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# *Economic Chaos and the Fragility of Democratic Transition in Former Communist Regimes*

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It has been suggested that in the early stages of transition to democratic capitalism, commitment to reform in former communist regimes is shaken by economic chaos. Evidence presented in this article demonstrates that regardless of how much information, education, or status citizens have, they are not likely to abandon democracy and capitalism because of economic chaos. In other words, there are no readily identifiable pockets of unsophisticated citizenry that will respond to economic catastrophe by embracing antimarket or antidemocratic solutions. The following analysis also suggests that citizens of the former Soviet Union and of Eastern Europe recognize the differences between institutions and incumbents. While they do not abandon democratic capitalism in the face of economic chaos, they are likely to punish incumbents for economic hardships. The analysis relies on a survey of public opinion conducted by the author in 1990 of a representative sample of residents of the European portion of the USSR and surveys conducted in 1991 by Times Mirror Center for the People and the Press in Hungary, Poland, and Czechoslovakia.

"I have confidence in our reforms, which are irreversible. But, if they fail, I can feel already on the back of our necks the hot breath of those who wear red shirts and brown shirts."—Boris Yeltsin, Paris, Feb. 6, 1992

**A**lthough Soviet citizens in 1990 were faced with almost certain economic deterioration if political and economic changes were pursued, they nevertheless opted for continued institutional reform (Duch 1993). A deteriorating economic situation did not make individuals more receptive to antidemocratic or even antifree market policies. Throughout the transition or consolidation period, efforts to dismantle democratic or free market reforms failed: the August 1991 coup failed, the 1993

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referendum on free market reform won a majority yes vote, the October 1993 revolt against Yeltsin failed, Yeltsin's constitution was approved in December 1993, prices in Russia were liberalized, and privatization continued to be implemented, albeit slowly.

These observations leave a number of questions unanswered about the average citizen in the Soviet transitional democracy, questions that I believe are critical for understanding the role of the ordinary citizen in the democratic transition. One important issue is whether perceptions of economic decline are uncorrelated with preferences for institutional change across all strata of society. This essay demonstrates that citizens are not likely to abandon democracy and capitalism because of economic chaos, regardless of how much information, education, or status the citizen has. In other words, there are no readily identifiable pockets of unsophisticated citizenry that will respond to economic catastrophe by embracing antimarket or antidemocratic solutions.<sup>1</sup>

A second question concerns the ability of citizens in nascent democracies to distinguish between institutions and incumbents. The following analysis suggests that citizens of the former Soviet Union recognize the differences between institutions and incumbents. While they do not abandon democratic capitalism in the face of economic chaos, they are likely to punish incumbents for economic hardships.<sup>2</sup> Unlike institutional reform, support for particular incumbents was significantly linked to dissatisfaction with the economic situation. As a result, the period of democratic consolidation is littered with incumbents sacrificed to popular dissatisfaction with economic performance: Ryzhkov and his government in 1990; Gorbachev in the aftermath of the failed coup; Gaidar in 1992 and again in 1994 because of his association with a policy that failed to reverse the economic crisis.

Finally, I address the generalizability of these findings both cross-nationally, looking at the experience of other postcommunist regimes, and also over time, to determine whether citizens tolerate economic chaos when it reaches levels much higher than those experienced in the former Soviet Union in 1990. The analysis of mass preferences in Poland, Hungary, and Czechoslovakia in 1991 when these countries were in the throes of economic disruption supports the basic argument that disgruntled citizens blame incumbent leaders for their plight but do not abandon democratic capitalism.

Hence the analysis of citizen preferences helps us understand the resiliency of institutional reform and the vulnerability of political incumbents.

<sup>1</sup>Two arguments need to be distinguished here. In earlier works, I have demonstrated that there is indeed a relationship between education and support for democracy and markets (Duch 1993). In this article though I have posed a different question: Are the less educated or the nonelite segments of the population any more likely to abandon democracy and markets in the light of economic chaos? In other words, regardless of how much enthusiasm these different segments exhibit for democratic capitalism, is there any difference in whether this enthusiasm is eroded by economic chaos?

<sup>2</sup>For a number of democratic theorists (Riker 1982, for example) the fact that citizens punish incumbents, as opposed to institutions, is all we can expect from the democratic process.

## THE PUZZLE: DEMOCRATIC CONSOLIDATION UNDER ECONOMIC STRESS

*The Myopic Citizen.* One of the frequent explanations for the failure of democratic reform is the economic instability that often accompanies that reform. Erosion of the popular base of support for democratization is associated with mass dissatisfaction with the economic performance of the regime, the inability of these new regimes to deliver the “economic goods” (McDonough et al. 1991), or, more generally, poor performance of the regime (Schumpeter 1942; Diamond, Linz, and Lipset 1990). Dahl, for example, commenting on the pre-World War II period noted that the inability of newly established polyarchies in Italy, Germany, and Spain to cope effectively with palpable problems—even to maintain public order—generated doubts about the effectiveness of polyarchy and spurred the shift toward dictatorship (Dahl 1971).

Institutional reform also encompasses free market reforms. Clearly, if economic catastrophe threatens support for democratic institutions, it will have a similar, if not exaggerated, impact on support for economic reform (Duch 1993). It is often argued that radical economic reforms, or stabilization policies as they are often referred to in Latin America, will fail in a democratic context because they typically impose serious short-term burdens on the average citizen (Przeworski 1991, Pereira, Maravall, and Przeworski 1993). The radical economic reforms introduced in the former communist regimes of Eastern and Central Europe and the drastic stabilization policies imposed by regimes in many developing countries (recently Latin America) are examples of reforms that inflict serious economic hardships on the mass public. Because of the unacceptable political risks these initiatives pose for democratic government, some argue that they are unlikely to be pursued with great enthusiasm and may possibly be abandoned.<sup>3</sup>

But the evidence does not support this argument. In the early reform period, perceptions of a declining economy promoted support for both free markets and democracy in the former Soviet Union (Duch 1993). And while there is some evidence in Latin America supporting the association of economic crisis and coups d'état (Midlarsky and Tanter 1967; Putnam 1967; Londregan and Poole 1990; McGowan and Johnson 1984; and O'Kane 1981), the recent wave of democratization in Latin

<sup>3</sup>Przeworski's evaluations of economic reform pursued by nascent democracies arrive at a similar conclusion:

Authoritarian temptations are inevitable. The clamor of discordant voices, the delay caused by having to follow procedures, and seeming irrationality of conflicts inescapably cause impatience and intolerance among the proponents of reforms. For them, reforms are obviously needed and transparently rational: Doubts, opposition, insistence on procedures appear to be symptoms of irrationality. Technocracy hurls itself against democracy and breeds the inclination to proceed against popular resistance: to suppress glasnost in order to continue with perestroika. And, on the other side, as suffering persists, confidence erodes, and the government seems less and less competent, temptations are born to defend one's interests at any cost, even at the cost of democracy. (Przeworski 1991, 187)

*America during a period of economic crisis* challenges this economic determinism argument (see also O'Donnell and Schmitter 1986). Political experience of the 1980s indicates that, even in Latin American countries facing serious economic and political crises, citizen attachments to democratic institutions are not undermined by acute economic crisis (Haggard 1985; Nelson 1984; Remmer 1986, 1990, 1991). Also challenging conventional wisdom, Zimmerman and Saalfeld (1988) present European historical evidence for the 1930s suggesting that economic chaos had little direct or indirect effect on the survival of democratic regimes in that period. And while many students of Eastern and Central European democratization have argued that political and economic reforms are seriously threatened by the economic chaos that has accompanied the reform process (Offe 1991; Pipes 1990; Przeworski 1991, 1993; Zaslavskaya 1990; McGregor 1989; Morawska 1988; Ekiert 1991), the reforms are proving resilient.

*The Sophisticated Citizen.* The willingness of citizens of the former Soviet Union to continue supporting these political and economic reforms, even in the face of serious economic adversity, raises an important question regarding citizens' political preferences in nascent democracies. Does this support reflect a high level of sophistication on the part of the citizenry regarding the workings of democratic institutions?

One measure of citizen sophistication is whether they make clear distinctions between the incumbents and institutions. In mature democracies, citizens are expected to make clear distinctions between government performance and the legitimacy of democratic institutions (Linz and Stephan 1989, 42–48; Przeworski 1986; Dahl 1971, 1989; Huntington 1991). Weil (1989), for example, argues that evaluations of mass support for democratization must distinguish between political confidence (positive evaluation of government) and legitimation (positive evaluation of the way the political realm is structured and political actors interact).<sup>4</sup> Hence, economic chaos may undermine government popularity but is expected to have little impact on the legitimacy of democratic institutions. An interesting question, that is difficult to address here because of data limitations, is how long citizens will tolerate economic chaos before they begin to question the legitimacy of democratic institutions.

A second indicator of the sophistication of the average citizen is whether these *relationships* (the absence of a link between economic chaos and support for democratic capitalism and the distinction between institutions and incumbents) are conditional, i.e., based on certain levels of socioeconomic status, information, education, or knowledge. We already know that preferences for democracy, and to a lesser degree capitalism, are rather widespread (Gibson and Duch 1993; Duch 1993). The question here, though, is whether the hypothesized *relationships* (or

<sup>4</sup>On confidence in institutions see Lipset and Schneider's (1987) theory of a "confidence gap."

nonrelationships) between economic chaos and support for democratic capitalism hold up across various subpopulations.

One school of thought argues that groups in society differ with respect to the level of sophistication by which they understand the democratic process. The most general version of this perspective is that there are significant costs associated with acquiring information about democratic institutions. For some individuals—particularly those with high levels of education—the costs associated with understanding this phenomenon are low and as a result they should exhibit more sophisticated responses to economic chaos. For the less educated the costs are much higher, and therefore they represent the subpopulations that will have the least sophisticated responses to poor economic performance. This perspective suggests the costs of understanding the democratic process will be lower for the better educated, those who pay greater attention to politics, and those who have more exposure to Western politics. Many classic accounts of democracy have identified the mass public, particularly a relatively uneducated mass public, as a threat to democratic institutions in the face of serious economic dislocation (Lipset 1983, chaps. 4 and 5).<sup>5</sup>

A related argument is that elite support for democracy is less likely to be shaken by economic chaos because elites have had greater exposure to democratic norms and also because they are better educated and therefore have a more sophisticated understanding of democratic processes. Elitist arguments suggest that because elites have a more sophisticated understanding of the political process, their support for democratic institutions will not easily be undermined by economic chaos. There is significant literature confirming that elites do have stronger commitments to democratic norms (Prothro and Grigg 1960; McClosky and Brill 1983) and the evidence from the former Soviet Union suggests that elites have a stronger commitment to democracy (Gibson and Duch 1992). But does this mean that elites will be any more likely than nonelites to retain their commitment to democratic reform in the face of mounting economic disaster?

The evidence supporting the contention that elite responses to economic hardships are different than those of the mass public has been challenged. For example, Huntington (1991, chap. 5) notes that both elites *and* the mass public in the new democracies of the past couple decades have clearly distinguished between their support for democracy and their support for the governments and policies that democratic elections produce. The evidence from Spain, Venezuela, Colombia, Portugal, Brazil, and Peru is very persuasive in this respect.<sup>6</sup> Survey research suggests that the mass publics in these countries became very discouraged by governmental performance, but they did not abandon their support for the democratic

<sup>5</sup>The violent excesses of the ordinary citizens during the French Revolutionary period represent a rather extreme example of how economic chaos, among other factors, can contribute to decidedly anti-democratic actions on the part of the average citizen (Schama 1990). Many believe the excesses of the lower classes were much more brutal and fundamentally antidemocratic than those of the upper classes.

<sup>6</sup>See Baloyra (1985); McDonough, Barnes, Lopez Pina (1986); and Haluani (1989).

process. Hence, there is significant contemporary evidence to suggest that the elite model does not comport with recent experience in democratizing nations.

I propose an alternative perspective on citizen preferences. Citizens in these transition nations will not easily abandon their commitment to democratic capitalism because (1) they have very negative recent memories of a totalitarian alternative to democratic capitalism; and (2) they value choice and have a reasonably sophisticated understanding of where to apportion responsibility for economic chaos. What is of particular importance to this argument is that these memories and values are widely shared by the average citizen. In other words, the memory of nondemocratic rule and the value placed on choice are shared by all strata of society. Hence, if citizens have embraced democracy, economic catastrophe is not likely to shake them of their conviction, but it will lead them to reject incumbents.

In the case of the former communist regimes, democratic capitalism benefits from recent experience with nondemocratic rule. In the former communist countries, citizens typically harbor negative evaluations of the previous regime's performance, particularly concerning the economy (Duch 1993). This represents a very important insurance policy for newly minted democratic regimes and provides democratic institutions with a significant cushion of support. Hirschman (1987) argues that democratic regimes that supplant highly unpopular repressive authoritarian regimes are accorded a special reserve of political support and trust that may tide them through economic crises. The mass public, as Weil (1989, 699) argues, "judge[s] democracy less by what it 'gives' them than by whether it presents them with real (but not polarized) alternatives and responds to their choices." Hence, democracies have an advantage over authoritarian regimes because the average citizen has an outlet for dissatisfaction with poor performance and can remove the incumbent government from office. Therefore, any simplistic model linking economic catastrophe with rejection of democratic reforms is unrealistic given that the alternative is a system of government under which the citizen typically has little recourse for expressing dissatisfaction with governmental performance, short of a regime change.

Democracy also benefits from a global diffusion of the democratic message. It is increasingly the case that the average citizen has easy access to a global mass media (see Starr 1991, 360; and Mueller 1989) that promotes, on balance, the benefits of democratic capitalism and facilitates an understanding of the dynamics of democracy. One of the main messages of the democratic model is that dissatisfaction should be directed at incumbent officials rather than the institutions themselves.<sup>7</sup> In some respects, the global diffusion of the democratic message has successfully advertised the simplicity of how democracy works (Mueller 1992). And one of the

<sup>7</sup>This argument goes beyond the "global demonstration effect" that Starr (1991) argues promotes the attractiveness of democracy in nondemocratic societies. It is not simply the message that democracy is "good" that is being diffused by the global media but also an understanding of why democracy is "good"—for example, the fact that incumbents can be punished for poor economic performance.

simple messages of democracy is that if you do not like what the government is doing, you have the option to replace the incumbents.

Recent findings (Duch 1993) suggest that in the early period of the Soviet transition there is little negative impact of economic dissatisfaction on support for democratic capitalism. This article analyzes in more detail the reasoning of the average citizen in a nascent democracy. It demonstrates that while perceptions of economic chaos are not a threat to support for institutional reform, they do seriously undermine support for incumbent officials. In addition, these results imply that most citizens, regardless of their educational or social standing, have sufficient information to make distinctions between institutions and incumbents. Finally, by expanding the analysis to East European countries in 1991, the following results suggest that these conclusions are not simply a function of the unique Soviet political or economic context in 1990.

## THE MODELS

### *Support for Institutional Reform*

*State of the Economy.* In an earlier work (Duch 1993) I demonstrated that during the period of transition to democracy, negative perceptions of economic performance affect support for economic reform, generally in a positive fashion. The model tested in this essay includes the same set of retrospective, prospective, pocket-book, and sociotropic assessments of economic performance. The issue here is whether negative assessments of the economy (be they retrospective or prospective) undermine support for democracy and for free markets. The expectation is that economic chaos will not undermine mass support for institutional reform.

*Confidence in Traditional Institutions.* Of course, support for institutional reform will not simply be driven by economic considerations. A more general erosion in mass confidence in traditional institutions, such as dissatisfaction with the performance of the Communist party, is likely to promote support for institutional change. Although some of this feeling results from dissatisfaction with the economy, its origins are actually much broader in nature. Hence, support for traditional institutions is hypothesized to have an independent negative impact on support for institutional reform.

*Socioeconomic Variables.* Support for institutional reform will be positively correlated with education. One reason is that the better educated will have greater levels of information about the workings of democratic and free market institutions—they are more likely to expose themselves to information regarding democracy and free markets, either in their education, in their work place, or through various media (print, television, and radio). Secondly, education is likely to instill or reinforce liberal values such as equality, tolerance, and respect for individual liberty—the

enlightenment argument (Flanagan 1982). The literature on democratic values overwhelmingly supports the strong association between education and the acquisition of democratic values (Dahl 1971; Gibson and Duch 1993; Duch and Taylor 1993). Education is hypothesized to be related to the acquisition of democratic and free market preferences but, as I argue later, there is no reason to expect it to be related to the tenacity with which individuals hold on to those preferences.

The young are hypothesized to be more enthusiastic about institutional reform because they are more likely to have the skills to benefit personally from these new political and economic structures (Duch 1993; Bahry and Silver 1990). Women have traditionally been more conservative about political change and therefore are hypothesized to be less supportive of democratic capitalism (Carnaghan and Bahry 1990). Because officials traditionally scorned religion, belief in religion is another indicator of a rejection of the old political status quo and therefore a predictor of support for institutional reform. Hence, support for democratic reform is hypothesized to be found disproportionately among the better educated, men, younger cohorts, and religious believers.<sup>8</sup>

### *Incumbent Popularity*

Popular support for institutional reforms must be clearly distinguished from the popularity function for incumbents. The democratic citizen distinguishes between the legitimacy of political institutions and the performance of incumbent politicians. Economic chaos will very likely threaten the latter but, as I have argued, it will have little impact on institutional reforms. The popularity function of incumbents should closely resemble those efforts to model popular support for incumbents in the more mature democracies. As perceptions of a deteriorating economy rise, both retrospectively and prospectively, support for incumbents should decline.

### *Interactions*

Of particular interest in this analysis is whether the relationship between perceptions of economic chaos and support for institutional reform varies across different subgroups within the population. One hypothesis is that only the highly educated subgroups of the population will be unaffected by economic chaos while those with less education are more likely to reject change in the light of serious economic dislocation. To evaluate this proposition, I have estimated the model for high versus low education categories within the Soviet sample. A second interaction concerns whether elite support for institutional reform is less sensitive to economic dislocation than is the case with the mass public. This is tested by controlling for opinion leadership (opinion leaders versus nonopinion leaders).

<sup>8</sup>For a more detailed discussion of how these socioeconomic variables are related to democratic values and democratic participation see Duch and Gibson (1992) and Gibson and Duch (1992).

## THE SOVIET SAMPLE

The analysis I report here relies on a survey of public opinion conducted in 1990 of a representative sample of 1,561 residents of the European portion of the USSR.<sup>9</sup> Face-to-face interviews were conducted in May 1990. The survey was conducted in conjunction with the Institute of Sociology, USSR Academy of Sciences.<sup>10</sup>

The sample interviewed is 54% female, with an average age of 42 years old. Nearly 16% of the respondents claimed to be members of the Communist party. Most of the respondents reside in Russia (63%), with 4% residing in the Baltics, and the remaining 33% living in other parts of the European USSR. The respondents are largely Russian in ethnicity (61%), although the sample includes 23% Ukrainians, and a reasonable number of Byelorussians, Armenians, Moldavians, and others. (For earlier analyses of these data see Gibson and Duch 1993).

## UNIVARIATE RESULTS

*The Dependent Variables.* Citizen preferences regarding the reform of political and economic institutions represent the dependent variables in this analysis. Table 1 summarizes the four variables that measure support or opposition to specific democratic and free market institutional reforms that were being proposed and implemented at that time in the former Soviet Union. Support for a free press is measure by averaging the responses to the two questions concerning private media and government protection of press freedoms. Both questions indicate that more than a majority of the population support freedom of the press; in fact 90% think that the press should be protected from government interference. Support for competitive elections is measured by the factor score resulting from the analysis of three questions.<sup>11</sup> As table 1 indicates, at least 60% answered in a prodemocratic manner to each of these three elections questions.<sup>12</sup> A third measure of support for democratic institutions is based on the responses to a single question regarding preferences for democratic over authoritarian political structures. Fifty-five percent of the respondents indicated a preference for democratic government while about one fourth of the sample preferred authoritarian structures.

The indicator of support for free markets is based on the factor score from the factor analysis of the three items presented in table 1. Each of these items captures a different element of the free market reforms that were being debated at the time:

<sup>9</sup>Scientific polling has been conducted in the USSR for nearly three decades now. For a review of earlier research on public opinion in the USSR, see Mickiewicz 1972–1973 and 1983 (especially footnote 6, p. 103); Connor 1977; Welsh 1981; and Slider 1985, 1990.

<sup>10</sup>The fieldwork for both samples was conducted under the direction of Polina Kozyreva and Gennady Denisovsky.

<sup>11</sup>The eigenvalue of the second factor is .68. Cronbach's alpha is .66.

<sup>12</sup>The support for a free press and the support for competitive elections variables were developed in collaboration with James L. Gibson (Gibson and Duch 1993).

TABLE 1

## SUPPORT FOR INSTITUTIONAL REFORM, THE EUROPEAN USSR, 1990

	<i>Support for Free Press</i>		
	Agree	Uncertain	Disagree
Private media should exist along with state-owned media	54.0	19.4	26.6
Press should be protected from government interference	90.0	7.6	2.3

	<i>Support for Competitive Elections</i>	
	Percent Supporting Competitive Elections	Factor Loading
Those supporting competitive elections are doing harm to the country. (Disagree)	65.7	.53
Competition between the Communist party and other parties will improve the way the authorities work in the Soviet Union. (Agree)	65.1	-.64
A one-party system in the USSR promotes the development of democracy. (Disagree)	61.5	.70

Note: The nature of the "pro-competitive elections" response to these items is shown in parentheses. Eigenvalue = 1.78 and explains 59% of the total variance.

<i>Support for Democratic over Authoritarian Structures</i>	
Favor democratic government	54.5
Can't say precisely	18.1
Favor strong government control	26.5

	<i>General Support for Economic Reform</i>			
	Support Market Reform	Can't Say Exactly	Oppose Market Reform	Factor Loading
Radical economic reform is necessary	54.3	20.3	25.4	.54
Favor an economy in which prices set by supply and demand	48.0	22.1	29.9	.69
Favor private ownership with high-quality goods, high prices and inequality	50.9	22.6	26.5	.61

Note: Eigenvalue = 1.71 and explains 57% of the total variance.

*N* = approximately 1,500 for all of the above measures.

TABLE 2  
EVALUATIONS OF THE INCUMBENT, GORBACHEV, EUROPEAN USSR, 1990

	Percent	Factor Loading
<i>Has your opinion of Gorbachev changed?</i>		
Better	9.1	.49
No change	38.6	
Worse	52.3	
<i>Impression Gorbachev has made?</i>		
Very favorable	12.5	.77
Basically favorable	57.7	
Uncertain	10.9	
Basically unfavorable	14.5	
Very unfavorable	4.5	
<i>Do you generally support the actions of Gorbachev?</i>		
Strongly support	21.0	.69
Partially support	47.7	
Uncertain	5.0	
Partially oppose	17.5	
Strongly oppose	8.8	
<i>Do you strongly identify with the views of Gorbachev?</i>		
Yes	46.9	.70
Uncertain	23.6	
No	29.5	

Note: Approximate  $N$  is 1,500.

Eigenvalue = 2.3 and explains 58% of the total item variance.

unemployment, inflation, liberalized prices, and private ownership.<sup>13</sup> In the case of all three items, about half of the respondents expressed positive attitudes toward free market reform.

At least in 1990, when institutional reform was beginning to take shape in the former Soviet Union, the mass public expressed significant support for these

<sup>13</sup>This measure was developed in an earlier work (Duch 1993). The full wording of the three questions is:

Let's talk about the possibility and necessity of radical economic reform in the Soviet Union which may lead to a free market economy. Some people say that such reform may at first lead to unemployment and inflation of prices after which may come plentiful consumer goods of high quality and economic prosperity. Do you think it is necessary to introduce such economic reform in the Soviet Union or not? (1) Convinced it is necessary; (2) Think it is necessary; (3) Think it is not necessary; (4) Convinced it is not necessary.

Are you in favor of an economy in which prices are set by supply and demand and people get jobs when they are qualified for them, or are you in favor of an economy in which prices are set by the government and people are given a job even though it may not be the one they prefer? (1) Market economy; (2) Planned economy.

initiatives. However, this enthusiasm seemed to be somewhat greater for the introduction of democracy than for the introduction of free markets.

In the early part of 1990, Gorbachev still retained significant popular support. But there is some evidence in table 2 that Gorbachev's popularity was declining. Approximately 52% of the sample indicated that their opinion of Gorbachev had gotten worse. But as the figures for the other questions attest, a majority of the sample had a favorable impression of the man and generally support his actions. Just less than 50% indicated they identify their views with those of Gorbachev. These four items were factor analyzed to generate a Gorbachev popularity measure that was based on the resulting factor score.<sup>14</sup> The factor loading for each of the variables is presented in table 2.

*The Independent Variables.* Four sets of subjective economic performance variables are included in the model, all, not surprisingly, indicating negative assessments of the Soviet economy.<sup>15</sup> Three variables measure past assessments of personal financial conditions: shortages of goods in the recent past, recent concern about unemployment in the family, and how respondents assess the financial condition of their family during the past 12 months.<sup>16</sup> Prospective evaluations of personal finances are measured by two variables: concern with rising prices and expectations regarding the family's living standard in the next year.<sup>17</sup> Two variables

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Are you in favor of a form of ownership in which there are many high-quality goods but not everyone has the same opportunity to buy them because of the prices, or a form of ownership in which prices of goods are low and all can obtain them, but goods are not available everywhere? (1) First form of ownership; (2) Second form of ownership. (Duch 1993, 595)

<sup>14</sup>The eigenvalue for the second factor is .73.

<sup>15</sup>Duch (1993) provides a detailed discussion of the marginals on these subjective economic perception variables.

<sup>16</sup>The questions measuring retrospective assessments of personal economic situation are:

And we wanted to speak about the material situation of people today. Are you and your family living better in comparison to last year or worse? (1) Living much better, (2) living somewhat better, (3) nothing substantive has changed, (4) living somewhat worse, (5) living much worse.

Please look at the list on showcard 28 and answer how important each of the problems listed below are for you personally or for members of your family.

Shortage of food goods. (4) Very important, (3) important, (2) not very important, (1) not at all important.

Unemployment. (4) Very important, (3) important, (2) not very important, (1) not at all important.

<sup>17</sup>Prospective assessments of personal finances were measured with these questions:

And what about next year? Do you think you and your family will live better than today or worse? (1) We'll live much better, (2) we'll live somewhat better, (3) nothing substantive will change, (4) we'll live somewhat worse, (5) we'll live much worse.

How worried are you that the prices of the things you buy will rise sharply in the next 12 months? (4) Very worried, (3) somewhat worried, (2) not very worried, or (1) not worried at all?

measure evaluations of the overall economy: rating of the economy today and of the economy for the next year.<sup>18</sup> Note that the economic assessment variables are all coded so that high values indicate negative assessments of the economy.

Socioeconomic variables in the model include education (measured by four categories: unfinished secondary, finished secondary, unfinished tertiary, and finished tertiary), gender (women are coded 1 and men are coded 0), and age. Confidence in traditional institutions is measured by averaging the degree of confidence respondents had in the following traditional political institutions: the supreme soviet, the government, and the Communist party.<sup>19</sup> Religiosity is measured according to the degree to which respondents indicated they considered themselves a believer.

I conclude this section with some general observations. The mass public registered very pessimistic views regarding the state of the Soviet economy at the beginning of 1990. They also indicated that their opinion of Gorbachev was getting worse, although generally the population seemed positively disposed to his ideas. Nevertheless, there appeared to be very strong support for reform of political and economic institutions.

## MULTIVARIATE RESULTS

### *Institutional Reform*

Each of the four reform variables (support for a free press, democratic elections, free market reform, and democratic as opposed to authoritarian institutions) were regressed against the socioeconomic variables, the confidence variable, and the subjective assessments of the economy variables. The results are reported in table 3.

Men are uniformly more supportive of democratic reform than women. Younger cohorts are consistently more supportive of reform than are older cohorts. Religious believers are also significantly more supportive of reform in two of the four equations. Finally, as expected, those more confident in traditional political institutions are *less* likely to prefer democratic and free market reforms.

Our primary concern, however, is the variables measuring subjective economic assessments. I begin with the three equations that reflect support for different types of democratic institutions. Contemporaneous assessments of the general economy

<sup>18</sup>Prospective assessments of the overall economy were measured by the following question: "And what do you think will happen in our economy in a year? Do you think the economic situation in the country will (1) improve, (3) worsen, or (2) will nothing change?" Prospective assessments of the overall economy were measured by the following question: "How would you rate the conditions of the economy in our country today: (1) good, (2) average, or (3) bad?"

<sup>19</sup>Respondents were asked to indicate their confidence in a total of 21 institutions. A factor analysis of their responses was used to identify these three traditional institutions. The response set to the question was: a great deal, quite a lot, not very much, none at all. Having identified these three core confidence indicators, the measure was constructed by taking each respondent's mean score on the three questions. Respondents that did not answer a minimum of two of the three questions were assigned missing values for this analysis.

TABLE 3  
SUPPORT FOR POLITICAL AND ECONOMIC REFORM, EUROPEAN USSR, 1990

Variables	Support for Democracy			Support for Free Market
	Free Press	Free Elections	Authoritarianism	
Gender	-.12** (.04)	-.19** (.04)	-.10** (.02)	-.20** (.04)
Age	-.01** (.00)	-.003 (.00)	-.01** (.00)	-.00** (.01)
Education	.04 (.02)	.16** (.02)	.04** (.01)	.12** (.02)
Religion	.08** (.03)	.02 (.03)	.05** (.02)	.07 (.03)
Confidence	-.27** (.04)	-.34** (.03)	-.11** (.02)	-.18** (.04)
Economy today	.13** (.05)	.35** (.05)	.11** (.03)	.25** (.05)
Living last year?	.01 (.02)	-.03 (.02)	-.01 (.01)	-.03 (.02)
Shortage goods?	.07** (.03)	-.02 (.03)	.02 (.02)	.01 (.03)
Unemployment a problem?	.02 (.02)	.01 (.02)	.02 (.01)	.00 (.02)
Live better next year?	-.02 (.02)	.03 (.02)	-.01 (.01)	-.04 (.03)
Prices rise next year	-.08 (.04)	-.06 (.04)	-.04 (.02)	-.24** (.04)
Economy next year	-.00 (.03)	.03 (.03)	.02 (.02)	.02 (.03)
Constant	5.09** (.26)	.30 (.25)	.97** (.14)	1.31** (.26)
Adjusted R <sup>2</sup>	.16	.27	.15	.17
Number of cases	1,321	1,320	1,305	1,283

Note: \*\* $p < .01$ .

The economic evaluation variables are coded such that high values indicate negative evaluations.

(“the economy today”) are statistically significant in all the democracy equations, indicating that negative assessments generate support for institutional reform.<sup>20</sup> In the free press equation, experience with shortages in the past was correlated with support for a free press (i.e., experience with shortages generates support for reform). Hence, this relationship parallels that for the “economy today” variable.

At this early period of the transition there is considerable support for the notion that negative assessments of past economic performance are associated with

<sup>20</sup>I treat “the economy today” variable as a retrospective measure in the sense that it measures how well the economy has performed at the time the survey was conducted and is clearly not a prospective assessment.

support for democratic reform. Hence, at least at the early periods of transition to democracy, economic crisis does not pose a serious threat to popular support for these changes.

The evidence in the case of the economic reform equation is contradictory. Retrospective assessments of the economy have nearly the same effect on support for economic reform as for democratic reform. The important difference is that fear of future rising prices significantly undermines support for free markets. In effect, fear of rising prices tends to cancel out the positive impact that might result from negative evaluations "of the economy today" (the magnitude of the two coefficients is identical). It is interesting to note that concern with rising prices undermines support for free market reforms in the former Soviet Union but that in Poland, Przeworski (1993) finds that fear of unemployment promotes antimarket responses. Przeworski argues that unemployment undermines support for the free market in Poland because the government failed to provide social programs that would support those who lost their jobs as a result of privatization. In 1990, when the Soviet survey was conducted, there was no widespread fear in the former Soviet Union that the country's extensive job security would be dismantled (in contrast, many Polish workers were already being laid off) and hence this did not factor into their support for free markets. On the other hand, Soviet citizens in this period had already been exposed to the unfamiliar experience of rising prices and therefore this had somewhat of an effect on their response to these market reforms.

On a number of fronts these results suggest a citizenry that is quite sophisticated. The deterioration of the economy in the recent past seems to be blamed on the previous regime and, in fact, represents a stimulus to support the new proto-democratic and free market institutions that Gorbachev began slowly introducing by 1990. It is even more remarkable that those who expected the economic situation to deteriorate did not develop significant opposition to democratic reform. Since citizens could look back to a period of authoritarianism when the economic situation was certainly more stable, the possibility was widely entertained that Soviet citizens might reject democratization as an expression of discontent with economic crisis. They did not reject democratization because support for democratic institutions is not instrumental, i.e., it is not seen simply as a means to achieve a specific political or economic goal such as economic prosperity or better sanitation services. Rather, individual preferences for democratic institutions are the result of more diffuse effects such as education, exposure to western media, and what might be called the "fad" of democracy that was pervasive in Soviet society at the time. But regardless of how individuals acquired a taste for democracy, these data suggest that they would not easily abandon their support because of economic chaos.

To a large extent reforms to the economic system seem also to benefit from the institutional memory of the average Soviet citizen. Citizens associate blame for recent economic problems on the command economy of the previous regime. Hence, those most unhappy with recent economic conditions are the most enthusiastic supporters of free markets. But there is some evidence that this enthusiasm for free

market reforms might suffer because of expectations of economic crisis. In particular, the results indicate the fear of rising prices undermines support for economic reform. Yet the other prospective economic variables do not have a negative effect on attitudes toward free market reform.

At the very least these data suggest that democratic institutions in the early period of transformation are relatively immune from the turmoil associated with economic chaos. They also indicate that popular support for economic reform seems to be contingent upon assurances that their future personal financial situation will not radically deteriorate. At this particular period in the transition, the impact of rising prices was of considerable concern but, as Przeworski (1993) demonstrates in the Polish case, this could extend to other areas such as employment if mass layoffs result and the state provides no social programs to accommodate the unemployed. However, while the democratic rules of the game are not threatened by economic chaos, incumbents elected by these conventions are not as fortunate.

### *Incumbent Popularity*

Many western scholars viewed Gorbachev as the embodiment of institutional reform in the former Soviet Union and therefore were surprised by the resiliency of democratization after his exit from the scene. In fact, as we saw earlier, Gorbachev's popularity had begun to decline by 1990 while support for institutional reform remained high. The explanation proposed here is that, in the face of declining economy, citizens will continue to exhibit strong support for the basic political institutions but are much more likely to lose confidence in incumbents. In other words, the mass public makes clear distinctions between institutions and incumbents.

As a first test of this proposition, I assess how well incumbent popularity is predicted by the economic chaos variables. My hypothesis is that Gorbachev's popularity is much more sensitive to economic conditions than is the case with support for institutional reforms because citizens blame incumbents rather than fundamental political and economic institutions. The results of a regression of popularity (defined earlier as the factor score resulting from a factor analysis of the four popularity items) on the same independent variables employed in table 3 are presented in table 4.

The results in table 4 indicate that Gorbachev is mostly popular with less educated elements of the population. The gender and religion variables are not significant. Gorbachev's supporters have much higher levels of confidence in traditional political institutions; in fact, this is clearly the strongest contributing factor to Gorbachev's popularity. In 1990, Gorbachev was more popular with conservative elements in Soviet society—those less educated and more comfortable with traditional political structures.

Gorbachev's popularity was very sensitive to evaluations of the economy but in a rather complex manner. Negative, prospective ("the economy next year") evaluations of the economy undermined Gorbachev's popularity, as did negative retrospective

TABLE 4  
POPULARITY OF GORBACHEV, EUROPEAN USSR, 1990

Variables	With Free Election Variable	
Gender	.02 (.04)	-.00 (.04)
Age	.004** (.001)	.001 (.001)
Education	-.05** (.02)	-.04 (.02)
Religion	-.02 (.02)	-.03 (.03)
Confidence	.57** (.03)	.53** (.03)
Economy today	-.03 (.05)	.01 (.05)
Living last year	-.07** (.02)	-.06** (.02)
Shortage goods	-.04 (.03)	-.04 (.03)
Unemployment	.07** (.02)	.07** (.02)
Live better?	-.05** (.02)	-.04 (.02)
Prices rise	.10** (.04)	.09 (.04)
Economy next year	-.15** (.03)	-.15** (.03)
Free elections		-.10** (.03)
Constant	-1.06 (.25)	-1.04 (.24)
Adjusted $R^2$	.38	.39
Number of cases	1,164	1,163

Note: \*\* $p < .01$ .

The economic evaluation variables are coded such that high values indicate negative evaluations.

assessments of personal financial conditions (the “living compared to last year” variable). Thus, in the minds of the public, Gorbachev was clearly blamed for the deteriorating Soviet economy. But this needs to be qualified. Concern with rising unemployment in the respondent’s family and with rising prices is positively correlated with Gorbachev’s rating. While citizens generally tended to blame Gorbachev for the sorry state of the economy they did not associate him with the calls for radical economic reform that was generally expected to raise both prices and unemployment. Hence, Gorbachev attracted support from those concerned about rising prices and unemployment.

This does not detract from the fact that incumbent popularity suffers from economic deterioration in contrast with support for institutional reform that actually seems to benefit from economic hardships. This ought to be interpreted positively for the reform process. Incumbents are punished for economic problems inevitably associated with these institutional changes, but economic chaos does not threaten basic support for democratic and free market reform.

Perhaps the rejection of Gorbachev, the incumbent, is simply the reverse side of popular support for democratic and free market reforms. In other words, Gorbachev's rejection in the mind of the citizen may be no more than a rejection of the antidemocratic and antimarket policies of the previous regime. Possibly, at this early period of the transition to democracy, the reformer, tainted by his association with the previous regime, receives the brunt of popular discontent with economic crises. In other words, was Gorbachev, as the incumbent, rejected because he was blamed for the economic chaos or because he was associated with the previous regime and perceived as not fully committed to reform? This distinction bears directly on the argument that citizens differentiate between institutions and incumbents. Finding that Gorbachev's unpopularity stems solely from his association with the previous regime would seriously undermine my argument that his decline in popular support was primarily the result of his inability to deliver the economic goods.

Certainly, contrasting the coefficients on many of the variables in the Gorbachev equation with those in the institutional reform equations might lead one to conclude that Gorbachev was rejected because of his association with the previous regime. Education is negatively correlated and confidence in traditional institutions positively correlated, with support for Gorbachev; these variables have exactly the opposite signs in the institutional reform equations. A more rigorous test, though, is to evaluate whether support for democratic institutions actually has an independent negative impact on Gorbachev's popularity. Was he rejected by citizens, not simply because of the deteriorating economy, but because he was unacceptable to democrats? I explore this possibility by estimating the independent impact that support for free elections has on the Gorbachev popularity variable. If Gorbachev's popularity dropped solely because he was closely associated in the minds of citizens with the old regime, then the inclusion of a support for democracy variable in this equation should significantly undermine the impact of the economic evaluation variables.

The second column of table 4 reports the regression results when support for free elections is added to the popularity equation. There is evidence that Gorbachev's popularity was disproportionately low among democrats, suggesting that he was closely associated with the previous regime. But the relationship is not overwhelming; the coefficient is  $-.10$  which is in the range of the coefficients for a number of the economic variables and much lower than the confidence in government variable in the equation. More compellingly, the importance of most economic variables in the model is not undermined by including the support for democratic reform

variable in the equation. As a result, we can reasonably conclude that, during the transition to democratic capitalism, incumbents' popularity may decline, not because of their association with institutional reform but rather because of mass perceptions that they have mismanaged the economy.

Even when we control for the fact that democrats are likely to reject Gorbachev for his association with the previous regime, Gorbachev's popularity remains sensitive to economic performance. Hence, even in this early period of the transition to democracy, there is evidence that citizens draw a distinction between the incumbent, who they tend to hold responsible for economic problems, and democratic reform, whose support is not undermined by economic chaos.

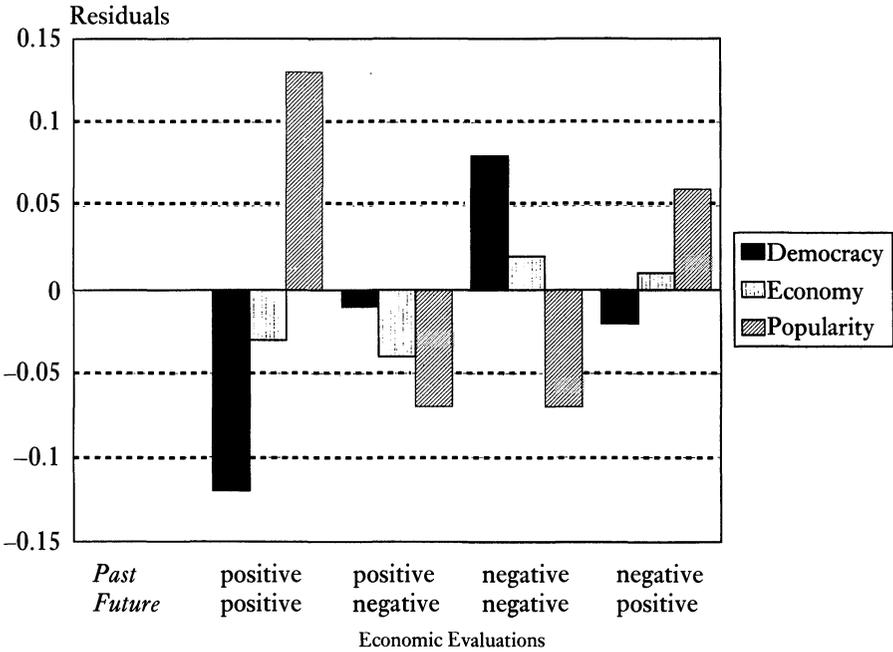
### *Incumbent versus Institutions Compared*

At least at this early period in the transition process, perceptions of economic hardships have a positive impact on support for institutional reform. And retrospective assessments seem particularly important in the minds of Soviet citizens. To illustrate this point I categorized respondents according to whether they had positive or negative assessments of the past and whether they had positive or negative assessments of the future.<sup>21</sup> I then estimated the free elections and free market equations excluding the economic perception variables. The residuals from those two equations are then compared for respondents who were positive on both prospective and retrospective variables, those positive on the future and negative on the past, those negative on the future and positive on the past; and those negative on both the future and the past. The results presented in figure 1 indicate two important patterns. First, with respect to support for democracy, the residuals are large and negative for the "positive future/positive past" group and are large and positive for the "negative past/negative future" group. Thus, to the extent that support for democratization is affected by economic assessments, it is only the case among those who have prospective evaluations that are consistent with their retrospective evaluations. There is no pattern in the residuals to suggest any independent prospective economic impact on support for institutional reform.

By contrast, the regression results suggest that citizens' evaluations of the incumbent are not solely determined by retrospective assessments of the economy. Figure 1 reinforces this conclusion. Here I compare the residuals from the Gorbachev equation (without the economic variables as described above) for the four combinations of economic evaluations. In contrast to the situation with institutional preferences, *prospective* assessments of the incumbent seem to matter most. Regardless of the respondents' retrospective assessments, positive expectations

<sup>21</sup>Positive assessments of the economic variables were defined as: retrospective living last year (three highest categories out of five); economy today (two highest categories out of three); shortage of goods and unemployment (three highest categories out of five); live better next year (three highest categories out of six); prices next year (three highest categories out of five); economy next year (two highest categories out of three).

FIGURE 1  
RESIDUALS FROM EQUATIONS WITHOUT ECONOMIC ASSESSMENT VARIABLES,  
EUROPEAN USSR, 1990



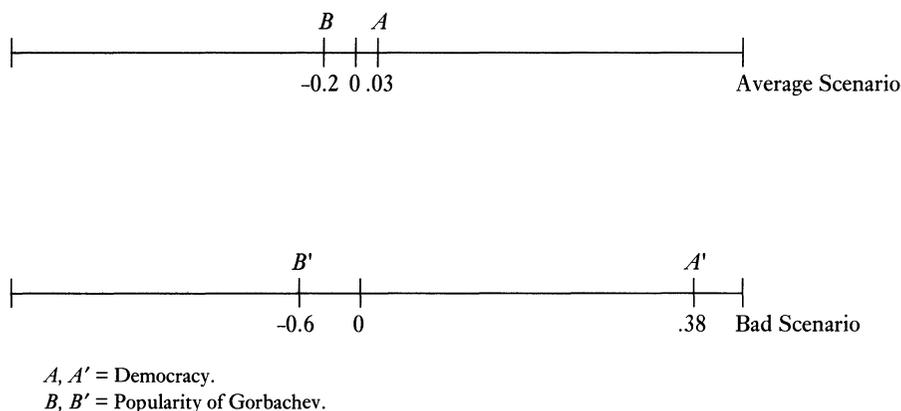
regarding the future economy results in favorable impression of Gorbachev and negative prospective evaluations of the economy generate negative assessments of Gorbachev.

Figure 1 reinforces the earlier conclusion that future expectations of a deteriorating economy have little consistent impact on support for institutional change but clearly undermine the popularity of incumbents.

*An Illustration*

These results leave little question that during the democratization process political preferences shift in response to changing perceptions of the economy. Of course, shifts in public opinion only matter to the extent that political elites are likely to respond to them. We can assume, though, that by 1990, when this survey was conducted, public opinion was beginning to play an important role in Soviet politics, because the proto-democratic institutions established by Gorbachev raised elite sensitivity to mass preferences. Hence, subjective assessments of the economy are most likely to matter when they shift the position of the median voter to such a

FIGURE 2  
GORBACHEV AND DEMOCRACY; SHIFTS IN MEAN SCORES,  
EUROPEAN USSR, 1990



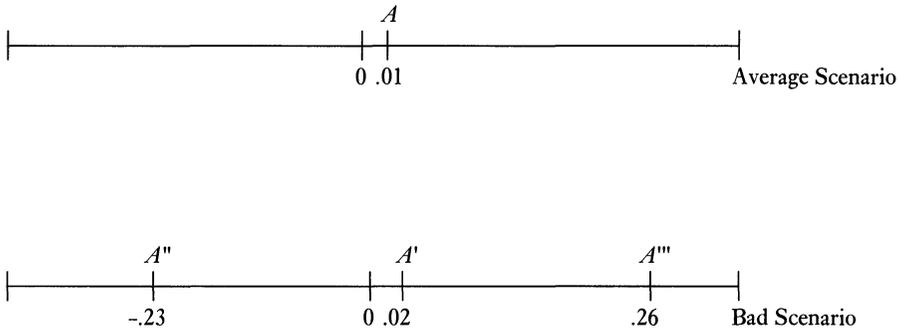
degree that political elites or potential coalition partners reassess where their optimal position should be on the particular issue.

Figure 2 and figure 3 provide a simulation of how mean preferences in a unidimensional space react when subjective assessments of the economy move from a neutral to a negative position. Three variables are included in this simulation: support for free elections, support for free markets, and the Gorbachev popularity variable. The continuum at the top of figure 2 presents the average Gorbachev popularity and democracy scores for the sample. The average democracy score ( $A$ ) is .03 and the average popularity score ( $B$ ) is  $-.02$ .

The lower continuum in figure 2 is the placement of the average citizen assuming that subjective assessments of the economy shift in a negative direction as outlined above. A deterioration in the economy actually shifts the average citizen in a positive direction to .38 on the “democratic” continuum; about two fifths of a standard deviation (position  $A'$ ). Incumbent popularity moves only slightly in the opposite direction in response to a deterioration in the economy, declining from  $-.02$  to  $-.06$  (Position  $B'$ ). Gorbachev’s popularity suffers as a result of evaluations of the economy (in particular, concerns about the economy next year) but benefits from fears of rising prices and mounting unemployment.

At this early period of the Soviet transition to democracy, as economic problems mounted, contending factions for political power would benefit by distancing themselves from the incumbent reformer, Gorbachev, and moving toward a strong prodemocratic position. There is no evidence that at the early period there were any substantial political pay-offs associated with adopting an antidemocratic policy position to exploit rising economic problems.

FIGURE 3  
ECONOMIC REFORM; SHIFTS IN MEAN SCORES,  
EUROPEAN USSR, 1990



$A$  = Position of citizens regarding free market reform.

$A'$  = Position when both sociotropic and pocketbook evaluations decline.

$A''$  = Position when only pocketbook evaluations decline.

$A'''$  = Position when only sociotropic evaluations decline.

Support for economic reform responds in a more complex manner to changes in subjective assessments of the economy. As was pointed out earlier, Soviet citizens responded differently to these reforms depending upon whether their economic point of reference was based on general evaluations of the economy or concern with rising prices. The top half of figure 3 indicates that the average free market score is .01.<sup>22</sup> If all of the statistically significant economic variables deteriorate, the average citizen's preferences essentially remain constant ( $A$  to  $A'$ ). The magnitude of this shift is diminished by the fact that citizens respond differently to the two types of economic effects which tend to cancel out their independent effects.

Figure 3 also provides scenarios that assume that only general economic assessments decline (position  $A'''$ ) or that only concerns with prices mount (position  $A''$ ). As figure 3 illustrates, however, the results are very different. When only general economic assessments decline, support for free market reforms increases by approximately one third of a standard deviation. Exactly the opposite effect results from rising concern about prices, with support for economic reform declining by one third of a standard deviation.

At this early period of the transition, political elites are presented with a rather difficult set of choices regarding their position on economic reform. On one hand, a general sense that the economy is doing poorly will shift the average citizen to a

<sup>22</sup>Note that the average economic scenario results in a highly skewed positive score on the market reform variable. In fact, respondents had a much more negative subjective assessment of the economy and therefore the average market reform score is actually much lower in the actual sample.

significantly more market reform position in issue space, which encourages political elites to position themselves in favor of economic reform. But, a growing concern with pocketbook issues, inevitably associated with free market reform, sends exactly the opposite signal to political elites. In this case it is more advantageous for them to adopt an antifree market reform position. On balance, the effect of economic evaluations on support for market reform is neutral.

### *Information, Elites and the Stability of Preferences*

Evidence thus far suggests that the citizenry of the former Soviet Union had a rather sophisticated perspective of the workings of democratic capitalism. I also hypothesized that this degree of sophistication is widely held and that there are no significant subgroups of the population that fail to make these distinctions between incumbents and institutions. In other words, regardless of what educational or status levels we examine, economic dislocation threatens incumbents but not democratic capitalism.

One variant of the argument was that the less informed or less educated might abandon democratic capitalism in light of poor economic performance. Table 5 addresses this argument by providing the coefficient estimates for the same equation reported in table 3, except here I have divided the population into the highest and lowest education categories (and hence education is left out of the equation). For the following analyses I only report results for three of the dependent variables: free elections, free markets, and Gorbachev's popularity. There are no differences in the results that would suggest that the less educated segments of the population are more likely to abandon democratic capitalism in the face of economic chaos.

The free market equations indicate differences between the two educational groups. Among the lowest educated respondents, none of the economic variables is significant. In the equation for the highest educated group, the coefficients suggest that the expectation of higher prices undermines support for capitalism among the better educated class. Hence, there is some indication that the better educated are more likely to abandon their support for free market reform in the face of economic hardships.

Even more interesting is the fact that, in the Gorbachev popularity equation, the less educated are more likely to punish the incumbent for economic hardships than is the case with the higher educated group. The "living last year" variable is much higher and significant in the least educated equation compared to the highest educated group. Thus, to some extent the *less* educated better fit the classic democratic model: they are less inclined to abandon democratic institutions in light of poor performance and are more inclined than the better educated to punish incumbents for a poor economy.

A second variant of the hypothesis is that nonelites might respond to economic chaos by abandoning democratic capitalism. Table 6 presents the results when

TABLE 5  
MODEL OF DIFFERENT EDUCATIONAL SUBGROUPS

	Free Elections		Free Market		Popularity of Gorbachev	
	Uncompleted	Completed	Uncompleted	Completed	Uncompleted	Completed
	Secondary	Tertiary	Secondary	Tertiary	Secondary	Tertiary
Gender	-.11 (.11)	-.23** (.08)	-.03 (.11)	-.27** (.09)	-.12 (.11)	.16 (.08)
Age	-.01** (.003)	-.003 (.003)	-.01** (.003)	.00 (.003)	.01 (.003)	.002 (.003)
Religion	.14 (.08)	.05 (.05)	.12 (.07)	.17** (.06)	-.07 (.08)	-.04 (.05)
Confidence	-.24** (.08)	-.42** (.07)	-.03 (.08)	-.20** (.07)	.47** (.08)	.59** (.06)
Economy today	.27** (.10)	.59** (.12)	.17 (.10)	.28 (.14)	.22 (.11)	.25 (.12)
Living last year	.09 (.06)	-.02 (.04)	-.10 (.06)	-.03 (.05)	-.20** (.06)	.03 (.04)
Shortage goods	.08 (.06)	.09 (.06)	.06 (.07)	-.01 (.07)	-.11 (.08)	-.09 (.06)
Unemployment	-.05 (.05)	.02 (.04)	-.02 (.05)	.01 (.05)	.03 (.05)	.06 (.04)
Live better?	.09 (.07)	-.04 (.04)	-.01 (.07)	-.04 (.05)	-.07 (.07)	-.04 (.04)
Prices rise	.16 (.10)	-.16 (.07)	-.16 (.10)	-.29** (.08)	.02 (.11)	.13 (.07)
Economy next year	-.13 (.08)	.04 (.06)	-.10 (.08)	.05 (.07)	-.19** (.08)	-.13** (.05)
Constant	.19 (.66)	.69 (.50)	1.4 (.65)	.03 (.67)	-.55 (.68)	-1.14** (.48)
Adjusted $R^2$	.25	.29	.10	.15	.37	.53
Number of cases	224	323	217	313	196	284

Note: \*\* $p < .01$ .

The economic evaluation variables are coded such that high values indicate negative evaluations.

opinion leadership is the control group.<sup>23</sup> The two groups respond somewhat differently to economic chaos, but not as elitist theories might predict. First, in the free election equation there are no differences on the economic variables between the two groups. In the free market equation, the “live better next year” variable is significant and much larger for opinion leaders than is the case for nonopinion

<sup>23</sup>Opinion leaders are defined as those who answer “often” in response to the question “When you hold a strong opinion, do you ever find yourself persuading your friends, relatives or fellow workers to

TABLE 6  
 MODEL OF DIFFERENCES BETWEEN OPINION LEADERS  
 AND NONOPINION LEADERS

	Free Elections		Economy		Popularity of Gorbachev	
	Opinion Leader	Not Opinion Leader	Opinion Leader	Not Opinion Leader	Opinion Leader	Not Opinion Leader
Gender	.07 (.10)	-.24** (.04)	-.22 (.11)	-.19** (.05)	.06 (.10)	-.02 (.05)
Age	-.00 (.00)	-.004** (.001)	.01 (.004)	-.01** (.002)	.01 (.003)	.003 (.01)
Education	.17** (.05)	.15** (.02)	.16** (.05)	.09** (.02)	-.12** (.04)	-.03 (.02)
Religion	.06 (.08)	.01 (.03)	.12 (.08)	.06 (.03)	-.16 (.07)	.06 (.03)
Confidence	-.31** (.08)	-.34** (.04)	-.31** (.08)	-.14** (.04)	.47** (.07)	.59** (.04)
Economy today	.70** (.16)	.31** (.05)	.67** (.17)	.21** (.05)	-.12 (.16)	-.02 (.05)
Living last year	-.05 (.05)	-.03 (.03)	-.06 (.05)	-.03 (.03)	-.03 (.05)	-.06 (.03)
Shortage goods	-.02 (.08)	-.03 (.03)	-.05 (.08)	.05 (.04)	.001 (.07)	-.05 (.03)
Unemployment	-.01 (.05)	.00 (.02)	.08 (.05)	-.01 (.02)	.02 (.05)	.07** (.02)
Live better?	-.06 (.05)	-.04 (.03)	-.16** (.06)	-.01 (.03)	-.06 (.05)	-.05 (.03)
Prices rise	-.02 (.09)	-.09 (.05)	-.23** (.09)	-.26** (.05)	.10 (.08)	.10 (.05)
Economy next year	.09 (.08)	.01 (.04)	-.004 (.08)	.02 (.04)	-.11 (.07)	-.16** (.04)
Constant	-1.04 (.64)	.57 (.28)	.67 (.67)	-1.20 (.59)	-1.20** (.59)	-1.00** (.28)
Adjusted R <sup>2</sup>	.26	.25	.23	.15	.40	.37
Number of cases	218	1,102	215	1,068	200	964

Note: \*\**p* < .01.

The economic evaluation variables are coded such that high values indicate negative evaluations.

share your views? If so, does this happen often, from time to time or rarely?" They are elites in Putnam's (1976, 160) sense of the intermediate political stratum, the important opinion leaders in society who are "a bridge between the rulers and the ruled by transmitting information in either direction and by providing explanations and justifications for elite policy." About 17% of the sample falls in the elite category.

leaders. Thus, opinion leaders are somewhat more likely to abandon free markets if they expect their living standards to decline.

In the popularity equation, two out of the seven economic variables are significant for nonopinion leaders but none of them are significant for opinion leaders suggesting, in a manner similar to the education breakdowns, that elites are less likely to punish incumbents while nonelites are more likely to do so (although note that the unemployment variable is positive in the nonelite group). We need to exercise considerable care here because there are many more nonelites than elites in the sample which is a likely explanation for the differences in significance levels across groups. At the very least we can conclude that nonelites are not less likely to punish incumbents for poor economic performance.

Thus, there is no empirical basis here for the contention that elites might respond in a more “democratic” manner than nonelites to economic chaos. In fact, there is some evidence that nonelites are less likely to abandon democratic institutions in the face of poor governmental performance.

Earlier I provided evidence that citizens do not abandon institutional reform in the face of economic decline but rather focus their anger on incumbents. In this section I evaluated the robustness of this relationship, demonstrating that in fact it holds up in the less informed and nonelite segments of Soviet society. Rather surprisingly, to the extent that any group in society is likely to abandon democratic capitalism in the face of economic chaos it is the better educated and elites. Also surprising, is the fact that Gorbachev’s popularity among the less educated and nonelite segments of society seems more sensitive to economic evaluations than is the case with the better educated and elite groups. Thus, these results confirm that the average citizen is rather sophisticated about the workings of democracy.

#### *Comparative Evidence from Poland, Hungary, and Czechoslovakia*

One can reasonably make the argument that these results are unique to the former Soviet Union and more particularly to the early period of transition to democratic capitalism, before economic chaos reached its zenith. Hence, in this section I evaluate the hypotheses employing data from other transition regimes where economic dislocation was more severe. When our survey was conducted in 1990 in the Soviet Union, the other former communist regimes of East and Central Europe had already proceeded further in the direction of both democratic and free market reform. Moreover, they had also witnessed somewhat more serious economic hardship because of the economic reforms they had implemented and because of the collapse of Comecon trade. Table 7 presents comparative figures on percent change in economic output or production for the former Soviet Union, Poland, Hungary, and Czechoslovakia. First, it should be pointed out that by 1990 when our Soviet survey was conducted the USSR’s economy had already experienced a 4% decline in net material product which was more serious than Hungary. Second, all four countries during this three-year period (1989–1991) had experienced considerable economic misery.

TABLE 7  
COMPARATIVE GROSS DOMESTIC PRODUCT GROWTH RATES, USSR,  
CZECHOSLOVAKIA, HUNGARY AND POLAND, 1992

Country	1989	1990	1991
CSFR	1.0%	-4.0%	-16.0%
Hungary	-.2	-3.3	-10.0
Poland	.0	-11.6	-9.0
Former USSR	2.4	-4.0	-17.0

Source: Data are from the Vienna Institute for Comparative Economic Studies database, national sources and OECD projections. The data were originally presented in OECD (1992, 41).

To evaluate the generalizability of the Soviet findings, table 8 presents the estimates for equations similar to those presented in table 3. The empirical findings are based on a mass survey of Hungary, Czechoslovakia, and Poland conducted in 1991 by the Times Mirror Center for the People and the Press.

The socioeconomic variables in the model resemble those from the Soviet equations: age, education (level), religiosity (frequency of attendance), and gender. Confidence in established political institutions is measured by the mean evaluation score received by four institutions: the Church, Parliament, unions, and the courts.<sup>24</sup>

Unfortunately I am not able to replicate exactly the measures of economic perception employed in the Soviet sample. Three variables in the equations in table 8 measure general assessments of the individual's life situation in the past (retrospective pocketbook), now (contemporaneous pocketbook), and in the future (prospective pocketbook).<sup>25</sup> Similarly, three variables measure the respondent's assessment of the country's overall situation (retrospective, contemporaneous, and prospective sociotropic). Thus, the questions tapping perceptions of economic well-being are less specifically "economic" in nature, but nevertheless I believe they are reasonable approximations. I have also included three other specifically economic variables: concern with meeting expenses ("money shortages"), general satisfaction with financial circumstances, and employment status (employed versus unemployed).<sup>26</sup>

Regression results for these three dependent variables are reported for each of the countries in table 8. Support for democracy is measured by approval of the

<sup>24</sup>Confirmatory factor analysis indicated that evaluations of these four institutions loaded highly on a single factor.

<sup>25</sup>An example wording of the question is: "Here is a ladder representing the 'ladder of life.' Let's suppose the top of the ladder represents the best possible life for you; and the bottom, the worst possible life for you. On which step of the ladder do you feel you personally stand at this present time?" The "ladder of life" as represented in a handcard had 10 positions ranging from worst to best.

<sup>26</sup>The two subjective questions concerning personal financial conditions read as follows: "I often don't have enough money to pay my usual expenses." "I'm pretty well satisfied with the way things are going for me financially." The response set was: completely agree, mostly agree, mostly disagree, completely disagree. The employment question read as: "Are you currently employed outside your home?"

TABLE 8

## REGRESSION RESULTS FOR CZECHOSLOVAKIA, HUNGARY AND POLAND, 1991

	Czechoslovakia			Hungary			Poland		
	Multiparty Elections	Free Markets	Presidential Popularity	Multiparty Elections	Free Markets	Presidential Popularity	Multiparty Elections	Free Markets	Presidential Popularity
Gender	-.28** (.07)	-.11 (.06)	.04 (.07)	-.29** (.06)	-.30** (.05)	-.04 (.07)	-.24** (.06)	-.17** (.05)	-.07 (.06)
Age	-.00 (.00)	-.00 (.00)	-.01 (.00)	-.00 (.00)	.00 (.00)	-.01** (.00)	.00 (.00)	.00 (.00)	-.00 (.00)
Education	.28** (.04)	.20** (.04)	.07 (.05)	.33** (.04)	.22** (.03)	-.02 (.04)	.09** (.01)	.07** (.01)	.02 (.02)
Religion	-.06 (.03)	-.08** (.03)	-.08 (.03)	-.05 (.03)	-.01 (.03)	.08** (.03)	-.08 (.03)	.02 (.03)	.19** (.03)
Confidence	.22** (.07)	.27** (.05)	.42** (.07)	.10 (.05)	.05 (.04)	.40** (.05)	-.00 (.05)	.04 (.04)	.30** (.05)
Personal past	-.02 (.02)	-.00 (.02)	-.08** (.02)	.01 (.02)	.00 (.02)	-.01 (.02)	.00 (.02)	-.01 (.01)	-.04 (.02)
Personal now	.01 (.03)	.01 (.02)	.02 (.03)	-.03 (.02)	.04 (.02)	.03 (.03)	.03 (.02)	.02 (.02)	.00 (.00)
Personal future	.04 (.02)	.05** (.02)	.03 (.02)	.01 (.02)	.01 (.01)	-.01 (.02)	-.01 (.02)	.02 (.01)	.03 (.02)

Country past	-.06** (.02)	-.09** (.02)	-.13** (.02)	-.09** (.02)	-.04 (.02)	-.06** (.02)	-.02 (.02)	-.07** (.01)	-.09** (.02)
Country now	.00 (.02)	.04 (.02)	.15** (.03)	.05 (.02)	-.01 (.02)	.09** (.03)	-.03 (.02)	.03 (.02)	.10** (.02)
Country future	.04 (.02)	.05** (.02)	.10** (.02)	.04 (.02)	.04 (.02)	.10** (.02)	.03 (.02)	.04** (.01)	.07** (.02)
Employment status	-.22** (.08)	-.14 (.07)	-.01 (.08)	.04 (.07)	.16** (.07)	.03 (.08)	-.11 (.06)	-.05 (.05)	.06 (.07)
Satisfaction with finances	.01 (.05)	-.03 (.04)	-.07 (.05)	.02 (.04)	.01 (.03)	-.07 (.04)	-.04 (.04)	-.02 (.03)	-.04 (.04)
Money shortages	-.05 (.04)	.07 (.04)	.01 (.05)	.06 (.04)	.03 (.03)	-.00 (.04)	.00 (.04)	.06 (.03)	.00 (.04)
Constant	3.20** (.42)	2.43** (.35)	2.04** (.43)	.2.79** (.34)	2.97** (.30)	2.04** (.36)	3.47** (.30)	3.37** (.25)	2.33** (.31)
Adjusted R <sup>2</sup>	.15	.25	.29	.15	.13	.22	.08	.14	.17
Standard error	1.07	.86	1.09	.94	.82	1.00	1.09	.90	1.13
Number of cases	899	899	899	975	974	964	1,470	1,470	1,462

Note: \*\* $p < .01$ .

With one exception (satisfaction with finances) all the economic evaluation variables are coded such that high values indicate positive evaluations.  
Source: Times Mirror Center for the People and the Press, 1991.

country's transition to a multiparty system.<sup>27</sup> The second dependent variable in the analysis is based on approval or disapproval of the establishment of a free market economy.<sup>28</sup> Finally, incumbent popularity is measured by approval or disapproval of the performance of the country's president.<sup>29</sup>

The parameter estimates in table 8 indicate a number of strong similarities with the former Soviet Union. First, women are consistently less likely than men to support either democracy or free markets—in only the Czechoslovakian free market equation is the coefficient not statistically significant. In all of the equations, the better educated are more likely to embrace democratic capitalism; a finding that is without exception in models of support for democracy and capitalism (for example, see Duch 1993; Gibson and Duch 1993). By contrast, education has no impact on presidential popularity in the three countries. Religion does not have a consistent pattern across these three countries. In Hungary and Poland incumbent presidents are favored by religious believers.

Probably because these three countries have more established democratic institutions, the correlation between confidence in institutions and the dependent variables assumes somewhat different meaning than in the Soviet context. In Czechoslovakia its correlation with support for democracy and free markets is positive, in contrast to the negative correlation in the Soviet Union. This suggests that the newly adopted Czechoslovakian democratic institutions had assumed the status of established political institutions in the minds of the citizens. On the other hand, confidence in established institutions has a strong positive relationship with presidential popularity in all three equations, which is exactly the same correlation we found in the case of Gorbachev's popularity. This seems to indicate that citizen's evaluations of existing institutions is influenced by, or influences, the incumbent president's popularity.

But our primary interests here are the coefficients for the economic variables which generally support my contention that bad economic performance tends to undermine incumbent popularity but has little impact on support for democratic capitalism. First, there is a very interesting pattern of results in table 3, table 4, and table 8 that confirms the notion that citizens blame the past regime for economic

<sup>27</sup> Respondents were asked their degree of approval or disapproval of the following statement: "Overall, do you strongly approve, approve, disapprove, or strongly disapprove of the change in [COUNTRY] to a multiparty system?" "Don't know" responses are treated as a middle category between approve and disapprove.

<sup>28</sup> Respondents were asked their degree of approval or disapproval of the following statement: "Overall, do you strongly approve, approve, disapprove, or strongly disapprove of the efforts to establish a free market economy in [COUNTRY]?" "Don't know" responses are treated as a middle category between approve and disapprove.

<sup>29</sup> Respondents were asked the following question: "Do you strongly approve, approve, disapprove or strongly disapprove of the way Lech Walesa is handling his job as president?" In the analysis "Don't know" responses were treated as a middle category between approve and disapprove.

failure. To the extent that the transition to democratic capitalism is more advanced in the East European countries than in the former USSR, the lag effect of economic assessments on support for democratic capitalism should be greater for Hungary, Poland, and Czechoslovakia than is the case for the former Soviet Union. This is exactly what results in table 3, table 4, and table 8 indicate. In the Soviet equations, those who perceive the economy today as performing poorly are more likely to support democratic capitalism. Respondents in East European samples who have negative perceptions of the country's situation five years ago are more likely to support democracy and free markets (confirming the earlier results of Duch 1993) while assessments of the country's performance today has no impact on support for institutional reforms. The point here is that present evaluations of the country's performance have an impact on support for democratic capitalism in the former Soviet Union because the policies of the old regime remained in effect. On the other hand, present evaluations of the country's performance have no impact in the East European countries because they had moved much further in a transition that renounced the policies of the old regime. This suggests that as time progresses, democratic capitalism may no longer benefit from the memory citizens have of the economic policies pursued by the previous regime.

In all three countries there is a consistent pattern of relationships for the presidential popularity equations. Incumbent presidents tend to be supported by those who have negative evaluations of the country's past performance—the retrospective sociotropic variable is significant and negative in all three popularity equations. We would expect this to be the case because these governmental incumbents presented themselves to the public as opponents of the old regimes' policies. But in the Soviet Union, where Gorbachev had a difficult time distancing himself from the old regime, negative retrospective evaluations undermined his popularity. I would not expect incumbents to be able to escape responsibility for contemporaneous or future economic conditions. This is confirmed by table 8 results. In all three countries, incumbent presidents are less popular among those with negative contemporaneous and negative prospective evaluations of the county's performance. In each country, the relative impact of the economic evaluations resembles the pattern we observed in the Soviet case with the exception that Gorbachev, who had ties to the old regime, was less popular among those who rate negatively retrospective economic performance. Thus, as I have argued, incumbents in these newly democratizing nations are clearly punished for poor performance.

There is some evidence that economic assessments affect support for free market reform, but the correlations are weak and inconsistent across the three country samples. Retrospective assessments of country performance are, as hypothesized, negatively related to free market support in Czechoslovakia and Poland. Inconsistent with my argument are the positive correlations between prospective evaluations of the country's performance and support for the market in Czechoslovakia and Poland. In Hungary there is a correlation between the employment variable

and support for free markets, but the sign indicates that those without work are more likely than those with employment to favor capitalism. Thus, although considerably weaker than in the case of presidential popularity, there is some evidence that support for free markets is sensitive to economic evaluations.

With respect to support for multiparty elections, economic evaluations have virtually no impact. The one exception is the multiparty equation in Czechoslovakia where those without employment are significantly less likely than those employed to support multiparty elections.

This analysis of the East European samples is intended to assess the generalizability of the findings from the Soviet Union. On balance, they indicate that public preferences for democratic capitalism in other transition regimes are only slightly affected by economic chaos. To the extent that economic assessments affect support for institutional reform, they have a small and somewhat inconsistent affect on support for capitalism but not public enthusiasm for democracy. Public support for incumbent presidents, on the other hand, is very sensitive to future assessments of the country's performance. The East European results attest to the generalizability of the results across national contexts and also speak to the generalizability of the argument across different levels of economic chaos.

#### CONCLUSION

There is a tendency in much of the literature on democratization to suggest that democracy is fragile; that it may founder if imposed on societies with inappropriate political cultures or it is very sensitive to environmental crises such as economic chaos. Mueller (1992) recently argued that democracy is more robust than the literature indicates: "democracy is not terribly difficult to institute and no elaborate prerequisites are necessary for it to emerge" (1992). The results presented here tend to support the argument that democracy, even a nascent democracy like that found in the former Soviet Union, is quite robust. The evidence is two-fold. First, economic hardships lead citizens to punish incumbents but have only limited impact on their support for democratic capitalism. Even citizens in young democracies are able to draw the distinction between the legitimacy of institutions and their dissatisfaction with the incumbents who govern. Second, these democratic attributes are distributed widely throughout the former Soviet Union. It is not the case that significant pockets of the population are unable to draw these distinctions between institutions and incumbent performance in office. There are some small differences in how the educated versus uneducated, and the elite versus nonelite, segments of the population respond to economic chaos. But these differences suggest that the commitment to democratic capitalism of the educated and elite segments of society is more sensitive to economic chaos than is the case with the less educated and the nonelites.

There is also a tendency for observers to believe that the ordinary citizen cannot distinguish between institutions and incumbents. If popular support for democratic

leaders declines, there is a tendency to interpret this as declining popular support for democratic and free market institutions (witness the response to the recent Russian elections of December 1993). Hence, the West has invested considerable effort in supporting incumbents, Gorbachev and Yeltsin, who endorsed democratic capitalism. But the evidence suggests that Soviet citizens make sharp distinctions between incumbents and institutions. Their support for incumbents will decline in response to poor economic performance, but the economy has limited implications for their support for democratic and free market institutions.

These results are relevant to the debate regarding the appropriateness of the “no pain–no gain” or “Big Bang” approach to dismantling the command economies of former communist regimes. The Polish model of rapid introduction of free market reform has been criticized because it bypassed representative institutions and it failed to provide for an appropriate safety net for the many citizens that were negatively affected by these initiatives. Przeworski (1993) argues that the net result of this “technocratic” approach was to seriously undermine popular support for democratic institutions.<sup>30</sup> The Soviet findings take issue with this argument. The average citizen in this sample distinguishes between the institutions of democratic capitalism and the performance of elected incumbents. Their dissatisfaction with economic performance will seriously undermine their support for these selected incumbents but will have only limited impact on their support for the basic institutions of democratic capitalism. Some have argued that support for institutional reform may withstand economic chaos for only a certain period of time after which citizens begin to blame democracy and capitalism for their plight (Przeworski 1991). By testing my argument in countries in two different phases of the transition period I demonstrate that this is unlikely to be the case. There is, though, a difference between the Soviet Union and the East European results that suggests how time might undermine the level of enthusiasm for democratic capitalism. In 1990 in the former Soviet Union, democratic capitalism was disproportionately favored by citizens who considered that the overall economy, at the time of the survey, was performing poorly. Thus, democratic capitalism received extra support from those who associated poor economic performance with the old regime. The contemporaneous effect does not exist in East Europe, probably because the current economic situation was clearly associated with the new regime. On the other hand, democratic capitalism still received an extra boost of support from those who perceived the country as doing poorly over the past five years. This indicates that as countries progress further along in the transition process, citizens’ recollection of the poor

<sup>30</sup>Przeworski (1993) conceptualizes democratic institutions differently than I do in this essay. He measures confidence in specific institutions such as the Sejm (the Polish legislature), the church or Solidarity. My measures are more general, focusing on competitive elections and free speech, for example. Przeworski interprets declining confidence in the Sejm as an indication of declining support for democratic institutions. I would not interpret this as an indication that the Poles were abandoning democracy any more than I would interpret declining support for the U.S. Congress as an indication that Americans were rejecting democracy.

economic performance of the communist regime will provide less and less of a boost to their support for democratic capitalism. Hence as time progresses, political actors will find it less and less effective to employ the specter of a return to the status quo as a rallying cry in support of democratic capitalism. But, this does not mean that citizens who are unhappy with the economy will abandon democratic capitalism—there is little evidence here for such a claim.

Throughout this discussion I have treated preferences for democracy and capitalism as being very similar. My rationale for doing so is two-fold. First, these were the critical institution building issues that dominated the political agenda during the transition from communism. Second, earlier research suggests that preferences for democracy and capitalism are shaped by similar factors (Duch 1993). Overall, the results presented here tend to support the argument that at least during this early period of transition from communism, preferences for democracy and capitalism respond similarly to economic chaos. Nevertheless, there is some limited evidence to suggest that free market institutions may be vulnerable to the effects of economic chaos. In the Soviet free market equation, those concerned about rising prices next year were much less likely to support free market reforms. In the East European equations, there was some evidence of antagonism to capitalism among those expecting the country to perform poorly in the future. But the evidence supporting such an argument is very limited and overwhelmed by findings pointing to the opposite conclusions. Hence, any argument that popular endorsement of capitalism in these countries might collapse with citizens remaining committed to democracy will require considerably stronger empirical support than the few exceptions reported here.

The distinction between incumbents and institutions is critical for understanding the recent election outcomes in the former communist regimes. Because this distinction is often ignored, the impact of mass preferences on democratization is often incorrectly characterized. Democracy, if it is anything, is the opportunity for citizens to throw the rascals out (Riker 1982). The dilemma for the former communist regimes is that this process is painful, and therefore incumbents will quickly antagonize many citizens (Przeworski 1991). The results reported here indicate that citizens do blame incumbents for poor economic performance. Thus, incumbents are likely to face unhappy voters and therefore fail to win reelection. In the case of recent election outcomes, such as those in Russia, Lithuania, and Poland, this is interpreted as a sign that the citizens are becoming disillusioned with democratic capitalism. This is not the case. Citizens abandon incumbents who have championed the cause of democratic capitalism, not because of their support for institutional reform, but because of policy outcomes, in particular how economic reforms are being implemented and the performance of the economy. Voters embrace other candidates or parties, not because they are antidemocratic or anticapitalist, but because they represent an alternative to the incumbent. This is illustrated by the fact that the parties that have succeeded because of popular unhappiness with

the incumbent—Zhirinovsky's Liberal Democrats in the recent Russian elections and the former Communists in the Polish elections—have not presented election platforms that call for the end of democratic capitalism. On the other hand, they have been extremely critical of the performance of the incumbents. These parties may in fact turn out to be antidemocratic or anticapitalist, just as many popularly elected governments have succumbed to antidemocratic ways (a recent example is Fujimori in Peru). But it is important to recognize that they were not elected with a mandate to abandon democratic capitalism.

Political actors in these new democracies will not seek office based on explicit antidemocratic platforms. But of course there is no assurance that once in office a Zhirinovsky, for example, will not abandon democratic capitalist institutions. The best insurance against the dismantlement of democratic capitalism is a set of very transparent political institutions that make it extremely difficult to renegotiate them without popular consent. While there are acceptable alternatives to incumbents, there is unlikely to be an alternative to democratic capitalism that commands the support of the mass public.

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