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War After Communism: Effects on Political and Economic Reform in the Former Soviet Union and Yugoslavia*

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How did war affect political and economic reform efforts across the post-communist world? War is hypothesized to have a negative political impact through three main mechanisms: distraction from any peacetime political and economic reform agenda; military defeat and disruption, and associated weakening or militarization of state authority; and postwar economic isolation. After controlling for cultural, economic, and institutional factors, statistical analysis confirms the negative effects of war on political and economic reform. The negative effect of war is robust across a range of model specifications and time periods, but is estimated to be stronger for the subgroup of initially democratic countries. The cultural variable of 'frustrated national ideals' is the most important control variable. There follow brief case studies of the eight post-communist countries torn by protracted, large-scale military conflict – Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Moldova, Tajikistan, and the Federal Republic of Yugoslavia. The case studies focus on how initial conditions – particularly the cultural variable of frustrated national ideals – interact with longer-term effects of war to influence postwar revival of reform efforts. Among the subgroup of initially democratic countries, the dominant pattern is not one of democracy unleashing diversionary war, as it did in Slobodan Milosevic's Serbia. Rather, reform nationalist governments typically wanted to avoid war. But their political constituencies and ideological commitments typically prevented them from making concessions that might have avoided war, or at least stopped it more quickly. This entangled their countries in longer-term conflicts, with correspondingly greater adverse impacts on political and economic reform.

Introduction

Protracted, large-scale military conflict has been all too common in the post-communist world, affecting 8 of the 28 successor states. It has long been observed that 'new' states are more subject to internal and international military conflict (Wright, 1942). However, the causes of such conflicts have been more thoroughly studied than their consequences.

What effects do such conflicts have on political institutions and economic policy, both immediately and in the longer run? The nearly simultaneous post-communist transitions provide an unusual recent opportunity to study this question.

Existing explanations of variation in political institutions and economic policies in the absence of war provide a natural starting point. The most common theoretical approaches emphasize economic structure, political culture, or political institutions. Economic structures can generate patterns of economic interests more or less favorable to

* Data used in this article can be downloaded at <http://www.uwm.edu/Dept/Polsci/faculty/horowitz.html>. Statistical results were generated using EViews 2.0. Inquiries can be sent to the author at shale@uwm.edu.

regime change and different economic policies (Gourevitch, 1986; Rogowski, 1989). In the post-communist world, interest groups most heavily subsidized under the old communist regime can be expected to more strongly oppose not only market reform, but also the democratic political change necessary to implement market reform (Åslund, 1995).

Political cultures can incorporate institutional traditions and values more consistent with some types of institutional and policy choices than others. For example, such approaches have often emphasized religious or political traditions (Huntington, 1996; Pye & Verba, 1965). In the post-communist context, it can be argued that democratization and market reform are more likely where the cause of national revival is widely embraced, in opposition to what is perceived as a deleterious communist system imposed by outsiders (Horowitz & Marsh, 2002; Powers & Cox, 1997).

Political institutions can affect the sustainability of both democratization and market reform. For example, strong presidencies may provide aggrieved elites and interest groups with a more effective institutional platform to mount coup attempts (Linz & Valenzuela, 1994). Fragmented party systems may give smaller economic interest groups greater capacity to block economic policy change, or may make any economic policy changes less coherent and effective (Haggard & Kaufman, 1992; Tsebelis, 1995).

The impact of war should be examined in the context of this array of initial conditions. Here war is hypothesized to have three main negative effects on democratization and market reform. It distracts governments from any political and economic reform agendas, and provides cover for political repression and economic cronyism. It facilitates both greater accumulation of arbitrary executive power ('militarization' of the state) and war-related disruption of state authority, thus

leading to coup threats and greater electoral turmoil. In the postwar period, it can also lead to long-term economic isolation and disruption, which tends to make reform efforts less sustainable (Masih & Krikorian, 1999; Slider, 1997; Thomas, 1999).

Statistical analysis of 28 post-communist countries appears to show that cultural factors have been much more important than economic and institutional factors in accounting for post-communist democratization and market reform. In this context, war appears to have dramatic negative effects on both democratization and market reform. Case studies appear to confirm that both military and economic disruption represented long-term threats to political and economic reform, and that such threats were most readily overcome where reform was most strongly identified with the cause of national revival.

The following section develops a series of hypotheses, beginning with economic, cultural and institutional factors often taken to account for variation in democratization and market reform. It then examines the likely impact of war. Subsequent sections specify statistical hypothesis tests and discuss results. The impact of war is then traced in brief case studies of the eight war-torn post-communist states.

Theory: Economic Structure, Frustrated National Ideals, Political Institutions, and War

Across the post-communist world, apart from any effects of war, what economic, cultural, and institutional factors are likely to explain variation in democratic transition, and in instituting democratic rules and market economies? Consider first economic structure. Economic policy change is an important link between economic structure and democratization. In the post-communist world, democratization was typically a prerequisite

to dismantling planned or socialized economies and instituting market-based ownership and resource allocation mechanisms. Hence, those seeking to preserve many elements of the old economic regime should be more opposed to democracy, and those in favor of a rapid transition to a market economy more supportive of democracy.

The industries that were most heavily subsidized under the old economic regime would be expected to lose most from market transition. The most heavily subsidized industries were capital-intensive manufacturing sectors and agriculture. Moreover, capital-intensive manufacturing sectors were least likely to be viable under market conditions in less developed post-communist countries. In contrast, the biggest beneficiaries of market reform were urban service sector workers, especially those living in the more diversified economies of the big cities. More developed economies had smaller agricultural sectors, more viable capital-intensive manufacturing sectors, and larger urban service sectors (World Bank, 1996).

H1: More economically developed post-communist countries should be more strongly supportive of democratization, as a means of pursuing market reform. Less developed post-communist countries should be more supportive of authoritarian alternatives, as a means of propping up the old economic regime.

Consider now differences in political culture. Nationalist popular front movements were a commonly observed mechanism of dislodging communist regimes and replacing them with democracies. Such movements can be interpreted largely as expressions of frustration with the contrast between Soviet- or Yugoslav-imposed political and economic regimes, and expectations based on pre-communist political and economic achievements (Horowitz & Marsh, 2002; Powers & Cox, 1997). Countries with more 'golden'

pre-communist political or economic pasts should be more anxious to break with the communist system. Here, democracy would not only be an end in itself, but would also be the most credible means of pursuing other goals – such as cultural freedoms and market reforms. This influence should be operative on the elite as well as the mass levels. Countries with stronger frustrated national ideals should have more reformist communist parties, as well as larger, better organized, and more ideologically committed anti-establishment leaderships.

Two points of clarification are necessary here. First, such frustrated national ideals represent collective rather than individual goods, and hence are not the same as favoring reform for individual reasons (such as individual economic interests or individual freedom of expression). Second, institutions like democracy and liberalized markets are not always the most plausible means of pursuing collective goals. They were commonly the most plausible candidates in the post-communist cases for two reasons. To begin with, the old regime was politically authoritarian and economically interventionist, so a sharply contrasting model would be expected to be more appealing to those with stronger frustrated national ideals. Added to this was the contemporary attractiveness and international political, economic, and cultural openness of liberal democracies – most importantly those in Western Europe and North America.¹

H2: Post-communist elites and masses with stronger frustrated national ideals – stronger expectations of collective political and economic attainment based on greater pre-communist political and economic achievements – should be more likely to dismantle the

¹ During the interwar period, when many post-communist countries last gained political autonomy, market democracy was not such an appealing or feasible alternative.

old authoritarian regime, embrace democracy, and pursue more aggressive market reforms.

Once democracy is instituted, some types of political institutions may be less likely to facilitate its survival and full development. In the post-communist context, they may also be less likely to facilitate more thorough and sustained market reforms. Strong presidencies may represent more of a coup threat to young democracies. Such democracies often have more significant unsettled political conflicts. Under such circumstances, political elites are more likely to be highly disaffected. Here strong executives are better situated to seize power and impose their preferred policies by authoritarian means (Linz & Valenzuela, 1994).

H3: Following democratic transitions, post-communist countries with stronger presidencies are less likely to remain democracies, and less likely to implement more completely democratic rules of the game and more thorough market reforms.

It can also be argued that democracies with more fragmented party systems are less likely to last. Such fragmented party systems may be more subject to penetration by special interest groups opposing popular policy changes (Haggard & Kaufman, 1992; cf. Hellman, 1998). If this is so, democratic reformers may be more readily discredited and replaced by authoritarian alternatives. Such alternatives might champion a return to the old regime, or offer vaguer populist programs. They may come to power through the ballot box, or through coups. Democratic institutions and freedoms and market reforms are more likely to be eroded or destroyed.

H4: Following democratic transitions, post-communist countries with more fragmented party systems are less likely to

remain democracies, and less likely to implement more completely democratic rules of the game and more thorough market reforms.

Eight of the 28 post-communist countries had their transitions interrupted by protracted, large-scale war. The direct human and economic costs of large-scale war are well known. But violent conflict would also be expected to negatively affect democratization and market reform through three distinct political mechanisms: political distraction, military defeat and disruption, and economic isolation (Masih & Krikorian, 1999; Slider, 1997; Thomas, 1999).

Wars should tend to *distract* reformist movements and governments from the tasks of market reform and democratization. Priorities are likely to shift to dealing with the immediate military emergency. Economic reforms will tend to be delayed or deformed, at least for the duration of military hostilities. Reforms of the state administration, armed forces and legal system will be similarly delayed or deformed. Even democratically oriented governments tend to develop siege mentalities, accumulate extraordinary legal powers, and become less tolerant of political opposition and media criticism. Along with the direct costs and destruction associated with war, such distraction tends to undermine economic performance and civil and political freedoms, and hence to discredit reformist policy agendas and governments.

On the other hand, such economic and political conditions might be expected to provide cover for the controversial and damaging policy regimes and authoritarian political methods often embraced by conservative communist-era elites. The negative effects of war on macroeconomic stability, trade, and investment can camouflage the consequences of extending fiscal subsidies and soft bank credits to political allies. Similarly,

military emergency and the day-to-day exigencies of surviving in the face of shortages of basic necessities can distract attention from transfers of state-sector assets to political allies. Such an environment could also be used to more easily reimpose authoritarian restrictions on the opposition and press, justifying what would otherwise be viewed as a naked power grab as necessary to protect national security.

Severe negative consequences also resulted from *military defeat or disruption*. Military defeat involves significant battlefield setbacks.² Military disruption is defined as a weakening of civilian authority or internal division of military and police power. Military defeat and disruption strike at the heart of military power and political legitimacy. Military defeat or disruption thereby increases the likelihood that leaders of the armed forces or paramilitaries, possibly in alliance with communist-era elites, can mount successful coup attempts. Military defeat also makes electoral defeat more likely. Such electoral costs would especially be expected where military defeat can be plausibly ascribed to the incumbent government's incompetence or misjudgment, rather than to the enemy's predictable military superiority.

Even military victory provides only a brief honeymoon, beyond which the electorate's focus will shift to predictably dire economic circumstances. Such circumstances are worsened by *economic isolation*, particularly due to blockades and disruption of transport links that outlast military hostilities. These tend to undermine economic performance and electoral viability of reformist governments in the longer run. Although the negative economic effects are not likely to be as extreme as those associated with 'hot' war, they are liable to seem less bearable to exhausted electorates. Opportunities increase for authoritarian

elites to take power, either through the ballot box or the use of force.

In already authoritarian regimes, military defeat or disruption and postwar economic isolation would be expected to intensify repression of the political opposition. If such regimes are inclined to prop up elements of the old economic system, while transferring ownership or control of lucrative assets to personal and political crony networks, military defeat or disruption and postwar economic isolation would be expected to provide suitable political cover.

H5: Protracted, large-scale war is likely to block or reverse transitions to democracy and market reform efforts.

Method and Data

The variables to be considered in the statistical hypothesis tests are democratization, market reform, large-scale warfare, economic development, frustrated national ideals, strength of presidency, and party system concentration. The 28 post-communist countries are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Mongolia, Poland, Romania, Russia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, and the Federal Republic of Yugoslavia. All models are estimated using ordinary least squares regression.

Democratization outcomes are examined at three intervals: approximately two years following the onset of the new regime (approximately two years after the founding elections in Eastern Europe and Mongolia, and approximately two years after the collapse of the Soviet Union for the Soviet successor states); four years following the end of the first interval; and eight years following the end of the first interval. Since the new regimes came to power over the three years

² Military defeat does not necessarily imply formal acceptance of the enemy's terms of diplomatic settlement.

1989–91, the first interval stops at the end of one of the years 1991–93, the second at the end of one of the years 1995–97, and the third at the end of one of the years 1999–2001, depending upon the country. Since complete data are not yet available beyond the end of 1999, the third interval is truncated to less than four years for a number of countries. Democratization is measured continuously. This captures not only the difference between democracy and authoritarianism, but also differences in the extent of democratic freedoms within the two broad regime types. Since economic policy data are often not available for the post-communist countries during periods of war, market reform outcomes are examined only as of the end of 1999. Variables are measured as follows.

Democratization Democratization is measured using Freedom House's Political Rights Index (PRI). There are direct and indirect dimensions. Directly, there must be elections in which all parties can compete equally, in which votes are accurately counted, and in which the victors take political power. Indirectly, the ability of parties to compete equally is affected by the ability of individuals to express themselves politically, both through free association and organization for political purposes, and through open competition of political views in the mass media. Rankings on these dimensions are then averaged to produce an overall ranking on a scale of one to seven, with seven indicating most complete protection of democratic political rights.³

Market Reform To measure market reform approximately ten years after the fall of communist regimes, a simple average of two indices is used. These are the Nations

in Transit economic liberalization and corruption indices. The economic liberalization index has three equally weighted components: privatization, macroeconomic policy, and microeconomic policy. The corruption index focuses on the level of political control and monopolization of economic opportunities, and on the extent of public oversight and reform efforts. Both indices range from one (minimum market reform or maximum corruption) to seven (maximum market reform or minimum corruption).⁴ To equalize time-spans since the founding elections, the combined index should be for 1999–2001, depending on the country. But the necessary time has not elapsed, so the latest, 1999 scores are used for all countries. Thus, for some countries, the time period is truncated by a year or two.

Share of Time Involved in Large-Scale Warfare The total amount of 'independent political time' is measured starting from the first election forming the basis for a post-communist government in Eastern Europe and Mongolia, and from the August 1991 collapse of the USSR for the Soviet successor states. The end points are the tail ends of the approximately two-year, six-year, and eight-to-ten-year intervals at which the dependent variables are being analyzed (1991/92/93, 1995/96/97, and 1999). The share of time at war is the proportion of the time during which the country has been engaged in large-scale military hostilities. The countries involved in such hostilities for extended periods of time were Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Moldova, Tajikistan, and the Federal Republic of Yugoslavia.

Frustrated National Ideals This index is designed to predict the extent to which the

³ As the data were originally published, *one* indicated most complete democratization. The scale is reversed here to facilitate understanding.

⁴ As originally published, *one* indicated maximum market reform or minimum corruption.

communist era is viewed as a serious setback to national development, and thus to predict the extent to which the most plausible alternative systems will be embraced as a means of achieving a political, economic, and cultural renaissance of the nation. The index averages rankings of pre-communist political and economic achievement. Past political and economic achievements are ranked on a scale of one to five, with *five* indicating *highest* achievement. Classifications of countries are given in Table I.

The idea behind the first, economic ranking is that countries with greater pre-communist economic achievements will look much more unfavorably on the consequences of planned or socialized economic regimes. The best available quantitative index of development is the share of the workforce employed in agriculture. In the former Soviet Union, it is the titular ethnic group's share that is used in the ranking. This was often markedly higher than the total share, due to predominance of ethnic Russians in the big cities. The units fall into six distinguishable groups: Czechoslovakia at the bottom with 34.6%, Hungary and Slovenia at around 50%, Croatia, Estonia,

Latvia, and Poland at around 60%, Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Georgia, Lithuania, Macedonia, Romania, Russia, and the Federal Republic of Yugoslavia at 70–85%,⁵ Ukraine, Belarus, Uzbekistan, and Tajikistan at 85–95%, and Kazakhstan, Kyrgyzstan, Turkmenistan, and Mongolia at 95–100% (Clem, 1976: 278; Mitchell, 1980: series C1; Rothschild, 1974: 37, 39, 91, 167, 204, 285, 359, 367, 369; Socialist Federal Republic of Yugoslavia, 1987).⁶

The second ranking refers to past political achievement for states having independent juridical and administrative status under communism, and to past independence and political achievement for states not having such independence under communism (Bremmer & Taras, 1997; Dyker & Vejvoda, 1996; Katz, 1975; Rothschild, 1974; Tomasevich, 1955). Thus, Russia, Mongolia, Poland, and (somewhat more ambiguously) Hungary were all once centers of greater empires. However, this standard would not

⁵ Slovakia alone also falls into the 70–85% category.

⁶ Czechoslovakia is grouped with Hungary and Slovenia in order to use five-level rankings for both economic and political dimensions.

Table I. Sources of Frustrated National Ideals in the Post-Communist Context

	<i>Index of past economic achievement</i>	<i>Index of past political achievement</i>
Very strong	Czech Republic, Hungary, Slovenia	Baltic states, Hungary, Mongolia, Poland
Strong	Croatia, Estonia, Latvia, Poland, Slovakia	Croatia, Czech Republic, Slovenia, Federal Republic of Yugoslavia
Moderate	Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Georgia, Lithuania, Macedonia, Romania, Russia, Federal Republic of Yugoslavia	Armenia, Georgia, Romania, Slovakia
Weak	Belarus, Moldova, Tajikistan, Ukraine, Uzbekistan	Albania, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan
Very weak	Kazakhstan, Kyrgyzstan, Mongolia, Turkmenistan	Azerbaijan, Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Macedonia, Turkmenistan

For the early period in which a unified Czechoslovakia still existed, its rankings are the same as for its dominant Czech part.

have been frustrated for Russians, the dominant titular ethnic group of the former USSR. Czechoslovakia, Bulgaria, and Romania were once truly independent states that were reduced to satellite status after World War II. Albania was able to maintain an independent national communism, while Russia, again, provided the ethnic core of the USSR. Among states that did not have separate juridical status under communism, the Baltic states had the most recent and most popularly legitimate period of independence. The Caucasian states had a few brief years of independence after the end of World War I, but only in Armenia and Georgia did this involve an influential mass mobilization process aimed at securing a self-consciously held national identity. Nor is this surprising, given that Armenia and Georgia both had broken but consistently recovered histories of independent political achievement going back over a millennium. Given the dominant role of Serbia within the interwar Yugoslavia, and the preceding decades of Serbian independence following the collapse of Ottoman power in Europe, the Federal Republic of Yugoslavia could be plausibly placed between the Baltic and Caucasian states. Ukrainian political independence developed in the 9th through the 11th century, but the region was then partitioned among different empires until its consolidation under Soviet rule after World War II. As in the Baltic States, Moldova had a distinct pre-communist national identity violated in recent memory. However, this identity was as part of the Romanian nation. The Persian-speaking Tajiks and Turkic-speaking Uzbeks were jointly at the core of a great medieval Islamic empire and civilization centered on Bukhara and Samarkand. But their distinct national identities only developed during the Soviet period, and to this day there is dispute over which of the two peoples has the 'correct' claim to Bukhara, Samarkand, and their historical legacies. None of the other Soviet

successor states had a prior independent political existence. The same can be said for Bosnia and Herzegovina. Slovenia and to a somewhat lesser extent Croatia had strong traditions of regional political autonomy within larger territorial units. Both would have chosen independence after World War I if they had not felt compelled to unify with Serbia in order to protect themselves from Italian and Hungarian territorial ambitions. Macedonian Slavs are ethnically closest to Bulgarians, and were subjected to intense Serbianization during the interwar period. But a sharply distinct Macedonian political identity did not develop until the Yugoslav period.

Agriculture's Share of Workforce This is the percentage of the workforce directly employed in agriculture, fishing, and forestry. This is used as an indicator of economic development.⁷

Strength of Presidency This variable rates the constitutional strength of the presidency over three intervals. Weak presidencies with ceremonial or strictly delimited emergency powers are rated as zero. Strong presidencies – with decree powers or with veto power that can only be overridden by supermajorities – are rated as one. The intermediate, semi-presidential systems give popularly elected presidents the power to appoint prime ministers or entire governments, making the government accountable to the president as well as the parliament. These semi-presidential systems are ranked as one-half.

Party Seat Share Concentration Index and Weighted Average Party Seat Share Concentration Index The first is the party seat share concentration index in the most

⁷ An alternative indicator of economic development is per capita gross domestic product at purchasing power parity. But the latter statistic is not available for many of the poorest post-communist countries.

recent lower-house election before the end of the measured interval. The concentration index squares and sums the seat shares of all represented parties. The measure thus varies between zero and one, with more concentrated party systems having higher scores. Weighted average party seat share concentration indices are constructed over all elections, from the first election through the year in which the political rights index is taken. The weights are the proportionate amounts of time taken up by each full electoral cycle, excepting the last weight. The last weight is the share of time from the last election through the year in which the dependent variable is measured.

The political rights indices are given in Freedom House (2000). Economic liberalization and corruption indices are taken from Karatnycky, Motyl & Piano (2001). Information on the incidence and duration of warfare can be found in Szajkowski (1994) and Dawisha & Parrott (1997a,b,c,d). For data on agricultural share of the workforce

and GDP per capita at purchasing power parity, see World Bank (1996: 188–189, 194–195) and Socialist Federal Republic of Yugoslavia (1987). Data on strength of presidencies and party seat shares are taken from Berglund & Dellenbrant (1994); Center for Political Analysis (2001); Centre for the Study of Public Policy (2001); Dawisha & Parrott (1997a,b,c,d); Derksen (2001); European Forum (2000); Horowitz & Browne (2001); Inter-Parliamentary Union (2001); Karatnycky, Motyl & Shor (1997); *Keesing's Record of World Events* (1989–2001); OSCE Mission to Bosnia and Herzegovina (2000); Rose, Munro & Mackie (1998); and Szajkowski (1994).

Results

Table II shows results for the full sample of post-communist countries, both democratic and non-democratic. The frustrated national ideals index has the most explanatory power and is most statistically significant. The share

Table II. Sources of Variation in Post-Communist Democratization

	<i>Model 1</i> 1991–93	<i>Model 2</i> 1995–97	<i>Model 3</i> 1999
Share of time at war	–1.669** (0.666) –0.216	–3.295*** (0.878) –0.383	–3.335*** (1.096) –0.388
Frustrated national ideals	1.011*** (0.230) 0.662	1.220*** (0.203) 0.716	1.274*** (0.209) 0.747
Agricultural employment share	–0.983 (2.614) –0.057	–1.002 (2.281) –0.052	–1.175 (2.348) –0.062
Constant	1.710 (1.148)	1.696 (0.998)	1.603 (1.027)
R^2	0.617	0.753	0.742
Adjusted R^2	0.567	0.723	0.710
F	12.358***	24.454***	23.016***
N	27	28	28

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

Following estimated coefficients and standard errors, standardized coefficients are given. The 1991–93 time-span has one less data point, because Czechoslovakia had not yet dissolved into separate Czech and Slovak states.

Table III. Sources of Variation in Upholding Democratic Rules and Norms in Post-Communist Democracies

	Model 4 1991–93	Model 4T 1991–93	Model 5 1995–97	Model 5T 1995–97	Model 6 1999	Model 6T 1999
Share of time at war	-2.273*** (0.686)	-2.088*** (0.644)	-4.774*** (0.710)	-4.597*** (0.650)	-4.594*** (0.970)	-4.620*** (0.848)
Frustrated national ideals	-0.550 (0.698** (0.245)	-0.505 (0.683*** (0.217)	-1.178 (0.763*** (0.179)	-1.134 (0.839*** (0.155)	-1.134 (0.778*** (0.229)	-1.140 (0.736*** (0.166)
Agricultural employment share	0.501 2.575 (2.627)	0.490	0.516 -1.997 (2.088)	0.567	0.526 0.081 (2.426)	0.497
Strength of presidency	0.178 0.135 (0.542)		-0.144 0.574 (0.382)		0.006 0.172 (0.422)	
Party system concentration index	0.040 -1.518 (1.261)		0.175 1.196 (2.169)	0.133	0.052 -1.238 (2.392)	
Constant	-0.211 2.771** (1.202)	2.915*** (0.780)	0.159 3.299*** (0.868)	2.990*** (0.613)	-0.165 3.705*** (0.960)	3.616*** (0.611)
R ²	0.627	0.576	0.862	0.853	0.783	0.774
Adjusted R ²	0.502	0.529	0.815	0.827	0.710	0.749
F	5.038***	12.243***	18.666***	32.889***	10.810***	30.825***
N	21	21	21	21	21	21

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

Following estimated coefficients and standard errors, standardized coefficients are given. Kyrgyzstan is excluded due to incomplete data. Azerbaijan, Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, and, in the second two time-spans, Belarus, are excluded for possessing non-democratic institutions. In addition, the 1991–93 time-span has one less data point, because Czechoslovakia had not yet dissolved into separate Czech and Slovak states.

of time at war is also highly powerful and significant. The structural economic variable is estimated to have quite weak effects and is not significant. The relative explanatory power of the variables in each model can be seen from the standardized coefficients, which appear below the estimated coefficients and standard errors. Standardized coefficients show how many standard deviations of change in the dependent variable are estimated to occur as a result of a change of one standard deviation in the independent variable. Thus, in models 1–3, variation in frustrated national ideals is estimated to have two to three times the impact of variation in share of time spent at war, and agricultural share of the workforce is estimated to have only a negligible impact.

Table III shows results for the subgroup of post-communist countries with democratic political institutions. For this reduced group, it is possible to introduce variation in the forms of democratic political institutions – here strength of presidency and party system concentration. Again, the two most powerful and significant variables are frustrated national ideals and share of time at war. Within this more democratic subgroup, share of time at war has similar statistical significance and greater explanatory power as compared to frustrated national ideals. The structural economic variable (agricultural employment share) and the presidency and party system variables are uniformly not significant. Moreover, a stronger presidency is estimated to have a weakly favorable effect on democratization, rather than the predicted unfavorable effect. The estimated directional impacts of agricultural employment share and party system concentration are not consistent over the three periods.⁸ Trimmed models – labeled in the tables with a ‘T’ ending – show that, when the structural

economic variable and one or both political institutions variables are excluded, coefficient estimates of the other variables are little affected.

Table IV shows models of market reform using the same sets of independent variables. Again, because of missing data during wartime years, measures of market reform for all the countries at war are not available until the latest time-interval. Therefore, the models should be viewed as testing the longer-term impact of the variables. The results are broadly consistent with the models of democratization. Share of time at war and frustrated national ideals are most powerful and significant. Share of time at war is relatively more powerful in its effect on the subgroup of more democratic countries, in models 8 and 8T. The institutional variables again do not have a statistically significant impact.

It has often been argued that regime type affects the likelihood of war. Most have argued that democracy contributes to peace. But some have also argued that new democracies, such as those of the post-communist world, are more prone to war (Snyder, 2000). To the extent such reciprocal effects of regime type on war exist, the above estimates of how war affects democratization would be biased (Gates, Knutsen & Moses, 1996). For two reasons, this does not appear to be a significant source of bias for the estimates above. First, the effect of regime type on the likelihood of war is weak and complex. Six of eight countries that went to war had some claim to operating democratic institutions, and 22 of 27 post-communist countries had some claim to operating democratic institutions in the prewar period. Democracy sometimes unleashed ethnically or regionally based disputes over territorial sovereignty and autonomy. But in these cases, democracy was an enabling variable that would not be expected to contribute to war under other circumstances. Moreover, the cases of

⁸ If the time-weighted average of the party system concentration indices is used, there is no significant change in the results. This is also true for the results of Table IV. Results are available upon request.

Table IV. Sources of Variation in Post-Communist Market Reform

	<i>Model 7</i> 1999	<i>Model 8</i> 1999	<i>Model 8T</i> 1999
Share of time at war	-2.199*** (0.534)	-2.256*** (0.629)	-2.367*** (0.556)
	-0.256	-0.557	-0.584
Frustrated national ideals	0.883*** (0.102)	1.050*** (0.149)	0.993*** (0.109)
	0.518	0.710	0.671
Agricultural employment share	-0.589 (1.143)	0.610 (1.574)	
	-0.031	0.044	
Strength of presidency		0.047 (0.274)	
		0.014	
Party system concentration index		-1.387 (1.552)	
		-0.184	
Constant	1.400*** (0.500)	0.917* (0.623)	0.906** (0.401)
R^2	0.849	0.879	0.871
Adjusted R^2	0.830	0.839	0.857
F	44.949***	21.773***	61.022***
N	28	21	21

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

Following estimated coefficients and standard errors, standardized coefficients are given. In models 8 and 8T, Kyrgyzstan is excluded due to incomplete data, and Azerbaijan, Belarus, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan are excluded for possessing non-democratic institutions.

Azerbaijan and Tajikistan demonstrate that, in the presence of strong ethnic and regional cleavages, conservative authoritarian regimes may also have difficulty preventing war from breaking out. Second, the independent variable in the analysis above is not a dummy variable of war vs. peace, but share of time involved in war. It is argued below that democracies may have more difficulty ending wars once they start. But other factors – such as the nature of the dispute, the military balance of power, and the character of enemy regime type and leadership – also affect the relation. This further muddies the theoretical basis for a strong reciprocal effect of regime type on the independent variable.

To summarize, share of time at war is estimated to have a strong and significant negative impact on democratization and market

reform. For democratization, this result is robust over a number of plausible variations in model specification, and over three different time periods. For market reform, war's negative impact is only shown for the longest (approximately ten-year) time-span, but is also robust over plausible variations in model specification.

Tracing the Effects of War in the Post-Communist Countries

There is no space to provide self-contained narratives of how military conflicts affected political development and economic policy in the eight countries. Instead, this section traces the important relations indicated by the statistical findings. It reviews prewar progress towards democratization and

market reform, which largely depended on strength of reform nationalist ideologies and movements. It then summarizes how such advances were affected by war – particularly by distraction, military defeat and disruption, and postwar economic isolation. Last, it discusses how prewar conditions interacted with wartime developments to affect postwar revival of reform efforts.

Consider first Azerbaijan and Tajikistan, with their prewar authoritarian regimes.

Azerbaijan In Gorbachev-era Azerbaijan, the conservative Azerbaijani Communist Party (CP) allowed little political liberalization and made no serious market reform efforts. Following about three years of low-intensity fighting, full-scale war in and around Azerbaijan's Nagorno-Karabakh autonomous region (henceforth 'Karabakh') erupted in August 1991, with the collapse of the central Soviet regime. Fighting pitted Azerbaijani security forces and paramilitaries against Karabakh Armenian paramilitaries supported from Armenia proper. The May 1994 ceasefire left Karabakh Armenian forces in possession of Karabakh and of large additional chunks of Azerbaijan to Karabakh's east and south (Croissant, 1998).

How did the war affect political development and economic policy in Azerbaijan? Initially, the Azerbaijani CP set up an authoritarian regime under Ayaz Mutalibov. Calculating that a professional army might threaten the regime, Mutalibov relied on small internal security forces and hoped for Russian aid. This led to decentralized formation of Azerbaijani paramilitaries and rapid defeat at the hands of the Karabakh Armenians. In turn, this combination toppled the CP regime in May 1992, leading to a brief democratic interlude under the reform nationalist Azerbaijani Popular Front (APF). However, in early 1993, a Russian-backed coup led by Azerbaijani paramilitary leader Surat Huseinov toppled the APF. This

brought Brezhnev-era Azerbaijani CP leader Heidar Aliiev to power. Aliiev methodically consolidated a personalist dictatorship, based on Soviet-era patron–client networks. He remains in power today (Alstadt, 1997).

War distracted the APF from its political and economic reform agenda. Military defeat, along with internal divisions among the security forces, facilitated the overthrow of both the Azerbaijani CP and the APF regimes. Aliiev accepted the draconian ceasefire terms of the Karabakh Armenians, but successfully resisted Russian efforts to impose a protectorate over Azerbaijan. Aliiev has compromised market reform with extensive side payments to his personal and political clients, and has emphasized oil and gas development projects that funnel resources directly into state coffers. Azerbaijani economic prospects are further weakened by imperiled energy and trade links through Georgia and Chechnya, and poisoned relations with Armenia and Russia. However, poor economic prospects do not threaten Aliiev, who has carefully eliminated or domesticated all serious political rivals. The war interrupted any progress towards democratization and market reform, and damaged future economic prospects (EBRD, 1994: 18–19; EBRD, 1998: 152–153, 208; Karatnycky, Motyl & Piano, 2001: 92–111). However, given the poor prospects for political and economic reform under the prewar Azerbaijani CP regime, the negative effects of war appear relatively limited.

Tajikistan In the mid-to-late 1980s, Tajikistan's conservative CP resisted Gorbachev's reform efforts, allowing virtually no political or economic liberalization. After the Soviet collapse, the Tajikistani CP formed a neo-communist authoritarian regime. Apart from educated dissidents living in the capital, Dushanbe, opposition came disproportionately from the Gharm and Badakhshon regions, which had been excluded from

power during the communist period. In April–May 1992, opposition demonstrations against rigged elections and political purges led to fighting in Dushanbe. Tajik CP leaders made a tactical retreat, negotiating a power-sharing agreement with opposition leaders. However, hardline CP leaders in the Khojand and Kulob regions refused to accept the deal. Kulobi security forces and paramilitaries went on the offensive, and the country descended into civil war. Aided by Uzbekistan and Russia, Kulobi and other conservative forces established control over most of Tajikistan by the end of 1992. Guerrilla warfare, punctuated occasionally by larger engagements, continued in the Gharmsi and Badakhshoni mountains and along the Afghan frontier. A peace agreement with the Islamist and secular nationalist opposition was only signed in June 1997. This granted opposition forces an amnesty and limited participation in government. These limited concessions were only made because of an internal division among the neocommunists. This pitted Imomali Rakhmonov's Russian-backed Kulobi elites against Uzbekistani-backed Khojandi elites. Fighting only subsided in late 1998, leaving Rakhmonov in solid authoritarian control (Akbarzadeh, 1996; Atkin, 1997; Pannier, 1998, 1999).

How did the war affect political development and economic policy? Rakhmonov brutally repressed all opposition. A state-guided economy was kept in place until 1995–96. At that time, tensions with the Khojandi CP and Uzbekistan were coming to a head. Rakhmonov initiated market reforms and began to seek a peace agreement with the anti-communist opposition. Again, this involved giving a sharply delimited political space to Islamists and secular nationalists, in order to defeat the Khojandi elites. The market reforms conveniently broke off communist-era subsidies that had flowed disproportionately to more developed Khojand. Patron–client networks close to

Rakhmonov have heavily monopolized the resulting market-based opportunities. Tajikistan is one of the most isolated places on earth. Tensions with Uzbekistan and turmoil in Afghanistan render transport and energy links unreliable, further damaging prospects for postwar economic recovery (EBRD, 1994: 38–39; 1998: 192–193, 228; Karatnycky, Motyl & Piano, 2001: 616–639). But reform prospects in Tajikistan were extremely poor to begin with. The main effect of the war was to sanction a token opposition, and to provide former Kulobi CP elites with a means of seizing power and resources from their Khojandi counterparts.

Consider now the former Soviet Republics of Armenia, Georgia, and Moldova, with their prewar democratic regimes.

Armenia Under Gorbachev, the Armenian CP was strongly reformist, and openly supported the Karabakh Armenian cause. Political liberalization culminated in the free and fair elections of May 1990. The reform nationalist Armenian Pan-National Movement (APNM) won enough seats to take power, forming a coalition with like-minded deputies of other parties. Political liberalization intensified, and ambitious market reforms were initiated. As discussed, full-scale conflict in and around Karabakh broke out with the Soviet collapse. Armenian supplies and volunteers heavily supported the Karabakh Armenian fighters. Armenian military victory was reflected in the May 1994 ceasefire (Croissant, 1998; Masih & Krikorian, 1999).

Market reform efforts were delayed during the war, but restarted from 1994 in their initially ambitious form. From 1994, though, creeping restrictions on political and press freedoms developed. These largely reflected a deadlock over postwar political strategy. The APNM's moderate leader, Levon Ter-Petrossian, believed that Armenia's military and political future would

be endangered if the Azerbaijani–Turkish economic blockade persisted. The blockade had devastated Armenia’s economy, and its young and educated were hemorrhaging into the Armenian diaspora communities. Ter-Petrossian wanted to return all captured territory to Azerbaijani control, including Karabakh, in exchange for strong autonomy guarantees for the Karabakh Armenians and an end to the blockade. Ter-Petrossian was opposed by the Karabakh Armenians, their allies in Armenia’s security forces, Armenia’s right-wing nationalist parties, and at least half the Armenian populace. This opposition believed that Ter-Petrossian’s plan would throw away the Armenian military victory and unacceptably endanger Karabakh Armenian security. Finally, in February 1998, Ter-Petrossian was forced to resign by the leaders of the security forces. He was replaced by Prime Minister Robert Kocharian, a former president of the self-proclaimed Nagorno-Karabakh Republic (Masih & Krikorian, 1999; Libaridian, 1999).

Thus, the debate over diplomatic strategy was resolved in favor of the status quo. Far from deepening authoritarian tendencies, Kocharian removed many restrictions on political and press freedoms. Throughout the postwar period, rapid market reform continued without significant interruption. Armenia’s economy has recovered significantly from its low point in 1993–94. However, the Azerbaijani–Turkish blockade remains in place, Georgia seems chronically unstable, and economic relations with Iran are in their infancy. As a result, Armenia’s economic future remains clouded. Armenia’s prewar political and economic liberalization was quite aggressive – among the former Soviet Republics, comparable only to the efforts made in the Baltic states. Although reform efforts have survived the war, they have been severely set back. The blockade continues to threaten sustained economic recovery, and thereby the electoral sustain-

ability of market reform efforts (EBRD, 1994: 16–17; 1998: 150–151, 207; Karatnycky, Motyl & Piano, 2001: 68–91). More importantly, the conflict over the direction of postwar policy set a precedent for a military veto over political outcomes. Reform nationalist ideological commitments among Armenian elites are probably sufficient to prevent a long-term descent into authoritarianism. However, economic and military troubles remain likely, and the security forces seem poised to play a long-term political role. Unsurprisingly, patron–client networks with ties to the security forces contribute significantly to corruption, posing a further impediment to sustained economic growth.

Georgia In the late 1980s, a strong reform nationalist movement sprang up, eliciting considerable sympathy within the Georgian CP. The reform nationalist Round Table-Free Georgia Bloc, led by Zviad Gamsakhurdia, won the October 1990 parliamentary elections outright. Although the Georgian public supported political and economic reform in polls and elections, Gamsakhurdia displayed pronounced populist-authoritarian tendencies. Relative to other Georgian elites, he was unusually suspicious of unrestrained economic liberalization and political freedoms. Above all, his fiery rhetoric and sometimes exclusivist policies fueled ethnic tensions. The Georgian nationalist movement was strongly opposed by the Abkhaz and Ossetian minorities. These groups were supported by the Soviet Center to deter Georgian separatist tendencies, and later by Russia to keep Georgia within its sphere of influence. Low-intensity fighting in Abkhazia and South Ossetia produced decentralized mobilization of Georgian paramilitaries, which Gamsakhurdia struggled to control or to cobble together into professional armed forces (Jones, 1997; Slider, 1997).

Bitter intra-Georgian political rows increasingly isolated Gamsakhurdia, who

was overthrown in December 1991–January 1992 by independent paramilitary forces and defecting elements of his own National Guard. Smelling blood, the Ossetians held a referendum supporting integration with Russia. With Russian support, the Ossetians beat off Georgian forces, leaving a de facto South Ossetian statelet protected by Russia. Georgian forces next pursued ‘Zviadist’ paramilitaries loyal to Gamsakhurdia, and clashed with newly aggressive Abkhaz forces. Again, with Russian backing, the Abkhaz defeated Georgian forces, securing an independent statelet. Zviadist militias made threatening advances. Amid this series of military disasters, Soviet-era luminary Eduard Shevardnadze was able to take power from the military coup leaders, who had brought him in as a figurehead. By agreeing to enter the Commonwealth of Independent States and lease bases to Russia, Shevardnadze was able to put down the Zviadist rising and end the fighting by the end of 1993 (Jones, 1997; Zverev, 1996).

Georgians came to view Shevardnadze as the only figure with the stature to save Georgia from anarchy and internal collapse. Although Shevardnadze could have created a personalist dictatorship in the manner of Azerbaijan’s Aliiev, he remained true to his reformist ideals. Restrictions on political and press freedoms were largely removed, and thorough market reforms were instituted. Georgia’s postwar economic recovery has been healthy. However, transport links through Abkhazia to Russia remain interrupted, and relations with Russia tense. Central authority remains weak, and corruption endemic. Georgia’s political stability seems tenuous, all too dependent on Shevardnadze’s coalition-building skills (EBRD, 1994: 24–25; 1998: 168–169, 216; Karatnycky, Motyl & Piano, 2001: 276–301). In Georgia, promising early tendencies toward political and economic

reform were derailed by war and by Gamsakhurdia’s polarizing rhetoric and policies. By weakening state authority and creating a succession of coup threats, the wars threatened the long-term survival of democracy and market reform. A lesser threat results from ongoing disruption of traditionally important economic ties to Russia. Shevardnadze has staged a remarkable recovery of political and economic reform, but conflicts remain unsettled, the state weak, and future economic prospects uncertain.

Moldova In the late 1980s, the reform nationalist movement drew considerable support both from the ethnic Moldovan public and from the ethnic Moldovan segment of the Moldovan CP. Following parliamentary elections in February–March 1990, the reform nationalist Moldovan Popular Front (MPF) took power in coalition with ethnic Moldovan reform communists. In an attempt to bridle reform nationalist tendencies, Moscow supported separatist movements in the heavily Slavic Transnistria region and in southern regions populated by Gagauz Turks. By championing unification with Romania, the MPF intensified Transnistrian and Gagauz separatism and divided the ethnic Moldovan reform nationalist base. Romania did not have a good reputation for treatment of its own citizens, let alone ethnic minorities. With clashes in Transnistria and the Gagauz regions intensifying and public fears of war and territorial dismemberment rising, ethnic Moldovan reform communists jettisoned the MPF prime minister in May 1991, instead taking on Slavic party coalition partners. In August 1991, a seizure of power by ethnic Russian elites in Transnistria, supported by local Soviet army forces, coincided with the failed coup attempt in Moscow. Similar methods were used in the Gagauz regions. When it became clear that Moldovan

resistance would be met by escalating support from locally based Russian troops, the Moldovan government decided not to resist. As a result, fighting ended by July 1992, leaving local Russian elites in control of Transnistria and local Gagauz elites in control of the Gagauz regions of settlement (Crowther, 1997; Socor, 1992).

At this stage, ethnic Moldovan reform communists were in a position to impose authoritarian rule. But they remained true to their reform nationalist beliefs. Political and press freedoms were largely protected. Market reforms, although compromised to protect the interests of the ethnic Moldovan rural nomenklatura, made slow but steady progress. However, Moldova's economy was almost totally dependent on energy and trade links with Transnistria, Ukraine, and Russia, and these were lastingly disrupted by Transnistrian secession. The result has been economic collapse followed by stagnation. Much of the ethnic Moldovan populace has progressively lost hope. In the most recent, February 2001 elections, the ethnic Moldovan swing vote delivered a majority to the Slavic-oriented Communist Party. As the Communists seek to restore the status of the Russian language and build stronger relations with Russia, clashes with the ethnic Moldovan nationalist right are intensifying. Moldova's economic and political future remains highly uncertain (EBRD, 1994: 30–31; 1998: 180–181, 222; Karatnycky, Motyl & Piano, 2001: 446–463; US Department of State, 2002b). Given the initial strength of reform nationalist opinion and policy among ethnic Moldovans, the war – and particularly the resulting worsening of the economic decline and the prospects for recovery – appears to have set back democratization and market reform.

Finally, consider the former Yugoslav republics of Croatia, Bosnia and Herzegovina, and Serbia.

Croatia Elections in 1990 were victories for nationalist parties across the six former Yugoslav republics. In Croatia, the reform nationalist Croatian Democratic Union (CDU) government continued the process of political liberalization begun under the old Croatian League of Communists (LC). Ambitious market reforms were adopted in 1991. The deadlock between reform nationalists in Slovenia and Croatia, demanding sovereignty for their republics, and 'red-brown' nationalist communists in Serbia and Montenegro, supporting either a recentralized Yugoslavia or an enlarged Serbia, intensified. Having failed to obtain sovereignty within the Yugoslav institutional process, Croatia's CDU government, along with Slovenia's reform nationalist coalition government, declared independence in June 1991. Local Serb paramilitaries, supported by paramilitaries from Serbia and Yugoslav People's Army (YPA) units, seized control of Croatia's heavily Serb borderlands. They also took neighboring regions offering land links to Serbia and to Serb regions of Bosnia and Herzegovina. By the time a ceasefire was signed in January 1992, approximately one-third of Croatia's territory was in Serb hands. Following Bosnia and Herzegovina's April 1992 declaration of independence, Croatian army forces fought alongside Bosnian Croat forces, first primarily against Bosnian Serb forces, later also against Bosnian Muslim forces, and finally in a US-brokered alliance with the Muslims against Bosnian Serb forces. By late 1994, US training and help procuring arms had begun to turn the military tide. In August 1995, Croatian forces retook most of the Croatian borderlands, and joined Bosnian Croat and Bosnian Muslim forces in a successful offensive in Western Bosnia. In the Dayton Agreements negotiated in November 1995, Serbia agreed to evacuate remaining occupied areas in Eastern Croatia (Burg & Shoup, 1999; Goldstein, 1999: 210–256).

The war negatively affected democratization and market reform in Croatia. Although elections remained by and large free and fair, increasing restrictions were placed on the mass media. Market reforms were derailed by high military spending, and particularly by soft lending combined with delayed or politically biased privatization of medium and large enterprises. The military victory in 1995 provided the CDU government with a brief honeymoon period, but the regime's mass media and economic policies were not electorally sustainable in peacetime. Deteriorating economic conditions, which threatened a politically disastrous financial crisis, led the CDU to end its cronyist soft lending policies. Freedom of the press also became an important rallying cry for the opposition. Following the center-left opposition election victory in January 2000, mass media restrictions were largely dismantled, while the market reforms belatedly restarted by the CDU were sustained (EBRD, 1994: 20–21; 1998: 160–161, 212; Karatnycky, Motyl & Piano, 2000: 198–221; US Department of State, 2002a).

Croatia's westward and coastal geographical location meant that Croatia's enemies could not impose economic isolation. Given the initially strong support for democratization and market reform, this meant that the main threat resulting from the war was militarization, internal division or collapse of the state. However, CDU elites retained long-term commitments to democracy and had consolidated central military authority by late 1991. CDU leader Franjo Tudjman was willing to harass the mass media and even the political opposition in order to win the war, preserve Croatia's territorial integrity, and establish a *de facto* protectorate over the Bosnian Croats. There was a danger that these measures might trigger a transition to a long-term authoritarian regime. The danger reached its height during Tudjman's efforts to partition Bosnia with Milosevic. The public

saw this as endangering long-term plans to retake Serb-held Croatian territory, and as inviting international economic sanctions. The CDU's popularity declined significantly. But Tudjman adjusted, and the US-backed alliance with the Bosnian Muslims delivered military victory by late 1995. The war produced important setbacks to democratization and market reform. But Croatia's populace and elites retained their initial commitment to a transition to market democracy. Combined with Croatia's favorable geographical location, this facilitated the postwar revival of reform efforts.

Bosnia and Herzegovina Free and fair elections in December 1990 produced a victory for the Croat, Muslim, and Serb reform nationalist parties. However, events were dominated by the rival pulls exerted by Croatia and Serbia. It proved impossible for the three nationalist parties, with their irreconcilable visions of Bosnia's future, to cooperate on dividing government responsibilities and setting a policymaking agenda. Following the fighting in Croatia and facing the unilateral creation of a Serb statelet within Bosnia, Croats and Muslims were able to agree on declaring independence in early 1992. Bosnian Serb forces, supported by Serbian paramilitaries and YPA units, rapidly seized Serb areas of settlement and neighboring regions providing links to Serbia and to Serb-held Croatian territory. About two-thirds of Bosnian territory was occupied. Soon Croat-Muslim fighting also broke out, as Tudjman sought to make a deal with Milosevic to partition Bosnia. But the US-backed Croat-Muslim alliance of early 1994 produced military victory by late 1995. The Dayton Agreements imposed a partial international protectorate. The three largely mono-ethnic zones created by war and ethnic cleansing were forced to collaborate in government at regional and central levels. An international High Commissioner reserved

power to impose elements of the Dayton Agreements, and NATO forces provided enforcement capability (Burg & Shoup, 1999).

War rolled back political and press freedoms across all three ethnic zones. The economy collapsed. Economic policy efforts shifted to organizing and financing the war effort. Force and patronage solidified the political control of the three nationalist parties. In the absence of the postwar international protectorate, the Croat and Serb regions would have been absorbed by their mother countries, and the Muslim zone would have been encircled and desperately vulnerable. It is doubtful whether the Muslim nationalist Party of Democratic Action would have allowed a revival of democracy under such circumstances. Prospects were thus somewhat salvaged by the international protectorate. Elections were held, and relatively free and fair conditions were imposed on the reluctant nationalist parties. A limited but significantly enlarged space was opened up for the political oppositions and independent mass media. In the Serb and later in the Muslim zones, political oppositions won elections and took power from the wartime nationalist parties. International decrees and economic aid were used to force through market reforms and to prevent Croatia from imposing economic restrictions on the Muslim zone. However, local political and economic mafias remain difficult to dislodge, so significant informal restrictions on political and economic freedoms persist (EBRD, 1998: 156–157, 210; Karatnycky, Motyl & Piano 2001: 138–175). Without international intervention, the war would have destroyed the Bosnian state. At best, the Muslim zone would have been under permanent siege. In the postwar period, international intervention enforced political and economic openings that have made possible limited but significant revivals of democracy and market reform efforts.

Serbia⁹ Sensing the shifting political winds in the mid-to-late 1980s, Slobodan Milosevic yoked his political career to Serbian nationalist grievances. He used public appeals to these grievances to take control of the Serbian LC, to re-establish central Serbian control over the Kosovo and Vojvodina autonomous provinces, and to win a plurality and keep power in the December 1990 Serbian parliamentary elections. Milosevic's nationalist politics and interventionist policies were the driving forces behind the violent Serb separatist movements and wars that erupted in Croatia and Bosnia in 1991–92. Despite initial military victories, Croatia and the Bosnian Croats and Muslims continued to struggle, and the international community imposed increasingly effective economic sanctions. When the military balance shifted in 1994–95, Milosevic decided to cut his losses. Following the rout of the Croatian Serbs and the Serb retreat in Western Bosnia, Milosevic was able to force the Bosnian Serbs to accept the US terms and stop the fighting. By late 1996, the military setback and continuing economic difficulties had reinvigorated Serbia's political opposition, forcing Milosevic to rely more on repression to stay in power. In response to rising guerrilla resistance from Kosovo Albanian paramilitaries in 1997–98, Milosevic decided to renew the strategy of using military escalation as a political diversion. The result was renewed international economic sanctions, and in 1999, a brief war with NATO that ended with Serbian withdrawal from Kosovo. This fresh military defeat, along with continuing economic catastrophe, set the stage for Milosevic's fall from power following the September 2000 Yugoslav presidential election (Silber & Little 1996; Thomas, 1999).

From 1990, all Serbian elections were

⁹ Serbia is the dominant political sub-unit of the internationally recognized Federal Republic of Yugoslavia. The discussion here omits tiny but increasingly independent-minded Montenegro.

marred by a variety of irregularities. These ranged from attacks on the political opposition and independent mass media to vote fraud and extreme gerrymandering. However, an entrenched though chronically divided political opposition remained in place, mounting repeated challenges through mass demonstrations as well as in elections. Milosevic talked market reform, but focused from the beginning on using economic policy to build political patronage and power. The war provided cover for economic cronyism on a much larger scale (Dyker, 1993; Karatnycky, Motyl & Piano, 2001: 720–749; Lazic & Sekelj, 1997). With no end to economic isolation in sight and early military victory giving way to a series of defeats, Milosevic faced eventual defeat under any semblance of democratic rules. Apparently overconfident of his support among the public and the security forces, Milosevic believed that continued, partially controlled democratic elections did not pose a threat. This was his political undoing.

From the beginning, Milosevic diverted Serbia from what in all likelihood would have been a more reformist path. Without Milosevic's internal transformation of the Serbian LC into a 'red-brown' party, a coalition of non-communist reform nationalist parties would probably have won the elections in 1990, and the reformed Serbian LC would also probably have been more reformist. Although a non-communist reform nationalist regime might not have avoided conflict in Croatia, Bosnia, and Kosovo, it would have been more committed to democracy and market reform. War provided Milosevic with a more effective pretext for stifling political freedom and perverting market reform. However, for as long as a semblance of democracy survived, military defeat and economic isolation came to pose significant threats. If Milosevic had not miscalculated his degree of political control, he might have used war to destroy the prospects

for political and economic reform for much longer.

To summarize, war tended to set back democratization and market reform across all the countries. War-related setbacks appear to have been greater in prewar democracies than in prewar authoritarian regimes. Because of poor initial prospects, setbacks were most limited in authoritarian Azerbaijan and Tajikistan. If war had lastingly dislodged the early authoritarian regimes in these countries, there is a strong possibility that reform prospects would have improved. This occurred temporarily in Azerbaijan during the brief Azerbaijani Popular Front government. But the latter was locked into continuing the war for political and ideological reasons. Wartime conditions soon generated a coup attempt, and popular and elite support for democracy was too weak to save the regime.

Particularly in the democratic cases, which setbacks to reform involved not merely delays, but also greater risks of long-term failure? There appear to be two main sources of long-term failure. Ongoing conflict, combined with militarization or military disruption of the state, created risks of authoritarian shifts in Armenia, Georgia, Bosnia and Herzegovina, and, under Milosevic, Serbia. Second, long-term economic isolation and disruption made reform agendas – whether or not their implementation was attempted – less politically sustainable. This was the case in Armenia, Moldova, Bosnia and Herzegovina, Milosevic's Serbia, and to a lesser extent, Shevardnadze's Georgia.

The Milosevic regime's collapse, followed by thorough political and military reforms and removal of international sanctions, appears recently to have minimized both dangers in Serbia. Croatia was not as seriously threatened in either way, given the strength of democratic norms across the main political parties and a geographical location facilitating easy access to international markets.

The widely discussed political developments in Milosevic's Serbia were exceptional rather than typical. Only in Serbia did the incumbent communist party (Serbian LC) survive by outflanking most of the opposition on the nationalist right, and then by actively promoting military conflict. As long as Milosevic continued to show some minimal respect for democratic rules, this was a risky strategy – as Milosevic finally had occasion to discover. Most other incumbent authoritarian leaderships preoccupied with keeping power understood the need to avoid war, or to disengage from it as soon as possible, in order to consolidate power against internal opposition.

Democratic nationalist governments typically did not want war. But self-imposed ideological constraints and electoral constraints often made it difficult to make the political concessions necessary to avoid war, or to disengage quickly from war. War forced such governments to sideline their political and economic reform agendas, and to conduct militarily and politically dangerous war efforts. In Croatia, promising initial cultural-political and economic conditions minimized the long-term dangers to the reform agenda. In Armenia, Georgia, Moldova, and Bosnia and Herzegovina, the resulting long-term threats to political and economic reform were much more grave.

In Georgia and Bosnia and Herzegovina, it is almost miraculous that democracy survived at all, albeit in a badly weakened condition. Moldova avoided greater initial disruption by making dramatic concessions and thus avoiding protracted conflict. This was possible because almost everyone understood the futility of fighting ethnic Russian rebels supported by regular Russian forces. Still, long-term economic disruption continues to pose a significant threat. Despite Armenia's isolation and terrible economic privations, the initially strong political consensus in favor of democracy and market

reform has proven resilient in the face of considerable political and military turbulence.

In general, the most important initial condition seems to be the ideological strength of the reform nationalist agenda among both elites and masses. Apart from distraction for the duration of the conflict, the two more chronic threats to revival of any initial reform agenda have been militarization or military disruption of the state, and postwar economic isolation.

Conclusions

Across the post-communist world, war appears to have had a dramatic negative impact on democratization and market reform. This impact appears greater in initially democratic post-communist countries. This result holds particular interest in the light of the apparently dominant role played by political culture – frustrated national ideals – among the various initial conditions. While association with national revival was crucial in instituting and sustaining political and economic reform, such ideological justifications were often provocative to internal minorities and neighboring states. Nor were such ideological principles easily compromised to avoid internal and international conflict. In other words, many post-communist countries were caught in a tragic political trap, in which the ideological glue necessary to mobilize for political and economic reforms tended to produce conflicts, which in turn rendered reforms far more difficult to sustain. This did not just occur where leaders such as Slobodan Milosevic used such ideologies in blatantly instrumental efforts to compete for power. It occurred much more broadly, even where new governments intended to abide by democratic rules, and would have much preferred to avoid war.

Such political circumstances may not be unique to the post-communist world. Looking back at past waves of political and economic

transitions in Europe, Latin America, Africa, the Middle East, and East and South Asia, it is possible that more attention should be paid to the role of widely appealing ideological visions of national development. Such transitions have also often been associated with military conflict. It may be that such ideological factors either contributed to military conflict or helped to avoid it, with significant long-term developmental effects.

Across the post-communist world, level of economic development and varieties of democratic political institutions do not appear to have had dramatic impacts on democratization and market reform. It remains possible that they have had stronger impacts in other regions, and that they may have stronger impacts in the post-communist world in the future. The results merely suggest that their influence should be tested within model specifications that do not omit other important variables.

The findings also have implications for extending related literatures. The democratization literature discusses process-level bargains among elites, as well as structural conditions affecting the feasibility of underlying democratic compromises among mass constituencies (e.g. Linz & Stepan, 1996; Rogowski, 1989). The discussion above suggests the importance of avoiding war, and of examining how violent conflict undermines the most promising terms of settlement on the elite and mass levels.

One main strand of the democratic peace literature argues that individual level cost-benefit analyses feed through democratic institutions to avoid war. The discussion above supports those calling for richer microfoundations. These must account for how individual cost-benefit analyses might aggregate to yield democratic war as well as democratic peace (Gates, Knutsen & Moses, 1996; Snyder, 2000). In the post-communist countries, the most common democratic war scenario arises

from ethnically based disputes over territorial sovereignty or autonomy. The next step is to build a theory of how authoritarian regimes are likely to react to similar situations. Tests of the democratic peace hypothesis are likely to be more persuasive when the effects of regime type are tested under theoretically comparable conditions.

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