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Democratization and Hybrid Regimes

Comparative Evidence from Southeast Europe

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Despite the central place of democratization studies in comparative politics, scholars still lack both theory and empirical evidence to understand institutional change in hybrid regimes (characterized by a collapse of one authoritarian regime and failure to transition to a consolidated democracy). This article makes a contribution to the emerging study of hybrid regimes by developing a middle-range theory for a medium-*N* set of previously neglected cases in Southeast Europe. It theorizes institutional change as a process initiated by the elites in power but then either accelerated or hampered by structural factors. After decomposing the effects of state capacity, opposition, and international influence in this dynamic and focusing on the process rather than the outcome, it is possible to refine the standard assumptions of democratization paradigm. The study finds that a strong state, a united opposition, and Western assistance can help authoritarian-leaning governments consolidate their coercive power.

Keywords: *democratization; institutions; dictatorship civil war; Balkans; former Yugoslavia; Bulgaria; Romania; Albania*

1. Introduction

The prevalence of authoritarian regimes and of unconsolidated democracies remains unexplained and understudied in comparative politics.¹ By Geddes's count, of the eighty-five authoritarian regimes that fell in the so-called third wave of democratization, thirty-four resulted in new dictatorships, eight resulted in mixed regimes, and four descended into war.² The situation is even more strident in the post-communist world, where the fall of communism was more likely to result in the rise of authoritarian and hybrid regimes than in the consolidation of democracy.³ This article addresses the puzzle of these hybrid regimes by introducing a theoretical

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reconsideration of structural factors underpinning institutional change both toward and away from democracy and by expanding our empirical understanding of the understudied cases of democratization in Southeast Europe from 1989 to 2002.

I present a middle-range theoretical model of strategic institutional change, constrained by domestic and international structures. In doing so, I follow a call to reconsider the role of the state and international community in structuring strategic elite competition. In particular, the starting point is the identification of state capacity, opposition, and international influence, studied by Levitsky and Way, as potential determinants of regime transition across cases from regions as different as Eurasia, Africa, and Latin America.⁴ I argue that the elite group in government (either a political party or a leader) makes a strategic decision whether to pursue institutional change toward democracy or toward autocracy. Once the government heads in one of the two directions, the success of its efforts depends on structural variables. High state capacity accelerates the change, and international influence has the same impact either directly or through enhancing state capacity. A strong and effective opposition serves as a decelerator, thwarting the institutional movement on which the government embarks. The most important contribution of this explanatory model is that it can account for the surprising role of strong state, high international influence, and strong opposition in consolidation of both democracy and authoritarianism.

I rely on three methodologies to conduct the empirical inquiry into causal relationships set out by the model: (1) crisis as a unit of analysis—an approach following in the tradition established by the work of Linz and Stepan,⁵ and later Kelemen and Capoccia,⁶ (2) a focus on the process of institutional change rather than simply an outcome, and (3) a medium-*N* pool of cases that maximizes our ability to draw inference from in-depth case studies.⁷ This article combines quantitative indicators on transition economies with qualitative data from the Human Rights Watch and field interviews.

In sum, the results demonstrate that strong states may contribute to both authoritarian and democratic consolidation. The effects of state capacity depend on what party holds power, most importantly on whether it is a communist successor party and/or other hegemonic party. Second, the international community—particularly the United States and the European Union—played a significant role in locking in the direction of institutional change. But high international influence does not directly translate into more democracy: The West influenced Slovenian, Romanian, and Bulgarian transitions positively by opening an offer of EU membership. In contrast, Western influence in Serbia, Croatia, and Bosnia often led to authoritarian consolidation. The more foreign direct investment (FDI) a country received, the less likely was it to switch its direction of institutional change.

Third, the evidence also rejects a common assumption that a strong and unified opposition, together with high popular mobilization, would promote democratization.⁸ A highly divided yet highly mobilized opposition could not move Serbia toward democracy, while in Bulgaria a divided opposition created opportunities for

frequent incumbent turnover. In Croatia, Montenegro, and Bosnia-Herzegovina, opposition fractionalization contributed to political plurality and more effective party competition—but only after half a decade of setbacks to democratization engineered by nationalist and communist succession parties. In all, strong opposition—just like FDI—may lock in the direction of institutional change already in place rather than favor the democratic direction.

The following three sections in turn develop a middle-range theory of institutional change and discuss methodology and case selection (section 2); analyze the evidence on state capacity, opposition structure, and international influence on institutional change in our nine cases (section 3); and conclude (section 4).

2. A Middle-range Theory of Institutional Change

This article does not aspire to create a general theory of all forms of institutional change and subscribes to a methodological view that a middle-range theory is the most useful because it can illuminate our case histories and suggest further hypotheses to be tested in contexts beyond our own cases.⁹ I focus the model on strategic action of the elites and on these three structural variables to address two outstanding puzzles of the democratization theory: the interaction between agency and structure and the undertheorized category of hybrid regimes.

The first puzzle is the question of the relative importance of structural factors and political agency in explaining democratization.¹⁰ The emerging theoretical and empirical consensus points to an interaction effect between structural conditions (level of development necessary for regime survival) and strategic action by political actors (decision to make rewards and punish competitors within and outside the regime). Elites' competition is constrained by state resources, which serve both as instruments and as rewards for actors competing over their distribution.¹¹

This study is not satisfied with the progress made since the "return of the state" to democratization studies. Recent studies have refocused attention on the importance of a functioning state for the process of transition as well as a more theoretical and methodological focus on the process of political development over time rather than formal regime turnover.¹² But in terms of theory, we have very little beyond a conclusion that the state, fulfilling its legal and social responsibilities to citizens, is important and that democratization is virtually impossible in failing states.

The second theoretical concern is the puzzle of hybrid regimes. I define these regimes to result either from liberalization of authoritarianism or from setbacks to democratization following a regime turnover.¹³ The attribute hybrid then concerns the quality of having some minimal resemblance of democracy, most commonly multiparty elections, but lacking other qualities of democracy—ranging from at least one peaceful turnover of power between parties through electoral defeat of the incumbent, to having a free press, to ensuring a full set of political and civil rights.

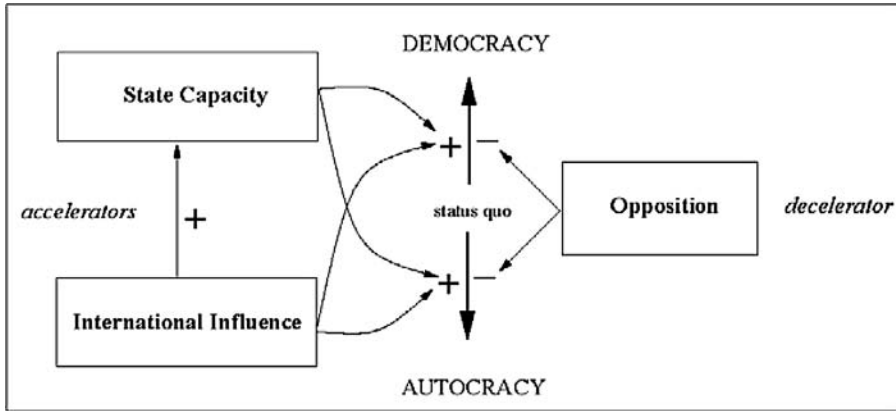
The noun *regime* signifies a set of rules of the game by which elites compete; in this view regimes are not always static, and the extent to which they are democratic or authoritarian changes gradually over time. The definitions introduced here allow us to analytically separate regimes from states and state capacity and consider the nature of regimes even when state boundaries are not fixed. Given these definitions, the particular theoretical challenge is to explain regime paths toward both authoritarianism and democracy.

This article's first important theoretical and methodological innovation is to examine the path of institutional development instead of only the outcome. I operationalize institutional change as observations of a regime response to a crisis of survival.¹⁴ The choice of this dependent variable reflects two important features of regimes in transition: they all hold some form of elections, however unfair, and to stay in power these regimes need to respond to interelectoral challenges to their survival. This inherent uncertainty that defines formally democratic regimes can therefore be conceptualized by two types of challenges to incumbent survival—regular elections and crises between election times.¹⁵ This methodological approach places two important features of minimalist democracy (reliance on elections and on competition of elites) into a richer theoretical framework associated with Dahl's polyarchy,¹⁶ as well as with strategic models of regime survival.¹⁷ By focusing on the institutional path, this article also shifts the theoretical focus from studying authoritarian breakdown to studying the dynamic process of repeated interaction between the government and the challengers in what may or may not result in consolidation of democracy.

Next, conditional on the strategic decision of elites to pursue institutional change, the outcome predicted by this new model depends on three sets of structural factors. As illustrated in Figure 1, the structural factors either accelerate or decelerate the extent of institutional change pursued by strategic actors.

Now I describe how the success or extent of institutional change depends on these structural factors: state capacity, opposition structure, and international influence. In the model introduced, strong state capacity serves as a resource for elites to implement institutional change. The underlying mechanism depends in part on the distinction between infrastructural and coercive state capacity.¹⁸ The presence of both types of state capacity opens up opportunities for elites to use the state for their strategic goals; hence, an authoritarian-leaning government will use coercive state capacity to increase repression, while a democratizing government will use the infrastructure for provision of public goods. But in addition, both theory and evidence suggest that state capacity itself is shaped by elites and parties using the state to increase their power resources and bargaining power in the political arena.¹⁹ Hence, where classical models of democratization suggest that strong state is necessary for democratization, our model predicts that strong states allow regimes to consolidate their power and push through institutional changes be they democratic or autocratic. Strong states may be expected to retard democratization by helping elites consolidate an increasingly more authoritarian form of rule.

Figure 1
Causal Determinants of Institutional Development,
Conditional on Elite-initiated Direction of change



Second, when it comes to opposition, the new model also makes a different prediction from the standard democratization theory. When the elites decide the direction of institutional change, an opposition can serve to block a change in the direction of either democracy or autocracy. Beyond acting as a simple decelerator, the nature of the party cleavages within the opposition also plays an important role in influencing institutional change. The logic of party competition suggests that with a single party in the government and a single strong opposition party, we are likely to observe the parties converge on the median voter. While this spatial model is highly stylized, it does point to the danger of assuming a priori that having a strong opposition will result in implementation of policy that is very different from the incumbent—a point of key importance if institutional change itself is the policy in question. Sociological theories of party formation point to the necessity of multiple cleavages for successful democratic party systems.²⁰ The sociological theories of party formation hold a direct theoretical link to the importance of a mobilized opposition and formation of robust competitive public sphere for long-term stability of party systems under democracy. Divisions within the opposition elite can allow for several leaders and parties to emerge, increasing political competition and ultimately facilitating long-term party formation. Through competition, parties can formulate their programs, and some opposition leaders can emerge as more successful than others, and having acquired experience and credibility, they can more successfully challenge the incumbents. Considering the strategic interaction between the government and the challengers in these hybrid regimes, it becomes more difficult for an

incumbent regime to negotiate and control a divided opposition. By developing their own independent party platforms and core supporters, opposition parties gain credibility and can serve as an obstacle to the government's attempts to capture state capacity.²¹ A divided opposition can serve to provide for more political pluralism and, therefore, for a more diverse market of political loyalties among those who are dissatisfied with the regime in power. This plurality of political interests is, after all, the key to Dahl's theory of polyarchy.²²

The third structural component of our model, international influence, functions by directly accelerating the elite efforts to change institutions or by helping build state capacity to provide resources for such a change. By international influence, I consider U.S. and European foreign policy, the role of EU membership negotiations, and the role of international organizations such as the United Nations and NATO. The model introduced clearly identifies how international influence can both retard and promote democratization. The prediction is that foreign support for elites accelerates the institutional change already in place either by directly supporting them financially or enhancing their credibility, or by fostering state capacity that in turn provides resources for institutional change.

Next, the new model explicitly considers the endogeneity of these structural variables. In consolidating their power, regimes need to consolidate state institutions as well. Leaders can be expected to build up elements of the state apparatus that further their interests and promote their intended institutional reforms. Through strategic interaction with their challengers, incumbents also help create and dissipate divisions within the opposition. International assistance, most notably from the International Monetary Fund (IMF) and the World Bank, is highly conditional on very specific reforms. The United States has a long history of making its support politically conditional, and the European Union has extremely stringent requirements for assistance to its neighbors through negotiation of potential EU membership. Where statistical analysis would be complicated or impossible, our quantitative medium-*N* analysis is designed precisely to illuminate the role endogeneity plays in our theory of institutional change.

Focusing on the nine cases of former Yugoslav republics, Romania, Bulgaria, and Albania raises important case selection questions. Placing countries with as varied historical legacies as Albania and Slovenia into the same category requires a few words of explanation. The selection was entirely regional, avoiding the well-established empirical practice of incrementally expanding the well-studied sample of Hungary, Poland, and the Czech Republic. Instead, the selection is motivated by the fact that these cases are comparable in the sense that they all started their transition to democracy between 1989 and 1991 with the collapse of one-party socialism and that in each country the incumbent governments faced challenges to their survival through formal elections and interelectoral crises. All nine cases today find themselves far more democratic than at the start of the transition. However, while the cases are comparable in the sense of similar starting and ending points, and the challenges they

encountered in their political and economic reforms, there is no selection on the dependent variable. The paths that the nine cases took in their decade-long transition varied greatly, from a slide to extreme authoritarianism in Serbia, to state collapse in Albania and Bosnia, to early signs of democratic consolidation in Slovenia. Hence, the hope is that analyzing some of these differences can help us discern the shape, and the factors influencing, the divergent regime paths taken by the nine countries.²³

In sum, the theoretical model employed here focuses on crises that threaten survival of incumbent regimes—both at times of regular elections and through open challenges to regime authority between election times. The so-called transitional regimes can move either toward democracy or toward autocracy, and this direction is determined by a strategic decision of the elites in power. I measure the direction of institutional change by observing the effects of regime response to crises of their survival. In addition to interelectoral crises, elections provide a possibility for movement in either direction, especially when incumbent turnover occurs. However, once the elites embark on a path of institutional change, high state capacity and high international influence both accelerate institutional change in place. Strong states enable regimes to consolidate their power more efficiently either through building democratic institutions or by exploiting the authoritarian instruments of the communist past. The model predicts international influence to be able to create particular incentives for democratization, in addition to being able to ensure survival of authoritarian regimes if assistance is (often misguided) provided to elites that obstruct democratization.

Finally, our model predicts that a strong opposition can serve to hamper the elite's reforms and, if successful, stop or reverse the progress of institutional change.

3. Comparative Evidence

I now examine the effects of state capacity, opposition structure, and international influence on government responses to electoral and interelectoral crises. The nine cases are all six republics of the former Social Federal Republic (SFR): Yugoslavia (SFRJ), Albania, Romania, and Bulgaria.²⁴ Regime transition in the nine Southeast European political systems was helped, if not initiated, by the exogenous shock of the collapse of communism and Soviet power in Eastern Europe and consequently in the USSR itself.²⁵ By 1991 all nine held multiparty elections and officially committed to some form of a dual transition to a market economy and a democratic system of government. Yet from the very beginning, the transition paths of the nine entities diverged. Figures 2 and 3 indicate the divergent patterns of change in political rights and civil liberties in the eight countries, lumping Serbia and Montenegro under FR Yugoslavia, as measured by the Freedom House. Except for Macedonia, where initial improvements were reversed in 2001–2002, countries' scores improved over the period. Bulgaria, Romania, and Slovenia indicate a steady improvement,

Figure 2
Changes in Political Rights (FH Scores)

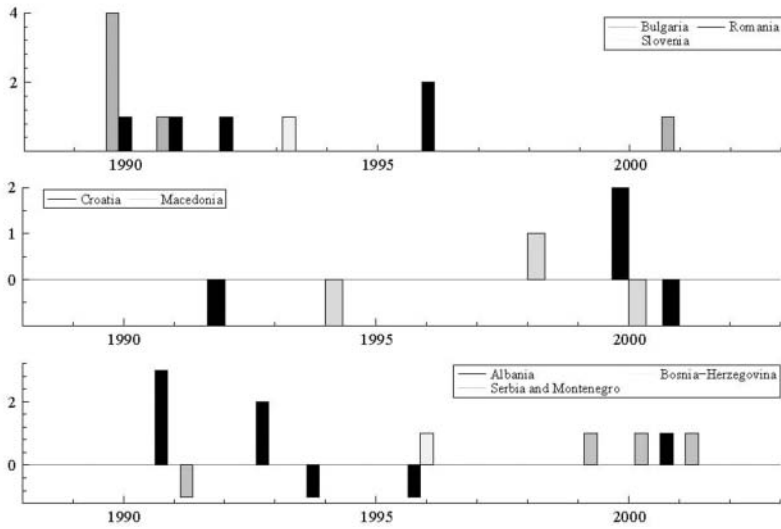
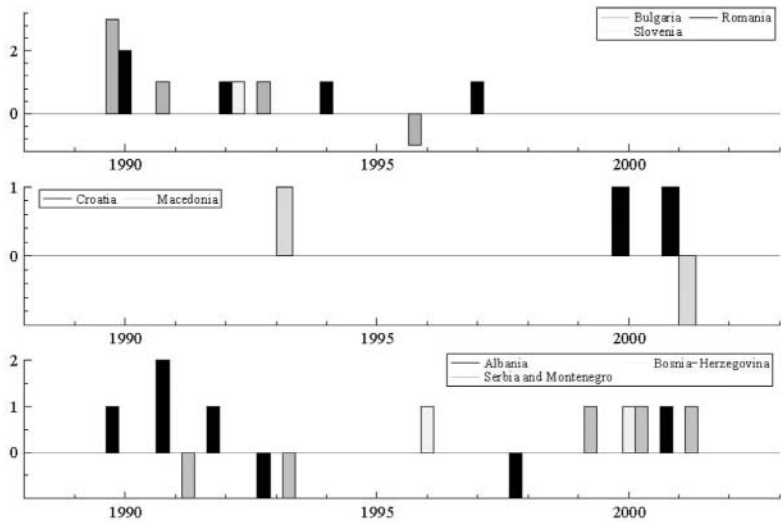


Figure 3
Changes in Civil Liberties (FH scores)



while Croatia, FR Yugoslavia, and Albania suffered both serious setbacks and improvements. Bosnia-Herzegovina shows little change because of a protracted civil war and the low initial score on both civil liberties and political rights.

The nine polities took divergent paths despite the nearly simultaneous collapse of state socialism in the Balkans and many similarities at the endpoint of the first decade of the transition. To examine the divergent directions of transition, I focus more closely on incumbent turnovers and interelectoral crises as the dependent variable of interest.

Turnovers and Crises

Table 1 identifies parliamentary and presidential incumbent turnovers in the nine cases. (Political party performance in the context of opposition is discussed below.) The starting incumbent turnover ranges from an all-out revolution in Romania; to anti-communist government in Slovenia; to a rise of extreme nationalists in Serbia, Montenegro, and Croatia; to slow reform within socialist ranks in Bulgaria, Macedonia, and Albania; to radical nationalism and state failure in Bosnia-Herzegovina. After the initial change, Bulgaria experienced most frequent incumbent turnovers, while Serbia and Slovenia experienced the fewest. Of the incumbent turnovers that did occur after 1991, only the 1992 victory of the Albanian Democratic Party (ADS) led to a more autocratic rule. All other post-1991 turnovers led to further democratization. This is highly influenced by the fact that a majority of incumbent turnovers are associated with socialists being forced out of office. When they succeed in regaining office as they did in Romania, Bulgaria, and Macedonia, the turnovers also resulted in democratic change.

Interelectoral crises, the second type of threats to government survival, provide a closer look at the transition path in the nine cases.²⁶ The data indicate that governments in Albania, Bosnia-Herzegovina, Croatia, and Serbia all were more likely to respond to a crisis in a way that lead to a deterioration of democracy and a slide to a more autocratic rule. The government's response to crises was equally likely to lead to nondemocratic as to democratic changes in Romania and Macedonia. Only in Montenegro and Slovenia did government response to interelectoral crises promote democratic reforms. While these generalizations are true over the entire 1989 to 2002 period, response to crises changed dramatically over time and after incumbent turnovers. For example, in Bosnia-Herzegovina, Serbia, Montenegro, and Croatia, government responses to crises changed dramatically after the incumbent turnovers when more liberal parties replaced the nationalist leaders.

The type of crises that different governments faced also ranged widely across the sample. In Bosnia-Herzegovina, the main challenges were all-out state failure, civil war, and ethnic conflict. Albania also had to deal with massive state failure and breakdown of order. In Croatia the government was faced with lack of control over 30 percent of its territory in the early 1990s and Serbian ethnic minority demands

Table 1
Incumbent Turnovers in Southeast Europe, 1989–2002

Country	Year	Old Government	New Government	Direction of Change
Albania	1991	Communist (APL)	Socialist (APL/PSS)	Autocratic ^a
	1992	Socialist (APL/PSS)	Democrat (ADS)	Autocratic
	1997	Democrat (ADS)	Socialist (PSS)	Democratic
Bulgaria	1990 ^a	Communist	Socialist (BSP)	Autocratic ^a
	1991	Socialist (BSP)	Liberal (SDS)	Democratic
	1994	Liberal (SDS)	Socialist (BSP)	Democratic
	1997	Socialist (BSP)	Liberal (SDS)	Democratic
	2001	Liberal (SDS)	Liberal (Simeon II)	Democratic
Croatia	1990 ^a	Communist	Nationalist (HDZ)	Autocratic ^a
	2000	Nationalist (HDZ)	Soc-Democrat (SDP/HSLs)	Democratic
	2002	Soc-Democrat (SDP/HSLs)	Soc-Democrat (SDP)	Democratic
Macedonia	1991 ^a	Communist	Socialist (SDSM)	Democratic
	1998	Socialist (SDSM)	Nationalist (VMRO-DPMNE)	Democratic
	2002	Nationalist (VMRO-DPMNE)	Socialist (SDSM)	Democratic
Montenegro	1991 ^a	Communist	Socialist (DPS)	Autocratic ^a
	1998	Socialist (DPS/SNP)	Liberal (For a Better Life)	Democratic
Romania	1989	Communist	Socialist (FSN)	Democratic
	1996	Socialist (PD-FSN)	Conservative (CDR)	Democratic
	2000	Conservative (CDR)	Socialist (PDSR)	Democratic
Serbia	1990 ^a	Communist	Socialist (SPS)	Autocratic ^a
	2000	Socialist (SPS)	Democrat (DOS)	Democratic
Slovenia	1991	Communist	Liberal (DEMOS)	Democratic
	2002	Liberal (Kucan)	Liberal (Drnovsek)	Democratic

a. Indicates the first multiparty election that officially ended the communist rule only by a defeat of the communists' opposition and staying in power of formerly communist parties, with little or no change in party leadership pre-1990.

during the entire period. Just like Croatia, all other countries, except Slovenia, had to deal with substantial ethnic minority demands. The response varied widely from accommodation of demands in Macedonia, Montenegro, and Romania (late 1990s) to discrimination and violence in Serbia, Bulgaria, and Romania (early 1990s).²⁷ After Milo Djukanovic's victory, Montenegro faced unique problems of dealing with both authoritarian and democratic control from Belgrade. Toward the end of the decade, corruption and organized crime emerged as leading challenges to effective government from Albania to Romania. Finally, no country was immune to popular protests—often including mass street demonstrations, strikes, and even violence—but different countries responded differently. Although Bulgarian governments often suppressed protests with little consideration for the protesters' political rights, the long-term impact of those actions was frequent incumbent turnover and democratization through the formal institutional channels. In Bulgaria, the instability was compounded by a total redirection of trade (following the fall of the Soviet Union, who was its main export partner), an increase in corruption, and the 1986 crash of

the banking system. In contrast, protests in Serbia and Croatia produced little change during Franjo Tudjman's and Slobodan Milosevic's rules.

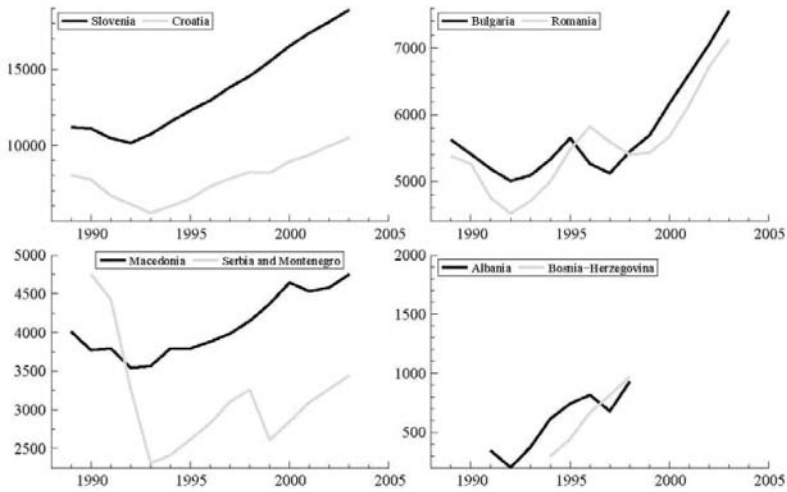
State Capacity

What is important for observation and inference regarding state capacity is the identification of the institutional mechanisms a government uses (or can use) both to provide public goods and to ensure its survival. Real GDP and economic growth are good quantitative measures of state capacity not because they capture all dimensions of it but because they allow us to identify drastic changes and sharp contrasts in state capacity. (Note that in most large-*N* studies of developing countries, for example, the studies of civil war by the World Bank and almost all political scientists, GDP is often taken to be the only indicator of state capacity.²⁸) The real GDP per capita data (Figure 4) indicate that there were two significant falls in output. The initiation of the transition was characterized by a drastic fall in output, especially in the industrial sector, and this was also accompanied by increased unemployment and a major cut in the supply of social services.²⁹ All countries except Slovenia and Macedonia experienced the second economic downturn between 1996 and 1999. Bulgaria, Romania, Serbia, and Albania were particularly hard hit by the second downturn. The drastic changes in the rate of economic growth are a particularly clear illustration of these crises (Figure 5). As we have seen in the case of the Serbian economic collapse in 1993–1994 and 1999, a government that is deprived of the mechanisms to award supporters and punish dissenters is likely to respond to state crises with violent and even desperate measures. This was definitely the case in Albania after the collapse of high-risk investment schemes that led to complete anarchy. The long-term effect of these crises in Bulgaria, Albania, and Romania was a change in government.

In addition to drastic changes in government output, state budget figures also show some indication of change in state capacity (here it is necessary to go beyond looking only at GDP). In Figure 6, we can see the dramatic effect of the second crisis on the Bulgarian state budget. The changing state expenditures in all cases show that economic downfalls have immediate and tangible effects on state spending in major areas such as police and military, pensions, education, health, infrastructure, and so on. Figure 6 also demonstrates the very high budget as a proportion of GDP in Slovenia and Croatia. The differences in budget revenues and expenditures in most cases can be assigned reasonably to the inability to meet budget needs, poor ability to collect taxes, high corruption, or some combination of these and other factors.

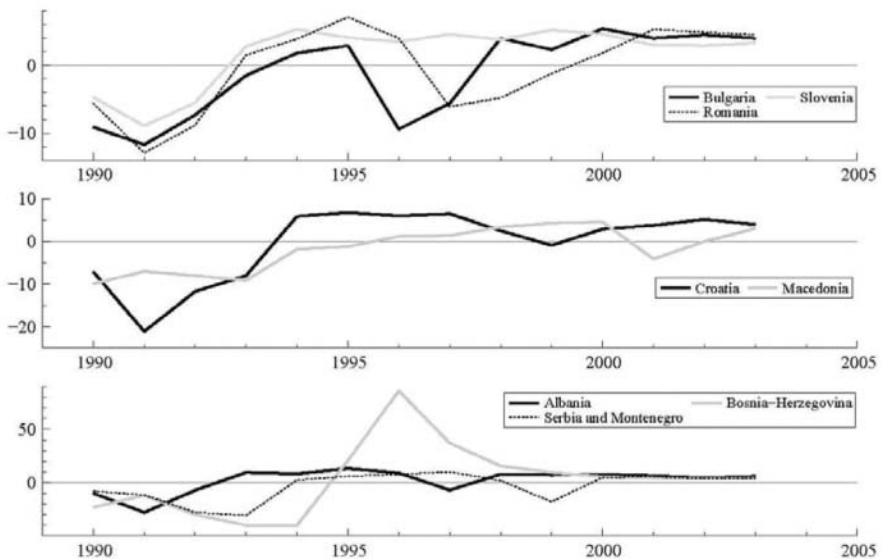
In addition to the economic measures of state capacity, another important indicator is the size, composition, and character of the state police (this is an illustration of additional dimensions of state capacity largely ignored by large-*N* quantitative work). In 1995, Romania had only 165 police officers and 18 civilian policemen per 100,000 people, while the same numbers for Slovenia were 260 and 157, for Albania 315 and 35, for Macedonia 353 and 119, and for Croatia 483 and 145. Running and capital costs for the Croatian police in 1995 were 8.759 million ECU per 100,000

Figure 4
Real GDP (PPP US\$ at 1996 Prices) per Capita



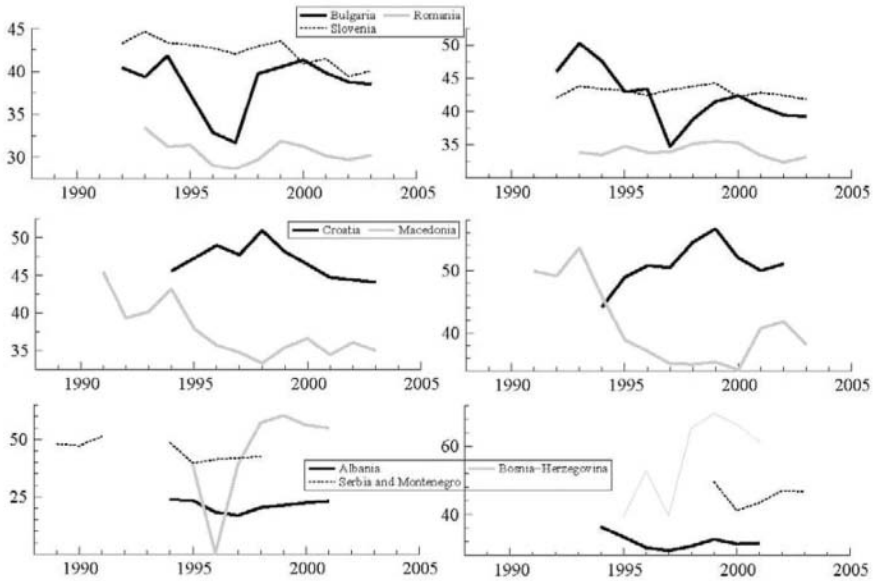
Source: GIU, data for 2002 is estimated, for 2003 forecast. EBRD Transition Report is the source for Albania and Bosnia-Herzegovina. EBRD estimates are lower and not directly comparable with EIU data.

Figure 5
Growth as % GDP



Source: GIU

Figure 6
State Budget Revenue (Column 1) and Expenditure (Column 2) as % GDP



Source: GIU

people. The same costs in Slovenia were 2.122 million ECU and in Romania only 591,000 ECU.³⁰ The limited data correspond with GDP data and state budget data, illustrating a relatively higher state capacity in Croatia and a lower state capacity in Romania and Albania. In the case of Slovenia it is likely that the relatively high living standard accounts for the large police force expenditure, and the lower proportion of police officers per capita indicates that high state capacity in Slovenia may mean that the money is being spent on delivery of services other than police protection.

The different nature of the communist regime in the nine countries is also to be credited with differences in state capacity. Bulgaria, Romania, and Albania were more closed and oppressive regimes than any of the Yugoslav republics prior to 1990. Of the three, Bulgaria was the least committed to dismantling the old oppression apparatus, and police brutality (especially in response to public protests and minority demands) remained a big obstacle to democratic reform throughout the transition. Following the fall of communism, the Albanian government did much to dismantle the secret police of Enver Hoxha, first through reserved steps of the Socialists (PSS) and then following the victory of the Albanian Democratic Party (PDS) in 1992. The dismantling of the Stalinist state and lack of progress on building democratic institutions cost PDS dearly when it failed to maintain any resemblance of public order following the collapse of high-risk investment schemes in

1996–1997. As late as 2000, Tirana failed to regain control over the northern and eastern mountainous regions of the country.

Despite having a more oppressive regime than Bulgaria, Romania managed to escape the kind of dependence on police brutality that dominated the Bulgarian governments' struggles for survival. Following the revolution, the Securitate in Romania was purged and many police replaced despite lingering political problems over reconciliation and trials for crimes committed during Ceausescu's regime. The overall low level of state capacity was apparent in Iliescu's reliance on miners to quell the Bucharest protests in 1990 as well as failures to control local clashes between nationalists and the Hungarian minority. In Macedonia, the relatively low level of state capacity contributed to the government's willingness to negotiate with Albanians from the very start. As Albanians make up more than 20 percent of the country's population, the only feasible way for the Macedonian government to prevent the kind of violence that unfolded in Kosovo and Bosnia was to include Albanians in the government from the very beginning. When armed conflict emerged between the National Liberation Army and Macedonian police, the fact that Albanians were already part of the political institutions made resolution of the conflict much easier.

State capacity in Bosnia-Herzegovina was nonexistent following the *de facto* partition of the country into three parts in 1992. The resulting civil war prevented any kind of democratic change, which unfolded only after imposition of the UN protectorate over the country and top-down implementation of basic state institutions from the judiciary and police to elections. Croatia, Slovenia, and Montenegro faced the challenge of constructing their state police and military from the remains of the old Yugoslav state apparatus. Croatia was the quickest to arm its newly formed Ministry of the Interior in 1990–1991, in response to a growing threat from the Serb minority and the Yugoslav military still in the country. To recapture close to 30 percent of its territory occupied by Serbs from 1991 to 1995, the government of Franjo Tudjman massively increased state capacity by building a modern military, including training support from the United States. Montenegro relied heavily on Serbia throughout its transition but was forced to start developing its own state capacity after the election of Milo Djukanovic's coalition "For a Better Life." An economic embargo from Belgrade pushed Podgorica to rely increasingly on cross-Adriatic trade (legal and illegal) and limited cooperation with Croatia. In sum, low state capacity aided Romania, Macedonia, and Montenegro in pursuing a more democratic path during their transition, while very low state capacity in Albania and Bosnia-Herzegovina resulted in state collapse and a more autocratic government. Bulgaria's failure to dismantle the oppressive state apparatus was an obstacle to its democratization. Serbia and Croatia built up their state capacity in terms of military and police, but the government's ability to control the country's territory was a crucial goal of an oppressive authoritarian strategy. Here high coercive state capacity in general prevented democratization, and the use of infrastructural capacity depended on what governments were in power and whether they were willing to use it for furthering reforms.

Opposition

The initial success of opposition parties varied considerably across the cases, including the role of the opposition in the 1989 to 1991 defeat of the communist regime.³¹ In Slovenia, an anti-communist opposition built during the late 1980s and emerged into a wide intellectual and social movement in 1989 and 1990. Its political wing, DOS, scored a decisive defeat against the former communists in 1992. As a result, the liberal forces in Slovenia, and President Milan Kucan, established a solid ground for a peaceful and persistent democratic reform unprecedented in any of the other eight cases. Nevertheless, one of the effects of this early incumbent turnover was a poor development of an opposition force to the hegemonic liberal force in Slovenia, either on the left or on the extreme right. The fragmented right and unpopular social democrats failed to score a single incumbent turnover in Slovenia. In three other cases—Bosnia-Herzegovina, Montenegro until 1998, and Croatia—the situation was entirely opposite to Slovenia in terms of who took power but similar to it in terms of the fragmented opposition and its low popularity.

Instead of liberal forces taking control, Bosnia-Herzegovina's three entities fell under the control of extremely nationalistic forces of Alija Izetbegovic (SDA), Radovan Karadjic (SDS), and Mate Boban (HDZ-BiH). Opposition arose in the Serbian entity, Republika Srpska, in the forms of an intraelite struggle within the Serbian Democratic Party (SDS) and the emergence to power of Biljana Plavsic within SDS and Milorad Dodik from an independent social-democrat party. In the Muslim-Croat Federation, the opposition arose in the form of social-democratic or non-nationalist parties that promoted greater cooperation among the ethnic groups and fit better with the vision of postwar Bosnia outlined by the Dayton Agreement than the nationalist parties. In Croatia, Franjo Tudjman and his nationalist HDZ prevented development of a cohesive and strong opposition, but after Tudjman's death in 1999 the social democrats under Stipe Mesics scored a landslide victory. In Montenegro, similar to Republika Srpska in Bosnia, the opposition rose through the ranks of the ruling party (SDP) when liberal and pro-Western forces of Djukanovic overthrew the Belgrade-supported government of Momir Bulatovic. Because of the highly charged issue of potential Montenegrin independence from Serbia, the Bulatovic-led pro-Yugoslav opposition was able to refashion itself into a considerable political threat to the ruling government.

Much like it was the case with state capacity, Bulgaria and Romania share important differences in opposition structure. In Bulgaria, frequent incumbent turnovers were the results of high opposition mobilization as well as the high degree of divisions of the political spectrum. The multitude of parties allowed for flexibility in coalition formation and made it less costly for the governments to resign, largely because of hope that they may regain in a different coalition after the results of a new electoral contest. In Romania, the two ruling governments (socialists and conservatives) also ruled in coalitions, but the conservative coalition in particular (CDR)

proved incapable of maintaining popular credibility necessary to serve as a serious political actor. Consequently, Iliescu had few problems reinterpreting the Romanian constitution to secure an additional presidential term after CDR's defeat 2000. In Bulgaria, poor party program development led to both major parties (BSP and SDS) losing to the wild-card coalition of Bulgarian King Simeon II in 2001.

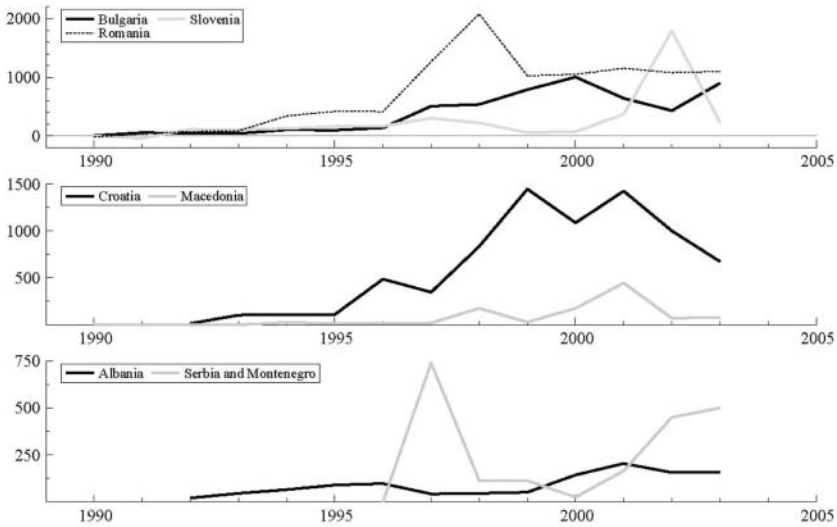
An important aspect the opposition structure in all nine cases was the role of nationalism and the ethnic minorities. Explicitly nationalist parties were in power in Serbia until 2000, Croatia until 2000, Bosnia-Herzegovina until 1996 and some times after, Romania from 1996 to 2001, and Macedonia from 1998 to 2002. Of the nine cases, Macedonia and the post-1998 Montenegrin government were most successful in including the ethnic minority parties into institutional competition for power. In Romania (early 1990s), Bulgaria, Bosnia-Herzegovina, Serbia, Albania, and Croatia, ethnic minorities were excluded from the political process and instead took extrainstitutional means to pursue their demands. These manifested themselves in terms of protests, clashes, insurgency, and even civil wars.³²

The ability of the opposition to mobilize support and challenge the government in street protests also varied across the nine cases. Mobilization was relatively low in Bosnia-Herzegovina, Montenegro, and Macedonia. Albania, Romania, Bulgaria, and Serbia all had major demonstrations that threatened the survival of the regimes, led to two revolutions, and put considerable pressure on the governments in power. Albanian and Serbian protests were at some times less politically charged and motivated by the support for the opposition as they were a general expression of dissatisfaction with economic and social policy of the government. Protests were also present in Croatia and Slovenia, but their effect was less dramatic than was the case in the other countries.

International Influence

Ultimately, the analysis here shows that central role of EU potential to promote democratization. However, a starting point for exploring international influence, especially in the first part of the 1990s, is the level of FDI into the region and U.S. assistance in forms of loans and grants. Figure 7 shows that Romania and Croatia had the highest level of FDI during the first decade of the transition, closely followed by Slovenia. Investment was relatively low in the first part of the transition but increased in all countries after 1996. Serbia, Montenegro, and Macedonia all suffered a setback in 1998–1999 because of the Kosovo war, while a decrease in FDI to Slovenia is likely to correspond with the country's remarkable increase in per capita income and the highest level of development in the Balkans, combined with a global economic depression that hit in 2000. Differences in FDI are important as they demonstrate structural dependence on the West.³³ Very low levels of FDI in Albania and Macedonia, together with sharp drops in Montenegro and Serbia, indicate a low institutional level of Western economic influence.

Figure 7
Cumulative FDI Inflows Per Capita in US\$ Mil

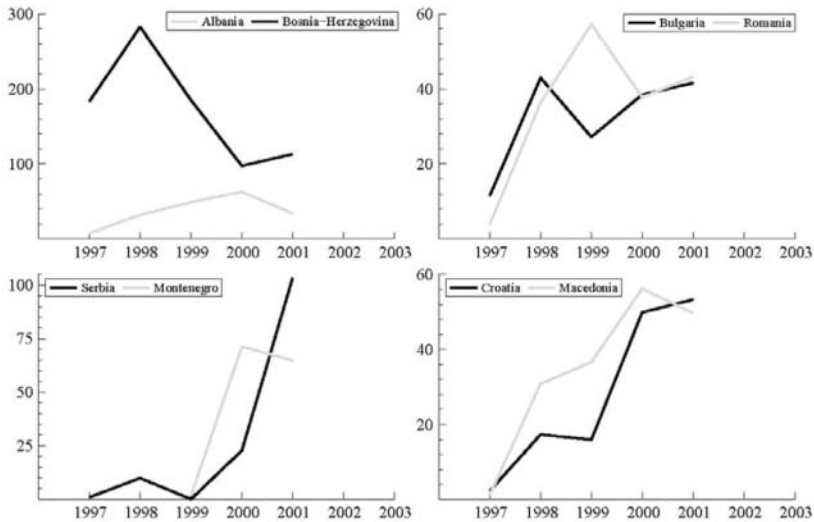


Source: EBRD

The United States—which together with the European Union is the largest donor to the region—contributed varying amounts of economic and military aid to the nine countries. (Figure 8 shows economic aid in grants and loans after 1996.) With the exception of Slovenia, which received no economic aid in the second half of the 1990s, economic assistance to the other eight countries increased in 1997 but dropped everywhere except in Romania after 1998. In comparison, U.S. economic assistance to the entire Eastern European region grew from \$587.7 million in 1998 to \$654.0 million in 1999 and to \$748.4 million in 2000. The drop was most drastic in Bosnia-Herzegovina, which saw its economic aid from the United States fall from \$282.9 million in 1998 to \$185.0 million in 1999 and to \$97.5 million. But in the same period, the United States increased its military assistance to Bosnia-Herzegovina tenfold to a record \$51.9 million in 1999. EU aid also increased following the negotiation of peace in Bosnia and further after the NATO intervention in Serbia. Under the auspices of Southeast Europe's Stability Pact, the European Union took the initiative away from the United States for economic development and integration of the region.

But the politics of the Western influence was much more complicated prior to 1996, and even after it in the case of the West's dealing with Slobodan Milosevic. The discussion from section 3 above needs to be understood within the larger context of European and U.S. foreign policy at the beginning of the Balkan wars and the

Figure 8
Economic Assistance to Southeastern Europe, 1996-2001
(Loans and Grants for U.S. Fiscal Years in US\$ Mil)



Source: U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations – July 1, 1945-September 30, 2000, published by the USAID Bur. for Police and program Coordination in 2000, and the updated 2001 version. Available online at www.dec.org. Slovenia received no economic assistance during the 1996-2001 period.

initial break from communism in Bulgaria, Romania, and Albania. The United States first opposed the breakup of the SFRJ, while several countries within the European Community (prominently Germany and Denmark) recognized Slovenia and Croatia immediately after they declared independence. The original split behind this decision is far less important (because of the apparent inevitability of the SFRJ breakup) than the conflicting policy of the United States and the European Union over the wars in Bosnia and Croatia. The UN Force in Croatia, UN PROFOR, failed to carry out its mandate of demilitarizing Serb-occupied sections of Croatia, eventually leading to a U.S. condoned military takeover and a large Serb refugee flow from Croatia. In Bosnia, UN PROFOR and NATO in action accompanied acts of ethnic cleansing and mass murder, most notably carried in UN protected Srebrenica in 1995. And in 1998 and 1999, despite the Bosnian experience, NATO and the United Nations failed to prevent Milosevic from launching an all-out war of ethnic cleansing in Kosovo. In all, by negotiating with perpetrators of the Balkan ethnic wars, the West lent de facto legitimacy to oppressive regimes in Croatia, Bosnia-Herzegovina, Serbia, and Montenegro. Yet after the oppressive regimes lost power, the new governments relied in the support of the international community first to consolidate power (especially in Serbia, Montenegro, Bosnia, and Kosovo) and then to pursue further democratic reforms.

In contrast to these cases, Western influence had an overall positive role from the very start in Romania, Bulgaria, and Macedonia. Initially, the government of President George Bush, Sr., boycotted the inauguration of Ion Iliescu because of human rights abuses and Ceausescu's execution. Following the revolution, the United States contributed \$40 million in food aid to Romania in 1991, but the U.S. vice president refused to visit Romania, and the State Department voiced criticism and exerted pressure on the government to improve its treatment of Roma and Hungarian minorities and stop violent suppression of the opposition. In 1992, the U.S. Congress voted against restoring the Most Favored Nation (MFN) trading status to Romania, and the MFN status was signed by President Bill Clinton only in 1996. In 1997 the new Romanian government pushed for including Romania in the first wave of NATO and EU enlargement, but its bid to the European Union was refused. Brussels made a promise of inclusion in future negotiations, conditional on improving the status of Roma and decriminalizing homosexuality, among other conditions. The effect of negotiations also improved relations with Ukraine and Hungary. In 1998, the European Union announced that Romania had met the criteria for EU accession. Romanian support for the NATO intervention in Kosovo also accelerated its admission to NATO and led to President George W. Bush's decision to target Romania as a key ally of the United States in the future.

Bulgaria and Slovenia had even fewer initial problems with the United States than did Romania. Originally, the United States put pressure on Bulgaria to stop its assimilation policy against the Turkish minority and to stop police violence, MFN status was given to Bulgaria before to Romania, and it was also invited to join NATO and start EU accession negotiations. Even more successful in its relations with the West was Slovenia. It became a member of the IMF in 1993, signed an association agreement with the European Union in 1996, and began EU accession negotiations by 1997. In 2002, Slovenia was officially invited to join both NATO and the European Union, and the government's acceptance was ratified in a 2003 referendum.

In Macedonia, the high level of Western influence may have prevented an outbreak of a civil war that characterized Croatian, Bosnia-Herzegovinian, and Serbian transitions. In 1992, the United Nations dispatched the 1,200-strong UN Preventive Deployment Force, joined by Organization for Security and Co-operation in Europe observers, to prevent escalation of ethnic conflict along Macedonia's northwestern borders with Kosovo and Albania. When the conflict erupted between the National Liberation Army and the government, what was the UN border force had grown into a 4,500-strong NATO force that was able to broker a peace and voluntarily disarm the NLA. The United States also allocated \$10 million in aid to Macedonia in 1993 and another \$10 million in 1994. By 1995, the annual U.S. contribution grew to \$25 million, and the United States established formal diplomatic relations despite lingering opposition from Greece because of the name *Macedonia*. The European Union established diplomatic relations with Macedonia in 1996, and the PHARE aid program allocated \$30 million annually. By 1997, Macedonia was on a path to EU accession, having signed the Cooperation Agreement and established \$150 million

development credit. In 2001, Macedonia signed the Stabilization and Association Agreement with the European Union. The high level of both EU and U.S. attention was also given to Montenegro after Podgorica broke off relations with Belgrade in 1998–1999. In 1998 and 1999, the European Union provided Montenegro with a crucial \$42 million in economic aid and an additional \$16.7 million for Kosovo refugees. U.S. assistance also grew exponentially.

Finally, the high Western influence in Albania did not promote democratization in the early 1990s. Between 1990 and 1996, European countries provided \$560 million in aid, the highest per capita contribution in Eastern Europe, and the United States provided an additional \$236 million. Still, the pace of political reform and economic recovery from the devastation of the Hoxha regime was too slow to prevent complete state failure. When the socialists were forced to call new elections following countrywide food riots of 1991, Democratic Party took power only to lead the country into another collapse of economic and public order in 1997. The open U.S. support for President Sali Berisha's regime from 1992 to 1997 did not prevent a rise in corruption and other crime that culminated in the collapse of high-risk investment schemes and anarchy in 1997.

4. Findings from the Comparative Analysis

The analysis provided here shows that simple predictions of democratization theory have not held true in the case of Southeast Europe: it is not correct to draw simple equality between democracy on the left-hand side and either state capacity, international influence, or strong opposition on the right-hand side. Instead, our model of strategic constitutional change constrained by structural factors provides more consistent predictions. As predicted, the effects of structural factors are conditional on elite strategies, and our structural variables are better understood as accelerators and decelerators in a dynamic process of institutional change.

In Table 2, I summarize the main quantitative measures I used as proxies for our explanatory variables: GDP, FDI, government expenditures, and the strength of the opposition and the government at its last election. The tabular comparison summarizes succinctly the narrative and graphical analysis performed above. For example, we clearly observed that Slovenia is an outlier in terms of large state capacity proxy (GDP), while Romania stands out as the country with the largest FDI inflows. Croatia had the highest mean levels of government expenditures, while Serbia had the highest average strength of the opposition during the period of 1989 to 2003.

To link our proxies to the main outcome variable, Table 3 presents a summary of pairwise correlation coefficients. As predicted by our theory, there is an important difference in how these variables drive institutional change on one side (column 1) and democratization (column 2). Higher GDP, a proxy for high state capacity, is associated with more democratic countries, but it also prevents changes in the direction of institutional change. In other words, strong states make both democracy and

Table 2
Summary of Indicators for the Main Explanatory
Variables Used in the Comparative Analysis

Country	GDP ^a	Foreign Direct Investment (FDI) ^b	Government Expenditure ^c	Opposition Strength ^d
Albania	757 (649, 866)	64.8 (41.5, 88.1)	32.0 (29.5, 34.6)	24.7 (22.6, 26.8)
Bulgaria	5,832 (5,349, 6,316)	436 (234, 637)	42.2 (39.8, 44.7)	23.4 (20.4, 26.4)
Croatia	8,025 (7,162, 8,888)	760 (413, 1,107)	50.9 (48.6, 53.2)	15.0 (11.5, 18.5)
Macedonia	4,106 (3,872, 4,340)	79.6 (10.0, 149.2)	41.1 (37.6, 44.7)	21.5 (18.6, 24.4)
Romania	5,736 (5,310, 6,161)	910 (573, 1,248)	34.0 (33.4, 34.6)	15.2 (10.5, 20.0)
Slovenia	14,366 (12,688, 16,064)	311 (36.7, 584)	42.9 (42.5, 43.4)	13.4 (10.7, 16.1)
Serbia and Montenegro	3,054 (2,759, 3,349)	250 (61, 439)	45.6 (42.6, 48.6)	29.7 (24.4, 34.9)

Notes: 95 percent confidence intervals are presented in the parentheses.

a. Real GDP (purchasing power parity in 1996 U.S. dollars) per capita.

b. Cumulative FDI inflow per capita in millions of U.S. dollars.

c. Government expenditures as percentage of GDP.

d. Percentage vote for the largest opposition party in the last election.

autocracy easier to consolidate. Our indicator of institutional change in this table takes the value if 1 if a country switched its path from becoming more autocratic to becoming more democratic, or vice versa. In contrast, the column 2 variable is 1 if we observed a democratic change, as coded by table 1 above.

Also consistent with the theoretical model is the observation that FDI makes all regimes more stable, preventing institutional change. International economic influence in the case of Southeast Europe has promoted political stability, regardless of whether regimes were democratic or not. However, once a country was set on a democratic path of institutional reform, the correlation in Table 2 indicates that higher FDI is associated with more democracy.

Finally, moving to the strategic aspect of our model, consider the correlation between opposition strength and institutional change. The correlation presented provides evidence that a strong opposition helps drive a shift on the institutional path (a positive correlation in column 1) but obstructs movement toward democratization (a negative correlation in column 2). Hence, opposition serves to obstruct and frustrate the ruling party's efforts at consolidating power and its form of government. Our study provides evidence that this is the case both in democracies and in autocracies.

Turning to the case studies, we can draw further conclusions on the strategic role of the elites in institutional change. The evidence showed that elites in Serbia used

Table 3
Pairwise Correlation between Institutional Change Indicators and Main
Explanatory Variables Used in the Comparative Analysis

Explanatory Variable	Outcome Variable	
	Institutional Change	Change to Democracy
GDP	-.1298 (.2200)	.45154 (.0000)
Foreign direct investment	-.0706 (.5285)	.2394 (.0303)
Government expenditure	.0854 (.4987)	.0875 (.4882)
Opposition strength	.2622 (.0091)	-.1100 (.2808)

Note: See note to Table 2 for the full names of explanatory variables and the units of measurement.

coercive state capacity to consolidate authoritarianism, while elites in Slovenia used infrastructural state capacity to entrench democracy. In Slovenia, a developed set of institutions and the government's investment into the economy led to democratization, while in Serbia the state money was spent on police, bribing pensioners, and war. Also, higher state capacity in Croatia enabled the Tudjman government to accelerate its consolidation of power, using the police and military against the Serbian rebels and (to a limited extent) domestic political opposition. Confirming the endogenous dimension of our model, all former Yugoslav republics were faced with the task of building up their state capacity by salvaging remains from the SFRJ federal and their old communist republic institutions. Croatia, Slovenia, and Serbia were more successful in this respect than Bosnia-Herzegovina, which slid into state failure and ethnic war. Unlike in Bosnia-Herzegovina, Macedonian low coercive state capacity was accompanied by incorporating minority Albanians into the government from the very beginning of the transition. In Romania, low state capacity prevented Iliescu's government from completely silencing the opposition, especially in the early years of the transition. Hence, Romanian elites failed to consolidate their increasingly authoritarian institutions.

Regarding opposition structure, I find that the evidence both supports our model and points to the important role of pluralism of political forces. The nine cases show that the plurality of political forces within the opposition needs to be accompanied by high mobilization to promote democratization. In Bulgaria, a plurality of political forces allowed for a menu of choices that let to frequent incumbent turnovers.

However, having wide opportunities for choice is not enough, as political parties need to be seen as a credible opposition to the ruling elite to stop and reverse the direction of institutional change. Because it lacked credibility, the opposition in Rumania was not able to counter the populist appeal of Iliescu. Yet a lack of a popular and united right-wing party ensured that even when the conservative CDR gained power, it could not steer too far away from a democratic path. Cases such as Romania show that brute strength of opposition (e.g., CDR) is not as important as the opposition's credibility and ability to continue reforms once in power. In Serbia, the plurality of the opposition was necessary for the establishment of a non-nationalistic government after Milosevic's fall from power. However, the experience under Djindjic showed that the political strategies of the opposition matter—and that a democracy may not require a strong opposition if that opposition now happens to be the Socialist Party of Serbia or Vojislav Seselj's Radical Party. Macedonia's strong and united national opposition challenged government successfully but failed to continue democratic reforms in face of an Albanian uprising and a constitutional crisis, losing power back to the socialists. And in Albania, a united opposition behind the ADS defeated the socialists (PSS) but failed to maintain power after the collapse of high-risk investment schemes. In all, this demonstrates that opposition is important in stalling the direction of the institutional change initiated by the elites in power. But once in power, the opposition may not necessarily lead the country to democracy. Contrary to standard democratization theory, we cannot draw an equality between strong opposition and democracy. Opposition stalls and—if powerful—reverses the direction of institutional reform in either democratic or authoritarian direction.

Given the evidence, there is no doubt that the promise of EU membership was one of the most powerful resources for democratic-leaning governments to stay on a path toward a consolidated democracy. Romania, Slovenia, Macedonia, and, to some extent, Bulgaria and Croatia benefitted enormously from early EU and U.S. engagement. However, the international community failed in Bosnia, in Kosovo, and partly in Croatia (where it could have done more earlier to stop the war in Krajina and Slavonia). This led to the most serious setbacks to democracy in the region.

High levels of Western aid to Albania also failed to bear fruit; and the reason here is the absence of strategic action by the elites to initiate and continue institutional change toward democracy. After the Dayton Accord in Bosnia-Herzegovina, Milosevic's fall in Serbia, and Tudjman's death in Croatia, foreign economic assistance and establishment of institutional ties with the World Bank, the IMF, the European Union, and NATO promise to promote further democratization.

5. Conclusion

In conclusion, by focusing on a detailed medium-*N* case study of Southeast Europe, this article went beyond the oversimplified predictions of democratic theory regarding the role of domestic and international structural factors in democratization—that state

capacity, strength of opposition, and level of foreign involvement may be analyzed as path determinants similarly in all states. Instead, our cases suggest that to better understand hybrid regimes, we need to refocus our attention on the dynamic path of institutional change, examine closely the kind of crises to which regimes need to respond, and determine how strategic action of elites interacts with domestic and international structures.

The main empirical contribution was to specify in more detail the dynamic effects of state capacity, opposition, and international influence on institutional development of regimes. By examining the experience of nine new cases in Southeast Europe, previously unexamined in any systematic way, I presented evidence that international influence and state capacity promote regime consolidation—serving as accelerators of change both in the direction of democracy and in the direction of authoritarianism. The direction of change was however in the hands of the elites and the strategic decisions they made at the times of regime crises over time. The nine cases also provided evidence that the plurality of political forces within the opposition needs to be accompanied by high mobilization to promote democratization but that pluralism is insufficient for democratization without mobilization.

As the countries in this study progressed past the immediate post-communist decade, changes in the structures of state capacity, opposition, and international influence continued, in turn further shaping the path of institutional development. Perhaps the most significant change in the region has been the expansion of the European Union, which today includes Slovenia, Bulgaria, and Romania. Croatia and Macedonia are today EU candidate countries, while Serbia, Montenegro, Albania, and Bosnia-Herzegovina are now on the list of potential candidate countries. For example, structural economic changes imposed on Romania and Bulgaria as a condition of their accession to the European Union are a good example of what previously would have been considered “international” influence in the region. Other changes that came with these countries’ accession to the European Union included the expansion of minority rights and restructuring of government bureaucracies. Considering the structure of the opposition, significant recent changes included further deterioration of the influence held by the successor parties of the old socialist regimes across most of the region. However, the problems of institutionalization and credibility of opposition remain a concern in virtually all countries. The greatest developments in state capacity include the further reconstruction of Bosnia-Herzegovina, the dissolution of FR Yugoslavia into Serbia and Montenegro, and new attempts to negotiate the legal status of Kosovo.

The results of this study suggest that to understand the immediate and long-term effects of the current developments, one must consider the complexity of historical legacies. The future path of institutional development in Southeast Europe will undoubtedly be shaped by the ways the elites in the region responded to the immediate post-communist crises facing them. Similarly, the main theoretical contribution of this article is that to understand regime change, we must look both at the strategic interaction of the elites over time and at the way that opposition, international

influence, and state capacity structure the elites' actions. In all, our results suggest a strong warning that a failure to examine this dynamic process can lead us to expect democratization where in fact we see consolidation of new authoritarian regimes.

Notes

1. According to the 2003 Freedom House survey, only 44 percent of the world's population lives in free states, despite the spread of formal, electoral democracy.

2. Barbara Geddes, "What Do We Know About Democratization After Twenty Years?" *Annual Review of Political Science* 2 (1999): 115-44.

3. By 2002, of the twenty-eight mostly newly independent states in which communism fell, only eight were liberal democracies. See Michael McFaul, "The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Postcommunist World," *World Politics* 54 (2002): 212-44.

4. Steven Levitsky and Lucan A. Way, "Autocracy by Democratic Rules: The Dynamics of Competitive Authoritarianism in the Post-Cold War Era" (paper, American Political Science Association annual meeting, Boston, 28-31 August 2002; rev. 25 October 2002).

5. Juan J. Linz and Alfred Stepan, *The Breakdown of Democratic Regimes: Crisis, Breakdown, and Reequilibration* (Baltimore: Johns Hopkins University Press, 1978).

6. R. Kelemen and Giovanni Capoccia, "Theory, Narrative and Counterfactuals in the Analysis of Critical Junctures" (paper, American Political Science Association annual meeting, Washington, DC, 1 September 2005).

7. It is important to recognize recent studies that have made a significant contribution to studying particular institutional arrangements in Eastern and Central Europe, most notably Arend Lijphart and Carlos Waisman's *Institutional Design in New Democracies: Eastern Europe and Latin America* (Boulder, CO: Westview, 1996). This study departs from the previous work by considering "institutional change" in more fundamental terms to include a development of a new regime type and representing an integrated view of state and regime development rather than narrowly focusing on particular institutions such as the presidency, the judiciary, or an electoral system.

8. The lack of democratic consolidation is widely associated with opposition failure. Levitsky and Way, "Autocracy by Democratic Rules."

9. For a defense of such a methodological approach, see Ian Shapiro and Donald Green, *Pathologies of Rational Choice: A Critique of Applications in Political Science* (New Haven, CT: Yale University Press, 1996). A key motivation behind this article's middle-range approach is also that given many different ways in which democracy arises (from the French revolution to the 1989 revolutions), it makes sense to begin with a middle-range theory in close proximity to the cases it intends to illuminate.

10. In a critique of the structural approach, Przeworski and Limongi propose that democracy appears exogenously, *dues ex machina*, in regard to a country's level of development or modernization. See Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics* 49 (1997): 155-83, esp. 159. According to them, "The protagonists in the struggles for democracy could not and did not believe that the fate of their countries would be determined either by current levels of development or by the distant past." They maintained that, albeit with constraints, democratization was an outcome of actions, not just of conditions (176). Also see Adam Przeworski, *Democracy and the Market* (New York: Cambridge University Press, 1991).

11. Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy* (Cambridge, UK: Cambridge University Press, 2005).

12. See, e.g., Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation* (Baltimore: Johns Hopkins University Press, 1996); Guillermo O'Donnell, *Counterpoints: Selected Essays on Authoritarianism and Democratization* (Notre Dame, IN: University of Notre Dame Press, 1999); and Francisco Gonzalez and Desmond King, "The State of Democratization: The United States in Comparative Perspective," *British Journal of Political Science* 34 (2004): 193-210.

13. See Archie Brown, "From Democratization to 'Guided Democracy,'" *Journal of Democracy* 12 (2001): 35-41; Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington, DC: Carnegie Endowment for International Peace, 1999); David Collier and Steven Levitsky, "Democracy with Adjectives: Conceptual Innovation in Comparative Research," *World Politics* 49 (1997): 430-51; Larry Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University Press, 1999); Terry Karl, "The Hybrid Regimes of Central America," *Journal of Democracy* 6 (1995): 72-87; Lucan Way, "Pluralism by Default in Moldova," *Journal of Democracy* 13 (2002): 127-41; Fareed Zakaria, "The Rise of Illiberal Democracy," *Foreign Affairs* 76 (1997): 22-41.

14. See the Turnovers and Crises section below for discussion of operationalizing the dependent variable.

15. Przeworski, *Democracy and the Market*.

16. Robert Dahl, *A Preface to Democratic Theory* (Chicago: University of Chicago Press, 1956); and Robert Dahl, *Polyarchy: Participation and Opposition* (New Haven, CT: Yale University Press, 1971).

17. See Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracy*; and Bruce Bueno de Mesquita, Alistair Smith, Randolph M. Siverson, and James D. Morrow, *The Logic of Political Survival* (Cambridge, MA: MIT Press, 2003).

18. Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms and Results," *European Journal of Sociology* 25 (1984): 185-213. Mann distinguishes between coercive (or despotic) and infrastructural state capacity. Infrastructural state capacity is seen as an ability of the state to penetrate civil society to implement state policies and reforms. Low despotic and high infrastructural powers are associated with bureaucratic systems, while high despotic and high infrastructural power characterize authoritarian regimes. Michael Mann, *The Sources of Social Power: The Rise of Classes and Nation-States, 1760-1914*, vol. 2 (Cambridge, UK: Cambridge University Press, 1993). For a discussion of Mann's theory, see Abby Innes, "The Changing Power of the State in Eastern Europe" (paper, European Consortium for Political Research Enlargement and European Governance workshop, Turin, Italy, 22-27 March 2002). An example of a variation and refinement of Mann's theory is a distinction between penetrative and extractive elements of infrastructural state power and how they contribute to state development and economic development. See Linda Weiss and John M. Hobson, *States and Economic Development: A Comparative Historical Analysis* (Cambridge, UK: Polity, 1995).

19. Innes, "Changing Power." Grzymala-Busse focuses on elite competition and party building to analyze the unexpected growth of the state following the fall of communism in East Central Europe. Anna Grzymala-Busse, *Redeeming the Communist Past: The Regeneration of Communist Successor Parties in East Central Europe* (Cambridge, UK: Cambridge University Press, 2002). Also see Anna Grzymala-Busse and Pauline Jones-Luong, "Reconceptualizing the State: Lessons from Post-Communism," *Politics and Society* 30 (2002): 529-54.

20. Seymour Lipset and Stein Rokkan, "Cleavage Structures, Party Systems, and Voter Alignments: An Introduction," In Seymour Lipset and Stein Rokkan, eds., *Party Systems and Voter Alignments: Cross-National Perspectives* (New York: Free Press, 1967), 1-64.

21. Anna Grzymala-Busse, "Political Competition and the Politicization of the State in East Central Europe," *Comparative Political Studies* 36 (2003): 1123-47; and Innes, "Changing Power."

22. Dahl, *A Preface to Democratic Theory*; and Dahl, *Polyarchy*.

23. We recognize the difficult methodological question of whether Bosnia should be included in our sample. We include it for three reasons: to avoid case selection bias, because our theory suggests regime and institutions can be separated from state capacity, and because of a normative and substantive concern of furthering our understanding of democratization in Bosnia instead of aiming for an easy answer to ignore cases when they fail to fit our theoretical predispositions.

24. We consider Montenegro and Serbia as separate political entities, examining electoral and crisis data available of the "republic" level for each. The two political units were de facto governed by two different governments, conducted independent electoral contests, faced different crises of authority, and went through different institutional changes in the 1989 to 2002 period.

25. Initially there were only four—Yugoslavia (SFRJ), Albania, Bulgaria, and Romania—then eight after the breakup of SFRJ from 1990 to 1992, then nine after the increasing independence of Montenegro from Serbia from 1999 to 2003.

26. The primary data source is the Human Rights Watch Report for the years 1989 to 2002. These are qualitative data from field reports and NGO testimonies. They were cross-checked with data from the Amnesty International Annual Reports (1993–2001) and the U.S. Department of State human rights country reports (1996–2001). Data for Slovenia and Montenegro were also supplemented from news reports. The main criterion used for identification of crises is whether they can be judged, from the historical context, to have challenged the authority of the government and its probability of survival. Crisis intensity is judged by the number of participants and those affected by the crisis, the level of violence, the degree to which the challenge to the government is made explicitly, and the level of attention the crisis attracted nationally and internationally. For example, we have classified highly localized demonstrations that did not capture national attention as “low” as well as prolonged minority rights abuses such as the discrimination against the Roma in several of the countries. For example, classified as “medium” is local ethnic violence that leads to a breakdown of public order. For example, classified as “high” are mass demonstrations in the capital demanding resignation of the government. In recording government response, we relied on the Human Rights Watch judgment of government actions. The reports include reliable testimony from the field and brief mentions of reports by other NGOs. In judging whether an institutional change is democratic or autocratic, it is important to separate the nature of the government’s response and the resulting institutional change, even if immediate. Therefore, in coding the nature of institutional change, we have recorded the immediate aftermath of the government’s response on political institutions (broadly conceived) in the country.

27. However, in the Bulgarian case, the discrimination against the minority Turkish population began long before the formal fall of communism and gradually subsided during the first part of the 1990s.

28. Reliability concerns are at issue here, especially in the cases such as Albania and SFRJ, where even European Bank for Reconstruction and Development estimates depend on information from within these countries.

29. For a discussion of the Central European cases, see Oliver Blanchard, *The Economics of Post-Communist Transition: Clarendon Lectures in Economics* (Oxford, UK: Clarendon, 1997).

30. Council of Europe, *The European Sourcebook of Crime and Criminal Justice Statistics* (Strasbourg, France: Council of Europe, 2000). Available online at www.europeansourcebook.org.

31. Levitsky and Way identify opposition structure and popularity as the two important independent variables in their study of opposition. Levitsky and Way, “Autocracy by Democratic Rules.”

32. Despite international criticisms of Romanian and Bulgarian discrimination against Roma and other minorities, these countries did score better than most Yugoslav republics that pursued violent suppression of minorities.

33. Foreign direct investment is also influenced by many country-specific conditions, such as infrastructure, level of economic transition, monetary and fiscal policy, and so on.

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