

**ELECTORAL REVOLUTIONS AND THEIR
SOCIO-ECONOMIC IMPACT**
(BULGARIA AND SLOVAKIA IN COMPARATIVE PERSPECTIVE)

By

Lucia Kureková

Submitted to
Central European University
Department of International Relations and European Studies

In partial fulfilment of the requirements for the degree of
Master of Arts in International Relations and European Studies

Supervisor: Professor Béla Greskovits

(Word Count: 17, 049)

Budapest, Hungary
2006

ACKNOWLEDGEMENTS

I would like to thank dearly to my supervisor Béla Greskovits for his kind and gratuitous help with the thesis and intellectual guidance all throughout the academic year. My gratitude also goes to my family for their loving support and encouragement. Thank you.

ABSTRACT

This work sets out to unravel the effects of electoral revolutions which swept across the post-communist region, scrutinizing mainly their impact on socio-economic consolidation. An extensive empirical comparison using qualitative case study is undertaken on two early cases of electoral breakthroughs, Bulgaria and Slovakia. After defining electoral revolution in general and its specificities in the studied cases, an empirical evaluation of political, economic and social outcomes follows. It is assessed on which of these dimensions the contribution of the pivotal elections - in a more exacting sense of bringing tangible and acknowledgeable improvements - was the most crucial.

It has been found that while the pivotal elections were clearly a success in a narrow understanding of de-powering the illiberal incumbents, the post-electoral success in a broad sense materialized to the greatest extent on the dimension where the country had the most difficulties in the period prior to the revolution. In addition, it appears to be the case that in both countries the sizeable improvement on indicators of governance, political stability and democratization and the progress in respect to macroeconomic criteria was not accompanied by similar improvement in social dimension.

CONTENT

1. INTRODUCTION	7
2. DEBATE AND LITERATURE REVIEW	12
3. THEORIZING ‘ELECTORAL REVOLUTION’	15
4. THE ELECTORAL REVOLUTIONS: WHY AND HOW?	20
4.1 Party Alternation ‘Between the Revolutions’	20
4.1.1 Bulgaria.....	21
4.1.2 Slovakia.....	22
4.2 Pivotal Elections	25
4.2.1 “Throw the red rubbish out”	25
4.2.2 Quest for “Change”	27
4.3 The electoral revolutions: why, how and what followed	29
5. WHAT KIND OF CHANGE?	32
5.1 More Democracy?	32
5.2 More Economic Prosperity?	38
5.2.1 Bulgaria.....	39
5.2.2 Slovakia.....	43
5.2.3 Comparative Scrutiny	49
5.3 Better Living Standards?	54
5.3.1 Unemployment, Poverty and Inequality	55
5.3.2 Reform of Welfare State	58
5.3.3 Neo-liberal philosophy or lack of alternatives?	60
6. CONCLUSION	63
APPENDICES	67
BIBLIOGRAPHY	77

LIST OF TABLES

Table A: Six Good Governance Indicators: Bulgaria and Slovakia	32
Table B: Sums of Good Governance Indexes: 1996 – 2004.....	34
Table C: Nations in Transit Ratings.....	35
Table D: Progress in Transition 1998 – 2005	50
Table 1: Basic Information	67
Table 2: Factors of Electoral Revolution	68
Table 3: GDP Growth	69
Table 4: Budget Deficit-General Government Balances (% of GDP)	69
Table 5: External Debt/GDP (in %).....	69
Table 6: Inflation.....	70
Table 7: Government Expenditure.....	70
Table 8: Foreign Trade by Regions: Exports 1990/1991 and 1997	71
Table 9: Foreign Trade by Regions: Exports 2004.....	71
Table 10: Share of Trade in GDP (in %)	71
Table 11: Share of Trade with Non-transition Countries (in %)	71
Table 12: FDI Inflows.....	72
Table 13: Averages of Total Net Official and Net FDI Inflows (mil US\$).....	73
Table 14: Ease of Doing Business	73
Table 15: Real Wages (index, base year = 100)	74
Table 16: Distribution of Income: Gini Coefficient (index, base year = 100).....	74
Table 17: Employment Rate	74
Table 18: Unemployment Rate	75
Table 19: “Which problems in Slovakia do you consider most pressing?” (%).....	75

LIST OF FIGURES

Figure 1: GDP Growth.....	69
Figure 2: Budget Deficit	70
Figure 3: External Debt.....	69
Figure 4: FDI Inflows	72
Figure 5: Real Wages.....	74
Figure 6: Unemployment	75
Figure 7: Slovakia: Income Distribution Effects of the Tax Reform.....	76
Figure 8: Wage Differentials and Poverty Lines, 2000	76

LIST OF ABBREVIATIONS

- ANO – Alliance of New Citizen (Aliancia noveho obcana)
- BSP – Bulgarian Socialist Party
- CEFTA – Central European Free Trade Agreement
- CMEA - Council of Mutual Economic Assistance
- EBDR -European Bank for Reconstruction and Development
- ERM II – Exchange Rate Mechanism II
- EU – European Union
- FDI – Foreign Direct Investment
- GDP – Gross National Product
- HZDS – the Movement for Democratic Slovakia (Hnutie za demokraticke Slovensko)
- KDH - Christian Democratic Movement (Krestansko-demokraticke hnutie)
- KOZ SR – Confederation of Trade Unions (Konfederacia odborovych zdruzeni)
- NATO – North Atlantic Treaty Organization
- NMS II – National Movement Simeon II
- SDK – Slovak Democratic Coalition (Slovenska demokraticka koalicia)
- SDKU – Slovak Democratic and Christian Union (Slovenska dem. a krestanska unia)
- SDL – Slovak Democratic Left (Slovenska demokraticka lavica)
- SMK – the Party of Hungarian Coalition (Strana madarskej koalicie)
- SNS – Slovak National Party (Slovenska narodna strana)
- SOP – the Party of the Civic Understanding (Strana obcianskeho porozumenia)
- UDF – the Union of Democratic Forces
- VAT – Value added tax
- VPN – Public Against Violence (Verejnost proti nasiliu)
- ZRS – the Association of Workers of Slovakia (Zdruzenie robotnikov Slovenska)

1. INTRODUCTION

With the fall of the Iron Curtain, the post-communist region embarked on comprehensive political, economic and social transformation of the state. The transition from a planned to a market economy entailed a process of complex institutional, structural and behavioural change. Already midway through the 1990s, a different level of success could be observed with a big gap between the former Soviet countries (excluding the Baltics) as one group and the countries of Central and Eastern Europe as the other. Moreover, even within these groups, during the 1990s as well as today, divergent developmental trajectories and different levels of transition success have been visible.

When thinking about democratization in the post-communist world, Bunce has identified three paths to democracy: the first she named “*early, fast and easy model*” including Poland, Hungary, the Czech Republic, Slovenia and the Baltic states in it. On the second path termed “*later, slower, but still successful model*”, Bulgaria, Croatia, Romania and Slovakia could be located. “*Later, slower but uncertain*” path to democracy was lived through in Serbia, Georgia, Ukraine and Kyrgyzstan.¹ What unites the countries in the second and third democratization path is occurrence of watershed elections. From the second half of the 1990s onwards, a series of electoral revolutions swept across the post-communist region. Out of the twenty-six transforming economies, we have seen similar event to occur up until this day in eight countries which had all shared illiberal or hybrid regimes prior to the crucial elections - Romania `96, Bulgaria `97, Slovakia `98, Serbia `00, Croatia `00, Georgia `03, Ukraine `04 and Kyrgyzstan `05.

¹ Valerie Bunce, “Domestic Conditions and Democracy Promotion”, Paper prepared for the Roundtable on US Democracy Promotion in Post-communist Societies, U.S. Department of State, May 18, 2005: 2

In all these states, in presidential or parliamentary elections broad mass vote participation took place and the liberal opposition managed to defeat the semi-authoritarian incumbents, moving these nations in a more democratic direction.

Several questions come to surface in respect to this issue. What conditions gave rise to these breakthrough elections? What were common procedural features? How to understand electoral revolution and how to differentiate it from normal electoral turnover? To address these questions, a new area of research has recently come forward where the electoral revolutions are studied in a broad perspective of democracy promotion. However, perhaps the most important question related to the electoral breakthroughs, not so far systematically dealt with by scholarship, remains to be tackled: *What have been the political, economic, and social outcomes of the electoral revolutions and where lies their most crucial contribution?* Clearly, the real test of the electoral success understood in a broader sense of achieving political, economic and social improvement comes afterwards and can only be assessed after a sufficient time had passed.

The goal of this work is to unravel the effects of electoral revolutions scrutinizing mainly the impact on socio-economic consolidation. To carry out my research I will use a qualitative comparative case study, which allows an in-depth analysis of a limited number of cases. I undertake an extensive empirical comparison, supporting my research primarily by statistical datasets displaying information about political indicators and socio-economic performance. I provide both cross-sectional and longitudinal data sets and then compare the evidence in a cross-country comparison with the aim to find common trends and differences.

From the eight countries where the regime change occurred, I focus on Slovakia and Bulgaria as intense cases. The crucial elections took place in these states at similar time during the transition – in April 1997 in Bulgaria and in September 1998 in Slovakia. Moreover, the countries are relatively equal in size and both are viewed today as success stories with Slovakia already in the EU and Bulgaria about to join in the near future. It is particularly interesting that the macroeconomic indicators before the 1998 parliamentary elections were relatively positive in the Slovak case while rather grave in the Bulgarian case. It is not clear, however, in what way and to what extent has the economic performance been influenced by the new ambitious policy of liberal opposition on one hand and the ‘pre-electoral heritage’ on the other. Further, what form has the economic development taken after the significant political shift and how does it compare to the development before the change? What is the character of macroeconomic and institutional reforms which were introduced by the new governments? Was the economic performance in the countries prior to the elections the major reason for the political and social distress?

In order to tackle these questions, my analytical framework will consist of *two* major parts further divided into chapters. Chapter 2 to Chapter 4 belong to the first part. With the purpose to identify the approaches to studying electoral revolutions, Chapter 2 briefly reviews selected body of transition literature. Chapter 3 refers primarily to works of scholars on democracy promotion and endeavours to elaborate a theoretical understanding of electoral revolutions. While pointing to some differences on the electoral model between the early and the late occurrences of the second revolutions, I contextualize the findings about attributes and procedural characteristics of electoral

revolution in the specific environment of my intense cases. Chapter 4 is devoted to in-depth analysis of political, economic and social underpinnings of electoral revolutions in Bulgaria and Slovakia.

The second part, elaborated in Chapter 5, is based on extensive empirical comparison of (mostly) post-electoral progress of my studied cases in three dimensions: political, economic and social. In other words, I analyze the effect of electoral breakthrough, understood as an independent and intervening variable, on the dependent variables of political consolidation and democratization, economic development and social inclusion.²

I find that while the pivotal elections were clearly a success in a narrow understanding of de-powering the illiberal incumbents, the post-electoral success in a broad sense materialized to the greatest extent on the dimension where the country had the most difficulties in the period prior to the revolution. In addition, it appears to be the case that in both countries the sizeable improvement on indicators of governance, political stability and democratization and the progress in respect to macroeconomic criteria was not accompanied by similar improvement in social dimension.

This study strives to complement several areas of research within international relations and political economy. First, it will contribute to the literature on democracy promotion and deepen and broaden understanding of economic underpinnings of electoral revolutions. Second, the dissertation will enrich the transition literature with analyzing the effect of an intervening variable, namely elections which in my studied cases brought

² This approach has been inspired by research by Bohle and Greskovits. See: Dorothee Bohle and Béla Greskovits, "Neoliberal, Embedded Neoliberalism and Neocorporatism: Paths towards Transnational Capitalism in Central-Eastern Europe". Paper prepared for the Comparative Politics Workshop "Post-Communist Political Economy and Democratic Politics". Duke University, Department of Political Science, Durham N.C., USA, April 7-8, 2006.

about major regime alternation, on the process of democratic and economic consolidation. Thus, it strives to be of some additional value for the legacy versus policy debate which is part of the transition studies.

2. DEBATE AND LITERATURE REVIEW

The academic debate on the electoral revolutions can be broken down into two different, although interrelated perspectives of examination. An area of research emerged where the phenomenon of the electoral revolutions has been studied as a dependant variable.³ These scholars have specified characteristics of the societies where the electoral revolution has taken place and defined 'the electoral model' in order to distinguish coloured revolution from a traditional change of government through democratic elections.

One of the debates resonating among these scholars has focused on determining the extent and ratio of domestic versus external conditions which contributed to the success of the electoral revolution. Bunce and Wolchik have embarked on comprehensive research to study the second revolutions as a debated outcome of democracy promotion of the Western world in the post-communist region pointing to the importance of domestic factors.⁴ Carothers looked at specific instruments of Western aid in promoting the electoral revolutions in the region⁵ while Vachudova analyzed the EU conditionality as an external influence on the transformation of the selected countries.⁶ The studies seem to conclude jointly that success of the political shift realized via electoral revolution with a significant external help was in the end determined greatly by the constellation of various domestic factors such as hybrid character of political regime, emergence

³These works include: Valerie Bunce and Sharon Wolchik, "Bringing Down Dictators: American Democracy Promotion and Electoral Revolutions in Post-communist Eurasia." A chapter prepared for Mitchell Orenstein and Stephen Bloom, eds. *Transnational and National Politics in Post-communist Europe*. Valerie Bunce, "Coloured Revolutions: Why and Where Next?" Moscow lecture for the Russian Debates: February 27, 2006. Michael McFaul, "Transitions from Postcommunism," *Journal of Democracy*, Volume 16, no.3 (July 2005): 5-19. Vitali Silitski, "Has the Age of Revolutions Ended?", *Transitions Online* 1/17/2005. Graeme P. Herd, "Colourful Revolutions and the CIS: 'Manufactured' versus 'Managed' Democracy?" *Problems of Postcommunism* 52, no. 2 (March/April 2005): 3-18. Thomas Carothers, *Critical Mission. Essays on Democracy Promotion*. Carnegie Endowment for International Peace: Washington DC, 2004.

⁴ Bunce and Wolchik.

⁵ Carothers.

⁶ Vachudova.

of a leader, ability of opposition to unite, use of parallel vote tabulations during the elections, and emergence of a strong civil society.⁷

The second perspective could be one that enhances the electoral revolutions more as an independent or intervening variable which influenced the political and economic transformation in a specific group of post-communist countries. This approach is part of the broad ‘transition literature’ which has attempted to explain the variation in the transformation success among the countries. Within the transition literature framework, one branch emphasizes the importance of the communist legacies and structural conditions at the collapse of the old regime which accounted for different starting conditions.⁸ Another branch of transition studies is represented by scholars who stress the prevailing importance of ‘agency’ and policies or the political decisions of the elites in the transition.⁹ More specifically, some authors have pointed to the crucial importance of the outcome of the first elections which determined whether a breakthrough with the old system and change of elites took place¹⁰ or emphasized the severance of political polarization as detrimental for the successful transition.¹¹

A group of transition studies scholars has pointed to importance of the external stimuli materialized through gravitational force of integration into transatlantic structures, having in

⁷ Bunce (a). Bunce (b). McFaul. Vitali Silitski, “Is the Age of Post-Soviet Electoral Revolutions Over?” *Democracy at Large* 1, no. 4 (2005): 8-10.

⁸ Martha De Melo et al. *Circumstance and Choice: the Role of Initial Conditions and Policies in transition Economies*. The World Bank: International Finance Corporation, 1997. Valerie Bunce, “The Political Economy of Postsocialism”, *Slavic Review* 58, no.4 (Winter 1999). 756-793. Leszek Balcerowicz, “Understanding Post-communist Transition”, *Journal of Democracy* 5, no. 4 (October 1994): 75-90. Jeffrey S. Kopstein and David A. Reilly. “Geographic Diffusion and the Transformation of the Post-communist World.” *World Politics* 53 (October 2000), 1-37. Vladimir Popov, “Shock Therapy versus Gradualism: The End of the Debate. Explaining the Magnitude of Transformational Recession”, *Comparative Economic Studies* 42, no.1, (2000): 1-57.

⁹ Martha De Melo, Cevdet Denizer and Alan Gelb, *From Plan to Market: World Development Report 1996*. (New York: Oxford University Press, 1996). Grigorij Mesežnikov et al. (Eds.). *Slovakia 1998-1999. A Global Report on the State of the Society*. Bratislava: Institute for Public Affairs, 1999.

¹⁰ Steven Fish, “The Determinants of Economic Reform in the Post-Communist World”. *East European Politics and Societies* 12, no.1 (Winter 1998): 31-78.

¹¹ Timothy Frye, “The Perils of Polarization. Economic Performance in the Post-communist World.” *World Politics* 54 (April 2002), 308-337.

mind particularly the EU and NATO.¹² To the most recent ‘transition research’ belongs the ‘varieties of transnational capitalism’ framework which has identified and explained three distinct developmental paths among the eight transition countries which joined the EU in 2004: neo-liberalism, embedded neo-liberalism and neo-corporatism.¹³

Thus, alongside the early debate between the shock therapy versus gradualism, the debate between the belief in path-dependency versus possibility to overcome the original negative pre-conditions and break the developmental path in order to converge with the dominant leaders has been present. In this context, electoral revolution represents an ‘instrument of breakthrough’ on this developmental path. Paradoxically, findings of this works will support the claims of those scholars who allude to the prevalent importance of legacy.

In the next chapter I thus embark on exploring the academic arguments and elaborate a theoretical model of electoral revolution.

¹² Vachudova. Also: Laszlo Csaba, “Transition in and towards Europe“. *Zeitschrift fuer Staats- und Europawissenschaften* 2, no. 3 (2004): 330-350.

¹³ Bohle and Greskovits.

3. THEORIZING ‘ELECTORAL REVOLUTION’

The goal of this chapter is to analyze all eight cases of second revolutions. I will assemble definitions of ‘electoral revolution’ and establish main differences between the early and late instances of electoral breakthrough.

How does literature understand an electoral revolution? For Silitski it is as “a pathway to democracy for unconsolidated non-democratic or semi-democratic regimes.”¹⁴ Vachudova uses term ‘watershed elections’ where rent-seeking political parties were replaced with more reform-oriented parties in government.¹⁵ In simple terms, electoral revolution means elections which produce regime change.¹⁶ In regard to timing, the events do not refer to the initial transitions from the communist rule which took place in the late 1980s and early 1990s but rather to pro-democracy movements that arose in less successful transforming countries against corrupt and proto-democratic successor regimes.¹⁷ The term ‘revolution’ could be somewhat misleading as it is a non-violent and peaceful process¹⁸, although accompanied by mass mobilization not only in high voter turnout but also in protests that preceded or followed the elections.¹⁹ Thus, the word “revolution” is not meant to imply longer term consequences of electoral episodes but rather only to stress that the pro-democracy movement in each case was in fact successful in overthrowing the current regime.²⁰

Scholars differ as to which countries they assess when looking at episodes of electoral revolutions. Bunce and Wolchik adopted a broad conception and in addition to the later and typical cases of ‘colored revolutions’ in Serbia, Georgia, Ukraine and Kyrgyzstan, they also

¹⁴ Silitski (a): 1

¹⁵ Vachudova: 158

¹⁶ Bunce and Wolchik: 4

¹⁷ Joshua Tucker, “Enough! Electoral Fraud, Collective Action Problems, and the 2nd Wave of Post-Communist Democratic Revolutions.” November 2005. (Available at: <http://www.wss.princeton.edu/jtucker>): 2

¹⁸ Here Kyrgyzstan was an exception.

¹⁹ Bunce (a): 2

²⁰ Tucker: 2

include in their analysis the early instances: Romania, Bulgaria, Slovakia and Croatia. The other cluster of scholarship relates primarily to ‘typical’ occurrences of electoral breakthroughs, which are Serbia, Georgia, Ukraine and Kyrgyzstan, accompanied by clear attempts to rig the elections by incumbent governments and popular protests following the election.²¹

According to Bunce and Wolchik, what unites all the cases – early as well as later - is the fact that “because governing coalition, ideology and represented constituencies all changed, the elections in these countries served as a major political turning point.”²² In presidential or parliamentary elections broad mass vote participation took place and the liberal opposition managed to defeat the semi-authoritarian incumbents, moving these nations in a more democratic direction.²³ In other elements, either in respect to preceding conditions in individual countries or in regard to the procedural elements of the breakthrough, the countries differ: some elections were parliamentary while other presidential, some opposition leaders were charismatic and conducted remarkable campaign while others less so, youth organizations played a powerful role in some countries while more marginal in others and some required mass protest before new governments were able to take power while others not.²⁴

What factors seem to have inspired and constituted the electoral revolutions? The main common feature was a hybrid character of the regime located in the wide zone between full-scale democracy and hard-line dictatorship. The political systems were “repressive enough to invite public resentment but liberal enough to be open at least potentially to the development of an opposition.”²⁵ In addition, the minimal condition shared by the regimes was the fact that elections were held regularly, although tolerance of opposition as well as transparency of

²¹Tucker. Herd. Silitski (a), (b).

²² Bunce (a): 1

²³ Bunce and Wolchik: 3

²⁴ For the accounts of differences see: Bunce (a) : 1. Bunce and Wolchik: 13

²⁵ Bunce (a): 2-3, also see Silitski (b).

electoral process varied.²⁶ The regimes have also been viewed as very corrupt and functioning on principles of ‘crony capitalism’.²⁷ Illiberal leaders were closely associated with escalating levels of corruption, financial scandals and in some instances violence against political opponents.²⁸ When the incumbent leaders had antagonized their societies through repression, mismanagement and corruption, the demand for political change became overwhelming.

Provided that opposition united and began to work together and civil society matured enough to mobilize both voters and peaceful protesters, the electoral breakthrough materialized.²⁹ Cooperation among opposition forces was crucial not only for the pre-election campaign in order to convince public to participate and express dissatisfaction with the regime and protest should the incumbents try to steal the election but it also proved important for encouraging institutional supporters of the regime – such as police, army and intelligence services - either to maintain their distance or to defect.³⁰ The mechanisms of the electoral model such as parallel vote tabulations, exit polls and domestic and foreign election monitoring proved to be extremely important methods for securing free, fair and transparent elections.³¹ To this end, the presence of (at least relatively) independent media able to relay news about falsified vote and publicize mounting popular protests was another important element of the electoral model.³² Procedurally, the opposition movements have strictly adhered to the law as they strove to legitimize themselves by playing by rules set by institutions and leaders they rebelled against. Carrying out the revolution

²⁶ Bunce (a): 3

²⁷ Silitski (a): 4. Tucker: 14. Oligarchic capitalism has been present particularly in the later cases – Serbia, Ukraine and Georgia.

²⁸ Bunce and Wolchik: 14. Such practices were well – known in Serbia and Ukraine but also in Slovakia where the kidnapping of President Kováč’s son took place.

²⁹ Silitski (b): 8

³⁰ Bunce (a): 3

³¹ McFaul: 10

³² McFaul: 10. Silitski (a): 4

according to democratic rules immediately secured for the victorious democrats international recognition and legitimacy to support their new identity.³³

The factors outlined above represent elements which contributed to the success of the electoral revolution in a narrow sense or were essential for the model to succeed. There are other factors, however, which were overall not that important or, alternatively, played a lesser role in some of the cases. Although some of them were suggested already above, I here comment in greater detail on two of them which seem to be increasingly relevant for the topic of this work: importance of the state of economy and potential leverage of external impulses.

First, importantly, level of economic development or the state of economy clearly did not play a uniform causal role. Ukraine prior to the electoral turnover had a history of stable macroeconomic environment and robust economic growth accompanied by FDI inflow.³⁴ In contrast, Serbia and Georgia had been living through periods of economic trauma and hardship that helped to undermine the regimes.³⁵ Similar variation can be found in the early cases – while the Slovak macroeconomic indicators before the 1998 parliamentary elections were relatively positive, Bulgaria lived through a major financial crisis, public finances mismanagement and procrastination of economic reforms.

Further on the variation of factors, the relationship between incumbents and the West in the cases does not fit a single clear pattern. Participation of external actors seems to increase in the later cases in terms of democracy-assistance programs³⁶ and perhaps decrease in terms of influence and leverage of international institutions, namely the EU and NATO. Vachudova claims that for Slovakia, Romania and Bulgaria the EU leverage helped create what illiberal

³³ Silitski (a): 2

³⁴ Despite significant improvement, Ukraine even today remains to be at the tail among the transition economies.

³⁵ McFaul: 15

³⁶ Ukraine and Georgia are known to be prime targets of US financial aid over the whole period of transition. See Jaba Devdariani, “The Impact of International Assistance” Discussion paper no. 11, May 2003. in “Building Democracy in Georgia.” *IDEA*, (2003): 8-18.

states were missing at the moment of transition: a coherent and moderate opposition and an open and pluralistic political arena.³⁷ The active leverage of the EU has not been present in the later cases, mainly Georgia, Ukraine and Kyrgyzstan as the prospects of these countries to join the EU are very distant and unlikely in the mid-term perspective.

Although the variation on factors as well as importance of external impulses could be assessed and analyzed in greater detail (Table 2 provides a simple overview of the variation), I will not elaborate on it further. Rather than concentrating on assessing success of the electoral revolutions in a narrow sense, the goal of this work is to review the electoral revolutions in the more exacting sense of leading to significant improvements in performance in all variables outlined in analytical framework - political, economic and social - and to determine the area where the effect of electoral breakthrough was the most robust. Still, before moving on to do the empirical scrutiny, I will briefly describe the events related to crucial elections in my intense case studies: Slovakia and Bulgaria and identify the presence, absence and robustness of the above described factors.

³⁷ Vachudova: 161-162.

4. THE ELECTORAL REVOLUTIONS: WHY AND HOW?

The electoral revolutions in Bulgaria and Slovakia belong to the early cases. As Table 2 in the appendix reveals, the political turnover did not necessitate popular protest after the elections in order to oust the illiberal incumbents out of power. The mass vote participation and the ability of the opposition to mobilize population through campaigning, however, demonstrate extensive discontent of the citizens with the old regimes. In the following analysis I first propose a brief overview of party alternation from the fall of communism to the electoral revolution. Looking in a greater detail at the character and sins of the old rule, I will attempt to clarify the roots of discontent in Bulgarian and Slovak societies. Secondly, I provide more detail in regard to pivotal elections, their development and societal groups which supported the change. In the end I relate the findings to the debate on the electoral revolutions and presence or absence of the factors discussed in the preceding part.

4.1 Party Alternation ‘Between the Revolutions’

Party politics between the revolutions – the one which symbolized the end of the communist rule in 1989 and the electoral revolutions – provides an important part of the pre-electoral matrix. Transition literature has established the crucial importance of outcome of initial elections at the early stage of transition from Soviet-type socialism: provided that liberal anti-communist political forces managed to win the first free elections, the country was set on trajectory of successful transition of political and economic system.³⁸ In addition to assessing to what extent this happened in the analyzed countries, the following part looks also into ideological composite of parties prior to 1997/1998.

³⁸ See: Fish.

4.1.1 Bulgaria

The collapse of the communist regime in Bulgaria differed in important ways from developments in neighboring Balkan countries. The fall of the communist leader Zhivkov happened in accordance with prescribed legal rules and without violence.³⁹ A clear break with the communist regime in the form of liberal parties winning the initial elections after 1989, however, failed to materialize. No alternation happened: the post-communist Bulgarian Socialist Party (BSP) won the first elections in June 1990. The communists managed to maintain power presenting themselves as defenders of the Bulgarian nation and protectors from harsh consequences of economic reforms leading to market economy.⁴⁰

The first elections were marked by allegations of physical violence and widespread voter intimidation.⁴¹ The first Bulgarian government suppressed political competition, neglected development of new democratic institutions and used ethnic nationalism to build legitimacy.⁴² Regarding creation of market economy, the undertaken reforms were sporadic and unsystematic with liberalization, restructuring and institution-building falling behind.⁴³

Ineffectual rule, internal BSP divisions and social unrest led to new elections in October 1991. The UDF gained a narrow majority forming a minority government which relied on a tacit support of the Turkish ethnic party, the Movement for Rights and Freedoms. During a year-long period of the UDF governing, Bulgaria's relations with the West greatly improved. Interestingly however, instead of implementing the postponed economic reforms and creating democratic institutions, the UDF adhered to "backward-looking" policy which prioritized redistribution and

³⁹ John D. Bell, "Democratization and political participation in 'post-communist' Bulgaria", in Karen Dawisha and Bruce Parrot (eds.). *Politics, Power and the Struggle for Democracy in South-Eastern Europe*. (New York: Cambridge University Press, 1997): 359

⁴⁰ Vachudova: 42

⁴¹ Bulgaria. Human Rights Development. Human Rights Watch.
< <http://www.hrw.org/reports/1990/WR90/HELSINKI.BOU-01.htm> > (May 2, 2006)

⁴² Vachudova: 20

⁴³ Vachudova: 20

restitution.⁴⁴ In October 1992, after a vote of no-confidence, the minority UDF government was replaced by BSP-dominated cabinet of “experts”.

In the next elections in December 1994, a BSP led coalition won an absolute majority in the parliament, blaming the bulk of Bulgaria’s economic and social problems on the UDF government.⁴⁵ After this victory, BSP moved to consolidate its national control of public television and radio: widespread reports on direct interference into content of the news broadcasting were reported by journalists from this era and many citizens felt that their freedom had deteriorated.⁴⁶ Overall, the era “between the revolutions” – the post-communist in 1989 and the electoral in 1997- was marked by a vibrant and turbulent political scene.

4.1.2 Slovakia

Slovakia’s transition to liberal democracy was started while it was still part of Czechoslovakia. The communist government resigned in December 1989 and political forces opposed to communism grouped in the Public Against Violence (VPN) which took power and also won in the initial elections in June 1990.⁴⁷ Vladimir Mečiar became the first prime minister of the Slovak Republic. His first governing term ended in April 1991 when he was charged with abuse of power and removed from office after the vote of no-confidence.⁴⁸ He left the VPN and created his own party, the Movement for a Democratic Slovakia (HZDS). The party won the next elections in June 1992 having to enter into negotiations with Václav Klaus’ Civic Forum which

⁴⁴ Romyana Kolarova, “Bulgaria: Could We regain What We Have Already Lost?” *Social Research* 63 (2): 543-559.

⁴⁵ Vachudova: 43

⁴⁶ Vachudova: 46

⁴⁷ The VPN soon began to disintegrate into fractions and nationalist forces which pushed for stronger autonomy emerged as the strongest group.

⁴⁸ Vachudova: 43

won on the Czech side of the federation. Due to complex reasons the negotiations ended in a political agreement to split the country and form two independent states.⁴⁹

Soon after the ‘Czechoslovak questions’ ceased the top of agenda, the Slovak political spectrum began to realign. The complexity of problems ranging from misuse of power, tensions between the Prime Minister and the President or halting of the voucher privatization reached crisis point in March 1994 and resulted in leaving of a group of deputies from the parliament.⁵⁰ After a highly critical ‘state of the union address’ presented by President Kováč, the vote of no-confidence was proposed prior to realization of which, however, Mečiar resigned. The mixed left-right interim government was formed which to a degree managed to restore Slovakia’s then already shaky international standing.⁵¹

The new election in September 1994 elevated Mečiar back to power. The left-right coalition was formed after the Slovak National Party (SNS) and the Association of Workers of Slovakia (ZRS) agreed to become partners of HZDS. Already at the second sitting of the new parliament, the coalition began strong concentration of power in both parliamentary and state organs. A first demarche from the European Union followed shortly afterwards. The political practices used by Mečiar’s third government soon became targets of mounting international criticism.⁵²

At that time, prime goal of political elites in the region was the integration into trans-Atlantic structures. Clearly, the presumption before 1994 had been that Slovakia would join the EU alongside the Czech Republic as its economy was generally regarded by EU officials as equal

⁴⁹ On division of Czechoslovakia see: Karen Henderson, *Slovakia. The Escape from Invisibility*. (Routledge: London, 2002): 32-36

⁵⁰ Vachudova: 43. Also: Henderson: 43

⁵¹ Henderson: 44

⁵² *Ibidem*.

to the task.⁵³ That was to a great extent thanks to the economic reforms that took place in the whole Czechoslovakia in 90-92 and had created a strong foundation for a successful capitalist economy. Thus, the Slovak macroeconomic indicators were satisfactory for the most part also during Mečiar's rule. However, it had become evident shortly before the 1998 elections that the Mečiar's economic miracle - achieved despite minimum sums of foreign investment - had been financed in part by external borrowing.⁵⁴

Perhaps the last drop into the politically bitter cup of Slovakia's post-communist journey was the decision of the EU not to include the country into the first group of newcomers due to the failure to fulfill Copenhagen *democratic* criteria.⁵⁵ Similarly, Slovakia was in 1997 left behind the other three V4 members – Hungary, Poland and the Czech Republic – in integration into NATO. International criticism targeted the domestic political climate as much as Mečiar's problematic policies in respect to the ethnic minorities – Hungarians and Roma.

With the intensified international isolation and criticism, domestic political campaigning also intensified and the opposition forces began to look for ways how to bring 'change' which would re-establish Slovakia's chances to join the EU and NATO. Domestic tensions mounted when the new electoral law was passed by parliament in May 1998 which among other controversial parts also included provisions prohibiting parties to run in the elections as coalitions. Thanks to the support of the Supreme Court which refused to oblige to HZDS attempts to stop opposition coalition building, the Slovak Democratic Coalition (SDK)⁵⁶ registered for the elections as one political party and became Mečiar's biggest challenger in the

⁵³ Vachudova: 156

⁵⁴ Henderson: 50.

⁵⁵ See for example: Vachudova: 156. Henderson: 47.

⁵⁶ In reality, the SDK was composed of five liberal or centre-right parties.

elections.⁵⁷ In a way similar to Bulgaria, political development in Slovakia between the revolutions also had a rather vibrant spirit spiced by ethnic and nationalistic agenda.

Having discussed the party politics prior to the pivotal elections, in the following part the elections and what made them ‘revolutionary’ will be analyzed.

4.2 Pivotal Elections

4.2.1 “Throw the red rubbish out”⁵⁸

The pivotal elections in Bulgaria took place on 19 April, 1997. As assessed by international organizations monitoring, they were free and fair. Although the flow of the elections in itself was satisfactory, turbulent era marked by political tension and popular street protests preceded it. The Prime Minister resigned in late December 1996 and the opposition marched to streets with a mass popular support in order to force post-communist BSP, in government since 1994, to agree to early elections.

The reasons and main theme of street protests which continued for about a month was the Bulgarian economic misery: the ruling Socialists were blamed for continuing old Communist policies that brought the country to the edge of economic collapse.⁵⁹ The protests were led by the Union of Democratic Forces which, as discussed above, won the elections in 1991 but then lost the seats after the vote of no-confidence the following year. The Socialist party then won the 1994 elections with a promise to undertake less painful reforms. Their policy, however, turned out to be one of no reforms with an aversion to privatization as well as entry of foreign investors

⁵⁷ Henderson: 48

⁵⁸ This slogan was used during the month-long civil protests in January 1997. In: Christiane Amanpour, “Bulgaria's economic misery deepens as Socialists, opposition clash”. January 15, 1997. CNN online. <<http://edition.cnn.com/WORLD/9701/15/bulgaria/index.html>> (May 2, 2006)

⁵⁹ Amanpour.

into the economy.⁶⁰ Under the ex-communist rule GDP showed decline rather than growth and the inflation soared pushing wages and pensions below subsistence levels. In 1997, Bulgaria was among poorest of the transition countries.⁶¹

Interestingly, during the protests the opposition enjoyed strong backing from students and labour unions. Several sectors of the economy, such as miners, health care and public transportation workers and taxi unions, participated.⁶² Schools, hospitals and factories held protests ranging from one-hour warning strikes and rallies to wearing blue ribbons symbolizing protest.⁶³ Together with wide numbers of population also businessmen and business-minded politicians called for change and implementation of real market reforms.⁶⁴

During the 30 day-long demonstrations, a number of people including police were injured on various days.⁶⁵ Words of President Stoyanov after brokering a deal between the political forces “*We were never so close to civil war*” clearly demonstrate the character and intensity of tension that were present in the Bulgarian society during the crisis.⁶⁶

With regard to the elections, they conformed to democratic standards.⁶⁷ The campaign was conducted in a generally tolerant atmosphere - the parties adhered to the political settlement reached prior to the campaign agreeing not to exacerbate tension further.⁶⁸ However, in addition

⁶⁰ “Pro-Western Alliance Sweeping Bulgarian Vote”. April 19, 1997. CNN online.

< <http://edition.cnn.com/WORLD/9704/19/bulgaria.elections.pm/index.html> > (May 2, 2006)

⁶¹ Amanpour.

⁶² “Bulgarian riot police and protesters again fill the streets. Leaders ignore warning of outgoing president.” January 11, 1997. CNN online. < <http://edition.cnn.com/WORLD/9701/11/bulgaria.politics/index.html> > (May 2, 2006)

⁶³ “A taste of capitalism has Bulgarians demanding more.”

⁶⁴ Ibidem.

⁶⁵ See for example: “Bulgarian riot police and protesters again fill the streets.”

⁶⁶ “Bulgarian Socialist Agree to Early Elections. Decision comes in wake of protests.” February 4, 1997. CNN online: < <http://edition.cnn.com/WORLD/9702/04/bulgaria/index.html> > (May 2, 2006).

⁶⁷ Final Report. OASCE/ODHIR International Observer Mission. Bulgarian Parliamentary Elections. 19 April 1997:

6

⁶⁸ Ibidem.

to some administrative errors, deficiencies were also noted in respect to state owned media and time allocated to political parties for campaigning.⁶⁹

In April 1997 parliamentary elections, the government led by post-communist leaders, criticized externally as well as by domestic forces for lousy economic policies, corrupt practices and deterioration of democratic standards, was voted out of power. Wide protests and mass mobilization contributed to the early elections and victory of liberal opposition what symbolized a clear political turnover.⁷⁰ In a narrow sense, the Bulgarian electoral revolution was clearly successful.

4.2.2 Quest for “Change”

Crucial elections took place in Slovakia on 25-26 September 1998. The word ‘change’ became one of the buzzwords surrounding the process of elections and symbolized desire to distance from the practices of autocratic Prime Minister Mečiar. The 1998 elections were not about whether the tip of the political scale should move to the left or to the right; they represented a stark choice between following an authoritarian path dubbed ‘Mečiarism’ versus returning to ideals of November 1989 Velvet Revolution - democracy, open society and rule of law.⁷¹

The elections were preceded by a highly charged campaign (financially and logistically supported by foreign actors) which involved not only political parties but also non-governmental organizations and representatives of social and cultural life. The campaign aimed at mobilizing society to come and express their voice in the elections. Indeed, it was highly successful, attracting 84% of voters to the polls, many of them anti-Mečiar young first-time voters and

⁶⁹ Ibidem: 7-9

⁷⁰ For the election results see: *Bulgarian Elections*. Centre for the Study for Public Policy. < <http://www.cspp.strath.ac.uk/index.html?bulgelec.html> > (April 28, 2006)

⁷¹ For a comprehensive account of Mečiarism see: Martin Bútorá, Grigorij Mesežnikov and Zora Bútorová, “Introduction: Overcoming Illiberalism – Slovakia’s 1998 Elections,” in Martin Bútorá et al (eds.), *The 1998 Parliamentary Elections and Democratic Rebirth in Slovakia*. (Institute for Public Affairs, Bratislava 1999):12-14

greater share of urban population.⁷² Among those who expressed discontent with the regime was also the Confederation of Trade Unions (KOZ SR).⁷³ Representatives of political parties, NGOs, trade unions, the independent media and a part of the Church actively participated in and constituted broad civic mobilizations.⁷⁴ There was considerable fear about potential electoral fraud and thus the elections were closely scrutinized both by the Slovak public and the international community.⁷⁵ Despite the worries, the elections and handing-over of the power was free, fair and peaceful.

The election results *de iure* brought victory to Mečiar's HZDS which received the biggest share with 27% of the votes. However, not only was this significantly less than in 1994,⁷⁶ the amount of votes also resulted in the *de facto* incapacity to form a coalition. The opposition forces won a 58% share of the votes which translated into the constitutional majority in the parliament. A pro-Western but ideologically diverse left-right coalition was formed.⁷⁷ Again, in a narrow sense, the Slovak electoral revolution was a success (one which has since been copied in the subsequent cases of electoral revolutions)⁷⁸ – autocratic regime was voted out of power and replaced with forward-looking agenda of democratization and continuation of market reforms.

⁷² For more see: Oľga Gyárfášová and Miroslav Húska, “The Development of Voting Preferences and Voting Behaviour,” in Bútorá et al (eds.): 221-232.

⁷³ Darina Málková, “From Hesitation to a Calculated Strategy: The Confederation of Trade Unions in the 1998 Elections,” in Bútorá et al. (eds.): 169-177. The growth of autocratic tendencies in political life translated also into difficulties in social dialogue resulting in the parliament passing a law on wage restraint without the consent of the unions what subsequently led to boycott of the tripartite negotiations. During the campaign, the KOZ representatives often emphasized that the macroeconomic successes declared by Mečiar did not translate positively into higher living standards.

⁷⁴ Bútorá et al: 17

⁷⁵ Henderson: 48

⁷⁶ In 1994, HZDS won 35% of the votes. For more see: Vladimír Krivý, “Election Results”, in Bútorá et al. (eds.): 63-78

⁷⁷ The Slovak Democratic Coalition (SDK), the Party of the Democratic Left (SDL), the Party of the Hungarian Coalition (SMK) and the Party of the Civic Understanding (SOP). Bútorá et al: 9

⁷⁸ Slovak know-how is said to have played a role in the electoral turnovers in Serbia, Georgia and Ukraine. See Bunce and Wolchik.

4.3 The electoral revolutions: why, how and what followed

Placing the Slovak and Bulgarian pivotal elections in a comparative perspective, similarities as well as differences are evident. First, both elections were successful in the sense that illiberal regimes were replaced by liberal pro-Western opposition. Alarming is perhaps the similarity of regime character: turbulent party politics, foreigners-averse privatization, ethnic minority problems, or control of the state media are just some examples. Then, in Bulgaria as in Slovakia, the discontent with the regime was widely shared – ranging across classes and across sectors. The masses as well as intellectuals came to streets for civic rallies and party campaigns to express their will for change.

The major difference among these two cases and their ‘second revolutions’ lies in the incentives and key reasons of the popular discontent: while in Bulgaria the dissatisfaction stemmed primarily from economic decay culminating in financial crisis and devastating economic disaster, in Slovakia the reasons for change were motivated mainly by malfunctioning of democracy and country’s international isolation. In Slovakia, dissatisfaction with the level of living standards and economic progress seemed to have played a much smaller part than in Bulgaria.⁷⁹

Crucial test for the success of the ‘change’ followed after April 1997 and September 1998. Liberal governments in both countries were in their initial years facing extremely challenging tasks of repairing the mistakes of the old regime and joining the competition for higher levels of political, social and economic satisfaction. This quest included not only introducing (Bulgaria) or polishing up (Slovakia) the first wave of economic reforms -

⁷⁹ The fact that 1998 behaviour of the Slovak electorate was not economically motivated is convincingly proved in: Andrej Tušičišny, „Ekonomické hlasovanie na Slovensku: vplyv ekonomických faktorov na volebné výsledky v transformujúcej sa krajine,” (Economic Voting in Slovakia: the Impact of Economic Factors on Electoral Results in Transition Country) *Politologická revue* 2, (2003): 65-79.

liberalization, privatization and stabilization - but eventually also the second wave reforms related to complex restructuring of sectors such as banking, health care and pension system.⁸⁰ Meanwhile, competition for foreign investment intensified in the post-communist region and Slovakia and Bulgaria had to join the race during the time of economic slump which accompanied the first years of consolidation after the second revolutions.

Since the electoral turnover, Bulgaria has seen two parliamentary elections. In 2001, the UDF government, despite the fact that it enjoyed an excellent international reputation due to its commitment to Bulgaria's accession to the Euro-Atlantic structures, the establishment of macro-economic stability through a currency board and progress on structural reforms, was out-competed by freshly established broad coalition National Movement Simeon II (NMS II) headed by a former Bulgarian king Simeon Saxe-Coburg who also became Bulgaria's prime minister. The UDF was punished for a drop in credibility caused by political corruption especially in privatization deals and repression of increasing criticism.

Interestingly, the economic program of the successor NMS II was radically liberal.⁸¹ The Saxe-Coburg government remained in office for a full term and was successful on many accounts, including stable macroeconomic policy, Bulgaria's entry into NATO and progress on the EU membership. In other areas, however, solutions were less satisfactory: although welfare and living standards allegedly improved, they remained below the expectations of population.⁸²

⁸⁰ Around 1997/1998, the first wave of reforms (SLIP) was still to be introduced almost fully in Bulgaria while Slovakia was ahead on this respect and was facing mainly the second generation complex restructuring.

⁸¹ Albena Azmanova, "The new Bulgarian government - awaiting an EU response", July 15, 2001. European Policy Centre. <<http://www.theepc.be/en/default.asp?TYP=SEARCH&LV=279&see=y&PG=CE/EN/directa&AI=102&l=>> (April 28, 2006)

⁸² *Country Profile 2006. Bulgaria. Recent political developments*. The Economist Intelligence Unit 2006. Also, see figures for income Gini in the Appendix.

Consequently, the elections in 2005 brought back to power the same party which had been kicked out in 1997 - the BSP.⁸³ After seven-week-long complicated negotiations, a left-right coalition government composed of BSP, NMS II and Turkish Movement for Rights and Freedoms emerged.⁸⁴

In Slovakia, despite the economic hardship caused by the reforms, the first Dzurinda government was given a popular consent for another term in the office. The left-right coalition of 1998-2002 was replaced by relatively homogenous constellation of centre-right forces.⁸⁵ The satisfaction of the population with the economic and social progress of the country will be tested in the upcoming June 2006 parliamentary elections where the leftist SMER stands high chances of victory.

The next chapter of my work investigates the extent and character of the political choices and performance of the governments which took office after the electoral revolutions.

⁸³ Ibidem.

⁸⁴ *Country Report September 2005. Bulgaria.* The Economist Intelligence Unit 2006.

⁸⁵ Composed of the Slovak Democratic and Christian Union (SDKU), Christian Democratic Movement (KDH), liberal Alliance of New Citizen (ANO) and Party of Hungarian Coalition (SMK).

5. WHAT KIND OF CHANGE?

Having established the theoretical framework for understanding the electoral revolutions in general and their specific development in Bulgaria and Slovakia, it is now essential to assess the actual effects of the successful electoral turnover. This chapter will tackle the question: What was the character of change after the new liberal governments resumed office? The main difference between the reasons of the popular discontent in the studied cases has been established above: Bulgarians rebelled mainly against severe economic misery while Slovaks protested against decline in democratization and international isolation of the country. This implies that the level of economic development in Slovakia at the time of the electoral breakthrough was better than in Bulgaria. Acknowledging this difference is valuable as it is an important indicator to take into account when comparing the success of the countries on all three levels of analysis.

This chapter will be composed of three subsections which can be understood as dependent variables: political, economic and social dimension. I will operationalize each of the levels of analysis with variables and indicators and then look for trends in the outcomes by comparing the situations prior to and after the electoral years. Each section will at the end propose comparison of my studied cases. I compose three optimistic hypotheses which expect to find positive impact of the electoral breakthrough on all three dimensions: political, macroeconomic and social.

5.1 More Democracy?

As revealed in the first chapter, the regimes in the Slovak Republic and Bulgaria prior to the electoral revolution manifested authoritarian tendencies, limits on the freedom of media,

downgrading of ethnic minorities and high levels of corruption and criminality. The electoral revolution represented a notion of discontent with such practices in the society and call for change. It can thus be expected that after the breakthrough, improvement in the political climate and democratization materialized. In order to measure the success on this level, I used two sources: the World Bank good governance indicators (Table A) and Freedom House ratings (Table C).

Table A below summarizes performance on six good governance indicators which are: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption. It captures data from 1996 up until 2005 what allows seeing conditions prior to the electoral breakthrough as well as the progress afterwards.

Table A: Six Good Governance Indicators: Bulgaria and Slovakia

Governance Indicator	Year	Slovakia Percentile Rank (0-100)	Slovakia Estimate (-2.5 to + 2.5)	Bulgaria Percentile Rank (0-100)	Bulgaria Estimate (-2.5 to + 2.5)
Voice and Accountability	2004	83.5	+1.10	65.0	+0.58
	2002	75.8	+0.92	66.2	+0.56
	2000	72.8	+0.90	63.4	+0.51
	1998	62.8	+0.45	61.3	+0.40
	1996	62.3	+0.37	57.6	+0.17
Political Stability	2004	65.5	+0.65	51.5	+0.13
	2002	81.1	+0.99	63.8	+0.56
	2000	70.9	+0.73	60.6	+0.30
	1998	80.6	+0.95	63.0	+0.44
	1996	65.9	+0.61	51.8	+0.19
Government Effectiveness	2004	72.1	+0.67	54.8	-0.08
	2002	68.2	+0.43	59.7	-0.02
	2000	65.1	+0.28	48.9	-0.16
	1998	61.7	+0.08	13.7	-0.94
	1996	69.3	+0.28	33.5	-0.45
Regulatory Quality	2004	85.7	+1.15	69.5	+0.60
	2002	73.5	+0.75	69.9	+0.62
	2000	64.7	+0.37	54.5	+0.22
	1998	57.1	+0.29	65.2	+0.47

	1996	64.1	+0.27	44.8	-0.08
Rule of Law	2004	63.3	+0.49	55.1	+0.05
	2002	64.8	+0.35	54.6	+0.01
	2000	64.7	+0.30	55.1	-0.13
	1998	63.8	+0.13	52.4	-0.22
	1996	61.4	+0.12	56.0	-0.09
Control of Corruption	2004	70.0	+0.39	56.2	-0.04
	2002	64.8	+0.29	53.1	-0.15
	2000	68.3	+0.27	54.8	-0.13
	1998	62.8	-0.08	39.3	-0.50
	1996	72.0	+0.41	29.3	-0.67

Source: Kaufmann D., A Kraay and M. Mastruzzi: Governance Matters IV: Governance Indicators for 1996-2004. The World Bank, 2005. Available at: www.worldbank.org⁸⁶

Table A shows that both countries advanced on the above measurements but this materialized in respect to some indicators more than in others. Progress in Slovakia has been greatest on the first indicator — since 1998 voice and accountability has grown significantly placing Slovakia in 2004 very high among the world democracies. Similar improvement has been marked in regulatory quality which dumped down in the electoral year but has improved greatly since then. Surprisingly, Slovakia’s political stability ranking in 1998 (as well as in the election year 2002) was better than in 2004, presumably due to Roma food riots in February of that year. The least progress has been realized in the capacity to improve the rule of law. Similarly, the ability to control corruption has also been limited. Government effectiveness evolved in a ‘U-shape’ manner with the worst results in 1998. Overall however, good governance in Slovakia has clearly evolved to the better with critical period being the time around the electoral year 1998.

⁸⁶ The governance indicators presented here reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, non-governmental organizations, and international organizations. Margins of error.

In a similar manner to Slovakia, political stability in Bulgaria in 2004 was comparable to that in 1996 and on this account - not much has improved in Bulgaria after the electoral breakthrough. Although voice and accountability has grown, Bulgaria today still enjoys only the 65th percentile ranking. As in Slovakia, the greatest improvement has been made in respect to regulatory quality. Bulgaria continuously shows difficulties in improving the rule of law and control of corruption. Although the government performed more effectively in 2004 than in 1998, the estimate still showed a negative sign. Corruption together with government effectiveness were absolutely critical in the years 1996-1998 which testifies to the difficult situation and problems the Bulgarian society was undergoing around the time of its electoral revolution.

When the two countries are compared, two significant differences can be noticed. First, Bulgaria's situation at the time of the electoral revolution was much worse as regards government effectiveness and control of corruption. Second, in 2004 Slovakia ranked better on all governance indicators with significant gaps between the two countries. From this simple overview it can thus be inferred that Slovakia's improvement in respect to good governance has been greater than Bulgaria's. This finding can be supported by calculations on the basis of Table B below: the 2004/1996 difference for Bulgaria yields 2.17 points improvement, while the 2004/1998 difference for Slovakia shows 2.63 points advance. Even more strikingly, however, Bulgaria in 2004 (+1.24) did still not draw level of Slovakia in 1998 (+1.82).⁸⁷

Table B: Sums of Good Governance Indexes: 1996 – 2004

Year	Slovakia	Bulgaria
1996	+2.06	- 0.93
1998	+1.82	- 0.35
2000	+2.85	+ 0.61
2002	+3.73	+ 1.58
2004	+4.45	+ 1.24

Source: Author.

⁸⁷ I would like to thank my supervisor Béla Greskovits for pointing out these patterns to me.

Freedom House reports about nations in transit captured next in Table C provide information about progress on additional indicators measuring democratization: quality of electoral process, civil society, freedom of media, quality of governance and independence of judicial framework, showing progress since 1997 up until 2005.

Table C: Nations in Transit Ratings

Slovakia

NIT Ratings	1997	1998	1999	2001	2002	2003	2004	2005
Electoral Process	3.75	3.50	2.50	2.25	1.75	1.50	1.50	1.25
Civil Society	3.25	3.00	2.25	2.00	1.75	1.50	1.25	1.25
Independent Media	4.25	4.00	2.25	2.00	2.00	2.00	2.25	2.25
Governance	3.75	3.75	3.00	2.75	2.25	2.25	2.25	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.25
Judicial Framework and Independence <i>(formerly Constitutional, Legislative, & Judicial Framework)</i>	4.00	4.00	2.50	2.25	2.00	2.00	2.00	2.00
Corruption	n/a	n/a	3.75	3.75	3.25	3.25	3.25	3.00

Bulgaria

NIT Ratings	1997	1998	1999	2001	2002	2003	2004	2005
Electoral Process	3.25	2.75	2.25	2.00	2.00	2.00	1.75	1.75
Civil Society	4.00	3.75	3.75	3.50	3.25	3.25	3.00	2.75
Independent Media	3.75	3.50	3.50	3.25	3.25	3.50	3.50	3.50
Governance	4.25	4.00	3.75	3.50	3.50	3.75	3.75	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.50
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.50
Judicial Framework and Independence <i>(formerly Constitutional, Legislative, & Judicial Framework)</i>	4.25	3.75	3.50	3.50	3.50	3.50	3.25	3.25
Corruption	n/a	n/a	4.75	4.75	4.50	4.25	4.25	4.00

Source: Freedom House

Note: Nations in Transit ratings are based on a scale of 1 to 7, with 1 representing the highest level and 7 representing the lowest level of democratic development. The 2005 ratings reflect the period January 1 through December 31, 2004.

Several interesting conclusions can be inferred from the data. First, in 1998 Slovak quality of electoral process and independence of judicial framework were worse and media were

less free than in Bulgaria at the same time. Ratings of both countries on all indicators improved right away in the year following the second revolution. This supports the hypotheses about the success of electoral revolutions, at least in the narrow sense. Second, the ratings reveal that Slovakia advanced considerably on all indicators while the success of Bulgaria, although having improved since 1997, nevertheless remained even in 2005 only partial. Moreover, democracy rating in 2005 further supports this claim: the democracy scores were 3.18 and 2.00 for Bulgaria and Slovakia respectively.⁸⁸

At this point, the development after the first ‘post-electoral-revolution’ elections (2001 in Bulgaria and 2002 in Slovakia) which was discussed in the Chapter 4 is worth meditating. Reformers were completely trounced in Bulgaria while resoundingly re-elected in Slovakia. How do we account for the fact that despite the difference in these electoral outcomes, both countries show continuous improvement on all the above indicators?

Vachudova’s study offers a robust explanation. First, during the tenure of the reformers in the governments, the polity and economy were transformed, empowering groups with stakes in the integration and opening up to the flows of funding and foreign direct investment that accompany the approval of the West. Second, countries were at the beginning of the new millennium clearly on the road to EU membership and thus (perhaps) any government would have continued to implement reforms required in order to qualify for the membership. Due to the EU active leverage and with the will of reformers and support of population, the domestic political competition improved, accountability heightened and the liberal pattern of development both in politics and economics was preserved.⁸⁹

⁸⁸ Nations in Transit 2005: Ratings and Democracy Scores 2005. Freedom House.

⁸⁹ Vachudova: 208-209

To sum up, two partial conclusions can be made. First, electoral revolutions in Bulgaria and in Slovakia were successful in improving governance and democratization, most profoundly through ‘voice and accountability’, ‘regulatory quality’ and ‘electoral process’. Both countries advanced, although progress in Bulgaria was in comparison to Slovakia limited. Said with a bit of irony, if the condition of the Slovak society in 1998 was a benchmark for indicating electoral revolution, then Bulgaria in 2004 (and most likely even today) was ripe for one. Nevertheless, the EU membership could be perceived as the most robust proof of quality of democracy. On that yardstick, Bulgaria’s expected entry in 2007 signifies that the country fulfils the political and democratic criteria set in Copenhagen or, at minimum, has been showing constant and continuous advancement.

5.2 More Economic Prosperity?

Similarly to the part on democratization and governance where an improvement was expected after the electoral revolutions, positive impact can be predicted in respect to the progress on economic indicators. In this part I concentrate on studying the improvement in macro- and microeconomic data, openness of economy and foreign investment inflows and an overall progress in transition. Although Chapter 4 already referred to the significance of the economic development prior to the revolution and the difference on this measure between my studied cases, the following section will investigate the economic indicators in much greater detail and put the emphasis on the progress and changes after the electoral breakthrough. Again, I will analyze the trends within Slovakia and Bulgaria and then ‘relativize’ the findings by bringing the cases into comparative perspective.

5.2.1 Bulgaria

The next section will look at the economic developments in Bulgaria from the beginning of the transition to the present. I aim at describing the overall atmosphere of transition to liberal economy looking at macroeconomic indicators, character and speed of reforms and trade and investment patterns.

5.2.1.1 Between the Revolutions

Bulgaria started its transition to market economy under rather unfavorable conditions. The disintegration of the CMEA hit Bulgaria hard as more than half of its total exports were going to the former Soviet Union (Table 8). In addition, Bulgaria was highly dependent on external sources for its energy supplies.⁹⁰ Bulgarian reforms in the early 1990s were further delayed by the events in the world arena. Due to its close ties with Iraq, Bulgaria suffered significantly from the Gulf War. In addition, the Yugoslav civil war disturbed trade and tourism in the whole Balkan region and disrupted Bulgarian exports to the Middle East.⁹¹

In the early 1991 Bulgaria finally embarked on the road of transition: “prices of most goods were liberalized, subsidies were sharply reduced, a unified floating exchange rate was introduced, the state monopoly on foreign trade was abolished, and a two-tier banking system was created.”⁹² By mid-1992 most of the legal framework for functioning of the market economy - with the notable exception of a bankruptcy law - was in place.⁹³ Soon afterwards, however, the progress on reforms stalled and even retreated as early liberalization of prizes and trade was

⁹⁰ Todor A. Tanev, “Emerging from Post-Communist Chaos: The Case of Bulgaria”, *International Journal of Public Administration* 24 no. 2, (2001): 242

⁹¹ *Ibidem*: 242.

⁹² *Commission Opinion on Bulgaria's Application for Membership of the European Union*. DOC/ 97/11, Brussels, 15th July 1997: 20

⁹³ *Ibidem*.

partially reversed. The implementation of the reform process was neglected during both the short leadership of the liberal UDF and then even further under the BSP rule.

Overall, up until 1997 the implementation of the economic reform program was erratic and slow and the economic results on all fronts very disappointing. Bulgaria experienced negative or very little GDP growth, two- to four-digit inflation up until 1998 and due to an expansionary budgetary policy foreign debt appreciated extensively (Tables 3-7). High fiscal deficits leading to inflation were partially the result of support of unprofitable public sector enterprises that were given subsidies without restructuring and for major part were kept away from privatization. The fact that the enterprises were also supported by the central and commercial banks led to crowding out of resources for other activities and it eventually further slowed down the economic growth.⁹⁴ By 1997 the commercial banks were bankrupt, Bulgarian state highly indebted and economic misery of population unbearable.⁹⁵ Moreover, studies have continually reported very high shares of black economy amounting to 50% according to some estimates.⁹⁶ At that point, the International Monetary Fund and other lenders agreed to lend to Bulgaria only on the condition that reforms were carried out, including strict monetary controls and the privatization of industry.⁹⁷

Unsurprisingly then was the Commission opinion on Bulgaria's application for membership of the EU in 1997 pessimistic stating that Bulgaria "would not be able to cope with competitive pressures within the EU" because "the country has been set back by six largely wasted years".⁹⁸

⁹⁴ *Bulgaria: Country Overview*. Sigma Bleyzer: August 2003: 6-7

⁹⁵ According to Tanev: 244, real household income in March 1997 had decreased 67% compared to the same month in 1996. During the same period, prices rose twenty-fold, while household income per capita nominally increased sevenfold.

⁹⁶ *Bulgaria. Country Profile 2000*. The Economist Intelligence Unit 2000: 30

⁹⁷ See for example: "Pro-Western Alliance Sweeping Bulgarian Vote".

⁹⁸ *Commission Opinion on Bulgaria's Application for Membership of the European Union*: 38

5.2.1.2 Progress after 1997

Progress after electoral revolutions is analyzed on two levels: macroeconomic indicators and major reforms, and foreign capital and foreign trade.

Macroeconomic Indicators and Reforms. Following the elections in 1997, the new government first had to implement urgent stabilization measures. Substantial progress was achieved relatively soon in alleviating all macroeconomic indicators. In recognition of the progress the accession negotiations with the EU were opened in December 1999.

From the time of the electoral revolution until the present, Bulgaria's progress on macroeconomic measures has been very promising. The country has marked significant growth rates in GDP. Inflation was stabilized after the introduction of currency board and fixation of exchange rate to the German mark in 1997,⁹⁹ and since 1999 kept below 10%. Stringent fiscal policy yielded budget deficits under 3% Maastricht requirement range and in last two years resulted even in budget surpluses. Foreign debt has gradually decreased, reaching in 2004 an amount a third smaller compared to the 1996 level (Tables 3 - 7).

Over time a number of additional comprehensive reforms in privatization and restructuring, domestic prizes liberalization, and reforms of tax system, banking sector, health care and agriculture were launched.¹⁰⁰ In respect to privatization, the voucher method was introduced in 1999 and was relatively successful in transferring the property into privately owned. Health care reform, assisted by the World Bank, began in 1999 and has pushed towards the development of an insurance-based system with the introduction of employee and employer based contributions.¹⁰¹ From 1999, a series of tax reforms were put in place. In 2006, VAT amounted to a uniform rate of 20% on almost all goods and services, corporate tax was 15% and

⁹⁹ Since January 1999, Bulgarian Lev has been technically pegged to euro.

¹⁰⁰ *Bulgaria: Country Overview.*: 6-7

¹⁰¹ *Bulgaria. Country Profile 2006.*: 22

personal income was taxed by 20% to 24%.¹⁰² The highest rate, however, is applied at all income above relatively low threshold of earnings which exceed \$380 per month. At the beginning of 2006, the excise duties on alcohol and tobacco (but not on petrol) were raised sharply. In terms of income tax and corporate tax, Bulgaria presently ranks among the countries with the lowest levels of taxation in the Central and Eastern Europe.¹⁰³

Foreign Investment and Trade. The period of 1989–1997 was characterized by a dearth of foreign investment.¹⁰⁴ For that era, foreign investment in Bulgaria was estimated at 1% of total foreign capital in Central and Eastern Europe.¹⁰⁵ Experts have concluded that reasons for such low investment included an unstable legal system with frequent revisions of laws, prohibition of property ownership by foreigners, significant levels of corruption and crime, the monopoly of politically connected economic groups in certain segments of the economy and foreign trade, and inconsistent and sometimes hostile policies toward foreign firms.¹⁰⁶

Table 12 in the Appendix, which captures longitudinal data on net FDI inflows, reveals that Bulgaria already in 1999 started to attract significantly greater amounts of foreign capital. Record numbers were reached in 2003 when the investments more than doubled compared to the net inflows in the previous years. FDI boosted again in 2005, mainly thanks to privatization of country's leading mobile operator.¹⁰⁷ The number of significant green-field investments, however, has remained modest, with the lion's share of FDI split between investment as a result

¹⁰² 2004 Regular Report of Bulgaria's Progress towards Accession. COM (2004)/ 657. Brussels, 16.10.2004: 94. See also: *World Investment Report 2005: Transnational Corporations and the Internalization of R&D*. United Nations. New York and Geneva, 2005: 58.

¹⁰³ *Bulgaria. Country Profile 2006.*: 35

¹⁰⁴ See for example: *Bulgaria. Albania. Country Profile*. The Economist Intelligence Unit 1996-1997: 17

¹⁰⁵ Tanev: 242

¹⁰⁶ *Bulgaria. Albania. Country Profile*:17

¹⁰⁷ *Bulgaria. Country Report September 2005*. The Economist Intelligence Unit 2005.

of privatization deals and investment on expanding operations, the latter being a sign of increased confidence to invest in Bulgaria.¹⁰⁸

Particularly interesting is the share of capital in the form of official sources (grants and long-term loans by bilateral and/or multilateral public agencies) and their ratio to private sources, namely FDI (Table 13). Bulgaria all throughout the 1990s was a huge receiver of capital from official sources what is reflected also in its high foreign debt. Ratio of official sources exceeds greatly FDI inflows, particularly in the early period of transition.¹⁰⁹ Another phenomenon which contributed to poor performance until 1997 was a huge capital flight from the country.¹¹⁰

Table 8 in the appendix reveals that Bulgaria was very successful in establishing itself at the EU markets. In 1990, majority (nearly 80%) of goods was exported to former Soviet Union; in 1997, nearly 40% of total exports were already established on the EU markets. While in 1994 the leading export country for Bulgaria was still Russia (13.51%), in 1997 the leading export destinations were Italy (11.7%), followed by Germany, Turkey, and Greece.¹¹¹ Interestingly, the openness of economy has not changed much after the electoral revolution – for a period of two years it decreased (what could be explained by until then delayed restructuring) reaching a value of 1997 again in 2004 (Table10).

5.2.2 Slovakia

Similarly to the above section about Bulgaria, the economic developments in Slovakia will be assessed. The overall progress in transition to liberal economy will be analyzed looking at pre- as well as post-electoral undertakings.

¹⁰⁸ *2004 Regular Report of Bulgaria's Progress towards Accession*: 94 - 95

¹⁰⁹ Such trend, however, has been typical for the whole South-Eastern Europe. See: *EBDR Transition Report 2000*: 81

¹¹⁰ See: <<http://www.oecd.org/dataoecd/50/17/5037721.htm>>

¹¹¹ *Countries in Transition 1998. WIIW Handbook of Statistics*. The Vienna Institute for International Economic Studies (eds.), 1998: 355

5.2.2.1 Between the Revolutions

In comparison to Bulgaria, Slovakia performed significantly better during the period between the revolutions. It entered transition as a part of Czechoslovakia which gave the economy solid fundamentals.¹¹² It started the process with a very low level of foreign debt and with no previous market oriented reforms which some view as an advantage due to the fact that no ‘quasi-property rights’ which would complicate transition were set up. On the other hand, however, the country had a significant portion of large capital-intensive enterprises (many of them armaments factories) whose export was oriented almost exclusively to CMEA.¹¹³

The economy suffered a deep transition recession after which growth followed, starting in 1994. The post-independence governments continued to pursue orthodox macroeconomic policy: budget deficits and debt were kept below the averages of the other transforming economies.¹¹⁴ The National Bank of Slovakia practiced strict anti-inflationary policy and managed to keep inflation under 10 percentage points for period 1994-1998 (Table 6). Slovakia reported highest growth among the transition countries in 1996 and the country’s success started to be dubbed ‘Mečiar’s economic miracle’.

From 1996 onwards, however, situation gradually started to deteriorate. Government began to practice an incompetent and expansionary budgetary policy which conflicted with the tight monetary controls favored by the central bank. Deteriorating external and internal trade imbalances were accompanied by failure to promote and protect competitive economic environment. Slovakia’s rate of debt growth at that time was among the fastest among the transition economies. In addition, the structure of debt was inappropriate as 40% was composed

¹¹² Vachudova: 48

¹¹³ *Slovakia. Country Profile 1997-1998*. The Economist Intelligence Unit 1998: 19

¹¹⁴ *Ibidem*.

of short-term and matured within a year liabilities.¹¹⁵ All this eventually led to a gradual depreciation of the currency, which eventually fell by 19% in October 1998.¹¹⁶ Unemployment which grew from 12.8% in 1996 to 15.6% in 1998 was becoming a major social issue.¹¹⁷

While the macroeconomic indicators were still considered relatively good, the least encouraging was the development on microeconomic level. First, the process of privatization in Slovakia was viewed as particularly corrupt. With the pretext of creating a national entrepreneurial business class capable of sustaining Slovak independence, foreigners as well as ordinary citizens were after 1994 kept away from privatization deals.¹¹⁸ The property was handed out for symbolic prices to the benefit of government parties' proponents or directly to party colleagues which further increased economic power of Mečiar's coalition.¹¹⁹ Second, insolvency became a staggering problem in the industrial sector.¹²⁰ Not only the state subsidized uncompetitive enterprises privatized to communist managerial elite, also the government-run monopolies accumulated heavy debt. The poor performance of Slovak enterprises was worsened by predicaments of the banking sector, namely the big socialist-era state-owned banks¹²¹ and the crisis gripping the world financial markets.¹²²

¹¹⁵ Eugen Jurzyca et al., "The Economy of the Slovak Republic" in: Grigorij Mesežnikov, Michal Ivantyšyn and Tom Nicholson (Eds.). *Slovakia 1998-1999. A Global Report on the State of the Society*. Institute for Public Affairs. Bratislava, 1999: 197 - 201

¹¹⁶ Jurzyca et al.: 200

¹¹⁷ *EBRD Transition Report 2000*: 193

¹¹⁸ Hilary Appel and John Gould, "Identity Politics and Economic Reform: Examining Industry and State Relations in the Czech and Slovak Republics", *Europe-Asia Studies*, Vol. 52 (1), 2000: 114. Also see: Vachudova: 51-52.

¹¹⁹ Viktor Niznansky, (eds.): *From Public to Private: 10 Years of Privatization in Slovakia*. (M.E.S.A. 10: Bratislava, 1999): 41

¹²⁰ In March 1999, Slovak enterprises accounted for 80% of the debt out of which government had guaranteed 60%.

¹²¹ Miroslav Beblavý, "Bad loans haunt bog Slovak banks", *The Slovak Spectator*, July 16 – August 12, 1998. < <http://www.slovakspectator.sk/clanok.asp?vyd=1998014&cl=6547>>

¹²² Jurzyca et al.: 202-204. Also see: "Disunity of fiscal and monetary policy hurts Slovakia." *The Slovak Spectator*, October 5-11, 1998. < <http://www.slovakspectator.sk/clanok.asp?vyd=1998021&cl=6281>>

The strong economic growth reported in 1998 was overshadowed by doubts voiced by domestic and foreign authorities as how it was measured and generated.¹²³ Domestic and external surveys suggested that in 1998 the hallmarks of the Slovak economy were low transparency and rampant corruption. According to Transparency International, corruption in Slovakia was the highest among the countries of Central Europe.¹²⁴ Despite this, Slovakia's 1997 Opinion by the European Commission assessed the country as already having (unlike Bulgaria at that time) a functioning market economy. The country failed to be invited amongst the first group to start the accession negotiations – as was already discussed in the previous chapter - due to the lack to comply with political criteria.¹²⁵

5.2.2.2 Progress After 1997

Macroeconomic Indicators and Reforms. The improvement after the elections in 1998 in respect to macroeconomic indicators was rather modest. Overall, the economic performance of Slovakia could be described as having a 'U-shape'. The data worsened close to 1998 and remained on relatively poor level for few years after the electoral revolution. GDP growth reached only 2% in 2000, budget deficit grew to 12.3% and the external debt increased. Reforms put off under the Mečiar regime and the problems related to late start were blamed for the economic hardship and severity of the process.

The progress started to materialize only towards the end of the government term in the office. After several years of declining real wages, increasing unemployment and debt, the trend was finally reversed from 2002 (Tables 3-7). The coalition was successful at implementing

¹²³ "Moody's má obavy z rastu deficitu rozpočtu, bežného účtu i rastu dlhu SR." (Moody's concerned over the growth of the budget deficit, current account deficit and debt increase of the Slovak Republic.) SME, 30.6.1998. Also: "Commerzbank: Ekonomické zmeny na Slovensku až po voľbách" (Commerzbank: Economic reforms in Slovakia to come only after the elections). SME, 22.9.1998.

¹²⁴ Jurzyca et al.: 204

¹²⁵ Vachudova: 201

several necessary reforms which included restructuring the banking sector, improving the business environment and state regulation of the financial sector and restructuring and privatizing state-owned enterprises, among them also some of the so-called strategic industries.¹²⁶ Most importantly, political accountability improved and fear was removed from Slovak political and public life.¹²⁷ Although several corruption affairs threatened popularity of the liberal coalition, most of the scandals ended in the resignation of the incriminated officials.¹²⁸ All this resulted in lower perception of political and economic risks formerly associated with the country. With regard to the opinion polls, however, 82% in 2001 felt that unemployment was the most pressing problem as compared to 60% in 1997. Similarly, citizens were negative about developments in health care (Table 19).

The reforms which were put off during the first Dzurinda government, namely in the sphere of health care, pension system and combating high unemployment were introduced by homogenous centre-right coalition elected in the 2002 elections. As part of the reform of the social welfare system, a three pillar pension system with individual savings accounts managed commercially was introduced.¹²⁹ As part of the measures to tackle unemployment, the structure of social security contributions was changed significantly and liberalization of labor market policies was introduced.¹³⁰ The Slovak tax reform recently earned particular international attention.

¹²⁶ Vachudova: 201. Also see: *Slovakia. Country Report 2000*. The Economist Intelligence Unit 2000: 32-33.

¹²⁷ Opinion polls from that time reveal that while in 1998 66% of population viewed crime and personal safety as a pressing problem, in 2001 this was significantly less - 46%. Similarly, perception of crime and organized crime as a problem decreased from 36% in 1999 to 24% in 2001. See Table? And Table 21 in the Appendix.

¹²⁸ Vachudova: 202

¹²⁹ For more see for example: Eugen Jurzyca and Peter Goliáš, "Pension Reform in Slovakia". In: *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine*. International Centre for Policy Studies: Kyiv, 2005: 7- 10.

¹³⁰ For more see: Miroslav Beblavý, "Social Security and Poverty Reduction Reforms in Slovakia and in the Rest of the Central Europe." In *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine*: 4-7

In 2004, Slovakia joined the EU as a stable market economy with austere macroeconomic policy and good investment environment. Thanks to the significant currency appreciation, inflation has been kept at low levels. Due to ability to adhere to the Maastricht criteria, in early 2006 the Slovak government was able to announce entry to the ERM II system with the ambition to join to the euro-zone in 2009.¹³¹

Foreign Investment and Trade. In respect to participation of the foreign companies on the transition, lack of transparency at the enterprise level, political instability and the absence of adequate protection for minority shareholders kept cumulative inflows of foreign direct investment since 1990 for the most of the 1990s at very low levels compared with the neighboring transition countries. The FDI inflows remained low even right after the electoral revolution. Gradual progress on privatization and other structural measures together with sound macroeconomic policy, increased transparency and low labor costs started to attract foreign capital strongly (Table 12 and Figure 4).¹³² Importantly, investments targeted for the major part high-value added export industries, such as transport and electronic goods.¹³³ Slovakia has recently won regional competition for two big green-field investments in automobile industry, partly thanks to the strategy of offering high investment incentives.¹³⁴ FDI success, however, has been accompanied by widening gaps in productivity and human capital between the high-performing FDI sector and lagging domestic and state-owned enterprises.¹³⁵

¹³¹ EBRD Transition Report 2005.

¹³² Since 2000, Slovakia has occupied first or second position among V4 countries in FDI inflows as share of GDP. See: Marek Jakoby, Radoslav Kováč and Karol Morvay, “Celkový ekonomický vývoj” (Overall Economic Development), in Miroslav Kollár and Grigorij Mesežnikov (eds.), Slovensko 2004. Súhrnná správa o stave spoločnosti, IVO, Bratislava 2004: 506.

¹³³ Slovakia. *Country Profile 2005*. The Economist Intelligence Unit 2005: 37

¹³⁴ This was so especially in the case of Hyundai – KIA car assembly line to be located in the northern part of the country. For more see: Igor Perzel, *Assertive or Submissive-A Comparative Study of the Hungarian and Slovak Governments` Bargaining Position vis-à-vis the Multinational Corporations of the Automotive Industry*. Thesis Paper. CEU. 2005.

¹³⁵ Slovakia. *Country Profile 2005*: 37

In addition to the record levels of investments in the regional terms, exports also significantly gained on competitiveness. Exchange with non-transition countries increased already in 1998 (Table 11) and share of trade in GDP augmented in 2001 witnessing of an increasing openness of the economy (Table 10). Embeddedness of Slovak exports to the EU countries was relatively high already in 1991, especially when compared to the figures mentioned about Bulgaria, as Slovakia had 43.9% exports directed towards the developed markets, including the EU. In 1997, share of exports to developed countries increased slightly to nearly 50%. In 1997, the leading export destinations of Slovak goods were the Czech Republic (26.65%), Germany, Austria, Italy and Poland.¹³⁶ Germany and the Czech Republic continuously rank among the top export destination. Slovak products successfully integrated to Central and Eastern Europe which can be attributed to its transit position, very close business ties with the Czech Republic and initiatives such as Visegrad and CEFTA (Table 8 and Table 9).

5.2.3 Comparative Scrutiny

At this point, two questions need to be tackled: first, how successful was the electoral revolution in improving economic standing of my studies cases in the above discussed measurements and, second, how significant was economic progress of the cases in relative terms when compared to each other.

Prior to 1997, Bulgaria had delayed reforms and (partially also due to negative external effects) was driven into the state of economic and social misery. After the electoral breakthrough, public finances consolidated remarkably and series of first generation reforms were finalized. Second generation reforms were introduced later on as well. In relative terms, the success of the

¹³⁶*Countries in Transition 1998. WIIW Handbook of Statistics.*: 362

pivotal elections in respect to improving economic standards in the country was immense as all dimensions observed in the previous part improved significantly.

Slovakia had a much more promising start to the transition. Excluding the short recession at the start of the 90s, macroeconomic indicators until 1998 were in the Slovak case very positive. It was the microeconomic environment, procrastination of restructuring and corruption at the highest levels that earned the country pessimistic assessments of rating agencies and (also due to foreigners-averse legislation) lack of foreign investment. After the coalition of liberal forces took the government office in 1998, due to restructuring of ineffective enterprises and other painful reforms an economic slump occurred for several years. From 2002 onwards, the economy picked up and reforms started to bear fruit. In sum, compared to Mečiar era, while the relatively good trend in the macroeconomic indicators was ‘only’ continued (from 2002), the Slovak economy improved significantly primarily on the microeconomic level. The country today attracts high amounts of FDI, GDP growth ranks among the highest in the region and all major reforms have been put on track.

How do the countries look in comparison to each other? Looked at from a comparative perspective, Bulgaria’s success comes across as much less impressive. First, in 2004 Slovak per capita GDP reached 121% of 1989 level while Bulgaria’s real GDP, has not yet risen to the pre-transition levels amounting to only 89% (Table 3). Second, measured by share of trade in GDP, the Slovak Republic has integrated into the world economy to a much greater extent than Bulgaria (Table 10). Third, though Bulgaria’s debt has decreased over time, it still remains high and thus burdensome on the budget (Table 4). Fourth, share of *complex* industries on exports which proxy states’ capacity to assist and contribute to the required upgrading of knowledge and skills is in Bulgaria very low. In 2003, both heavy and light complex industries represented only 23% of exports, while 42% export share belonged to heavy-basic sectors. In contrast, Slovakia is

a regional leader in exporting heavy-complex goods (40%) composed mainly of cars and car-parts. Complex industries altogether represent 53% share of total exports.¹³⁷

With regard to foreign capital flows, adverse economic factors and bad management of public finances in Bulgaria, and criminal and corrupt practices of the political regimes in both states projected into perceptions of high regional and political risks and resulted into low levels of FDI in both countries until their electoral revolutions. The ability to attract the FDI afterwards, however, seems to have been much greater in the Slovak case (Figure 4). Data on FDI per capita show that the Slovak Republic has been more successful in attracting foreign capital – its per capita FDI for the period 1989-2004 is more than twice as great as the Bulgaria’s (Table 12). Interestingly, in the period 1996-1999, per capital FDI inflows were roughly equal in both countries. In respect to business environment, in 2005 the Slovak economy ranked 37th while Bulgaria took 62nd place (Table 14).

The EBRD studies have provided reliable analysis of overall transition process. Table D on the next page shows progress in transition and reveals over time advancement and improvement on a group of indicators related to transformation from state economy to one organized by market principles.

Table D: Progress in Transition 1998 – 2005

		Slovakia 1998	Slovakia 2000	Slovakia 2003	Slovakia 2005	Bulgaria 1998	Bulgaria 2000	Bulgaria 2003	Bulgaria 2005
	Private Sector Share of GDP (EBRD estimate in %)	75%	75%	80%	80%	50%	70%	75%	75%
Enterprises	Large Scale Privatization	4	4	4	4	3	4-	4-	4
	Small-Scale Privatization	4+	4+	4+	4+	3	4-	4-	4-
	Governance	3-	3	3	4-	2+	2+	3- ↑	3-

¹³⁷ Bela Greskovits, „Leading Sectors and the Varieties of Capitalism in Eastern Europe”, February 2005, CEU, Budapest. (Prepared for the workshop „Varieties of Capitalism in Eastern Europe” organized on March 4 2005 in Paris.): 33

	and Enterprise Restructuring								
Markets and Trade	Price Liberalization	3	3	4+	4+	3	3	4+	4+
	Trade and Foreign Exchange system	4+	4+	4+	4+	4	4+	4+	4+
	Competition policy	3	3	3	3	2	2+	2+	3-
Financial Institutions	Banking Reform and Interest Rate Liberalization	3-	3	3+	4-	3-	3	3+	4-
	Securities markets and non-bank financial institutions	2+	2+	3- ↑	4-	2	2	2+	2+
Infrastructure	Infrastructure reform	N.A.	N.A.	2+	3-	N.A.	N.A.	3-	3

Source: EBRD Transition Reports: 1998, 2000, 2003, 2005.

Table D reveals rather interesting results. First, Slovak large- and small scale privatization, trade and foreign exchange system and competition policy was in 1998 equal to the level recorded in 2005. This finding at the first sight casts some doubt on criticism of the Meciar era privatization. The indexes of large and small scale privatization, however, measure the share of private ownership rather than quality, transparency and effectiveness of the process. Second, the areas where Slovakia improved significantly were governance and enterprise restructuring, price liberalization and performance of financial institutions; progress on these levels after 1998 is undisputable. Interestingly, no improvement has materialized in competition policy. This could perhaps be explained by the fact that as much as Meciar heavily subsidized ineffective industries, liberal Dzurinda governments – in spite of pressures from the EU – have continued to support

the sectors traditionally important for Slovakia.¹³⁸ Moreover, significant amounts of state aid have gone to attract foreign investors what has earned vocal protests of domestic enterprises.¹³⁹

Bulgaria was in 1998 indeed in a bad shape in its transition progress. The privatization lingered with only 50% of GDP privately owned. Competition policy, governance and enterprise restructuring was weak and financial institutions underdeveloped. Trade, foreign exchange and price liberalization in 1998, however, equaled the Slovak levels and progress on these indicators was very similar in the countries until 2005. To date, the ability of Bulgaria to improve has been limited and remains comparatively backward on the parameters where it started low which are competition, governance, restructuring and securities markets. As a result, Bulgarian indexes in 2005 on all indicators (except prize liberalization) are equal to or worse than the Slovak ones were at the year of its electoral revolution in 1998.

How successful were then the countries in progressing after the electoral revolution on the economic dimension? The mere fact that Bulgaria was invited to start accession negotiations with the EU suggests that its economic standing must have improved. The greatest improvements appears to have materialized in macro-economy as the Bulgarian micro-economy still needs recuperation – in fact, it is only at the level of 1998 Slovakia. In contrast, Slovakia had far fewer corrections to perform and today enjoys a solid economy, although still facing very high unemployment and regional inequalities. Slovak regional success and acknowledgement it has earned - being dubbed the world leading performer – seem to be in the economic dimension, however, to some extent fruit of solid fundamentals established by the pre-electoral heritage.

¹³⁸ In 2003, the Slovak Republic had in effect 12.5% protective tariff for iron and steel (what was the highest given in the ranking in EBRD Transition Report 2003). Iron and steel represent 8.56% share of total country exports (calculated according to HS2). *EBRD Transition Report 2003*: 82.

¹³⁹ “Klub 500”, which groups medium and large size enterprises with Slovak ownership structure, has voiced protests against unequal business support by state to domestic and foreign firms. See for example: “Klub 500 nesúhlasí s bytovou výstavbou pre Hyundai/Kia.” (Club 500 disagrees with housing construction for Hyundai/Kia), SITA, 4.12.2005.

5.3 Better Living Standards?

As the previous section examined, both Bulgaria and Slovakia have been very successful at safeguarding sustainability of public finance and adequate anti-inflationary monetary policy together with sustainable growth. These parameters are traditionally viewed as necessary conditions to fight poverty and secure economic and social well-being of the population.¹⁴⁰ In principle, however, these policies are not sufficient conditions for increasing living standards of the population.

Social standards in Bulgaria prior to the revolution were as a result of inflation and mal-management of public finance very low. Likewise, in Slovakia the level of living standards was a target of criticism from the opposition as well as population (Table 19). These findings suggest that the well-being of population across social classes after the electoral revolution should have improved. This section thus concentrates on exploring how successful the policies of post-electoral revolution governments in tackling social problems and improving living conditions of citizens across social classes were. I will look at the overall progress in living standards measured in real wages, unemployment, poverty and inequality levels and social spending expenditures. I will also briefly look at the character of welfare state reform.

Collecting systematic longitudinal data from a same source for both countries has been problematic and therefore it has been hard to trace the developments over time as has been done in previous two parts related to political and economic progress. I will nevertheless attempt to determine in which way the social policy shifted after the electoral breakthrough and which sections of the society gained the most.

¹⁴⁰ Beblavý (b): 4-7.

5.3.1 Unemployment, Poverty and Inequality

Throughout the course of transition international institutions have been repeatedly concerned with effects on the poverty levels the process might cause. Employment and unemployment tend to be key objectives of any antipoverty policy as poverty strongly correlates with unemployment. Originally, replacement rates of unemployment benefits in post-communist countries tended to be generous and the duration of entitlements extended in some countries to two years. This changed relatively soon. Replacement rates fell in Bulgaria from 54% in 1990 to 39% in 1992, generally lasting for 12 months. In Slovakia the duration was also shortened and the sum contracted from very high rate of 83% in 1991 to 32% in 1993.¹⁴¹

Slovakia and Bulgaria have gone through similar development in respect to problems with unemployment. Though at relatively high margins, unemployment levels were stabilized until the electoral years and skyrocketed afterwards (Table 18). This is related to the introduction of structural reforms after the pivotal elections which often led to closing down of ineffective enterprises. While Bulgaria managed to reduce unemployment levels from 19.5% in 2001 to around 12% in 2004, speed has been much more limited in the Slovak case with 18.2% in 2004 and 16.4% in 2005.¹⁴² Different sources, however, report 11.4% registered unemployment in December 2005.¹⁴³ Nevertheless, unemployment remains a major social problem particularly in the Eastern and Southern districts exacerbating regional inequalities. In addition, very low levels of employment which have in recent years decreased rather than increased continue to be problematic in the Slovak case. On this front, Bulgaria again scores better. While starting at a

¹⁴¹ “Europe’s Social Protection Systems Under Increasing Strain: Problems are most Acute in the East.” 19 September, 1995. International Labour Organization. Press Release. Available at: <http://www.ilo.org/public/english/bureau/inf/pr/1995/23.htm> (May 10, 2006)

¹⁴² Total unemployment rate. Eurostat.

¹⁴³ The Statistical Office of the Slovak Republic.

similar level of about 77% in 1990, the Bulgarian employment rate in 2003 was 61% while the Slovak only 56% (Table 17).

Regarding the levels of inequality at the early stages of transition, Slovakia was at the fall of communism considered to be one of the most egalitarian societies with Gini coefficient in 1988 amounting to 19.54%. Similar source for Bulgaria reports 23.43% Gini in 1989. Particularly interesting are the data reported for 1992 which attribute 19.49% and 30.80% Gini to Slovakia and Bulgaria respectively.¹⁴⁴ These records support the earlier finding that Slovak entry to the transition process was less abrupt. A similar gap can be observed between the levels of inequality in the years of electoral revolutions: 1997 income inequality in Bulgaria amounted to 36.6%; Slovak records in 1998 shows 26.2% income Gini (Table 16).¹⁴⁵ This difference again supports the claim expressed in the section on reasons of the electoral breakthroughs – while rationale for protests and change in Bulgaria was underpinned strongly by economic and social indicators, in the Slovak case the main drivers of mobilization were related to setback on democratization and oppressive measures of Mečiar regime.

Striking are the inequality levels after the electoral revolutions. During the UDF rule, Bulgarian income Gini decreased from 36.6% in 1997 to 33.2% in 2000.¹⁴⁶ Inequality in the society again rose under Saxe-Coburg neo-liberal leadership, reaching 37% in 2002 (Table 16). Regarding Slovakia, during the course of the first Dzurinda government (left-right), income inequality did not change much. In 2003, however, still prior to the launch of major reforms of social security system, income Gini grew to 29.9%. Clearly then, levels of inequality (at least in

¹⁴⁴ World Bank. Available at: <http://iresearch.worldbank.org/PovcalNet/PovCalServlet?povResultSvy.jsp> (May 15, 2006)

¹⁴⁵ Data for distribution of earnings Gini would have been a better indicator but neither for Bulgaria, nor for Slovakia was I able to find systematic database with this information. Therefore I refer to income distribution Gini coefficient (Transmonee, UNICEF) which includes non-salary income such as dividends.

¹⁴⁶ Gini coefficient measures the ratio of total income received by the 20 % of the population with the highest income to that received by the 20 % of the population with the lowest income.

respect to income) increased which suggests that low income groups of society were worse off in relative terms to the other segments of society. In Slovakia, this is most likely also the case in absolute terms as real wages after the electoral revolution never advanced to the 1998 level. Though real wages have after 1997 increased continuously in Bulgaria, compared to the base year they still remain at extremely low level with earning in 2003 reaching only 55% of the 1989 level (Table 15).

Interestingly, however, according to Eurostat, at-risk-of-poverty-rate *before* social transfers (excluding pensions) in 2003 was 28% in Slovakia while ‘only’ 16% in Bulgaria.¹⁴⁷ *After* social transfers, the risk of poverty rate in 2003 amounted to 21% in Slovakia and 14% in Bulgaria. These records place Slovakia on the top of the EU with the highest risk of poverty accompanied by unfavorable dispersion around the threshold.¹⁴⁸ Data regarding measurements of poverty, however, are subject to various methodological ambiguities.¹⁴⁹

Social protection expenditures can serve as another proxy to assess development on social dimension. In Slovakia, social protection expenditure has seen a declining trend: from 20.2% of GDP in 1998/9, to 19.2% in 2002 and 18.4% in 2003.¹⁵⁰ The relative decline is perhaps partly leveled out by strong GDP growth what in practice could mean that absolute transfers have not decreased considerably. Indeed, total expenditure on social protection per head of population at PPS has boosted, increasing by 20% in 2003 as compared to 1998.¹⁵¹

A similar trend can be observed in Bulgaria. Social protection financing started by European standards at very low levels at nearly 14% in 1991 and peaked at 15% in 1993. In 1996 during the crisis, social protection dropped to only 9.3% of GDP. Moreover, real social

¹⁴⁷ At-risk-of-poverty rate before social transfers.

¹⁴⁸ *Annex to the draft Joint Report on Social Protection and Social Inclusion Country Profiles*. Council of the European Union, 18 February 2006:50

¹⁴⁹ For more see for example: Beblavý (b): 4.

¹⁵⁰ Total expenditure on social protection. Current prices (% of GDP). Eurostat.

¹⁵¹ Total expenditure on social protection per head of population. PPS. Eurostat. Own calculations.

expenditure was declining since 1992 alongside inflationary trends. After 1997 social protection spending grew together with GDP, attaining 13.6% in 2001.¹⁵² In 2003 it amounted to 17.6% of GDP having thus increased significantly; additional 3.9% of GDP were spent on education. In a South-Eastern Europe comparison this places Bulgaria roughly on an average position with neither too generous, nor too tightfisted welfare system.¹⁵³ Unfortunately, Eurostat does not provide data regarding sums of social protection *per head of population* in Bulgaria.

5.3.2 Reform of Welfare State

Both Bulgaria and Slovakia have as part of the second generation reforms undertaken changes in their welfare systems. While the process has been lengthy with partial reforms and changes occurring throughout the whole transition period, several important adjustments took place during the post-electoral revolution regimes under liberal governments.

In Slovakia, the reform of welfare system, accompanied by a series of economic reforms, has been very extensive and comprehensive and underpinned by unifying ideological principles.¹⁵⁴ Starting in January 2004, a uniform flat tax rate of 19% on all types of taxes was introduced.¹⁵⁵ The previous two VAT rates (20% and 14%) were unified, conveying into higher prizes of basic goods and services. Tax burden was shifted from direct taxes to indirect taxes or from profit taxation to consumption taxation. Due to the fact that dividend taxation was abolished, Slovakia has the lowest corporate taxation in the region which has positively contributed to the

¹⁵² Margaret Grosh, "Specific Guidance for Social Protection". In *Preparing Public Expenditure Reviews for Human Development*. (World Bank: Washington D.C., 2005): 24

¹⁵³ *Social Security Spending in South Eastern Europe: A Comparative Review*, International Labor Office, Subregional Office for Central and Eastern Europe, Budapest, 2005: 48

¹⁵⁴ Andrej Salner, "Reformné stratégie vo vybraných sociálno-ekonomických sektoroch" (Reform Strategies in Selected Socio-Economic Sectors) in Grigorij Mesežnikov (ed.), *Povolebné Slovensko. Verejná mienka, politickí aktéri a médiá*. IVO: Bratislava, 2003: 77

¹⁵⁵ For more see: *Tax Reform. Summary: Main Principles and Objectives*. Ministry of Finance of the Slovak Republic. < www.finance.sk >

business image and stirred discussion about tax competition. According to late studies, tax reform has negatively affected the living standards of median income population, although by relatively low percentage level of about 2% (Figure 7). The negative immediate impact of the tax reform is in future expected to be leveled out by stronger GDP growth and increase in employment due to more investment projects leading to job creation.¹⁵⁶

Three other key reforms – reform of health care system, pension system and fiscal decentralization – further affected the welfare structure. In respect to pensions, the three pillar pension system based on individual savings accounts managed commercially in addition to the public one was launched in 2005.¹⁵⁷ Health care reform has pushed for privatization of some hospitals and increased participation of individual citizens on the payments. These measures earned wide-ranging criticism and eventually resulted in strike activity in spring 2006.¹⁵⁸ Labor market legislation and structure of social benefits have undergone comprehensive changes as well.¹⁵⁹ With the main objective to increase flexibility of labor market and decrease mal-use of the system, universal replacement payments decreased being replaced by targeted transfers, such as bonuses to families with children.¹⁶⁰ Tightening and conditionality of the welfare benefits on public works, child tax credits and cuts in social security contributions seek to make even work with relatively low salaries pay.¹⁶¹

All these measures, however, resulted in increased social tension demonstrated by increased levels of strike activity and dissatisfaction of population with living standards. In February 2004, Roma food riots took place in Eastern Slovakia. This, together with other

¹⁵⁶ Peter Goliáš and Robert Kicina, “Slovak Tax Reform: One Year After,” in: *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine.*: 20-28

¹⁵⁷ For more see for example: Jurzyca and Goliáš: 7- 10.

¹⁵⁸ “IVO: Občania neprijali zdravotnícku reformu, ostatné áno” (IVO – Citizens have not accepted the reform of the health care system, the rest of the reforms, yes). SME, 16.2.2006

¹⁵⁹ *Slovakia. Country Profile 2005.*: 35

¹⁶⁰ Peter Gonda and Ondrej Dostál, “Sociálna politika” (Social Policy), in Kollár and Mesežnikov (eds.): 652

¹⁶¹ Beblavý (b): 6

impetuses, resulted into adoption of adjustment scheme aimed at reducing negative effects of the reforms on the least advantaged groups in society.¹⁶²

Although a much lesser amount of information is available about welfare state reform in Bulgaria, similar changes have taken place. As regards pension system, new actors entered the social security system in 2002 when the second-tier individual savings system came into effect.¹⁶³ As has already been discussed, after the reform, tax system has elements of taxing consumption more than profit, with very low corporate taxes (15%). Hence, in terms of income tax and corporate tax, Bulgaria to date is among the countries with the lowest levels of taxation in the region. Similarly to Slovakia, labor policy is aimed at financing active labor market measures, such as public work programs, employment promotion measures, and vocational training.¹⁶⁴

5.3.3 Neo-liberal philosophy or lack of alternatives?

Due to methodological ambiguities and lack of consistent data, some caution is needed in making strong claims about impact of the electoral revolution on the advancement in social dimension. Still, the positive hypothesis where an improvement in living standards was expected seems to have strong limitations.

At this point it is difficult to assess the concentration of ‘neo-liberalism’ often identified as the dominating ideology in Slovakia and Bulgaria. Government expenditures as share of GDP in both countries have fluctuated without a pattern, in Slovakia increasing by nearly a third under the liberal government in 2000 as compared to 1998 (Table 7). In Slovakia, social expenditures decreased in recent years but the sum had been low also prior to the electoral breakthrough

¹⁶² See for example: Marek Jakoby, Radoslav Kováč and Karol Morvay, „Celkový ekonomický vývoj“ (Overall Economic Development) in: Kollár and Mesežnikov (eds.): 489

¹⁶³ For more see: *Social Security Spending in South Eastern Europe*: 78

¹⁶⁴ *Ibidem*: 48-49

(18.4% in 1995).¹⁶⁵ In Bulgaria, social protection financing in 2003 was almost double of the 1996 sum, 17.6% and 9.3% respectively. State retrenchment, however, can be observed when looking at the character of reforms, such as tax reform and labor market legislation. In both countries, level of income inequality measured by distribution of income Gini coefficient in recent years increased. Relative poverty in Slovakia is estimated to be the highest among the EU countries. High levels of unemployment, together with low employment remain a significant problem and overshadow its economic success. In Bulgaria, percentage of people living in absolute poverty is alarming. In sum, it appears that on social dimension, the improvement after the pivotal elections has been only very partial.

At this point, one can try and look for an explanation for such ‘failure’ of electoral revolutions. It appears to be the case that due to lack of resources and external pressures, the neo-liberal withdrawal of the state from the economy was not so much a ‘philosophy’ but rather a mere necessity.¹⁶⁶ In the Slovak case due to Maastricht criteria constraints and the late entry into the race for foreign investment which has become a necessary element of job creation, source of knowledge, finance and upgrading, the reforms which were implemented had to compromise between ‘economic protectionism’ and ‘social protectionism’. In Bulgaria, similar constraints appear to come as much from the EU as from lender institutions - Bulgarian debt remains increasingly high and extracts resource which could otherwise be used for other purposes.

Hence, the improvement on indicators of governance, political stability and democratization and the progress in respect to financial austerity, budget management, quality of business environment and FDI inflows, was not paralleled by a similar trend in social dimension. However, with pressures on improving the welfare of least advantaged strata of society (and due

¹⁶⁵ Total expenditure on social protection. Current prices (% of GDP). Eurostat.

¹⁶⁶ Such claim has been explicitly made in *National Human Development Report, Bulgaria 1998. State of Transition and Transition of the State*. (UNDP. Sofia, 1998): 25-26.

to advent of parliamentary elections), re-adjustment of welfare system is taking place in Slovakia. With ever-decreasing debt a similar trend could perhaps be expected soon in Bulgaria. Lastly, economic protectionism, extensively taking place in Slovakia and less so in Bulgaria can through employment creation be also considered a social welfare policy. Support for foreign investment in Slovakia already established new operations and production sites creating jobs and thus elevating unemployment. These positive effects, however, are not immediate and often omit the unskilled and disadvantaged.¹⁶⁷

¹⁶⁷ Bohle and Greskovits: 6-7, 26.

6. CONCLUSION

The electoral revolutions experienced by several post-communist countries represent an instrument of breakthrough on their developmental path: after the pivotal elections the countries were moved in a more democratic direction. The revolutions were accompanied by public euphoria and high expectations of change for the better. Looking at two early cases, this work tested to what extent the positive expectations were fulfilled, analyzing primarily the impact on socio-economic consolidation. The magnitude of progress and the character of change were analyzed on political, economic and social dimensions with the aim to identify the most crucial input of electoral revolution. My findings are four-fold.

1. A clear difference exists in the incentives and key reasons of the widely shared popular discontent: while in Bulgaria the dissatisfaction stemmed prevalently from economic decay and greatly deteriorated living standards, in Slovakia the reason for change was motivated mainly by malfunctioning of democracy and country's international isolation. In other words, Bulgaria and Slovakia were at very different levels of capitalist development and democratic consolidation at the time when the pivotal elections occurred with the aim to bring more prosperity.

2. My study supported the success of the electoral revolutions in a narrow sense. In a broad sense, the most significant impact of electoral breakthrough cannot be identified in general terms as it is highly country specific. Thus, the greatest contribution of the electoral revolution materialized in the dimension where the country at the time had the greatest difficulties: Bulgaria's disastrous macroeconomic standing after the electoral breakthrough remarkably improved. For Slovakia, the greatest contribution of the 1998 elections was in the political component.

3. The level of convergence with the leading faction of transforming economies occurred to a different extent in each of these countries. Slovakia has clearly caught up in political as well as economic terms and even has gotten ahead on the extent and success of some of its reforms, joining the successful reformers in entering the EU in May 2004. In a comparative perspective, Bulgaria has not been able to close the gap which opened up during the first half of the 1990s: in 2004 it ranked on majority of the factors - political, economic and social – only equally well or worse than Slovakia under Meciar regime.

4. Both countries in 2004 were better off in majority of the indicators. It appears to be the case, however, that the great improvement on indicators of governance and democratization and progress on macroeconomic level has not transferred into cross-societal superior living standards.

From these findings, several conclusions can be inferred. First, in respect to the robustness of the effects produced by electoral revolution my study has further supported the inferences of the branch of transition literature which stresses the importance of the legacy, namely inherited industry and institutional profile in combination with the early marketization strategies.¹⁶⁸ Electoral revolution as an instrument of breakthrough on the transition developmental path yielded only a limited success when understood in a broader sense than just major political change. The good start that Slovakia embarked on at the early 1990s versus the very slow transition in Bulgaria seems to have been detrimental for the extent and success of the catch-up process after the electoral revolution. The implementation of reforms by liberal minded politicians was in Bulgaria constrained to a great extent by its poor pre-electoral legacy; Bulgaria was in 1997 *de facto* still only at the beginning of the transition. On the other hand, the Slovak economic state of affairs before 1998 was very good even for major part of Meciar regime. Thus,

¹⁶⁸ For a convincing account see Bohle and Greskovits: 1-3.

the Slovak economic success of the last few years has its origins not only in the ambitious comprehensive reforms implemented by the two Dzurinda governments. Rather, a good share of the credit can be traced back to the pre-1998 era.

Second, in respect to ‘electoral failure’ in the social dimension, it appears to be the case that the neo-liberal policy approach has been more a necessity than a philosophy. In practice, however, this still heralds an increased dissatisfaction with the type of politics that once symbolized a shift to a better life. Subsequently, this finding suggests that after two terms of centre-right governments both in Slovakia and Bulgaria, centre-left political forces are likely to gain on popularity and political influence. This has already been the case in Bulgaria; Slovakia awaits the results of the June 2006 parliamentary elections.

Third, from a more generalized point of view my findings cast some doubt on the current studies which analyze electoral revolution and its composite and procedural elements. The basis of this research seems to be under-quantified and definitions defined too vaguely in order to yield credible generalizable conclusions. Or else, the early cases which some of the scholars include into their research need to be substantiated as an object of research more credibly, for example by visibly pointing to differences with the later typical cases of coloured revolutions.

The dissertation entails several limitations which also represent potential areas for further research. First, due to the fact that the number of cases has been limited, generalizing the findings on the all electoral states would be overambitious. Data at least for the other two ‘early cases’ of electoral revolutions (Romania and Croatia) could be assembled and analyzed in a similar manner to that employed in this work. Universality of the above implications and findings would then undergo further scrutiny and falsification. Second, due to the limited scope of this work, the role and effect of the European Union has been under-analyzed. Third, my paper was to a large part a comprehensive empirical project which yielded interesting findings. Consequentially, however,

the ability to provide more detailed explanations has been limited and remains a future task. A particularly relevant area of research would lie in examining and identifying specific factors which contributed to success (or failure) in utilizing the specific genius loci of increased civic tolerance in order to implement radical measures often necessary to move the country forward and the risks and opportunities thereof.

Overall, the picture that emerges suggests that perhaps the biggest impact of the popular will to rid of bad regimes which was demonstrated through cross-class mass mobilization and powerful electoral results, was the *perception of the country by the international environment*. Bulgaria and Slovakia were once considered to be transition laggards. After their electoral revolutions, a change on several fronts materialized. Both countries were invited to start accession negotiations with the European Union very soon after the pivotal elections - in December 1999. The EU membership - which is already a reality for Slovakia and will soon materialize for Bulgaria - is perhaps the best predictor of change and progress. Some could argue that the Union in 1999 changed its overall strategy towards enlargement rather than rewarded the electoral states. Perhaps, however, such change in strategy would not have been possible without at least some credible signs of progress in countries such as Slovakia and Bulgaria on the fronts which were prior to the elections subject to wide international criticism.

APPENDICES

Table 1: Basic Information

	Bulgaria	Slovakia
1. Population (in millions)	7.8	5.4
2. GDP per capita (2004, at current international US\$ (PPP))	US\$ 8, 026	US\$ 14, 549
3. GDP (billion US\$, 2004)	24.1	41.1
4. Area ('000 sq.km)	111.0	49.0
5. National Currency	Lev	Koruna
6. Application for EU membership	December 1995	June 1995
7. Start of Accession Negotiations	December 1999	December 1999
8. Informal Economy Estimate (% of GDP, 2005)	36.9	18.9
9. Total Exports (2004, thousands US\$)	US \$9, 929, 894	US\$ 27, 603, 669

Sources:

1 – 5. EBRD Transition Report 2005.

6-7. European Commission

8. The World Bank Group. *Doing Business*. www.doingbusiness.org

9. UN COMTRADE Database. <http://unstats.un.org>

Table 2: Factors of Electoral Revolution

Location and date	Government Strength	Opposition Strength	Popular Frustration with the Regime	Civil Society and Media	Economy	Mass Protests Before the Elections	Mass Protests After the Elections
Romania, 1996	Falling significantly	United	High	Stronger than supposed	Weak	Yes	No
Bulgaria, April 1997	Weak and failing due to economic crisis	United	High	Strong	Severe crisis	Yes	No
Slovakia, September 1998	Strong but failing	United	High	Very Strong	Relatively strong	Yes	No
Croatia, 2000		United			Relatively strong	Yes	No
Serbia, October 2000	Weak and failing	United	High	Stronger than supposed	Weak	Yes	Yes
Georgia, November 2003	Weak and failing	United	High	Stronger than supposed	Weak	Yes	Yes
Ukraine, Nov–Dec 2004	Weak and failing	United	High	Stronger than supposed	Improved prior to Orange Revolution (but still laggard)	Yes	Yes
Kyrgyzstan, March 2005	Weak	Divided	High	Stronger than supposed		Yes	Yes

Source: The author, on the basis of electoral revolutions literature.

Note: Table inspired by Herd: 8

Macroeconomic Indicators

Table 3: GDP Growth

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim)	'05 (project)	Real GDP '04 as % of '89
SKK	-3.7	6.2	5.8	6.1	4.6	4.2	1.5	2.0	3.8	4.6	4.5	5.5	5.3	121
BUL	-1.5	1.8	2.9	-9.4	-5.6	4.0	2.3	5.4	4.0	4.8	4.5	5.6	5.5	89

Source: EBRD Transition Report 2005

Figure 1: GDP Growth

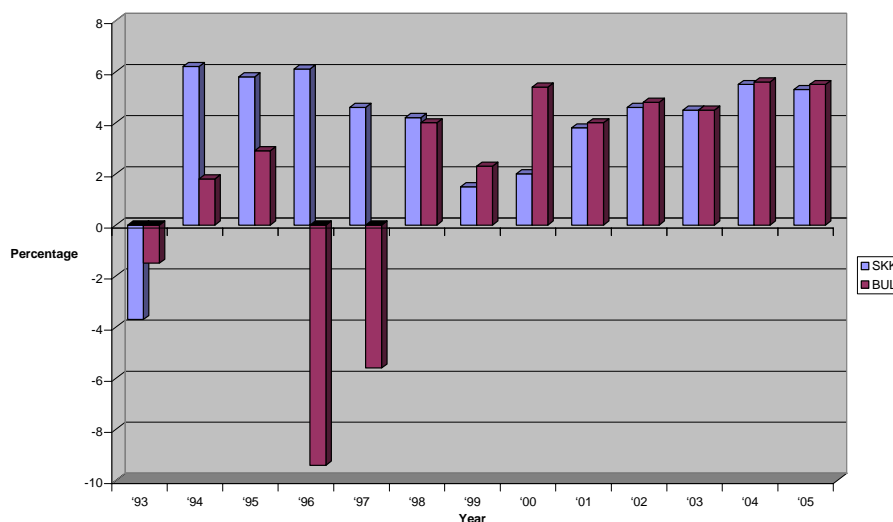


Table 4: External Debt/GDP (in %)

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04
SKK	26.6	32.0	30.9	38.8	48.5	55.9	51.5	50.3	57.7	54.4	55.4	57.7
BUL	127.7	116.8	77.4	97.7	95.8	83.7	84.2	88.6	78.4	72.7	67.7	69.3

Source: EBRD Transition Report 2000 (1993 – 1998). EBRD Transition Report 2005 (1999 – 2004)

Figure 2: External Debt

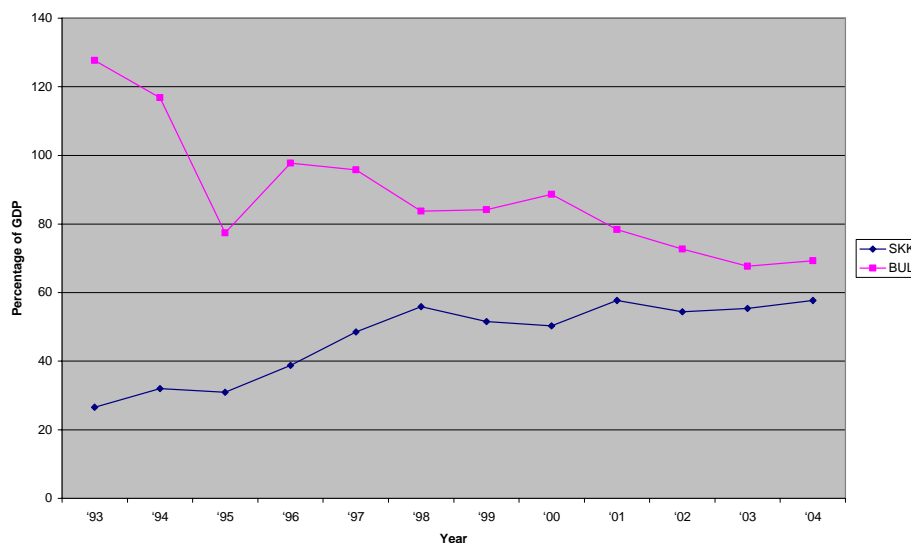


Table 5: Budget Deficit-General Government Balances (% of GDP)

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim.)	'05 (project)
SKK	-5.7	-1.4	0.4	-1.3	-5.2	-5.0	-7.1	-12.3	-6.0	-5.7	-3.7	-3.3	-3.3
BUL	-10.9	-5.7	-5.6	-10.3	-2.4	1.0	-0.9	-1.0	-0.9	-0.6	-0.4	1.8	1.0

Source: EBRD Transition Report 2005

Figure 3: Budget Deficit

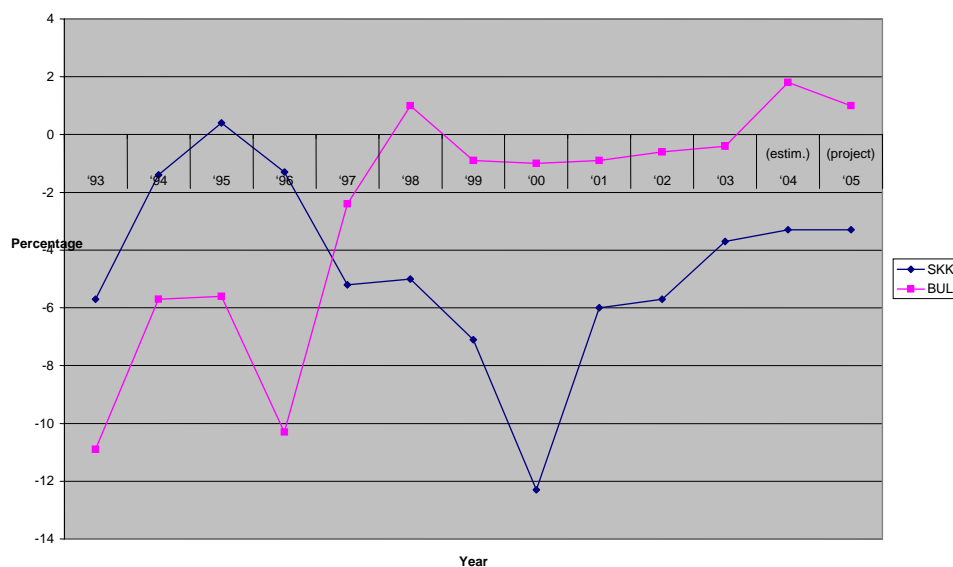


Table 6: Inflation

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim.)	'05 (project)
SKK	23.2	13.4	9.9	5.8	6.1	6.7	10.6	12.0	7.3	3.0	8.5	7.5	2.4
BUL	73.0	96.3	62.0	123.0	1082.0	22.2	0.7	9.9	7.4	5.9	2.3	6.1	4.2

Source: EBRD Transition Report 2005

Table 7: Government Expenditure

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim.)
SKK	47.6	45.5	45.2	47.0	45.5	42.2	56.9	59.9	51.5	50.9	39.2	48.0
BUL	48.1	45.7	41.3	42.3	33.5	35.8	39.6	39.7	38.6	37.2	38.4	37.5

Source: EBRD Transition Report 2000 (1993 – 1998). EBRD Transition Report 2005 (1999 – 2004)

Foreign Trade by Regions: 1990 - 2004

Table 8: Foreign Trade by Regions: Exports 1990/1991 and 1997

	Bulgaria 1990	Slovakia 1991	Bulgaria 1997	Slovakia 1997
EU*	5.6%	41.4%	43.3%	45.0%
Other developed countries	3.4%	2.5%	14.5%	3.7%
CEEC **	12.1%	16.7%	3.1%	37.8%
Other	79.0%	39.4%	39.1%	13.5%

Source: *Countries in Transition 1998. WIIW Handbook of Statistics: 296, 310*

Note: * the EU 15.

** Central and Eastern European Countries: i.e. Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia

Table 9: Foreign Trade by Regions: Exports 2004

	Bulgaria 2004	Slovakia 2004
EU	54%	60%
CIS	3.3%	2.6%

Source: UN COMTRADE statistics. Available at : <http://unstats.un.org>

Openness of the Economy

Table 10: Share of Trade in GDP (in %)

	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04
SKK	117.0	93.2	91.6	94.7	100.9	104.6	110.9	105.3	114.8	140.4	127.3	135.7	138.6
BUL	94.4	77.0	81.2	75.5	94.2	91.3	71.5	70.2	85.9	87.1	83.4	88.6	95.6

Source: EBRD Transition Report 2000 (1993 – 1998). EBRD Transition Report 2005 (1999 – 2004)

Table 11: Share of Trade with Non-transition Countries (in %)

	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04
SKK	n.a.	39.5	44.9	45.6	49.4	54.2	62.0	62.0	64.0	62.0	63.5	66.1	62.6
BUL	85.1	84.2	76.1	65.4	66.2	72.0	76.9	80.4	76.0	72.1	76.4	77.1	78.0

Source: EBRD Transition Report 2000 (1993 – 1998). EBRD Transition Report 2005 (1999 – 2004)

Foreign Capital Flows

Table 12: FDI Inflows

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim.)	'05 (project)	Cum. FDI '89-'04	FDI per capita '89-'04
SKK	107	236	194	199	84	374	701	2058	1460	4007	549	1259	1800	11444	2128
BUL	40	105	98	138	507	537	802	998	803	876	2070	1232	2697	8309	1071

Source: EBRD Transition Report 2005

Figure 4: FDI Inflows

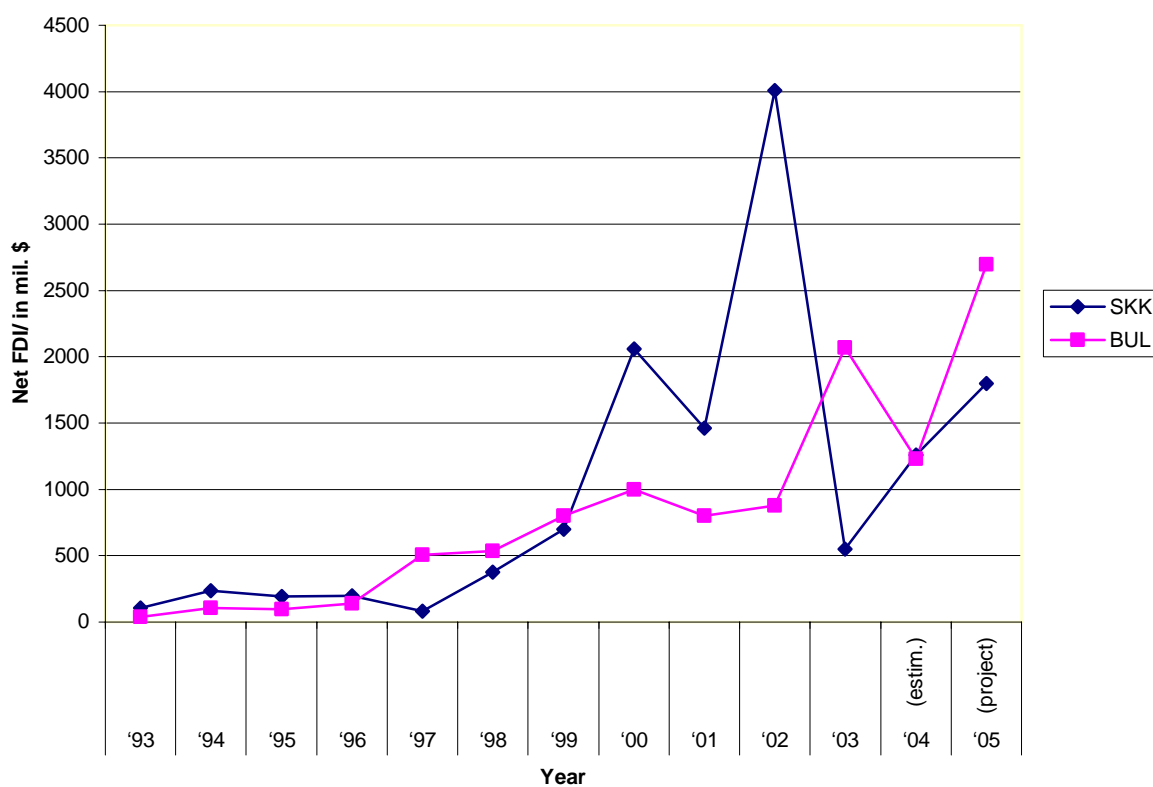


Table 13: Averages of Total Net Official and Net FDI Inflows (mil US\$)

Year	Bulgaria		Slovakia	
	Official Sources	FDI	Official Sources	FDI
1991 – 1995	495.88	28.44	231.67	197.17
1996 – 1999	274.69	115.63	322.47	267.99
2000 – 2004	461.40	390.96	242.13	1612.67

Source: OECD, Development Assistance Committee (DAC), International Development Statistics Online database

Table 14: Ease of Doing Business

Ease of...	Economy rank Bulgaria (2005)	Economy rank Slovakia (2005)	Best performer	Worst Performer
<i>Doing Business</i>	62	37	<i>New Zealand</i>	<i>Congo, Dem. Rep.</i>
Starting a Business	80	48	Canada	Angola
Dealing with Licenses	118	40	Palau	Tanzania
Hiring and Firing	90	74	Palau	Burkina Faso
Registering Property	62	6	New Zealand	Nigeria
Getting Credit	46	28	United Kingdom	Cambodia
Protecting Investors	54	118	New Zealand	Afghanistan
Paying Taxes	78	69	Maldives	Belarus
Trading Across Borders	45	60	Denmark	Iraq
Enforcing Contracts	79	81	Norway	Timor-Leste
Closing a Business	56	44	Japan	West Bank and Gaza

Source: The World Bank Group, 2005.

Slovakia: <<http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=168>>

Bulgaria: <<http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=30>>

Socio-Economic Indicators

Table 15: Real Wages (index, base year = 100)

	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03
SKK	100	94	67	74	71	73	76	81	86	88	85	81	82	86	85
BUL	100	109	67	75	68	53	51	42	45	43	47	49	50	53	55

Source: Transmonee, UNICEF

Figure 5: Real Wages

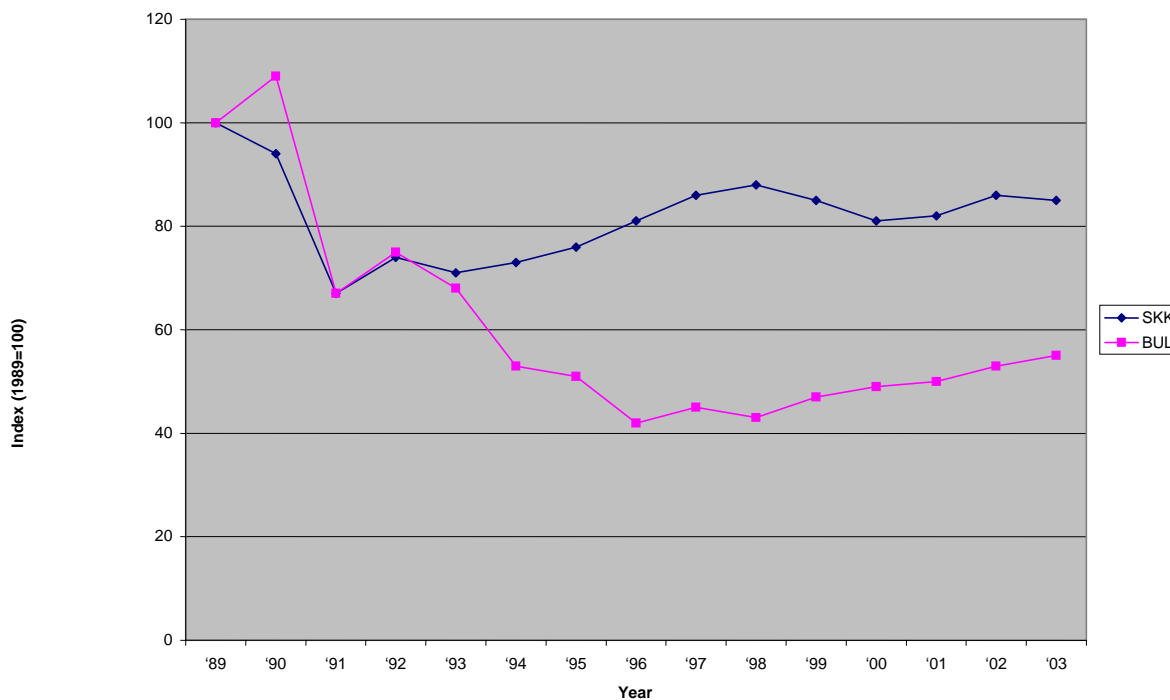


Table 16: Distribution of Income: Gini Coefficient (index, base year = 100)

	'89	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03
SKK						0,237	0,249	0,262	0,249	0,264	0,263	0,267	0,299
BUL	0,233	0,331	0,335	0,374	0,384	0,357	0,366	0,345	0,326	0,332	0,333	0,370	0,351

Source: Transmonee, UNICEF

Table 17: Employment Rate

	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03
SKK	79,6	77,0	67,5	67,5	65,0	63,5	64,3	62,7	60,2	59,4	56,1	56,8	56,7	56,5	56,2
BUL	81,5	77,9	68,3	63,3	62,8	63,2	64,2	64,3	61,8	61,7	60,4	58,3	59,1	60,3	61,3

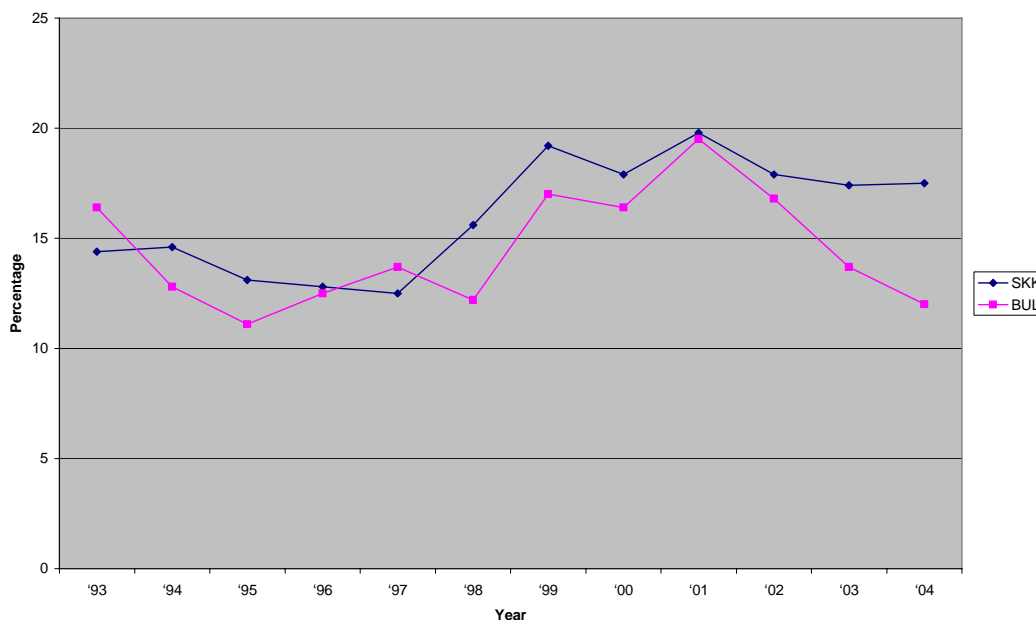
Source: Transmonee, UNICEF

Table 18: Unemployment Rate

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04 (estim)
SKK	14.4	14.6	13.1	12.8	12.5	15.6	19.2	17.9	19.8	17.9	17.4	17.5
BUL	16.4	12.8	11.1	12.5	13.7	12.2	17.0	16.4	19.5	16.8	13.7	12.0

Source: EBRD Transition Report 2000 (1993 – 1998). EBRD Transition Report 2005 (1999 – 2004)

Figure 6: Unemployment



Opinion Polls about Social Problems

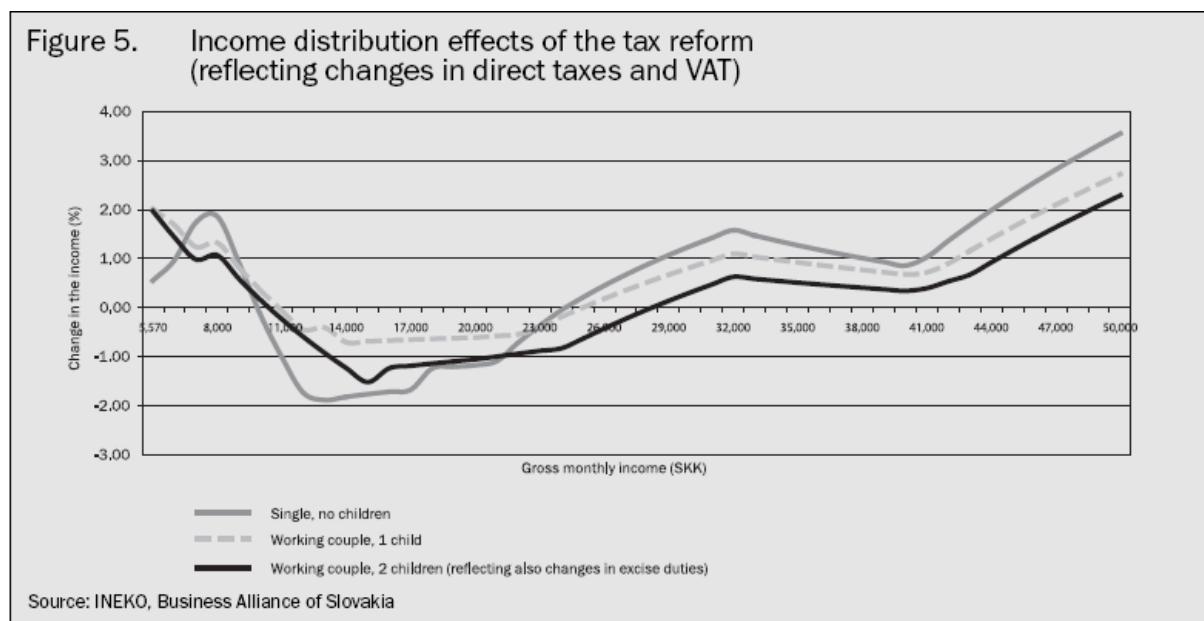
Table 19: “Which problems in Slovakia do you consider most pressing?” (%)

Most Pressing Problems to Be Solved (% of positive answers)

Problem areas	1997	1998	2001
Unemployment	60	65	82
Health care	48	50	69
Standard of living	65	65	64
Crime and personal safety	62	66	46
Housing	29	29	26
Ethics, quality of interpersonal relations	43	36	24
EU and NATO integration	11	18	12
Environment	18	14	9
Ethnic and minority problems	6	7	5

Source: Public Opinion Research Institute of the Statistical Office of the Slovak Republic.

Figure 7: Slovakia: Income Distribution Effects of the Tax Reform



Source: INEKO, Business Alliance of Slovakia in: Golias and Kicina.

Figure 8: Wage Differentials and Poverty Lines, 2000

Table 5.6

Wage differentials and poverty lines

	Bulgaria	Czech Rep.	Hungary	Kazakhstan	Kyrgyzstan	Poland	Romania	Russia	Slovak Rep.
Wage differential ¹	2.1	2.2	2.7	3.9	3.7	2.4	1.9	3.8	2.3
Poverty line at US\$ 2.15 a day ²	3.1	0	1.3	5.7	49.1	1.2	6.8	18.8	2.6
Poverty line at US\$ 4.30 a day ²	18.2	0.8	15.4	30.9	84.1	18.4	44.5	50.3	8.6

Sources: Wage differentials: *Annual Statistical Yearbooks*, 1996.
Poverty rates: World Bank (2000).

¹ Wage differentials are defined as the ratio between average wage in financial services to average wage in agriculture.
² Percentage of workforce.

Source: EBRD Transition Report 2000

BIBLIOGRAPHY

_____. *Annex to the draft Joint Report on Social Protection and Social Inclusion Country Profiles*. Council of the European Union, 18 February 2006.

Amanpour, Christiane, "Bulgaria's economic misery deepens as Socialists, opposition clash". January 15, 1997. CNN online. <<http://edition.cnn.com/WORLD/9701/15/bulgaria/index.html>> (May 2, 2006)

Appel Hilary and John Gould, "Identity Politics and Economic Reform: Examining Industry and State Relations in the Czech and Slovak Republics", *Europe-Asia Studies* 52 no.1, 2000: 111-131.

_____. A taste of capitalism has Bulgarians demanding more. January 16, 1997. CNN online: <<http://edition.cnn.com/WORLD/9701/16/bulgaria.bitter/index.html> > (May 2, 2006)

Azmanova, Albena, "The new Bulgarian government - awaiting an EU response", July 15, 2001. European Policy Centre. <<http://www.theepc.be/en/default.asp?TYP=SEARCH&LV=279&see=y&PG=CE/EN/directa&AI=102&l=>> (April 28, 2006)

Balcerowicz, Leszek. "Understanding Post-communist Transition", *Journal of Democracy* 5, no. 4 (October 1994): 75-90.

Beblavý, Miroslav (a). "Bad loans haunt bog Slovak banks", *The Slovak Spectator*, July 16 – August 12, 1998. <<http://www.slovakspectator.sk/clanok.asp?vyd=1998014&cl=6547>>

Beblavý, Miroslav(b). "*Social Security and Poverty Reduction Reforms in Slovakia and in the Rest of the Central Europe*", in *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine*. International Centre for Policy Studies: Kyiv, 2005.

Bell, John D. "Democratization and political participation in 'post-communist' Bulgaria", in Karen Dawisha and Bruce Parrot, eds. *Politics, Power and the Struggle for Democracy in South-Eastern Europe*. New York: Cambridge University Press, 1997.

Bohle, Dorothee and Béla Greskovits. "Neoliberal, Embedded Neoliberalism and Neocorporatism: Paths towards Transnational Capitalism in Central-Eastern Europe". Paper prepared for the Comparative Politics Workshop "Post-Communist Political Economy and Democratic Politics". Duke University, Department of Political Science, Durham N.C., USA, April 7-8, 2006.

_____. *Bulgaria. Albania. Country Profile*. The Economist Intelligence Unit 1996-1997

_____. *Bulgaria: Country Overview*. Sigma Bleyzer, August 2003.

_____. *Bulgaria. Country Profile 2000*. The Economist Intelligence Unit 2000.

_____. *Bulgaria. Country Profile 2006*. The Economist Intelligence Unit 2006.

_____. *Bulgaria. Human Rights Development*. Human Rights Watch.
< <http://www.hrw.org/reports/1990/WR90/HELSINKI.BOU-01.htm> > (May 2, 2006)

_____. *Bulgarian Elections*. Centre for the Study for Public Policy.
< <http://www.cspp.strath.ac.uk/index.html?bulgelec.html> > (April 28, 2006)

_____. "Bulgarian riot police and protesters again fill the streets. Leaders ignore warning of outgoing president." January 11, 1997. CNN online.
< <http://edition.cnn.com/WORLD/9701/11/bulgaria.politics/index.html> > (May 2, 2006)

_____. "Bulgarian Socialist Agree to Early Elections. Decision comes in wake of protests." February 4, 1997. CNN online.
< <http://edition.cnn.com/WORLD/9702/04/bulgaria/index.html> > (May 2, 2006)

Bunce, Valerie and Sharon Wolchik. "Bringing Down Dictators: American Democracy Promotion and Electoral Revolutions in Post-communist Eurasia." A chapter prepared for Mitchell Orenstein and Stephen Bloom, eds. *Transnational and National Politics in Post-communist Europe*. January 15, 2006.

Bunce, Valerie (a) "Coloured Revolutions: Why and Where Next?" Moscow lecture for the Russian Debates: February 27, 2006.

Bunce, Valerie (b). "Domestic Conditions and Democracy Promotion", Paper prepared for the Roundtable on US Democracy Promotion in Post-communist Societies, U.S. Department of State, May 18, 2005.

Bunce, Valerie (c). "The Political Economy of Postsocialism". *Slavic Review* 58, no.4 (Winter 1999). 756-793.

Bútorá, Martin, Grigorij Mesežnikov and Zora Bútorová, "Introduction: Overcoming Illiberalism – Slovakia's 1998 Elections," in Martin Bútorá et al. (eds.), *The 1998 Parliamentary Elections and Democratic Rebirth in Slovakia*, Institute for Public Affairs, Bratislava 1999.

Carothers, Thomas. *Critical Mission. Essays on Democracy Promotion*. Washington, DC: Carnegie Endowment for International Peace, 2004.

_____. "Commerzbank: Ekonomické zmeny na Slovensku až po voľbách". SME, 22.9.1998.

_____. Commission Opinion on Bulgaria's Application for Membership of the European Union, DOC/ 97/11, Brussels, 15th July 1997.

_____. *Countries in Transition 1998. WIIW Handbook of Statistics*. The Vienna Institute for International Economic Studies (eds.), 1998.

_____. *Country Profile 2006. Bulgaria. Recent political developments*. The Economist Intelligence Unit Limited 2006.

_____. *Country Report September 2005. Bulgaria*. The Economist Intelligence Unit Limited 2006

Csaba, Laszlo. "Transition in and towards Europe." *Zeitschrift für Staats- und Europawissenschaften* 2, no. 3 (2004): 330-350.

De Melo, Martha, Cevdet Denizer and Alan Gelb. *From Plan to Market: World Development Report 1996*. New York: Oxford University Press, 1996.

De Melo, Martha et al. *Circumstance and Choice: the Role of Initial Conditions and Policies in Transition Economies*. The World Bank: International Finance Corporation, 1997.

Devdariani, Jaba. "The Impact of International Assistance." Discussion paper no. 11, May 2003. "Building Democracy in Georgia." International Institute for Democracy and Electoral Assistance (International IDEA), 2003: 8-18.

_____. "Disunity of fiscal and monetary policy hurts Slovakia." *The Slovak Spectator*, October 5-11, 1998.

< <http://www.slovakspectator.sk/clanok.asp?vyd=1998021&cl=6281>>

_____. *EBRD Transition Report 2000, 2003, 2005*. European Bank for Reconstruction and Development.

_____. "Europe's Social Protection Systems Under Increasing Strain: Problems are most Acute in the East." 19 September, 1995. International Labour Organization. Press Release. Available at: <<http://www.ilo.org/public/english/bureau/inf/pr/1995/23.htm>>(May 10, 2006).

_____. Final Report. OASCE/ODHIR International Observer Mission. Bulgarian Parliamentary Elections. 19 April 1997.

Fish, Steven. "The Determinants of Economic Reform in the Post-Communist World". *East European Politics and Societies* 12, no.1 (Winter 1998): 31-78.

Frye, Timothy. "The Perils of Polarization. Economic Performance in the Post-communist World." *World Politics* 54 (April 2002): 308-337.

Ganev, Venelin. "The Dorian Gray Effect: Winners as State Breakers in Postcommunism," *Communist and Post-communist Studies* 24 (January 2001), 1-25.

Goliáš, Peter and Robert Kicina. "Slovak Tax Reform: One Year After," in: *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine*. International Centre for Policy Studies: Kyiv, 2005.

Gonda, Peter and Ondrej Dostál. "Sociálna politika", in Miroslav Kollár and Grigorij Mesežnikov (eds.), *Súhrnná správa o stave spoločnosti*. IVO: Bratislava, 2004.

Greskovits, Béla. "Leading Sectors and the Varieties of Capitalism in Eastern Europe", February 2005, CEU, Budapest. Prepared for the workshop „Varieties of Capitalism in Eastern Europe” organized on March 4 2005 in Paris.

Grosh, Margaret. "Specific Guidance for Social Protection". In *Preparing Public Expenditure Reviews for Human Development*. World Bank: Washington D.C., 2005.

Gyárfášová, Oľga and Miroslav Húska. "The Development of Voting Preferences and Voting Behaviour," in Martin Bútorá et al. (eds.), *The 1998 Parliamentary Elections and Democratic Rebirth in Slovakia*, Institute for Public Affairs: Bratislava 1999.

Henderson, Karen. *Slovakia. The Escape from Invisibility*. Routledge: London, 2002.

Herd, Graeme P. "Colourful Revolutions and the CIS: 'Manufactured' versus 'Managed' Democracy?" *Problems of Postcommunism* 52, no. 2 (March/April 2005): 3-18.

_____. "IVO: Občania neprijali zdravotnícku reformu, ostatné áno" (IVO – Citizens have not accepted the reform of the health care system, the rest of the reforms, yes). SME. 16.2.2006.

Jakoby Marek, Radoslav Kováč and Karol Morvay. "Celkový ekonomický vývoj" in Miroslav Kollár and Grigorij Mesežnikov (eds.), *Slovensko 2004. Súhrnná správa o stave spoločnosti*. IVO: Bratislava, 2004.

Jurzyca, Eugen et al. "The Economy of the Slovak Republic" in: Grigorij Mesežnikov, Michal Ivantyšyn and Tom Nicholson (Eds.). *Slovakia 1998-1999. A Global Report on the State of the Society*. Institute for Public Affairs: Bratislava, 1999.

Jurzyca, Eugen and Peter Goliáš. "Pension Reform in Slovakia". In: *Recent Economic Reform Experience from Central Europe: Inspirations and Suggestions for Ukraine*. International Centre for Policy Studies: Kyiv, 2005.

Kaufmann D., A Kraay and M. Mastruzzi: *Governance Matters IV: Governance Indicators for 1996-2004*. The World Bank, 2005.

_____. "Klub 500 nesúhlasí s bytovou výstavbou pre Hyundai/Kia", SITA, 4.12.2005.

Kolarova, Romyana. "Bulgaria: Could We Regain What We Have Already Lost?" *Social Research* 63, no.2 (1996) : 543-559.

Kopstein, Jeffrey S. and David A. Reilly. "Geographic Diffusion and the Transformation of the Post-communist World." *World Politics* 53 (October 2000): 1-37.

Krivý, Vladimír. "Election Results", in Martin Bútorá et al. (eds.), *The 1998 Parliamentary Elections and Democratic Rebirth in Slovakia*, Institute for Public Affairs: Bratislava 1999.

Málová Darina. "From Hesitation to a Calculated Strategy: The Confederation of Trade Unions in the 1998 Elections," in Martin Bútorá et al. (eds.), *The 1998 Parliamentary Elections and Democratic Rebirth in Slovakia*, Institute for Public Affairs: Bratislava 1999.

McFaul, Michael. "Transitions from Postcommunism," *Journal of Democracy* 16, no.3 (July 2005): 5-19

Mesežnikov Grigorij et al. (Eds.). *Slovakia 1998-1999. A Global Report on the State of the Society*. Bratislava: Institute for Public Affairs, 1999.

_____. "Moody's má obavy z rastu deficitu rozpočtu, bežného účtu i rastu dlhu SR." *SME*, 30.6.1998.

_____. *National Human Development Report, Bulgaria 1998. State of Transition and Transition of the State*. UNDP: Sofia, 1998

_____. *Nations in Transit 2005: Ratings and Democracy Scores 2005*. Freedom House. www.freedomhouse.org

Niznansky Viktor (eds.). *From Public to Private: 10 Years of Privatization in Slovakia*. M.E.S.A. 10, Bratislava, 1999.

Perzel, Igor. *Assertive or Submissive-A Comparative Study of the Hungarian and Slovak Governments' Bargaining Position vis-à-vis the Multinational Corporations of the Automotive Industry*. Thesis Paper. CEU. 2005.

Popov, Vladimir. "Shock Therapy versus Gradualism: The End of the Debate (Explaining the Magnitude of Transformational Recession)", *Comparative Economic Studies* 42, no.1, 2000: 1-57.

_____. "Pro-Western Alliance Sweeping Bulgarian Vote". April 19, 1997. CNN online.

< <http://edition.cnn.com/WORLD/9704/19/bulgaria.elections.pm/index.html> > (May 2, 2006)

Salner, Andrej. "Reformné stratégie vo vybraných sociálno-ekonomických sektoroch" in Grigorij Mesežnikov (ed.), *Povolebné Slovensko. Verejná mienka, politickí aktéri a médiá*. IVO: Bratislava, 2003.

Silitiski, Vitali (a). "Has the Age of Revolutions Ended?" *Transitions Online*, 1/17/2005.

Silitiski, Vitali (b). "Is the Age of Post-Soviet Electoral Revolutions Over?" *Democracy at Large* 1, no. 4 (2005): 8-10.

_____. *Slovakia. Country Profile 1997-1998*. The Economist Intelligence Unit 1998.

_____. *Slovakia. Country Report 2000*. The Economist Intelligence Unit 2000.

_____. *Slovakia. Country Profile 2005*. The Economist Intelligence Unit 2005

_____. *Social Security Spending in South Eastern Europe: A Comparative Review*. International Labour Office, Subregional Office for Central and Eastern Europe: Budapest, 2005.

Tanev Todor A. "Emerging from Post-Communist Chaos: The Case of Bulgaria", *International Journal of Public Administration* 24 no. 2, (2001): 235 – 248.

_____. *Tax Reform. Summary: Main Principles and Objectives*. Ministry of Finance of the Slovak Republic. Available at: www.finance.sk

Tucker, Joshua. "Enough! Electoral Fraud, Collective Action Problems, and the 2nd Wave of Post-Communist Democratic Revolutions." November 2005. Available at: <<http://www.wws.princeton.edu/jtucker>>

Tušičišny, Andrej. „Ekonomické hlasovanie na Slovensku: vplyv ekonomických faktorov na volebné výsledky v transformujúcej sa krajine,” *Politologická revue* 2, (2003): 65-79.

Vachudova, Milada Anna. *Europe Undivided. Democracy, Leverage and Integration after Communism*. Oxford: Oxford University Press, 2005.

_____. *World Investment Report 2005: Transnational Corporations and the Internalization of R&D*. United Nations. New York and Geneva, 2005.

_____. *2004 Regular Report of Bulgaria's Progress towards Accession*. COM (2004)/657. Brussels, 16.10.2004.

DATA SOURCES:

OECD

<http://www.oecd.org/dataoecd/50/17/5037721.htm>

EUROSTAT

<http://epp.eurostat.ec.eu.int>

TRANSMONEE, UNICEF

<http://www.unicef-icdc.org/resources/transmonee.html>

The Statistical Office of the Slovak Republic

www.statistics.sk