Autocratic Middle Class: Exploring the Influence of State Dependency on Regime Preferences in Post-Communist Europe and Central Asia

Replication and Extension Study
Original Study: Autocratic Middle Class by Bryn Rosenfeld

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Introduction

In this research project, I replicate and extend the analysis presented in the book Autocratic Middle Class (Rosenfeld, 2020), which examines how economic and social dependence on the state affects the demand for democracy in post-communist Europe and Eurasia. My focus is on the book's third chapter, which offers a cross-national examination of the regime preferences of the post-communist middle class. By replicating the author's study, I demonstrate that the middle class's demand for democracy is more contingent than previously believed, with increased support for democracy observed only among those employed in the private sector in non-democratic states. Furthermore, I expand the scope of analysis to include individuals exhibiting the greatest reliance on the state, such as those receiving unemployment and disability benefits, social assistance, and welfare transfers. My findings indicate that among various socio-economic groups, those receiving state assistance are the least likely to support democracy as a regime, thereby providing a deeper understanding of the relationship between state dependency and democratic preferences.

Data

In this study, I utilize data from the European Bank for Reconstruction and Development's (EBRD) Life in Transition Survey (European Bank for Reconstruction and Development. (2006). Life in Transition Survey (LiTS). Retrieved from https://rb.gy/51rgv), conducted in early 2006. The dataset comprises nearly 27,000 individual observations across 27 countries from Central and Eastern Europe and the former Soviet Union. This unique dataset includes detailed information on both individual employment history and regime preferences.

For the purpose of our analysis, I divide the data into two sub-samples: democratic countries. (N = 18) and non-democratic countries (N = 9). The democratic countries in the sample include Albania, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, and Ukraine. Non-democratic countries consist of Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

While the original study's author does not explicitly state the index or method used for classifying the countries, my research indicates that the classification aligns with the Economist Intelligence Unit's Democracy Index (Economist Intelligence Unit. (2006). Democracy Index. Retrieved from https://rb.gy/8t1h1). The democratic sub-sample encompasses full democracies and flawed democracies, while the non-democratic sub-sample includes hybrid and authoritarian regimes. Notably, Georgia and Ukraine were classified as hybrid regimes by the Economist Democracy Index in 2006. However, the author acknowledges that these countries were on the cusp of democracy and includes them in the democratic sub-sample; I follow the same approach in my analysis.

Methodology and Variables

This study aims to explain regime preferences across 27 countries, focusing on the relationship between socio-economic dependency on the state and support for democracy. To examine this relationship, I employ logistic regression with heteroskedastic-robust standard errors. As the author of the original study noted, including country-fixed effects leads to the incidental parameters problem; therefore, I do not incorporate fixed effects in my model.

Dependent Variable - Democracy

Following the original study author's approach, I measure democracy using two components. The first component, 'democracy support', captures the preference for democracy through a survey question that asks respondents which statement they agree with most: (1) Democracy is preferable to any other form of the political system; (2) For people like me, it does not matter whether a government is democratic or authoritarian; or (3) Under some circumstances, an authoritarian government may be preferable to a democratic one. I code 'democracy support' as one for those who believe democracy is preferable and zero otherwise.

The second component, 'institutional support', measures respondents' beliefs regarding the importance of various democratic institutions, including: (1) free and fair elections, (2) freedom of speech, (3) an independent press, (4) courts that defend individual rights against abuse by the state, (5) equality before the law, (6) minority rights, and (7) a strong political opposition. I code

'institutional support' as one for those who strongly believe that all of the aforementioned institutions are important.

The dependent variable 'democracy' is a product of 'democracy support' and 'institutional support'. Later, I relax the definition of democracy to include individuals who “somewhat agree” that the above-mentioned institutions are important.

Independent Variable - Middle Class

To define the middle class, we adopt the author's approach, identifying middle-class individuals as upper or lower-level managers, professionals, or small-business owners who have graduated from a four-year college or university or have a graduate degree. This study employs a sociological definition of the middle class (Fitzgerald, 2012), rather than an income-based definition, for several reasons.

First, during the early 2000s, official salaries in transition economies often failed to accurately reflect an individual's income due to the widespread presence of informal job markets (Lehmann & Pignatti, 2007). Second, utilizing an income-based definition in post-communist countries could be challenging because corruption was rampant, and people often obtained money from illegal sources, which they might not self-report in surveys. Lastly, social desirability bias might lead some respondents to report higher salaries than they actually earned.

By using a sociological definition of the middle class, I mitigate the potential inaccuracies that might arise from relying on income-based definitions in the context of post-communist countries with extensive informal economies and corruption.

To operationalize the middle class, I code 'education' as one for individuals with a university or postgraduate degree and zero otherwise. We code 'occupation' as one for individuals who fall under three categories: technicians & associate professionals, professionals, and managers, and zero

otherwise[1]. The independent variable 'middle class' is a product of the 'education' and 'occupation' variables.

Independent Variable - State Employment

State employment serves as one of the primary independent variables in this analysis. It is defined as the employment of individuals by local and national governments, state institutions, state-owned companies, or the military.

The variable 'state employment' is coded as one for individuals employed in the state sector and zero otherwise. Furthermore, I create sub-groups of state employment, such as state-employed educators, health professionals, and administrators, to investigate variations in regime preferences among distinct groups.

Independent Variable - State Assistance

In this study, recipients of state assistance are individuals who are beneficiaries of social and welfare benefits. The analysis of cross-national panel data indicates that this group has the highest economic dependence on the state. In most cases, state-provided assistance represents the only income source for those individuals both in democratic and non-democratic countries.

I code 'state assistance' as one for individuals who received state-provided benefits, such as unemployment allowance, social assistance, and disability benefits, and zero otherwise.

Control Variables

To account for differences in regime preferences across age groups, I include age and age squared as control variables. Additionally, I control for gender to account for any potential differences in regime preferences or state employment.

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[1]Although I did not have access to the original study author's code, my decisions regarding data transformation and manipulation were guided by the theoretical definitions set forth in their work.

Descriptive Statistics on Post-Communist Countries

Following the collapse of the Soviet Union and the subsequent transformation of communist regimes in European countries, free market economies and private businesses began to emerge and develop. However, even 15 years after the dissolution of the Soviet Union, the state remained a significant employer in many of these countries.

Figure 1: Average Percentage of Public Employment by Regime Type

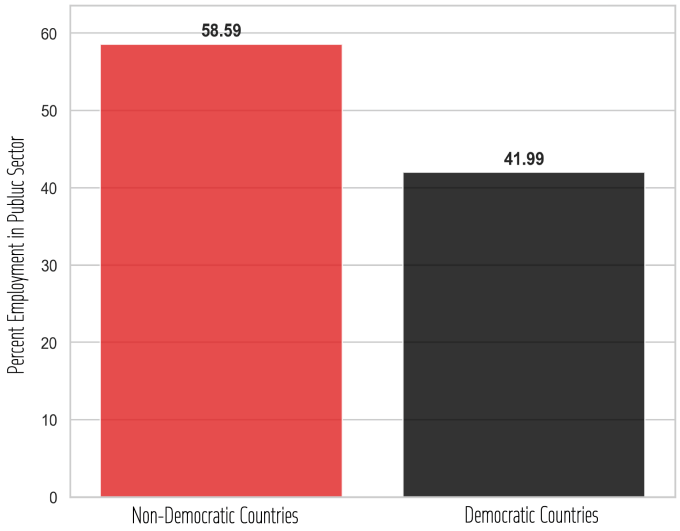


Figure 1 presents the average percentage of public employment in democratic and non-democratic countries in 2006. The data reveals that public employment constituted approximately 42% of total employment in democratic countries, compared to nearly 60% in non-democratic countries.

Figure 2: Share of Public Employment in 27 Post-Communist Countries in Europe and Central Asia

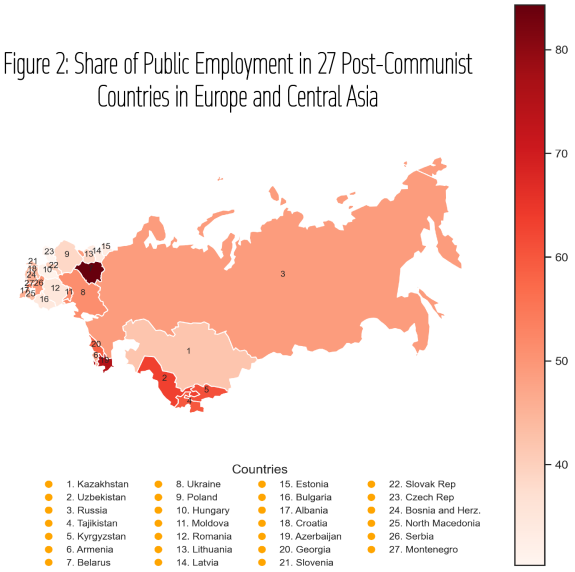
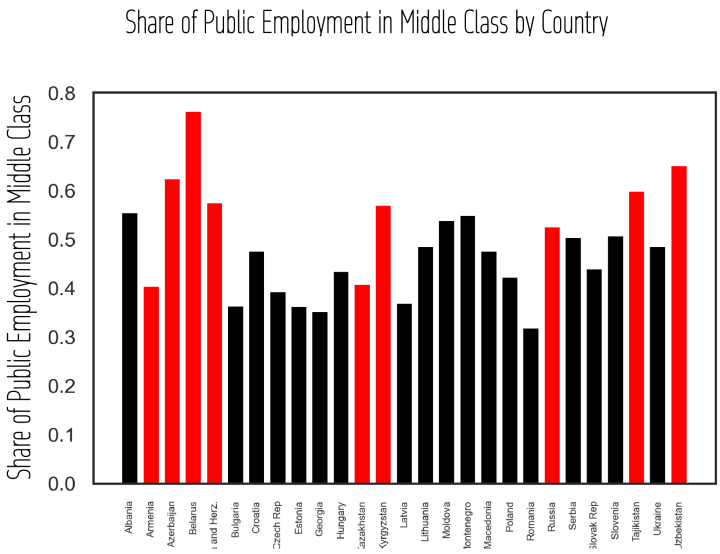


Figure 2 shows the share of public employment in all 27 countries. Among non-democratic countries, Azerbaijan, Belarus, and Uzbekistan exhibited the highest shares of public employment at 75%, 74%, and 63%, respectively. In contrast, the Czech Republic, Hungary, and Latvia demonstrated the lowest shares at 30%, 31.5%, and 33%, respectively. Notably, Georgia and Ukraine, classified as on the verge of democracy in early 2006,

displayed relatively higher shares of public employment at 58.5% and 51%, respectively, compared to other democratic countries.

The reasons for such considerable variations in the shares of public employment among countries are multifaceted. In some cases, such as Georgia, Bosnia and Herzegovina, and Tajikistan (Pomfret, R., 2006), wars and political instability hindered the development of the private sector. In other instances, like Russia, inadequate protections and regulations failed to support a fair and transparent privatization process (Miller, 2018). On the other hand, European Union membership and a relatively stable political environment facilitated private sector development in countries including the Baltic states, Hungary, the Czech Republic, and Poland (Åslund, 2008).

The middle class holds significant importance in the economic and political development of a nation. Understanding the relationship between the middle class and the state in post-communist countries is pivotal, given that public sector employment continued to be a primary means for individuals to achieve certain social and economic status, even 15 years following the dissolution of the Soviet Union.



The data presented in Figure 3 highlights that the middle class relies heavily on public employment in both democratic and non-democratic post-communist countries. However, this dependency is more pronounced in autocratic nations (red bars). For instance, in Belarus, almost one in every eight middle-class individuals works in the public sector. On average, one in every six middle-class citizens is employed by the state sector in non-democratic countries. In comparison, the proportion of middle-class individuals employed by the public sector is relatively lower in democracies, with approximately 40% of the middle class working in this sector.

In autocratic countries, the state often serves as the primary employer for various societal classes, including the middle class. As suggested by the author of the original study, the control of autocrats over public-sector employment serves as a crucial instrument for managing the economic self-interest and loyalty of citizens, particularly among the middle class (Rosenfeld, 2020).

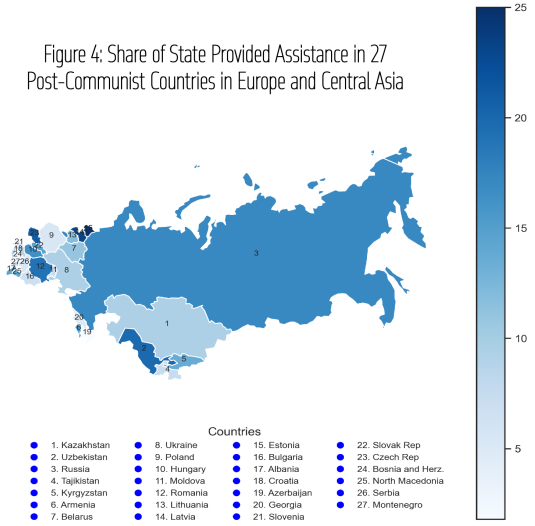


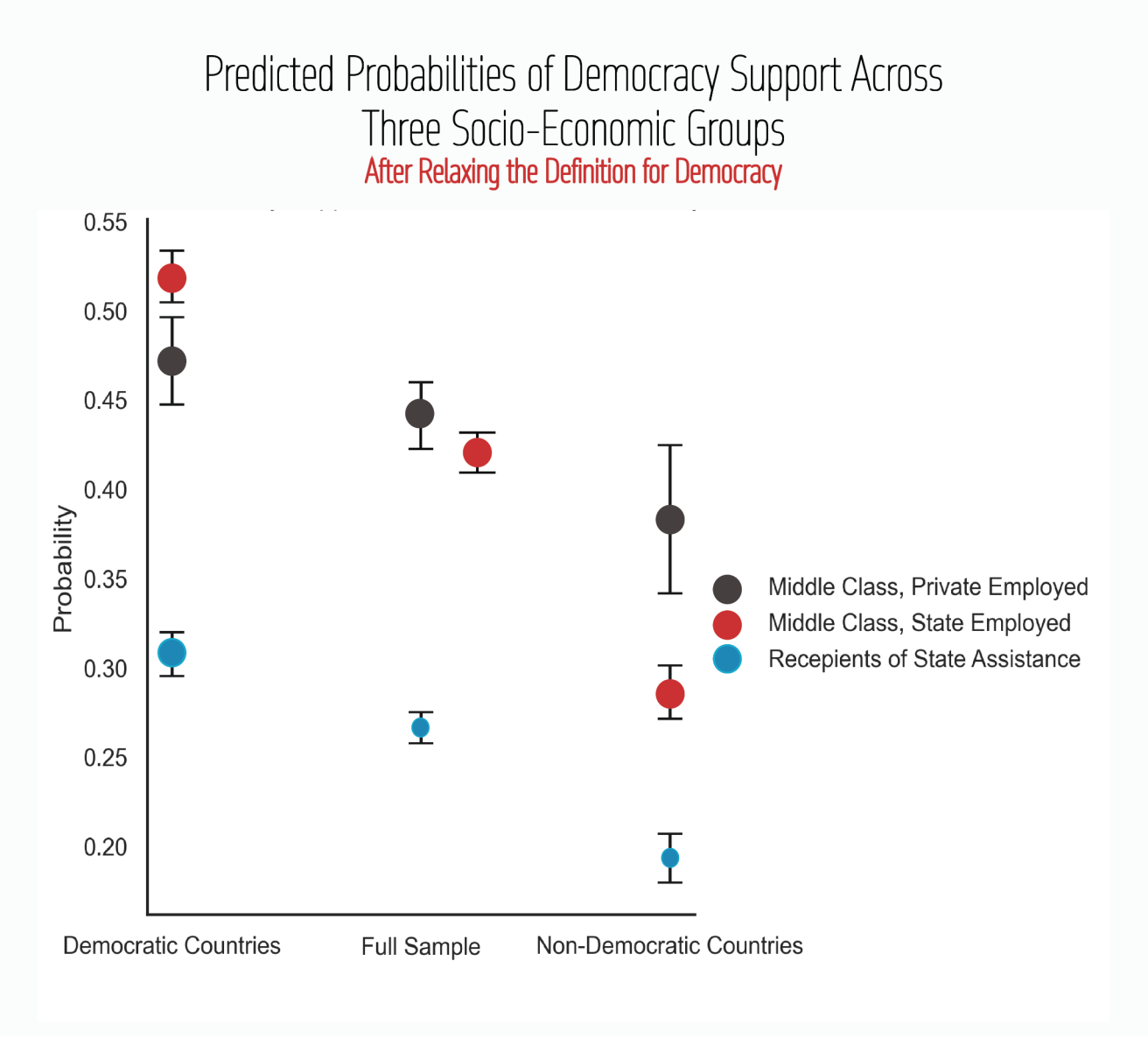
Figure 4 represents the share of state assistance recipients in 27 post-communist countries. The demographic most reliant on the state comprises individuals who receive direct state assistance, including welfare and disability benefits and social assistance. In non-democratic nations, this group represents, on average, 11% of the population, while in democratic nations, the figure is slightly higher at 13.5%. Although there is no significant disparity in state assistance coverage between democratic and non-democratic countries, Eastern European countries, such as Latvia (23%) and Estonia (25%), exhibit higher social welfare coverage compared to the rest of the sampled nations. These countries experienced less severe economic downturns relative to other post-Soviet states, which enabled them to preserve welfare provisions more effectively (Cook, 2007).

Empirical Results

The initial hypothesis of the author posits a correlation between middle-class status and heightened support for democracy (Rosenfeld, 2020). As proposed by the modernization theory, the middle class tends to value stability, predictability, and the rule of law, cornerstones of democratic governance (Lipset, 1959, Inglehart & Welzel, 2005). The theory argues that the expansion of a society's middle class can foster conditions conducive to democracy, such as a diverse and independent media landscape, robust civil society organizations, and an increased demand for

transparency and accountability from government officials. The full sample analysis confirms these predictions of the modernization theory. As illustrated by the middle section of Figure 6[2], the middle class demonstrates greater support for democracy compared to the working class across the full sample.

Previous studies investigating the influence of middle-class status on regime preferences have often treated the middle class as a homogeneous group (Rosenfeld, 2020). However, when



[2] Figure 6 displays predicted probabilities for democracy support based on the relaxed definition of democracy.

examining the impact of middle-class status on democracy support within democracies and non-democracies separately, the narrative evolves. By replicating the author's study, this research demonstrates that the positive relationship between the middle class and democracy diminishes when the middle class's livelihood is closely tied to an autocratic state. The regression results from the non-democratic sub-sample corroborate this theory.

In non-democratic societies, significant and politically consequential differences emerge between the public and private middle classes. As illustrated in the right section of Figure 6, the private middle class shows a markedly higher propensity (by 9 percentage points) to support 'democracy' compared to their public-sector counterparts in authoritarian and hybrid regimes. In fact, we cannot reject the null hypothesis that the actual difference in democracy support between the public-sector middle class and non-middle class is zero even at a 98% confidence interval. The left section of Figure 6 shows that in democratic countries, middle-class support for democracy remains the same regardless of sector.

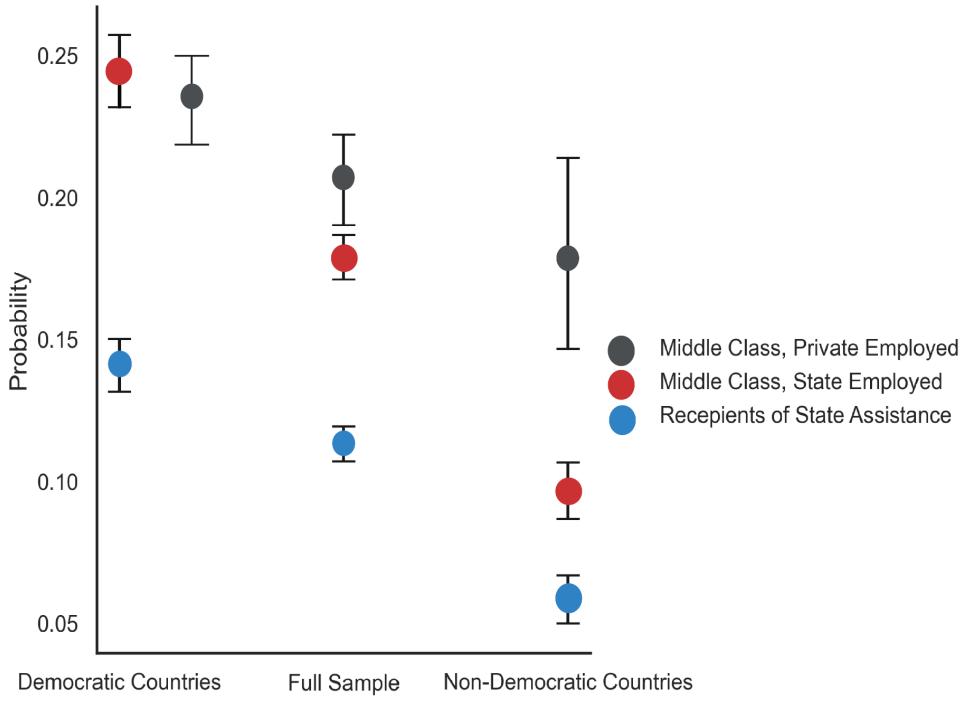
The group most reliant on the state comprises individuals receiving direct state assistance through welfare, disability benefits, and social assistance. Despite this group's relatively small proportion of the total population, it is hypothesized that their support for democracy would be the least among individuals receiving direct financial aid via welfare programs, regardless of whether they reside in democratic or non-democratic nations.

As demonstrated in Figure 6, in both democratic and non-democratic contexts, state assistance recipients are less inclined to support democracy. However, this tendency is even more pronounced in non-democratic settings, where recipients of state assistance exhibit an even lower likelihood of endorsing democracy.

Robustness Checks

In the process of validating the findings of the original study, I have performed several robustness checks, including testing the results with two distinct interpretations of democracy. Figure 7 visualizes the predicted probabilities of individuals showing support for democracy based on a stricter definition of the term. This stricter definition incorporates individuals who prefer democracy as a regime type and also 'strongly agree' with the characterization of institutions as outlined in the preceding sections.

Figure 7: Predicted Probabilities of Democracy Support Across Three Socio-Economic Groups



The outcomes of the study remain consistent even when utilizing this stringent definition of democracy. As anticipated, the overall probabilities are higher when the analysis is carried out using a more lenient definition of democracy. However, the trends and correlations observed remain the same irrespective of the definition used.

In the context of non-democratic states, the difference in democratic support between the middle classes of the public and private sectors is highly significant. It was observed that middle-class individuals employed in the private sector were more inclined to show support for democracy compared to their counterparts in the public sector.

On the contrary, within democracies, there was no discernible difference in the level of support for democracy between the middle classes of the public and private sectors. The level of democratic support was roughly equivalent across sectors.

In both democratic and non-democratic societies, it was found that individuals receiving state aid were less likely to express support for democracy when compared to other groups. This pattern was consistent regardless of the country's regime type.

Another critical aspect of my robustness checks involves testing for selection bias. It's critical to verify that individuals with less democratic views are not self-selecting into state careers. If such a phenomenon were taking place, it would indicate an omitted variable bias - an additional, unaccounted-for explanation, driving the diminished support for democracy among state employees.

For instance, consider an individual who is less supportive of democracy due to their struggle with the changes in the political and economic systems. If this same individual opts for state employment as a tool for securing financial stability, their skepticism towards democracy could be attributed to the personal challenges they face during transitional periods, rather than their employment in the state sector.

To investigate the potential issue of self-selection, I have emulated the original author's methodology to verify if the weakened support for democracy is prevalent across subgroups within the public sector middle class. More specifically, I hypothesize that certain public sectors professions, such as civil servants, military personnel, and employees in various security apparatuses, are more likely to be politically motivated in their career choice compared to educators or medical professionals.

Figure 8 clarifies this point further, illustrating that all three sub-categories of the state-employed middle class - civil servants/military personnel, healthcare professionals, and educators - are less likely to express support for democracy compared to their counterparts in the private sector middle class. This finding indicates that the phenomenon of decreased support for democracy isn't isolated to a specific subgroup but is rather a characteristic of state employment in general.

These results reinforce the notion that the decreased democratic support among state employees isn't merely a result of self-selection. Instead, it suggests an intrinsic relationship between state employment and democratic views, shedding more light on the complex dynamics of political preferences among different employment sectors.

Discussion and Interpretation

The near monopolization of middle-class employment by the state, particularly in authoritarian countries, has necessitated individuals seeking financial stability and benefits to work for the state. Consequently, this has often led to a loyalty towards the authoritarian state amongst these individuals. This heavy reliance on state employment stymied the formation of a self-aware, democratizing middle class (Rosenfeld, 2020).

Following the collapse of the Soviet Union, many post-communist countries experienced accelerated economic growth about a decade later. Throughout the '90s and early 2000s, the private sector was relatively underdeveloped and played a minor role as an employer. As a result, the growth and development of the middle class were intimately linked with public-sector employment. Although in many countries, public sector wages were comparable to or even lower than those in the private sector, official income only paints a partial picture, especially in the post-communist context.

In many instances, state sector employees were privy to significant material and social benefits, over and above their base salary, often dispensed informally (Lebedeneva, 2007). In some cases, state employment even conferred privileges and various degrees of legal immunity. With this near

monopolization of middle-class employment, an authoritarian state could effectively ensure the loyalty and support of key middle-class constituents.

This connection between the state and the middle class was particularly pronounced in non-democratic countries where small businesses and private enterprises were least developed. This underdevelopment was often attributed to rampant corruption, an ineffective judiciary system, and an overall unstable political and economic environment fraught with uncertainties.

However, the demographic most reliant on the state comprises individuals who receive direct state assistance, such as welfare and disability benefits, as well as other forms of social aid. Despite this group representing only a small segment of the overall population, regression analysis has highlighted a lower likelihood of democracy support within this demographic, a trend especially pronounced in non-democratic nations. There are various potential explanations for this observation.

A substantial volume of academic literature posits a clear link between the economic performance of mature, post-industrial democracies and the satisfaction levels with democratic institutions (Kitschelt, H. 2002). If this hypothesis holds true, it's reasonable to expect that individuals who have found limited success in the new economic framework might attribute their struggles to the democratic system itself.

In fact, recipients of state welfare programs reported lower life satisfaction levels (32%) on average compared to other socioeconomic groups (51.8%). The shift from a highly redistributive communist system to an open market economy necessitated significant adaptations to a new economic, social, and political landscape. Despite more than two decades of stagnation preceding the Soviet Union's collapse, the living standards of its citizens remained relatively stable (Miller Chris, 2016). Accustomed to a certain degree of stability and comfort, the drastic economic downturn that followed the collapse, as evidenced by the official statistics of nearly all post-communist states, was a jarring experience for many. It's plausible that individuals who found it challenging to navigate the new system and achieve economic success may have attributed their difficulties to the democratization efforts or attempted democratization.

Another potential explanation could be tied to the redistributive implications of democratization. Generally, it's assumed that higher levels of democracy correlate with broader redistribution efforts and the promotion of equality (Boix & Stokes, 2003). However, post-Soviet citizens may anticipate that the rise of democratic forces would result in reduced redistribution. As such, the diminished support for democracy might be driven by concerns that increased democratization might lead to cuts in welfare programs.

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