation of Place: Albania." *The Geographical Journal* 165 (2): 161–172.
- Hayden, M. Robert. 1992. "Constitutional Nationalism in the Formerly Yugoslav Republics." *Slavic Review* 51 (4): 654–673.
- Hirschl, Ran. 2004. *Towards Juristocracy: The Origins and Consequences of the New Constitutionalism*. Cambridge, MA: Harvard University Press.
- Hodder-Williams, Richard. 1988. The Constitution (1787) and Modern American Government. In *Constitutions in Democratic Politics*, ed. Bogdanor, Vernon, 72–104. Aldershot: Gower Publishing.
- Holmes, Stephen. 2012. Constitutions and Constitutionalism. In *The Oxford Handbook of Comparative Constitutional Law*, ed. Rosenfeld, Michel and András Sajó, 189–216. Oxford: Oxford University Press.
- Investigim Lajmi. 2012. *Leka II: Berisha dhe Nano premtuan referendum për monarkinë (Leka II: Berisha and Nano promised referendum on the monarchy)*. Available at [http://gazeta-lajmi.info/leka-ii-berisha-dhe-nano-premtuan-referendum-per-monarkinë/](http://gazeta-lajmi.info/leka-ii-berisha-dhe-nano-premtuan-referendum-per-monarkin/).
- Jansen, Stef. 2000. "Victims, Underdogs and Rebels: Discursive Practices of Resistance in Serbian Protest." *Critique of Anthropology* 20 (4): 393–419.
- Jansen, Stef. 2001. "The streets of Beograd. Urban space and protest identities in Serbia." *Political Geography* 20: 35–55.
- Keesing's Record of World Events. 1990. *Unrest-Foundation of opposition party Government and party-changes*, vol. 36, December 1990.
- Klador, Mary and Ivan Vejvoda 1997. "Democratization in Central and East European Countries." *International Affairs (Royal Institute of International Affairs 1944-)* 73 (1): 59–82.
- Klein, Claude and András Sajó. 2012. Constitution-making: process and substance. In *The Oxford Handbook of Comparative Constitutional Law*, eds. Rosenfeld, Michel and András Sajó, 419–441. Oxford: Oxford University Press.
- Krastev, Ivan. 2002. "The Balkans: Democracy without Choices." *Journal of Democracy* 13 (3): 39–53.

- Krnjevic-Miskovic, Damjan. 2001. "Serbia's Prudent Revolution." *Journal of Democracy* 12 (3): 96–110.
- Kweit, Mary Grisez and Robert W. Kweit. 1987. The politics of policy Analysis: the role of Citizen Participation in Analytic Decision-Making. In *Citizen Participation in Public Decision-Making*, eds. De Sario, Jack and Stuart Langton, 19–37. New York, Westport, London: Greenwood Press.
- Lubonja, Fatos. 1993. "Te respektohet Brezi i Drejtesise" (The state of right to be respected). *Koha Jone* 18 February. Cited in Tarifa, Fatos and Jay Weinstein. 1995. "Overcoming the past: De-communization and reconstruction of post-communist societies". *Studies in Comparative International Development* 30 (4): 63–77.
- Lubonja, Fatos. 2002. Between the glory of a Virtual World and the Misery of a Real World. In *Albanian Identities: Myth and History*, eds. Schwandner-Sievers, Stephanie and Bernd Jürgen Fischer, 91–103. London: C. Hurst and Co. Publishers.
- Miller, Nicholas John. 1997. A failed transition: the case of Serbia. In *Politics, Power and the Struggle for Democracy in South-East Europe*, eds. Dawisha, Karen and Bruce Parrott, 146–188. New York: Cambridge University Press.
- Mimica, Aljoša. 1997. "The awakening of civil society." *Sociologija* 39 (1): 5–14.
- Morel, Laurence. 2012. Referendum. In *The Oxford Handbook of Comparative Constitutional Law*, eds. Rosenfeld, Michel and András Sajó, 501–528. Oxford: Oxford University Press.
- Nikolayenko, Olena. 2012. Origins of the movement's strategy: The case of the Serbian youth movement Otpor. *International Political Science Review* 34 (2): 140–158.
- NOA. 2011. *I treti i vërteti? Pse Leka Zogu II ka më shumë shanse të bëhet Mbret i Shqiptarëve*. (Why Leka Zog II is more likely to become King of Albanians?) Available at <http://www.noa.al/artikull/i-treti-i-verteti-pse-leka-zogu-ii-ka-me-shume-shanse-te-behet-mbret-i-shqiptareve/122156.html>
- Offe, Claus. 1993. "Ethnic Politics in East European Transitions." *Zentrum für Europäische Rechtspolitik, Diskussionspapier* 93 (1): 22–38.
- Pajvancic, Marijana. 2010. The Basic Principle of the Constitutional State – The Constitution of Serbia. *Law and Politics* 8 (1): 43–64.
- Pavlovic, Dejan. 2010. Open Parliaments: The Case of Serbia, South East Europe. In *Open Parliaments. Transparency and Accountability of Parliaments in South East-Europe*, ed. Smilov, Daniel, 117–134. Sofia: Friedrich Ebert Stiftung.
- Pettifer, James. 2000. Albania: the democratic deficit in the post-communist period. In *Experimenting with Democracy, Regime Change in the Balkans*, eds. Pridham, Geoffrey and Tom Gallagher, 237–248. London and New York: Routledge.
- Pribicevic, Ognjen. 2008. "Serbia —From Authoritarian Regime to Democracy." *Serbian Studies: Journal of the North American Society for Serbian Studies* 22 (1): 53–64.
- Pridham, Geoffrey. 2000. Democratization in the Balkan countries, From Theory to practice. In *Experimenting with Democracy, Regime change in the Balkans*, eds. Pridham, Geoffrey and Tom Gallagher, 1–23. London and New York: Routledge.
- Rakipi, Albert. 2007. Weak states and Development – Rethinking the Outsider's Response. In *The Balkan Prism; a retrospective by Policy-Makers and Analysts*, eds. Deimel, Johanna and Wilm Van Meurs, 263–276. München: Verlag Otto Sagner.
- Republic of Serbia. 1990. *The Constitution of the Republic of Serbia*. Belgrade. Available at <http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan019071.pdf>.
- Republic of Serbia. 2006. *Constitution of the Republic of Serbia*. Belgrade. Available at [http://www.parlament.rs/upload/documents/Constitution\\_%20of\\_Serbia\\_pdf.pdf](http://www.parlament.rs/upload/documents/Constitution_%20of_Serbia_pdf.pdf).
- Sartori, Giovanni. 1994. *Comparative Constitutional Engineering: An inquiry into structures, Incentives and Outcomes*. London: Macmillan.
- Schwimmer, Walter. 2007. Clash or Dialogue of Civilizations. In *The Balkan Prism; a retrospective by Policy-Makers and Analysts*, eds. Deimel, Johanna and Wilm Van Meurs. 115–126 München: Verlag Otto Sagner.
- Serdült, Uwe and Yanina Welp. 2012. "Direct Democracy Upside Down." *Taiwan Journal of Democracy* 8 (1): 69–92.
- Shqiptarja. 2011. *Berisha: Leka Zog Berisha: Leka Zogu I do përcillet si mbret, referendumi u manipulua (I will be treated as king; the referendum was manipulated)*. Available at <http://www.shqiptarja.com/lajme/2706/berisha-leka-zogu-i-do-percillet-si-mbret-referendumi-u-manipulua-66030.html>.

- The Economist. 2011. *Protests in Serbia. Belgrade calling*. Available at <http://www.economist.com/node/18114893>.
- Vejvoda, Ivan. 2000. Democratic Despotism: Federal Republic of Yugoslavia and Croatia. In *Experimenting with Democracy, Regime Change in the Balkans*, eds. Pridham, Geoffrey and Tom Gallagher, 219–236. London and New York: Routledge.
- Vickers, Miranda. 1995. *The Albanians: A Modern History*. London: I. B. Tauris.
- Voice of America. 2011. *50,000 Protest Government in Serbia*. Available at <http://www.voanews.com/content/article-50000-protest-government-in-serbia-119977734/138137.html>.

## FALLING BETWEEN TWO STOOLS – THE CASE OF THE LITHUANIAN CIVIL SERVANT REFORM OF 2013

Lars JOHANNSEN, Karin HILMER PEDERSEN and Saulius PIVORAS<sup>1</sup>

---

*Corruption and political favouritism is a pervasive and persistent problem in the Lithuanian public administration. A possible solution to the problem is the Human Resource Reform of 2013, which creates a roster of eligible civil service candidates through qualifying exams. However, the authority to employ at the discretion of each department falls between the two stools of a unified and a departmentalized civil service. The risk is that the reform will fail to fulfil its purpose if authority is not clarified and the reform continues to be politicized.*

**Key words:** Lithuania; public administration; Human Resource Reform, political favouritism; corruption.

### 1 INTRODUCTION

Corruption still thrives at all levels and sectors of the Lithuanian society.<sup>2</sup> This is not to argue that investments in anti-corruption legislation, committees, and campaigns (see, e.g., Johannsen and Pedersen 2011) have been fruitless, although both Schmidt (2007) and Batory (2012) stress the meagre results. However, it underscores that once ingrained in society; corruption is very difficult to root out (Uslaner 2008). Furthermore, simultaneous efforts at capacity building both before and after EU accession (Verheijen 2007), on the one hand, appear to have resulted in an improved civil service but, on the other hand, not in reducing the core of corruption. The civil servants themselves recognize the problem and recommend further administrative reforms (Johannsen and Pedersen 2012).

Corruption is associated with political favouritism or, in other terms, patronage and is not unique to the Lithuanian public administration. As Bearfield (2009) has observed, political appointments are based on exchange of favours and

---

<sup>1</sup> Lars JOHANNSEN is associate professor at the Department of Political Science and Government, Aarhus University. Karin HILMER PEDERSEN is associate professor at the Department of Political Science and Government, Aarhus University. Saulius PIVORAS is associate professor at the Department of Public Administration, Vytautas Magnus University.

<sup>2</sup> Corruption in Lithuania appears to be high and constant as evident by evaluations on perceptions of corruption made by the Transparency International since the millennium ([www.transparency.org](http://www.transparency.org)).



patronage and a general risk in all administrations where the government can replace administrative personnel at their whim, either to secure loyalty or in need to secure political support during election times through co-optation and spoils. Since political favouritism is at odds with a professional and meritocratic civil service, it is not surprising that a Human Resource Management (HRM) reform has been on the agenda in most Central and East European countries (CEECs) since the beginning of the 1990s. The agenda has emphasized that increased professionalization, understood as both expertise and meritocratization, and de-politicization are not only part of the administrative *acquis communautaire* but the bedrock of modern public administration (Nunberg 2000; SIGMA 1999). Furthermore, several insightful analyses of developments in post-communist administrations have stressed that HRM reforms, consistent with a Weberian model, should be in place before experimenting with other managerial approaches such as those advocated in new public management (Verheijen and Coombes 1998; Drechsler 2005, 96; Meyer-Sahling 2011, 240).

In Lithuania, below average administrative capacity (Nakrošis 2001; Pedersen and Johannsen 2004), strong interests from ministers to personally appoint their own civil servants (Johannsen 2003) and persistent corruption (Johannsen and Pedersen 2008; Johannsen and Pedersen 2011) have created cross-pressure for reform. However, following several incremental steps, the HRM reforms culminated with the Department of Civil Service taking over the responsibility for the pre-selection of all civil service personnel in 2013. With this step, Lithuania strengthens the aspects of a unified civil service model, thus, departing from the previous mixed model where each department in practice set its own criteria for recruitment. Acknowledging that the temptation to recruit public personnel according to personal or political closeness is highly context sensitive, Sundell (2014) argues that if the risk for patronage is high, a regulated recruitment system may be preferred while private-style practices can be more successful if patronage is less prevalent. Thus, the questions asked here are how the 2013 HRM reform in Lithuania fits into the context of corruption in the Lithuanian society, and second, if the political context leading to the reform may explain if and how the reform addresses the problems of corruption and favouritism at stake.

Section two outlines the logic of departmentalization versus a unified civil service with respect to the likely outcome of the different approaches in terms of the risk of corruption and favouritism. Section three; outline the pre-2013 practices in Lithuanian civil service recruitment, followed by section four, which discusses the character of corruption and favouritism in a Lithuanian context. In the concluding section, we demonstrate how the political background has placed the reform between two stools, strengthening examinations at the entry level while keeping flexibility in the selection phase.

## **2 HOW DO CIVIL SERVICE RECRUITMENT SYSTEMS LINK TO FAVORITISM?**

The evolution of national civil service systems from the spoils system, where personal ties to the king mattered more than professional merits, to their modern variants, has resulted in a multidimensional variation complicating classification and comparison. Attempts to reduce the complexity by grouping patterns of public administration in “families” based on differences in the relationship between the civil service and political institutions identify up to

nine “families” with different national colours (Painter and Peters 2010). Drawing on the distinctions made by Ridley (1983) and Bekke and Meer (2000), we suggest a categorization into two opposing approaches – the unified versus the departmental approach – according to the merit sought, entry requirement, structure and resulting career patterns for the civil servants.

In the unified approach, the generalist is king. Administration is the art of judgment, and merit gained through qualifying exams and honed through experience. Thus, the civil service is a corps where individual civil servants career pattern develops through rotation between departments. In the departmental approach, the expert is king, possessing the specific knowledge needed for the specific position in a department. Recruitment is decentralized and standards set at each department tailored to the specific needs. Such systems have less mobility in the civil service but more between the public and the corresponding private sector. For example, the Department of Social Affairs may look for employees from sociology, social workers, and specialized lawyers, depending on the individual job description. Consequently, in the departmental approach, individual career paths depend not only on individual merits but also on competition from outsiders possessing the specific job-related qualifications. This contrasts with the unified model, in which career opportunities are unchallenged by competition from the outside. Here the civil servants only gain merit, beyond the entry requirement, through experience within the administration.

Dichotomizing recruitment in two basic approaches is obviously a simplification and serves more as Weberian ideal models than a description of the real world. Taking a general view on examples of the two approaches, no specific geographical or historical pattern appears as both approaches are in use among the European countries. Even if some of the traditional European colony empires (the UK, France, Spain and Portugal) all have versions of the unified civil service, the Netherlands have a departmental model with decentralized recruitment. The choice is, however, not irrelevant as each model carry a specific risk of corruption.

The recruitment and career patterns of civil servants on the basis of their merits are at the core of the Weberian bureaucratic model and, argued, not only to curb favouritism but also other forms of administrative corruption. The virtue lies in the legal-rational selection mechanism of hiring and promoting civil servants to life-long careers. Thus, the job protection decreases the temptation to abuse office (Rubin and Whitford 2008) because the protection is linked to gained merit. Furthermore, according to Dahlström et al. (2012, 3), a closed bureaucracy with a self-managed organization is thought to generate an “esprit de corps” fostering impartiality and non-corrupt behaviour. The consequence is a professionalization of the public administration where formal qualifications are more important than personal loyalties and political affiliations (O’Dwyer 2006, 30–31).

An alternative train of thought questions the degree of centralization of the HRM systems – certainly an aspect of the two competing approaches. Comparative research has sought to establish a link between the degree of centralization and corruption. In a study of EU-27 HRM systems, Demmke et al. (2006) find no direct influence, but in another study based on the EUPAN 2011 report, Demmke and Moilanen (2012, 92) find that almost half of the member states are of the opinion that decentralization bears new ethical challenges, namely the risk of corruption. This appears to be a paradox. There is no direct

correlation between corruption and HRM decentralization but strong fears to decentralize.

The inconclusive results may make more sense if we take a closer look at the risks of corruption comparing the unified with the departmentalized approach to recruitment and career patterns as centralization and decentralization provide different risks and drivers of favouritism and corruption. It is important to recognize that the question is not one of meritocracy as both approaches can fully accommodate meritocracy and only differ on the substance of what counts as merit. When Dahlström et al. (2012) see internal promotions as evidence of a professional bureaucracy, they are in reality ascribing the unified model more value up front rather than making the distinction between different forms of merit and the logic of recruitment. Thus, when analyzing the sore spots in terms of favouritism, the question rather concerns entry requirements, the career patterns of civil servants and the character of the “esprit de corps”. These sore spots drive different networks and forms of corruption. Building on Klitgaard’s (1988) path-breaking formula as corruption equalling monopoly and discretion minus accountability, we assess the impact of the two models with respect to the inherent risks of corruption and favouritism.

**TABLE 1: RISK OF FAVOURITISM IN THE UNIFIED AND DEPARTMENTALIZED CIVIL SERVICE**

	<b>Unified approach</b>	<b>Departmentalized approach</b>
<b>Entry requirement</b>	Sub-standard examinations give leeway for discretion in final selection	High degree of discretion when requirement is defined according to each department and position
<b>Career pattern</b>	Internal patronage, i.e., old-boys network	Networks extended to private sector
<b>Administrative culture</b>	Esprit de corps covering the entire administration	Localized administrative culture
<b>Assessment of corruption risks</b>	Low risk but increasing if corruption and favouritism is systemic	High risk but depending on local virtues creating islands of excellence versus infested swamps

Source: Authors’ elaboration.

The departmentalized model is per se vulnerable to the discretion in setting and interpreting the exact requirements for the position. By decreasing the span of recruiters’ discretion, standardized examinations in the unified model, counter the problem. However, if the entry requirements are substandard i.e. every applicant can pass it or requirements can be waived through “equivalent experience”, discretion increases. In a similar fashion, requirements are made more accountable in the departmentalized model by setting certain degree requirements, for example, a Master of Food Engineering in the Veterinary and Food Administration. The risk remains but discretion can be reduced in both models.

With respect to career patterns, both approaches are vulnerable to the creation of stable informal networks. The argument is that for the corruption to thrive, stable networks are important, not only because of the reciprocal character of corrupt deals but because of the transaction costs involved in finding partners you can trust without the risk of detection and exposure (Lambsdorff 2007; Della Porta 1997). As Della Porta notes, bribery does “not create victims, but accomplices” (1997, 39). However, two different types of networks emerge from the unified and departmentalized approaches. In the unified model, the rotation between departments and the stringent focus on entry requirements rather than on specialized merit gained through experience will result in the internal job market being dominated by an “old-boys” network distributing and coordinating favours throughout the system. The departmentalized approach

with its flow of personnel between the public and private sectors is more vulnerable to repeated favours or the illicit promise of future high-paying private positions, turning the responsiveness of the civil servants towards this end.

Administrative culture is more readily described than precisely defined. In their discussion of the stereotypical “clean north” and “corrupt south”, Pujas and Rhodes (1999) quickly turn to principles of ethics and norms forming an administrative culture. The administrative culture is more than standardized rules such as the “arm’s length principle” or the social obligations between members of the administration; it is a question of whether these rules, norms and obligations guide both the expected and actual behaviour of the public employees. That is, the rules and norms form an internalized ethos or a common set of values directing the understanding of what is right and wrong.

The two approaches do tend to back different cultures of corruption. According to Bardhan (1997), a threshold exists where the cost of remaining uncorrupted outweighs the cost of being corrupt. Thus, public administrations at the department level will gravitate towards being either uncorrupt or totally corrupt, which makes up a situation of systemic corruption where “wrong-doing has become the norm ... so regularized and institutionalized that organizational supports back wrong-doing and actually penalize those who live up to the old norms” (Caiden and Caiden 1977, 306). The question is how approaches to recruitment and career foster either a vicious or a virtuous circle.

In the unified approach, all civil servants have to pass the same entry exams, which, together with job rotation between departments, enhance an overarching administrative culture better suited for creating a virtuous circle of integrity. Poorly implemented entry requirements, however, allow for discretion and the inner rotation for the patronage system of “old-boys” networks quickly spreading favouritism across the service. In contrast, the departmentalized approach is more prone to localized cultures. In these settings, favouritism is better described as a matter of degree rather than in terms of absolutes. Depending on the local setting, a departmentalized system can create either “Islands of Excellence” (Verheijen 2007) or “Infested Swamps”. In other words, while part of the administration may carry virtuous values inhibiting favouritism, other administrative segments carry the rot. Given the exposure and rotation of personnel with the private sector, the issue of favouritism becomes one of buying influence on the promise of highly paid jobs in private firm following the public sector career. In order to assess the HRM reform of 2013, the next section addresses the character of corruption and favouritism from the point of view of Lithuanian public employees.

### 3 PUBLIC ADMINISTRATION REFORM PRIOR TO 2013

At the eve of independence in 1991, Lithuania inherited a Soviet-style public administration characterized by politicized decision-making and a strict legal-rational code resembling Weberianism. In reality, however, it was an antithesis to weberianism due to the politicization of the administrative system (Jowitt 1983, 277). Membership of the Communist Party was the ticket to the nomenclature positions that is in effect a patrimonial system of favouritism (Goetz and Wollmann 2001, 865). Moreover, the existence of an informal system of blats presented “a distinctive form of social relationship or social exchange articulating private interests and human needs against the rigid

control of the state" (Ledeneva 1998, 7). Thus, as noted by Shleifer and Vishny (1993, 605), it was "always clear who needs to be bribed and by how much" in these systems, and it can be questioned if there was and still is a "culture of corruption" (for a discussion, see Miller et al. 2001).

The underlying assumption of the Soviet legacy argument is that corruption as the norm and systematic favouritism of party members would prevail following a path-dependent or cultural logic of appropriateness. The contrasting argument, however, stresses that the break with Soviet occupation, the regained independence and a flavour of "returning to Europe" make values and norms antithetical to Soviet practices (Nakrošis 2001, 172). Moreover, as Lithuania's public administration inherited massive difficulties, an extensive change of personnel followed. Many left for available and lucrative jobs in private companies and participated actively in the privatization process, and others experienced budget cuts and lay-offs (Lazareviciute et al. 2001, 239). However, capacity building and professionalism has not been slow in coming. Although Pedersen and Johannsen (2004) find that only a minority of present and former ministers around the turn of the millennium thought that civil servants' professionalism had significantly improved, in retrospect, dramatic changes have taken place in little more than two decades.

In terms of legal changes, coping with corruption and favouritism began with the 1995 "Law on Officials", soon to be followed by the 1999 "Civil Service Law" codifying the rudimentary legal framework for the civil service and ethical principles. For example, article 17 in the Civil Service Law established "the arm's length principle", and "ethical rules for public servants" have been in force since 2002 (Palidauskaite et al. 2011, 59 referring to Government Resolution no. 968 of 24th June 2002). Based on a survey among public employees – the ACI-2011 data – Pedersen and Johannsen (2014) demonstrate that public employees' values with respect to integrity and neutrality generally blend in with a common European administrative identity.

With respect to recruitment and career paths, the system has been characterized as a mixed system but with emphasis on the career-based model including a pre-entry test (Meyer-Sahling and Nakrošis 2009; Pivoras 2010; Palidauskaite et al. 2011, 47). The problems with the 1999 system have been plenty but mostly related to practice. First, the written examination consisted of multiple-choice tests, which tested only knowledge of legal acts, and questions and answers were available on the internet and easily memorized. Second, the selection interview was conducted in a simple manner, partly because of limited time for interview boards and lack of skilled human resource specialists (Interview May 2011 and 2013). Thus, in reality, the selection favoured insiders over outsiders, paving the way for minimal competition. The main problem consisted of loopholes in the formal requirements, opening up for a less transparent and, de-facto, more departmentalized model embraced by outright favouritism:

*... currently, [the] legal regulation allows setting [specific] requirements ... [to accommodate] a very concrete person... say size of shoes, hair colour and something else ... through these formal requirements only that very concrete candidate ... can go through". (Interview, 26 May 2011).*

The public employees themselves are aware that further administrative reforms are necessary if corruption is to be reduced (Johannsen and Pedersen 2012). Survey data from VMU (2011) may shed more light on this as a strong correlation exists between the belief that political connections are important for

civil service employment and the suggestion to improve recruitment by including either HRM or independent experts in the selections boards.

Pending between a unitary and a departmental model, the question is if corruption and favouritism is systemic according to Caiden and Caiden (1977) terms, in which case the departmentalization may be a cure, or if departmentalization has localized corruption.

#### 4 ACCESSING THE PROBLEM OF CORRUPTION AND FAVORITISM

International rankings such as the Transparency International estimate serious issues with bribery, favouritism and other issues of corruption in Lithuania. The extent of corruption is serious but continuous improvements go to record. With Transparency International scores of 41, 48 and 57 in 2000, 2005 and 2013 respectively, on a scale from 0-100 where 100 equals a society totally free from corruption remarkable progress is made. To illustrate, where Lithuania in 2000 was on par with Malawi and El Salvador in 2013 it had caught up with Slovenia albeit well below Estonia (Transparency International 2014). The core components of such international rankings are surveys where experts, businesspersons and the public are asked about their perception of the extent of misuse or bribery in a given country. This method has an inbuilt bias as respondents may overestimate because of the latest scandal, hearsay or general mistrust of politicians and administrators alike (Rose and Mishler 2007). Thus, as argued by Pedersen and Johannsen (2006), this method does not necessarily reflect the actual degree of corruption even if time consistency may give more validity to developments.

Public employees and civil servants can provide a different perspective on the commonality of corruption and favouritism. Matching the perception answers with the civil servants own experience bribery attempts can indicate a more valid statement.

**TABLE 2: EXPERIENCE WITH BRIBERY AND PERCEPTIONS OF MISUSE (LITHUANIA, CIVIL SERVANTS)**

	Mean	Std.D	Distribution (percent)								Total	N
			1	2	3	4	5	6	7			
Experienced bribery	1.57	0.97	63.9	23.9	7.2	2.4	2.0	0.2	0.4	100.0	498	
Perceived corruption	5.27	1.47	1.6	2.9	8.2	14.8	25.0	22.1	25.4	100.0	244	

Note: A Likert scale from 1 (never/totally disagree) to 7 (always/totally agree) were used. The differences in the number of respondents are due to a framing experiment with the misuse question. Source: ACI-data 2011.

In general, public employees perceive the extent of misuse as being much more prevalent than their actual experiences. The survey uses a Likert scale from 1 – never – to 7 – always. If we focus on the mean, experienced bribe is very low, leaning towards 1, that is, never – while perceived corruption leans towards the higher end with a mean just above 5. But at the same time, Table 3 reveals that bribery is a serious problem. More than 10 percent of the public employees report attempts of bribery, but the problem is less prevalent than perceived. Asked how often public officials think misuse of public positions takes place at different levels of society, there is a strong tendency to place misuse at the top administrative level and much less in courts and the police (Table 3).



TABLE 3: PERCEPTION OF MISUSE AT ADMINISTRATIVE LEVELS (CIVIL SERVANTS, PERCENTAGE)

	Never	Seldom	Occasionally	Often	Total
<b>At administrative top levels</b>	3.4	17.4	47.3	31.9	100
<b>In regional and local administrations</b>	5.2	22.2	46.2	26.4	100
<b>In courts</b>	7.4	36.5	36.1	20.0	100
<b>In the police</b>	4.9	35.1	43.6	16.4	100

Note: Data recoded from an original Likert Scale of 1 to 7 (1=1; 2 3=2; 4 5=3 and 6 7=4). Question: How often do you think misuse of public positions takes place at...? Source: ACI-Data, 2011.

The survey (ACI-data 2011) also, and reflecting Mathews 7.3,<sup>3</sup> finds that public employees find much more corruption in all other places than in their own organization. Thus, employees at the sub-national level relate a perceived high level of corruption to the state level and vice versa. On the other hand, whether public employees are honest when it comes to their perception of corruption in their own organization is more questionable. Compared to other sectors, corruption in own organization is low, but it is there. Whereas the issue of bribery is overstated, a survey conducted by Vytautas Magnus University directly addresses the issue of political favouritism (VMU-data, 2011). The results listed in Table 4 are astonishing. More than 60 percent in the state administration will agree to the statement that political connections are used to influence recruitment. It provides little comfort that the problem appears smaller in municipalities with more than 55 percent agreeing to the statement.

TABLE 4: POLITICAL FAVOURITISM: POLITICAL CONNECTIONS USED IN (CIVIL SERVANTS, PERCENTAGE)

Type of institution	Disagree	Neutral	Agree	Total
<b>Ministries and institutions under them</b>	15.5	24.3	60.2	100.0
<b>Municipalities and institutions under them</b>	17.1	27.1	55.8	100.0
<b>Other institutions</b>	17.5	30.0	52.5	100.0
<b>Total</b>	16.2	25.8	58.0	100.0

Note: N=395. Data recoded from an original Likert scale of 1 to 5 (1 2 =1; 3=2; 4 5=3) where 1 is fully disagree and 5 is fully agree N. Question: Do you think that political connections are used to influence recruitment in... Source: VMU-data, 2011.

The only consolation is that the question leans on the respondent's perception rather than their experience and, as with the ACI survey, be overstated. A third supporting survey reveals that out of 545 respondents, 60 percent agreed that corruption was common when positions were filled in public administrations. Only five respondents, however, actually confessed to having bribed their way into the civil service (Map of Corruption 2011). Thus, parallel to the survey differences in Table 3, the actual level of favouritism is probably somewhat lower than what it is perceived to be.

Favouritism comes in two shapes. One is personal connections while the other is political spoil granting administrative position to those who have supported one's election. The Map of Corruption (2011) directly asks about appointment for bribes, but according to a human resource specialist interviewed in Kaunas city municipality, the problem is that "everyone knows each other here" (Interview May 2013). This could indicate that the driver for favouritism may be more personal than political. Exact knowledge on this issue is difficult to obtain.

<sup>3</sup> Matthew 7-3 "Why do you look at the speech of sawdust in your brother's eye and pay no attention to the plank in your own eye?"

To investigate sensitive issues, the list experiment in surveys is a relatively novel method (Sniderman and Hagendoorn 2007). In the experiment, respondents are, by random, divided into two groups. Each group is asked how many out of a number of options they find appropriate to do. However, as the control group only receives four items while the treated group receives five, that is, the sensitive option in addition to the four options in the control group, mean differences between the two groups are a result of the sensitive option. Checking for nepotism, the ACI survey included the sensitive option “if you wanted to hire a nephew even if qualified” and found no differences (ACI-data 2011). As the treated group has no way of knowing what the question actually reveals, this finding indicates that hiring family relations is not an issue and that the civil servants are well aware of the arm’s length principle.

Civinskas (2011) ascribes Lithuania to the group of least politicized systems among the CEE countries and although political favouritism is a declining phenomenon, it is still an issue. At the turn of the millennium, only two of 49 present and former ministers of government agreed that civil servants should be members of the governing coalition. More importantly, 43 ministers out of 51 interviewed thought it better that the right to appoint civil servants rested with the minister him- or herself. Furthermore, that right was exercised, as only 17 of 52 ministers would claim that the arrival of a new minister from another party did not lead to replacement in the ministry. In fact, 34 of 52 ministers would agree to the less imprecise statement that “less than half” was replaced (Johannsen 2003). Lithuanian ministers are no longer able to exercise the same form of power wholesale as they did in the 1990s as the Law on Civil Service formally separated public employees from politics (Pivoras 2013, 145). However, based on World Bank reports, Meyer-Sahling and Nakrošis (2009) find the turnover rate to be nine percent in 2006, and when the leftwing coalition took power in 2012, 286 out of 3564 civil servants (eight percent) left their position (Civil Service Department of Lithuania 2013a). Thus confirming that political favouritism is still in place, Meyer-Sahling and Nakrošis contend that political parties do place their supporters in the ministerial structure in addition to functioning patronage systems where personal connections matter (2009, 22).

In sum, it appears that favouritism and corruption in Lithuania is spread equally across different departments and sectors, with the exception of courts. Administrative reform is politics, and electoral constraints alone will foretell that something has to be done if the public shares the perception of an administration burdened by misuse and appointed through patronage. Centralized civil servant recruitment may be the answer.

## 5 FALLING BETWEEN TWO STOOLS?

Different HRM structures carry with them different risks in terms of corruption and favouritism. The question is if the reform was warranted by the situation or a result of political bickering? Two answers are proposed.

First, the 2013 reform may have been a simple reaction to continuing pressure from the EU. In 2009, an OECD-SIGMA report praised Lithuania for being a “regional frontrunner” in comparison with other new EU member states (Meyer-Sahling and Nakrošis 2009, 6). At the same time, however, the report finds that there is room for strengthening the civil service system, especially when it comes to curbing political favouritism in recruitment as well as

promotion procedures (Ibid., 22 and 25). Aligning to this, Palidauskaite argues “that changes in the observable written legislation may have served as lip service to a critical (EU) environment which had placed civil service system reform in a weakly defined public administration ‘acquis’” (2011, 205–206). Thus, many of the reforms were intended to appease the EU than to take effect in the administration. Second, as pointed out by Nakrošis (2001), Lithuania’s lack of sufficient state capacity was a critical impediment to Europeanization. While preparations for EU membership unleashed a second wave of reform, the reorganization of the civil service was mediated by internal interests and conditions (Nakrošis 2001, 176; Nakrošis and Budraitis 2012). Geddes (1991) argues that an increase in political competition endangers the spoils of the patronage system for the incumbent because a change in government is likely. Consequently, the incumbent may have an incentive to reform the recruitment system before losing the election and thereby lock in previous gains.

Looking at recent history, HRM reform has been piecemeal and slow in coming because of political bickering with the pendulum first swinging towards the departmentalized and later the unified model. In 2002, a number of amendments were made that eliminated the prior civil service experience as a requirement for senior administrative positions. In reality, this opened up for competition from the outside to the civil service, welcoming career shifts to and from the private sector (Pivoras 2013). The official reason to decentralize and open up the administration was an analysis stressing the need to import competences critical to the civil service in order to steer through the modernization and, not least, the requirements of the *acquis communautaire* (Židonis 2007, 353). An unofficial reason was that the left-of-centre government in 2002 wanted to make some of the senior positions available to its supporters in order to lock in the gains of the election (Pivoras 2008, 122).

In the following years, the pendulum began swinging back towards closure and a unified approach. Calls for a full centralization were, however, abandoned because of large foreseeable initial costs related to such a reform. Thus, Gediminas Kirkilas’ left-leaning government did not manage to lock-in the gains. Instead, an incremental reform to raise the standards of civil service entry was introduced. All prospective candidates had to pass written tests in a pre-selection phase. With the change of government in 2008, the incoming right-wing coalition government wanted to reform the civil service system. The government was, among other things, inspired by ideas from New Public Management and wanted to introduce fixed-term contracts (Civinskas 2011). However, disagreement between the coalition partners intensified. Not until after the replacement of the Minister of Interior, a compromise was reached. As often happens, the political bickering became locked in institutions. The status of the Civil Service Department was elevated in 2012 – no longer a subordinated unit to the Ministry of Interior – but made directly accountable to the Government Collegium, and the Civil Service Department did not gain the right of legal initiative – which still rested with the Ministry. The Civil Service Department was, however, assured operational independence from the Ministry (Government of the Republic of Lithuania 2012). Witnessed by the creation of a new structural division – the Selection Division – and according to the Financial Reports of the Civil Service Department 2012, a budget increase of 25 percent (Civil Service Department of Lithuania 2012, 2013b), in a time of fiscal austerity between 2012 and 2013, a powerful actor to support centralization was created (cf. Niskanen 1991).

With the compromise and the organization in place, the pendulum made another swing towards centralization. At the eve of the ordinary elections, the

Parliament passed amendments to the Civil Service Law. The amendment introduced a centralized test of general abilities and competencies in the recruitment procedure, and the administrative responsibility handed to the Civil Service Department (Parliament of the Republic of Lithuania 2012). The Conservative-led government could not fully close the issue before losing the elections in 2012. Thus, the new left government (instated in December 2012) seized the initiative and turned the "Concept for the Improvement of the Recruitment into the Civil Service of Lithuania" (TMDPartners 2013) into a government decree to take full effect by summer 2013 (Government of the Republic of Lithuania 2013). Although an impact of EU recommendation also played a role in this latest case advisors to the relevant ministers strongly underlined the importance of persistent and personal interest in the architecture of the reform (Interview A, May 2013), indicating a political commitment to reform.

The aim of the 2013 HRM reform is primarily to increase the general level of civil service competences. A second aim is to curb political favouritism and bribery. The selling point of the reform is the stated in the aim to increase transparency of recruitment in face of a sceptical public concerned with misuse in the political and administrative life of Lithuania (TMDPartners 2013; Mikalauskas 2013). That is irrespective of the decline in corruption reported by Transparency International it is not only still substantial but also political salient. The fast move by the government breaks the cycle of political protectionism. It is expected that an incoming government seize the opportunity to bring in "their own" civil servants. However, with an electorate perceiving favouritism and corruption to be paramount issues, the new government took the opportunity or trade-off between securing patronage and showing political initiative and strength.

With the reform, the previous priorities of flexibility and decentralized recruitment is abandoned, although not wholeheartedly, as the scrutiny of candidates are only made at the entry level through a pre-selection phase with a written test and, decentralized, oral tests and interviews as a second step. The pre-selection written test will have the effect of creating a rooster of eligible candidates, leaving the actual hiring at the discretion of each department. However, to maintain some control of the local hiring process, specialists from the Department of Civil Service can partake in the interview board.

The creation of a rooster will narrow down the base of selection, that is, raise the standard, but as a centrally placed interviewee concluded, politics and political patronage can take place as usual (Interview, May 2013). The reform therefore falls between two stools. It appears that although the reform centralizes recruitment, it also continues the inertia of previous and perhaps less successful attempts to introduce state examinations at the entry level while keeping actual decisions at departmental and local levels. Because the solution creates a hybrid between flexibility in selection, thereby muting protests against losing or, rather, not hiring the most competent people, and the rigidity of preliminary testing, which raises standards in the eye of the public – and hence the prestige of being a civil servant, the civil service itself has made relatively few protests.

## REFERENCES

- ACI-data. 2011. Survey among Baltic public employees carried out April 2011. Pedersen, Karin Hilmer, Lars Johannsen and TNS Gallup, Denmark. The Danish Research Council grant no. 10-080446.
- Bardhan, Pranab. 1997. "Corruption and Development: A review of issues." *Journal of Economic Literature* 35 (3): 1320–1346.
- Batory, Agnes. 2012. "Why do anti-corruption laws fail in central Eastern Europe? A target compliance perspective." *Regulation & Governance* 6 (1): 66–82.
- Bearfield, A. Domic. 2009. "What is patronage? A critical reexamination." *Public Administration Review* 69 (1): 64–76.
- Bekke, Hans A.G.M. and Frits M. van der Meer. 2000. "Civil service systems in Western Europe: An introduction." In *Civil Service Systems in Western Europe*, eds. Hans A.G.M. Bekke and Frits M. van der Meer, 1–11. Cheltenham: Edward Elgar Publishing.
- Caiden, E. Gerald E. and Naomi J. Caiden. 1977. "Administrative Corruption." *Public Administration Review* 37 (3): 301–309.
- Civil Service Department of Lithuania. 2012. Financial Report. Available at [http://www.vtd.lt/get\\_file.php?file=WjElMkZEBUdhZG1xVEtubUhjbkdCb3AyTExrWmlWd01MTl0RnAxWmJaa3FKa25wS1pZbU5ycjhtd1l0bWVZR2Vta3R3Wm1tS1FtZHVUMW1YR21aUmhwbXBmdzUlMkJVazJtZWxLSmd6c2VXWTZOamxacXRrOGVVem1UT2FNZVYyR2xvWkphVm0yS2duWjJXYTVhVHlHUnJaR2VVbGFabHhaSExZcDFsbE11VmxXcGxZc1JTBtEtGcVpwbFphY2pjbW15ZVk4ZkNwR0xVbWM2VTBHZkxuU3FTN0dSUWxKTnFxRzJabHF4Z3pjdvNiSm1XMnNmN2t4U1ZoV1BVbDh1WTA1S2tsSm5lb0dPdG1hdVVAUxTbHBXVWxtR2h4bkZo](http://www.vtd.lt/get_file.php?file=WjElMkZEBUdhZG1xVEtubUhjbkdCb3AyTExrWmlWd01MTl0RnAxWmJaa3FKa25wS1pZbU5ycjhtd1l0bWVZR2Vta3R3Wm1tS1FtZHVUMW1YR21aUmhwbXBmdzUlMkJVazJtZWxLSmd6c2VXWTZOamxacXRrOGVVem1UT2FNZVYyR2xvWkphVm0yS2duWjJXYTVhVHlHUnJaR2VVbGFabHhaSExZcDFsbE11VmxXcGxZc1JTBtEtGcVpwbFphY2pjbW15ZVk4ZkNwR0xVbWM2VTBHZkxuU3FTN0dSUWxKTnFxRzJabHF4Z3pjdvNiSm1XMnNmN2t4U1ZoV1BVbDh1WTA1S2tsSm5lb0dPdG1hdVVAUxTbHBXVWxtR2h4bkZo).
- Civil Service Department of Lithuania. 2013a. Valstybės tarnybos įstatymo ir su juo susijusių teisės aktų taikymo ir įgyvendinimo 2012 metais ataskaita. Vilnius: Valstybės tarnybos departamentas, 2013. Available at [http://www.vtd.lt/get\\_file.php?file=WlYlMkZjYUdpZGFhU2RucEhjeDJBHA1Zkx4NWhrd0pyTmw5R2ExWmZaa2FKa25wS1paR05wcjVTd1lkbVlZSm1tYWVRxWm1tT1F3dHVVMW0zR2xwUmtwbUpmbUo5ams1NmVsS0ppenBhV1pLTmpsWm10WXNIWnpwZk9sc2VXMkpWb2s1YWJtNWlnbloyWGEyS1RsbU9WWXBhVXhYVZ4WkhMazUxbG81YTVhSHBqZzV0OVluVnFnWjJObGFpWGTtHVmLWmFTWJjTVhC1T1cwchJHeDh1U2RKTnJrZyUzRCUzRA==](http://www.vtd.lt/get_file.php?file=WlYlMkZjYUdpZGFhU2RucEhjeDJBHA1Zkx4NWhrd0pyTmw5R2ExWmZaa2FKa25wS1paR05wcjVTd1lkbVlZSm1tYWVRxWm1tT1F3dHVVMW0zR2xwUmtwbUpmbUo5ams1NmVsS0ppenBhV1pLTmpsWm10WXNIWnpwZk9sc2VXMkpWb2s1YWJtNWlnbloyWGEyS1RsbU9WWXBhVXhYVZ4WkhMazUxbG81YTVhSHBqZzV0OVluVnFnWjJObGFpWGTtHVmLWmFTWJjTVhC1T1cwchJHeDh1U2RKTnJrZyUzRCUzRA==).
- Civil Service Department of Lithuania. 2013b. Financial Report. Available at [http://www.vtd.lt/get\\_file.php?file=azElMkZjZbUdXZG1xVEpubWpjbDJDVnAyckxsSmlXd0pYTmw5RnExY3Jaa3FKam5wU1paMk9lcjhtd2xObWFZSlnbHRxYW1tS1F4ZHVZMXBmR3g1U1dwcGhmeDUlMkJVazJtZXlxSm96cGVXWmFPWGxaT3Rrc2VSenBUT1pzZVgyR2hvbDViR20yaWducDJWYTVXWnlTvmxhWktVbGFabnhackxZNTJhbEplVllHcVhZOFJTYXFGd1pzbFpZc2lmbXBtZVljZWFWslBVazg1ajBHYKxseXFTN0poUXg1TnFxSnFaeHF4anpaeVNiSmxpMnBQN1lSVENoWlRVYnN2SzAybWtsNW1Vb0pTdGNhdWNaNVRTbXBXWGxtT2h3bkdX](http://www.vtd.lt/get_file.php?file=azElMkZjZbUdXZG1xVEpubWpjbDJDVnAyckxsSmlXd0pYTmw5RnExY3Jaa3FKam5wU1paMk9lcjhtd2xObWFZSlnbHRxYW1tS1F4ZHVZMXBmR3g1U1dwcGhmeDUlMkJVazJtZXlxSm96cGVXWmFPWGxaT3Rrc2VSenBUT1pzZVgyR2hvbDViR20yaWducDJWYTVXWnlTvmxhWktVbGFabnhackxZNTJhbEplVllHcVhZOFJTYXFGd1pzbFpZc2lmbXBtZVljZWFWslBVazg1ajBHYKxseXFTN0poUXg1TnFxSnFaeHF4anpaeVNiSmxpMnBQN1lSVENoWlRVYnN2SzAybWtsNW1Vb0pTdGNhdWNaNVRTbXBXWGxtT2h3bkdX).
- Civinskas, Remigijus. 2011. "Can a senior civil servant adapt to managing by contract? Reform and civil servants' preferences in Lithuanian government." *Baltic Journal of Law and Politics* 4 (2): 154–186.
- Dahlström, Carl, Victor Lapuente and Jan Teorell. 2012. "The Merit of Meritocratization: Politics, Bureaucracy, and the Institutional Deterrents of Corruption." *Political Research Quarterly*, 65 (3): 1–13.
- Della Porta, Donnatella. 1997. "The vicious circles of corruption in Italy." In *Democracy and Corruption in Europe*, eds. Donatella Della Porta and Yves Mény, 35–49. London: Pinter.
- Demmke, Christoph, Gerhard Hammerschmidt and Renate Meyer. 2006. *Decentralization and Accountability as a Focus of Public Administration Modernisation: Challenges and Consequences for Human Resource Management*. Maastricht: EIPA.
- Demmke, Christoph and Timo Moilanen. 2012. *Effectiveness of Public-Service Ethics and Good Governance in the Central Administration of the EU-27: Evaluating Reform Outcomes in the Context of the Financial Crisis*. Frankfurt am Main: Peter Lang.
- Drechsler, Wolfgang. 2005. "The Re-Emergence of 'Weberian' Public administration after the Fall of New Public Management: The Central and Eastern European Perspective." *Halduskultuur* 6: 94–108.

- Geddes, Barbara. 1991. "A Game Theoretic Model of Reform in Latin American Democracies." *American Political Science Review* 85 (2): 371–392.
- Goetz, Klaus and Hellmut Wollmann. 2001. "Governmentalizing central executives in post-communist Europe: a four-country comparison." *Journal of European Public Policy* 8 (6): 864–887.
- Government of the Republic of Lithuania. 2012. Dėl Valstybės tarnybos departamento prie Lietuvos Respublikos vidaus reikalų ministerijos statuso ir pavadinimo pakeitimo, Valstybės tarnybos departamento nuostatų, Personalo valdymo komisijos sudėties ir Personalo valdymo komisijos nuostatų patvirtinimo, *Valstybės žinios*, 2012, no. 129-6489. Available at [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_c\\_l?p\\_id=436640&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_c_l?p_id=436640&p_tr2=2).
- Government of the Republic of Lithuania. 2013. "Dėl Lietuvos Respublikos Vyriausybės 2002 m. birželio 24 d. nutarimo no. 966 "Dėl konkursų į valstybės tarnautojo pareigas organizavimo tvarkos aprašo patvirtinimo pakeitimo ir kai kurių Lietuvos Respublikos Vyriausybės nutarimų pripažinimo netekusiais galios", *Valstybės žinios*, 2013, no. 60-2973. Available at [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_c\\_l?p\\_id=450157&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_c_l?p_id=450157&p_tr2=2).
- Johannsen, Lars. 2003. "The effective state." *Baltic Defence Review* 2 (9): 23–33.
- Johannsen, Lars and Karin Hilmer Pedersen. 2008. "Korruption: et permanent eller forbigående fænomen?" ("Corruption: a permanent or temporary phenomenon?") *Nordisk Østforum* 3-4: 271–288.
- Johannsen, Lars and Karin Hilmer Pedersen. 2011. "The institutional roots of anti-corruption policies – comparing the three Baltic States." *Journal of Baltic Studies* 42 (3): 329–346.
- Johannsen, Lars and Karin Hilmer Pedersen. 2012. "How to Combat Corruption: Assessing Anti-Corruption Measures from a Civil Servants's Perspective." *Halduskultuur - Administrative Culture* 13 (2): 130–146.
- Jowitt, Ken. 1983. "Soviet Neotraditionalism: The Political Corruption of a Leninist Regime." *Soviet Studies* 35 (3): 275–297.
- Klitgaard, Robert. 1988. *Controlling Corruption*. Berkeley: University of California Press.
- Lambsdorff, G. Johann. 2007. *The Institutional Economic of Corruption and Reform: Theory, Evidence and Policy*. Cambridge: Cambridge University Press.
- Lazareviciute, Ieva, Jovita Tirviene and Jonas Poniskaitis. 2001. "Politico-administrative relations in Lithuania." In *Politico-administrative Relations. Who Rules?*, ed. Tony Verheijen, 226–267. Bratislava: NISPACE.
- Ledeneva, V. Alena. 1998. *Russia's Economy of Favours. Blat, Networking and Informal Exchange*. Cambridge: Oxford Press.
- Map of corruption. 2011. Lietuvos korupcijos žemėlapis. 2011 m. liepa – rugpjūtis. Vilnius, 2011. A survey commissioned by the Anticorruption Agency of Lithuania. [http://www.stt.lt/documents/soc\\_tyrimai/Korupcijos\\_zemelapis.pdf](http://www.stt.lt/documents/soc_tyrimai/Korupcijos_zemelapis.pdf).
- Meyer-Sahling, Jan-Hinrik. 2011. "The durability of EU civil service policy." *Governance* 24 (2): 231–260.
- Meyer-Sahling, Jan-Hinrik and Vitalis Nakrošis. 2009. *Modernising the Lithuanian Civil Service*. Unpublished paper, University of Nottingham and Institute of International Relations and Political Science Vilnius University.
- Mikalauskas, Remigijus. 2013. "Nauja valstybės tarnautojų atrankos tvarka: kuo atviriau, tuo skaidriau [New Order of Selection into the Civil Service: More Transparent as More Open]." *Veidas*, December 9: 36–37.
- Miller, L. William, Åse B. Grodeland and Tatyana Y. Koshechkina. 2001. *A Culture of Corruption? Coping with Government in Post-Communist Europe*. New York: Central European University Press.
- Nakrošis, Vitalis. 2001. "Lithuanian public administration: A usable state bureaucracy?" *Journal of Baltic Studies* 32 (2): 170–181.
- Nakrošis, Vitalis and Mantas Budraitis. 2012. "Longitudinal change in Lithuanian agencies: 1990–2010." *International Journal of Public Administration* 35 (12): 820–831.
- Niskanen, A. William. 1991. "A reflection on *Bureaucracy and Representative Government*." In *The budget-maximizing bureaucrat: Appraisals and evidence*, eds. André Blais and Stéphane Dion, 13–31. Pittsburgh: University of Pittsburgh Press.
- Nunberg, Barbara. 2000. *Ready for Europe. Public Administration Reform and European Union Accession in Central and Eastern Europe*, World Bank technical paper no. 466.



- O'Dwyer, Conor. 2006. *Runaway State-Building. Patronage, Politics and Democratic Development*. Baltimore: Johns Hopkins Press.
- Painter, Martin and Guy B. Peters. 2010. "Administrative traditions in comparative perspective: Families, groups and hybrids." In *Tradition and Public Administration*, eds. Martin Painter and B. Guy Peters. New York: Palgrave.
- Palidauskaite, Jolanta. 2011. "The value profile of civil servants in new European democracies through the lens of embedded ethics." In *Value and Virtue in Public Administration*, eds. Michiel S. de Vries and Pan Suks Kim. *A Comparative Perspective*, London: Palgrave Macmillan.
- Parliament of the Republic of Lithuania. 2012. Valstybės tarnybos įstatymo 3(1), 4, 9, 11, 13, 14, 15, 16, 16(1), 17, 22, 29, 30, 31(1), 32, 34, 41, 43, 44, 46, 47, 48, 49, 50, 51 straipsnių pakeitimo ir papildymo įstatymas, *Valstybės žinios*, 2012, no. 69-3523. <http://www3.lrs.lt/pls/inter3/oldsearch.preps2?a=426800&b=>.
- Pedersen, Karin Hilmer and Lars Johannsen. 2004. "The Real Challenge for Change. Public Administration in New EU Member States." *Welt Trends* 12 (43): 93–105.
- Pedersen, Karin Hilmer and Lars Johannsen. 2006. "Corruption: Commonality, Causes and Consequences in Fifteen Post-communist Countries." In *Democratic Governance in Central and Eastern European Countries: Challenges and Responses for the XXI Century*, eds. Allan Rosenbaum and Juraj Nemec, 311–336. Bratislava: NISPAcee.
- Pedersen, Karin Hilmer and Lars Johannsen. 2014. "European values and practices in post-communist public administration: the Baltic States." In Fritz Sager and Patrick Overeem, eds. *The European Public Servant: A Shared Administrative Identity?* Essex: ECPR Press.
- Pivoras, Saulius. 2008. "Post-Soviet transformation of bureaucracy in Lithuania." *Baltic Journal of Law & Politics* 1 (1): 111–131.
- Pivoras, Saulius. 2010. "Model of civil service in Lithuania's public policy." *Baltic Journal of Law & Politics* 3 (1): 99–124.
- Pivoras, Saulius. 2013. "Post-Communist Public Administration in Lithuania." In *Public Administration in Post-Communist Countries. Former Soviet Union, Central and Eastern Europe, and Mongolia*, eds. Saltanat Liebert, Stephen E. Condrey and Dmitry Goncharov, 145–146. Boca Raton: CRC Press.
- Pujas, Véronique and Martin Rhodes. 1999. "A clash of cultures? Corruption and the ethics of administration in Western Europe." *Parliamentary Affairs* 52 (4): 688–702.
- Ridley, F.F. 1983. "Career Service: A comparative perspective on civil service promotion." *Public Administration* 61 (2): 179–196.
- Rose, Richard and William Mishler. 2007. "The Gap between experience and perception of corruption: An empirical analysis." Paper presented at ECPR General Conference, Pisa.
- Rubin, V. Ellen and Andrew Whitford. 2008. "Effects of the institutional design of the civil service: evidence from corruption." *International Public management Journal* 11 (4): 404–425.
- Schmidt, Diana. 2007. "Anti-corruption: What do we know? Research on preventing corruption in the post-communist world." *Political Studies Review* 5 (2): 202–232.
- Shleifer, Andrei and Robert Vishny. 1993. "Corruption." *Quarterly Journal of Economics* 108 (3): 599–617.
- SIGMA. 1999. "European Principles for Public Administration." SIGMA paper 27. Paris: OECD Publishing.
- Sniderman, M. Paul and Louk Hagendoorn. 2007. *When Ways of Life Collide. Multiculturalism and its Discontents in the Netherlands*. Princeton: Princeton University Press.
- Sundell, Anders. 2014. "Are formal civil service examinations the most meritocratic way to recruit civil servants? Not in all countries." *Public Administration* 92 (2): 440–457.
- TMDPartners. 2013. Valstybės tarnautojų atrankos tobulinimo koncepcija. Available at [http://www.vtd.lt/get\\_file.php?file=WWwIMkJWbUdXZG5LU1VucExjbG1DVXAybkxrNWlXd0pITms5RnUxWmZaWWFKa25wYVpsMk5xcjVXd2xkbkhZSmltazlyRG1tYVFrdHVVMB2R3g1U1dwcGRmbUolMkJYazVtZWxhSmh6cGFxbWFOcWxjT3RaOGZDeNBiT2FzZkwyR0JvazVhVW0yU2djSjJaYXBLYnkyTnJZWktVeDZabHhaSExrNTF0dUp1NWFYMWtqNU45WnFOcnBwMmNrc2ZNb1ppVGs4JTJGR29HTEN3c1JrbEdpU3hwWmdiSmhnbUdPVVpacHN5RmxncHNISGFWNIQxcE9hWWNmQ29KaWRtZyUzRCUzRA==](http://www.vtd.lt/get_file.php?file=WWwIMkJWbUdXZG5LU1VucExjbG1DVXAybkxrNWlXd0pITms5RnUxWmZaWWFKa25wYVpsMk5xcjVXd2xkbkhZSmltazlyRG1tYVFrdHVVMB2R3g1U1dwcGRmbUolMkJYazVtZWxhSmh6cGFxbWFOcWxjT3RaOGZDeNBiT2FzZkwyR0JvazVhVW0yU2djSjJaYXBLYnkyTnJZWktVeDZabHhaSExrNTF0dUp1NWFYMWtqNU45WnFOcnBwMmNrc2ZNb1ppVGs4JTJGR29HTEN3c1JrbEdpU3hwWmdiSmhnbUdPVVpacHN5RmxncHNISGFWNIQxcE9hWWNmQ29KaWRtZyUzRCUzRA==).

- Transparency International. 2014. Corruption Perceptions Index (CPI, various years). Available at <http://www.transparency.org/research/cpi>.
- Uslaner, M. Eric. 2008. *Corruption, Inequality and the Rule of Law*. Cambridge: Cambridge University Press.
- Verheijen, Tony. 2007. "Administrative capacity in the new member states, the limits of innovation?" *8 Working Papers, no. 115*. Washington DC: World Bank.
- Verheijen, Tony and David Coombes. 1998. *Innovations in Public Management, Experiences from East and West Europe*. Aldershot: Edward Elgar Publishers.
- VMU-data. 2011. Survey among Lithuanian civil servants carried out April-May, 2011. Pivoras, Saulius et al. Lithuania. Lithuanian Research Council grant: MIP – 33/2010.
- Židonis, Žilvinas. 2007. "Pokyčiai Lietuvos valstybės tarnyboje: demokratinis valdymas versus vadybinė valstybė [Changes in Lithuania's civil service: Democratic governing vs. a managerial state]." In *Valstybės tarnyba Lietuvoje: praeitis ir dabartis [Civil Service in Lithuania: Past and Present]*, eds. Algis Krupavičius and Kęstutis Masiulis, 353. Vilnius: Akritas.

# THE BACKWARD EAST? EXPLAINING DIFFERENCES IN SUPPORT FOR RADICAL RIGHT PARTIES IN WESTERN AND EASTERN EUROPE

Alina POLYAKOVA<sup>1</sup>

.....

*Radical right political parties in Central Eastern Europe have been far less electorally successful than their counterparts in Western Europe. This outcome contradicts an underlying assumption in scholarly work and public opinion of "the East" at a hotbed of nationalist political movements. This paper uses an original comparative dataset to examine the contextual economic, political, and social determinants of electoral support for radical right parties in 27 Western and Eastern European countries from 1991 to 2012. Support for radical right parties in Eastern Europe hinges on a different set of factors than in the West. The findings show that the commonly cited factors, such as economic development, immigration, and types of electoral institutions, do not explain cross-national differences in electoral support for the radical right or the difference in electoral support between Eastern and Western Europe. Rather, it is political stability and social trust that explain differences between West and East.*

**Key words:** radical right parties, Eastern Europe, voting.

## INTRODUCTION

In the last three decades, Western Europe has undergone a "Right turn" in politics.<sup>2</sup> The emergence of popularly supported radical right parties is evidence of a shift to the Right in political attitudes (Betz 2003; Hainsworth 2000, 2008; Lubbers et al. 2002; Mudde 2007; Norris 2005). Aside from the Greens, the radical right "party family" is the only new addition to the European political space since World War II. Scholars initially paid little attention to radical right parties or dismissed them as "single issue parties" that would quickly fade away (Hainsworth 2000; Mudde 1999). Far from fading away, however, the presence of a radical right party in national parliaments has now become the norm rather than the exception across Western Europe (Bale 2003).

---

<sup>1</sup> Alina POLYAKOVA is a Senior Research Fellow at the Institute of Sociology at the University of Bern, Switzerland. She holds a doctorate in sociology from the University of California, Berkeley. Her book, *The Dark Side of European Integration: Radical Right Movements in Contemporary Europe*, is forthcoming in 2015.

<sup>2</sup> Calculation of changes in party positions between 1999 and 2010 of the Chapel Hill Expert Survey (Bakker et al. 2012) shows a movement of European parties towards the right.

Scholars examining radical right parties' electoral fortunes have focused on case studies of countries with particularly successful radical right parties, such as France or Austria, or on comparative studies seeking to explain variation in support for radical right parties in Western European countries (Art 2006, 2011; Arzheimer and Carter 2006; Van der Brug, Fennema and Tillie 2005; Carter 2005; Gibson 2002; Givens 2005; Norris 2005; Schain et al. 2002). By focusing on a limited set of factors – economic downturns, electoral systems, and immigration, or what can be called the “usual suspect” variables – comparative studies have neglected to acknowledge the role of other factors that could explain differences in support. In addition, scholars have given surprisingly little attention to examining factors that might support radical right parties in the post-socialist Eastern European context (but see Bustikova 2009; Minkenberg 2002; Rose and Munro 2003). In sum, scholarly focus on the electoral success of radical right parties in Western European countries overlooks a puzzling paradox: namely, “why not the East?”

When compared to Western Europe, radical right parties in Eastern Europe have not been nearly as successful at amassing popular support (see Figure 1). This has been the case despite economic and political factors that would seemingly have facilitated a turn right: periods of high unemployment, economic stagnation, and proportional electoral systems that are more favourable to marginal challenger parties. Despite these predisposing factors, post-Socialist Eastern European countries did not become the perfect “breeding ground” for radicalization (Mudde 2007).

FIGURE 1: VOTE-SHARE RECEIVED BY RADICAL RIGHT PARTIES IN WESTERN AND EASTERN EUROPE, 1990–2012



Source: Author's own calculations based on the European Election Database (EED) and radical right party classifications (Table 1).

This paper examines the effect of economic, political, and societal factors on electoral support for radical right parties in 27 European countries over 22 years of national parliamentary elections, from 1990 to 2012. It sets out to answer two research questions. First, do changes in the standard contextual factors – the “usual suspects” – economic decline, high unemployment, high immigration, and proportional representation electoral systems – increase support for radical right parties in both Western and Eastern Europe? Second,

are the determinants of support for the radical right different in Eastern Europe than in Western Europe?

In the following sections, I first discuss the relationship between radical right parties and nationalism. Support for radical right parties is an indicator of the appeal of nationalism, understood in its extreme exclusionary form of “ethnic nationalism.” This is a departure from most studies of radical right parties that do not make a connection between electoral outcomes and theories of nationalism. However, I suggest that increasing support for radical right parties is not just an outcome of aligning economic and political factors. Rather, it is indicative of a broader societal resurgence of ethnic nationalism.

Second, I discuss the paradox of the “backward East” to underscore why scholars had predicted that radical right parties would be particularly successful in Eastern as opposed to Western Europe. Third, I present theoretical explanations for differences in support for the radical right in Europe. To the existing economic and political explanations, I add “social” explanations derived from theories of democracy. In the fourth section, I describe the data and statistical model I use to test the hypotheses from section three. The model is based on a new dataset of 167 parliamentary elections in Western and Eastern Europe. I then present results of the analysis in section five. Finally, I discuss the findings’ theoretical implications for explaining differences in radical right support between Western and Eastern Europe.

## 1 DEFINING THE RADICAL RIGHT

What defines radical right parties? What is the relationship between radical right parties and nationalism in contemporary Europe? As Mudde (2007, 139) points out, the most striking commonality in the rallying cries of radical right parties is the various take on the slogan, “France for the French!” or “Bulgaria for the Bulgarians!” This ubiquitous motto speaks directly to the distinguishing feature of radical right parties: ethnic nationalism, or the idea that the state exists to promote the interests of the titular ethnicity. In the broadest sense, radical right parties across Western and Eastern Europe share a strong nationalist and anti-establishment ideology with grievances aimed at immigrant or minority populations (Betz 2003; Hainsworth 2000, 2008; Lubbers et al. 2002; Mudde 2000; Norris 2005). Radical right parties’ ideological platforms emphasize the imagery of cultural loss—be it language, tradition, or religion—which allows them to fashion themselves as the legitimate heirs to national culture, traditions, values, and history. As ideology, right-wing radicalism’s “core element is a myth of a homogenous nation, a romantic and populist ultranationalism directed against the...principles of individualism and universalism” (Minkenberg 2002, 337).

Visions of ethnic nationhood, which determine who belongs and who does not to the national community, have come to define radical right parties’ ideologies. More recently, in the case of Western European radical right parties, Euroscepticism has dovetailed with ethnic nationalism in complementary ways. Still, increasing electoral support for radical right parties signifies, at least in part, the sway of nationalist ideas.<sup>3</sup> Because an ethnic vision of nationhood is at

---

<sup>3</sup> An individual may, of course, have other reasons for voting for a radical right party aside from the party’s nationalist ideology. For example, one may vote for a radical right party out of protest or disillusionment with the mainstream established parties. However, an individual who has no propensity toward nationalist ideas is not likely to vote radical right. Thus, while

the core of the radical right's ideology, this cultural core shapes radical right parties' economic and political agendas.

Radical right parties cannot be classified based on economic platforms. Neoliberal economic policies, once the cornerstone of early radical right parties in the 1980s (Kitschelt and McGann 1995), disappeared from radical right parties' platforms in the 1990s (Gibson 2002; Rydgren 2005). Western radical right parties generally dropped neoliberalism from their economic agendas to instead emphasize economic protectionism and redistributive policies, but this new agenda contained one key caveat. In line with the view that ethnic and national belonging are one in the same, radical right parties' platforms advocate extensive social redistribution *to the national ethnic majority alone* while limiting redistributive efforts to 'unpopular' ethnic groups. The ideological shift from neoliberalism to social protection worked to attract new constituencies for radical right parties in Western Europe. Workers and middle classes turned out to support the radical right agenda, leading to a process of "proletarianization" of the radical right electorate in the 1990s (Betz 1994). Workers, the traditional constituency of the Left, continue to be overrepresented among radical right party supporters (Rydgren 2007; Werts et al. 2012).

Much like neoliberal economic platforms, discursive and symbolic connections to the "Old Right" of inter-war fascism progressively disappear as radical right parties attempt to gain a permanent foothold in national politics. Radical right parties in both Western and Eastern Europe have sought to distance themselves from the inter-war legacies of fascism, even while relying on similar symbolism and minority scapegoating rhetoric. For example, in its early years the Austrian Freedom Party (FPÖ) instituted black uniforms for party members, which it has since abandoned. The Hungarian *Jobbik* party and the Romanian Greater Romania Party also relied on implicit fascist symbolism (uniforms, red and black colours, slightly altered symbolism) but removed overt references from their "front stage" public personas. Softening of discourse is also evident in successful radical right parties' gesturing toward and cooptation of democratic values, which has proven particularly successful when paired with a critique of established political parties. Most radical right parties (with the exception of Switzerland) have the advantage of never having been in power, which provides a standpoint for criticizing established parties and policies (Mudde 1996).

It is, however, important not to overstate the softening of hard-line stances toward immigrants and minorities. In Western Europe, radical right parties target immigrants as unjust recipients of social benefits and offenders – or, at least, not upholders – of cultural traditions. For example, the well-publicized debate in France on Muslim women's use of headscarves was framed as at odds with French *laïcité* (or secularism) in popular and political debates on the issue. This was quickly picked up by the National Front, which accused Muslim immigrants of imposing their values on French society and, who thus, used it as justification for opposing further immigration from non-European countries. While the National Front has softened its stance on immigration from repatriation of all immigrants to deportation of illegal immigrants only, the FN's position that non-white and non-Christian immigrants present a threat to French society has, in fact, hardened. Indeed, in all of Western Europe the imagery of the "Muslim threat" is fodder for radical right parties. In Eastern Europe, where foreign immigration is not as high as in Western Europe, radical right parties use the rhetoric of pure nationhood to target indigenous ethnic

---

imperfect, measuring nationalist appeal in terms of electoral outcomes captures a general tendency.



minorities, or the “enemies from within” such as the Roma and Jews. Mudde (2007) has referred to Muslims, Roma, and Jews as the “special enemies,” because these groups are consistently used as scapegoats for a wide range of social problems.

Eastern Europe differs from Western Europe on another key aspect, which underscores the importance of understanding radical right parties in terms of cultural ideologies. The legacy of state socialism has made the traditional Left-Right political spectrum murky in Eastern Europe, where successor communist parties are still active and receive a consistent, though minor, share of the vote (Grzymala-Busse 2002; Kuzio 2008). Whereas in Western Europe, communist or far left parties are progressive and culturally liberal, in Eastern Europe, they are reactionary and culturally conservative. Thus, on the far left, communist parties draw on the legacy of the Soviet era to advocate for a return to law and order, stricter moral guidelines, and extensive social spending. On the far right, parties advocate for the exact same policies but, importantly, they add an ethnic vision of national belonging (Minkenberg 2002). Because of the similarity in economic and social platforms, radical right parties and communist successor parties often cooperate and become strange bedfellows (Ishiyama 1998)—an outcome that is almost unimaginable in the West.

To summarize, radical right parties’ economic and social policy platforms have changed drastically over time, but a core vision of ethnic nationalism continues to drive their political ideologies in both Western and Eastern Europe. For this reason, radical right parties can be treated as the organizational carriers of ethnic nationalism and support for radical right parties can be interpreted as evidence for the ideology’s increasing appeal.

## 2 THE PARADOX OF THE “BACKWARD” EAST

As Figure 1 shows, radical right parties have been more successful in Western than in Eastern European countries. Why is this surprising? In this section, I discuss how several influential studies in history, political science, and sociology predicted the opposite outcome. The stark difference in electoral support for the radical right between West and East complicates long standing assumptions regarding the so-called backwardness of Eastern Europe and the potential for radicalization in the region.

In 1962, Gerschenkron’s essays on economic development defined Russia, and by extension, the socialist Eastern European countries, in terms of economic backwardness (Gerschenkron 1962). Even though Gerschenkron was using Germany and Russia as an example to make broader theoretical points about the process of industrialization in nineteenth century Europe, his formulations inaugurated the dichotomy, perpetuated by scholars following him, between the “civilized” West and the “backward” East. For example, the dichotomy of western/eastern nationalism, which roughly corresponds to the idea of civic/ethnic nationalism, reflects the often unspoken notion that the West is more developed, not just economically but also culturally. Even as former socialist countries joined the European Union, the notion that individuals from these countries, were not quite the same as their Western neighbours remained in the popular imagination. The name-games during the accession process of Eastern European states illustrate this notion of second-class belonging. Risse (2010) opens his book on European identity with a quote from the Hungarian writer Peter Esterhazy, which aptly captures the sentiment of second-class EU

citizenship awarded to the new EU member states:

Once I was an Eastern European; then I was promoted to the rank of Central European...then a few months ago, I became a New European. But before I had the chance to get used to this status – even before I could have refused it – I have now become a non-core European (Risse 2010, 1).

As Risse points out, Esterhazy's quote highlights the importance of regional and national identity in "New Europe" (Risse 2010). Yet, it also emphasizes the underlying assumption that Eastern Europe's history and lack of democratic development offsets it from the rest of the European "core" by implying that it remains prone to anti-democratic, radical right political movements.

Since Gerschenkron's early work, other prominent scholars have pointed to the problems of economic backwardness, the tendency toward authoritarianism, democratic underdevelopment, and ethnic tensions plaguing Eastern Europe. Writing shortly after Soviet disintegration, Janos (1993) vividly described the deeply entrenched but misguided vision of Eastern Europe as a sleeping beauty: upon waking, she would be rescued by her Western prince to return to her rightful place. In 1989, when the cracks of the Soviet system became painfully visible, Eastern Europe was far from a pure, sleeping beauty that could return to her previously romantic life. Rather, "the most striking of the historical continuities is the fact that...Eastern Europe has been and remains economically underdeveloped, [a] marginalized part of the European continent" (Janos 1993, 3, 7). Janos goes on to explain how "over the past centuries and decades the degree of this marginalization has tended to increase rather than decrease" due to economic decline, increasing inequality, and ethnic fragmentation. Ethnic tensions within Eastern European states were particularly dangerous, because "the 'higher purpose' of ethnic survival may be used to subvert political systems based on pluralistic principles". In other words, after the fall of state socialism, Eastern Europe was just, if not more, backward than it was before it "went to sleep" under the influence of the Soviet Union in the mid-twentieth century.

Howard's (2003) study on the development of civil society in Eastern Europe meticulously examined how post-Communist societies lagged behind on every measure of civic engagement and participation in the 1990s. Howard starts with the assumption that a well-developed public sphere between the state and the family is generally necessary for a well functioning democracy. Yet, he goes on to show how post-Communist European democracies have remarkably low and declining levels of membership in voluntary organizations. According to Howard, weak civil societies in the post-Communist world are a result of the lingering distrust of communist organizations, the prominence of friendship networks that serve as disincentive for joining formal organizations, and the widespread disillusionment with the rate of political and economic progress after Soviet collapse. These factors have pulled citizens away from participation in the public sphere. While Howard insists that a civic culture could be developed with the right political institutions, the overall prospect for civic and, by extension, democratic, development seems grim.

Howard's study feeds into broader theories of the relationship between civic participation, social trust, and democratic development. Kornhauser (1959, 99) described "mass societies" as particularly at risk for radicalization. According to Kornhauser, mass societies are characterized by a collection of atomized individuals who are disconnected from political life and who do not participate in a variety of associations that cut across socio-economic lines. The lack of a "multiplicity of associations and affiliations," as Kornhauser called it, opens

individuals to manipulation by elites who are able to aggregate the atomized masses and direct their frustrations toward a radical political goal. The post-Communist states' weak civil societies—characterized by low civic participation, low levels of social trust, and declining membership in voluntary associations—places these states at risk for mass radicalization. Taking Howard's empirical evidence together with Kornhauser's theory of mass society suggests that the combination of a weak civil society, political and economic insecurity, and low levels of social trust facilitates right-wing radicalization in Eastern Europe.

Writing about the mobilization potential for radical right parties in Eastern versus Western Europe, Minkenberg (2002, 336) makes a similarly gloomy prediction: "The resulting strains of economic and political insecurity, especially the uncompleted process of democratization and consolidation of the new regime, provide opportunities for the radical right which present western democracies do not". Minkenberg goes on to qualify this statement by expressing doubt as to whether such movements could be effectively transformed into political parties, ending with a more toned down prediction that "the mobilization potential for the radical right in Eastern Europe seems rather large but not significantly larger than in western democracies" (Minkenberg 2002, 344). Even assuming this more modest prediction, the electoral data in Figure 1 show that the supposedly large mobilization potential for radical right parties has not been realized in Eastern Europe.

The "paradox" of the backward East is that its economic, political, and societal "backwardness" did not lead to a surge in radical right political movements. On the contrary, support for radical right parties, which has perennially been lower than that in Western Europe, has continued to decline in the East while increasing in the West (see Figure 1). Whereas scholars have been predicting disaster for the East, in reality, it is Western Europe that is becoming increasingly radicalized. The task facing researchers is to examine the determinants of electoral support in Europe in general and Eastern Europe in particular.

### 3 EXPLANATIONS AND HYPOTHESES

Which contextual factors increase support for radical right parties in Western and Eastern Europe? Are the explanatory factors different for the two regions? To answer these questions, this section generates hypotheses, to be tested in a regression analysis, based on three theoretical perspectives: structural strain, institutional politics, and theories of democracy.

#### 3.1 Structural Strain: Economics and Immigration as the Usual Suspects

First, structural strain theories suggest, rather straightforwardly, that broad socio-economic changes contribute to frustration and thus increase the chances for political radicalization. Economic decline and rising immigration are the most common contextual factors for explaining support for radical right parties. The influence of these factors on electoral outcomes is hotly debated in the case of Western Europe but remains largely unexamined for Eastern Europe.

*Hypothesis 1:* Unemployment and economic decline increase support for radical right parties in both Western and Eastern Europe.

Hypothesis 1 is based on structural strain theory (Smelser 1962) which posits that economic decline strains social relations leading individuals to become frustrated and disconnected from society. As more individuals lose employment, are unable to participate in the labour market because they lack the needed specialized skills, or feel increasing competition, they may seek to express their frustrations wrought by decreases in opportunities (real or perceived) by turning to radical political parties. To capture this state of frustration resulting from socioeconomic change, scholars have also referred to the strain explanation as the “losers of post-industrialism” hypothesis (Mudde 2007; Rydgren 2007). The terminology underscores that radical right parties have a greater opportunity for garnering support when larger parts of the population are losing out from structural changes beyond their control, because it is at this point that individual grievances could be compelled to find political expression.

At the individual level, studies have found support for the “losers of post-industrialism” argument: manual workers, the unemployed, and people with lower educational attainment are more likely to vote for a radical right party (Lubbers et al. 2002; Arzheimer and Carter 2006). Wert et al. (2012, 11) find that “income level does not significantly affect radical right-wing voting after controlling for other individual characteristics”. At the aggregate level, however, the evidence is less clear. For example, the Austrian radical right party, *Freiheitliche Partei Österreich* (FPÖ) enjoyed its highest levels of support during a period of low unemployment and tapering immigration (Art 2006). Looking specifically at unemployment, some studies of Western Europe find a positive correlation between unemployment levels and support for radical right parties (Jackman and Volpert 1996) and others a negative one (Lubbers et al. 2002; Knigge 1998; Arzheimer and Carter 2006). A few studies examining economic change and electoral outcomes for the radical right find no clear relationship (Bréchon and Mitra 1992; Westle and Niedermayer 1992).

Whereas in Western Europe, the decline of industry and welfare state retrenchment produced “losers of post-industrialism,” in Eastern Europe the post-socialist transition produced “losers of transition” (Hellman 1998; Tucker, Alexander and Berinsky 2002). As in Western Europe, the “losers of transition” are those individuals whose skills became obsolete in the new socio-economic order, who relied heavily on the generous public safety net, and who, as a consequence, can be a potential electoral constituency for radical right *and* successor communist parties (Ishiyama 1998). In some countries, such as Russia in the 1990s, cooperation between communist and radical-right parties was an effective strategy benefiting the former. It remains to be tested, however, if economic decline in the post-socialist period benefitted the radical right exclusively.

In addition to economic decline, immigration is another type of “strain” factor that places pressure on the native population. In an extension of structural strain theory, ethnic competition theory proposes that ethnic groups with common economic interests see themselves as competing for economic resources (Coser 1956; Levine and Campbell 1972). The entrance of new ethnic groups into the labour market presents a perceived threat to the native population, particularly if the new comers are so-called “visible” minorities, which is often the case in Western Europe, where Turkish and North African Muslims make up some of the largest immigrant groups. Because immigrants often compete for manual or lower income service jobs, they become the natural scapegoats for the lack of economic opportunities among already precariously situated sectors of the population. The “immigrant threat” is

equally powerful whether it is real or perceived.

Radical right parties across Western and Eastern Europe have picked up on the rhetoric of the immigrant threat by consistently linking immigrants to job shortages and high unemployment (Jackman and Volpert 1996). The National Front set the precedent for making the link between unemployment and immigration in the 1980s, when Le Pen, then the leader of France's National Front, coined such slogans as: "Two million immigrants are the cause of two million French people out of work" (Mitra 1988). Le Pen's strategy of directly blaming immigrants for unemployment has since been copied by virtually every radical right party across Europe (Mudde 2007). Even in Eastern Europe, where immigration rates are on average lower than in the West, radical right parties' anti-immigrant discourse directly blames immigrants and indigenous minorities for shortages of economic opportunity and cultural loss. And while empirical evidence does not support the claim that higher immigration causes higher unemployment or that it negatively effects wages (Borjas 1995; Golder 2003b), the radical right has utilized this simple—albeit false—logic to effectively to construct a powerful frame that speaks to potential supporters. Indeed, previous studies have shown that immigration was one of the main reasons why voters said they supported a radical right party (Golder 2003a; Lubbers and Scheepers 2002; Mitra 1988).

*Hypothesis 2:* High numbers of immigrants increase support for radical right parties, but the effect of immigration is lower in Eastern Europe alone.

One implication of ethnic competition theory is that in countries where there are large numbers of immigrants, voters are more likely to support radical right parties. Yet, evidence on the relationship between immigration and support for radical right parties is inconsistent. Some studies of Western Europe have found a positive correlation between high immigration rates and radical right support (Knigge 1998; Gibson 2002; Lubbers et al. 2002), while others have found no relationship (Kitschelt and McGann 1995; Norris 2005). With a small number of cases, there are too many outliers to make a compelling argument: Germany, Sweden and the Netherlands have been high immigration countries with low long-term support for radical right parties. On the other hand, Austria and Finland are low immigration countries with highly successful radical right parties (Art 2011). Even studies examining subnational immigration effects by electoral districts have been inconclusive (Mudde 1999). For example, comparing districts in Austria, France, and Germany, Givens (2002) found that radical right parties received higher support in districts with a high percentage of foreigners in Austria and France but not in Germany. The methodological problem with district level comparisons is that detailed data on district voting and immigration rates are not available in all Western European counties and in almost none of the Eastern European countries.

For the case of Eastern Europe, the relationship between immigration and support for radical right parties has not been systemically examined even at the national level. Lack of comparable immigration data, especially at the local level, is one reason for this, but the main reason for the absence is the general assumption that immigration is a non-issue in Eastern Europe. Rather, the proportion of ethnic minorities is thought to be more important in Eastern European countries (Mudde 2007). However, as I discuss in the following section, due to the nature of ethnic heterogeneity measures, which are assumed to be slow moving variables that do not change over a twenty-year period, including these measures in an analysis with a longitudinal dependent variable is problematic. In one of the most comprehensive recent studies to examine

countries in both Western and Eastern Europe, Werts et al. (2012) found that immigration has a positive effect on an individual's propensity to vote for a radical right party across all countries but the percentage of ethnic minorities does not. While the study only included five Eastern European countries and examined effects on an individual's propensity to vote for the radical right as opposed to actual electoral outcomes, the results suggest that immigration may indeed be an important explanatory variable across all of Europe, but the effect of immigration may be lower in Eastern Europe.

### 3.2 Political Factors: Electoral Systems and Political Stability

Second, theories of institutional politics emphasize how the structure of electoral systems can facilitate or deter support for radical right parties. The usual comparison is between majoritarian and proportional electoral systems.<sup>4</sup> Proportional systems privilege small parties by allowing any political party that reaches an electoral threshold in popular support to have representation in parliament: between three and five percent in most countries. On the other hand, a majoritarian electoral system disadvantages small parties by allocating votes based on a winner-take-all system. Whereas proportional representation systems facilitate multi-partism, majoritarian single-member district systems facilitate a two party system (Duverger 1954).

*Hypothesis 3:* Proportional electoral systems favour radical right parties across all countries.

Political instability can contribute to the success of radical right parties by providing an opening in the political opportunity structure (Arzheimer and Carter 2006). Political opportunity structure is a broad concept that refers to the formal institutional factors and configuration of resources that facilitate or deter emerging political movements. Kitschelt (1986, 58) defines political opportunities as "specific configurations of resources, institutional arrangements and historical precedents for social mobilization, which facilitate the development of protest movements in some instances and constrain them in others." During times of institutional change, resources shift to previously marginal political groups (McAdam, Tarrow and Tilly 2001), supporters of the mainstream may become disillusioned if they do not see their political parties addressing key grievances (Kitschelt and McGann 1995), and social unrest increases political instability (Alesina and Perotti 1996). Political instability is evidenced by outbreaks of political violence, civil unrest, and frequent changes in governance (World Bank 2012). During highly unstable political times, established parties are weakened, and the radical right has the greatest opportunity to breakthrough with alternative solutions and ideologies.

Greece is a telling example of how political instability facilitates electoral support for radical-right parties. In the 2010 parliamentary elections, the

---

<sup>4</sup> Studies have also examined the electoral threshold level for parliamentary representation as an explanatory variable, but because my aim is to examine differences in electoral support and not whether a radical right party actually succeeds in entering a parliament, I do not include electoral thresholds in the analysis. In addition, there is very little variation in the electoral threshold for parliamentary representation: the range is three to five percent across almost all Western and Eastern European countries. In Eastern Europe, with the exception of Bulgaria, Slovenia, and Ukraine, which have a four, four and three percent threshold for parliamentary representation, respectively, all other CEE countries have adopted a five percent threshold (Rose and Munro 2003). In place of this threshold variable, I propose that a measure of political stability be added as an explanatory variable, because unstable political periods could present more political opportunities for challenger parties. When the threshold variable was included in the models, it had no statistically significant effect on electoral support.



radical right Golden Dawn party received almost seven percent of the popular vote at the national level. Such unprecedented support for the radical right was driven by the Greek government's inability to address the 2008 economic crisis that sent the Greek economy into recession (Angouri and Wodak 2014). As high-ranking officials, including the Prime Minister, resigned, the established parties lost legitimacy and Greek citizens organized mass anti-government protests. Taking advantage of this politically unstable moment, the Golden Dawn swooped in with its anti-immigrant and anti-mainstream message to win the largest share of support for a radical right party in Greece's democratic history.

It remains to be tested whether Greece's situation was anomalous or if political instability facilitates increasing support for the radical right. Given Eastern Europe's volatile post-socialist transition and the so-called "Color Revolutions" in the 1990s, political instability could have a greater effect on electoral support for radical right parties in Eastern than Western Europe.

*Hypothesis 4:* Political instability increases support for radical right parties across all countries but has a greater effect in Eastern than in Western Europe.

### 3.3 Social Factors: Civic Participation and Social Trust

A contribution of the current paper is to move beyond economic and political institutional theories to examine how social factors – trust and civic participation – affect support for radical right parties. Historical studies of inter-war fascism (Berman 1997; Riley 2005, 2010) find that high civic participation and active networks of civic associations can foster support for fascist parties in Germany, Italy, and Spain. Classical theories of democracy, however, point to the opposite: high civic participation and the high social trust that it produces deters support for radical movements (both left and right) by forming the basis of liberal democracy (Howard 2003; Putnam 1993; Tocqueville 1988). The relationship between civic engagement and trust, on the one hand, and voting for radical right parties, on the other hand, has not been fully examined in the contemporary post-1991 period (but see Coffé, Heyndels and Vermeir 2007 for an analysis of local voting for radical right parties in the Netherlands).

Contemporary Western and Eastern European differ on the civic engagement and trust among citizens (Pichler and Wallace 2007; Rueschemeyer, Rueschemeyer and Wittrock 1998). Whereas Pichler and Wallace (2007) point to the regional diversity of "social capital regimes" that distinguish the more informal social networks in Eastern Europe from the formal civic associationism of Western European countries, the main distinguishing factor between West and East is the low level of participation and trust among the latter (Howard 2003; Letki 2004). This difference between West and East is important for understanding processes of democratization in the two regions. But, the thesis that without civic groups to serve as the Tocquevillian "schools of democracy" and foster social trust, citizens are left exposed to mass radicalization, remains to be empirically tested for the case of radical right parties.

*Hypothesis 5:* Low civic participation and lack of trust lead to higher success for the radical right.



#### 4 DATA AND MODEL DESIGN

This study uses an original dataset to examine voting trends for radical right parties in national parliamentary elections in 27 countries: 16 are in Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom) and 11 are in Eastern Europe (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and Ukraine). These countries represent all democracies in Europe including both EU and non-EU member states, except Liechtenstein, Luxembourg, and Malta, which are outliers in terms of size and income.<sup>5</sup>

To classify parties as “radical right,” classifications in secondary literature (Bakker et al. 2012; Bustikova 2009; Lubbers et al. 2002; Mudde 2007; Ramet 2010; Rose and Munro 2003) were compared with two databases: the Manifesto Project Database (MPD) that classifies European parties into party families based on parties’ platforms from 1945 to 2012 (Volkens et al. 2012)<sup>6</sup> and Benoit and Laver’s (2006) expert panel survey that classifies parties based on expert opinions. Table 1 lists the parties examined in each country and the number of national parliamentary elections per country from 1990 to 2012.

Included in the analysis are countries without an active radical right party (Ireland and Spain) and election years when no radical right party was represented. Whereas most studies exclude countries and election without an active radical right party, doing so biases the analysis and overestimates the effect of the explanatory variables. Excluding cases with a zero on the dependent variable introduces selection bias, because countries where conditions may deter the radical right are systematically missing. However, including the zero observations can also be problematic because it assumes that the explanatory variables have no effect on support for the radical right (Jackman and Volpert 1996). As is discussed in the following section, a solution to the selection bias and zero coding problem is to use maximum likelihood estimators (Golder 2003a).

TABLE 1: RADICAL RIGHT PARTIES IN WESTERN AND EASTERN EUROPE

Country	Radical Right Parties	Number of Parliamentary Elections
<b>WESTERN EUROPE</b>		
<b>Austria</b>	FPÖ - Freedom Party of Austria	7
<b>Belgium</b>	VB - Flemish Interest	6
	FN - National Front	
<b>Denmark</b>	DF - Danish People's Party	7
	FP - Progress Party	
<b>Finland</b>	Perus - True Finns	6
<b>France</b>	FN - National Front	5
	DivED - Diverse Extreme Right Parties	

<sup>5</sup> Including Liechtenstein, Luxembourg, and Malta did not change the results of the analysis, but because none of the countries have ever had an active radical right party, including the data created more zero values on the dependent variable. Belarus was also excluded because it is not a democracy. Moldova was excluded because of a lack of available data.

<sup>6</sup> Available at <https://manifestoproject.wzb.eu>.

<b>Germany</b>	REP - The Republicans NPD - National Democratic Party of Germany DVU - German People's Party	<b>6</b>
<b>Greece</b>	LA.O.S - Popular Orthodox Rally Chrysi Aygi - Golden Dawn	<b>8</b>
<b>Ireland</b>	None	<b>5</b>
<b>Italy</b>	LEGA Nord - Northern League AN - National Alliance	<b>6</b>
<b>Netherlands</b>	CD - Conservative Democrats LPF - List Pim Fortuyn PVV - Party for Freedom	<b>7</b>
<b>Norway</b>	FRP - Progress Party	<b>5</b>
<b>Portugal</b>	PNR - National Renovator Party	<b>7</b>
<b>Spain</b>	None	<b>6</b>
<b>Sweden</b>	New Democracy SD - Sweden Democrats	<b>6</b>
<b>Switzerland</b>	SVP - Swiss People's Party	<b>6</b>
<b>United Kingdom</b>	BNP - British National Party	<b>5</b>

**EASTERN EUROPE**

<b>Bulgaria</b>	BChP - Bulgarian Christian Democratic Party BZNS - Popular Union of the Bulgarian Agrarian National Union BNRP - Bulgarian National Radical Party Ataka - National Union Attack RZS - Order, Law and Justice ZASHTITA - Union Of The Patriotic Forces "Defense" DGI-NL - For the Homeland NDSO - National Movement For The Salvation Of The Fatherland	<b>6</b>
<b>Czech</b>	SPR-RSC - Pro Republic Party DSSS - Workers' Party of Social Justice	<b>6</b>
<b>Estonia</b>	EIP - Estonian Independence Party ERSP - Estonian National Independence Party ERKL Estonian Nationalist Central League PE-EK - Better Estonia and Estonian Citizen EKRP - Estonian Christian People's Union	<b>6</b>
<b>Hungary</b>	MIEP - Justice and Life Party Jobbik - The Movement for a Better Hungary	<b>5</b>
<b>Latvia</b>	TB - Fatherland and Freedom NA - National Alliance TKL-ZP - Popular Movement for Latvia-Siergerist Party	<b>6</b>
<b>Lithuania</b>	LTS - Lithuanian Nationalist Union	<b>6</b>
<b>Poland</b>	LPR - League of the Polish Motherland KPN - Confederation of Independent Poland Party X ROP - Movement for the Reconstruction of Poland	<b>7</b>
<b>Romania</b>	PUNR - Party of Romanian National Unity PRM - Greater Romania Party PREP - Republican Party	<b>7</b>
<b>Slovakia</b>	SNS - Slovak National Party	<b>8</b>

<b>Slovenia</b>	SNS - Slovenian National Party	<b>6</b>
	SND - Slovenian National Right Party	
	SSN - Party of Slovenian People	
<b>Ukraine</b>	All-Ukrainian Union Svoboda/Social-National Party of Ukraine	<b>6</b>
	Fewer Words bloc	
	KUN - Congress of Ukrainian Nationalists	
	OUN-UNA - Organisation of Ukrainian Nationalists-	
	Ukrainian National Assembly	
<b>Total Number of Elections</b>		<b>167</b>

Source: The Manifesto Project Database (MPD), Benoit and Laver (2006), and additional secondary literature (Bakker et al. 2012; Bustikova 2009; Lubbers et al. 2002; Mudde 2007; Ramet 2010; Rose and Munro 2003).

### *Dependent Variable*

The dependent variable (*Pvote*) is the percent of the popular vote received by all radical right parties in a parliamentary election. Electoral results are from the Norwegian Social Science Data Services European Election Database (NSD 2012). The NSD collects national electoral data for all European countries starting in 1990. In years when more than one radical right party participated in the parliamentary election, the vote is pooled. The total number of parliamentary elections across 27 counties and 22 years is 167 (n=167).

### *Independent Variables*

To test the five hypotheses identified in the previous section, I collected data on economic, political, and social indicators for each country and year. Strain theory suggests that economic decline strengthens support for radical right parties (Hypothesis 1). Economic decline is captured by two measures: *GDP per capita* and *unemployment*. Data on *GDP per capita* is from the World Bank Development Indicators dataset and is adjusted for inflation using the purchasing power parity (PPP) method and collected on an annual basis (World Bank 2012). *Unemployment* data are also reported annually by the World Bank and measure as percent unemployed of the total labour force.

Ethnic competition theory suggests that high numbers of immigrants in a country can lead individuals to votes for radical right parties, because immigrants are perceived as a threat to economic opportunities (Hypothesis 2). *Immigration* is measured as the stock of migrants as a percent of the total population. The World Bank reports these figures every five years (1990, 1995, 2000, 2005, 2010). Because the frequency of data collection is consistent and comparable across all countries, it is possible to extrapolate values for the missing years in between collected data points using linear (OLS) techniques.

Arguably, immigration can be measured in different ways. Previous studies have used the number of asylum seekers in a country, percentage of foreign born, number of refugees, annual immigration rates, and the number of ethnic minorities (see Wert et al. 2012 for discussion). However, due to the large number of countries and the long time span, other measures of immigration are not available for all countries and all years. Measures of ethnic heterogeneity come from Alesina et al.'s (2003) dataset of "ethnic fractionalization," which is based on all the existing measures (CIA, World Directory of Minorities, plus others) and provides a value per country that is standardized and comparable. In this study, ethnicity (like gender or race) is treated as a slow-moving variable that changes very incrementally over a 20 year time period. Political institutional theory suggests that the type of electoral system and the stability of political institutions effects support for radical right parties (Hypotheses 3

and 4).

*Political system* is coded as a categorical variable where 1=Majoritarian, 2=Proportional, and 3=Mixed. The data are from Bormann and Golder's (2013) Democratic Electoral Systems Dataset, which collects extensive information on electoral systems in 200 countries from 1946 to 2011. *Political stability* is an index measure of political stability and absence of violence/terrorism as defined by the World Bank Worldwide Governance Indicators. The estimator "captures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism" (World Bank 2011). The index ranges from -2.5 (highly unstable) to 2.5 (highly stable). These data are collected from 1996 to 2011. Measures prior to 1996 are not available, which results in dropped observations on the dependent variable when *political stability* is included in the model. It is not possible to extrapolate values for the early years because at least two data points are needed (start and end point). Still, despite this limitation, the World Bank stability index is the best available comparable measure given the years and number of countries included.

To test the effect of civic participation and trust on voting for the radical right (Hypothesis 5), data were collected from the three waves of the World Values (WVS) and European Values (EVS) Surveys (compiled into an integrated data set by GESIS) conducted in 1990/1991, 1999/2000, and 2008. Data points for the missing years are imputed linearly. *Civic participation* is the percent of respondents in each country who say they participate in at least one voluntary organization.<sup>7</sup> The standard WVS and the EVS ask respondents the following question in each survey wave: "Do you belong to any of the following organizations?" followed by a list of voluntary organizations such as environmental groups, youth group, labour unions, animal rights groups, etc. Respondents are asked to mark all organizations to which they belong but also have the option of selecting "none." This "none" category captures overall participation by subtracting the percentage of respondents who claim to not belong to any voluntary organization from 100. This measure shows a general tendency of civic engagement as opposed to choosing an arbitrary cut-off (e.g. percentage of respondents belonging to more than one versus more than two organizations).

*Trust* measures the percentage of respondents in the WVS/EVS data who select "yes" to the question "Do you think most people can be trusted?" As with *civic participation*, gap years are linearly imputed.

In addition to the above variables, a dummy variable for Eastern Europe is included in the full models (Eastern Europe = 1) and country dummies for all 27 countries. Table 2 shows summary statistics and data sources for all the variables in the analysis. Table 3 displays the correlation matrix for all the variables in the analysis. Some independent variables appear highly correlated. In particular, *trust* and *civic participation* ( $r=.74$ ) and *trust* and *GDP* ( $r=.70$ ). As discussed in the previous section, it is not surprising, and rather expected, that civic participation and generalized trust would be positively correlated. Previous studies have also found that trust and wealth are positively related (Howard 2003). To ensure that these correlations do not introduce multicollinearity into the analysis, I examined the variance inflation factor (VIF)

---

<sup>7</sup> The WVS and EVS are the most comprehensive and comparable surveys on civic participation, but they are not perfect. In 1990/1991, the question was not included in Greece. For Switzerland, data are missing in the first two waves, because the surveys were not conducted.

of each variable, which indicates the percentage of variation in the independent variable that is explained by the other independent variables. Fox (2008) suggests that VIF values around 10 indicate high multicollinearity. All the variables in the analysis showed a VIF of three or under, which means collinearity does not bias the estimates.

**TABLE 2: SUMMARY STATISTICS FOR ALL VARIABLES**

Variable	Mean	Standard		Minimum	Maximum
		Deviation			
Pvote	6.91	7.08		0	29.92
GDP per capita	22,593.81	10,188.62		3,429.97	49,175.28
Unemployment	8.63	4.24		0.47	24.9
Immigration	8.21	5.67		0.25	24.34
Stability	0.81	0.47		-0.51	1.67
Political system	2.07	0.52		1	3
Civic participation	50.36	23.04		17.9	98.7
Trust	34.93	16.99		10.1	76

Source: Author's own calculations.

**TABLE 3: CORRELATIONS BETWEEN THE DEPENDENT AND INDEPENDENT VARIABLES**

	Pvote	GDP per capita	Unemployment	Immigration	Electoral system	Stability	Civic participation	Trust
<b>Pvote</b>	1.00							
<b>GDP per capita</b>	0.28	1.00						
<b>Unemployment</b>	-0.26	-0.43	1.00					
<b>Immigration</b>	0.09	0.21	-0.14	1.00				
<b>Political system</b>	-0.14	-0.28	0.16	-0.18	1.00			
<b>Stability</b>	0.14	0.51	-0.38	0.04	-0.04	1.00		
<b>Civic participation</b>	0.27	0.62	-0.41	0.13	-0.27	0.61	1.00	
<b>Trust</b>	0.23	0.70	-0.36	0.15	-0.12	0.48	0.74	1.00

Source: Author's own calculations.

### *Model description*

Most studies examining electoral support for radical right parties exclude countries and elections where such parties garnered no electoral support (Anderson 1996; Givens 2002; Knigge 1998). The problem with this approach is that it focuses only on success cases, and thus introduces bias into the model by over- or underestimating the effect of the independent variables. In other words, the independent variables could be systematically related to the success of radical right parties. Jackman and Volpert (1996) and Golder (2003a, 2003b) recognized that because in many instances radical right parties garner no electoral support or are not represented, the dependent variable is left-censored at zero. "Because the dependent variable is left-censored in this way, employing ordinary least squares (OLS) carries the risk of generating biased and inconsistent estimates, the magnitude of the bias hinging on the ratio of censored to uncensored observations" (Jackman and Volpert 1996, 513). To adjust for this error, previous studies have used maximum-likelihood estimation that takes into account the probability of being observed – the tobit model (Golder 2003a, 2003b; Jackman and Volpert 1996; Knigge 1998).

Following previous studies, I estimate a tobit model, which employs maximum likelihood estimation for left-censored variables. The estimators from the model can be interpreted as in a linear OLS regression (King 1994), where the "estimated coefficients represent the marginal effect of the independent variables on the underlying support for extreme right parties" (Golder 2003a,

449).<sup>8</sup> In a review of the literature on sample selection bias and techniques for adjustment, Winship and Mare (1992) point out that additional adjustment techniques may be too restrictive for smaller samples. The Heckman estimator (Heckman 1979) is commonly used as an estimator in tobit models. The Heckman is a more restrictive version of the generalized tobit model: the estimator assumes that the expected errors of the censored observations are normally distributed. When the normality assumption does not hold, “the maximum likelihood estimates may be worse than simply using the observed sample mean” (Winship and Mare 1992, 342). Furthermore, even if the normality assumption holds, the Heckman estimator may not improve the mean square error of OLS estimates of slope coefficients in small samples” (Stolzenberg and Relles 1990). Because the number of observations is relatively small (N=106 in Models 3-4 in Table 4), the Heckman estimator (or a two step tobit) is not appropriate here.

The second model specification is a pooled cross-sectional time-series design. The dependent variable (support for radical right parties 1990–2012) is longitudinal but the number of observations is too small for panel techniques with a large number of observations per panel and per cluster. In the dataset, there are five to eight elections (observations) per country, which is too small for longitudinal panel analysis. To control for country heterogeneity, I include country dummy variables to run a fixed effects model.

**TABLE 4: TOBIT REGRESSIONS ON VOTESHARE RECEIVED BY RADICAL RIGHT PARTIES IN EUROPE, 1990–2012**

	Model 1 Usual suspects	Model 2 Political	Model 3 Social	Model 4 Interactions	Model 5 East. Europe
GDP per capita	0.048 (0.11)	0.048 (0.14)	0.027 (0.18)	0.094 (0.17)	-0.25 (0.19)
Unemployment	0.14 (0.13)	-0.031 (0.16)	-0.041 (0.17)	-0.031 (0.16)	-0.36* (0.18)
Immigration	1.06*** (0.23)	0.91** (0.31)	0.74* (0.32)	0.39 (0.38)	-0.41 (0.42)
Eastern Europe (dummy)	-14.4*** (3.62)	-15.1* (6.17)	-17.8** (6.60)	25.8 (13.6)	
Stability		-5.54** (1.97)	-5.86** (1.96)	0.65 (2.69)	-10.5*** (2.19)
Electoral system					
Proportional		-12.6*** (3.45)	-12.4*** (3.52)	-14.8*** (3.33)	.
Mixed		-10.9** (3.86)	-10.9** (3.98)	-13.3*** (3.76)	-1.97 (1.69)
Civic participation			-0.034 (0.060)	-0.064 (0.056)	0.018 (0.054)
Trust			-0.14 (0.20)	0.53* (0.26)	-0.65* (0.24)
EE dummy*stability				-10.2** (3.51)	
EE dummy*trust				-1.07** (0.38)	
Constant	3.08 (4.48)	18.4* (8.11)	28.4** (9.92)	2.76 (11.2)	30.0*** (6.19)
<i>Country Dummies</i>					
Log-Likelihood	-411.9	-305.9	-290.4	-282.5	-119.1
Number of uncensored	141	111	106	106	48
Number of observations	165	129	123	123	52

Standard errors in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

<sup>8</sup> For a detailed discussion of Tobit models, see King (1994); Greene (2000); and Sigelman and Zeng (1999).

## 5 DISCUSSION OF RESULTS

Table 4 shows the results of four Tobit regressions on the voteshare (*pvote*) received by radical right parties in Europe from 1990 to 2012. The 27 country dummies are included (not shown), and standard errors are in parentheses. Model 1 includes all 27 countries (Austria is the reference category for Models 1-4) and tests the effect of the “usual suspect” variables: economic factors, measured as GDP per capita and unemployment, and immigration, measured as the proportion of migrants as a percent of the total population in each country, as well as a dummy variable for Eastern Europe.<sup>9</sup> As Model 1 shows, *immigration* and the *Eastern Europe* dummy have a significant effect on voting for the radical right. Economic factors do not have an effect that is significantly different from zero on the vote share received by radical right parties in Europe. Whereas the coefficient on unemployment is positive, as predicted in Hypothesis 1, the coefficient on GDP per capita is also positive, which is the opposite of strain theory’s expectation.

Economic factors are insignificant in the three models that include data for all European countries. Hypothesis 1 can thus be rejected: economic decline does not contribute to increasing support for radical right parties.<sup>10</sup>

The significant negative coefficient on the Eastern Europe dummy indicates what is already clear in the descriptive data: Eastern European countries have less successful radical right parties than Western European countries. If a country is located in Eastern Europe, then popular support for radical right parties is 14.4 percentage points lower than if that country is in Western Europe. Because there is a significant difference between Western and Eastern Europe, Model 4 includes interaction effects between the Eastern Europe dummy and other independent variables (discussed in the following sections).

Immigration has a significant positive effect on support for radical right parties: in Model 1, the coefficient on the immigration variable (1.06) indicates that for every percent increase in the proportion of migrants in a country, support for radical right parties increases by a similar amount. This effect decreases slightly but remains significant once political (Model 2) and societal (Model 3) factors are taken into account. The evidence provides support for Hypothesis 2: higher immigration increases support for radical right parties in both Western and Eastern Europe, but as the results in Models 4 and 5 show, its effect is limited.

Model 2 adds political factors: electoral system type and stability.<sup>11</sup> Both political variables are highly significant. Hypothesis 3 proposed that majoritarian electoral systems lower electoral support for small challenger parties, including radical right parties. The negative coefficient on both proportional and mixed categories indicates the opposite: majoritarian electoral systems are more likely to facilitate successful radical right parties than proportional or mixed systems. This result, while counterintuitive, is due to the low variation on the proportional system variable: only 10 percent of all

<sup>9</sup> For easier interpretation, *GDP per capita* in the models is scaled down = (GDP per capita/1000). This keeps the values essentially the same but scales the variable for more straight-forward comparison with the other independent variables.

<sup>10</sup> I also looked at the effect of changes in GDP and unemployment (coded as a change variable) on the dependent variable, but the results were similarly insignificant.

<sup>11</sup> It is important to note that the number of observations drops from 165 to 129, because data for the stability variable is only available from 1996 to 2011, which results in dropped values on the dependent variable.



included elections took place under a majoritarian rule system, while 72.5 took place under a proportional system, and 17.5 percent under a mixed system. Only four countries currently have or have had a majoritarian electoral system: UK, Austria, France, and Ukraine from 1990 to 1994. Two of these countries, Austria and France, have the most electorally successful radical right parties in all of Europe. As a result, the political system variable essentially becomes a dummy control variable for Austria and France. Hypothesis 3 cannot be rejected or accepted: the effect of electoral system types is unclear, but the fact that countries with majoritarian electoral systems also have the most successful radical right parties suggests that differences in electoral systems cannot explain difference in electoral outcomes for the radical right, at least not at the country level. This finding casts doubt on the importance of national electoral rules in determining electoral outcomes for radical right parties in particular and challenger parties in general.

More interesting, however, is the effect of political stability: lower stability (or instability) increases electoral support for the radical right. The effect is considerable (the coefficient is -5.54) but should be interpreted relative to the variable range. Stability is an index variable ranging from -2.5 to 2.5, but as Table 2 shows, the minimum value for the countries in this analysis is -.51 and the maximum is 1.67. A two point increase in stability is huge: it is the difference between the most unstable (Ukraine in 1994) and the most stable country in Europe (Finland in 2002). In terms of support for radical right parties, a two point change on political stability is equal to approximately 11 percentage points in support for radical right parties. This is the difference between a very unstable nation (higher support) and a very stable one (lower support). Political stability is also correlated with a country's economic wealth ( $r=.51$  in Table 3). But GDP cannot explain the variation in the dependent variable, whereas political stability does. The stability variable is capturing something more than just differences in wealth. This is strong support for Hypothesis 4: unstable political situations facilitate opportunities for radical right parties to increase support.

Model 3 includes the social factors: civic participation and trust.<sup>12</sup> The effect of immigration, the Eastern Europe dummy, stability, and political system remain significant in Model 3. The coefficients on civic participation and trust are not statistically significant. The effect, while not significant, is in the expected direction (Hypothesis 5): lower civic participation and trust increase support for the radical right. But because there are significant differences between Western and Eastern Europe, as evidenced by a significant coefficient on the Eastern Europe variable, there is reason to expect that the explanatory variables may have different regional effects between West and East.

Model 4 introduces two interaction terms to account for different effects between Western and Eastern Europe. The two interactions shown are the only statistically significant interaction effects (others not shown). The negative coefficient on the *EE dummy\*stability* variable is highly significant and large (-10.2). A one point increase in stability (a large change given the scale), decreases support for radical right parties in Eastern Europe by 10.2 percentage points as compared to Western Europe. Political stability has a much greater effect of reducing support for radical right parties in Eastern than in Western Europe. Calculating the difference between the most and least stable (most stable = 1.2, least stable = -.5) Eastern European countries yields a

<sup>12</sup> As in the two previous models, the reduction in the number of observations (N) in Model 3 is due to missing data on independent variables, in this case trust and civic participation.

difference of approximately 18 percentage points on the dependent variable. This means that an unstable political situation is much more likely to help radical right parties win votes in Eastern than in Western Europe.<sup>13</sup> Whereas Eastern European countries are on average less stable (mean = .56) than Western European countries (mean = .98), political stability has greater explanatory power in Eastern Europe.<sup>14</sup> The result confirms the prediction made in Hypothesis 4: political instability increases support for radical right parties in Eastern Europe more than in Western Europe. For Eastern European radical right parties, a politically unstable environment presents an electoral opportunity.

The most interesting result in Model 4 is the effect of the trust interaction term on support for radical right parties. The coefficient on the *EE dummy\*trust* is negative and statistically significant (-1.07). While the coefficient is small in comparison to the stability interaction variable, the scale of the *trust* variable is smaller as well. For example, a 10 percent increase in trust, decreases electoral support for radical right parties by 10.7 percent in Eastern Europe versus Western Europe. Considering that support for radical right parties in Eastern Europe is lower than in the West, this is a sizeable effect. Levels of trust are correlated with wealth (see Table 3), but whereas GDP per capita does not explain any of the variation in the dependent variable, trust does. The finding supports Hypothesis 5 and theories of democracy: lower levels of trust contribute to support for radical right parties more in Eastern than in Western Europe.

In addition, once the regional interaction terms are included in Model 4, the effect of immigration is no longer statistically significant.<sup>15</sup> Immigration (measured as a stock of migrants) has on average been slightly higher in Western Europe (mean=9%) than in Eastern Europe (mean=7.1%) between 1990 and 2012. Thus, while immigration may contribute to higher support for radical right parties in general, it cannot explain differences in support between West and East.

Model 5 limits the analysis to Eastern European countries. The results confirm the findings in Model 4: political stability has a highly significant effect on voting for radical right parties and the coefficient is almost identical (-10.2 in Model 4 and -10.5 in Model 5). *Trust* has a significant and negative effect on voting for the radical right in Eastern Europe: increasing social trust decreases support for radical right parties. A difference between Models 4 and 5 is the significance of unemployment in Eastern Europe, but the negative effect is in the opposite of the expected direction: increasing unemployment decreases support for radical right parties. However, given that *unemployment* did not produce significant effects in any of the previous models, this result should be taken cautiously. The effect, even if significant, is relatively small. The result indicates a potential route for future research: some economic indicators could have significant effects in Eastern but not in Western European countries. The same model (not shown) was run for Western European countries only but produced no significant effects.

<sup>13</sup> Stability was not significant in a model that restricted the sample to Western Europe only.

<sup>14</sup> When comparing two restricted models, one for Western Europe and another for Eastern Europe, the coefficient on *stability* is -10.5\*\*\* (2.19) in Eastern Europe and 3.8 (2.9) for Western Europe (coefficient is not significant). The means are for the entire time period, 1990-2012.

<sup>15</sup> An interaction term between immigration and the Eastern Europe dummy was not statistically significant.

In sum, the results of the regression analysis in Models 1-5 answer the two sets of questions posed at the beginning of the article. The first set of questions posed in this article asked if the “usual suspect” factors – economic decline, high unemployment, majoritarian electoral systems, and high immigration – increase support for radical right parties in Western and Eastern Europe. As the findings show, over the last two decades, economic factors have not influenced voting for radical right parties in Western or Eastern Europe. Individuals support or reject radical right parties irrespective of the economic conditions in their countries.

Contrary to political institutional theories, the findings show that electoral system types do not make or break radical right parties. As democratic systems across Europe converge on the proportional model of representation at the national level, the variable loses explanatory value. There is some evidence that electoral rules are more important at the local or district level (Bréchon and Mitra 1992), because radical right parties’ support tends to be concentrated in specific regions. This is true of the National Front, the Lega Nord, and Jobbik. But what one gains in the depth of district level comparison, one loses in the breadth of national comparison. Future research examining local electoral outcomes could extend this hypothesis to more Eastern European cases, where such research is still lacking.

Immigration, another commonly cited factor for increasing support for anti-immigrant radical right parties, influences support for radical right parties, but the effect is limited. Higher immigration increases support for radical right parties in Europe only in so far as there are no additional controls for differences between West and East. Once stability and trust are added as interaction terms to account for the different effects of these factors in Eastern Europe, immigration loses explanatory power (see Model 4). As previous studies suggest, higher immigration may be a necessary but not sufficient precondition for successful radical right parties (Art 2011; Rydgren 2007).

To address the second question—are the determinants of support for radical right parties different in Eastern Europe? — the answer is “yes.” First, political stability has a greater effect on support for radical right parties in Eastern Europe. Whereas higher stability decreases support for radical right parties in all European countries, the effect is much greater in Eastern Europe. When the governing regime is perceived as unstable in an Eastern European country, a radical right party is more likely to win support than in a Western European country. Second, the social factors examined here (civic participation and trust) have no influence on radical right support across Europe (Model 3). However, in Eastern Europe, lower trust does increase support for the radical right.

East Europeans trust less than their Western counterparts: on average, only 23.3 percent of East Europeans say that most people can be trusted, compared to 43.2 percent of West Europeans, but support for radical right parties is lower in Eastern Europe than in the West. How can this be reconciled? The evidence presented here suggests that just as with political stability, generalized trust matters much more in the East than in the West: small changes in trust affect the electoral fate of radical right parties in Eastern but not in Western Europe. In short, if Eastern Europeans trusted more, then they would support radical right parties less. In Western Europe, however, higher trust does not decrease support for radical right parties. Western Europeans support radical right parties irrespective of how much they trust each other. These findings point to

the conclusion that political stability and social trust explain the difference in radical right voting in Figure 1.

## 6 CONCLUSION

Radical right parties receive less electoral support in Eastern Europe than in Western Europe, which contradicts the vision of Eastern Europe as “backward” in terms of democratic development and tolerance. The evidence presented here confirms that support for radical right parties in Eastern Europe hinges on a different set of factors than in the West. One way to interpret the greater effect of political instability in Eastern Europe is to think about perceptions of stability in terms of trust: when individuals are no longer convinced that their governments are capable of protecting them during unstable times, they may turn to more extremist, hard-line political parties. Voters may not be driven to support radical right parties due to economic decline *per se*, but rather due to how they perceive the ability of their governments to effectively manage the effects of economic crises.

A broader implication of the findings is that radical right parties’ “immigrant threat” frame may be particularly powerful in countries where the national government’s stability comes under question. A political or economic crisis that undermines the political establishment could present an opportunity for an extremist party. The combination of high immigration and sudden external shock may explain some of the spikes in support for radical right parties in parliamentary elections during and after the 2007-2008 economic crisis in countries like Holland, Greece, France, and Austria. The evidence shows that immigration, while important, is not sufficient for explaining differences in the appeal of ethnic nationalism between East and West. Framing of the immigrant threat during key political opportunities is likely far more important than the reality of immigrant inflows alone.

In Eastern Europe, smaller changes in political stability present greater opportunities for radical right parties, but immigration is not a significant factor of radical right voting. Ethnic conflict between indigenous minorities could be more important for Eastern European countries than immigration: during uncertain political times, political parties that blame ethnic minorities for societal ills could gain traction. Unlike immigrants, who are new visible minorities in the receiving country, indigenous ethnic minorities, such as the Roma in Hungary, live in the same country for generations. The most successful radical right parties in Eastern Europe, such as the Hungarian Jobbik, gain political appeal when they scapegoat ethnic groups as the cause of broader economic and political instability. Because indigenous ethnic group stock does not change dramatically in the short time period examined here, it is difficult to predict when ethnic tension will flare to catapult radical right parties into parliament. But during politically unstable moments, a political party that is ideologically willing and organizationally able to mobilize on the “enemy from within” frame will likely do well at the polls.

What do the findings here tell us about the future of European politics and society? In Western Europe, the radical right’s cooptation of the immigration issue combined with mainstream political parties’ slow response to the immigration debate has provided radical right parties an entry into mainstream politics. The result is that centre-right political parties have found themselves in coalitions with the radical right on more than one occasion or have catered to

the radical right's demands (Art 2011). Consequentially, West European politics have shifted to the Right over the past two decades (Bakker et al. 2012), which could have dramatic consequences for the future of the European Union. The influential radical right parties in Western Europe (e.g. FPÖ, FN), while retaining their anti-immigration stance, have also been deeply critical of the EU, calling for secession on more than one occasion. Anti-EU sentiments are reflected in voters' attitudes: overall, Europeans are becoming less convinced that the EU is good for their countries. Since the economic crisis of 2008, Eurosceptic attitudes have proliferated among mainstream political parties as well. These trends could threaten European unity in the years to come.

In Eastern Europe, support for the radical right has remained low, but support for the EU is waning in these countries as well. As these countries become further integrated into EU policies and politics, they may find themselves moving further to the Right and away from the once coveted position of an EU member state. There is evidence, for example, that immigration and Euroscepticism increase support for radical right parties in some Eastern European countries (Werts et al. 2012). As in the West, Eastern Europeans' have become more likely to see themselves in national, as opposed to European, terms, and radical right parties have recently gained support in countries like Hungary and Ukraine. Still, Eastern Europe today is not the backward hinterland that some scholars feared it would become. In terms of popular support for exclusionary ethnic nationalism, it is the West that appears more backward. The fear for the "new Europe" is no longer about the integration of the East, but rather the disintegration of the West.

## REFERENCES

- Alesina, Alberto, Arnaud Devleeschauwer, William Easterly, Sergio Kurlat and Romain Wacziarg. 2003. "Fractionalization." *Working Paper 9411*. Cambridge, MA: National Bureau of Economic Research.
- Alesina, Alberto and Roberto Perotti. 1996. "Income Distribution, Political Instability, and Investment." *European Economic Review* 40 (6): 1203–1228.
- Anderson, Christopher. 1996. "Economics, Politics, and Foreigners: Populist Party Support in Denmark and Norway." *Electoral Studies* 15 (4): 497–511.
- Angouri, Jo and Ruth Wodak. 2014. "'They Became Big in the Shadow of the Crisis': The Greek Success Story and the Rise of the Far Right." *Discourse & Society* 25 (4): 540–565.
- Art, David. 2006. *The Politics of the Nazi Past in Germany and Austria*. Cambridge: Cambridge University Press.
- Art, David. 2011. *Inside the Radical Right: The Development of Anti-Immigrant Parties in Western Europe*. Cambridge: Cambridge University Press.
- Arzheimer, Kai and Elisabeth Carter. 2006. "Political Opportunity Structures and Right-Wing Extremist Party Success." *European Journal of Political Research* 45 (3): 419–443.
- Bakker, Ryan, Catherine Vries, Liesbet Hooghe, Seth Jolly, Gary Marks, Jonathan Polk, Jan Rovny, Marco Steenbergen and Milanda Anna Vachudova. 2012. "Measuring Party Positions in Europe: The Chapel Hill Expert Survey Trend File, 1999–2010." *Party Politics* 1–15.
- Bale, Tim. 2003. "Cinderella and Her Ugly Sisters: The Mainstream and Extreme Right in Europe's Bipolarising Party Systems." *West European Politics* 26 (3): 67–90.
- Benoit, Kenneth and Michael Laver. 2006. *Party Policy in Modern Democracies*. New York: Routledge.
- Berman, Sheri. 1997. "Civil Society and the Collapse of the Weimar Republic." *World Politics* 49 (3): 401–429.
- Betz, Hans-Georg. 1994. *Radical Right-Wing Populism in Western Europe*. New York: St. Martin's Press.

- Betz, Hans-Georg. 2003. "The Growing Threat of the Radical Right." In *Right-Wing Extremism in the Twenty-First Century*, eds. Peter Merkl and Leonard Weinberg, 74–96. London: Frank Cass.
- Borjas, George. 1995. "Assimilation and Changes in Cohort Quality Revisited: What Happened to Immigrant Earnings in the 1980s?" *Journal of Labour Economics* 13 (2): 201–245.
- Bréchon, Pierre and Subrata Kumar Mitra. 1992. "The National Front in France: The Emergence of an Extreme Right Protest Movement." *Comparative Politics* 25 (1): 63–82.
- Bormann, Nils-Christian and Matt Golder. 2013. "Democratic Electoral Systems Around the World, 1946–2011." *Electoral Studies* 32 (2013): 360–369.
- Bustikova, Lenka. 2009. "The Extreme Right in Eastern Europe: EU Accession and the Quality of Governance." *Journal of Contemporary European Studies* 14 (2): 223–239.
- Carter, Elisabeth. 2005. *The Extreme Right in Western Europe*. Manchester: Manchester University Press.
- Coffé, Hilde, Bruno Heyndels and Jan Vermeir. 2007. "Fertile Grounds for Extreme Right-Wing Parties: Explaining the Vlaams Blok's Electoral Success." *Electoral Studies* 26 (1): 142–155.
- Coser, Lewis. 1956. *The Functions of Social Conflict*. New York: Free Press.
- Duverger, Maurice. 1954. *Political Parties: Their Organization and Activity in the Modern State*. London: John Wiley and Sons.
- European Values Survey. 2011. *European Values Study 2008: Integrated Dataset*. GESIS Data Archive, Cologne. Available at <http://www.gesis.org/>.
- Fox, John. 2008. *Applied Regression Analysis and Generalized Linear Models*. Thousand Oaks, CA: Sage.
- Gerschenkron, Alexander. 1962. *Economic Backwardness in Historical Perspective*. Cambridge, MA: Harvard University Press.
- Gibson, Rachel. 2002. *The Growth of Anti-Immigrant Parties in Western Europe*. Lewiston: Edwin Mellen Press.
- Givens, Terri. 2002. "The Role of Socioeconomic Variables in the Success of Radical Right Parties." In *Shadows Over Europe The Development and Impact of the Extreme Right in Western Europe*, eds. Martin Schain, Aristide R. Zolberg and Patrick Hossay, 137–158. New York: Palgrave Macmillan.
- Givens, Terri. 2005. *Voting Radical Right in Western Europe*. Cambridge: Cambridge University Press.
- Golder, Matt. 2003a. "Electoral Institutions, Unemployment and Extreme Right Parties: A Correction." *British Journal of Political Science* 33 (3): 525–534.
- Golder, Matt. 2003b. "Explaining Variation in the Success of Extreme Right Parties in Western Europe." *Comparative Political Studies* 36 (4): 432–466.
- Greene, William. 2000. *Econometric Analysis*. Englewood Cliffs, NJ: Prentice Hall.
- Grzymala-Busse, Anna. 2002. *Redeeming the Communist Past: The Regeneration of Communist Parties in East Central Europe*. Cambridge: Cambridge University Press.
- Hainsworth, Paul. 2000. *The Politics of the Extreme Right: From the Margins to the Mainstream*. London: Pinter.
- Hainsworth, Paul. 2008. *The Extreme Right in Western Europe*. New York: Routledge.
- Heckman, James. 1979. "Sample Selection Bias as a Specification Error." *Econometrica* 47 (1): 153–161.
- Hellman, Joel. 1998. "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions." *World Politics* 50 (2): 203–234.
- Howard, Marc Morjé. 2003. *The Weakness of Civil Society in Post-Communist Europe*. Cambridge: Cambridge University Press.
- Ishiyama, John. 1998. "Strange Bedfellows: Explaining Political Cooperation Between Communist Successor Parties and Nationalists in Eastern Europe." *Nations and Nationalism* 4 (1): 61–85.
- Jackman, Robert and Karin Volpert. 1996. "Conditions Favouring Parties of the Extreme Right in Western Europe." *British Journal of Political Science* 26 (4): 501–521.
- Janos, Andrew. 1993. "Continuity and Change in Eastern Europe: Strategies of Post-Communist Politics." *East European Politics and Societies* 8 (1): 1–31.
- King, Gary. 1994. *Unifying Political Methodology: The Likelihood Theory of Statistical Inference*. New York: Cambridge University Press.

- Kitschelt, Herbert. 1986. "Political Opportunity Structures and Political Protest: Anti-Nuclear Movements in Four Democracies." *British Journal of Political Science* 16 (1): 57–85.
- Kitschelt, Herbert and Anthony McGann. 1995. *The Radical Right in Western Europe: A Comparative Analysis*. Ann Arbor, MI: University of Michigan Press.
- Knigge, Pia. 1998. "The Ecological Correlates of Right-Wing Extremism in Western Europe." *European Journal of Political Research* 34 (2): 249–279.
- Kornhauser, William. 1959. *Politics of Mass Society*. New York: Free Press.
- Kuzio, Taras. 2008. "Comparative Perspectives on Communist Successor Parties in Central-Eastern Europe and Eurasia." *Communist and Post-Communist Studies* 41 (4): 397–419.
- Letki, Natalia. 2004. "Socialization for Participation? Trust, Membership, and Democratization in East-Central Europe." *Political Research Quarterly* 57 (4): 665–679.
- Levine, Robert and Donald Campbell. 1972. *Ethnocentrism*. New York: John Wiley.
- Lubbers, Marcel, Merove Gijsberts and Peer Scheepers. 2002. "Extreme Right-Wing Voting in Western Europe." *European Journal of Political Research* 41 (3): 345–378.
- Lubbers, Marcel and Peer Scheepers. 2002. "French Front National Voting: A Micro and Macro Perspective." *Ethnic and Racial Studies* 25 (1): 120–149.
- McAdam, Doug, Sidney Tarrow and Charles Tilly. 2001. *Dynamics of Contention*. Cambridge: Cambridge University Press.
- Minkenberg, Michael. 2002. "The Radical Right in Postsocialist Central and Eastern Europe: Comparative Observations and Interpretations." *East European Politics and Societies* 16 (2): 335–362.
- Mitra, Subrata. 1988. "The National Front in France - A Single-Issue Movement?" *West European Politics* 11 (2): 47–64.
- Mudde, Cas. 1996. "The War of Words: Defining the Extreme Right Party Family." *West European Politics* 19 (2): 225–248.
- Mudde, Cas. 1999. "The Single-Issue Party Thesis: Extreme Right Parties and the Immigration Issue." *West European Politics* 22 (3): 182–197.
- Mudde, Cas. 2000. *The Ideology of the Extreme Right*. Manchester: Manchester University Press.
- Mudde, Cas. 2007. *Populist Radical Right Parties in Europe*. Cambridge: Cambridge University Press.
- Norris, Pippa. 2005. *Radical Right: Voters and Parties in the Electoral Market*. Boston, MA: Harvard University Press.
- Norwegian Social Science Data Services (NSD). 2012. *European Election Database*. Available at <http://www.nsd.uib.no/>.
- Pichler, Florian and Claire Wallace. 2007. "Patterns of Formal and Informal Social Capital in Europe." *European Sociological Review* 23 (4): 423–435.
- Putnam, Robert. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press.
- Ramet, Sabrina (ed.). 2010. *Central and Southeast European Politics Since 1989*. Cambridge: Cambridge University Press.
- Riley, Dylan. 2005. "The Civic Associations and Authoritarian Regimes in Interwar Europe: Italy and Spain in Comparative Perspective." *American Sociological Review* 70 (2): 288–310.
- Riley, Dylan. 2010. *The Civic Foundations of Fascism in Europe: Italy, Spain, and Romania, 1870–1945*. Baltimore, MD: Johns Hopkins University Press.
- Risse, Thomas. 2010. *A Community of Europeans? Transnational Identities and Public Spheres*. Ithaca, NY: Cornell University Press.
- Rose, Richard and Neil Munro. 2003. *Elections and Parties in New European Democracies*. Washington, DC: CQ Press.
- Rueschemeyer, Dietrich, Marilyn Rueschemeyer and Björn Wittrock (eds.) 1998. *Participation and Democracy East and West: Comparisons and Interpretations*. Armonk, NY: M.E. Sharpe.
- Rydgren, Jens. 2005. "Is Extreme Right-Wing Populism Contagious? Explaining the Ewmergence of a New Party Family." *European Journal of Political Research* 44 (3): 413–437.
- Rydgren, Jens. 2007. "The Sociology of the Radical Right." *Annual Review of Sociology* 33 (1): 241–262.



- Schain, Martin, Aristide Zolberg and Patrick Hossay (eds.). 2002. *Shadows Over Europe: The Development and Impact of the Extreme Right in Western Europe*. New York: Palgrave Macmillan.
- Sigelman, Lee and Langche Zeng. 1999. "Analyzing Censored and Sample-Selected Data with Tobit and Heckit Models." *Political Analysis* 8 (2): 167–182.
- Smelser, Neil. 1962. *Theory of Collective Behavior*. London: Routledge and Kegan Paul Limited.
- Stolzenberg, Ross and Daniel Relles. 1990. "Theory Testing in a World of Constrained Research Design: The Significance of Heckman's Censored Sampling Bias Correction for Nonexperimental Research." *Sociological Methods and Research* 18 (4): 395–415.
- Tocqueville, Alexis. 1988. *Democracy in America*. New York: Perennial.
- Tucker, Joshua, Pacek Alexander and Adam Berinsky. 2002. "Transitional Winners and Losers: Attitudes Toward EU Membership in Post-Communist Countries." *American Journal of Political Science* 46 (3): 557–571.
- Van Der Brug, Wouter, Meindert Fennema and Jean Tillie. 2005. "Why Some Anti-Immigrant Parties Fail and Others Succeed: A Two-Step Model of Aggregate Electoral Support." *Comparative Political Studies* 38 (5): 537–573.
- Volgens, Andreas, Onawa Lacewell, Pola Lehmann, Sven Regel, Henrike Schultze and Annika Werner. 2012. *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR)*. Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
- Werts, Han, Peer Scheepers and Marcel Lubbers. 2012. "Euro-Scepticism and Radical Right-Wing Voting in Europe, 2002–2008: Social Cleavages, Socio-Political Attitudes and Contextual Characteristics Determining Voting for the Radical Right." *European Union Politics* 1–23.
- Westle, Bettina and Oskar Niedermayer. 1992. "Contemporary Right-wing Extremism in West Germany." *European Journal of Political Research* 22 (1): 83–100.
- Winship, Christopher and Robert Mare. 1992. "Models for Sample Selection Bias." *Annual Review of Sociology* 18: 327–350.
- World Bank. 2011. *World Bank Worldwide Governance Indicators 1996–2011*. Washington DC: The World Bank Group.
- World Bank. 2012. *World Bank Development Indicators 1960–2012*. Washington DC: The World Bank Group.
- World Values Survey Association. 2010–2014. *World Values Survey Wave 6*. Madrid, Spain: Asep/JDS. Available at <http://www.worldvaluessurvey.org>.

## INCOME INEQUALITY AND GOVERNMENT REDISTRIBUTION: A CROSS-NATIONAL STUDY

Vincent A. MAHLER, Kimberly LOONTJER and Sara PARANG<sup>1</sup>

---

*This paper focuses on income inequality and government redistribution in 120 countries between 1980 and 2010. It begins by describing variation in inequality across countries and over time, distinguishing between income before and after government redistribution by way of taxes and social transfers. It then goes on to explore the sources of cross-national and over-time variation in inequality and redistribution with reference to a number of variables widely employed in the literature, including development level, economic globalization, ethnic fractionalization, political democracy and the partisan orientation of governing executives. We find that, other things being equal, per capita income is positively related to greater government redistribution and a more egalitarian distribution of post-government income, while ethnic fractionalization is related to less redistribution and greater inequality of disposable income. We find little evidence that economic globalization, democracy or partisan orientations are strongly related, in either direction, to the degree of government redistribution or post-government inequality in the countries we examine.*

**Key words:** Income Inequality; Government Redistribution; Cross-National Analysis.

Over the last half-century, few issues have attracted as much attention in the scholarly and policy communities—to say nothing of the popular imagination—as global income inequality. Although much attention has been directed to inequality across countries, inequality within countries is clearly the form of income distribution closest to ordinary people. While it may be of theoretical interest to slum dwellers in Mexico City that they are poor relative to average residents—or, for that matter, slum dwellers—in the United States, the fact that

---

<sup>1</sup> Vincent A. MAHLER is Professor of Political Science at Loyola University Chicago. He is the author of *Dependency Approaches to International Political Economy* (Columbia University Press) and author or co-author of articles in *The American Political Science Review*, *International Studies Quarterly*, *Comparative Political Studies*, *Comparative Politics*, *Social Science Quarterly*, *International Organization*, *Political Research Quarterly*, *The European Journal of Political Research* and other journals and edited collections. Kimberly LOONTJER is a doctoral student in the Department of Political Science at Loyola University Chicago. Sara PARANG is a doctoral student in the Department of Political Science at Loyola University Chicago.

they are much worse off than residents of other parts of their own city is likely to be of more immediate interest. The aim of this paper is to focus on two dimensions of intra-country inequality in a large number of countries—120—over a relatively long period of time—31 years. The first task will be to describe cross-country and over-time variation in income distribution, distinguishing between income before and after government redistribution by way of taxes and transfers. The second will be to seek to explain variation in inequality and government redistribution with reference to a number of variables widely employed in the literature, including development level, economic globalization, ethnic fractionalization, democratization and partisan politics.

## 1 MEASURING INCOME INEQUALITY AND GOVERNMENT REDISTRIBUTION

The most important source of raw data on income inequality for a large number of countries is the World Income Inequality Database (WIID), which has been assembled by the United Nations University's World Institute for Development Economics Research. This paper will make use of a data set building upon the WIID that has been assembled by Frederick Solt (2013), a compilation that harmonizes WIID data, which vary considerably in income concept, unit of analysis, whether income is measured before or after taxes, etc. Solt's Standardized World Income Inequality Database (SWIID) is based on the most recent version of the WIID data set and follows the harmonization standards of the Luxembourg Income Study (LIS), whose data are a model of successful harmonization of income surveys conducted by national statistical authorities—but which covers only a relatively small number of countries, each for a only few points in time. Specifically, Solt uses what is known about the effect of definitional differences on inequality measures when data are available to estimate the effect when they are not. As he puts it, "Because the factors that affect these ratios [between surveys employing different definitions] tend to change only slowly over time within a given country, the best prediction for a missing ratio will be based on data on the same ratio in the same country in proximate years" (2009, 236).<sup>2</sup> Solt also fills in temporal gaps in survey availability by interpolating where appropriate, employing multiple imputation methods. Finally, he calculates standard errors for each measure in an effort to assess the stability of interpolated estimates, providing users with an empirically derived measure of their reliability.

Solt's data set measures within-country inequality of both pre-government market income and post-government disposable income. The basic unit of measurement is the Gini index, a summary indicator that ranges from 0 (all units receive the same income) to 1.000 (a single unit receives all income). In addition, Solt provides data for the relative difference between pre- and post-government inequality (calculated as [pre-government Gini - post-government Gini]/pre-government Gini) which taps the extent to which governments redistribute market income by way of taxes and transfers.

For purposes of this analysis we employed a fairly stringent criterion with respect to the stability of estimates, using only figures with standard errors of 3 or fewer Gini points on either pre- or post-government income.<sup>3</sup> Even after

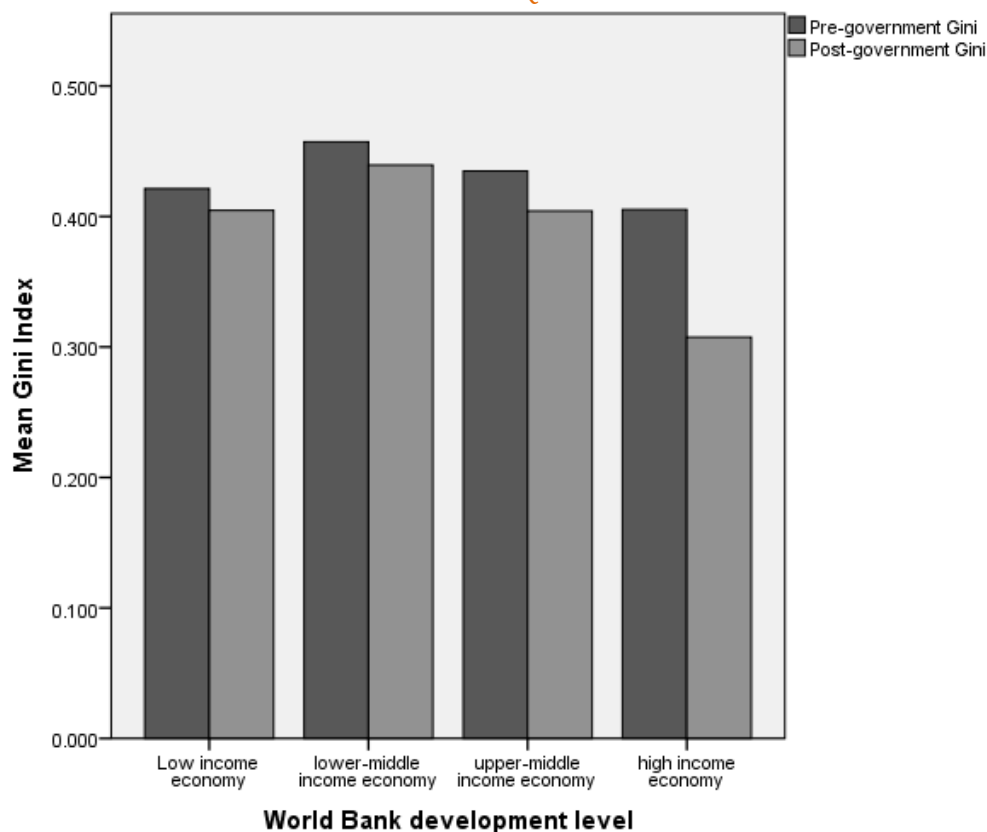
<sup>2</sup> The SWIID extends earlier work by Babones and Alvarez-Rivadulla (2007), who apply constant adjustments across all countries.

<sup>3</sup> We have also dropped any countries that no longer exist as unified states, such as Yugoslavia, the Soviet Union or Czechoslovakia. "Germany" consistently refers to the Federal Republic.

these deletions, there remain 2407 country-years covering 120 countries, an average of 20.1 years per country (see the appendix for a complete list.)

In describing global patterns of income inequality, we begin with some summary figures. Across all countries and years, the mean Gini index of pre-government inequality is .424, that of post-government inequality is .366, and the mean reduction in pre-government values as a result of taxes and transfers is 14.1%. These summary figures are, however, averages of diverse national experiences. One way of focusing more closely on income distribution is to disaggregate countries by development level. In an effort to explore this dimension, we have sorted our 120 countries according to the World Bank's classification of countries as low-income, lower-middle income, middle-income or high-income economies. As can be seen in Figure 1, the highest pre-government inequality is found in the lower-middle income group; the average Gini coefficient for this group is .457. Somewhat lower pre-government Ginis are in evidence in low- and upper-middle income economies, while the lowest Ginis (although not dramatically lower) are found in the high-income economies.

FIGURE 1: PRE- AND POST-GOVERNMENT INEQUALITY BY DEVELOPMENT LEVEL



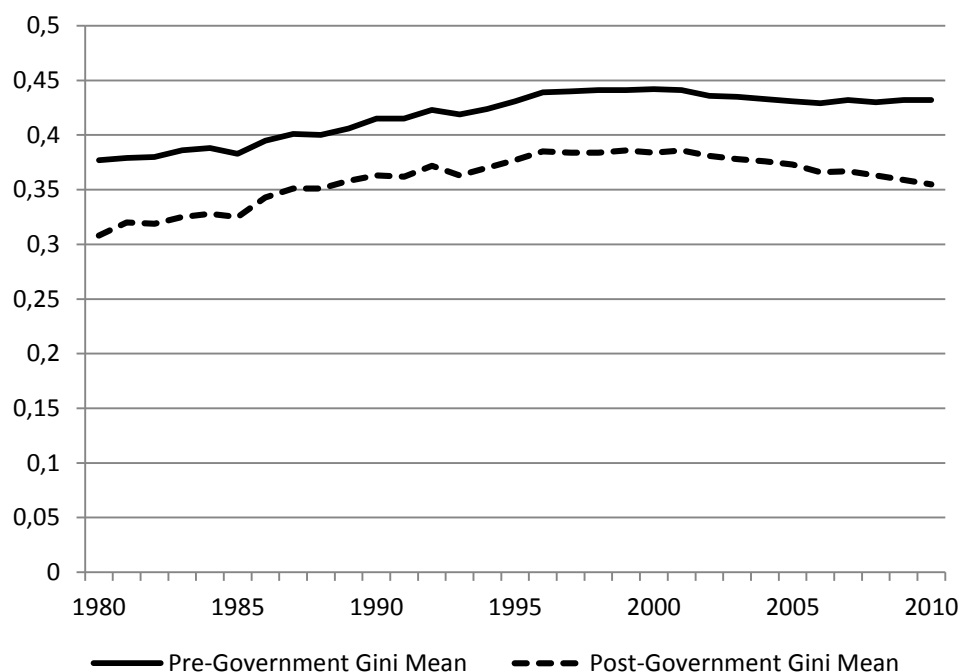
As is evident, post-government Ginis are in every case lower than pre-government Ginis. However, the degree to which taxes and public social transfers reduce inequality varies considerably across country groups. In low- and lower-middle income economies government taxes and transfers reduce market income only slightly, 3.9 and 4.0% respectively. For upper-middle income countries the reduction is nearly twice as great at 7.9%. Finally, for high-income economies the reduction is 23.8%, almost three times as great as the reduction in upper-middle income economies and six times that in the low- and lower-middle income groups. In short, the most important difference in the final distribution of income between countries at different levels of

development is not the extent to which inequality is generated by the market but rather the extent to which market inequality is reduced by state action.

So far we have described average values over a number of years. The obvious next question is whether inequality has been increasing or decreasing over time. In the estimation of Firebaugh (2003, 160), "Within-nation income inequality grew from 1980 to 1995 for all regions except Africa (and recall that the African data are the least reliable)." Similarly, Addison and Cornia (2003) found that a majority of the countries they examined experienced rising inequality between the 1960s and the 1990s. Milanovic (2005, 144) observed that "while in the past, one's income depended much more on the class he belonged to than on the place (country) where he lived, by mid twentieth-century, it was the country much more than the social class that mattered. In the second half of the 20th century, however, the situation reversed again: the importance of within-country inequality rose." Finally, Clark (2011) found that between 1990 and 2008 the share of total global inequality accounted for by within-country inequality rose from 21.1% to 31.9%.

In building upon these earlier analyses, we compare the average Gini index of both pre- and post-government inequality for all 120 of our countries between 1980 and 2010. The trends are reported in Figure 2. As can be seen, average global pre- and post-government inequality increased steadily between 1980 and 2000, as government redistribution kept pace with the growth of pre-government inequality—but no more than that. In about 2000, market inequality stabilized and government redistribution increased, with the result that post-government inequality declined slightly, although it remained well above its level in 1980.

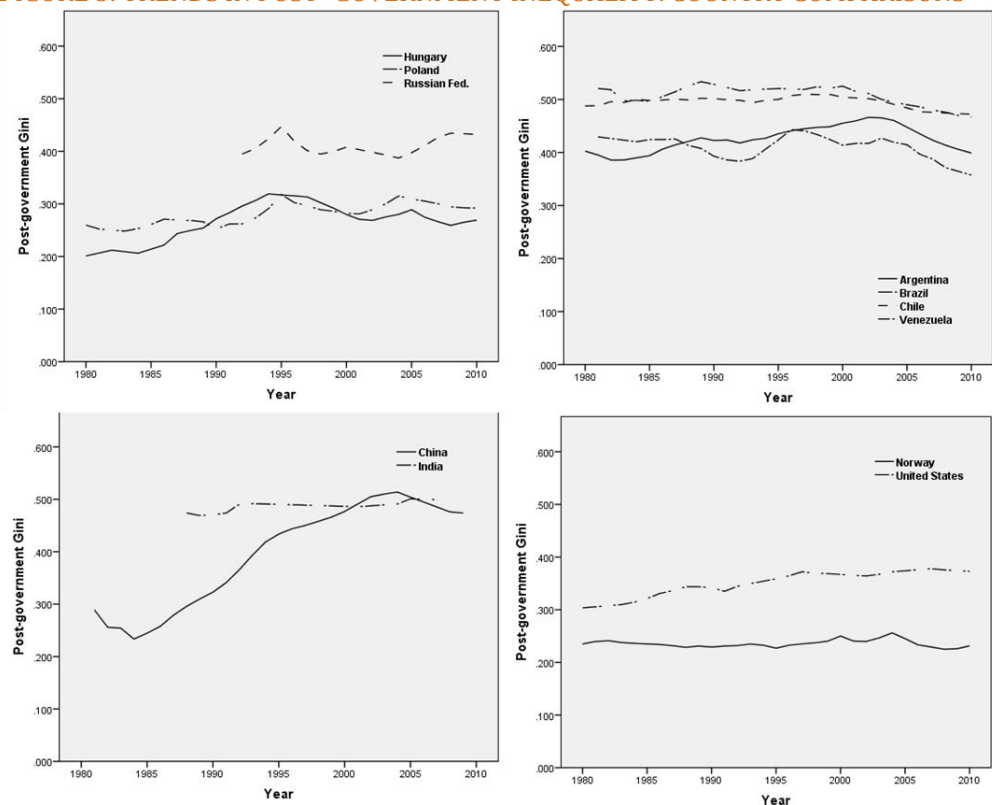
FIGURE 2: PRE- AND POST- GOVERNMENT INEQUALITY OVER TIME



In an effort to explore some of these global trends in more detail, and also to move beyond the still heterogeneous groupings based on development level that were employed earlier, we conclude by reporting trends in post-government inequality in a few representative individual countries. The graphs in Figure 3 represent the post-government Gini values for several groups of

countries over the last three decades. One of the most dramatic comparisons is of India and China, which are the world's most populous countries by far and, thus, have a major effect on the entire world's income distribution—as has been amply demonstrated in comparisons of between-country inequality, which has been reduced by large gains in per capita income in these countries in recent years (Firebaugh 2003). However, both countries are characterized by very high levels of internal inequality, which substantially undermines the benefits to low-income groups of large increases in average income. China, for its part, began the period with a relatively egalitarian distribution in 1981 (the first year for which data are available), when market reforms were just beginning: its post-government Gini in that year was .289, well below the world average of .320. However, inequality grew very rapidly over the next three decades, to the point that China's post-government Gini in 2009 (the most recent year for which data are available) was .474, more than a hundred Gini points above that year's global average of .359. As can also be seen in Figure 3, India began the period for which data are available (1988–2007) with a considerably higher level of internal inequality than China, but inequality grew only modestly in that country over the subsequent two decades. In the end, the situation in the two countries was quite similar, but it is significant that inequality in China has grown very rapidly from a low base while inequality in India, historically very high, has changed very little over time.

FIGURE 3: TRENDS IN POST- GOVERNMENT INEQUALITY: COUNTRY COMPARISONS



Another interesting comparison is of four Latin American countries, Chile, Venezuela, Brazil and Argentina. Inequality in all four is high by world standards; the most inegalitarian is Brazil, followed closely by Chile, Argentina, and then Venezuela. As can be seen, however, there has been a decline in inequality in all four countries since about 2005, a trend different from much of the rest of the world.

Yet another comparison is of three countries from Eastern Europe, Poland, Hungary and the Russian Federation. Inequality in the first two of these countries began the 1980s at a relatively low level by global standards. It rose a good deal in the next decade and a half after the rapid institution of a market economy in the early 1990s, although even at the end of the period inequality was lower than in most other regions. Since about 2000, inequality in these countries has stabilized at levels comparable to those of the more egalitarian countries of the developed world. As to the Russian Federation, the first year data is available is 1992. As can be seen, inequality even at that time was high in comparison with other Eastern European countries. Since the 1990s, it has remained very high, more than a hundred Gini points above the other two countries and well above the world average.

Finally, we offer a comparison of Norway and the United States, which represent the low and high ends of the inequality spectrum in the developed world. As can be seen, post-government inequality has grown steadily in the United States since 1980, and from a base that was already high by the standards of the developed world. In Norway, on the other hand, inequality has changed little: its Gini index in 2010 was almost identical to that in 1980. As a result of these trends, the inequality gap between the two countries, already large in 1980, has nearly doubled over the subsequent three decades.

Before concluding this section, two qualifications are in order. First, it must be noted that income reflects only one aspect—albeit a very important one—of a broader concept of well-being as a whole. In particular, household income does not directly translate into good health, effective education, access to a clean environment, community solidarity, security from crime or the availability of leisure, among other aspects of broader well-being. That said, it is clear that income is a critical component of overall well-being, if only because of its strong correlation with numerous other desirable characteristics (Wilkinson and Pickett 2009). Second, income statistics obviously do not fully reflect transactions that occur outside the cash economy, which tend to be more prevalent in poor countries than in rich ones (Gërzhani 2004). As a result, inequality in the less developed world is likely somewhat lower than reported in the income inequality statistics that are the subject of this article. However that may be, the fact is that the informal economy is by its very nature impossible to capture fully. This is especially true in cross-national comparisons, in part because the inherent difficulty of determining the cash value of many in-kind goods and services, particularly those performed by family and friends, and in part because many such transactions are intentionally hidden by participants in an effort to avoid taxes or government regulative scrutiny.

## 2 SOURCES OF WITHIN-COUNTRY INCOME INEQUALITY

Now that we have offered an overview of recent trends in income inequality, we will conduct an empirical analysis of some of the main variables that have been employed in the scholarly literature seeking to explain the substantial cross-country and over-time variation in within-country income inequality that is clearly in evidence. Our focus is on two aspects of inequality. One is the relative extent to which pre-government inequality has been ameliorated by government redistribution via taxes and transfers. The other is the resultant distribution of income that households receive after both market forces and government policies have had their effect.



The most basic explanation for the degree of income inequality within a country, as well as for the extent to which income is redistributed by the public sector, is its development level. The longest-standing hypothesis linking average income and inequality is that of Kuznets (1955), who proposed that inequality will be modest in pre-industrial societies, will rise substantially during the process of industrialization, and will then decline as workers are able to wrest wage concessions from employers and use their political power to construct welfare states that socialize some of the costs of health care, old age, disability and unemployment. More recently, however, scholars have hypothesized a negative relationship between development level and inequality, given that few if any countries today are completely pre-industrial (Alderson et al. 2005, 406; Firebaugh 2003, 93–95). The previous section bears this out; as has been seen, inequality is highest in the less developed world. However, a more systematic analysis is in order, both for its own interest and as a control when examining the effect of other variables.

As to redistribution, a standard hypothesis in the literature on public finance is that, as per capita income increases, so too will the degree of government redistribution, a hypothesis sometimes called Wagner's Law. As described by Pampel and Williamson (1989, 26), "The public sector grows because the demand of households for services and their willingness to pay taxes are income elastic .... The [perceived] need of governments to meliorate the harmful effects of industrialization thus occurs simultaneously with increases in income." Our indicator of income level is real gross domestic product (GDP) per capita, which measures the average output of goods and services by residents of a country. The figures are in U.S. dollars, have been adjusted for purchasing power parities (PPPs) and are expressed in 2005 constant prices employing a chain index. The source is the Penn World Table (Heston et al. 2012), the most widely used data series on GDP.

Our next independent variable measures the extent to which a country is engaged in the global economy. Of all the hypotheses considered in this paper, perhaps the largest literature—and certainly the most vigorous debate—has focused on the relationship between countries' integration into the global economy and the degree of internal inequality they experience. The basic arguments are well-known. On one side, many commentators have claimed that the rapid growth of the global movement of goods, services and capital in recent decades has driven a wedge into countries' internal economies and politics, separating groups in a position to gain from globalization from those undermined by it (Hurrell and Woods 1995). Many other commentators, however, counter that global integration serves as a powerful engine of growth, benefitting all income groups but particularly those of low or moderate income (Bhagwati and Dehejia 1994).

More formally, a standard approach to the relationship between economic globalization and internal income distribution is the Stolper Samuelson (1941) theorem. Stolper and Samuelson argued that income groups controlling relatively abundant factors of production will gain from trade and other economic interactions, while those holding relatively scarce factors will suffer from them. Because unskilled labour is abundant and capital scarce in the less developed countries, the implication is that the unskilled will benefit from trade and that the opposite will be true in the developed world. Critics, however, question whether Stolper Samuelson dynamics are in practice overridden by gains from economies of scale, diversification and technological innovation that arise from trade, to the benefit of all income groups (Burtless 1995)—or

perhaps especially to high income groups, who may be in the best position to gain from such trends.

As to redistribution, expected outcomes are similarly in dispute. On the one hand, it is often argued that integration into the global economy enmeshes governments in a ruthlessly competitive “race to the bottom” in social protection (Rodrik 1997). On the other hand, it is often claimed that economic liberalism is only politically viable if it is “embedded” in a broader mechanism to compensate vulnerable, but politically powerful, groups (Ruggie 1982)—the “domestic compensation” approach. In the words of Garrett (1998, 824), “The coupling of openness with domestic compensation remains a robust and desirable solution to the problem of reaping the efficiency benefits of capitalism while mitigating its costs in terms of social dislocations and inequality.”

What is the empirical evidence concerning the effect of economic globalization on the relative standing of low income groups? As is noted in a recent review of work on the topic as it relates to the developing countries (Goldberg and Pavcnik 2007, 39), the consensus seems to be that “distributional changes went in the opposite direction from the one suggested by the [Stolper Samuelson] conventional wisdom: while globalization was expected to help the less skilled, who are presumed to be the locally relatively abundant factor in developing countries, there is overwhelming evidence that these are generally not better off, at least not relative to workers with higher skill or education levels.” Goldberg and Pavcnik (2007, 40), however, “abstain from relying on cross-country regressions to econometrically identify the effects” of globalization on inequality because of “inconsistencies in the measurement of inequality across countries.” Instead, they offer detailed comparisons of a small number of countries. The aim of this paper is to offer a broader analysis using the better and more abundant data that have recently become available in the SWIID data set.

In measuring economic globalization we have made use of the KOF index of globalization (Dreher 2006; Dreher et al. 2008, updated in 2014), which offers data for all of our country-years. While the overall KOF index taps a number of aspects of globalization, we have employed only its index of economic globalization. Extending previous work along these lines, which tends to concentrate only on trade and foreign direct investment, the KOF index also measures the extent of national restrictions on international movement of goods, services and capital. Specifically, it is based on the following actual movements across national borders: trade, foreign direct investment flows, foreign direct investment stocks, portfolio investment and income payments to foreign nationals, all expressed as a percent of GDP. In addition, the KOF index measures the following restrictions to cross-border movements: tariffs, non-tariff barriers, taxes on international trade and capital account restrictions. The resultant index ranges from 0 (least globalized) to 100 (most globalized).

One of the longest-standing preoccupations of social science is the extent to which ethnicity serves as a basis for income inequality and complicates government redistribution. Literally thousands of studies have considered this topic, with reference to nearly every ethnically heterogeneous country in the world. The available cross-national evidence suggests that there is a positive relationship between ethnic fractionalization and income inequality. Milanovic (2003, 30), for example, found that, across a wide range of countries, “each 10 percent increase in fractionalization raises inequality by 3.3 Gini points.” Similarly, Alesina et al. (1999) and Easterly and Levine (1997, 1205–1206) found that higher levels of ethnic fractionalization generally are associated with

higher levels of post-government inequality, because “polarized societies will be both prone to competitive rent-seeking by the different groups and have difficulty agreeing on public goods like infrastructure, education, and good policies.”

As to the expected effect of ethnic fractionalization on government redistribution, one would expect ethnic differences to complicate redistributive politics by encouraging social cleavages on the basis of ethnicity rather than income (Baldwin and Huber 2010; Jensen and Skaaning 2014). On the other hand, it is possible that the opposite will be the case if ethnic attachments trump income, such that redistributive policies benefitting low-income members of an ethnic group receive support even from high-income members of that group who do not gain directly from them.

In measuring ethnic fractionalization, we employ an indicator developed by Fearon (2003) that has been widely used in the recent literature on the topic. Although ethnic groups are ultimately determined by objective physical, linguistic or religious characteristics, Fearon has made an effort to define ethnicity in terms of groups that consider themselves to be distinct in politically significant ways. Fearon’s data set covers all of our countries. However, his data are not available over time, so we have coded all time points for a given country at the same value. Although this is not ideal, ethnic attachments undoubtedly change at a much slower rate than any of our other variables. In Fearon’s measure a higher value represents greater fractionalization.<sup>4</sup>

Our final two variables measure aspects of national political institutions, processes and policies. The first of these taps the extent to which a country practices political democracy. The most basic hypothesis linking democracy with income inequality and government redistribution suggests that democratic regimes, which (theoretically, at least) provide each member of society an equal voice in determining the regulations and policies that affect income inequality, will result in a more egalitarian distribution than authoritarian regimes, where decision-making is more concentrated. As put by Burkhart (1997, 149), “Democracy, due to its spreading political power, tends to spread economic power as well.”

While this hypothesis is certainly plausible, it is not at all clear whether it actually operates across a wide range of countries and time periods. It is possible, for example, that democracies will reflect and reinforce existing inegalitarian market outcomes rather than serve as a vehicle to change them. Certainly, there is plenty of evidence that democratic political forms can coexist with a good deal of inequality; indeed, in the longstanding democracies, the trend in recent decades has been in an inegalitarian direction. Similarly, the democratic transition in most of Latin America in the last three decades has not been associated with an equally dramatic reduction in that region’s historically high level of inequality (Kaufman 2009)—although, as has been seen, inequality has been gradually declining in recent years. Conversely, authoritarian regimes tend to have more power than democracies to alter market incomes if they wish to do so, since they are less constrained by checks on their power. The communist regimes of the twentieth century are a case in point.

---

<sup>4</sup> Baldwin and Huber (2010) have developed a measure of ethnic fractionalization that takes into account economic differences between groups, which would obviously be desirable for our purposes. However, their measure covers only 46 countries, in contrast to the full coverage provided by Fearon’s measure.

What does the cross-national empirical literature reveal about the relationship between democracy and income inequality? As it happens, empirical analyses exploring the link between democratic political forms and an egalitarian distribution of income have often failed to find a direct relationship. Lee (2005, 175), for example, found that the degree of democracy in a country was “not directly associated with inequality,” although it was possible that it had some effect through public sector expenditures. Similarly, while Boix (2003, 37) found that inequality in democratic systems “increases the redistributive demands of the population,” he also notes that, as inequality moderates, resistance to further redistribution tends to grow, and that elections “have only a marginal impact” on inequality beyond a certain point (see also Acemoglu and Robinson 2006). As one recent review of the literature on the topic (Bermeo 2009, 24) concludes, “Overall, the long-term trends [in democracies] appear disappointing from an egalitarian perspective.” Still, as she goes on to say, “the term ‘appear’ deserves emphasis because figures measuring economic inequality are notoriously problematic,” and she highlights some of the measurement problems that plagued earlier cross-country measures of inequality. Our hope is that the more complete and comparable data employed here will help to address these concerns.

A great deal of effort has been devoted by social scientists to measuring democratic political forms in a way that can be meaningfully compared across a wide range of countries and time periods. In the view of many observers (see, e.g., Coppedge 2002, 35), the most sophisticated measure is the Polity IV database (Marshall and Jaggers 2009), which offers a variable ranging from -10 (least democratic) to 10 (most democratic) based on six component measures that record key qualities of executive recruitment, constraints on executive authority, and political competition.

The presence of democratic political forms is obviously not the only political variable of interest. Just as important, arguably, is the ideological orientation of the governing party or coalition. In fact, one of the perennial questions asked by political scientists is whether the partisan composition of governments helps to explain the degree of income inequality in a country or the scope of government policies aimed at reducing it. One possibility is that leftist governments will be more inclined to support generous social benefits than conservative governments, the so-called “power resources” approach (Korpi and Palme 2003; Bradley et al. 2003; Huber et al. 2006). On the other hand, it is possible that left and right governments alike will find it difficult to accomplish major changes in redistributive policies because many of the key players, including business interests and social benefit recipients, are so entrenched that they are impervious to efforts to make more than marginal alterations to longstanding redistributive taxes and social transfers, whatever the intentions of political leaders.

While measuring ideological orientation is an inherently imperfect enterprise, a particularly careful effort is that of the World Bank’s Database of Political Institutions (Beck et al. 2001; Keefer 2013), in which governing executives are characterized as either “left,” “center” or “right.” The primary focus of this measure is on economic issues, especially the distributive issues that are the main concerns of this paper. The variable is constructed such that governments classified as “left” are coded 3, “middle” are coded 2 and “right” are coded 1. Executives that could not be unambiguously classified (e.g., those controlled by ethnic or regional parties) are coded as missing.

In concluding this section, it is worth noting that, although most of the variables described above have been extensively examined in earlier cross-national empirical work, the data employed in those studies have, of necessity, been much less extensive and definitionally consistent than those analyzed here. For example, Reuveny and Li (2003) used Gini indexes that took no account of definitional differences in income concept, unit of analysis, coverage of government transfers, etc. Moreover, they addressed the problem posed by extensive missing data by computing average Gini values over an entire decade; as a result, temporal trends were neglected. Rudra (2004) used similarly limited data, and her analysis was limited to only 46 countries for an average of about 4 years each while Ha's (2012) cross-national study included 59 countries for an average of fewer than 3 years each. Finally, while Lee et al. (2007) did make an effort to control for definitional inconsistencies by including them on the right side of their equations, their data set included an unbalanced panel of only 311 observations, in contrast to the 2407 examined here.

In addition, as has already been noted, few broad cross-national studies explicitly consider the role of government in reducing inequality generated by the market. As a result, in accounting for the final distribution of income it has been difficult to disentangle the effect of market inequality, which is to some extent a "given" that is largely determined by deep-seated historical forces, from that of public sector taxes and transfers which are presumably more susceptible to short and medium term political dynamics.<sup>5</sup> This study, in contrast, measures both government redistribution and the resultant post-government distribution of income.

### 3 RESULTS

Now that our variables have been introduced, it is time to report the results of our empirical analysis. As has been indicated, we will employ two dependent variables: a measure of the percentage reduction of pre-government income inequality as a result of taxes and government transfers and the resultant Gini index of post-government (disposable) income. Each equation includes the five independent variables introduced earlier: real PPP-adjusted GDP per capita; the KOF index of economic globalization; Fearon's measure of ethnic fractionalization; the Polity IV measure of democracy; and the World Bank's measure of the ideological orientation of a country's governing executive.

As to regression techniques, our data set constitutes an unbalanced pooled cross-sectional time series in which data vary both across countries and over time within countries, but there are gaps such that not every country has data for every year between 1980 and 2010. In analyzing unbalanced pools of this sort, the standard method is to employ a Huber-White "sandwich" robust estimator that clusters observations by country.<sup>6</sup>

---

<sup>5</sup> One exception is an article on Latin American and the Caribbean by Morgan and Kelly (2013), which seeks to explain cross-national variation in both market and disposable income, on the assumption that government policies can influence the final distribution of income in ways other than direct redistribution.

<sup>6</sup> The "robust cluster" regression option in Stata 13.1 was used. Listwise deletion was employed, with the result that regressions are based on 1774 of our original 2407 cases. In an effort to consider whether significant collinearity was present, VIF values were calculated. The highest for any equation was 2.07, well below the conventional criterion of 4.00.

We begin with our entire data set. The first dependent variable taps the relative difference between pre- and post-government inequality, that is, the redistributive impact of the state. As can be seen in Table 1, as per capita income rises, government redistribution, on average, also increases, a relationship that is statistically significant at the  $p < .001$  level. (2-tailed tests are used here and throughout.) This is consistent with Wagner's Law; it suggests that governments with higher income at their disposal have not only the means but also the will to reduce pre-government income inequality. While previous work would lead us to expect development level to be associated with redistribution, it is useful to know that the expected relationship continues to hold when we use the more extensive and comparable data of the SWIID data set.

**TABLE 1: EXPLAINING GOVERNMENT REDISTRIBUTION AND INCOME INEQUALITY: ALL COUNTRIES**

Independent Variable	Coefficient	Robust SE	t	p
A. Dependent Variable: Government Redistribution <sup>a</sup>				
GDP Per Capita	5.04e-06	1.13e-06	4.48	0.000
Ethnic Fractionalization	-0.107	0.040	-2.65	0.009
Globalization	0.002	0.001	3.65	0.000
Democracy	0.001	0.001	0.39	0.699
Partisan Orientation	0.006	0.006	1.06	0.290
B. Dependent Variable: Post-Government Gini <sup>b</sup>				
GDP Per Capita	-4.13e-06	8.21e-07	-5.04	0.000
Ethnic Fractionalization	0.084	0.030	2.77	0.007
Globalization	-0.000	0.000	-0.39	0.701
Democracy	0.002	0.001	1.38	0.172
Partisan Orientation	-0.006	0.005	-1.15	0.252

a.  $n = 1774$ ,  $R^2 = 0.55$

b.  $n = 1774$ ,  $R^2 = 0.41$

Also statistically significant (at the  $p < .01$  level) and in the expected direction, in this case negative, is the relationship between government redistribution and our measure of ethnic fractionalization: as fractionalization rises, redistribution, other things being equal, decreases. The widespread expectation (see, e.g., Easterly and Levine 1997 and Alesina et al. 1999) that ethnic divisions complicate redistributive politics appears to be confirmed.

Finally, we find a positive and statistically significant relationship between a country's openness to the global economy and the extent to which its government redistributes income by way of taxes and transfers. This offers confirmation of the "domestic compensation" perspective on redistribution, which suggests that governments seek to compensate groups affected by international competition.

As interesting as the results that are in evidence are those that are not. Specifically, there is not a significant relationship between the extent to which a government redistributes market income and its score on the Polity IV democracy scale. While this is perhaps surprising, it is worth observing that the "Third Wave" of democratization between the 1970s and the early 2000s in Latin America, Eastern Europe and parts of Sub-Saharan Africa and East Asia, has not been accompanied by a corresponding decrease in income inequality. Quite the contrary. Indeed, even the very longstanding democracies of North America and Western Europe have experienced a steady increase in inequality since the early 1980s. On the other hand, some of the most inegalitarian and least redistributive regimes in our study are highly authoritarian; examples include Brazil in the early 1980s or present-day China or Haiti. In short, there does not seem to be a systematic relationship—in either direction—between democratization and state redistribution. Nor is there a statistically significant

relationship between the ideological orientation of a country's executive and the extent to which its state redistributes market income by way of taxes and social transfers, which fails to confirm the power resources perspective that partisan politics plays a central role in redistribution.

What of our measure of post-government inequality, which represents the final distribution of income after both market forces and government redistribution have had their effect? To start, GDP per capita is significantly negatively related to the Gini index of post-government inequality, confirming that development level is indeed associated with a more egalitarian distribution of post-government income. Similarly, ethnic fractionalization is positively and significantly related to post-government inequality: across all of the countries and years we examine, ethnically heterogeneous societies are, on average, less egalitarian than more homogenous societies.

As to our other independent variables, none is strongly related, in either direction, to income inequality across the countries and years we examine. In particular, our measure of economic globalization, which was positively related to government redistribution, is unrelated to post-government inequality. Nor are the democratization score or our measure of the ideological orientation of political executives.

The preceding results are, of course, averages across a wide range of countries. In exploring these relationships further, it is useful to distinguish between the very different types of countries represented by the World Bank's classification of countries into low, lower-middle, upper-middle and high income groups, as described earlier. The results of such an analysis are reported in Table 2. We begin with the low-income group. With respect to government redistribution, three statistically significant results are in evidence: ethnic fractionalization, integration into the global economy, and the partisan orientation of a country's governing executive are all positively related to the relative extent of redistribution. As to ethnic fractionalization, the positive relationship in evidence is somewhat surprising, since fractionalization is expected to complicate state redistribution (and appears to do so across the entire dataset). One possible explanation is that in very poor countries ethnicity trumps class such that ethnic groups engage in inter-group political bargaining that extends benefits to a wider range of income levels within their ethnic group than would otherwise be the case (Baldwin and Huber 2010). Second, there is a statistically significant positive relationship between a country's globalization score and redistribution, which offers confirmation of the domestic compensation approach even in the context of very poor countries (although, of course, the absolute level of compensation is smaller than in other regions). Finally, there is a significant relationship between the ideological orientation of a country's governing executive and the degree to which its state redistributes market income, a relationship that was not in evidence for the entire data set but does seem to exist for this subset of countries.



TABLE 2: EXPLAINING GOVERNMENT REDISTRIBUTION AND INCOME INEQUALITY: DISAGGREGATION BY DEVELOPMENT LEVEL

Independent Variable	Coefficient	Robust SE	t	p
<b>Low Income</b>				
Government Redistribution <sup>a</sup>				
GDP Per Capita	2.67e-05	2.53e-05	1.05	0.313
Ethnic Fractionalization	0.152	0.061	2.48	0.029
Globalization	0.002	0.000	3.31	0.006
Democracy	0.002	0.001	1.69	0.117
Partisan Orientation	0.007	0.003	2.27	0.042
Post-Government Gini <sup>b</sup>				
GDP Per Capita	1.30e-05	2.58e-05	0.50	0.623
Ethnic Fractionalization	-0.278	0.051	-5.43	0.000
Globalization	-0.002	0.001	-2.14	0.053
Democracy	0.004	0.001	2.54	0.026
Partisan Orientation	-0.019	0.005	-3.69	0.003
<b>Lower Middle Income</b>				
Government Redistribution <sup>c</sup>				
GDP Per Capita	7.26e-06	4.31e-06	1.68	0.109
Ethnic Fractionalization	0.033	0.022	1.53	0.143
Globalization	0.000	0.000	0.37	0.716
Democracy	-0.002	0.001	-1.66	0.114
Partisan Orientation	-0.008	0.004	-2.07	0.053
Post-Government Gini <sup>d</sup>				
GDP Per Capita	-1.19e-05	1.18e-05	-1.00	0.328
Ethnic Fractionalization	-0.062	0.057	-1.10	0.287
Globalization	0.000	0.001	0.22	0.828
Democracy	0.002	0.003	0.56	0.583
Partisan Orientation	-0.009	0.009	-0.93	0.364
<b>Upper Middle Income</b>				
Government Redistribution <sup>e</sup>				
GDP Per Capita	1.77e-05	7.00e-06	2.53	0.018
Ethnic Fractionalization	-0.046	0.078	-0.59	0.564
Globalization	-0.001	0.001	-0.70	0.490
Democracy	-0.001	0.003	-0.44	0.661
Partisan Orientation	0.016	0.011	1.52	0.142
Post-Government Gini <sup>f</sup>				
GDP Per Capita	-1.34e-05	5.24e-06	-2.55	0.017
Ethnic Fractionalization	0.157	0.065	2.41	0.024
Globalization	0.002	0.001	2.64	0.014
Democracy	0.002	0.003	0.53	0.598
Partisan Orientation	-0.016	0.013	-1.22	0.233
<b>High Income</b>				
Government Redistribution <sup>g</sup>				
GDP Per Capita	2.07e-06	1.05e-06	1.97	0.056
Ethnic Fractionalization	-0.209	0.065	-3.21	0.003
Globalization	0.003	0.001	4.07	0.000
Democracy	0.005	0.002	2.14	0.039
Partisan Orientation	0.006	0.008	0.78	0.438
Post-Government Gini <sup>h</sup>				
GDP Per Capita	1.35e-06	8.06e-07	-1.68	0.102
Ethnic Fractionalization	0.104	0.039	2.65	0.012
Globalization	-0.001	0.001	-1.10	0.279
Democracy	-0.002	0.003	-0.80	0.430
Partisan Orientation	-0.002	0.006	-0.41	0.683

a.  $n = 112$ ,  $R^2 = 0.29$ b.  $n = 112$ ,  $R^2 = 0.49$ c.  $n = 253$ ,  $R^2 = 0.19$ d.  $n = 253$ ,  $R^2 = 0.07$ e.  $n = 455$ ,  $R^2 = 0.30$ f.  $n = 455$ ,  $R^2 = 0.31$ g.  $n = 954$ ,  $R^2 = 0.38$ h.  $n = 954$ ,  $R^2 = 0.26$

What of the post-government Gini? Three statistically significant relationships are also in evidence. The first is a negative relationship between ethnic fractionalization and post-government inequality. Together with the previous result on redistribution, this can be interpreted as a situation in which even a measure of redistribution on ethnic grounds cannot overcome an initially high level of ethnically-based inequality. In this regard, it is notable that low-income countries are more heterogeneous than those in other income categories: their average fractionalization score is .67, as opposed to .48 for the lower-middle income group, .42 for the upper-middle income group and .28 for the high income group.

In addition, we find a positive relationship between post-government inequality and a negative relationship with a country's partisan orientation. As to the former, it appears that very poor democracies are actually slightly less egalitarian than very poor authoritarian regimes, although one would not want to make too much of this, given the small number of democracies in this income group. As to the latter relationship, it does appear that leftist governments in very poor countries—whether democratic or not—are somewhat more egalitarian than conservative regimes.

It is now time to move on to the countries in our lower-middle income category. This is, as one might imagine, a diverse group, including several of the poorer countries in Latin America such as El Salvador, Paraguay, Nicaragua and Bolivia; several of the richer countries in Sub-Saharan Africa, such as Ghana and Lesotho; and several populous countries of South Asia, including India and Pakistan. As it happens, this diversity appears to be reflected in our results: not a single statistically significant result is in evidence linking either government redistribution or post-government inequality to any of our independent variables.

What of the upper-middle income countries? As can be seen, for this income group GDP per capita is positively related to government redistribution, once again confirming Wagner's Law relating these variables. No other significant relationships are, however, in evidence. As to post-government inequality we find that, even for this narrower range of income, as a country's average income rises, internal inequality declines. In addition, ethnic fractionalization is once again positively related to post-government inequality, as is the extent of a country's integration into the global economic system. The latter relationship is in evidence only for this group, which includes countries that are typically experiencing rapid economic growth—growth that is clearly unevenly experienced by income groups.

Finally we turn to our high-income countries. As can be seen, ethnic fractionalization once again appears to complicate redistributive politics. Similarly, a country's economic globalization score is positively related to the extent to which its state redistributes income by way of taxes and transfers, confirming the domestic compensation hypothesis. Both of these results are consistent with a good deal of previous quantitative research—which, of course, is more extensive for this group than for any of the others. In addition, there is a modest positive relationship between a country's democratization score and government redistribution, the first and only time we have seen such a relationship. As to post-government inequality only one significant relationship is in evidence: as was the case for the upper-middle income country group, ethnic fractionalization appears to serve as a basis for income inequality.

As to non-findings, GDP per capita is not significantly related, in either direction, to either government redistribution or post-government inequality in the developed countries we examine, which is not surprising given the limited variation in per capita income for these countries. Similarly, income inequality is not significantly related to the KOF index of economic globalization. This is consistent with a good deal of empirical evidence that, while globalization harms some workers in the developed world, it helps others, such that there is not a strong overall impact on inequality (Pontusson 2005, 199).

In sum, a number of our expectations about the sources of cross-national variation in inequality and government redistribution are borne out by our empirical analysis. The fact that these expectations hold up for data that are much more extensive, recent and comparable than those used in previous work helps to place our understanding of the sources of inequality and government redistribution on a much firmer base.

One non-finding of particular interest is the general lack of a relationship, in either direction, between democratic political forms and government redistribution or post-government inequality. This is in contrast to the expectation—or perhaps hope—of many observers that democracies will be more egalitarian than non-democracies, reflecting the broader political participation democracy embodies (Przeworski 2009). As has been noted, empirical evidence bearing out this expectation has been scarce (Kaufman 2009; Bermeo 2009). Still, given the importance of the topic, it is worth exploring it further. One way in which this can be done is to focus on countries that experienced a democratic transition between 1980 and 2010, the period covered in our analysis, operationally defining transition as movement from below the Polity IV threshold for considering a country a full democracy (+6) to above the threshold.<sup>7</sup> Of our countries, 24 experienced such a transition (we do not include countries that experienced more than one transition, with periods of authoritarianism between.) For these cases we have constructed a series of country-by-country difference of means tests, comparing the average Gini index of post-government inequality before and after the transition. Of the 24 countries, 10 experienced a statistically significant (at the  $p < .05$  level) decrease in inequality; in 10 there was no significant change; and in 4 there was a significant increase in inequality. This further confirms our earlier finding that there is little evidence of a strong and systematic relationship between democratization and income inequality, controlling for other variables.

## 4 CONCLUSION

This paper has had two primary aims. The first has been to explore global patterns of within-country income inequality and government redistribution, making use of a major new data set on income inequality. The second has been to explain cross-national variation in inequality and government redistribution with reference to five variables that have been widely employed in the literature: GDP per capita, economic globalization, ethnic fractionalization, democratization, and the partisan orientation of governing parties or coalitions.

With respect to the first aim, our most obvious finding is that income inequality, both before and after government redistribution, varies widely across countries of the world. So too does the extent to which governments redistribute market

---

<sup>7</sup> A recent empirical analysis in which distributive conflict was related to transitions to democracy found only a limited relationship between the two (Haggard and Kaufman 2012).

income by way of taxes and social transfers. In fact, the substantially lower post-government inequality found in high-income countries is more a product of extensive government redistribution than of an egalitarian distribution of pre-government income. In addition to considering cross-country patterns, we also charted the steady growth of within-country inequality over the last three decades, a trend that, while proceeding at different speeds, has been evident in the vast majority of the countries we have considered.

Our second aim has been to explore the main sources of cross-country variation in income inequality and government redistribution. Across all countries and years, and also for groupings of countries at different levels of development, we found that per capita income was positively related to a more egalitarian distribution of income and more government redistribution. In addition, ethnic fractionalization, other things being equal, tends to be associated with greater inequality and to complicate government redistribution. Economic globalization, for its part, tends to be associated with greater redistribution, although generally not a more egalitarian distribution of post-government income, suggesting that any increase in market inequality associated with economic globalization is to some degree counteracted by government redistribution. As to democratization, we did not find a strong relationship in either direction between the presence of democratic political forms and income inequality or government redistribution, a finding that was reinforced by a supplementary analysis of countries that experienced a democratic transition during the period under consideration.

Few issues of our time are as important as the growth of income inequality in much of the world over the last three decades. However, as was suggested at the beginning of the paper, much our understanding of the sources of cross-national variation in income inequality and government redistribution to date has been based on a limited and less than fully comparable database. This paper has sought to address this gap in the literature by examining a carefully harmonized data set covering a large number of countries over three decades, in an effort to better understand global patterns of income inequality and the forces that shape it.

## REFERENCES

- Acemoglu, Daron and James A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. New York: Cambridge University Press.
- Addison, Tony and Giovanni Andrea Cornia. 2003. *Income Distribution Changes and their Impact in the Post-World War II Period*. UNU, WIDER, Discussion Paper No. 2003/28.
- Alderson, Arthur S., Jason Beckfield and Francois Nielsen. 2005. Exactly How Has Income Inequality Changed? Patterns of Distributional Change in Core Societies. *International Journal of Comparative Sociology* 46 (5-6): 405-423.
- Alesina, Alberto, Reza Baqir and William Easterly. 1999. Public Goods and Ethnic Divisions. *Quarterly Journal of Economics* 114 (4): 1243-1284.
- Babones, Salvatore J. and Maria Jose Alvarez-Rivadulla. 2007. Standardized Income Inequality Data for Use in Cross-National Research. *Sociological Inquiry* 77 (1): 3-22.
- Baldwin, Kate and John D. Huber. 2010. Economic versus Cultural Differences: Forms of Ethnic Diversity and Public Goods Provision. *American Political Science Review* 104 (4): 644-662.
- Beck, Thorsten, George Clarke, Alberto Groff, Philip Keefer and Patrick Walsh. 2001. New Tools in Comparative Political Economy: The Database of Political Institutions. *World Bank Economic Review* 15 (1): 165-175.
- Bermeo, Nancy. 2009. Does Electoral Democracy Boost Economic Inequality? *Journal of Democracy* 20 (4): 21-35.

- Bhagwati, Jagdish and Vivek H. Dehejia. 1994. Freer Trade and Wages of the Unskilled: Is Marx Striking Again? In Bhagwati and Martin Kusters eds. *Trade and Wages: Leveling Down?* Washington, DC: American Enterprise Institute.
- Boix, Carles. 2003. *Democracy and Redistribution*. Cambridge: Cambridge University Press.
- Bradley, David, Evelyne Huber, Stephanie Moller, Francois Nielsen and John D. Stephens. 2003. Distribution and Redistribution in Postindustrial Democracies. *World Politics* 55 (2): 93–128.
- Burkhart, Ross E. 1997. Comparative Democracy and Income Distribution: Shape and Direction of the Causal Arrow. *Journal of Politics* 59 (1): 148–164.
- Burtless, Gary. 1995. International Trade and the Rise of Earnings Inequality. *Journal of Economic Literature* 33 (2): 800–816.
- Clark, Rob. 2011. World Income Inequality in the Global Era: New Estimates, 1990–2008. *Social Problems* 58 (4): 565–592.
- Coppedge, Michael. 2002. Democracy and Dimensions: Comments on Munck and Verkuilen. *Comparative Political Studies* 35 (1): 35–39.
- Dreher, Axel. 2006. Does Globalization Affect Growth? Evidence from a New Index of Globalization. *Applied Economics* 38 (10): 1091–1110.
- Dreher, Axel, Noel Gaston and Pim Martens. 2008, updated in 2014. *Measuring Globalization – Gauging its Consequences*. New York: Springer.
- Easterly, William and Ross Levine. 1997. Africa's Growth Tragedy: Policies and Ethnic Divisions. *Quarterly Journal of Economics* 112 (4): 1203–1250.
- Fearon, James D. 2003. Ethnic and Cultural Diversity by Country. *Journal of Economic Growth* 8 (2): 195–222.
- Firebaugh, Glenn. 2003. *The New Geography of Global Income Inequality*. Cambridge, MA: Harvard University Press.
- Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*. New York: Cambridge University Press.
- Gërzhani, Klarita. 2004. The Informal Sector in Developed and Less Developed Countries: A Literature Survey. *Public Choice* 120 (3-4): 267–300.
- Goldberg, Pinpoli Koujianou and Nina Pavcnik. 2007. Distributional Effects of Globalization in Developing Countries. *Journal of Economic Literature* 45 (1): 39–82.
- Ha, Eunyoung. 2012. Globalization, Government Ideology, and Income Inequality in Developing Countries. *The Journal of Politics* 74 (2): 541–557.
- Haggard, Stephan and Robert R. Kaufman. 2012. Inequality and Regime Change: Democratic Transitions and the Stability of Democratic Rule. *American Political Science Review* 106 (3): 495–516.
- Heston, Alan, Robert Summers and Bettina Aten. 2012. *Penn World Table Version 7.1*. Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania. Available at [http://pwt.econ.upenn.edu/php\\_site/pwt\\_index.php](http://pwt.econ.upenn.edu/php_site/pwt_index.php).
- Huber, Evelyne, Francois Nielsen, Jenny Pribble and John D. Stephens. 2006. Politics and Inequality in Latin America and the Caribbean. *American Sociological Review* 71 (6): 943–963.
- Hurrell, Andrew and Ngaire Woods. 1995. Globalisation and Inequality. *Millennium: Journal of International Affairs* 24 (3): 447–470.
- Jensen, Carsten and Svend-Erik Skaaning. 2014. Democracy, Ethnic Fractionalisation, and the Politics of Social Spending: Disentangling a Conditional Relationship. *International Political Science Review*, May 2014, available on-line.
- Kaufman, Robert R. 2009. The Political Effects of Inequality in Latin America: Some Inconvenient Facts. *Comparative Politics* 41 (3): 359–379.
- Keefer, Philip E. 2013. *Database of Political Institutions*. Washington, DC: World Bank.
- Korpi, Walter and Joakim Palme. 2003. New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 Countries, 1975–95. *American Political Science Review* 97 (3): 425–446.
- Kuznets, Simon. 1955. Economic Growth and Income Inequality. *American Economic Review* 65 (1): 1–28.
- Lee, Cheol-Sung. 2005. Income Inequality, Democracy and Public Sector Size. *American Sociological Review* 70 (1): 158–181.
- Lee, Cheol-Sung, Francois Nielsen and Arthur S. Alderson. 2007. Income Inequality, Global Economy and the State. *Social Forces* 86 (1): 77–111.

- Marshall, Monty G. and Keith Jagers. 2009. *Polity IV Project: Political Regime Characteristics and Transitions, 1800–2007*. Severn, MD: Center for Systematic Peace, available at [www.systemicpeace.org/polity/polity4.htm](http://www.systemicpeace.org/polity/polity4.htm).
- Milanovic, Branko. 2005. *Worlds Apart: Measuring International and Global Inequality*. Princeton, NJ: Princeton University Press.
- Milanovic, Branko. 2003. Is Inequality in Africa Really Different? Washington, DC: World Bank Working Paper WPS3169.
- Morgan, Jana and Nathan J. Kelly. 2013. Market Inequality and Redistribution in Latin America and the Caribbean. *The Journal of Politics* 75 (3): 672–685.
- Pampel, Fred C. and John B. Williamson. 1989. *Age, Class, Politics and the Welfare State*. New York: Cambridge University Press.
- Pontusson, Jonas. 2005. *Inequality and Prosperity: Social Europe vs. Liberal America*. Ithaca, NY: Cornell University Press.
- Przeworski, Adam. 2009. Democracy, Equality and Redistribution. In *Political Judgement: Essays for John Dunn*, eds. Bourke, Richard and Raymond Geuss. Cambridge: Cambridge University Press.
- Reuveny, Rafael and Qi Li. 2003. Economic Openness, Democracy and Income Inequality. *Comparative Political Studies* 36 (5): 575–601.
- Rodrik, Dani. 1997. *Has Globalization Gone Too Far?* Washington, DC: Institute for International Economics.
- Rudra, Nita. 2004. Openness, Welfare Spending and Inequality in the Developing World. *International Studies Quarterly* 48 (3): 683–709.
- Ruggie, John Gerard. 1982. International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization* 36 (2): 379–415.
- Solt, Frederick. 2009. Standardizing the World Income Inequality Database. *Social Science Quarterly* 90 (2), 231–242
- Solt, Frederick. 2013. The Standardized World Income Inequality Database. Available at <http://handle.net/1902.1/11992> Frederick Solt [Distributor] v10.
- Stolper, Wolfgang F. and Paul A. Samuelson. 1941. Protection and Real Wages. *Review of Economic Studies* 9 (1): 58–73.
- Wilkinson, Richard and Kate Pickett. 2010. *The Spirit Level: Why Greater Equality Makes Societies Stronger*. New York: Bloomsbury Press.

## APPENDIX

### COUNTRIES, DEVELOPMENT LEVEL, AND YEARS

Algeria	Upper-Mid	1988-2005	Lithuania	High	1993-2010
Argentina	Upper-Mid	1980-2010	Luxembourg	High	1985-2010
Australia	High	1980-2010	Macedonia	Upper-Mid	1993-2006
Austria	High	1983-2010	Madagascar	Low	1986-87, 95-2000, 02-08
Azerbaijan	Upper-Mid	2001-06	Malawi	Low	1999-2009
Bahamas	High	1980-99, 2002-04	Malaysia	Upper-Mid	1986, 88-94, 96-98, 2007-09
Barbados	High	1988-1997	Mali	Low	1989-92, 96-00, 02-05, 07-10
Belgium	High	1980-2010	Malta	High	2003-2010
Belize	Upper-Mid	1994, 96-99	Mauritania	Lower-Mid	1987-2008
Bolivia	Lower-Mid	1996-2010	Mauritius	Upper-Mid	1980-2009
Botswana	Lower-Mid	1999-2003	Mexico	Upper-Mid	1980-2010
Brazil	Upper-Mid	1981-2010	Moldova	Lower-Mid	1992-94, 97-2010
Bulgaria	Upper-Mid	1980-88, 91, 93-2007	Morocco	Lower-Mid	1984-2006
Burkina Faso	Low	1994-97, 2000-08	Mozambique	Low	1996-2007
Burundi	Low	1992-97, 99-2006	Namibia	Upper-Mid	1996-2005
Cameroon	Lower-Mid	1998-2007	Nepal	Low	1982-1988
Canada	High	1980-2010	Netherlands	High	1980-2010
Cape Verde	Lower-Mid	1989-99, 2003	New Zealand	High	1980-2010
Cent. Afr. Rep	Low	1992-2002, 04-06	Nicaragua	Lower-Mid	1992-2009
Chile	High	1980-2010	Niger	Low	1992-2007
China	Upper-Mid	1981-2009	Nigeria	Lower-Mid	83-84, 86-90, 94-96, 98-02, 05-8
Colombia	Upper-Mid	1986-2010	Norway	High	1980-2010
Costa Rica	Upper-Mid	1980, 89-2010	Pakistan	Lower-Mid	1980-95, 99, 2008-10
Cote d'Ivoire	Lower-Mid	1985-97, 2000-01, 04-07	Panama	Upper-Mid	1987-2010
Croatia	High	1994-96, 99-2000, 02-10	Paraguay	Lower-Mid	1990-2010
Cyprus	Upper-Mid	1993-95, 99-2002, 04-10	Peru	Upper-Mid	1987, 93, 96-2010
Czech Republic	High	1993-2010	Philippines	Lower-Mid	1992, 2001-02, 04-05, 07-08

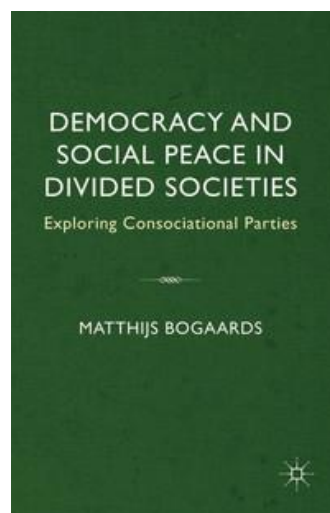
Denmark	High	1980-2010	Poland	High	1980-2010
Dominican Rep.	Upper-Mid	1986-2010	Portugal	High	1980-2010
Ecuador	Upper-Mid	1987-2010	Romania	Upper-Mid	1989-2010
Egypt	Lower-Mid	1980-2008	Russian Fed.	High	1992-2010
El Salvador	Lower-Mid	1980-2010	Rwanda	Low	1985-2010
Estonia	High	1991, 93-2010	Senegal	Lower-Mid	1992-2010
Ethiopia	Low	1981-2010	Serbia	Upper-Mid	2007-08
Finland	High	1980-2010	Sierra Leone	Low	1995-2010
France	High	1980-2010	Singapore	High	1980-2010
Gambia	Low	1995-2002	Slovakia	High	1993-2010
Germany	High	1980-2010	Slovenia	High	1991-2010
Ghana	Lower-Mid	1987-2006	Somalia	Low	2001-2006
Greece	High	1983-86, 88-2010	South Africa	Upper-Mid	1983-87, 2001-10
Guatemala	Lower-Mid	1980-2006	Spain	High	1980-2010
Guinea	Low	1993-2001, 04-07	St. Lucia	Upper-Mid	1995-2005
Guinea-Bissau	Low	1991-2005	Suriname	Upper-Mid	1999-2005
Guyana	Lower-Mid	1992-1999	Swaziland	Lower-Mid	1995-2004, 07
Haiti	Low	1990-2001	Sweden	High	1980-2010
Honduras	Lower-Mid	1989-2010	Switzerland	High	1980-2010
Hungary	Upper-Mid	1980-2010	Taiwan	High	1980-2010
Iceland	High	1992-2010	Tanzania	Low	1989-2006
India	Lower-Mid	1988-93, 2001-07	Togo	Low	2005-10
Ireland	High	1980-2010	Trin. & Tob.	High	1986-2005
Israel	High	1980-2010	Tunisia	Upper-Mid	1986-89, 91-99, 2001-10
Italy	High	1980-2010	Turkey	Upper-Mid	1986, 89-92, 96, 02-04, 06-10
Jamaica	Upper-Mid	1988-2004	Uganda	Low	1990-2008
Japan	High	1980-2010	Ukraine	Lower-Mid	2002-08
Jordan	Upper-Mid	1994-98	United King.	High	1980-2010
Kazakhstan	Upper-Mid	2002-03, 08-10	United States	High	1980-2010
Korea, Rep. of	High	1980-2010	Uruguay	High	1981-2010
Kyrgyzstan	Low	1993	Venezuela	Upper-Mid	1981, 84-2010
Latvia	High	1993-2010	Viet Nam	Lower-Mid	2001-2010
Lesotho	Lower-Mid	1986-97, 2000-05	Zambia	Lower-Mid	1981-85, 94-95, 99-2005



## BOOK REVIEW: DEMOCRACY AND SOCIAL PEACE IN DIVIDED SOCIETIES: EXPLORING CONSOCIATIONAL PARTIES

Henrik JACOBSEN<sup>1</sup>

---



*Democracy and social peace in divided societies: Exploring consociational parties. Matthijs Bogaards. Basingstoke: Palgrave Macmillan, 2014. 256 pp. £58.00 (hardback).*

There have certainly been many scholars and practitioners interested in consociational democracy whom academic literature, so far, could not provide an answer to the following question: Is Consociationalism only applicable at the state level or is it also relevant for individual organizations such as political parties? The answer, it seems according to a recent publication by Matthijs Bogaards, is the latter. The book asks: “Do consociational parties work in the same way as classic consociational democracies and do they produce the same results, if perhaps under different conditions?” (p. 11).

This work starts from the central claim that consociational literature has until now ignored the possibility that “political representation and accommodation of diversity take place within rather than among parties (p. 1, emphasis original). Therefore, the author introduces the concept of a ‘consociational party’ – a party that “within itself combines all five features of Consociationalism (the party-political organization of socio-cultural differences, a grand coalition of group leaders, proportionality, group autonomy, and a mutual veto)” (p. 2).

The book is motivated by three central concerns: First, to explore the circumstances under which consociational parties develop, succeed, and fail; second, to analyse the role such parties play in the broader political system; and

---

<sup>1</sup> Henrik JACOBSEN, PhD, Brasenose College, University of Oxford.

third, to examine the legacy of consociational parties in safeguarding democracy and social peace.

The book explores these concerns by means of seven case studies on consociational parties – four historical ones (the Alliance party in Fiji, the Congress party in India, the Kenya African National Union, and the socialist party of Yugoslavia) and three contemporary ones (the Liberal Party in Canada, the Alliance/National Front in Malaysia, and the African National Congress in South Africa).

Throughout the book, Bogaards tests three hypotheses: Firstly, internalising the external dimension of accommodation, the consociational party's dual functions of representation and accommodation are likely to produce inherent tensions, thus inhibiting organizational performance. Secondly, since consociational parties tend to be dominant parties, they are better able to represent a plurality when operating in majoritarian systems. Thirdly, the way socio-cultural representation is organized in a consociational party affects nature, impact, and extent of political accommodation.

The book is organised into seven chapters: The first one introduces the concept of a consociational party and constructs a typology consisting of five different party types: The alliance party, the congress party, the rainbow party, the league model, and the single party – the first three being democratic types, the last two undemocratic ones.

Chapters two to five look at these different types of consociational parties one after another by means of seven case studies: The second chapter considers the alliance party model drawing on the examples of Malaysia and Fiji; the third chapter moves on to the congress model in India and Canada while chapter four considers non-democratic types such as the league model in Yugoslavia and the single party in Kenya. The fifth chapter, finally, considers the rainbow party model in South Africa.

Chapter six turns to exploring the factors that contribute to the emergence of consociational parties. Here Bogaards brings forward his central argument that the nature of the regime is a crucial contributing factor to the development of consociational parties, which appear to flourish in majoritarian systems: "As dominant parties, consociational parties benefit from majoritarian institutions, making representation more inclusive and accommodation more far-reaching and effective" (p. 120). Additional factors that add to a consociational party's development are conditions of systemic change and the electoral system.

The last and seventh chapter answers the book's central question: "Do consociational parties work in the same way as classic consociational democracies and do they produce the same results? The answer has to be "no" on both counts. The representation and accommodation of diversity in consociational parties is very different from that in classic Consociationalism and this has consequences for social peace and democracy" (p. 123). The chapter identifies two key weaknesses of consociational parties: First, the development of internal out-bidding tendencies regarding the representative function and, concerning accommodation, lack of autonomy for constituent groups.

In the end, Bogaards comes to a saddening conclusion for advocates of Consociationalism: "Consociational parties have the worst of both worlds as

they combine the well-known problems of Consociationalism with the inferior performance of the majoritarian democracies in which they operate" (p. 139).

Matthijs Bogaards' work represents an important theoretical contribution to and extension of existing consociational literature. Its central finding is that "intra-party and inter-party Consociationalism differ in important respects, a crucial distinction brought to light through the concept of the consociational party" (p. 19). To start with, the concept of a consociational party as an intra-party form of Consociationalism addresses a crucial literature shortcoming. The book, therefore, opens a new strand of research into Consociationalism and the roles political parties play for representation and accommodation. Moreover, the finding that consociational parties tend to develop in majoritarian political systems questions the automatic association of Consociationalism with consensus democracy as, despite long-held beliefs, power concentration and power sharing can go hand-in-hand. Thus, this publication encourages new ways of thinking about the merits and demerits of majoritarian and consensus democracies.

Apart from its theoretical contribution, there is, however, much more this work has to offer: Its diverse and comprehensive case material provides a remarkable collection of empirical evidence in favour of the author's theoretical argument. Further, scholars of party politics and historians will find the cases presented very helpful and instructive in many different ways. Moreover, a central achievement of this publication is its high consistency in applying the same criteria of Consociationalism across all case studies, thus allowing the reader to easily compare the performance of the various parties. Furthermore, the typology of consociational parties the author develops embeds the empirical examples in a well-organized and theoretically grounded framework.

However, readers may have wished for more detail on case selection and literature review in order to be able to critically evaluate this work. It, after all, remains unclear whether the empirical material is based on a systematic or a narrative literature review. Moreover, at times the author is rather vague about his empirical methods so that the scientific standard of replicability is unlikely to hold.

Moreover, the critical reader may be dissatisfied with the very pessimistic conclusion Bogaards arrives at: Are consociational parties really doomed to fail as their dual functions of representation and accommodation over-burden their organizational capacities? This question is essential in two ways, which is why the book should have addressed in more detail: First, it may demonstrate where the realistic organizational limits of political parties lie; second, the way readers will assess the book's relevance largely depends on the answer to this question. This is so due to the book's discovery that consociational parties around the world seem to be in decline. As Bogaards himself declares: "Ironically, now that we have the concept of the consociational party, we are running out of contemporary cases" (p. 136). Therefore, is this book about a type of political party that is likely to die out soon while not even being theoretically desirable? The author should have been more explicit here.

Furthermore, even though it is clear that no actual party will ever be able to live up to the ideal type of a consociational party, the author's own case studies demonstrate that some consociational parties have been quite successful in dealing with ethnic tensions at least some of the time. Examples include the Liberal party in Canada before the 1960s, the Indian congress party between 1947 and 1967, and the Alliance party in Malaysia. This, therefore, begs the

question whether there may not be any mechanisms that policy-makers can draw on in order to encourage the beneficial aspects of consociational parties while avoiding their detrimental ones. After all, Bogaards himself finds that “the type of consociational party makes a difference. Socio-cultural articulation, mobilization, and organization are weakest in the single-party state, stronger in Congress parties, and strongest in Alliance parties” (p. 132). Therefore, it may very well be that there are ways in which one can encourage the more beneficial types of consociational parties.

However, these are issues further research must answer, as practitioners will be very interested in questions of party design. The author should, thus, have offered some (at least preliminary) answers in this respect. Moreover, are there really no ways of countering the development of extremist parties which, according to Bogaards, consociational parties facilitate as they not only have to represent diversity, but also to accommodate it internally? Is it really inevitable that consociational parties will generate their own anti-forces? The critical reader may question these pessimistic conclusions, which seem to be almost deterministic, allowing little space for human agency to improve the organizational design of consociational parties.

In summary, Bogaards has written an engaging, interesting, and theoretically valuable book that makes a crucial contribution to consociational literature by introducing the concept of a consociational party. Both scholars and practitioners will learn many things from the rich empirical material this work brings together. However, considering his pessimistic outlook on the future of consociational parties, the author should have offered more explicit answers to questions of their relevance for the future. Moreover, practitioners would certainly have liked to know whether and how it is possible to improve the performance of consociational parties by means of organizational design. Nevertheless, anyone interested in the concept of Consociationalism and questions of party politics will find this book immensely enriching.

## SUBMISSION GUIDELINES

*Journal of comparative politics* invites all scholars and researchers of the Central and Eastern European area and beyond to submit papers for consideration. All topics of comparative social and political import within the spectrum of the social sciences and humanities, interdisciplinary or not, are welcome.

Please send your submissions in WORD format (.doc or .docx) to general editor [miro.hacek@fdv.uni-lj.si](mailto:miro.hacek@fdv.uni-lj.si) with the words "JCP Article Submission" in the subject line.

- Maximum word length: 8,000 words though exceptional papers, which go beyond this limit might also be considered.
- All manuscripts must be accompanied by an abstract of up to 150 words stating precisely the analytical problem under consideration, the method of argument addressed to the problem and the conclusions reached by the author(s). Also add three to five key-words.
- Since manuscripts are sent out anonymously for editorial evaluation, the author's name and affiliation should appear only on a separate covering page.
- To be eligible for the review process, manuscripts must be written according to the submission guidelines. All manuscripts that are not written and edited according to the submission guidelines will be rejected.
- Up to 100 words of biographical paragraph describing each author's current affiliation, research interests, and recent publications related to his or her article, and address should accompany the manuscript.
- Formatting standard used: Chicago Manual of Style 16th edition, Author-Date system for Social Sciences, UK English. All details are available here: <http://library.williams.edu/citing/styles/chicago2.php>
- Please ensure that every reference cited in the text is also present in the reference list (and vice versa). All citations in the text must list exact page citations, if possible. Unpublished results and personal communication are not recommended in the reference list, but may be mentioned in the text.
- All submission copies should contain current author(s) contact information.
- Once selected, the author(s) will be contacted by a member of the editorial team.

## Note on Editorial Policy

We use two-sided peer review process before publication. Those wishing to submit papers should consult Submission Guidelines.

The Journal of comparative politics staff reserves the right to edit any and all submissions as necessary for publication. Authors will retain full future copyright over their submissions. Previously unpublished works are welcome for submission. All submissions must follow the Chicago Manual of Style, 16th edition, Author-Date system for Social Sciences, UK English, concerning punctuation, citation and bibliography format, etc. While the staff will cooperate with authors in reviewing edits prior to publication, Journal of Comparative Politics will determine all final editing decisions.

For further information about submissions, please consult <http://www.jofcp.org>.

### Visibility of previous issue

*Journal of comparative politics*, volume 7, number 2, July 2014 – number of complete downloads of previous issue since publication (2<sup>nd</sup> of June 2014 – 15<sup>th</sup> of December 2014): **1,742**.





University  
of Ljubljana Faculty  
of Social Sciences

