

Geographic Diffusion and the Transformation of the Post-Communist World

by

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I. The Puzzle

Since communism's collapse, the states of post-communist Europe and Asia have defined for themselves, and have had defined for them, two primary tasks: the construction of viable market economies and the establishment of working institutions of representative democracy. A decade later, specialists on Eastern Europe have one salient fact to report: some countries have it easier than others. A handful of countries (Poland, Hungary, the Czech Republic, Slovenia, and perhaps the Baltic States and Slovakia) have made significant progress in marketization and democratization. A much longer list of others states (Albania, Croatia, Bulgaria, Macedonia, Romania, Yugoslavia, and the former non-Baltic Soviet Republics) have made little or no progress. Indeed, by 1995 it was already possible to see the contours of two very different (and stable) post-communist outcomes, one increasingly "Western" and the other decidedly not. The variation in outcomes in the post-communist space makes it, without question, the most diverse "region" in the world.

Such diversity in outcomes cries out for an explanation. How did countries at similar starting points end up so far from each other? This paper offers one explanation, develops and adduces evidence for it, and tests it against competing accounts. The most obvious explanation that comes to mind is proximity to the West. All of the big winners of post-communism share the trait of being geographically close to the former border of the non-communist world. This suggests the spatially dependent nature of the diffusion of norms, resources, and institutions that are necessary to the construction of political democracies and market economies in the postcommunist era. In what follows we test this "geographic" or spatial dependence explanation against competing hypotheses using the entire universe of post-communist cases. We then explore the spatial dependence hypothesis and its implications more deeply, and offer a

preliminary attempt to identify the causal channels through which the approach offered might be working. What we maintain is that most alternative explanations have ignored, to their detriment, the role of geographic position on the Eurasian landmass and the spatial diffusion of influence, norms, and expectations across borders in accounting for variations in political and economic outcomes. We do not argue that ours is the only possible explanation. But we do insist that such a perspective provides us a powerful lens through which to understand post-communist developments

Before proceeding to the analysis, it should be noted that the enterprise of explaining variations in economic and political outcomes in the region is not new. From such classics in the field of East European Studies as R.W. Seton-Watson's Racial Problems in Hungary, to Hugh Seton-Watson's Eastern Europe Between the Wars, to the modern day work of Janos, and Stark and Bruszt understanding differences among East European countries has a long tradition.ⁱ Furthermore, study of the spatial diffusion of norms and "culture" on the European continent is also not unknown in the field. As keen students of their own borderlands, German *Ostforscher* coined the term *Kulturgefälle*, or cultural gradient, to describe and explain the changes that were visible across the European continent as one traveled to the economically and politically backward regions east of the Elbe and in the Danubian Basin.ⁱⁱ

Whereas students of the 19th century and the communist era often find themselves either in the statistical dark ages or (especially in the communist era) in a statistical house of mirrors, today students of post-communism enjoy the advantage of the era in which they live. In order to gain favor with international financial institutions, the United Nations, and powerful western governments, post-communist states now regularly issue financial, economic, and political data, and permit this data to be verified by outside observers. What this data allows us to do is to draw

comparisons for the entire universe of post-communist cases in order to make inferences about the same kinds of questions that have occupied the minds of East Europeanists for almost a century. What we do not do in this paper is to question the data more deeply in order to see whether it is measuring the kinds of things that should be measured. The advantage of such a study, however, is that it may provide us clues as to which cases are really worth delving into in more detail, which are the outliers that need to be explained, and which cases may provide useful lessons to social scientists. We turn briefly to these cases below.

The dependent variables in this paper are the variety of post-communist political and economic outcomes, defined as more or less democratic and more or less reformed respectively. At an operational level we utilize a range of scores in the Polity IV data set, World Development Report, the CIA factbook, and the Economic Freedom measures from Dow Jones and the Heritage Foundation, in order to establish a range of measurable values for political and economic success.

If the geography hypothesis is accurate, five implications should follow:

1. Countries closer to the West should receive consistently high scores on political and economic outcomes.
2. Geographic effects should be felt more strongly in states that are more open to outside influences.
3. Certain states or groups of states should be found to have more influence than others on the outcomes of the studied group.
4. There should be a strong “neighbor effect.” Political units surrounding a state should have a greater impact than those farther away
5. Policies and institutional choices themselves should be explained by geographical dispositions.

After an assessment of competing explanations, we offer a number of tests for these propositions.

We conclude the paper with a discussion of plausible causal mechanisms.

Competing Explanations

The literature on the diverging trajectories of post-communist states and economies is dominated by variations on a single theme: temporal path dependence.ⁱⁱⁱ One finds, however, various kinds of path dependent types of explanations. Institutional path dependence stresses the importance of initial institutional choices. In particular, Linz and Stepan maintain that while parliamentary systems tend to produce stable and consensus-driven democracies, presidential systems produce unstable, conflict-driven, and semi-authoritarian democracies.^{iv} In the creation of market economies, a related proposition has been put forward by a number of scholars. The logic here runs as follows: countries that quickly adopted secure property rights, independent central banks, liberalized their prices and tariffs, privatized their state-owned property, and balanced their budgets, succeeded in laying the roots for rapid market-oriented growth.^v By contrast, countries that delayed this process, for whatever reason, allowed rent-seekers and “oligarchs” to entrench themselves in power and resist further reform. The result was a stable, if bad, equilibrium of a semi-reformed, semi-communist economy.

The utility of the institutional path dependency literature lies in its account of why successful democratic reformers and successful marketizers seem to be the same countries. Genuine democracy permits the distributional beneficiaries of the old system (the rent-seekers) to be removed from power. Semi-authoritarian democracy, on the other hand, as in Russia, worked to the benefit of the rent-seekers who could use existing institutions to ensure the continuity of their power.

The problem with this literature is that it fails to explain why some countries chose the right institutions and others did not, and why some countries liberalized their economies rapidly, while others moved more slowly. It assumes, and herein lies the pitfalls of the democratization literature in general, that all countries had the same possibilities for transformation, if only the

leaders and the publics had chosen correctly. As Easter has shown in his critique of Linz and others, however, those countries choosing parliamentary systems already had a higher level of social consensus before they chose this system.^{vi} Indeed, this consensus is what permitted them and inclined them toward parliamentarism. Similarly, it is not so much that presidential systems lead inexorably toward conflict and instability (the US and France demonstrate this) but that highly conflictual new democracies tend to pick presidentialism in the (perhaps vain) hope of attenuating preexisting conflicts through a strong executive.

As useful as this literature is, then, it calls out for a deeper causal analysis. Two scholars, in particular, have put forward well thought out temporal path dependent explanations for variation in political and economic change, and it is worth considering their studies briefly. In a multivariate statistical study of economic reforms using the universe of post-communist cases, Steven Fish has convincingly argued that the crucial variable in explaining good versus bad equilibria is the results of the first post-communist elections.^{vii} This critical juncture theory maintains that the quick displacement of communists or their successor parties permitted rapid reform and staved off a return to power of rent-seeking coalitions. When pitted against competing explanations such as religious traditions, institutional choice, and preexisting levels of economic development, in a multivariate equation, the inaugural elections come up as the only statistically significant explanation. Again, the logic here is one of temporal path dependence and one is inevitably left asking the question of why some countries managed to remove their communists from power through elections more easily than others.

In a recent paper, Herbert Kitschelt asks a different but related question: why have some countries managed to lock in high levels of political and civic freedoms while others lag behind?^{viii} In accounting for the variation in post-communist political regimes, Kitschelt begins

by criticizing what he calls the “tournament of variables” of the sort undertaken by Fish on a number of statistical and methodological grounds, the most important of which is that the different variables at work in Fish’s argument reside at different conceptual distances from what they are trying to explain. This accords the variables most “proximate” to the outcome the better chance of being the winner in the “tournament” and therefore biases the test from the outset. This objection suggests the need, Kitschelt argues, for “deeper” explanations that cannot necessarily be set off against more proximate or “shallow” ones in a statistical tournament. Kitschelt’s alternative is a series of causal chains (backed up with a series of bivariate correlations) that link one set of more general or deeper explanations to more proximate ones. Ultimately, however, Kitschelt’s explanation too is temporally path dependent (he argues specifically against spatial dependence), in this case the key variable is the pre-communist and communist legacies of bureaucratic rectitude. States with traditions of the rule of law in the pre-communist period (in this case Czechoslovakia and the GDR) carried on this tradition into the communist period and were thus left with a much better chance of setting up liberal states that could respect and defend all kinds of rights in the post-communist era. The critical juncture in Kitschelt’s scheme is thus much more distant from the outcomes he is trying to explain. Although he never provides us, with a causal mechanism by which these continuities are sustained through a century of turmoil, and two, three, or even four different political regimes, Kitschelt has taken the causal chain one step backward (at least) in time.^{ix} In his case the critical juncture is the timing of bureaucratic and civic development.

As in the case of Fish’s work, in general we find Kitschelt’s paper convincing. It may be worth considering, however, whether paths of continuity may be established not only over time but also over space. That is, in searching for the ligatures of continuity, we argue that it is also

worthwhile to explore the connections not only between generations with the same state but also in the contact among people and institutional actors between states. It is here that the explanations that stress the spatial diffusion of norms, lines of communication, resources, and institutions have something to offer in a causal explanation of post-communist outcomes. Whereas Kitschelt is quick to disregard the merit of spatial explanations, we believe that cross border interactions, the flow of ideas, and the openness of states are important explanations for post-communist reform. We also contend that the empirical evidence is available for evaluating these effects.

Research Design

In what follows (section II), we first engage briefly in a small “tournament of variables” of the type criticized by Kitschelt, testing statistically the types of variables put forward by Kitschelt and Fish against spatial measures. We do so not in order to prove that one is a better explanation than the other (indeed, as we shall see, all come up as significant) but rather in order to show that the geographical explanation has some face validity and to demonstrate, contra Kitschelt, that even variables not conceptually proximate to the object of explanation may be powerful. We set up a geographical distance variable against an initial elections variable (as in Fish’s study) and a bureaucratic rectitude variable (as a proxy for pre-communist and communist legacies of the type of independent variable advanced by Kitchelt) as competing explanations for both economic reform and political democracy. What we find ultimately, however, is that even though it “works” statistically, conceiving of spatial context simply in terms of distance from the West does not do justice to the concept of spatial dependence. Distance is not the only way, or even the best way, of getting at geographic effects. All that distance can tell us is that factors

moving over space matter. In section three and four therefore we develop and deploy a much more complex measure of the spatial effects of neighbors. There we attempt to show where the most likely channels of spatial diffusion have developed, which states are exercising the greatest spatial impact, and which states are resisting the spatial effects of their environment. Section five illustrates the relationships at work through case studies of Hungary, Slovakia, and Kyrgyzstan.

II. The Crude Model: Distance from the West

As a starting point to the empirical examination of post-communist reform, we consider the relative importance of initial elections, bureaucratic rectitude, and spatial factors to economic and political levels.^x There are two objectives to this first model. First, we intend to demonstrate that geographic factors have a viable influence on political and economic reform above and beyond what is accounted for by path-dependent explanations. In other words, our objective is to determine whether spatial issues deserve further investigation as determinants of state behavior. Including all three variables in the model not only reveals the relative importance of each, it also indicates the independent effect. So, although the result is a “tournament of variables,” this model is useful for gauging the effect of distance when controlling for path-dependent factors.

A second concern of these initial tests is the temporal realm. We use a pooled cross-sectional time series model in order to examine how these factors relate to discrete changes over time. In Fish’s and Kitschelt’s work on this topic, as well as an earlier review of Fish’s study, single-year results were examined.^{xi} Although this provides a snapshot view of post-communist reforms, it does not address the process of change. The results of these studies are also

unreliable because of the small number of cases analyzed. Our model addresses a five-year period of economic (1995-1999) and political (1994-1998) data as a means of capturing the ongoing reform process.

Political reform is evaluated using the Polity IV data.^{xii} We chose the democracy measure from this data set for two reasons. First, it is conceptually relevant for our study. The democracy and autocracy scores are aggregated from a variety of authority measures that address participation, liberties, and competition. These scores also address institutional constraints and regulations that are pertinent to the determination of political reform. In contrast, Freedom House's *Political Rights* and *Civil Liberties* relate to a more narrow conception of political reform.^{xiii} Second, Polity IV offers a more discrete indication of change than other indicators of democracy. With the calculated "Democracy minus Autocracy" score, a 21-point scale of political level is produced. When Freedom House's scores are combined, a 14-point scale results. This is important because the identification of slight changes in the institutions, practices, and policies of post-communist governments is crucial for understanding the process of reform.

For the measure of economic reform we chose the *Index of Economic Freedom*.^{xiv} Not only is the Economic Freedom data available from 1994 to present day, it also scores countries on ten economic factors: trade policy, taxation, government intervention in the economy, monetary policy, capital flows and foreign investment, banking, wage and price controls, property rights, regulation, and black market.^{xv} Political and economic scores for all post-communist states are listed in Table one, sorted by distance from the West.

In terms of independent variables, we chose three basic indicators of the aforementioned causal explanations. To evaluate the 'first election' hypothesis we employ Fish's 1990 election

scores.^{xvi} This variable scores countries on a scale of one through five as a result of their initial elections, with scores aggregated on the basis of who won, whether the results persisted, and whether the elections were competitive and complete. As a means of investigating bureaucratic rectitude we create a composite score of government corruption based on the *Economic Freedom* measures of property rights, government intervention, and black market.^{xvii} We chose this indicator over Kitschelt's own score because our corruption indicators vary over time, and because we believe this measure provides a more robust tally of the issues Kitschelt describes in his account of bureaucratic legacies. The final variable measures the distance, in miles, between post-communist country capitals and Vienna or Berlin, whichever is closer.^{xviii}

Table two lists the results of regressing political level on the three independent variables.^{xix} The statistics indicate that the further away from the West a country is, the less likely it is to be democratic. Although not as significant, the relationship between bureaucratic rectitude and democracy also is empirically validated. Lower levels of corruption within the government are correlated with higher levels of democracy. The relationship between the initial elections and political level is not supported, however.

Table Two About Here

The substantive effect of this relationship can be described as follows: For a country that made a clean break from communism in the 1990 elections and that has an average bureaucratic rectitude score, we can predict that if it borders the West it should have a political score of 7.1. That score for a country with the same election results and bureaucratic rectitude score, but located 500 miles from the West, should decrease to 6.1. The same circumstances for a country 1000 miles from the West should result in a score of 5.1, and so forth. We can see from these results that distance matters—especially in the context of a region where capital cities are located

anywhere between 35 miles (Slovak Republic) and 4080 miles (Mongolia) from the nearest Western city.

On the issue of levels of economic reform (see Table three), we find that once again distance from the West is statistically significant even when controlling for corruption and initial elections. In contrast with the political results, however, distance from the West is not a substantively significant influence on economic reform. This model predicts, in other words, that moving away from the western border of post-communist states results in a trivial change in the overall economic reform score. Note that our results in Table three are based on a small number of cases (n=24) and that we have replaced bureaucratic rectitude with Kitschelt's "corruption" variable in order to reduce multicollinearity^{xx} as well as to address the issue of economic reform more directly. In this instance, an additional significant variable is the results of the initial elections—the more definitive the break from communist rule, in other words, the more likely a state is to have an economy free from government control.

Table Three About Here

So how do we interpret these findings? Our intent is not to prove that path dependence is irrelevant to political and economic reform. It is obvious from an examination of the raw scores of economic and political reforms in the former Soviet Union (see Table one) that there are countries that do not conform to the distance explanation. Belarus, Croatia, and Mongolia stand out in particular as outliers in the Western proximity model; from these cases alone we can see that a more elaborate account is required for explaining post-communist reforms. Rather, we seek to demonstrate at this stage, and the findings appear to support the contention, that geography has been underspecified in the research of post-communist states. It may be the case that spatial factors not only affect the reform process, but also were instrumental in the choices

that leaders have made historically. In other words, we may find that geography, in addition to influencing the process of reform, can also help to account for the developmental paths and critical junctures themselves. These results may also lead one to question whether political and economic reforms should be considered as distinct processes of change.

Before we take this leap, however, we believe it is important to disaggregate the concept of space. Diffusion, after all, is a complex process that involves information flows, networks of communication, hierarchies of influence, and receptivity to change. To attribute all of this to a simple indicator of distance from the West is unnecessarily vague. Geographical proximity to the West may be an indicator of either legacies and traditions such as culture, history, imperial heritage, civic development in late communism, or GDP per capita at the time of communism's collapse. Alternatively, it could indicate more "current" factors, such as trade access and the strategic importance of a given country to the West (and, by extension, the altered expected utilities among the elites and masses that would come with the prospect of EU and NATO membership). In order to begin to disentangle these plausible causes, the way we understand spatial influences itself needs to be disaggregated and reformulated.

III. Openness and Receptivity to Outside Influences

One way of establishing which factors may be moving over space and thus separating specific spatial effects from those of mere distance is to hypothesize a relationship between a country's openness to outside influences and its political and economic performance. In spatial analysis, the objective is to identify and make sense of the patterns that emerge from interactions. We attempt to reveal three patterns in particular. First, we evaluate the extent to which openness contributes to political and economic change. We expect that states that interact extensively are

likely to exhibit similar political and economic behavior.^{xxi} Second, we investigate how barriers can be erected to resist surrounding change. The blocking of outside influences, we assume, involves resistance to the flow of information.^{xxii} Finally, we consider whether influential actors can promote their agendas from the outside. The number of actors, the power of their ideas, as well as the strength of the channels of communication at their disposal, should affect their ability to reach and influence even the most unwilling of recipients.

In order to evaluate the effects of interaction, receptivity, and influence on post-communist reforms, an openness criterion must be employed. Research by Brams employs such a measure, but his operationalization of “relative acceptance” is based exclusively on elite transactions.^{xxiii} Our objective is to devise a measure that reflects both public and elite receptivity, because the process of change in the post-communist states was a hybrid of elite reform and mass mobilization.

Accordingly, we have created a composite score of openness based on the number of televisions per 1000 households, newspaper circulation, tourist arrivals, and total foreign direct investment as a percentage of GDP. This score, developed from World Development Indicators, ranges from a low of 4 to a high of 20, and is intended to reflect the awareness of external ideas within the population and the willingness of elites to permit their exchange. The particular measures from which the score is comprised were chosen based on their statistical and theoretical significance to the diffusion of political and economic reforms.^{xxiv}

The results of regressing the openness measure on political and economic reforms are displayed in table four. These results reveal a significant and substantive effect to economic reforms resulting from openness. The results show that a country with the highest level of openness would be likely to have an Economic Reform score of 2.7 (a medium level of reform),

while a country with the lowest should have a score of 4.02 (a very low level of reform). At the same time, there is no effect of openness on the level of democracy. In short, it appears that the independent effect of a state's receptivity and openness to external ideas is an important factor to economic reforms but irrelevant to political change.

Tables Four and Five about Here

It may be inaccurate to portray openness as a factor that operates independently of location, however. In the case of the post-communist states, distance from the West is a critical factor for explaining political, if not economic, reform that one can envision as interacting with the characteristics of openness. In other words, states that are near the West but have established barriers to interaction are less likely to be influenced by Western ideals and practices than a state that is near and receptive. As a means of capturing this dynamic we create a joint measure of openness subtracted from distance that we call "accessibility."

The effectiveness of this accessibility measure for explaining political and economic reforms is represented in Table five. In bivariate regressions we can see that greater accessibility is strongly correlated with higher levels of democracy and economic freedom. In this instance, it is apparent that the statistical results are substantively important for political level, but not for economic freedom.

IV. Neighbor Effects

To this point we have explored the independent effect of two kinds of path dependent explanations, as well the relevance of geographic factors, to political and economic reform in the post-communist states. The range of years investigated as well as new measures of political and economic liberalization provides a more robust interpretation of these competing explanations.

By our interpretation, there are two important issues revealed in the prior sections. First, the steps taken reveal that more than one explanation is viable. In addition to the temporal dependence that is argued in Fish and Kitschelt, which is also supported to some extent by the findings above, we believe there is cause for attention to the spatial context of reform efforts.

The second issue that deserves attention is the disparity between political and economic reforms as they are affected by their proximity to the West. We suggest that there are at least five possible explanations for the fact that there is no clear association between proximity to the West and economic reform:

- (1) Western promoters are not concerned about liberalization and marketization in all post-communist states equally. Their attention has been directed towards larger, more important markets at the exclusion of certain states.
- (2) The diffusion of economic reforms is coming from the West and East (Tokyo, Beijing) simultaneously, clouding the effects.
- (3) Economic reforms are more difficult to promote than political changes.
- (4) Economic reforms are more difficult or lengthy to institute than political changes.
- (5) Post-communist states are more resistant to external influences concerning their economic practices and policies than they are regarding their political systems.

A starting point for addressing these propositions is to examine whether economic freedoms are subject to influence by neighboring states. Although this will not provide a definitive explanation to this issue, it will eliminate propositions 3, 4, and 5 from consideration, given that they suggest in part that the economic circumstances of the post-communist states are not likely to be influenced by external forces.

In this next section of the paper we begin to devise a more sophisticated measure of spatial influence by starting with a simple question set of questions. Do neighboring states affect a country's democratic and economic freedoms? Do domestic conditions of openness and awareness affect the process of diffusion? Are there particularly influential states or blocs of states that encourage or discourage liberalization and marketization? We attempt to answer these questions as a means of integrating domestic factors and international influences.

Our methods stem from research in political geography, where the central expectation of research is that the conventional explanations of domestic political change are often inadequate. The inclusion of place-specific factors in these models is seen as an important additive explanation.^{xxv} In our case, this would suggest that where a state is located can influence the extent to which that state is dependent upon its path of prior circumstances.

The concept of spatial dependence is central to geographic research. It is often termed the "friends and neighbors effect" because the contention is that "behavior in a place is related, in part, to conditions in neighboring places."^{xxvi} Because of this association, patterns of diffusion can be identified where spatial dependence, or clustering, exists.

A first step in disaggregating the concept of space is to create a more sophisticated measure—one that would operationalize spatial context differently. To this end we have created new variables that measure the economic and political levels of a state's physically contiguous neighbors. The logic behind the relevance of a neighbor's performance to a given state's economic and political performance is straightforward. If we believe that geographical proximity to the West may help a country or that geographical isolation in the East (or proximity to other, non-democratic, weakly marketized or authoritarian states) may hurt a country, then it makes sense to say that a state will be influenced by its neighbors wherever it is located.

Furthermore, whichever issues may be the product of geography, whether they be cultural diffusion, institutional diffusion, cross-border trade, immigration and ethnic networks, shared knowledge, or historical legacies, will be better captured by relating a state to its neighbor than by categorizing it with respect to religion or even region alone. These measures are intended to establish similarities and differences between economic and political choices and developments of states. We expect that the extent of similarity between states partially represents the contextual factors that are associated with geography.

In order to analyze the post-communist states in the context of their surroundings, we look at the scores for these states as well as their neighbors. Accordingly, our population of cases includes the post-communist states as well and the countries immediately bordering them. We include these because our interest is in identifying which neighbors influence each other—it is certainly the case that countries outside of the formerly communist world are promoting democracy and open markets, but whether these countries are actually affecting the reform processes is an empirical question. Accordingly, the following tests pertain to 40 countries, 27 of which are post-communist states.

The results of tables six and seven reveal the extent to which neighbors influence democratization and marketization. In the same manner that a temporal lag measures the extent to which a state's characteristics are a function of its past, we use a spatial lag to determine how dependent states are upon their neighbors. We regress democracy and political levels on a state's neighbor scores in order to evaluate the proposition that ideas are most likely to be shared among states in close contact. Given that geographical proximity is one determinant of interaction, the extent to which states are influenced by their neighbors can be addressed through the use of

spatial lags. In addition, we include the openness score for each state to assess its importance, independent of neighbor effects.

Tables Six and Seven About Here

The results suggest that both neighbors and openness are strong determinants of political and economic behavior. These variables are consistently and robustly related to political levels in 1994, 1996, and 1998, as well as economic freedom scores in 1995, 1997, and 1999. Equally important to our argument is the fact that both variables—openness and neighbors—are statistically significant when controlling for the other. This suggests that internal conditions as well as the external environment have played an important role in the reform process of the post-communist states.

Spatial dependence involves more than neighbor effects, however. As stated above, the types of patterns that we expect to reveal include the extent to which openness, receptivity, and influence matter for processes of reform. In order to assess this extent of spatial dependence, we rely on two additional spatial statistics. The first is the Moran's I, a measure of the spatial pattern for the entire population of cases under investigation.^{xxvii} This statistic will indicate the clustering of similar values of political and economic reform, as well as their significance level. Whether the reforms of post-communist states are randomly distributed across space or subject to identifiable patterns is revealed by this statistic. Second, we employ a localized measure of spatial association. The G_i^* statistic, like the Moran's I, offers an indication of clustering.^{xxviii} However, this measure addresses the extent of clustering around each particular state, rather than the overall level of clustering within the system. Its usefulness is for assessing the extent to which each state influences those around it, as well as the extent to which states resist external influences.

The Moran's I scores are reported in Table eight.^{xxix} Again, this score indicates whether bordering states are the most similar in terms of the variables tested. The strength and uniformity of positive spatial autocorrelation reveals that this is in fact the case—there is significant clustering for all three years tested and for all three measures of political level, economic freedom score, and openness. This indicates that there is a substantial spatial component to these variables that warrants investigation.

Table Eight About Here

Finally, we address the importance of receptivity and influence to reform. Using the G_i^* statistic, we seek to identify those states that promote change, and those that resist it. In Map one we see that thirteen of the forty countries are significantly associated with their neighbors (denoted by asterisks). Ten are negatively associated, or grouped at the low end of the spectrum of political scores, and three are positively correlated around high levels of democracy. Clustering among high similar scores is apparent along the border between Western and Eastern Europe, where Austria, Germany, and the Czech Republic display the highest scores. Low score groupings can be seen to the east of the Caspian Sea where Uzbekistan, Turkmenistan, and Afghanistan display particularly significant scores. One can think of these scores as suggesting the substantial influence of these states on their neighbors. To the West we can conceptualize this in terms of democratic promotion, while in the Near Abroad we see a regional trend of autocratization.

Map One About Here

The middle category, denoted by medium gray, represents those states that resist the influences of their neighbors. We see sub-regions of resistance within the Caucasus—the territory between the Black, Azov, and Caspian seas, bordering on Turkey and Iran in the South—as well

as in the former Yugoslavia. Interestingly, these are two areas of violent conflict. It stands to reason that states in the midst of violent turmoil are less likely to be receptive to the diffusion of ideas and more concerned with the outcome of their disputes. Accordingly, these states reject the influences of surrounding countries and focus on their domestic issues.

A second set of middle-level countries are not clustered—Russia, Turkey and Mongolia. Instead, these states appear as the remnant cores of formerly imperial powers that are especially impervious to outside influences. They are insignificant now statistically speaking but hold the potential to be key power centers once again if the circumstances were right.^{xxx} A second way of thinking about these states is by way of the shatterbelt literature, which describes these as countries caught between competing ideologies, histories, and cultures.^{xxxi} The case of Mongolia is the true outlier in the post-communist world, not conforming to the expectations of any extant theory.^{xxxii}

Map two shows the G_1^* statistics for economic freedoms. In this instance we see a uniform shift from high positive association in the West to high negative association in the southwestern portion of the map. Note that the twelve statistically significant scores (four positive, eight negative) are located in these two areas, with a large buffer zone of states displaying intermediate scores in between. Economic reforms are promoted from the bordering states of Western Europe—Austria, Germany, and Italy—while economic corruption and government control of the economy is the norm in Iran, Afghanistan, Turkmenistan, Uzbekistan, and China. The diffusion of these competing economic orientations is evident in the map where the middling scores fall geographically between these polar opposites—evidenced by the medium gray shading of Eastern and Central Europe. Poland, Slovakia, Latvia and Estonia

appear inclined towards the West, while Azerbaijan and Armenia are leaning towards Central Asia.

Map Two About Here

This map may provide the clearest visual representation of the sort of effect we seek to demonstrate. It is certainly the case that path dependence and the historical evolution of political and economic choices and values is an important explanation for post-communist reforms. The evidence presented in Maps one and two, however, suggests that this path dependence is in large part a function of the geopolitical landscape. Cultures certainly shift, and ideas spread across space, but the shortest route between two points is the most likely one for information to travel. The path dependence of political and economic reforms may explain the process of change, but these maps indicate that location determines the path

V. How Does Geography Matter? The Constitution of Interests

Put most boldly, our statistical treatment suggests that location matters more than policy itself in determining outcomes or at least appears to determine which policies are chosen.^{xxxiii} A country that chooses all the right policies but is poorly located, if our explanation is correct, should ultimately not perform well. Conversely bad policies should be mitigated by good location.

Demonstrating that geography matters statistically is one thing. Explaining how it works in practice is something quite different. In this section we turn to plausible causal mechanisms for how geography might matter. One explanation for the effects of geographical location is the impact of location on the structure of domestic interests and ultimately the policies chosen. We expect, for example, the possibility of EU and NATO membership for the countries of Central

Europe bordering on the Eastern and Northern frontier of “Western Europe” to alter the expected utilities of elites and masses in way that would not be the case in Eastern Europe and Central Asia. The potential for integration into “just in time delivery systems” in regional production chains or the stabilizing effects of probable membership in a larger military alliance, we hypothesize, has altered the relative expectations of future economic success and political stability. Elites and masses in Central Europe have calculated that economic and political institutions similar to those of the EU will improve the chances that such benefits will actually be realized. We expect the real changes to come about in the region not so much as a result of actual EU or NATO membership but as a result of *anticipated* membership. These divergent, externally induced, incentives account for differences in institutional reform, state behavior, and popular discourse in the countries of post-communist Europe.

Presumably, one could tell a similar tale in reverse, about the baneful effects poor location on the structure of interests, institutional reform, state behavior, and political discourse. From our map two, for example, proximity to the general crisis zone of Islamic fundamentalism that has engulfed Afghanistan and Tajikistan, or war in the Balkans should subvert even the hardiest of domestic political reformers and ardent marketizers.

In order to get at this logic and approach the causal connections between geographic location and economic and political outcomes a brief examination of the cases is in order. If we sample on the independent variable of location, while at the same time controlling for the rival independent variable of policy and institutional choice, the universe of post-communist countries can be illustrated in a simple two by two table. In what follows we consider cases from three of the quadrants that demonstrate the relationships at work.^{xxxiv}

Table Nine

Hungary

In the first quadrant, we see the countries that are both well located and have chosen “good policies.”^{xxxv} Hungary provides a good example of the trends in this quadrant. As in the cases of Poland and the Czech Republic, after 1989 Hungary became the recipient a significant amount of foreign investment as a result of the publicity of being among the “first” to exit from communism and its close proximity to Western markets.^{xxxvi} Quickly following on these early public relations coups came the possibility of relatively rapid accession to the EU, a possibility formalized when the European Commission drew up a list of the post-communist countries that would be considered for admission in a “first round.”^{xxxvii} Since then, the shape of domestic political legislation and the shape of domestic discourse have revolved around the issue of accession to the EU. Party competition in Hungary, as in Poland, the Czech Republic, and Poland, has been dominated by the question of which one is more competent to guide the country to early accession, and it is all but impossible to understand politics in these countries without considering the effects of prospective EU enlargement.^{xxxviii}

The effects have not only been political, they have also been, perhaps more importantly, legislative and institutional. As a “tutor and monitor,” the European Commission has helped to usher in a flood of new institutional legislation and organizational reforms, as Hungarian ministries and successive governments have rushed, in a competition with other prospective states, to alter their own legislation and institutions to conform with the 80,000 page-long *acquis communautaire* with its more than 10,000 directives.^{xxxix} EU monitors regularly evaluate Hungary’s progress in institutional change and issue reports about lacunae in legislation and offer checklists and blue prints to follow.^{xl} A good example of the EU impact on Hungary’s legislative agenda is in the area of foreign ownership of land. In Hungary foreigners are still

forbidden to own land and economists have identified a number of drawbacks to this policy for domestic capital formation and the modernization of the agricultural sector (a key feature of Hungary's economy). In order to gain acceptance into the EU, however, Hungary will have to permit foreigners to own land. Although no government since 1989 has attempted to push through the kind of legislation that will be required, there is a general consensus that such legislation will eventually pass, a consensus that would not as easily come about if the prospect of EU membership were not on the horizon.^{xli}

Taken together, this tutoring and monitoring have helped to embed political and economic reform practices and legislation more deeply than if the countries of Central Europe had been left on their own. The rapid marginalization of populist and nationalist discourse from political life after an initial flirtation with it in several Central European countries after 1989 is a final example of how the prospect of EU accession has influenced domestic politics.^{xlii} In Hungary, the extreme nationalist Istvan Csurka, after finding a home within the ruling conservative MDF, was driven out of the party by moderate forces who feared the effects of his followers on prospects for EU admission. The marginalization of the nationalists has also influenced Hungarian foreign policy. Given the large minority populations of Hungarians in Romania, Slovakia, and Yugoslavia, one could reasonable have expected Hungary's primary foreign policy aims after 1989 to have concerned the status of these groups. Yet, after an initial abortive orientation of this sort under the Antall government, Hungarian foreign policy was consistently guided by the larger policy goal of gaining entry to the EU, going so far as to risk retribution against ethnic Hungarians in Voivodina during their support for the Kosovo campaign in 1999. In short, whatever pro-democratic and capitalist forces were already strong and present

in the post-communist countries of Central Europe in 1989 received invaluable support based on their location on the European continent.

Slovakia

An interesting contrast to Hungary in this respect is Slovakia. It provides us with the crucial test case of a country that is well located but which pursued consistently “bad” policies after 1989—a combination that yields much better than expected results. After 1994 Slovak Prime Minister Vladimir Meciar ruled over an increasingly non-democratic “thugocracy” in which competing parties to his Movement for a Democratic Slovakia worked under discriminatory procedures, critical intellectuals and journalists were intimidated, laws were simply ignored, opposition figures were detained or kidnapped, and power was distributed to an incompetent group of Meciar’s political clients.^{xliii} After coming to power on an anti-reform program, Meciar corrupted the privatization process by doling out the choicest parts of the economy to his cronies.^{xliiv} This delayed the restructuring of the badly decaying, formerly military, industries of central Slovakia. Shunned by the EU, Meciar shunned the EU in return.^{xlv} Instead he pursued an anti-Western alliance with Russia, putting his country in the same camp as that of Iraq, Yugoslavia, and Belarus.^{xlvi} In short, unlike Hungary, Slovakia consistently pursued a course of political populism and economic cronyism.

Despite having done everything it could to destroy its democracy and ruin its economy, by 1999 Slovakia appeared once again to be on track. A large part of the reason for this, we wish to argue, is its favorable location in close proximity to the West and its good prospects for its joining the EU and NATO. Even after Meciar’s creeping coup in 1994, buoyed by surprisingly high and *rising* levels of foreign direct investment^{xlvii} and continuing cultural connections to

Western and Czech political parties and organizations, the Slovak economy could survive and even enjoy a mild level of prosperity. Under these circumstances the polity pulled back from outright dictatorship. As one student of the end of Meciarism has noted, “its location may have created counterpressures against he would-be dictator that were strong than those endured by, say, the Belarusian or Kazakh rulers.”^{xlviii} Not only did Meciar not succeed in completely neutralizing his political opponents or in totally subverting the formal rules and procedures of Slovakia’s constitutional provisions, but his opponents could coalesce around the quite reasonable assertion that Slovakia was squandering its opportunity to join the West. Indeed this is what transpired when Meciar’s MDS lost to a broad coalition of parties in the parliamentary elections of 1998.^{xlix} Since then, Slovakia has quickly gained European support, replete with promises of eventual integration into the EU and NATO, in order to help armor it against a return to populism.

Kyrgyzstan

Our final case, Kyrgyzstan, illustrates the kinds of obstacles facing a geographically remote and disadvantaged country that is trying to integrate itself into Western political and economic structures. In the first few years after the breakup of the Soviet Union in 1991, Kyrgyzstan was the darling of Western governments and financial institutions. Under the leadership of a liberal physicist, Askar Akaev, who managed against all odds to win the presidency in 1991, Kyrgyzstan quickly privatized its main enterprises; it was the first Central Asian country to leave the ruble zone and introduce its own currency, the som; and it even managed gain entry into the World Trade Organization.¹ International financial institutions rewarded Kyrgyzstan with substantial loans (considering its small size), bolstering Akaev’s

popularity, and Western political organizations lauded its political record.^{li} In the first few years of independence, civic organizations flourished, the print media became lively, a private television station began to broadcast from the capital, Bishkek, and opposition parties were formed (even though they lacked significant grass-roots support).

Even with this positive beginning, Kyrgyzstan did not have the capacity to attract the kind of Western attention that could have helped it overcome the pressures of its immediate international environment. Unlike, other former Soviet republics, Kyrgyzstan did not possess nuclear weapons, nor did it border on bodies of water adjacent to western states, removing any possibility of Western interest out of nuclear or environmental fears. Typical of Central Asia as a whole, foreign direct investment focused primarily on resource extraction (gold mining), as opposed to the long-term manufacturing and services investment received by Hungary, Poland, the Czech Republic, and even Slovakia.^{lii} The effect of this pattern of economic engagement with the West, rather than training new middle classes, has been to restrict contact between business classes to the highest political levels, which in turn has fostered political favoritism and corruption.^{liii}

By 1995, despite the propaganda façade of Kyrgyzstan being portrayed as the “Switzerland of Central Asia,” a neutral multi-ethnic, (relatively) prosperous, democratic, mountain republic, the entire Kyrgyz political economy slowly unraveled.^{liv} Confronting a stagnating economy and impatient foreign creditors, President Akaev undermined his country’s democratic institutions, rigging both parliamentary and presidential elections in the 1990s. The evidence is suggestive that Akaev learned this behavior from other post-communist presidents, especially the experience of Leonid Kravchuk in Ukraine and Stanislau Shuskevich in Belarus, both of whom lost their positions in elections in 1994. In his December 1995 presidential race,

according to one student of the region, Akaev manipulated “registration rules to keep strong opponents out of the race,” but “left some small fish in the pond in order to create a plausible veneer of electoral competition.”^{lv} Even more compelling is the evidence that Akaev conformed to the expectations of the other Central Asian presidents who preside over more or less authoritarian dictatorships. Kazakhstan and Uzbekistan, larger and more powerful than Kyrgyzstan, have let their preferences be known for a non-competitive political system in a country that has so much contact with their own.^{lvi} Kyrgyzstan’s powerful neighbors have also criticized its attempts to integrate itself more closely with the West.^{lvii} Both the policy of leaving the ruble zone in 1993 and the entry into the WTO in 1999, for example, were met by stoppages in natural gas deliveries and the imposition of tariffs and limitations on goods imported from Kyrgyzstan to Uzbekistan and Russia.^{lviii} By the end of the decade, Kyrgyzstan’s continued attempts to find a stable connection to the West that ran through other hostile Central Asian countries had largely run out of steam. Increases in reports of human rights abuses, political corruption, and economic stagnation no longer permitted it to distinguish itself as it had done before from the other authoritarian countries of the region.^{lix} Despite its best efforts, during the 1990s Kyrgyzstan was unable to slip the bonds of its new regional politics.

Conclusions

In this paper we have demonstrated, using various measures and methods, the plausibility of the thesis that geographical proximity to the West has exercised a positive influence on transformation of communist states and that geographical isolation in the East has hindered this transformation. We have pursued the spatial logic further to examine the facilitating role that openness to outside influences has played in shaping the spatial diffusion of democracy and

capitalism. Furthermore, we have conceived of geographical effects in a more complex manner than is traditionally done and attempted to operationalize this concept through a statistical test of “neighbor effects” on the post-communist states’s development. Finally, we have illustrated plausible mechanisms by which geography is influencing outcomes in three theoretically important cases.

Our intention in this paper has not been to refute internal explanations of regime change, as offered by Fish and Kitschelt. Indeed, at the statistical level, all reveal significant results. What our study has made a case for is renewed attention to the international and geographic context in which post-communist changes are taking place and the influence that location has on policy choices.

What the geographic perspective also offers is an appreciation for how regions are socially constructed, deconstructed, and reconstructed. No one would doubt that a core ambition of the Soviet experiment was to alter the political geography of the world by, in effect, creating a new region (that would form the core of a new world). From Prague to Tashkent to Vladivostok the sense of being located within what Ken Jowitt has called “Moscow regime centered world” was unmistakable.^{lx} As we know, Leninist institutions operated not only on a political/strategic level to forestall countries from leaving this world (and to bring new ones in). They also operated on a cultural level. Day-in and day-out they attempted to alter the consciousness of normal people so they might one day feel part of a larger Leninist program in which older cultural connections to other regions (Germany for Poles and Czechs, Austria for Hungarians, the Islamic world and South Asia for significant parts of Central Asia) would be broken and new ones, centered on Moscow, would be formed. It was this effort that really justified the field of

communist studies. One of the true surprises of post-communism is how quickly much of this effort has been brushed aside.

In fact, a decade after the collapse of communism in Eastern Europe and eight years after the disintegration of the Soviet Union, it may no longer make sense to speak of “post-communism” at all. It is true that the formerly communist countries did initially share a common set of problems, most importantly the need to create viable market economies and meaningful institutions of democratic representation. These were, and continue to be, difficult and complex issues and they warrant our attention. But today what divides the countries of East-Central Europe politically (and therefore conceptually) from those of Central Asia is certainly more meaningful than what unites them. Indeed if one still considers the post-communist world a “region,” it is a region of greater political and economic diversity than any other in the world. Political regimes ranging from meaningfully democratic to personal dictatorships, and everything in between, can all be called “post-communist.” Economies ranging from those that differ little from those in Western Europe reside in the same conceptual group as those that, judging from their structure and productivity, are similar to those of countries in South Asia or even Africa. What do Poland and Uzbekistan have in common except for the fact that they were once part of the Soviet Empire? And is this fact of any significance? Is such a grouping more or less helpful than a potential grouping of Poland with Germany and Uzbekistan with Pakistan? We suspect that it is less so.

What we are witnessing at present is the resurrection of old geopolitical regions and, perhaps more important, the creation of new ones. It may currently be fashionable, and indeed was part of the Western contribution to the destruction of communism, to argue that Poland, Czechoslovakia, Hungary, and even Slovenia were always part of the West. The extension of this

logic is simply the idea that these states have once again taken up their rightful places on the European continent, one that they occupied well before the communist era. We really should, however, separate rhetoric from reality. In this respect it is worth recalling that, in the prewar era, the citizens of these countries often despaired about whether they were truly part of Europe. Indeed, so the memoirs of the day tell us, it was common to hear of a summer trip to Paris referred to as “going to Europe.”

These observations raise the question of when the Western tier of Eastern Europe became part of the “West.” The answers to this question can, at this point only be speculative. However, the findings of this paper suggest that the timing of the Western tier’s joining the “West,” culturally speaking, is perhaps properly put *during* the communist era, rather than before or after. The social reconstruction of the reality of Europe’s regions began in the postwar era, during the cold war, and increased in intensity during the 1970s and 1980s. This reconstruction of East-Central Europe in the European mind, East and West, during the 20th century is a topic that remains largely unexamined and deserves further study. In the meantime, however, it may be worth disinterring the still untold story of connections between East and West that helped preserve older traditions and create new ones even in the darkest days of a now forgotten era.

TABLE ONE: Political and Economic Reform Scores

COUNTRY	Political Reform Score	Economic Freedom Score
Slovak Republic	8	3.05
Hungary	10	2.90
Czech Republic	10	2.05
Croatia	-1	3.65
Slovenia	10	3.10
Bosnia-Herzegovina	1	4.80
Poland	9	2.95
Macedonia	9	-
Albania	6	3.85
Bulgaria	8	3.45
Lithuania	10	3.00
Latvia	8	2.85
Romania	8	3.30
Moldova	7	3.35
Belarus	-7	4.15
Estonia	8	2.15
Ukraine	7	3.80
Russia	4	3.45
Georgia	5	3.65
Armenia	6	3.45
Azerbaijan	-6	4.30
Turkmenistan	-9	4.45
Uzbekistan	-9	4.40
Tajikistan	-2	4.40
Kyrgyzstan	2	4.00
Kazakhstan	-3	4.05
Mongolia	9	3.20

Key: Miles from the West

35-500
501-1000
1001-1500
1501-4080

TABLE TWO: Effect of Independent Variables on Political Level, 1993-1998

<i>VARIABLE</i>	<i>COEFFICIENT</i>	<i>STD. ERROR</i>	<i>z</i>	<i>P> z </i>
1990 Elections	.965	.597	1.616	0.11
Bureau. Rectitude	-.799	.486	-1.645*	0.10
Distance from West	-.002	.001	-1.933**	0.05
Constant	11.469	6.327	1.813*	0.07

n=145

TABLE THREE: Effect of Independent Variables on Levels of Economic Freedom, 1994-1999

<i>VARIABLE</i>	<i>COEFFICIENT</i>	<i>STD. ERROR</i>	<i>z</i>	<i>P> z </i>
1990 Elections	-.203	.047	-4.302**	0.000
Corruption	.056	.036	1.533	0.125
Distance from West	.0002	.00007	2.616**	0.009
Constant	3.674	.249	14.735**	0.000

n=24

TABLE FOUR: Effect of Openness on Political and Economic Reforms

<i>VARIABLE</i>	<i>COEFFICIENT</i>	<i>STD. ERROR</i>	<i>z</i>	<i>P> z </i>
<i>Political Level</i>				
Openness	.003	.200	0.013	0.990
Constant	3.246	1.939	1.674*	0.094
<i>n=159</i>				
<i>Economic Freedom</i>				
Openness	-.094	.019	-4.966**	0.000
Constant	4.448	.178	24.964**	0.000
<i>n=98</i>				

TABLE FIVE: Effect of Accessibility on Political and Economic Reforms

<i>VARIABLE</i>	<i>COEFFICIENT</i>	<i>STD. ERROR</i>	<i>z</i>	<i>P> z </i>
<i>Political Level</i>				
Accessibility	-.004	.001	-4.064**	0.000
Constant	7.715	1.027	7.515**	0.000
<i>n=153</i>				
<i>Economic Freedom</i>				
Accessibility	.0005	.00009	5.266**	0.000
Constant	3.147	.167	18.822**	0.000
<i>n=98</i>				

TABLE SIX: Neighbor Effects and Political Level

<i>Variable</i>	<i>Coefficient</i>	<i>St.Dev.</i>	<i>z-value</i>	<i>Probability</i>
<i>Political Level 1994:</i>				
Spatial Lag	0.867	0.211	4.114**	0.000
Openness	0.574	0.270	2.122**	0.034
Constant	-2.266	2.70751	-0.837	0.403
R ² :	.575			
<i>Political Level 1996:</i>				
Spatial Lag	0.619	0.215	2.873**	0.004
Openness	0.965	0.332	2.903**	0.004
Constant	-3.603	2.106	-1.711*	0.087
R ² :	.571			
<i>Political Level 1998:</i>				
Spatial Lag	0.758	0.219	3.454**	0.001
Openness	0.579	0.335	1.729*	0.084
Constant	-1.812	2.683	-0.675	0.499
R ² :	0.499			

TABLE SEVEN: Neighbor Effects and Economic Freedom

<u>Variable</u>	<u>Coefficient</u>	<u>St.Dev.</u>	<u>z-value</u>	<u>Probability</u>
<i>Econ. Freedom</i>				
<i>Level 1995:</i>				
Spatial Lag	0.740	0.183	4.041**	0.000
Openness	-0.143	0.034	-4.195**	0.000
CONSTANT	2.0667	0.874	2.365**	0.018
R ² :	0.711			
 <i>Econ. Freedom</i>				
<i>Level 1997:</i>				
Spatial Lag	0.313	0.200	1.564	0.118
Openness	-0.190	0.033	-5.763**	0.000
CONSTANT	4.075	0.934	4.365**	0.000
R ² :	0.580			
 <i>Econ. Freedom</i>				
<i>Level 1999:</i>				
Spatial Lag	0.899	0.180	4.994**	0.000
Openness	-0.100	0.032	-3.104**	0.002
CONSTANT	1.271	0.828	1.534	0.125
R ² :	0.616			

TABLE EIGHT: Moran's I Test for Spatial Autocorrelation—Scores for Political Level, Economic Level, Openness and Bureaucratic Rectitude

<u>VARIABLE</u>	<u>I-Score</u>	<u>Z-VALUE</u>	<u>PROB</u>
1992 Pol. Level	0.492	4.929**	0.000
1994 Pol. Level	0.451	4.539**	0.000
1996 Pol. Level	0.453	4.565**	0.000
1992 Econ. Freedom	0.444	4.479**	0.000
1994 Econ. Freedom	0.275	2.868**	0.004
1996 Econ. Freedom	0.401	4.067**	0.000
1992 Openness	0.180	1.963**	0.050
1994 Openness	0.239	2.518**	0.012
1996 Openness	0.220	2.345**	0.0190
1992 Bureau. Rect.	0.415	4.194**	0.000
1994 Bureau. Rect.	0.370	3.769**	0.000
1996 Bureau. Rect.	0.302	3.121**	0.002

Table Nine: Post-Communist Policies and Spatial Advantage/Disadvantage 1999

		Location	
		Good	Bad
Policies	Good	Hungary , Poland, Czech Republic, Estonia, Slovenia, Lithuania, Latvia	Kyrgyzstan , Moldova, Georgia (1996), Mongolia, Macedonia
	Bad	Slovakia , Croatia	Ukraine, Russia, Belarus, Turkmenistan, Kazakhstan, Tajikistan, Azerbaijan, Bulgaria, Armenia, Albania, Romania

Notes

ⁱ R.W. Seton-Watson, Racial Problems in Hungary, (New York: H. Fertig, 1908); Hugh Seton-Watson, Eastern Europe Between the Wars, 1918-1941, (Hamden CT: Archon Books, 1945); Andrew Janos, "The Politics of Backwardness in Continental Europe, 1780-1945," World Politics, vol.41, no.3, 1989, pp.325-359; David Stark and László Bruszt, Postsocialist Pathways: Transforming Politics and Property in East Central Europe, (Cambridge: Cambridge University Press, 1998).

ⁱⁱ Michael Burleigh, Germany Turns Eastwards: A Study of Ostforschung in the Third Reich, (Cambridge: Cambridge University Press, 1988)

ⁱⁱⁱ In the literature path dependence implies two elements: multiple possible equilibria and critical junctures forestalling certain paths of development due to increasing returns/sunk costs.

^{iv} Juan J. Linz and Alfred Stepan, Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe, (Baltimore MD: Johns Hopkins University Press, 1996); Alfred Stepan and Cindy Skach, "Constitutional Frameworks and Democratic Consolidation: Parliamentarism versus Presidentialism," World Politics, , vol.46, no.1, 1993; Juan Linz and Arturo Valenzuela, eds., The Failure of Presidential Democracy (Baltimore: Johns Hopkins University Press, 1994).

^v David Lipton and Jeffrey Sachs, "Privatization in Eastern Europe: The Case of Poland," Brookings Papers on Economic Activity, no.2, 1990, pp.351-380; Joel Hellman, "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," World Politics, vol.50, no.2, 1997, pp.203-234.

^{vi} Gerald Easter, "Preference for Presidentialism: Postcommunist Regime Change in Russia and the NIS," World Politics, vol.49, no.1, 1997, pp.184-211.

^{vii} M. Steven Fish, "The Determinants of Economic Reform in the Post-Communist World," East European Politics and Societies, vol.12, no.2, 1999, pp.31-78.

^{viii} Herbert Kitschelt, "Accounting for Outcomes of Post-Communist Regime Change: Causal Depth or Shallowness in Rival Explanations?" Paper presented at the Annual Meeting of the American Political Science Association, Atlanta GA, 1999.

^{ix} Not all path dependent explanations are the same, nor do they all go back as far in the past. Whereas Kitschelt's legacies reflect state traditions of bureaucratic rectitude that go back into the 19th century, a more recent discussion by Grzegorz Ekiert reflects a consideration of more recent developments, especially the development of civil society

and reform communism in the 1970s and 1980s. The problem with this latter legacies explanation, as Ekiert repeatedly acknowledges, is that a major “winner” of post-communism, the Czech Republic, had little civic development in the 1980s and no experience with reform communism. Ekiert, “Do Legacies Matter? Patterns of Postcommunist Transitions in Eastern Europe,” Paper presented to conference Eastern Europe Ten Years After Communism, Harvard University 1999.

^x Although Fish does not maintain that his initial elections are crucial in determining *political* (as opposed to economic) outcomes, following Kitschelt, we believe that there is a strong enough logic here to warrant including them in the model. Similarly, although Kitschelt’s legacies are meant primarily in his article to explain political outcomes, the logic of their influencing economic reforms is strong enough to warrant their inclusion in the economics model too.

^{xi} Jeffrey S. Kopstein and David A. Reilly, “Explaining the Why of the Why: A Comment on Fish’s ‘Determinants of Economic Reform in the Post-Communist World,’” East European Politics and Societies, vol.13, no.3, 1999, pp.613-626.

^{xii} See Keith Jagers and Ted R. Gurr, “Tracking Democracy’s Third Wave with the Polity III Data,” Journal of Peace Research, vol.32, no.2, 1995, pp.469-82, for a detailed explanation of the scoring criteria. From the democracy and autocracy measures, we calculate a “democracy minus autocracy” score from the data. This practice follows earlier research on democratization.

^{xiii} In fact, the Freedom House scores have been frequently used to evaluate the human rights behavior of states. See Michael Stohl, David Carleton, George Lopez, and Stephen Samuels, “State violation of Human Rights: Issues and Problems of Measurement,” Human Rights Quarterly, vol.8, no.1, 1986, pp.592-606.

^{xiv} Bryan T. Johnson, Kim R. Holmes, and Melanie Kirkpatrick, eds., 1999 Index of Economic Freedom, (Washington DC: Heritage Foundation and Dow Jones and Company, 1999).

^{xv} Missing data for all variables was addressed using one of two methods. If country data revealed a pattern of consistent change (uniform increases or decreases), the prior year’s numbers were used for missing years. If country data revealed no clear, uniform pattern, the mean score of all available country data was used. Missing data poses a particular problem for spatial analysis where geographic factors are investigated using a proximity matrix. In these instances, analysis cannot be performed if any data is missing.

^{xvi} Fish (n.7)

^{xvii} Property rights is based on the following criteria: freedom from government influence over the judicial system, commercial code defining contracts, sanctioning of foreign arbitration of contract disputes, government expropriation of property, corruption within the judiciary, delays in receiving judicial decisions, and legally granted and protected private property. Regulation and intervention is a function of licensing requirements to operate a business; ease of obtaining a business license; corruption within the bureaucracy labor regulations; environmental, consumer safety, and worker health regulations; and regulations that impose a burden on business. The black market score is defined in terms of smuggling; piracy of intellectual property in the black market; and agricultural production, manufacturing, services, transportation, and labor supplied on the black market. Johnson (n.14, pp.64-67)

^{xviii} Jeffrey Sachs has recently turned to a distance variable in his explanation of post-communist outcomes. Sachs, "Geography and Economic Transition," Harvard University, Center for International Development, Unpublished Paper, November 1997. Jeffrey Sachs, "Eastern Europe Reforms: Why the Outcomes Differed So Sharply," Boston Globe, September 19, 1999.

^{xix} Analysis producing the results in Tables 1-4 performed on Intercooled Stata ver. 6.0 using the xtreg function. This command estimates cross-sectional time-series regression models. We employed a population-averaged model to produce a generalized estimating equation that weights the countries by their available data. Standard errors are semi-robust and adjusted for clustering around countries. OLS assumptions are relaxed for pooled data, in other words, so that multiple observations for each country are not assumed to be independent of one another.

^{xx} Because the factors from which the bureaucratic rectitude score is comprised are also components of the overall Economic Freedom score, we could not include the bureaucratic rectitude measure as an explanation for Economic Freedom. Kitschelt's corruption score correlates with our bureaucratic rectitude score at .8669, so it is an adequate substitute.

^{xxi} This should come as no surprise to students of Eastern Europe who are familiar with the contagion effect during the revolutions of 1989. See especially Timothy Garton Ash, The Magic Lantern: The Revolutions of '89 Witnessed in Warsaw, Budapest, and Prague, (New York: Random House, 1990).

^{xxii} One of Stalin's strategies for establishing absolute power was the systematic monopolization of communication channels within the Soviet Union and, after World War II, in Eastern Europe. His control over all facets of the

media not only facilitated the spread of communist ideology but also limited the possibility of undesirable interactions.

^{xxiii} Brams uses diplomatic exchanges, trade, and shared memberships in intergovernmental organizations as indicators of transaction flows. Steven J. Brams, "Transaction Flows in the International System," American Political Science Review, vol.76, no.1, 1967, pp.880-898.

^{xxiv} It could be argued that some of these measures, such as the number of televisions or newspaper circulation, reflect modernization rather than the diffusion of information. This is precisely why we developed a composite index—our intent is to capture a variety of sources that could contribute to diffusionary processes of reform.

^{xxv} See, for example, John O'Loughlin, Colin Flint, Luc Anselin, "The Geography of the Nazi Vote: Context, Confession, and Class in the Reichstag Election of 1930," Annals of the Association of American Geographers, vol.84, no.2, 1994, pp.351-380; R.J. Johnston, A Question of Place, (Oxford: Basil Blackwell, 1991); John Agnew, Place and Politics: The Geographical Mediation of State and Society, (Boston: Allen and Unwin, 1987).

^{xxvi} O'Loughlin, p.359.

^{xxvii} For technical notes on the logic and use of Moran's I, Arthur Getis and J.K. Ord, "The Analysis of Spatial Association by Use of Distance Statistics," Geographical Analysis, vol.24,no.1, 1992, pp.189-206; Luc Anselin, "Local Indicators of Spatial Association—LISA," Geographical Analysis, vol.27, no2, 1995, pp.93-114.

^{xxviii} G_i^* statistics and other local indicators of spatial association are explained in Anselin *ibid*.

^{xxix} Spatial weights matrix is in row-standardized form.

^{xxx} Stephen E. Hanson and Jeffrey S. Kopstein, "The Weimar/Russia Comparison," Post-Soviet Affairs, vol.13, no.3, 1997, pp.252-283.

^{xxxi} Saul B. Cohen, "Global Geopolitical Change in the Post-Cold War Era," Annals of the Association of American Geographers, vol.81, no.2, 1991, pp.551-580; Paul F. Diehl, "Territory and International Conflict: An Overview," in Paul F. Diehl, ed. A Road Map to War: Territorial Dimensions of International Conflict, (Nashville TN: Vanderbilt University Press, 1999).

^{xxxii} M. Steven Fish, "Mongolia: Democracy without Prerequisites," Journal of Democracy, vol.9, no.3, 1998, pp.127-140.

^{xxxiii} In a similar vein Vladimir Popov has recently argued that policy choices cannot account for variation in the recessions in the post-communist world between 1990 and 1993. "Explaining the Magnitude of Transformational Recession." Department of Economics, Queens University, Canada, 1999.

^{xxxiv} We have chosen three cases for more detailed examination based on their theoretical interest. Hungary is chosen in order to illustrate the effects of close institutional ties to the EU based on its good location. Slovakia is chosen as a country that is well located but, for the first 10 years of post-communism, systematically did everything incorrectly. Kyrgyzstan, on the other hand, is chosen because it is very poorly located but adopted most, if not all, of the policies and institutions that Western experts and international organizations argued were important for success in the political and economic transition. Because the outcomes of the cases of "bad location, bad policy" were so overdetermined, it makes little sense to discuss them here in any detail.

^{xxxv} Of course, some countries in this group have restructured their polities and economies more than others. Hungary and Poland, for example, has clearly restructured its economy more than the Czech Republic and Slovenia.

^{xxxvi} Between 1989 and 1998 Hungary received, by far, the largest share of FDI in the formerly communist world. In second and third place came Poland and the Czech Republic. Jacqueline Coolidge, "The Art of Attracting Foreign Direct Investment in Transition Economies" Transition, vol.10,no.5, 1999, p.5.

^{xxxvii} Wade Jacoby, "Priest and Penitent: The European Union as a Force in the Domestic Politics of Eastern Europe," East European Constitutional Review, vol.8,no.1, 1999, pp.62-67. In March 1998 the EU formalized what was already widely known, that there would be two tiers of accession candidates. The Czech Republic, Poland, Hungary, Estonia, and Slovenia are in the "first group" for accession, and Bulgaria, Slovakia, Latvia, Lithuania, and Romania are in the second group.

^{xxxviii} Rudolf Tökes, "Party Politics and Participation in Postcommunist Hungary," in Karen Dawisha and Bruce Parrott eds., The Consolidation of Democracy in East-Central Europe, (Cambridge: Cambridge University Press, 1997) pp.109-149; Bennett Kovrig, "European Integration," in Aurel Braun and Zoltan Barany, eds., Dilemmas of Transition: The Hungarian Experience, (Lanham: Rowman and Littlefield, 1999), pp.253-272; Attila Agh, "Die neuen politischen Eliten in Mitteleuropa," in Hellmut Wollmann, Helmut Wiesenthal, and Frank Bönker, eds., Transformation sozialistischer Gesellschaften: Am Ende des Anfangs, (Opladen: Westdeutscher Verlag), pp.422-436.

^{xxxix} Jacoby, (n.37)

^{xl} Fritz Franzmeyer, "Wirtschaftliche Voraussetzungen, Perspektiven und Folgen einer Osterweiterung der Europäische Union," Ost-Europa-Wirtschaft, vol.22, no.2, 1999, p.146.

^{xli} Paul Marer, "Economic Transformation, 1990-1998," in Braun and Barany (fn.38).

^{xlii} Tibor Frank, "Nation, National Minorities, and Nationalism in 20th Century Hungary," in Peter F. Sugar, eds. Eastern European Nationalism in the Twentieth Century, (Washington D.C.: American University Press, 1995); Daniel Nelson, "Regional Security and Ethnic Minorities," in (Braun and Barany, fn.38)

^{xliii} Sharon Wolchik, "Democratization and Political Participation in Slovakia," in Dawisha and Parrott (fn.38), pp.244.

^{xliv} Josef Kotrba and Jan Svejnar, "Rapid and Multifaceted Privatization: Experience of the Czech and Slovak Republics," Moct-Most, vol.4, no.2, 1994, pp.147-185.

^{xlv} Christopher Walker, "Slovakia: Return to Europe Questionable," RFERL Weekly Report, September 25, 1998, <http://www.rferl.org/nca/features/1998/09/F.RU.980925133407.html>.

^{xlvi} M. Steven Fish, "The End of Meciarism," East European Constitutional Review, vol.8, no.1 1999, pp.47-55.

^{xlvii} After an initial drop to \$182 million of FDI in 1995 from \$203 million the year before, in the subsequent three years FDI in Slovakia doubled its level by 1998. Coolidge (fn.36), p.5

^{xlviii} Fish, (fn.44), p.50.

^{xlix} Jolyon Naegele, "Slovakia: Democratic Opposition has Chance to Change Policies," RFERL Weekly Report, September 28, 1998, <http://www.rferl.org/nca/features/1998/09/F.RU.980928134909.html>.

^l Eugene Huskey, "Kyrgyzstan: the Fate of Political Liberalization," in Karen Dawisha and Bruce Parrott eds., Conflict, Cleavage, and Change in Central Asia and the Caucasus, (Cambridge: Cambridge University Press, 1997) pp.242-276.

^{li} Eugene Huskey, "Kyrgyzstan Leaves the Ruble Zone," RFERL Research Report, September 3, 1993, pp.38-43.

^{lii} Although Slovakia and Kyrgyzstan both have about 5 million inhabitants, in 1998 Kyrgyzstan received \$55 million of FDI while Slovakia received almost seven times that much, even though the latter's rankings in the various economic freedom scores were not so far apart. Coolidge, (fn.36).

^{liii} By 1999, for example, the son-in-law of President Akaev was reported to have managed to gain under his own control almost all of the energy, transport, communications, alcohol industry, as well as air service. Moskovski Komsomolets, December 9, 1999.

^{liv} John Anderson, Kyrgyzstan: Central Asia's Island of Democracy? (Amsterdam: Harwood Academic Publishers, 1999).

^{lv} Peter Rutland, "Count Them in or Count Them in or Count Them Out? Post-Socialist Transition and the Globalization Debate," Paper given to the American Association for the Advancement of Slavic Studies, St. Louis MO, 1999.

^{lvi} Eugene Huskey, "National Identity From Scratch: Defining Kyrgyzstan's Role in World Affairs," Unpublished Paper, Department of Political Science, Stetson University, July 1999.

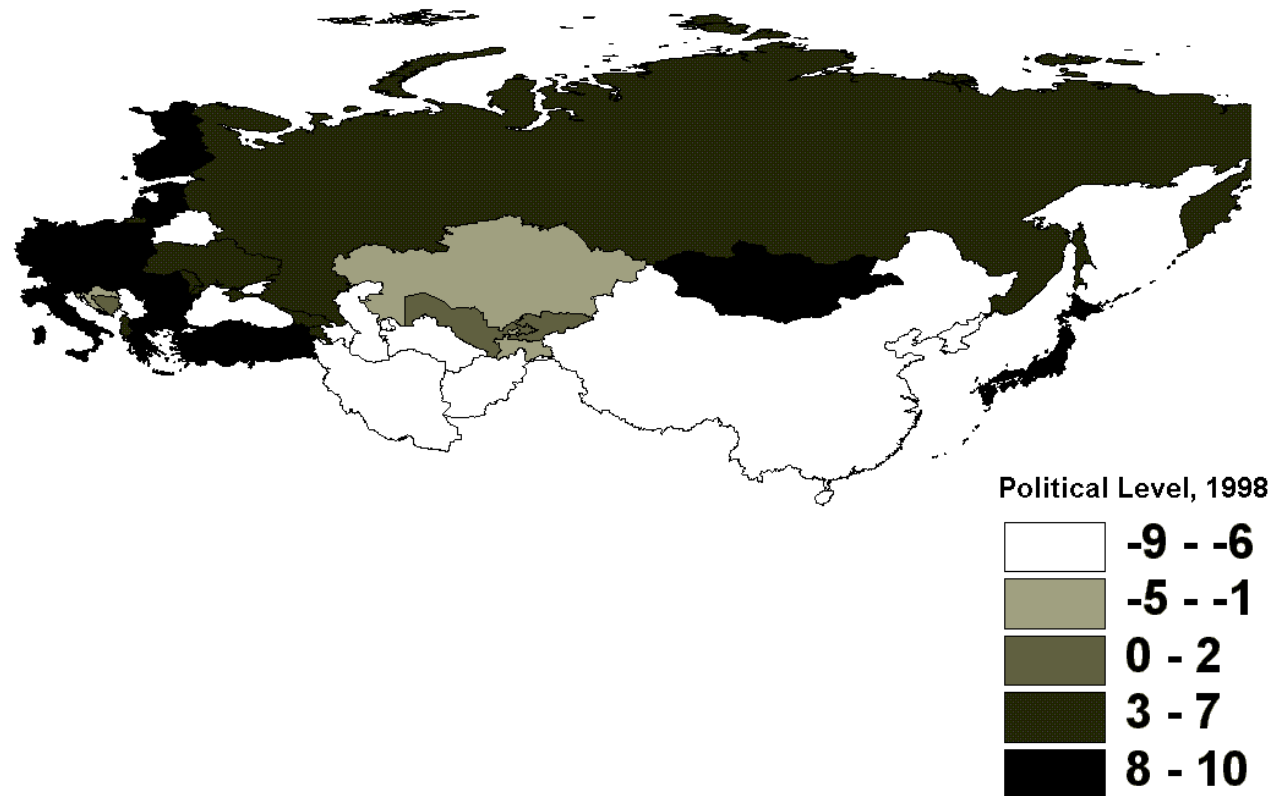
^{lvii} Huskey, *ibid.* In 1998, for example, Uzbekistan's President Karimov criticized Kyrgyzstan's dreams of Westernizing its economy. "Kyrgyzstan," Karimov admonished the Kyrgyz leadership, "is tied more closely to the IMF, which is your 'Daddy' and supervises everything." "O druzhbe, bez kotoroi ne prozhit'," Slovo Kyrgyzstana, December 2, 1998, p.2, cited in Huskey, *ibid.*

^{lviii} Bruce Pannier, "Central Asia: Concern Grows Over Possibility of Trade War," RFERL Weekly Report, February 16, 1999.

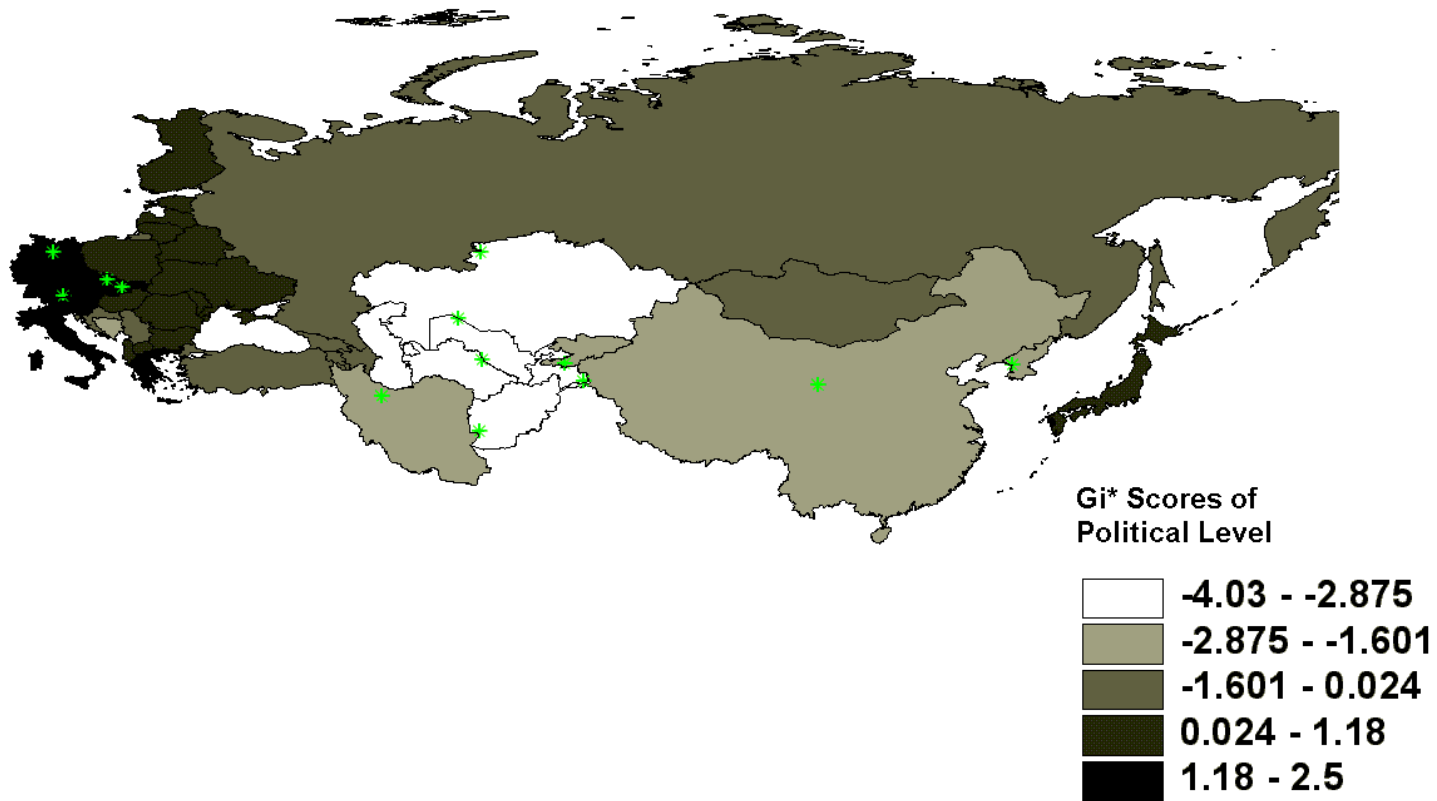
^{lix} "Human Rights Watch on Kyrgyzstan," RFERL Daily report on Kyrgyzstan, December 10, 1999, <http://www.rferl.org/bd/ky/reports/today.html>

^{lx} Ken Jowitt, "'Moscow Centre'," East European Politics and Societies, vol.1, no.2, 1987.

Map One: Political Level, 1998



Map Two: Gi* of Political Level, 1998



Map Three: Gi* of Economic Freedom, 1999

