Nations in Transit: Emerging Dynamics of Change

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Nations in Transit 2001 is the fifth survey undertaken by Freedom House in cooperation with leading scholars from Central and Eastern Europe, the Caucasus, Western Europe, and the United States. The only comprehensive, comparative, multidimensional study of its kind, Nations in Transit offers a series of signposts that facilitate comparisons of the direction and state of political and economic transition among the states of Central and Eastern Europe (CEE) and the former Soviet Union (USSR). This edition charts the varying paths of transition in 27 post-Communist states during the 16-month period beginning July 1, 1999, and ending October 31, 2000. It tracks the political and economic evolution of a vast territorial expanse that extends from Central Europe to East Asia and is inhabited by more than 415 million people.

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As in past surveys, Nations in Transit 2001 rates countries on a comparative basis in three broad thematic categories: democratization, the rule of law, and economic liberalization. Democratization scores encompass the average of ratings for four dimensions of civic and political life: political process, civil society, independent media, and governance and public administration. Rule of law scores are an average derived from ratings for constitutional, legislative, and judicial framework and for corruption. Economic liberalization scores

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represent average ratings for the areas of privatization, macroeconomic policy, and microeconomic policy. The ratings are based on a 1 to 7 scale, with 1 representing the most favorable level and 7 the most repressive, or state-dominated, level of political and economic practice. (See Table A.) Based on their scores, countries are divided into the following classifications of polities: consolidated democracies, transitional governments, and consolidated autocracies. Using a similar typology for economic policy, Freedom House also has divided the countries into consolidated market economies, transitional economies, and consolidated statist economies. (See Table B.)

THE 2001 SURVEY FINDINGS
The 2001 survey findings encompass the 16-month period ending October 31, 2000, and include separate country narratives that answer and analyze a standard set of questions related to democratization, the rule of law, economic liberalization, and social sector indicators. The numerical ratings are an attempt to embody in concise and comparative form the trends and analysis contained in the accompanying essays.

This year’s findings show some significant new developments in reform dynamism and suggest a worrisome drift toward authoritarianism in the countries of the former Soviet Union. Of the 27 countries under review in this edition, ten are now consolidated democracies. These are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, as well as two new entrants: Bulgaria and Croatia. The survey also shows that Romania, a transitional state, has developed a strong basis for joining the ranks of established democracies because of the openness of its political process, the vibrancy of its civic life, and the independence of its media. But Romania’s further progress is an open question. Ion Iliescu has returned to power, and it remains to be seen if he will revert to the style of rule that characterized his first two terms in office.

Although the number of consolidated democracies increased in this survey period, the broader findings show that most of the reform momentum occurred in countries that already were in the upper half of the democratization tables. That is to say, states on the path of reform and political openness are deepening their processes of positive change. (See Table C.) For example, there was significant forward momentum in Bulgaria, Croatia, and Slovakia, whose democratization scores advanced by .25 points or more. Albania, an upper-tier transitional state, registered similar progress. Only one upper-tier transitional country, Macedonia, regressed in its democratization indicators because it confronted the consequences of a massive inflow of refugees from then war-ravaged and ethnically cleansed Kosovo.

At the same time, most of the poorly performing countries (i.e., those in the lower half of the democratization and economic reform scales) either exhibited inertia or regressed toward statism or repression. There was significant negative momentum in the democratization indicators of the Kyrgyz Republic and Russia. Azerbaijan, Belarus, Kazakhstan, Ukraine, and Uzbekistan registered lesser degrees of backsliding. Indeed, of all the countries in the lower half of the Nations in Transit scale, only Tajikistan and Yugoslavia registered significant progress. In the latter, mass civic activism resulted in a fair election count and the defeat of the country’s authoritarian leader, Slobodan Milosevic.
TRENDS
The longer-term trends show that since the survey began in 1997 only three countries—Bulgaria, Croatia, and Slovakia—have advanced out of the ranks of the transitional countries and entered the ranks of the consolidated democracies. At the same time, only Tajikistan has left the ranks of the consolidated autocracies and entered the ranks of the transitional countries.

Interesting patterns emerge when one looks at ratings trends in the area of democratization. In 1998, the average democratization score for the 27 countries was 4.06. By 2001 it stood at 3.92, indicating a slight average improvement. The regional differences, however, are striking. (See Table D.) In 1998, the average democratization score for the CEE states stood at 3.12 and the median was 3.55. By 2001, this had improved dramatically to an average of 2.82 and a median of 2.25. By contrast, for the former Soviet republics (excluding the Baltics) the average democratization score in 1998 was 5.23 and the median was 5.08. By 2001, the average democratization score for the former Soviet states had fallen to 5.29 and was identical to the median score. In other words, the gap between the regions has widened.

In terms of economic reform, the average score for all countries has remained static. It was 3.95 in 1997 and a nearly identical 3.94 in 2001. But again, the regional differences between the CEE countries and the former Soviet republics are pronounced and showed no signs of narrowing. The average economic liberalization score for the Central and Eastern European states was 3.37 in 1998 and 3.25 in the 2001 survey. By contrast, the economic liberalization score of the non-Baltic former Soviet republics was 4.94 in 1998 and 4.81 in 2001.

Over a five-year period, the consolidated democracies have maintained a high standard of democratic practice, good governance, and respect for basic rights. Among the transitional and autocratic states, Albania, Bulgaria, Croatia, Georgia, Romania, Slovakia, Tajikistan, Bosnia, and Yugoslavia (the latter two have only been rated since 1998) have seen their ratings improve significantly (i.e., by .25 points or more on the 7-point scale); three, Bulgaria, Croatia, and Slovakia, have advanced out of the category. Among the transitional and authoritarian states, significant declines in democratization indicators (by .25 points or more) have occurred in Ukraine, Russia, Kazakhstan, and Belarus. Again, over a five-year period, seven CEE states registered significant gains, while only two former Soviet countries advanced similarly and four saw significant declines. In terms of corruption, there are also significant regional differences. The median corruption rating in 2001 for the CEE states stood at 3.75, while the median rating for the 12 non-Baltic former Soviet republics was 6.00.

The survey trends confirm a growing divide that threatens a new demarcation line in Europe and Eurasia. That new line is emerging between the former socialist countries of Central and Eastern Europe and the republics that were an integral part of the Soviet Union from its inception. Other basic indicators suggest that the differences between the CEE countries and the 12 non-Baltic republics of the former USSR are striking. Ten of the 15 CEE countries are consolidated democracies. All of the remaining states in the region except Macedonia, which has progressed modestly, have seen significant improve-
ments of more than .25 in their average democratization scores over a five-year period. Just as important, no CEE country is a consolidated autocracy. Meanwhile, none of the 12 non-Baltic former Soviet republics is a consolidated democracy, and only Georgia and Tajikistan have registered significant progress since the survey was launched in 1997. Five of the 12 states—Belarus, Ukraine, Russia, Kazakhstan, and Kyrgyzstan—have regressed significantly over the last five years in their democratization ratings and indicators. The remaining five—Armenia, Azerbaijan, Moldova, Turkmenistan, and Uzbekistan—have registered something akin to stasis.

A look at the record in terms of a basic democracy indicator like free and fair elections shows similar glaring disparities. (See Table E.) Among the Central and Eastern European states, all 15 held free and fair elections in their last voting processes. Although Yugoslavia’s elections in 2000 were marred by widespread irregularities, the results were reversed through mass civic protest. By contrast, in the former Soviet Union, only four of the 12 countries pass this minimal standard of democratic electoral procedure: Russia (where some significant and widespread irregularities nevertheless have occurred), Ukraine (where significant irregularities have recently been alleged in connection with an unfolding tape scandal), Georgia, and Moldova. Of the four, the political environments in Russia and Ukraine are heavily influenced by the power of parties linked to oligarchic business interests or the patronage of the state. The other eight former Soviet states—Armenia, Azerbaijan, Belarus, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan—either suffer from deeply flawed electoral processes or are de facto one-party dictatorships or dominant party states in which the opposition has had no reasonable chance of taking power, has been repressed, or has been virtually nonexistent.

The standard of free and fair elections, i.e. the standard of electoral democracy, is a far less stringent benchmark than that of liberal democracy. The fact that fully two-thirds of the former Soviet states have failed to abide by this minimal standard is a glaring indicator of the prospects for significant progress toward liberal democratic practice. Although all of this paints a bleak picture for the prospects of political reform in the former USSR, this picture does not suggest that there are no opportunities for the United States and other foreign donors to accelerate the political reform process.

In terms of economic reforms, the trends suggest that the differences between the countries of Central and Eastern Europe and the former Soviet Union are also dramatic. In Central and Eastern Europe, five countries have made significant progress of more than .25 points. Among the twelve non-Baltic post-Soviet states, Armenia, Georgia, and Tajikistan also have registered significant progress. Nevertheless, the survey rates eight CEE states as consolidated market economies. Not a single non-Baltic post-Soviet state has made it into this category. And, indeed, only Armenia and Moldova appear to have economic ratings that would place them in the upper half of the transitional economy category. Thus, it can be said that of the 12 non-Baltic post-Soviet countries, none are poised to join the ranks of the dynamic entrepreneurial market economies or of the consolidated democracies in the near future. (For additional comparisons using economic data, see Tables F, G, and H.)
DIFFERING TRAJECTORIES

What accounts for the widely differing trajectories taken by the CEE countries and the 12 non-Baltic states of the former Soviet Union? There are, of course, numerous reasons, but four particular differences are central to the disparate outcomes: (1) dissimilarities in historical legacies and paths to post-Communism, (2) the emergence of significantly different state systems, (3) substantial variations in the patterns of corruption and cronyism, and (4) considerable disparities in the development of civil society, political parties, and independent media. Although these factors are interrelated and mutually reinforcing, each has contributed independently to different reform outcomes in Central and Eastern Europe, on the one hand, and the former Soviet Union, on the other.

Legacies: Historical legacies and widely differing events leading to the collapse of communism are key factors in the divergence of the CEE countries and the countries of the former USSR. The CEE countries had shorter periods under Marxist-Leninist socialism than the countries that emerged from the collapse of the unitary USSR. In most cases, the consolidation of Soviet rule occurred during or after the Second World War, meaning that in many cases Communist states were not functioning until as late as 1948. This meant that the Communist legacy had a duration of only four decades, rather than the seven-decade Communist legacy of the non-Baltic Soviet states. A historical memory of market systems and private property relations was also part of the legacy of many CEE countries. Moreover, all the CEE countries had been independent states. With the exception of Slovakia, Bosnia, and Croatia (all of which achieved independence in the 1990s), the CEE countries had fully formed institutions of central state government. Likewise, states like the Baltic republics had a legacy of long periods of independence and statehood that were deeply ingrained in the national memory. The differing legacies of statehood also have contributed to differing outcomes.

A related factor was the manner in which communism collapsed. In the Baltic states and in Central and Eastern Europe the collapse was in large measure the product of collective, nonviolent civic action that helped topple unpopular regimes. These civic movements, usually led by non-Communists and anti-Communists, played a crucial role in staffing the governments of the post-Communist transition. In some countries, a profound examination of the past occurred and many of the former Communist leaders were ostracized and removed as factors in political life. The movements pressing for change largely focused on the nature of the state and were not—with the exception of the Baltic states—encumbered with the burden of advocating statehood.

In the former Soviet Union, the major cause of systemic collapse was the strength of the national idea. Civic activists, often cooperating with reformists in the Communist elite, sometimes advanced this idea. In other cases, the main forces pressing for state independence were the republics’ Communist nomenklatura, who saw independence as a means to direct power in a country in which most key decisions had been centrally determined in Moscow.

Civic movements, in comparison with Central Europe and the Baltics, tended to be weak or more one-dimensional in their focus. That is, their fundamental goal was indepen-
and they paid less attention to the political and economic structures of the new state. Indeed, although there were some popular protests in urban areas, in most of the USSR (the exceptions being the Baltic states and the Caucasus) the country’s collapse was as much, if not more, the consequence of elite decisions as of civic action.

Just as the initial sources of change differed, so too did the initial stages of post-Communist transition. In Central and Eastern Europe, non-Communists and anti-Communists came to power in the initial period after the collapse of Communist rule. In the former Soviet Union, non-Communist forces took power only in Armenia, Georgia, and Azerbaijan. In the other republics, former high-ranking members of the Communist elite or coalitions of former Communists and reformers held the highest leadership posts during the early transition phase. In other words, the leadership in nine of the new emerging states largely consisted of officials who had played a principal role in the old Soviet system and had been leaders of the Communist party.

**Political systems:** In addition to differing historical and transition legacies, fundamental differences are reflected in the emerging state systems. Not only is there a great divide between the former Soviet republics and the states of Central and Eastern Europe in terms of the level of democratic freedom, but there is also a fundamental difference in the constitutional order and, in particular, in the distribution of power between the legislative and executive branches. The distribution of power also has a dramatic impact on the broader process of democratization. As Table I shows, the average 2001 democratization score for the region’s parliamentary systems is 2.67; for presidential-parliamentary systems, 3.86; and for presidential systems, 5.96.

Of the 12 non-Baltic former Soviet states, only Moldova and Georgia have systems in which the parliament exerts significant power. Moldova was a presidential-parliamentary republic until 2000, when constitutional reforms shifted important powers away from the president and ended direct presidential elections. Moldova is now the only parliamentary democracy in the Commonwealth of Independent States. Georgia’s strong presidency is balanced by a parliament that the president cannot himself dissolve, that has broad input into the state budget, and that confirms ministers put forth by the president. The other ten post-Soviet states are, in effect, presidential systems in which most power is concentrated in the hands of the chief executive. That the concentration of excessive power in the presidency is inimical to democratization appears to be confirmed by the fact that the former Soviet states with the highest overall *Nations in Transit* democratization ratings are Georgia and Moldova, the only two states in which the legislature enjoys significant power. By contrast, the much better economic reform and democratic results demonstrated in Central and Eastern Europe are reinforced by the fact that all of these states have either parliamentary or parliamentary-presidential systems; none has the de jure and de facto concentration of executive power found in the states that emerged from the former USSR.

In several of these states, referenda or high court judgments have extended presidential terms and permitted incumbent presidents to serve more than two terms. In the Central Asian republics, presidential power is either absolute or predominant. In Turkmenistan,
where the state is under a personalistic dictatorship with a single legal party, the Democratic Party of Turkmenistan governs. A similar pattern of concentrated and unchallenged presidential power characterizes the state structure of Uzbekistan. The presiding officer of Uzbekistan’s parliament is the only figure elected by the parliament, but even he is included in the president’s cabinet. Moreover, the presidential party and a second party that is considered pro-presidential dominate the parliament of Uzbekistan. In these circumstances, the legislature shows no characteristics of independent action and usually serves as a body that rubber-stamps presidential decrees.

In Kazakhstan, the 1995 constitution considerably extended the scope of presidential power by concentrating political power in the executive branch and making the parliament little more than a rubber stamp for President Nazarbaev. The president has the power to dissolve parliament, annul existing laws, and demand the government’s resignation. The chief executive is also empowered to set the basic course of domestic and foreign policy. The president’s control over the legal system has also been reinforced. The president dissolved the constitutional court by decree in 1996 and replaced it with a more compliant constitutional council that has significant formal power not only to interpret the constitution but also to rule on election challenges and referenda.

The powers of the president in Tajikistan are substantial, but they are circumscribed to a degree because of a civil war settlement that provides for some power sharing with the opposition. Although the president is limited to a single term, it is of seven years’ duration. In the Kyrgyz Republic, the trend has been towards enhanced presidential power. The president is responsible for appointing the prime minister and the heads of the central election commission and the central bank. The president also has the power to dissolve parliament and to appoint and dismiss government ministers. President Askar Akayev frequently exercises that power to keep ministers from building independent power bases.

Belarus’ state system is, in essence, a presidential dictatorship. President Aleksandr Lukashenko extended his term in office by two years through a national referendum that dissolved a democratically elected parliament. The bicameral parliament that was put in its place is wholly subservient to Lukashenko, who rules by decree.

In Azerbaijan, a powerful presidency controls the parliament through a pro-presidential party and formally independent legislators. The president appoints local governors. In Armenia, a 1995 constitution gave the president substantial powers, including the right to pass decrees. Nevertheless, pressure from the military, security forces, and the prime minister resulted in the president’s forced resignation in 1998. Since then, the pattern of presidential predominance has reasserted itself.

In Ukraine, a similar pattern of presidential preeminence exists. President Leonid Kuchma names all ministers without any formal input from parliament. He also has the authority to name all of the country’s governors and has significant discretion in dissolving the legislature. Only the prime minister is subject to parliamentary approval. The powers of the Russian presidency are also considerable and include the right to issue legally binding decrees, to appoint senior members of the judicial and executive branches, and, in certain circumstances, to dissolve the State Duma.
In the context of privatization, the concentration of power in an executive who usually operates in the absence of checks and balances has created systems in which economic power is derived from the political patronage of the executive branch. This, in turn, has helped to reinforce and expand the power of the presidency. It also has fueled massive corruption at the highest reaches of the state and has created significant temptations for cronyism and nepotism (characteristics that are pronounced in Azerbaijan, Kazakhstan, the Kyrgyz Republic, Turkmenistan, Ukraine, and Uzbekistan).

The concentration of power in the presidency also weakens the power of political parties and inclines such systems toward personalistic politics. In part, it diminishes the importance of political parties as the locus of legitimate power and means that parties can express their influence only if they have a cooperative relationship with the chief executive. At the same time, the parliamentary opposition is subject to pressures from executive power, which has virtually unchecked means to distribute patronage and favors. In presidential systems like these, there is a strong vertical system of power. Authority emanates primarily from the presidency and usually at the expense of local government. The absence of legitimate authority at the local level significantly erodes the ability of locally based civic groups to have input into and an impact on local or regional policy and, thus, weakens local civil society and media. Moreover, the concentration of executive power appears—in many cases inevitably—to lead to the authoritarian temptation. In many of the hyper-presidential states, the office of the presidency has moved to use executive power to weaken systems of accountability and checks and balances. Even in settings where there is a substantial parliamentary opposition, presidential systems often have drifted toward the authoritarian exercise of power.

**Levels of Corruption:** Corruption in the non-Baltic former Soviet republics is rampant. The average *Nations in Transit* 2001 corruption score for these states is 5.94 (with 7 representing the highest degree of corruption). In the CEE countries, the average corruption rating is 4.07. Although corruption and the legacy of corruption are serious problems in Bulgaria, Bosnia, Macedonia, and Romania, they are dwarfed by the far more rampant corruption in most of the former Soviet Union.

As Stephen Handelman’s companion essay notes, corruption is a feature that affects all post-Communist states. But the degree of corruption from the highest levels to the lowest levels of the state structure is appalling in the states of the former USSR. This system of corruption is directly related to the nature of the economic system. In most of these countries, success in economic life derives from one’s access to patrons and protectors within the state. In most cases, such protectors collect a handsome reward for facilitating business interests. In many cases, they exercise effective control over nominally independent business and commercial structures.

In some countries, the government patron is less a passive outsider and more an intimate participant in the financial transactions. For example, according to an indictment brought by the U.S. attorney general against former Prime Minister Pavlo Lazarenko, the Ukrainian official and his financial right hand transferred $114 million out of Ukraine to the United States—
most of it in a period of 18 months. This figure, which apparently represents payments Mr. Lazarenko received from businesses he assisted and from other corrupt transactions, did not include his holdings in accounts located in Switzerland, Antigua, Poland, and other countries.

The countries of the former USSR differ significantly in the nature of their economic transitions. Apart from high levels of corruption, those countries that have undertaken privatization have seen the emergence of powerful oligarchic economic elites. In the most authoritarian countries, the oligarchs are usually intimately linked to the president and his inner circle. Many in the new powerful economic elite often derive their wealth from a patronal patronage system. And many come from the extended families and networks of cronies and friends of the chief executive. In Turkmenistan, Kazakhstan, the Kyrgyz Republic, Ukraine, Uzbekistan, and Azerbaijan, cronyism and nepotism are major features of the division of economic power.

Virtually everyone engaged in economic activity during the transition of the late Soviet and early post-Soviet period was enmeshed to some degree in activity that formally violated the law. In more innocent cases, this might have meant maintaining dual bookkeeping systems to stave off economically stifling corporate tax rates. It also meant frequent payoffs to minor and local officials. In many cases, the economic success of larger and growing businesses was linked to substantial payments to corrupt and covert partnerships with the ruling state elite. This legacy of illegality makes business interests highly susceptible to political and economic blackmail that compels loyalty to the regime. The selective prosecution of corrupt officials usually focuses on persons who have run afoul of the chief executive or are active in the political opposition. Such state blackmail often forces economic actors to support leaders and policies that are inimical to the interests of fundamental reform and long-term economic growth. It also means that economic actors become rent seekers who rely on government favoritism to maintain privileged and non-competitive positions in the economic system.

In some measure, corruption thrives because of these transitional legacies and because of the weakness of independent media and civic life in the former Soviet Union. Another factor contributing to unchecked corruption is the absence of checks and balances within the state system. In authoritarian systems and in systems in which power is concentrated in the executive branch, parliament and the normal criminal and investigative agencies of the state are instruments of the chief executive. They do not have sufficient independence or resources to conduct independent investigations of corruption at the highest levels of the state.

Political Parties, Civil Society, and the Media: In many of the post-Soviet states, a patronal economic system significantly influences the environment for political parties, civic groups, and the media. Under normal circumstances in an emerging market economy, a country’s private sector could become an important funding source for independent civic groups. Indeed, in most market economies civic groups depend on donations from the wealthy to pursue their activities. In patrimonial economies, however, the success of economic actors from the private sector is dependent on the good will and support of government
structures to succeed. Moreover, a plethora of corrupt regulatory and inspection structures makes the private sector beholden to state actors from the highest to the lowest levels. This means that the state can substantially influence the actions of private economic actors in civic and political spheres and at local and national levels.

Thus, the new rich in the former Soviet bloc frequently are not neutral patrons. Their economic support rarely goes to groups that challenge entrenched national or local power. At the same time, many oligarchic private sector interests expect political support from civic and public policy-oriented nongovernmental organizations in exchange for their contributions. They also exchange their support for a high degree of interference in the work of such groups, which become mere appendages of their donors.

The media are subject to the same system of control and influence—and even more so. Since they are not yet profitable in most of the post-Soviet countries (in contrast to the profitability of many media outlets in the CEE countries), the media require the patronage of the private sector to survive. More significantly, in countries where semidemocratic practices are observed, the media are viewed as crucial resources in the electoral struggle. Moreover, economic oligarchs and the new rich in many of the post-Soviet states view the media as important means through which to gain access to the country’s political elite. Businessmen who own newspapers that routinely and influentially comment on politics are in a position to trade their media influence for the political favor of state officials. This, in turn, means that private sector economic investment in post-Soviet media comes with significant pressure on professional journalists who shape their reporting and editorial comment according to their owner’s direct interests.

Even in post-Soviet countries in which there is some degree of political pluralism, a corrupt patrimonial economic system still affects partisan political life. In many cases, political formations owe their very survival to the patronage of important oligarchic and other economic players. The ability of economic actors to control votes in parliament—often directly—helps to strengthen their hand when bargaining for favors and protection from the state elite. A final problem is the persistence of support among pensioners and older workers for Communist parties. In much of Central and Eastern Europe, former Communist social democratic parties that support the market system have replaced the Communist left. In countries such as Ukraine and Russia, though, Communist parties continue to win as much as one-third of public support for a rejectionist agenda that includes nearly total opposition to the market system. In turn, the intransigence of Communists operating in parliament has often led to deadlock and reform inertia that, in turn, feed public appetite for the concentration of power in the hands of the executive.

The concentration of power in the executive branch also erodes the independence of political parties, which in parliamentary systems can maintain cohesion by distributing influence through significant posts in government or on parliamentary committees. In hyper-presidential systems and autocracies, all power emanates from the chief executive and, therefore, erodes party discipline and cohesion.
PROMOTING A NEW WAVE OF REFORM: AGENDAS FOR CHANGE

Despite the bleak landscape outlined in *Nations in Transit 2001*, the collapse of “strongman” regimes in Croatia, Slovakia, and Yugoslavia offers hope that such systems can get on the path of dramatic political and economic change. It also suggests that many of the post-Communist authoritarian regimes have forces that can be mobilized to promote needed political openings. How, then, can private and state donors promote democratic change in the laggard countries of Eastern Europe and especially in the countries of the former USSR?

First, since the 2001 survey shows that throughout the region political and economic reforms reinforce one another, donors should pay significant attention to democracy assistance as part of an overall reform package. Second, donors should keep in mind that countries in which rudimentary democratic electoral processes exist are more likely to make a smooth transition to full democracy and market systems than are de facto one-party dictatorships. Third, they should look to countries such as Armenia, Georgia, Russia, and Ukraine where there are substantial independent civic and political opposition forces. Countries like these offer opportunities for donors to strengthen pro-reform currents.

Support for democratic openings and deeper democratic processes should be three-pronged. First, it should target efforts to strengthen parliamentary powers and independent judicial authority in presidential systems. Second, it should support civic action, reinforce the investigative functions of independent governmental and parliamentary structures, and promote media and public policy programs aimed at exposing corruption and economic cronyism and making economic activity more transparent. Third, it should provide direct grant assistance for civic and public policy groups that promote economic reform and political openness and significant assistance in the form of low interest loans and grants for independent pro-reform media.

Efforts to strengthen the judicial and parliamentary branches of government in presidential-dominated systems not only should include interactions at the official level but also should support reform and civic initiatives aimed at promoting systems in which there are checks and balances between the branches of government. A major focus of these efforts should be dialogue with successor generations and emerging political leaders. Donors should support enhanced exposure for the leaders and opinion-makers of the former USSR to the more balanced parliamentary and parliamentary-presidential systems that have arisen in Central and Eastern Europe. Cooperative relationships between parliaments in established democracies and the parliaments of the former Soviet Union should be supported. Funds that support cooperative efforts by legislatures to promote governmental and business transparency also should be a priority.

The seemingly intractable problem of rampant corruption must be addressed through a mix of internal and external efforts that involve the state, the private sector, civil society, and the media. Externally, donor governments should adopt policies that help to track and expose the money laundering that promotes massive capital flight from the region. Internally, donors could make substantial investments in civic and media monitoring efforts and in the creation of business coalitions that promote good government, transparency in financial transactions, deregulation, and the simplification of registration, taxation, and inspec-
tion procedures. Anticorruption activities, however, need to be carefully crafted to avoid the empowerment of unscrupulous segments of the police and procuracy. Western engagement in and support for anticorruption campaigns should avoid legitimizing efforts by many of the former Soviet governments to criminalize their political opposition.

The patrimonial and oligarchic economic arrangements that predominate in the former Soviet Union and persist to some degree in transitional Eastern European countries victimize political parties, civil society, and the media. These potential change agents, therefore, cannot simply rely on the financial support of the region’s post-Communist economic interest groups. Of course, foreign donors should not fund the campaign efforts of political parties. But they should give technical assistance, training, and encouragement through bilateral and multilateral ties with counterpart structures in established democracies to pro-reform parties and parties not dominated by corrupt economic interest groups. Linking parties and their related think tanks to counterpart groups in Central Europe should be a particular area of focus. In many of the more repressive and reform-resistant countries, independent civil society (particularly “good government” and anticorruption groups, and pro-reform think tanks) and the media should receive significant direct financial and material support that is linked to training and technical assistance. Assistance for independent media in economically and politically difficult settings could include direct grants to cover operating deficits and sponsorship of targeted investigative reporting and could be augmented by significant loan programs. In closed societies, donor efforts to provide assistance to internal and external pro-reform groups should be an important feature of any reform strategy.

The lessons learned from the countries tracked by Nations in Transit are numerous. Perhaps the clearest lesson is that although political and economic change in many countries remains an elusive aim, change in other controlled and corrupt settings (Yugoslavia and Slovakia, for example) has resulted from a combination of external assistance and international pressure and, above all, from civic courage and the expansion of democratic and pro-market values among the citizens of the post-Communist space. The systematic tracking and examining of transition processes and the lessons that can be derived are the most important reasons why Nations in Transit was launched.