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The Inequality of Participation: Re-examining the Role of Social Stratification and Post-Communism on Political Participation in Europe*

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Abstract: This article compares the determinants of political participation, from voting and signing petitions to boycotting, across 23 European countries, posing the question whether and to what degree social inequalities in political participation differ between post-communist and Western countries. The data for the analysis is from the second round of the ESS survey, conducted in 2004–2005. The analysis focuses on the role of education, occupation, and gender in shaping the chances of engaging in political action, while also controlling for a range of sociological, political, and demographic variables. Interaction effects between individual variables and a post-communist dummy variable are used to directly compare the statistical significance of the difference in coefficients between post-communist and Western countries. The article finds that the observed effects of the post-communist context are actually accounted for by the indirect effects of a number of individual-level variables. In particular, education, occupation, and gender have stronger effects in post-communist countries than Western countries on many forms of political participation; in other words, the post-communist countries exhibit somewhat larger inequalities in political participation than in the West.

Keywords: political participation, political behaviour, social inequality, social stratification, post-communism


Introduction

In most democracies around the world, citizens have a range of mechanisms, in addition to elections, through which they can voice political discontent or satisfaction, influence political decision-making, or bring about policy change. Civic initiatives, petitions, boycotting, demonstrating, and joining civic and po-

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Political organisations are some of the ways citizens can make their voice heard. Numerous scholars have argued that such forms of non-electoral political participation can have an important influence on a democratic political system: they help ensure the accountability of public officials by providing information about citizens’ preferences [Innes and Booher 2004]; they can improve decisions by incorporating citizens’ local knowledge and experience [Fischer 2000]; and they can help remedy political injustice in decisions by providing a voice for the less advantaged [Fraser 2003, 2008]. Thus, a number of democratic theorists envision that the proper institutionalisation of different avenues of political participation should reduce political inequalities that are known to exist in electoral processes, rather than increase inequalities by providing new ways for the well off to secure advantages.

The degree to which citizens as a whole participate in politics has become a pressing issue in many countries where voter turnout and civic engagement have been undergoing long-term decline. In post-communist countries, debates about political participation are often rooted in Marc Morjé Howard’s ‘weakness of civil society’ hypothesis, according to which citizens in post-communist countries exhibit lower levels of civic and political engagement compared to other democracies due to the persistence of friendship networks in the region, the lack of trust towards others outside of those networks, the legacy of distrust towards communist organisations, and disappointment with post-communist politics [Howard 2002, 2003]. Howard’s results also complement a large literature on the problems of democracy building in post-communist countries, particularly the problems of citizen apathy and disillusionment [e.g. Smolar 1996; Greskovits 1998; Ekiert and Kubik 2001; Mihaylova 2004]. While those results are now the common wisdom about post-communist politics, we should question – two decades since 1989 – whether and how the communist legacy continues to exert a strong influence on non-electoral political participation.

Many analyses of non-electoral political participation in Central Europe seem to focus on how much people participate, such as how many civic associations people are members of, growth in the size of civil society, and what political capacities those civic associations have [Frič 2004; Rakušanová 2005, 2008; Vajdová 2005]. While those are important issues, civic participation needs to be clearly differentiated from political participation, and that not all people engage in political action via organised interest groups. Further, the issue of how much people participate in civic or political action should not blind us from the equally important issue of who participates and what kinds of socio-demographic characteristics those people have. Insofar as systems of social stratification differentiate people’s social status into higher and lower, status differences in political participation can also be understood as inequalities of participation.

The inequality of political participation should be seen as a fundamental problem of any democratic political system. One of the major tenets of democratic equality among contemporary political theorists is that everyone whose
interests are affected by political decisions should be included in the process of making them [Young 2000; Shapiro 2001; Fraser 2003]. Even in countries that guarantee political equality through complex systems of political and civil rights, the effective ability of all citizens to make use of those rights can vary. If the effective use of opportunities for political participation is socially stratified, and if that stratification is widespread and exhibits patterns of regularity, then we can say that there is inequality in political participation in that situation [Schlozman, Verba and Brady 1995, 1999]. Such inequalities can emerge from differences in the economic resources needed to cover the opportunity costs of participation [Parry, Moyser and Day 1992; Rosenstone and Hansen 2003], due to differences in information and knowledge between different groups and due to the broader problems of inequality and exclusion in the society at large.

It might seem intuitive to expect that inequalities in political participation would be lower in post-communist countries compared to Western Europe, due to the breadth of democratic opposition movements the region has witnessed and due to the egalitarian legacy of the past communist regimes. However, this article anticipates that that intuition is wrong. Political participation is also influenced by the openness of the political system, the perceived efficacy of participation and possibilities for political change. The article thus hypothesises that inequalities in political participation are likely to be higher in post-communist countries, as respondents of lower status are more likely to see the political system as closed and unresponsive to the concerns of ordinary people.

In a broader light, this article contributes to the emerging literature on the determinants of political participation at the individual level [Mutz 2006; Gallego 2007; Caínzos, Ferrin and Voces 2007]. If social stratification factors like income and education shape inequalities in voter turnout, do those factors shape, to the same degree, inequalities in other political actions? Are factors like social trust and networks associated with some forms of political participation more than others – and do such associations differ between countries? Above all, what differences are there in the determinants of political participation between Western and post-communist countries, and what do they tell us about political inequality? This article takes a step forward in assessing the role of social stratification, the post-communist context, and other factors on different forms of political participation across 23 West, Central, and East European countries, by making use of the second wave of the European Social Survey (ESS), conducted in 2004–2005.1

The article is organised as follows. The following section reviews the international literature on the determinants of political participation. The subsequent

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1 Only 23 of the 25 ESS countries are included in the analysis below. Since the article focuses on the comparison of political participation between Western European and post-communist countries, Turkey is excluded, as it does not easily fit into that comparative framework. In addition, the French ESS questionnaire excluded a question that is part of a composite measure of social networks, and thus the French data are also excluded.
section then outlines the hypotheses to be tested in the analysis, as well as the data and methods used. The presentation and interpretation of the analysis is then followed by a set of concluding reflections about differences in inequalities of political participation between the two sets of countries examined.

**Who participates? A brief overview of the literature**

Since the publication of Mancur Olson’s *The Logic of Collective Action* in 1965, political scientists have tended to view organised civic and political participation as problems of collective action. Citizens can ‘free ride’ by receiving the benefits of strong civic organisations and political institutions, while not contributing the time and resources needed to realise those benefits. For example, workers may benefit from the services that trade unions can offer (wage bargaining, the defence of workers’ interests) but may be not willing to financially support unions, particularly if they think that their contribution will have a negligible impact on what the union does. To solve the free rider problem, Olson observed that unions provide a number of ‘non-collective incentives’ (membership-based benefits) to entice workers to join; alternatively, they can also force workers to join by having government require that workers become members.

The free rider problem can also be applied to forms of political participation like voter turnout. If citizens believe that voting is costly (e.g. in terms of time and energy) and that their decision to vote would have a negligible impact on the electoral outcome, we would expect that voter turnout would be much lower than it actually is. Aldrich [1993] thus posed the question of whether rational choice theories can explain who and why people vote in the numbers that they do. A core premise of such theories is that the expected utility of voting for individual voters must be higher than the aggregate costs of turnout. Different voters in different contexts or life situations will have different expected utilities, and thus different turnout rates. While not rejecting the rational choice approach, Aldrich argued that turnout can be high because the benefits and costs of voting for many citizens are very small. In terms of stratification, poorer and lower-status voters might have higher opportunity costs of voting than voters with higher income and status. In sum, the decision to participate in an election can be due to very small variations in benefits and costs, such as the time and costs of travelling to the poll, or whether or not there is bad weather on Election Day. Those arguments have spurred a large literature on the role of institutional and legal conditions that can significantly impact the calculus of voting.

Opposed to the rational choice approach, social status-based explanations of participation focus on the role of stratification variables like income and occupation in shaping people’s decision to vote. In *Who Votes?* [1980], Wolfinger and Rosenstone found that, within their model, receiving a high school diploma leads to a roughly 22% increase in the probability of voting across income groups,
whereas going to college also increases turnout, but more so for people of lower income. In terms of the effect of age, they challenged the view that age has a strong non-linear effect on voting (i.e. increasing with age, but then declining as voters become very old), observing instead that the lower turnout rates among the very old are not due to age per se, but due to differences in education, marital status, and sex. Earlier studies by Glenn and Grimes [1968] and Verba and Nie [1972] also identified interaction effects between age and other demographic variables. While these studies are relatively old, they set the groundwork for the kinds of social and demographic variables to be tested in explanations of turnout.

While sociological studies often focus on the statistical significance of individual demographic factors, Matsusaka and Palda [1999] contended that the focus of the analysis should rather be placed on the overall explanatory power of such models. Using survey and aggregate data for four Canadian national elections from 1979 to 1988, they found that a long list of demographic variables (age, income, education, gender, community size, occupational status, etc.) can explain no more than 15% of the variation in turnout. In other words, ‘although individuals with certain demographic characteristics have higher propensities to vote (more educated and older people, for example), and contextual factors such as campaign expenditures have significant positive effects on an individual’s likelihood of voting, the overall ability of these variables to organize the data is weak’ [ibid: 432]. Since most of the variation in turnout cannot be explained, i.e. turnout is more or less random in nature, they conclude that the inability to explain turnout supports rational choice theory. According to Aldrich, voting behaviour hinges on relatively small factors like traffic conditions on Election Day; since such factors are basically immeasurable, turnout at the individual level should appear unpredictable and variable, which is precisely what Matsusaka and Palda observed.

Research on non-electoral political participation often differentiates such behaviour into two types: conventional political action and protest activity. Conventional action involves attending meetings, working for political organisations, joining political parties, contacting officials, etc. Besides demographic characteristics, scholars have (not surprisingly) found that citizens’ interest in politics is a key determinant of whether or not they would be willing to participate in political action. Schlozman, Verba, and Brady’s critique of rational choice theories of participation was based on the claim that activists do not participate out of material benefits, but because of the feeling of civic duty, ‘civic motivations and a desire to influence policy’ [Schlozman, Verba and Brady 1995: 32]. Similarly, citizens who believe that government is responsive to citizens’ needs are thought to be more willing to participate compared to others [Teixeira 1992; Rosenstone and Hansen 2003].

Scholars have also claimed that social characteristics influence probabilities of participation as well. Schlozman, Verba, and Brady [1995] contended that explanations of political participation need to go beyond analysis of social status to
examine the role of civic capacities and skills, such that citizens who are better at organising or speaking would be more likely to participate in certain forms of political action. Research on social capital has found that social connections, such as the size of friendship networks, would lead to more participation in political life [Almond and Verba 1963]. Similarly, Bădescu, Sum, and Uslaner [2004] found that social trust contributes to the chances that citizens – in the case of Romania and Moldova – would become politically active in their communities.

By contrast, some scholars claim that citizens who participate in protest activities are thought to have different stratification and attitudinal characteristics than those who participate in conventional actions. Most of the research on protest activities has come from the social movement literature. For example, it can be contended that people who protest are those who have become dissatisfied with political and economic conditions or the way government has handled specific issues [McAdam, McCarthy and Zald 1996]. Protesters also differ in their value systems and are more likely to hold post-materialist values, such as demonstrating in order to protect encroachments on the freedom of the press [Inglehart 1990; Bean 1991]. Generational factors may also play a role, as young people may be more likely to protest than older citizens [Bean 1991; Dalton 2002].

Against the stratification approach, Norris, Walgrave, and Van Aelst [2005] argue that protesting is simply one form of participation among others, i.e. that the form of participation citizens choose is based on strategic decisions of efficacy and not based on the ‘type’ of person the protester is. As a result, those scholars predict that there should be a great deal of similarity between people who engage in conventional and protest activity, such as in their political interests, attitudes, and political orientations.

From the literature above, it is clear that an analysis of inequalities in political participation cannot simply focus on conditions like education and income in shaping participation. Rather, such factors need to be supplemented with control variables on social trust, social networks, satisfaction with politics, and so on. While the inclusion of such control variables will likely weaken the effects of the stratification variables, they at the same time provide a clearer picture of the kinds of conditions that determine the chances of engaging in different forms of political action.

Data, hypotheses, and methods

The data for our analysis of the determinants of political participation come from the second round of the ESS, conducted in 2004 and 2005. Compared to other social surveys, the ESS is relatively theory-driven and is designed to create data that can explain the interaction between institutions, beliefs, and behaviour across the European continent. The third round of the survey was conducted in 2006–2007, but the final international data file was not yet completed in time for this analysis.
ESS is an ideal survey to use because it contains a core module focused on social variables like media use, social trust, political interest, political participation, political orientations, social values, and demographic and stratification background variables. The variables for political participation are all binary YES/NO questions, and thus binary logistic regression was used as the main method of analysis. The dependent variables include:

- VOTE: Did you vote in the last [country] national election in [month/year]? (‘national’ refers to the primary legislative body; in the Czech case this is the June 2002 elections to the House of Deputies). Response: Yes = 1, No = 0.

The non-electoral forms of participation are measured by asking ‘During the last 12 months, have you…’

- CONTACT: ‘…contacted a politician, government or local government official?’
- WRKPP: ‘…worked in a political party or action group?’
- WRKORG: ‘…worked in another organisation or association?’
- BADGE: ‘…worn or displayed a campaign badge/sticker?’
- PETITION: ‘…signed a petition?’
- PROTEST: ‘…taken part in a lawful public demonstration?’
- BOYCOTT: ‘…boycotted certain products?’

All of the variables have been recoded so that a Yes response = 1, and a No response = 0.

Table 1 reports descriptive statistics for these variables in terms of the valid percent of respondents in each country who indicated that they participated in the given form of political action. Participation rates are clearly lower in post-communist countries compared to Western Europe, but there are large differences in the forms of participation. In total, 17% of Czech respondents claimed to have contacted a politician or government official in the last year, which is comparable to the level in many Western countries. Petition use in Slovakia is also quite high and comparable to advanced democracies. While Ukrainians participate relatively little, their reported engagement in public demonstrations is among the highest in Europe (arguably due to the political situation of the country at that time). This suggests the importance of not making blanket statements about the incidence of political participation in post-communist countries; rather, we should observe and understand how and why different types of participation become actively used.

2 The survey data, documentation, and questionnaires are all freely available on the ESS website at www.europeansocialsurvey.org.
Table 1. Percentage of respondents in each country engaging in different forms of political participation over the last 12 months

<table>
<thead>
<tr>
<th>Country</th>
<th>VOTE</th>
<th>CONTACT</th>
<th>WRKPP</th>
<th>WRKORG</th>
<th>BADGE</th>
<th>PETITION</th>
<th>PROTEST</th>
<th>BOYCOTT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>81%</td>
<td>19%</td>
<td>11%</td>
<td>24%</td>
<td>9%</td>
<td>25%</td>
<td>7%</td>
<td>20%</td>
</tr>
<tr>
<td>Belgium</td>
<td>92%</td>
<td>14%</td>
<td>4%</td>
<td>15%</td>
<td>5%</td>
<td>22%</td>
<td>6%</td>
<td>10%</td>
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<tr>
<td>Denmark</td>
<td>92%</td>
<td>19%</td>
<td>5%</td>
<td>24%</td>
<td>8%</td>
<td>29%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td>Finland</td>
<td>79%</td>
<td>22%</td>
<td>4%</td>
<td>31%</td>
<td>14%</td>
<td>26%</td>
<td>2%</td>
<td>29%</td>
</tr>
<tr>
<td>Greece</td>
<td>90%</td>
<td>14%</td>
<td>6%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Iceland</td>
<td>92%</td>
<td>30%</td>
<td>14%</td>
<td>49%</td>
<td>34%</td>
<td>49%</td>
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<tr>
<td>Ireland</td>
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<td>Luxembourg</td>
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<td>6%</td>
<td>21%</td>
<td>15%</td>
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<td>Netherlands</td>
<td>82%</td>
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<td>24%</td>
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<td>Norway</td>
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<td>8%</td>
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<td>24%</td>
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<td>Portugal</td>
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<td>2%</td>
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<td>3%</td>
<td>5%</td>
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<tr>
<td>Spain</td>
<td>82%</td>
<td>13%</td>
<td>7%</td>
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<td>Sweden</td>
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<td>3%</td>
<td>24%</td>
<td>13%</td>
<td>49%</td>
<td>8%</td>
<td>35%</td>
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<td>21%</td>
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<td>32%</td>
<td>7%</td>
<td>23%</td>
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<tr>
<td>AVE WEST</td>
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<td>17%</td>
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<td></td>
<td>VOTE</td>
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<td>WRKPP</td>
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<td><strong>Central and Eastern Europe</strong></td>
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<td>Czech Rep.</td>
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<td>4%</td>
<td>7%</td>
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<tr>
<td>E. Germany</td>
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<tr>
<td>Slovenia</td>
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<td>6%</td>
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<td>Ukraine</td>
<td>85%</td>
<td>9%</td>
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<td>22%</td>
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<tr>
<td><strong>AVE EAST</strong></td>
<td>70%</td>
<td>11%</td>
<td>3%</td>
<td>6%</td>
<td>5%</td>
<td>13%</td>
<td>6%</td>
<td>7%</td>
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</tbody>
</table>

One limitation in the data in Table 1 could be that self-reported turnout rates for the country samples can differ from the official turnout rates in the respective national elections. That would occur if the sample were not representative of the voting population at large, or if respondents did not accurately report or remember their voting behaviour. In 2002, turnout to the Czech parliamentary elections was 58%, quite close to the 56% self-reported in the survey. For Hungary, turnout in the first round of the parliamentary elections was 74%, again close to the self-reported rate of 78%. For Slovakia, the actual turnout in the 2002 elections was 70%, compared to the self-reported rate of 74%. By contrast, Poland’s 2001 Sejm elections had a turnout rate of 46%, which is quite far from the self-reported rate of 65%.

Differences between countries in the representativeness of self-reported voting to official turnout statistics could cause problems in the possibility of biased regression coefficients. The vote validation study by Bernstein and his associates [Bernstein, Chadha and Montjoy 2001: 24] found that ‘people who are under the most pressure to vote are the ones most likely to misrepresent their behaviour when they fail to do so’. This means, according to one of the most recent vote validation studies in the United States, that ‘education is the most consistent predictor of over-reporting… over-reporters also tend to be more partisan, older, more likely to claim that they were contacted by a political party, more likely to be regular church attendees, and… people who feel that it is a civic duty to vote’ [Ansolabehere and Hersh 2008: 11]. Fortunately, there is also evidence from vote validation studies that false responses to self-reported voting are not likely to have a material impact on survey research using such data [Sigelman 1982; Anderson and Silver 1986]. Since there is no way to validate whether respondents correctly report their participation in other forms of political action, such survey data have to be taken at face value.

To describe the overall degree of non-electoral participation in different countries, the seven variables above were summarised for each respondent, i.e. adding the number of types of participation each respondent has done in the previous year. It was then possible to measure the average participation rates by country, which are depicted in Figure 1. It should be emphasised that the graph does not depict the total number of participatory acts respondents have done, only the average number of types of participatory action. As would be expected, respondents in post-communist countries participate in the fewest forms of political participation, with the average Hungarian or the average Pole engaging in only .24 and .36 forms of participation, respectively. By contrast, Scandinavians employ the largest set of political actions, with the average Icelander claiming to have done over two different forms of participation in the previous year.

As discussed in the previous section, analyses of political participation often categorise such actions into conventional and protest forms [e.g. Badescu, Sum and Uslaner 2004]. The problem, however, is that different kinds of actions count as conventional or protest in different countries and contexts [Smith 2009]. In addi-
tion, the determinants of different forms of participation can vary greatly, as Urban and Zvěřinová [2009] observed in the case of environmental political behaviour. For such reasons, we will analyse each form of political participation separately, i.e. without regard to whether it is seen as a conventional or protest activity.

Independent variables used to test the inequality of political participation were selected directly from the theoretical and empirical literature in the previous section. The selection of variables also draws directly from the author’s recent research on educational and social stratification [Matějů et al. 2007; Matějů and Smith 2008; Veselý and Smith 2008]. First, to test the hypothesis that respondents of higher social status are more likely to participate in many forms of political action, I used two variables, EDUYRS, a measure of years of education, and the International Socio-economic Index (ISEI), which is a standard measure of the occupational status of respondents. These variables provide a simpler and clearer picture of the effects of education and occupation than variables based on educational and class categories; further, the variable on educational categories also was not used due to a larger degree of non-response and deviation in the coding of data. A variable on family income also was not used due to the large degree of non-response. Lastly, to test for the degree of gender inequality, the dummy variable FEMALE (female = 1, male = 0) was used in the analysis.

Second, to control and measure the effects of other socio-demographic conditions, the following variables were used:

- AGE and AGE2: age of the respondent, and to capture non-linear effects, age squared divided by 100.
- RELIG is a variable indicating the respondents’ self-reported degree of religiosity, as religion is often regarded as a strong predictor of political activity. Religiosity is measured through responses to the question: ‘Regardless of whether you belong to a particular religion, how religious would you say you are?’ with responses ranging on a 12-point scale from 0 = not at all religious, to 11 = very religious.
- CITY and VILLAGE are dummy variables relating to whether the respondent reports that he or she lives in a large city (1 = yes, 0 = no) or in a village or farm (1 = yes, 0 = no). The reference category for these variables is the category of respondents living in towns and suburban areas.
- UNION is a dummy variable for whether the respondent is currently a member of a trade union = 1, if not = 0.
- STUDENT is a dummy variable for whether the respondent’s main activity for the week prior to the interview was studying = 1, if not = 0.

Third, to test the hypothesis that citizens in post-communist countries are less likely to participate in non-electoral forms of action than citizens without a communist past, a dummy variable POSTCOM was created indicating a post-communist country = 1, if not 0. The German data were split so that respondents in the former GDR were coded as post-communist. To account for national level effects, dummy variables were created for each country.

Fourth, to test the hypothesis that social trust is a strong determinant of political participation, I used principle components analysis (PCA) to construct a latent variable TRUST based on three standard questions:

- ‘Would you say that most people can be trusted, or that you can’t be too careful in dealing with people?’ (Scale of 0 through 10; 0 = you can’t be too careful, 10 = most people can be trusted).
- ‘Do you think that most people would try to take advantage of you if they got the chance, or would they try to be fair?’ (Scale of 0 through 10; 0 = most people would try to take advantage of me, 10 = most people would try to be fair).
- ‘Would you say that most of the time people try to be helpful or that they are mostly looking out for themselves?’ (Scale of 0 through 10; 0 = people mostly look out for themselves, 10 = people mostly try to be helpful).

These questions work well across countries, and have factor weights of .84, .84,
and .80 respectively for the latent variable TRUST, which in turn explains 68% of the variance in the underlying three variables.

Fifth, to test the hypothesis that people who are more interested in politics are more likely to participate, I also used PCA to create a latent variable INTPOL comprised of three standard questions on political interest:

- ‘How interested would you say you are in politics?’ with responses ranging from 1 = not at all interested, to 4 = very interested.
- ‘How often does politics seem so complicated that you can’t really understand what is going on?’ with responses ranging from frequently (1), regularly, occasionally, seldom and never (5).
- ‘How difficult or easy do you find it to make your mind up about political issues?’ with responses ranging from very difficult (1), difficult, neither easy nor difficult, easy, and very easy (5).

The first two questions were recoded so that higher values indicate higher levels of interest and understanding. It should also be mentioned that these questions and the social trust questions were asked prior to the political participation questions in the survey, which avoids the bias that respondents’ political activities would impact how they report their political interests, which some studies have found can lead to biased responses [Bishop, Oldendick and Tuchfarber 1984; Abramson, Silver and Anderson 1987]. The questions work well across countries and have factor weights of .74, .80, and .80 respectively, creating a latent variable INTPOL that explains 61% of the variance of the underlying three variables.

Sixth, to test the hypothesis that respondents with larger social networks are more likely to participate, I created a relatively unique composite variable SOCNET that incorporates questions on socialising with a question on personal Internet use, since the latter is an important way many people maintain their friendship networks:

- ‘How often do you meet socially with friends, relatives or work colleagues?’ with responses ranging from never (=1), less than a month, once a month, several times a month, once a week, several times a week, and every day (=7).
- ‘Compared to other people of your age, how often would you say you take part in social activities?’ with responses ranging from much less than most (=1), less than most, about the same, more than most, and much more than most (=5).
- ‘How often do you use the internet, the World Wide Web or e-mail – whether at home or at work – for your personal use?’ with responses ranging from 1 to 7 on a similar scale as the first question.
The Internet question worked with the other questions better than any other variable I was able to identify. Overall, the three questions have factor weights of .77, .74, and .62, respectively, creating a latent variable SOCNET that explains 51% of the variance in the underlying three variables. The French survey omitted the question on Internet use, and thus the entire French dataset was omitted from the final analysis. This, however, does not have a material impact on the results.

Lastly, it was important to test whether satisfaction or dissatisfaction with politics has different effects across forms of participation. Since political participation could spring from one’s satisfaction or dissatisfaction with the government, the economic situation, or problems with the quality of democratic decision-making, a composite variable SATPOL was constructed based on three similar questions:

- ‘On the whole how satisfied are you with the present state of the economy in [country]?’ with responses based on an 11-point scale from extremely dissatisfied =0, to extremely satisfied = 10.
- ‘Now thinking about the [country] government, how satisfied are you with the way it is doing its job?’ with responses based on the same 11-point scale.
- ‘And on the whole, how satisfied are you with the way democracy works in [country]?’ with responses based on the same 11-point scale.

These questions work very well together with factor scores of .85, .88, and .84, respectively, creating a latent variable SATIS that explains a large 73% of the variance in the underlying three variables.

**Results of the analysis**

One of the primary goals of the analysis is to compare differences in the determinants of political participation between Western and post-communist countries in the ESS file. This was achieved through four separate logistic regression analyses. The first regression incorporated the data for all countries and included the POSTCOM variable to measure the direct effect of post-communism. In the second and third regressions, the ESS file was split so that two separate regressions could be run on Western and post-communist countries, respectively. Lastly, the fourth regression tested for the statistical significance of the differences in coefficients between the two sets of countries, as reported in the second and third regressions. As a whole, the four sets of regressions for each of the forms of political participation provide a comprehensive picture and direct comparison of the determinants of participation across Europe.
Since the significance test is the most important aspect of the analysis, the reasoning behind the approach should be briefly outlined. As an example, let’s say we want to compare the regression coefficients of years of education (EDUYRS) between Western and post-communist countries by testing the null hypothesis that \( \text{EDUYRS}_{\text{POSTCOM}} = \text{EDUYRS}_{\text{WEST}} \). To do this, we create a dummy variable (POSTCOM) that is coded 1 for a post-communist country and 0 for a Western one, and an interaction effect \( \text{EDUYRS} \times \text{POSTCOM} \) to be included in the regression equation. Our model includes a constant \( A \). Also, let’s say we want to compare the effects of 11 years of schooling between the two sets of countries. In this example, the predicted value for the Western countries would be: \( f(\text{West}) = f(A + 0 \times \text{POSTCOM} + 11 \times \text{EDUYRS} + 11 \times 0 \times \text{EDUYRS} \times \text{POSTCOM}) \). Since the value of \( \text{POSTCOM} \) is 0 for Western countries, the value of the interaction effect also is 0. As a result, \( f(\text{West}) = f(A + 11 \times \text{EDUYRS}) \), or in other words, the coefficient for \( \text{EDUYRS} \) in the regression model with interaction effects is the slope of education for Western countries only (i.e. it is the same as the coefficient for Western countries in the second regression).

Similarly, the predicted value of \( f(\text{East}) \) at 11 years of schooling = \( f(A + 1 \times \text{POSTCOM} + 11 \times \text{EDUYRS} + 11 \times 1 \times \text{EDUYRS} \times \text{POSTCOM}) \). In this case, the slope for education in post-communist countries is \( (11 \times \text{EDUYRS} + 11 \times 1 \times \text{EDUYRS} \times \text{POSTCOM}) \). This is why, if we look at Tables 2a–h, the coefficients in the regressions with interaction effects \( (b_i - b_o) \) are equivalent to the coefficients for EAST minus the coefficients for WEST. In a similar vein, the p-value of the interaction effect indicates the statistical significance to which the coefficient of education differs between the two sets of countries.

Following this reasoning, interaction effects between POSTCOM and all of the individual-level variables were used as a way to directly compare the determinants of political participation between the two sets of countries. This creates a very large regression table, since the regression includes both the two-way interactions and their main effects. But since the coefficients for the main effects are equivalent to the coefficients in the WEST regression, they are not included in Tables 2a–h. The country dummy variables are also not reported due to space constraints and the limited information of interest that they provide.

Many of the coefficients go in the direction that one would expect from the empirical literature [Caínzos, Ferrin and Voces 2007], yet there are also some surprising results. Looking at the regressions for all countries (the ALL columns), the coefficients for POSTCOM are not particularly strong, and are even insig-

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3 Readers interested in how to perform tests of significance in SPSS regressions can consult the very useful website of the UCLA Academic Technology Services (http://www.ats.ucla.edu/stat/spss/default.htm). Jaccard [2001] also provides a theoretical analysis of the issues involved in interpreting interaction effects in logistic regressions.

4 The full results of the analysis (including, e.g., the country dummy coefficients, standardised coefficients, etc.) are available upon request by contacting the author.
Table 2a. Determinants of VOTE across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for BE – BW are not shown.

<table>
<thead>
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<th>VOTE</th>
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<th>East</th>
<th>BE – BW</th>
</tr>
</thead>
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<td>.008***</td>
<td>.013***</td>
<td>.005*</td>
</tr>
<tr>
<td></td>
<td>(.001)</td>
<td>(.001)</td>
<td>(.002)</td>
<td>(.003)</td>
</tr>
<tr>
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<td>.032***</td>
<td>.027***</td>
<td>.050***</td>
<td>.023</td>
</tr>
<tr>
<td></td>
<td>(.006)</td>
<td>(.007)</td>
<td>(.012)</td>
<td>(.014)</td>
</tr>
<tr>
<td>FEMALE</td>
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<td>.197***</td>
<td>.124*</td>
<td>–.073</td>
</tr>
<tr>
<td></td>
<td>(.033)</td>
<td>(.042)</td>
<td>(.054)</td>
<td>(.068)</td>
</tr>
<tr>
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<td>.097***</td>
<td>.074***</td>
<td>.023</td>
</tr>
<tr>
<td></td>
<td>(.006)</td>
<td>(.007)</td>
<td>(.010)</td>
<td>(.012)</td>
</tr>
<tr>
<td>AGE2</td>
<td>–.059***</td>
<td>–.064***</td>
<td>–.048***</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>(.006)</td>
<td>(.007)</td>
<td>(.010)</td>
<td>(.012)</td>
</tr>
<tr>
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<td>.513***</td>
<td>.365***</td>
<td>–.148***</td>
</tr>
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<td></td>
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<td>(.031)</td>
<td>(.039)</td>
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<td>.130***</td>
<td>.125***</td>
<td>–.005</td>
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<td>(.039)</td>
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<td>.145***</td>
<td>–.070</td>
</tr>
<tr>
<td></td>
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<td>(.025)</td>
<td>(.031)</td>
<td>(.040)</td>
</tr>
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<td>.198***</td>
<td>.219***</td>
<td>.021</td>
</tr>
<tr>
<td></td>
<td>(.020)</td>
<td>(.025)</td>
<td>(.032)</td>
<td>(.040)</td>
</tr>
<tr>
<td>CITY</td>
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<td>–.178**</td>
<td>–.234**</td>
<td>–.056</td>
</tr>
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<td>(.044)</td>
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<td>(.090)</td>
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<td>.237***</td>
<td>.029</td>
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<td></td>
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<td>(.046)</td>
<td>(.060)</td>
<td>(.076)</td>
</tr>
<tr>
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<td>.052***</td>
<td>.024*</td>
<td>–.028*</td>
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<td>(.012)</td>
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<td>.279***</td>
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<td>(.051)</td>
<td>(.087)</td>
<td>(.101)</td>
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<td>–.333</td>
<td>–.160</td>
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<tr>
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<td>(.170)</td>
<td>(.196)</td>
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<td>–.346</td>
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</tr>
<tr>
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<td></td>
<td></td>
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<td>Not shown</td>
<td>Not shown</td>
<td>Not shown</td>
</tr>
<tr>
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<td>–2.232***</td>
<td>–2.331***</td>
<td>–2.232***</td>
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<td>(.205)</td>
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<td>(.205)</td>
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<td>.223</td>
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<td>Hosmer and Lemeshow test (Sig.)</td>
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<td>.018</td>
<td>.355</td>
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</tr>
<tr>
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<td>21817</td>
<td>8876</td>
<td>30693</td>
</tr>
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</table>

*** indicates p < 0.001, ** indicates p <0.01, and * indicates p <0.05.
Table 2b. Determinants of CONTACT across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

<table>
<thead>
<tr>
<th>CONTACT</th>
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<th>West</th>
<th>East</th>
<th>$B_e - B_w$</th>
</tr>
</thead>
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<td>ISEI</td>
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<td>.003*</td>
<td>.009***</td>
<td>.006*</td>
</tr>
<tr>
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<td>(.001)</td>
<td>(.001)</td>
<td>(.003)</td>
<td>(.003)</td>
</tr>
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<td>EDU</td>
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<td>.028***</td>
<td>.077***</td>
<td>.049**</td>
</tr>
<tr>
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<td>(.005)</td>
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<td>(.014)</td>
<td>(.015)</td>
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<tr>
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<td>-.142***</td>
<td>-.157*</td>
<td>-.016</td>
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<td>(.038)</td>
<td>(.069)</td>
<td>(.079)</td>
</tr>
<tr>
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<td>.092***</td>
<td>.045**</td>
<td>-.047**</td>
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<tr>
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<td>(.008)</td>
<td>(.013)</td>
<td>(.015)</td>
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<td>-.085***</td>
<td>-.038**</td>
<td>.048**</td>
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<td>(.007)</td>
<td>(.013)</td>
<td>(.015)</td>
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<td>(.046)</td>
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<td>(.039)</td>
<td>(.045)</td>
</tr>
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<td>.367***</td>
<td>.324***</td>
<td>-.043</td>
</tr>
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<td>(.046)</td>
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<td>.072</td>
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<td>(.045)</td>
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<td>(.107)</td>
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<td>.029</td>
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<td>(.075)</td>
<td>(.086)</td>
</tr>
<tr>
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<td>.047***</td>
<td>.031***</td>
<td>-.016</td>
</tr>
<tr>
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<td>(.007)</td>
<td>(.012)</td>
<td>(.014)</td>
</tr>
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<tr>
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<td>(.097)</td>
<td>(.106)</td>
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<td>-.147</td>
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<tr>
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<td>(.103)</td>
<td>(.230)</td>
<td>(.252)</td>
</tr>
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</tr>
<tr>
<td></td>
<td>(.117)</td>
<td>(.192)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Country dummies | Not shown | Not shown | Not shown | Not shown |
Constant         | -4.937*** | -5.047*** | -4.608*** | -5.047*** |
|                 | (.181)    | (.205)    | (.370)    | (.205)    |
Nagelkerke R-square | .136 | .143 | .100 | .139 |
Hosmer and Lemeshow test (Sig.) | .003 | .009 | .929 | .191 |
N. cases         | 32278 | 23112 | 9156 | 32278 |

*** indicates p < 0.001, ** indicates p < 0.01, and * indicates p < 0.05.
Table 2c. Determinants of WRKPP. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for B_e – B_w are not shown.

<table>
<thead>
<tr>
<th>WRKPP</th>
<th>ALL</th>
<th>West</th>
<th>East</th>
<th>B_e – B_w</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>ISEI</td>
<td>.003</td>
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<td>.006</td>
<td>.004</td>
</tr>
<tr>
<td></td>
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<td>(.004)</td>
<td>(.005)</td>
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Nagelkerke R-square .169 .173 .137 .171

Hosmer and Lemeshow test (Sig.) .456 .115 .851 .496

N. cases 32275 23118 9157 32275

*** indicates p<0.001, ** indicates p<0.01, and * indicates p<0.05.
Table 2d. Determinants of WRKORG across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

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Table 2e. Determinants of BADGE across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

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*** indicates p<0.001, ** indicates p<0.01, and * indicates p<0.05.
Table 2f. Determinants of PETITION across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

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Table 2g. Determinants of PROTEST across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

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|                  |        |        |        |                  |        |
| Country dummies  | Not shown| Not shown| Not shown| Not shown|        |
| Constant         | -.399***| -.321***| -.269***| -.321***|        |
|                  | (.239)  | (.267) | (.496) | (.267)       |        |
| Nagelkerke R-square | .209 | .202 | .239 | .213 |        |
|                  | (.516)  | (.346) | (.432) | (.432)       |        |
| Hosmer and Leme- | .516   | .134   | .616   | .220        |        |
| show test (Sig.) | (.516)  | (.346) | (.432) | (.432)       |        |
| N. cases         | 32252  | 23114  | 9138   | 32252        |        |

*** indicates p<0.001, ** indicates p<0.01, and * indicates p<0.05.
Table 2h. Determinants of BOYCOTT across Europe. Unstandardised coefficients, standard errors, and significance levels are reported. Country dummies and the fixed effects for $B_e - B_w$ are not shown.

<table>
<thead>
<tr>
<th></th>
<th>All (ISEI)</th>
<th>West (ISEI)</th>
<th>East (ISEI)</th>
<th>$B_e - B_w$ (ISEI)</th>
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</table>

Country dummies: Not shown

Constant: $-3.425***$ (1.73) $-3.482***$ (1.86) $-3.613***$ (1.453) $-3.482***$ (1.86)

Nagelkerke R-square: .212 .189 .137 .214

Hosmer and Lemeshow test (Sig.): .108 .412 .542 .367

N. cases: 32159 23052 9107 32159

*** indicates p<0.001, ** indicates p<0.01, and * indicates p<0.05.

significant for contacting politicians and wearing badges. After controlling for the country-level dummy variables, the post-communist context decreases the chances of voting and boycotting, but surprisingly increases the chances of signing petitions, demonstrating, and to a lesser degree working in political parties and organisations. It should be noted that, once we allow for two-way interactions, all of the observed direct effects of post-communism are actually indirectly mediated by individual-level variables. As can be seen in the regression with interaction effects ($B_e - B_p$), POSTCOM is insignificant for all forms of political participation.

Focusing on the role of social stratification, the effect of occupational status (ISEI) is the strongest on voting and working in organisations. The effects of occupational status are statistically stronger in post-communist countries in terms of voting, contacting politicians, wearing badges, and working in organisations. In no case are class inequalities in participation larger in the West than in the East. Even in the cases where the differences between the sets of countries are statistically insignificant, the coefficients are usually larger in the post-communist set, though this could be entirely due to sampling error.

Similarly, the coefficients for the role of education closely match that of occupational status, and generally show that more education increases the odds that respondents engage in more political participation. However, education clearly has stronger effects in the post-communist countries in terms of the conventional political actions of contacting politicians and working in political parties and other organisations. While each year of education achieved by respondents in post-communist countries increases their odds of contacting politicians by a factor of 1.08, this is only 1.03 for respondents in Western Europe. Overall, we can say that while it is well known that political participation is socially stratified, we have additionally found that conventional political actions are even more stratified by occupation and education in post-communist countries compared to the West. By contrast, there are relatively few differences in the effects of social stratification on voting and protest actions (i.e. petitions, demonstrations, and boycotting) between the two sets of countries.

One of the most interesting findings of the analysis concerns the role of gender (FEMALE). Across all countries, women are more likely than men to vote, wear political badges, demonstrate, sign petitions, and boycott products. By contrast, women are less likely than men to engage in the conventional actions of contacting politicians and working in political parties and organisations. This suggests a strong gendered dimension of political action, with men more likely to engage in the 'official' or conventional forms of participation, whereas women have greater odds of engaging in grassroots actions that are generally located outside political institutions. Comparing gender inequality between East and West, women in post-communist countries are statistically less likely to work in organisations, demonstrate, boycott, and wear badges. In other words, in all of the regressions performed with statistically significant gender differences, the coefficients express that gender inequalities are larger in the East. For example,
the odds of participating in demonstrations in the West increases by a factor of 1.27 by being female instead of male, but decreases by a factor of .79 for women in the East. Overall, it seems to be the case that women in both sets of countries face inequalities in participating in conventional political actions. While this is compensated somewhat in the West by women’s greater propensity for protest, this is not the case at all in the East, where women are no more likely than men to engage in any of the protest actions.

These findings generally reflect qualitative research conducted on gender politics in post-communist countries. In the Czech case, Havelková [1997, 1999] found that women are much less likely to get involved in politics at the national level (compared to the local level) due to deeply rooted gender stereotypes. Differences in gendered political behaviour are not rooted in gender or sexual identity per se, but the way political environments are socially interpreted in terms of the ‘proper’ roles of men and women in those environments. Besides women’s greater propensity to vote, the data confirm arguments that the political sphere in post-communist countries is strongly gendered. The problem is that the more women or sexual minorities are actively engaged in politics, the more information they have about issues that concern them; by contrast, those who are politically disengaged tend to accept stereotypes about gender roles as matters of fact [Sokolová 2006, 2009].

First of all, we should keep in mind that the observed effects of the social stratification variables are reduced by the large set of control variables in the analysis. Turning to those variables, the effect of age goes in the direction expected, though the strength of the coefficients are substantially stronger for voting than for other forms of participation. There are also virtually no material differences in the effects of age between East and West. Second, respondents residing in villages are more likely to vote and engage in the more conventional political actions, whereas respondents in cities are more likely to protest (participate in demonstrations and to boycott). In the post-communist countries, urban residents are significantly less likely to work in political parties than urban residents in Western Europe. Post-communist villagers are also less likely to sign petitions compared to other residents and with villagers in Western countries.

Third, trade union members are not only more likely to engage in demonstrations, but in all other forms of participation as well. Union members in post-communist countries are more likely to work in political organisations and sign petitions; but besides that, there seems to be no other cross-regional differences in union behaviour. Fourth, participation also increases with religiosity in both East and West, but substantially more so with the so-called ‘conventional’ forms of action than ‘protest’ ones. Lastly, students have nearly the opposite behavioural pattern of participation compared to religious respondents. There are also no observed differences in the political behaviour of students between East and West, and relatively small differences in the case of the role of religiosity.
In terms of the explanatory power of the models in Table 2, the role of political interests, political satisfaction, and social networks are important. As expected, political interests are very strong predictors of all forms of political participation, though the coefficients for voting, contacting politicians, and working in organisations are significantly weaker in the post-communist countries. Social networks – i.e. how often respondents socialise and meet with friends – are also very strong predictors of all forms of political participation, above all for working in organisations and political parties. The effect is weaker for protest actions in post-communist countries (especially for demonstrations), though even in those countries social networks generally play an important role in generating participation. In contrast to political interests and social networks, the effects of political satisfaction vary according to the type of participation: more satisfaction leads to greater chances of voting, but is negatively associated with engaging in most other forms of action, either conventional or protest. This finding contradicts the hypothesis that people engaging in so-called conventional forms of action would be more satisfied with political life than people who engage in protest activity. The only differences between East and West is that wearing badges is a sign of political satisfaction in the East (i.e. political satisfaction increases the odds of wearing badges, whereas in the West the odds decline), and that political satisfaction decreases the odds of participating in demonstrations in the West, whereas there is no such effect in the East.

One of the surprising findings in the table concerns the role of social trust. Trust turned out to be a particularly weak predictor of many forms of participation other than voting, contacting politicians and working in organisations. While there is significant empirical evidence that social trust impacts civic participation, clearly it is not a prerequisite for political participation in the East or West. The finding thus raises the important question of how civic and political participation are linked, and why social trust impacts one but not the other. Given the relatively large literature on social trust, it is surprising that relatively little is known about its lack of association to many forms of political participation across a wide set of countries.

Lastly, compared to other studies of the determinants of political participation, the explanatory power of the models is rather good. Many of the models have pseudo R-square values around .20 or more, which is considerably higher than the strength of association between predicted and actual values reported in other analyses of the same ESS political participation data [Caínzos, Ferrin and Voces 2007; Gallego 2007]. Further, the Hosmer and Lemeshow test of model fit indicates that most of the models exhibit very good fit with the data. As a reminder, the Hosmer and Lemeshow test computes chi-squares by dividing respondents into deciles based on predicted probabilities. If the statistic is .05 or less (which we do not want), we reject the null hypothesis that there is no difference in the observed and predicted values of the dependent variables, but if it is over .05 (which we do want), we fail to reject the null hypothesis, i.e. we can say that the model fits that data in a satisfactory manner.
Measures of fit are useful for countering arguments that models of political behaviour cannot coherently explain political participation [Matsusaka and Palda 1999]. If all of the variables discussed above account for only a minority of the variation in the dependent variable, it suggests either that other important variables have been omitted from the analysis, or that a large degree of political behaviour is random and thus unexplainable. While the latter view is consistent with the rational choice claim that relatively small, immeasurable increases in cost, such as bad weather, can have large effects on political behaviour, the data do not necessarily lead us to conclude that that view is correct.

**Conclusion**

The analyses above enable us to conclude that, 15 years after the collapse of communism (i.e. at the time of the ESS survey), the post-communist context continues to have a number of important indirect, but not direct, effects on political participation. Our main hypothesis was confirmed that the social stratification variables – occupational status, education, and gender – play a heightened role in predicting participation in the East, indicating that there is more inequality in participation in that region. In fact, East-West differences seem to be stronger in the stratification variables than in any of the other sociological variables we have examined. The differences are particularly strong with gender inequality, as women in post-communist societies are much less likely to engage in protest behaviour compared to Western women, while they are just as likely to be excluded from the more conventional forms of behaviour. The combination of these variables indicate that political participation in post-communist countries is more stratified than in the West, despite relatively similar laws and rights to participation in most of the countries examined.

Does non-electoral political participation increase or decrease social inequalities in electoral behaviour? While we did not test for the significance of the differences in coefficients between voting and other forms of participation, we can generally say that the coefficients for occupational status are lower for most forms of non-electoral participation in both the East and the West compared to the situation with voting. Education seems to play a substantially larger role in boycotting products and signing petitions compared to voting, and a slightly larger role in the conventional political actions. While we cannot directly answer the above question, it seems to be the case that inequalities in non-electoral political participation generally reflect political life as a whole, rather than being mechanisms that would drastically improve the ability of citizens of lower social status in having a larger say in political decision-making.

Some may criticise the approach taken in this article in that post-communist and Western democracies are too diverse to compare directly. To that I would counter that diversity does not prevent analytical comparison. Indeed, this research has provided support to those critics by demonstrating the weak direct
effects of differences between East and West. We have found that country-specific conditions (which explain 4–5% of the variance in the dependent variables) and individual-level variables explain what others might observe as the direct influence of post-communist conditions. That is, when we observe that political participation is lower in Hungary than it is in France, this may be due to factors other than the communist heritage per se, such as country-level conditions we did not measure (e.g. GDP per capita, the size of the civil society). By the same token, similarities in participation rates in Poland and the Czech Republic may be due to similarities in economic and political conditions other than the direct effect of their common communist heritage. What we observe as a ‘communist legacy’ may actually be the effect of different, though related, political and economic variables.

Nonetheless, it is possible to identify statistically significant differences between East and West – which could be attributed to the conditions of the post-communist context – via interaction effects with individual-level variables. Following that approach, we have found some important differences in the degree of inequality in political participation between the two sets of countries. Overall, however, the differences between the two sets of countries are not particularly strong, especially in comparison to the larger literature about the ‘weakness of civil society’, political apathy, and other negative conditions of post-communist politics.

After 1989, one of the first objectives of the newly established democratic governments of Central and Eastern Europe was to pass electoral laws and constitutionally enshrine rights to political participation. Two decades later, many of those countries are far along the path of democratic consolidation. Nonetheless, this article suggests that an important task for future democratic leaders is to improve upon the actions of the first post-communist generation by not only institutionalising more forms of political participation, but by improving the quality and opportunities of political participation so that the political arena is open, inclusive, and accessible to all citizens regardless of their social backgrounds.

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Schlozman, Kay Lehman, Sidney Verba and Henry Brady. 1999. ‘Civic Participation and


This book is a kind of ‘social report’ on development over the past almost two decades in the areas of employment, social policies, earnings, income inequalities, and social structures with a focus to the situation of the middle class, pensioners and the poor, and socio-economic values relating to work and consumer values. The aim is to provide a documented picture of Czech society using statistical and socio-logical surveys and other sources, and look also for systemic changes behind quantitative shifts.

Contents:
Introduction: policies, structures, inequalities and values
1. The labour market: developments and policies
2. The welfare system: past reforms and enduring problems
3. Social inclusion: implementing EU policies
4. Disparities in earnings: education to the fore
5. Household income: rising inequality, changing structure
6. Taxes and transfers: less redistribution, more progressivity
7. The middle class: less advancement than expected
8. Pensioners: changing socio-political status
9. The poor: non-working and working
10. Work values and job attitudes
11. The pervasive consumer society
12. Economic culture in transition
Conclusion: Challenges of the future
Comparative tables

‘Social reporting does not get any better than this. The book is learned, comprehensive, detailed and robustly empirical. The author is a teacher of the people, not by lecturing but by informing. The book seeks to explain what happened in the Czech Republic by as far as possible displaying the facts and allowing facts to speak. It does not seek to trumpet any specific theory of transition, nor any discipline of analysis above others. Every chapter is robustly documented, including by both institutional analysis of policies and statistical analysis of social trends and distributions.’
Professor Stein Ringen, University of Oxford

‘The study is a bright summary of the author’s extensive research work. It provides an original and innovative view of developments in Czech society in 1989–2008 by a high-profile researcher who has personally lived through the transition process. It is the best post-1990 socio-economic study of social developments about the Czech Republic I have read. The division of information corresponds to the basic problems of current Czech society.’
Professor Igor Tomeš, former Deputy Labour Minister and World Bank expert, Prague

Jiří Večerník is a senior researcher and head of the Department of Economic Sociology at the Institute of Sociology, Academy of Sciences of the Czech Republic. He is also editor-in-chief of the Czech Sociological Review. He has published work on the labour market and economic inequalities and cooperated with the OECD, the ILO, and the European Commission. In 1996, he published Markets and People. The Czech Reform Experience in a Comparative Perspective (Avebury). In 1999, he co-edited the book Ten Years of Re-building Capitalism. Czech Society after 1989 (Academia).

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Email: prodej@soc.cas.cz
The Conditions of Parenthood in Organisations:  
An International Comparison*

ALENA KŘÍŽKOVÁ, HANA MAŘÍKOVÁ, 
RADKA DUDOVÁ, ZDENĚK SLOBODA**  
Institute of Sociology AS CR, Prague

Abstract: The paper focuses on organisations and the conditions for working parents in terms of combining work and care and how those conditions are set up and negotiated in organisations. The research draws on three case studies comparing pairs of companies active in the Czech Republic and in one of the following countries – Germany, France, and Sweden – in the field of engineering. The goal is to explore in depth the conditions that Czech working parents are faced with and that derive from the organisational processes and means and dynamics of negotiating conditions for working parents, and to compare them with the conditions in other countries and identify the sources of variability of these conditions. Important differences between a company’s family-friendly practices in its home country and in its Czech branches are primarily determined by the differences in the way in which welfare regimes are set up in individual countries. In addition, the authors identify the following five main interlinked factors explaining the variability of family-friendly policies and practices in organisations: parental (maternity) ideologies, the organisational culture of non-discrimination and equal opportunities, the actors’ activity in work relations, the role of trade unions in negotiations, and the given organisation’s experience with employees-parents.

Keywords: organisations, family-friendly policies, work, gender  

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Introduction

Demographic changes and changes in European labour markets have increased the need for European societies to address the issue of work-life balance and to introduce family-friendly policies. A typology of the ways and variations in which individual countries deal with this issue has stirred a major debate in sociology [Esping-Andersen 1990, 2000; Orloff 1993; Lewis 1992]. However, the issue of family-friendly policies and practices at the level of organisations and how they are intertwined with the policies of individual countries has received much less attention in sociological research.

In this article, we focus on organisations, the conditions for working parents trying to combine work with caring for their children, and how these conditions are created and negotiated in organisations. Our research is based on three case studies comparing pairs of companies active in the Czech Republic and in Germany, France, or Sweden, operating in the field of engineering. The goal is to explore in depth the conditions that Czech working parents are faced with and that derive from the company’s organisational processes and the means and dynamics of negotiating conditions for working parents. We chose to conduct qualitative sociological case studies as the method of achieving this goal. Case studies of companies that operate in several countries give us the opportunity to capture the links between the level of state social policy and the level of policies and practices in organisations.

The basic premise of this article is that family-friendly policies and practices in organisations and the working conditions for working parents are not and cannot be identical or similar within one company operating in two countries because they are crucially influenced by state social policy. The goal of the paper is to suggest a potential answer to the related questions: ‘What is the source of variability in family-friendly policies and practices in organisations, and what other influences give rise to this variability on top of state social policy?’

The research was also intended to reflect upon another dimension of the contemporary labour market – the injection of foreign capital into Czech companies and the operations of branches of foreign companies in the Czech Republic. We questioned whether and how the policy of a Czech company changes when foreign capital becomes dominant or when a foreign owner buys a company and thus becomes the buyer’s subsidiary. In what ways do the working conditions for working parents differ in the different branches of one company operating in two countries?

In order to find answers to these questions, we selected two companies that have a long tradition of operating abroad within Europe and that in the past decade established distribution branches and began operating in the Czech Republic (see case studies 3.2. and 3.3. below). We selected one company in the same industry that had a long history of operating in the Czech Republic as the largest production and distribution firm in its field and was then taken over by a foreign owner, thus creating an international concern (see case study 3.1. below).
In the first and theoretical part of the text, we start with welfare state classification theory and feminist arguments for the introduction of the gender dimension, especially those focused on family-friendly policies. Then we turn to the organisational level and to how policies, practices, and working conditions for working parents are gendered. In the second part, we discuss the methodology of the case studies used in our research. The third part presents the individual case studies, which compare the organisational environment of the Czech and the home branches of one company. In the fourth part, we discuss our findings. The article closes with a summary of the main findings and suggestions for future research.

State welfare policy

A family-friendly policy can be defined as a formal or informal set of terms and conditions that are designed to enable an employee to combine family responsibilities with employment and reduce job-family conflict. They can be categorised into: paid or unpaid leave arrangements (e.g. maternity, parental leave), flexible working arrangements (e.g. part-time, job share, flexitime, compressed working week, annualised hours, and homeworking), and workplace facilities (e.g. nurseries, subsidised childcare, and counselling or stress management provision) [Callan 2007: 674; cf. Davis and Kalleberg 2006: 192]. The reasons and arguments for implementing family-friendly policies are framed in two ways: first, in the sense that gender equality and equality of opportunities together with economic factors such as the implementation of these policies can be profitable, and not just in terms of bringing about equality [Lewis 2006; Gornick and Meyers 2008] and second, in purely economic terms [Callan 2007].

Welfare state theories that build on democratic values, including gender equality in opportunities and treatment, construct an adult worker model [Lewis 2001] or a worker-parent model [Leira 2002], which must be free from gender stereotypes. Each individual should be able to choose his or her own strategy for combining work and care so that no type of choice is penalised. In order for careers and parents, women and men, to be able to equally choose the degree of their involvement in paid and unpaid labour, it is necessary to put in place a mixture of policies relating to time (working hours, time for work, time for care), money (for purchasing care and supporting those who personally provide care), and services (for children and for the sick and the elderly) [Leitner 2003; Pfau-Effinger 2005; Bettio and Plantenga 2004; Lewis 2006: 111].

Analyses of welfare states and inequalities completely ignored the gender dimension up until the end of the 1980s [Fraser 1989; Lewis 1992; Orloff 1993]. According to Esping-Andersen’s classification, Germany and France are defined as corporatist welfare states and Sweden as a social democratic welfare state. Walter Korpi included the gender dimension in the Esping-Andersen analyses and modified the types. He categorises France and Germany as general family-sup-
port model and Sweden as the dual-earner support models [Korpi 2000]. Esping-
Andersen himself later changed his viewpoint and paid significant attention to
women’s employment [Esping-Andersen 2000: 23].

Arguing from the stance of feminist social policy, Jane Lewis criticised Esp-
ing-Andersen’s complete neglect of the gender dimension and instead categorised
welfare state regimes based on the gender division of labour [Lewis 1992]. Fur-
thermore, Lewis drew attention to the fact that gender is a fitting analytical tool
thanks to its historical dynamism. Thus, for example, France historically ranked
among the strong male-breadwinner states and today, according to Lewis, ranks
together with Germany among the modified male-breadwinner countries. Swe-
den, according to Lewis, is a typical example of a weak male-breadwinner model.
Shortly afterwards, Orloff divided the gender aspects of welfare states into two
dimensions – women’s access to paid employment and women’s capacity to cre-
ate and maintain an autonomous household [Orloff 1993]. Women’s access to paid
employment is a dimension that is strongly linked to the position of women in so-
ciety as a whole and to attitudes towards the role of mothers in the public arena.

Feminist analyses of welfare states have also pointed out the limitations of
all these typologies because they neglect very important differences, grouping
together countries that are vastly dissimilar, like Germany and France. Research
studies comparing individual countries from various perspectives (in our case
family-friendly employment policies) further illuminate the causes of differences
and their inter-relations. Furthermore, with the enlargement of the European Un-
ion, the question arises of how to categorise new member states in the existing ty-
pologies or whether to completely revise these typologies. However, the effort to
categorise new member states has only just begun [Pascall and Kwak 2005]. The
inclusion of the Czech Republic in a comparison with three Western European
countries can provide a significant contribution to this body of knowledge.

After 1989, the Czech Republic, on its path to capitalism, abandoned some
of the state family policies it previously had that supported working parents (es-
pecially mothers), such as its wide network of nurseries providing infant care,
and it implemented the extension of parental leave, the effect of which has been
the long-term exclusion of women from the workplace. Legislative measures of
family policy and the labour market which frame the strategies and create the
space for work-life balance have changed dramatically in the last fifteen years.
The following changes in particular have occurred: a) the introduction of parental
leave, which both parents can take up as agreed between them; b) the gradual
extension of maternity and parental leave to up to three years (until the child is
three years of age), along with the possibility of collecting a low flat-rate parental
allowance for up to four years; c) granting fathers equal access to parental and
maternity leave in relation to the protection of employee rights; d) the introduc-
tion of the option of unrestricted earnings while a parent is collecting parental al-
lowance and is on parental leave. (For a detailed account of the current legislative
terms that apply to parenthood, see Maříková [2005]; and on their development
and uptake by parents and employers in the Czech Republic, see Kuchařová et al.
The terms under which the legislative measures of the state family policy are taken up are negotiated at the level of organisations and within their gender structure and organisational culture [Křížková and Vohlídalová 2009].

The availability of institutional childcare facilities for children under the age of three is minimal and even among parents with children aged three or four the demand for childcare services is not met. In practice, this means that most women opt for parental leave of a maximum of three years. Some changes have occurred, such as the possibility to collect parental allowance and engage in gainful employment simultaneously. However, the practical exercising of this option is hindered by the rigidity of the labour market, which does not make it possible (or only marginally) to make use of legislative measures such as part-time work or homeworking.

For our comparative study we selected companies based in Germany, France, or Sweden that have branches operating in the Czech Republic. These four countries were selected because they differ significantly in terms of how their social policy is constructed.

Organisation policy

The basic form and structure of modern organisations, which was established with the rise of modern capitalist societies, has always corresponded with the roles of men at a given period in history. The model worker was a man free from the concerns of family life, which was strictly separated from the sphere of labour. Family life was the responsibility of women, who did not contribute significantly to the operation of organisations, or else they performed service and caring roles there as they did in the household. With the mass entry of women into the labour market, organisations, and enterprises, women largely had to adapt to the model of worker that matched the life roles of men [Wajcman 1998]. These gender regimes, which are typical of the general inequalities in the position of women and men in organisations [Connell 2002], are largely maintained and reproduced in contemporary organisations, despite the existence of gender equality policies [Křížková 2003]. Women tend to be concentrated at the lower levels of the organisational hierarchy and in positions and professions with worse conditions (lower wages, prestige, promotion opportunities, access to further training, benefits, etc.)

Joan Acker’s description of ‘gendered organisations’ outlines the gender differences and inequalities that permeate the whole organisational structure and all its processes [1990]. Acker claims that ‘[W]ork organizations are critical locations for the investigation of the continuous creation of complex inequalities because much societal inequality originates in such organizations’ [Acker 2006: 441].

In this study, we deal with how these various organisational gender regimes – which are the result of various influences, such as state welfare policy, the degree of labour market regulation, the degree of centralisation of negotiations on labour
conditions (national, union, entrepreneurial and individual levels), and the meanings and practices of work and care and attitudes to the gender division of labour in a concrete country [Orloff 1993; Lewis 1997; Ellingsæter 2000] form the organisational environment, policies, and practices for combining work and family life.

For this study we have selected engineering as our one field of business. This type of industry and the individual segments of it, especially production lines, workshops, and plants, tend to be viewed as ‘masculine’ and perceived as a ‘man’s world’ or more precisely as social environments that embody masculine values, norms, visions, and the male perception of the world and principles of activity, etc. [Cockburn 1985]. This does not necessarily mean that the jobs in this industry are always and under all circumstances performed by men, but men do predominate in this segment of production, among blue-collar workers, and among designers, constructors, engineers, and, last but not least, among managers. The masculine gendering of the organisation is linked to this symbolic level and a priori signifies the exclusion of everything that is not connoted as ‘male’ (or masculine) and that is then considered to be ‘female’ (or feminine) in the binary gender optic.

The gendering of the field of engineering thus revolves around the concept of traditional masculinity [Connell 2002]. In view of the fact that in the binary gender optic family-friendly policies tend to be perceived as measures designed for women, the choice of a ‘masculine’ field presents a suitable environment for studying family-friendly organisational policies and practices, in part also because it is an environment that is not typically perceived as one that would implement such policies and practices.

The methodology used in the case studies of the engineering firms

Three case studies were carried out in three organisations whose parent companies are based in one of the countries of the ‘old’ European Union (EU 15) – Germany, France, Sweden – with a subsidiary in the Czech Republic. These companies are all prominent in the field of engineering.

The research was conducted at the end of 2006 and the start of 2007 using semi-structured interviews with the same thematic outline in the parent company and its Czech subsidiary. The interviews were conducted with human resources staff, representatives of unions, and with employees-parents of young children. The German and French interviews were conducted in the respondents’ native language, and for Sweden, the interviews were conducted in English. The analysis of the transcribed interviews was also conducted in these languages.

The interviews were all conducted according to the same script outlining the thematic areas to be covered during the interview, but the actual order and the exact wording of the questions changed depending on the context and the course of the interview. Moreover, the interview was accompanied by a brief questionnaire, the purpose of which was to map individual family-friendly measures offered by
the organisation. Data collection was supplemented with the study of documents that were made available to us during the interviews and through contacts within the organisations. Relevant documents concerning family-friendly policies and programmes or collective agreements made it possible for us to gain insight into the range of institutionalised measures adopted.1

The main analytical instrument used in the data analysis was the continuous comparison of the emerging categories and their dimensions, both within one case study – within the framework of one subsidiary of a company and between the subsidiaries of that one company in two countries – and between the case studies themselves. During the analyses we compared the results of the individual case studies and developed a common set of codes, which directed the analyses so that the findings were to at least some degree comparable.

In view of the fact that the methodological framework of this research is in grounded theory and social constructivism, it was not our goal to obtain strictly comparative results. Consequently, our results include three case studies of companies, each of which compares the Czech and the parent organisation.

The size and nature of the organisation in the Czech Republic was of significance. For example, the German company has its distribution headquarters and a production branch in the Czech Republic, so it is quite independent in terms of its production and marketing operations. However, the French and Swedish firms only have distribution headquarters in the Czech Republic, so it is mainly marketing that is carried out in the Czech Republic. This had a bearing on the choice and availability of individual communication partners in the organisations, but also on our ‘knowledge framework’. Because of these differences, in the case study of Germany and the Czech Republic we opted for a comparison of the organisations as a whole – the production and administrative components. In the case studies comparing the Czech Republic with Sweden and France we opted for a comparison of only the administrative parts of the organisations. Those differences may account for some of the findings; therefore, we have taken them into consideration when interpreting the data.

Access to the field was another limitation to the study. In the German engineering firm case, we were able to interview one human resources staff member, one trade union representative, who is also a member of the works council, and two parents from the German controlling company; in the Czech subsidiary we interviewed two human resources staff members, one trade union representative, and three parents (two mothers, both in marketing, and one father, a single parent in a blue-collar profession).

In the French engineering firm case, we conducted seven in-depth interviews in the controlling company (one with a female representative of the human resources department, one with a male representative of the trade union, and five with male and female employees-parents). Despite repeated attempts to establish

1 A detailed account of the data sources, especially the interviews we conducted, is contained in the footnote to each of the case studies.
contact the human resources department at the Czech firm refused to cooperate with us and we were only able to carry out two interviews with female employees, both of them mothers of small children.

In the case of the Swedish engineering firm, the managerial staff (at the Swedish headquarters) proved to be even more uncooperative. We managed to conduct one interview with a young woman in a managerial position in administration before she left for parental leave. In the Czech branch we interviewed three employees-parents: one man in the position of the company director, one man in the position of a customer service official, and one woman in a middle management position.

In the Czech branch of the French company and at the Swedish company headquarters we were given limited access to the respondents, and that could hinder the comparative potential of the studies. Nevertheless, we were able to obtain formal and informal supplementary information from our study of documents and through our personal contacts in the companies.

No two organisations are alike: foreign companies in the home and in the Czech environment

This section outlines the similarities and differences between the environment of the parent company and that of its Czech subsidiary. The case studies are introduced with a brief summary of the given country’s welfare state policy compared to that of the Czech Republic, followed by a comparison of how the company operates in each of the two different countries and a comparison of their corporate cultures.

Germany and the Czech Republic

In the Federal Republic of Germany a new parental allowance, the ‘Elterngeld’, was introduced on 1 January 2007, which replaced the existing way of supporting persons on parental leave. The parental allowance is designed to motivate the faster return (especially of women) to work and to motivate men to take at least

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2 In the Czech Republic the interviews were conducted with the human resources staff members, one in the field of top management and the other from the department of personnel services; with two mothers, one after maternity leave and the second newly on maternity leave, both in marketing, and lastly with a father who was a single parent in a blue-collar profession. Among representatives of trade unions, one respondent was a trade union member dealing with the issue of women and families. In Germany the interviews were conducted with a human resources staff member from the department of Frauenförderung (support for women and families), a female trade union representative and a member of the works council, a father who was on parental leave, and a mother of three shortly after maternity leave.
some leave to care for a baby. The allowance is higher than the previous allowances and is designed to compensate for lost earnings. The allowance is paid in the first twelve months of the child’s life and is equal to two-thirds of a person’s salary (but with a maximum of EUR 1800). If the salary is lower than EUR 1000, 100% is paid out, but the absolute minimum amount is EUR 300. If the father goes on parental leave, this amount is also paid for the thirteenth and fourteenth months of the child’s life. The parents can decide to collect the allowance for up to two years – but then only half of the monthly sum that would be payable to them during twelve (or fourteen) months is paid. The employing organisation is obliged under the law to keep the job position of an employee on parental leave open for them to return to.

A big problem in Germany (and even more so in its western part) is the major lack of preschool facilities. A law (from 2005) on the construction of childcare facilities stipulates that 230,000 new places in kindergartens, nurseries, and daycare facilities are to be created by 2010. In addition to non-profit organisations, various ministries are currently addressing the issue of work-life balance.

One company in various countries

Both the German and the Czech organisations are comparable, though the Czech one is smaller. Both have headquarters in a smaller town and are the main employer (tens of thousands of people) in the town and its wider surroundings. Both the organisations are enterprises, with strong links to other industrial companies. They are successful, produce a large volume of exports, and make world-renowned brands. Most of the organisations’ employees work in production, that is, on the production line in a shift-based operation.

In the German organisation, our interviewees from the human resources department and trade unions voiced the need to build a ‘family-friendly firm’; the works council also adopted such a resolution. The human resources department (Frauenförderung) in the organisation focused specifically on supporting women in the engineering environment and supporting families by providing information flyers and training for parents returning from maternity or parental leave.

Conversely, the Czech organisation maintains the very neo-liberal stance that ‘the company should not be doing everything itself,… we allow people to earn enough…’ so that they can take care of their own affairs (Miroslav; HRM, top management; 50 years of age; 2 children: 25 and 28 years of age; CR). In addition to the gendered opinions of Czech human resources managers about the impropriety of women working in an engineering company, another major difference compared to Germany was the huge influence that the individual shift managers and plants have on decision-making. This also affected the atmosphere within the organisation, especially in production occupations, where the largest number of people worked. Their decisions were guided both by gender biases and, ac-
ccording to a statement from a female trade union member, rudeness, along with efforts ‘not to complicate one’s life’ by making concessions, such as modifying working hours or changing shifts, even if this was within their remit. Personal relations and ‘camaraderie’ with the boss also influenced decisions. However, in the parent company in Germany, human resources managers talked about their current efforts to attract more women to all types of work activities, to have more women in supervisory positions, and to attract girls from secondary schools into technical fields.

Shift work and line production are the most important factors that interfere in the implementation of family-friendly policies and practices. In both organisations, an administrative employee has to be present at the workplace for a fixed period of time but the start and finish of working hours are flexible. However, according to the statements of the human resources managers in the Czech organisation, flexible working hours are impossible in production. Similarly, there is a disparity in the Czech organisation with regard to part-time work: although officially permitted, part-time work does not exist in production. In the German organisation, part-time work is more frequently permitted in administration, but it is also possible to agree on a more flexible arrangement in production. Such an arrangement is negotiated with the shift or plant manager, but in practice it is relatively unusual.

The Czech organisation offers single parents a sheltered workshop where ‘line work’ is limited, and therefore some flexibility of working hours is allowed. However, the work is for lower wages, so, as one communication partner – a single father – noted, this is not a solution for single parents.

By comparison, the German organisation offers a special ‘lunch’ shift for single parents (from 10:45 to 16:33), which (unlike the protected workshop) is fully integrated into the main production process. When part-time positions and this special shift are not covered by internal staff, they are covered by agency staff. Agency workers are also used in the Czech organisation, but owing to reluctance on the part of the managers (the greater demands put on the manager’s organisational efforts) it is not used for this purpose. A Czech human resources manager even declared that shortening shifts is impossible:

> Well, it’s simply not technically possible, it can’t be... people go to work to fulfil tasks and not according to how they sleep or that they need to change a baby’s diapers. (Ota; HRM, social services; 63 years of age; children: 31, 38; CR)

Both organisations offer homeworking for office professions. While in Germany this is a practical working option, in the Czech Republic it exists only for those in top management. For the past two years, the German organisation has offered tele-working, but only a very small number of employees have taken up this opportunity.
Company attitudes towards parenthood

Generally the interviewees did not regard taking maternity or parental leave as a problem. An important factor is the size of the organisation and the substitutability. The only perceived problem was in the case of a woman working in a specifically qualified position going on maternity leave. Both firms equally keep the position open for the employee on parental leave for longer than the legally defined period. In the Czech Republic, this is, according to the collective agreement, up to four years after a child is born (the fourth year is taken as unpaid leave); in Germany, an internal company decision allows up to seven years of parental leave.

Returning to work after parental leave in larger organisations appears to be less problematic in terms of finding a suitable position for a person to return to, especially in administrative posts. One Czech female trade-union representative noted that problems can, however, occur in production. According to her, ‘the firm does not have a problem taking a person back but it has a problem employing them in another work regime.’ (Dana; trade union employee; 54 years of age; children: 29, 33; CR). She describes discriminatory practices where the firm offers the returning person a position but will not allow shift selection or part-time work, thus forcing the person (the vast majority of whom are women) to resign by agreement owing to difficulties with childcare responsibilities. The German organisation, on the other hand, does allow part-time work, even in line production.

In view of the fact that goods and technologies change fast, re-qualification upon return is common in both organisations. The German parent organisation even offers a ‘family management’ seminar for women/men returning from parental leave. The course prepares parents for the ‘challenges’ of combining work and parenthood.

Neither company offers many direct benefits to families. The Czech organisation pays a childbirth allowance; whereas other benefits (housing, health-care centre, etc.) were abolished upon the entry of the German partner in the 1990s. The German organisation does not provide a childbirth allowance. However, it offers parents an ‘information service’, such as an internet information exchange where it is possible to advertise and shop for babysitting services.

Babysitting and childcare are a major help to parents when combining family and working lives. Both companies previously had their own kindergarten or nursery. In recent years the parent company appears to have acknowledged the need to provide some childcare facilities to ensure employee satisfaction and it financially supports preschool facilities in the town. It also has a certain amount of influence over the services provided by the kindergartens and their opening hours. However, this is not the case in the Czech Republic.
Parents’ ability and room to negotiate

The interviewees’ statements uncovered one major difference: the degree of inactivity on the part of both the leadership of the organisations and parents. In Germany, parents were relatively well informed; they can ask for information (and do so) from the trade unions and the human resources department (Frauenförderung); in more qualified positions they are contacted by the human resources manager before they return from parental leave. As the German human resources manager says:

*A woman coming back from parental [leave] knows what her rights are here. And in case of doubt, when human resources aren’t willing to give it to her, she will go with them to the works council.* (Maria; HRM, Dep. Frauenförderung; 47 years of age; 2 children: 15, 17; DE).

Passivity on both sides is typical of the Czech Republic. Parents are generally unaware of their options and rights and are afraid to ask for anything, according to the female trade-union representative and a single parent-father. The human resources do not offer much because, allegedly, employees do not demand it (Ota; HRM, social services; 63 years of age). This creates a vicious circle. The organisation asks the employee but interprets silence as a lack of interest, and so it does not offer anything actively. Another argument heard from the organisation is the exaggeration of the effort not to discriminate; according to human resources managers, support for women, parents, or even kindergartens in the town would constitute discrimination against men, non-parents, or commuting employees.

*France and the Czech Republic*3

In France, a relatively short interruption of work after the birth of a child is well accepted, and collective childcare facilities have a good reputation. Furthermore, various types of care for children up to the age of three are relatively widely available (in terms of the number of vacant places and geographical availability), although this care can sometimes be quite expensive. Conversely, in the Czech Republic, childcare currently is insufficiently institutionalised and essentially unavailable. In France, a woman is entitled to sixteen weeks of maternity leave after childbirth, which can be extended by an additional four weeks. This period is covered by sickness insurance and, in many companies, collective agree-

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3 In the Czech branch of the French organisation we encountered negative attitudes on the part of the human resources department. We were even faced with efforts to prevent us from contacting employees for the purpose of getting an interview. It was also much more difficult (than in the French headquarters) to persuade the employees, male and female, to give us an interview.
ments provide for coverage to make up for the rest of the salary. Parental leave can last up to three years after the child is born, during which the parent collects a low, flat-rate benefit. After childbirth, men are entitled to an eleven-day ‘paternal leave’, which 65% of fathers take up, and this is also covered by healthcare insurance. There is a cap on this benefit and some companies make up for the rest of the salary, like they do for mothers. This is also the case in the French parent organisation in the study.

One company in different countries

The French firm has headquarters close to Paris, with branches across the whole country. Its affiliates function in many European and other countries and it employs approximately 126 500 people (December 2005). In the company there are very strong trade unions with a long history and great bargaining skills. These organisations work together when negotiating with management. The most important outcome of their activity in the past few years was the so-called ‘Accord du 17 février 2004’. The agreement in many ways supplements a previous measure relating to work-life balance.

The Czech branch was established in 1993 and in 2007 it had 87 employees. It has its headquarters in Prague and deals especially in trade and production and spare parts distribution, though the company does not have any production units in the Czech Republic. Unlike the French headquarters, employees in the Czech company are not organised in trade unions.

The companies’ respect for parenthood

The conditions for combining parenthood and paid work in both organisations derive mainly from the time spent at work. In France, the official working week is 35 hours; at the French headquarters, however, working hours were based on the employees’ requests that instead of shortening the work day employees would be given an extra ten days in holidays. During the working day, French male and female employees at the headquarters spend a relatively long time at the workplace (nine to ten hours, but sometimes up to twelve hours). The headquarters offers an advantage in the form of flexible working hours: work starts between seven and ten in the morning and ends between four and eight in the afternoon or evening. In many ways, labour productivity in the managerial and administrative positions is still measured by the time spent at the workplace, which respondents-parents say does not work for them. The unwillingness of parents to spend long hours at work can thus have an effect on their career progression.

When you decide to give priority to the family and try to go home earlier, you have to suddenly accept a less interesting position. (Laure; HRM; 36 years of age; 2 children: 6 months, 6 years; FR).
At the Czech branch, the rules governing working hours are somewhat different. Among the top managerial staff, a working day of ten hours or more is also sometimes expected, but this is not the rule. People in middle management positions usually start before nine in the morning and finish between five and six. Flexible working-hour arrangements are also in place here, with parents able to adapt them further to their needs:

*Flexible, well, I have working hours stretched more than the normal hours. Because normally an employee should be here until five p.m. But I have an exception; I come at 7:45 and leave at 16:15 so I manage to fit my full-time job to the opening hours of a kindergarten.* (Naďa; business assistant; 31 years of age; 1 child: 5; CR)

Work-life balance can also be tackled through part-time work. In France, part-time work usually takes the form of four-fifths of the full-time equivalent (working four days a week). The main disadvantage of a shortened work load in France is that it closes the path to career progression. For career-oriented employees in positions of middle and top management, therefore, it is not a viable option:

*In my opinion it is possible, but then they point their finger at you and your professional progression… is not maybe completely stopped but it stops for the time you are working part time.* (Marie-Louise; product manager; 32 years of age; twins 16 months; FR)

In the first years of the child’s life, part-time work can be a temporary solution. The Czech branch is not as forthcoming when it comes to part-time work. Communication partners were able to use this type of work arrangement only in the first month after the enrolment of a child in a kindergarten or nursery as an adaptation period; otherwise it is not allowed, even in administrative positions.

In France, almost all women interrupt work because of childbirth. Female managers in the studied company usually stay at home with a child only during maternity leave or extend that period with proper leave. Thus, women usually stay at home until the fourth to sixth month after the birth of the child. According to the 2004 Accord, absence due to maternity leave should not have any influence on an employee’s assessment. Nevertheless, this is not always the case, as one female representative of the human resources department explains:

*I think that they are disadvantaged because there is a budget given for bonuses. Each department and branch has their own budget. And this budget must be divided. And of course a person who worked for the whole year gets more money.* (Laure; HRM; 36 years of age; 2 children: 6 months, 6 years; FR)

Men in France are offered eleven-day paternal leave. Mr. André (business manager; 34 years of age; 2 children: 1, 3; FR) confirms that before the 2004 Ac-
cord the attitude of the company to this type of leave tended to be negative – the
company did not provide full salary compensation as it does now, and it did not
look favourably upon men who decided to take up paternal leave. Since the 2004
Accord it has become widespread.

The Czech branch has thus far had little experience with female (or male)
employees going on maternity or parental leave. Approximately five mothers
with small children work there, of whom two are still at home with their child
and do not plan to go back before the third or fourth year after the birth. Another
employee, Naďa, returned to work after being three years on parental leave, when
the child enrolled in a kindergarten, which is a normal practice in the Czech Re-
public. Her experience with negotiating her return to work was not very good:

> Otherwise, on the part of the HR, I have to say that there, although I announced long before
that I would like to come back and so on, and although I was saying already during
maternity leave that I would like only to help someone for a few hours a week, to come back
gradually, this was never considered. I have to say that the attitude was very, very bad, pas-
sive and even resistant. (Naďa; business assistant; 31 years of age; 1 child: 5; CR)

Veronika, a manager, stayed at home with her child for fifteen months, after
which she returned at the request of her direct supervisor. Personally, she feels
this to be a long enough period, but in the Czech environment she had to deal
with negative reactions from those around her, especially from women, because
she failed to fulfil the cultural norm of ‘good motherhood’.

Parents’ ability and room to negotiate

Owing to several decades of trade union bargaining at the French headquarters,
actors (parents) do not appear to feel such a need to interfere actively in the ne-
gotiatiations; they see it as a process that takes place beyond them. In principle,
bargaining in the French company is left to the trade unions, which carefully
monitor the situation in the company. According to employees, trade unions are
there to ‘raise demands every time something comes up that can be improved from a so-
cial point of view.’ (André; business manager; 34 years of age; 2 children: 1, 3; FR).
Employees themselves do not usually demand anything from the leadership; the
trade unions fulfil this role satisfactorily. They take care to distribute information
– according to respondents it is sometimes difficult to get access to important
information.

Whether and how parents (mothers) manage to find a balance between work
and family obligations largely depends on social and institutional structures that
help families. In France they have a wider range of childcare possibilities (state

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4 Attitudes towards mothers who do not adhere to the norm of a mother staying at home
for three years were studied in detail in [Janoušková 2004].
or private nurseries, day-care mothers, or household nannies) but they also have

to battle with the excessive costliness of certified carers and the unavailability of

places in state nurseries or the limited opening hours of these facilities. In the

Czech Republic, state policy and the leadership of the organisation exhibit an

overall disinterest in parents’ problems obtaining day-care for children under the

age of three.

Unlike the French headquarters, the Czech branch has no formal measures

that go beyond what they are required to do by law. There is a general lack of

experience with the issue of work-life balance. This is especially owing to the fact

that the company almost exclusively employs young people (men and women),

for whom the decision to start a family and consequently also the need to address

the issue of combining work and private life are still in the future. The organisa-

tion has thus now been able to view its employees solely in the context of their

work and without any outside commitments. The pressure to establish at least ba-

sic measures comes from the bottom up from female employees as they gradually

become mothers and look for sustainable strategies to remain with the company.

Success in negotiating clearly depends on their individual position in the organi-

sation and their personal and professional relationship with their superiors.

Sweden and the Czech Republic

Measures for combining work and family have long been in place in Sweden.

They are designed to ease the situation of families with minor children and are

provided under the following legislation: the Act on Childcare Leave, the entitle-

ment to part-time work or suitable modifications of working hours, the legal right

of the child to qualified care through institutionalised care organised by the state

or municipality.

In Sweden, a child’s parents are altogether entitled to 480 paid days of pa-

rental leave (or ideally 240 days for each of them) which they can use for up to

eight years after the birth of the child. Sixty days are allocated exclusively for each

of them. Unlike the Czech Republic, then, there is a sort of ‘parental quota’. Each

parent has to use up this minimum leave period or the legal entitlement is lost.

The use of this type of leave and the payment of the corresponding allowance

during this time is set up in such a way to be as variable and flexible as possible

in order for parents to be able to accommodate the demands and the needs of a

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5 In the text that follows we draw on analyses and work and map family policy in Sweden,

on the Collective Agreement for the Engineering Industry in Sweden, and on the inter-

views we conducted. In the Swedish branch one interview was conducted with a young

woman in a managerial position in administration before she left for parental leave; in the

Czech branch interviews were conducted with three parents – a man in the position of a

director in the company, a man in the position of a customer service official, and a woman

in a middle management position who was on parental leave at the time the interview was

carried out.
child; furthermore, institutional barriers are eliminated to the greatest possible extent (in the social system setup) [cf. Saxonberg 2008]. The Swedish system aims to support a more equal distribution of activities between parents with the implementation of this measure.

Public day-care facilities for children of preschool age are affordable for all parents, with no one paying more than 3% of their (family) budget for the first child, 2% for the second, and 1% for the third or more children. Most childcare costs are paid from public sources in the form of contributions from the municipality and from state resources such as targeted grants and support, etc. For children between the ages of 6 and 12 inclusively, various leisure activities are organised during after-school hours in so-called leisure-time centres.

A system of preschool and school-age care with a universalistic design does not exclude parents with lower income or lower ‘family’ social capital, but integrates them on the basis of citizenship rights and creates equal space for the social employment of parents.

One company in different countries

The company under consideration in this study was established in the inter-bellum period, offering various types of services in a number of locations; today it is part of a supranational production company in the field of engineering. Although this sphere of production builds on masculine values and worldview, in the Scandinavian company under study, emphasis tends to be placed on the humanity of work and on interpersonal relations, teamwork and diversity of work teams, and equality and non-discrimination, which are considered to be the main principles of organisational operations. Measures within the company, which has thousands of employees in Sweden, are based on the principle of not excluding anyone a priori and not preventing people from using their capabilities. Company measures respect the country’s legislation and correspond to the generally widespread culture of non-discrimination.

Swedish law is very clear. There must be no discrimination of mothers, of either of the parents. During an interview no one may ask you about personal issues. These things are not acceptable either legally or culturally. Swedish culture in general is oriented against discrimination. (Ingrid; HR business partner; 33 years of age; no children; SE)

Within the company there is a strong focus not only on the person as an employee (good conditions are created to allow him or her to maximise their work performance) but also on people as individuals who have their own personal-private-family life outside work.

In the Czech Republic, the branch is a small organisation with only a few dozen employees. It was established in the mid-1990s and imports products to
the Czech Republic and conducts sales. Unlike the Swedish company there is no employee organisation (trade union) in the Czech firm. In the early days, a higher proportion of young people were employed in the firm who were at that time generally single and without children. There was a focus on high work performance; it was possible to identify ‘loyalty’ to the company, partly because of the above-average wages. Given the average age of employees and that most of them were childless, the company did not have to deal with the issue of work-life balance, but that did not necessarily eliminate the issue of combining work and personal life altogether. However, the interviews conducted for this study showed that in the initial period the atmosphere in the company was very informal and friendly; employees were willing and got used to working overtime. It was not unusual to work from nine in the morning until ten in the evening, which undoubtedly left employees with a lack of free time – time for other people, relationships, and other activities than those immediately linked to the performance of paid work.

... When I came here, there was a huge number of young people. I was the oldest and I was just over thirty. The company was terribly immature in human terms... They didn’t have families, they didn’t have children. They placed work first... (Vojtěch; customer service director; 43 years of age; 2 children: 3, 6; CR)

The companies’ respect for parenthood

In the first years in which the Czech branch was being established, a work model was constituted that was ‘tailored’ to a certain type of worker. The worker was envisioned as a single person with no personal or family life or personal commitments and obligations towards others who are close and dependent on them. In this work model, an individual de facto cannot have any family commitments, or cannot fulfil these family commitments. This work model greatly interferes not only with family life but also with the personal life of the individual, including their ability to form personal relationships, as it becomes impossible for employees to (freely) use their leisure time. Unlike the Swedish parent organisation, the issue of work-life balance and the issue of equality was for a long time not a major topic for the management of human resources in the Czech branch.

In interviews with the Czech representatives of the company, it was noted that sensitivity to the needs of parents and especially mothers did not run along gender lines but according to whether an individual possesses such sensitivity or not. Nevertheless, the statement ‘everything depends on people and their attitudes’, which refers to informal, personally forthcoming solutions to the situation, reveals that the employer organisation does not have a standard institutionalised solution for work-life balance in terms of being more sensitive to employees with caring commitments.

While it is common in Sweden that a certain category of employees may have flexible work hours, work part-time, or work at home (especially employed mothers) because work organisation flexibility is ensured by a higher legal norm (the
parents’ right to these forms of work), these forms of work are not established in the Czech branch. It is also unusual in the Czech Republic for men to go on parental leave,\(^6\) which in the Swedish organisation they do in conformity with an internal document based on a higher-level Collective Agreement.

Our company philosophy is for men to be at home with children similarly to mothers. It is healthy for a family, and it is a good thing to be with your child. This is the reason the company supports this. (Ingrid; HR business partner; 33 years of age; no children; SE)

Parents’ ability and room to negotiate

In view of the fact that at the time when the interviews were conducted, parents were in the minority in the Czech branch, there were no measures to specifically address their situation. Everything was based on personal negotiations: the need of the employed person to formulate their demands individually, the ability to enforce them, the ability to negotiate certain conditions for combining work and family. Again, the individual ability or inability of employees to assert their demands is related to the willingness or unwillingness of people who manage work teams to negotiate with an employee. Thus, the individual qualities of people in leadership positions (such as being forthcoming, tolerant, understanding or, alternatively, having a low degree of empathy, being unforthcoming, unfriendly, intolerant or a certain selective sensitivity and empathy to certain employees, etc.) and the power of their formal position are more important than written and impersonal rules.

Although some work-life balance measures are formally in place in the Czech environment, they do not necessarily function in practice because of the (small) size of the company and the dominant corporate culture, which is to a certain degree rigid. Poor tolerance for anything other than the ‘usual’ conduct in the given group (in this case, age group) weakens tolerance for otherness, for example, parents. It appears that there is an invisible dividing line between parents and non-parents in the company. In the Czech organisation there is low tolerance for other types of work organisation which is a result of an employee having a family, and this is more so on the part of co-workers than people in leadership positions.

I am definitely lucky that my boss, who has also two children, is a very family oriented person - according to me. So he always very well understood my situation. And the other fellow of mine also has a child. So, the willingness worked out there. However, as I could see in other departments, there have been mostly very young people, ambitious people who have not had a family. Therefore it is strictly required there to be at work until six, and even in another department I know that a colleague needed to get the mortgage signed and … they were not helpful at all. (Monika; manager customer sales; 31 years of age, 2 children: 2 years 6 months, and 6 months; CR)

\(^6\) For exceptions, for example, for families with caring fathers, see Maříková [2009].
Discussion of the findings

The three case studies gave us deeper insight into the issue of work-life balance from the perspective of working parents. The goal of the study was not to describe national systems of family policies or individual (family) strategies adopted by parents, but rather to focus on the level between these spheres of decision-making, and – against the backdrop of family policy systems in individual countries – to describe the conditions which organisations create and the ways in which these conditions are used by working parents to achieve work-life balance. Despite certain methodological limitations – problems with entry into some organisations – it is possible to derive some general conclusions from the study of the dynamics of the negotiations within the organisational environment and the links to the conditions determined by other social actors and individual strategies of parents in individual countries.

Despite our primary focus on the organisational level, our study also offers insight into individual levels of negotiating conditions for achieving work-life balance – the level of state family policy, the organisational level, and the individual level of an employee’s strategy – especially in the Czech Republic [Křížková et al. 2007]. En route to capitalism after 1989 the Czech Republic abandoned some of its previous state family policies that supported working parents (especially mothers). This resulted in the long-term exclusion of women from the work process and conserved gender stereotypical roles in the context of a two-income family. This is related to the current gender inequalities that exist in many walks of life in Czech society. At the same time, there was a dramatic decline in the amount of union organisation and the role of trade unions decreased. The discrediting of trade unions owing to the role they played during state socialism before 1989 is connected with the more general tendency to reject any more pronounced state interference. On the other hand, the Czech population still tends to accept conditions determined at the top, through legislation or by management, and does not question existing conditions or initiate activities themselves from the bottom up.

The comparisons between the parent organisations and their branches and between the three case studies permitted us to identify the main interlinked factors that explain the variability of family-friendly policies and practices in organisations:

The character of the welfare state

In this research it is important to realise that the four countries we selected differ significantly in terms of women’s employment or more precisely in terms of women’s access to paid employment [Orloff 1993]. As mentioned above, this dimension is one of the determining sources of the arguments to implement family-friendly policies in the labour market. The countries under study (the Czech Republic, Germany, France, and Sweden) can, from our perspective, be divided into two types.
In the first type, state family policy basically excludes women after the birth of a child (by providing long parental leave\(^7\) and because of the unavailability of public childcare facilities for small infants) and thus conserves gender stereotypes related to care (by not supporting men to increase their participation in childcare); this is the way it is in Germany\(^8\) and the Czech Republic. This policy creates a certain opposition between the spheres of labour and family, employment and parenthood, work and care, and enforces the idea that labour and family roles are incompatible or in conflict. This is also related to the time demands on the performance of the roles in both these spheres – so-called presenteeism and pressure to work overtime, and high standards of motherhood in the form of the mother’s extended presence at home – which support the assumption that work and parental roles are incompatible.

The second type of country, which includes France and Sweden, has long supported women’s employment and maternal and parental leave is significantly shorter (six months to one year) and is accompanied by substantial financial compensation, which, together with a well-developed network of childcare facilities for the smallest children, ensures that women can return to work quickly. At the same time, family policy (at least in Sweden) gives considerable support to men in terms of contributing to care. The policies in these two countries are based on the concept of a working parent, more so in Sweden than in France, where there is a wide selection of benefits and services from which parents can choose depending on their employment position and income. Sweden is a country where the principle of universalism in social policy is firmly entrenched. This principle is founded on a high quality of services and supports individual rights compared to the countries of the first type (the Czech Republic and Germany), where social policy is largely based on the principle of subsidiarity and mutual dependence of family members, including support for the gendered division of labour at home. Our findings show that these provisions set by state social policies have consequences for the organisational cultures of individual companies in studied countries.

**Parental (motherhood) ideologies**

In addition to the character of the welfare state, there is a macro-level factor that is strongly linked to national welfare systems and has a major influence on the shape of the practices of the organisations. In terms of the differences discovered

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\(^7\) We should point out the absolute inappropriateness of the term for ‘leave’ in the Czech context. The Czech term ‘dovolená’ used in official texts and in normal parlance means ‘holiday’ in relation to parental work and care. It signifies the under-recognition and devaluation of this period of parenthood in Czech society, which is even embedded in law. We therefore suggest reconsidering the appropriateness of this term in the Czech political and linguistic contexts and finding a substitute for it.

\(^8\) Germany has recently adopted changes geared at shortening parental leave, increasing financial compensation, and giving advantages to parents who share their care for a small infant by extending parental leave.
among the individual countries, it appears to be crucial to examine the relationship between the length and conditions of maternity and parental leave and the ideology of motherhood, which sets the standards for a child's needs, especially in relation to the mother's uninterrupted presence or the length of the parental leave taken. These two variables differ hugely in the Czech Republic compared to the other countries in this study. Although a relatively precise notion of what it means to be a good mother is found everywhere, and this notion is considered to be universal, adherence to the French or Swedish standard would mean in the Czech Republic that a mother is neglecting her child and she could be viewed as a 'heartless' mother. The main difference between France or Sweden on the one hand and the Czech Republic on the other is the shorter duration of maternity and parental leave and the greater availability of high quality, trustworthy childcare services in the first two countries mentioned. Czech female managers cannot choose among childcare services but almost have to count on making use of private paid care. At the same time, they face condemnation from others if they terminate parental leave when their child is fifteen months old, which in France, for example, is not uncommon. The social policy system and childcare facilities and services in France and Sweden are clearly more developed than in the Czech Republic, which is reflected in the conditions of parenthood at the organisational level, especially in a situation when a Czech branch of a foreign company does not deal with the issue of employee work-life balance seriously.

‘Motherhood ideologies’ in fact stem from the gender division of labour. Czech society generally fits the modified male-breadwinner model [see Lewis 1992]: women leave the workforce for a relatively long period to care for small children and remain economically dependent on their partners. This situation lays the ground for numerous gender inequalities in the labour market as well as inside the family. ‘Motherhood ideologies’ [see, e.g., Duncan and Edwards 1999; Hays 1996] then serve as powerful rationalisations for these inequalities.

The organisational culture of non-discrimination and equal opportunities

Another key factor explaining the variability of the organisational practices across different countries is the extent to which the companies officially adhere to the politics of non-discrimination and equal opportunities. The Swedish welfare state is typical for its pro-active social and family policy with a strong emphasis on measures that allow women and men to achieve a balance between their work and extra-work commitments and obligations. This attitude is then reflected in the organisational culture of the Swedish parent company. To some extent, the situation in the French parent company is similar. If we compare the situation in

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9 Although the parental leave in France is set up similarly to the Czech Republic, it is supplemented with other measures allowing a greater variability in terms of ensuring childcare.
the Swedish and French parent companies and its Czech branches it is clear that not everything that is taken for granted in Sweden or in France is implemented in the Czech Republic. This is due to the different legislative frameworks and the different influence of the culture and historical experience of each country in the study. Although some measures facilitating work-life balance are formally available in the Czech environment, they do not function because of the rigid organisational culture.

The Swedish firm in this study is founded on the principle of economic growth and organisational profit, not only in terms of production and sales but also in terms of the growth of the company’s human capital. The firm stresses teamwork and the development and education of employees, as well as team diversity with a view to the level of skills, abilities, and qualities needed. Another component considered to be important for the development of the organisation is the support of women in leadership. The Swedish company strives to help eliminate inequalities between men and women through projects and measures aimed specifically at the sphere of gainful employment (such as career break programmes), but also through measures aimed at facilitating work-life balance. This ‘women-friendly’ organisational environment has a direct impact on the careers of women and on parents working in the Swedish and, to some extent also, in the French headquarters and the German company. In the Czech organisational units, attitudes towards women and parents are still conditioned by the tradition of coding engineering industry as a ‘masculine’ activity, which brings about the exclusion or denigration of everything coded as ‘feminine’. This is usually automatically identified with the ‘female sex’ – either with an individual woman as a representative of the ‘whole’ or with women in general. This type of industry is thus dominated by ‘masculine ideologies and instrumental rationality’ [Kerfoot and Knights 1998], which rules out or renders impossible the adequate evaluation and use of other human abilities and qualities, including the employment of certain ‘social’ needs (such as thoughtfulness, safety, tolerance, etc.). The Swedish and the French cases show that this cultural coding can under specific conditions be made obsolete.

Actors’ activity in work relations

The German, French, and Swedish parent organisations endorsed the European trend of supporting equal opportunities for women and men, work-life balance, and the ‘family-friendly approach’. Representatives of Czech organisations, on the other hand, tend to maintain a gender-neutral approach, which is moreover marked by the fear that any benefit for parents could discriminate against everyone else. The organisational culture of (not) supporting equal opportunities for women and men is also related to the fact that the legal claims of parents to modify their working hours are more a matter of theory than practice in the Czech organisation, and it is often stated by the persons in charge that for opera-
tional reasons it is impossible to implement certain measures. (The German organis-
isation, however, was able to implement measures such as part-time work or
changes in the length and organisation of shifts for parents in the same plants.)

In both Germany and the Czech Republic, it is apparent that people expect
changes, directives, or initiatives to come from the state. This is especially obvi-
ous in relation to the issue of work-life balance, where conditions are viewed in
toto as set by the state, and as such they are not disputed or are seen as accurate.
This may also be related to the fact that in Germany and the Czech Republic the
state family policy is basically uniform for all segments of the population and
there are not many alternatives for creating an individual parental strategy, as
is the case in France or Sweden. Although in terms of support for the family
– whether by the organisation or the state – the situation in both the countries
may look similar, our case study nevertheless shows that at the organisational
level the situation in Germany is substantially different from the Czech Republic.
Despite the fact that the company is a huge profit-generating concern, the offer
and access of working parents to modifications in their working hours or to
homeworking are more favourable in Germany. Generally, we could say that Ger-
man employees are aware of many of their rights and opportunities. In the Czech
organisation, employees are more passive; they are often unaware of what they
could or should want from the organisation and also fear being too active. This
paradoxically causes the organisation to give up on any effort to offer anything.
The situation is similar in the Czech branches of the French and the Swedish
companies: while in the parent organisations, negotiations (mainly taken care of
by the trade unions) are an integral part of work relations, in the Czech branches
there are almost no negotiations.

Joan Acker [2006] states that organisations are locations of the continu-
ous creation of complex inequalities, where participants have different access to
power and control over goals, resources, and outcomes, and that gender is one
of the most important lines of construction of those inequalities. We can assume
then that in the organisational environment, where the tradition of individual
negotiation and claim-making is absent or underdeveloped (as is the case of the
Czech branches of the studied companies), structural disparities and inequalities
(including the lack of equal opportunities for parents) will be more persistent in
character and there will be less chance of change.

The role of trade unions

In principle, the negotiation of working conditions, including work-life balance
issues, at the organisational level in France (even more so than in Germany) is
the responsibility of trade unions. In the Czech environment there are no formal
measures in organisations that go beyond the framework established by law and
unions do not exist. In the Czech branch of the Swedish firm (as well as in the
branch of the French firm), there are no trade unions and the likely perception
is that there is no need for trade unions. Moreover, there is no human resources manager at the corporate level and instead each individual manager partly performs this role himself or herself. Perhaps it is partly for this reason that there are no rules or employee conditions set for combining work and parenting roles. Apparent here again is the passivity of Czech employees, who are not active in asserting their demands, and the potential unwillingness of people in leadership positions to allow parents to opt for alternative working conditions. The Swedish firm, which is strongly focused on social issues, is family friendly, and stresses the equality of women and men, does not implement these policies with equal force in its branch organisation; and this is also the case in the French and German branches.

The practical experience of the organisation with their employees as parents

According to our findings, neither the Swedish nor the French companies transfer their family-friendly policies to the Czech branches of their companies but instead tend to ‘take advantage’ of the Czech entrepreneurial environment, which does not strictly adhere to legal measures. To some extent this could be owing to the fact, in the case of both companies, that it was established purely as an administrative-sales branch, which at the beginning employed only young, career-oriented men and women who have only recently begun to form their family strategies. They therefore have an absolute lack of experience with work-life balance issues, mainly owing to the size and composition of the organisation.

If we compare the attitudes and conduct of foreign companies in their home country and in the Czech Republic it is clear that what is normal in one country is not necessarily normal in another country. The supranational nature of a company does not necessarily eliminate ‘local specifics’. In the Czech Republic we can discern a neo-liberal approach to work-life balance issues and employees’ families, governed by the ‘logic’ that we let parents make money and let them take care of themselves. Conversely, in Germany, France, and Sweden the situation developed differently: the organisations seem to realise that a satisfied employee is an efficient and loyal employee. Therefore, they make efforts to listen to parents and actively improve their conditions, either by providing an information service or supporting preschool facilities, or through efforts to modify working hours for parents in such a way that they are able to combine their family and work commitments.

Conclusion

Important differences between the family-friendly practices of companies in their home country and in the Czech branches are due in part to the differences in the way welfare regimes are set up in individual countries. This is related to the gen-
der structure of institutions at various levels in the given country and the area in which the company is active, differences in the importance of women’s employment and motherhood ideologies, and the institutional conditions of childcare that the state (or other actors) offers. All this is influenced by the historical-social development of a country, which has an impact on the contemporary conditions of parenthood and newly implemented measures, because they are reflected in the way these conditions and instruments are conceptualised by individual actors – employers and parents, women and men.

The three case studies carried out in one industrial field allowed us to gain deeper insight into the organisational dynamics of the setting, negotiations, and practices of family-friendly policies in various countries compared to the Czech Republic. By using the given method in this area of research we were able to identify the following six main interlinked factors relating to the variability of family-friendly policies and practices in organisations: the concrete welfare policy setting (1), ranging between universalism and familiarism and creating the gendered frame for the operation of organisations; parental (motherhood) ideologies (2) as ideas about what constitutes ‘proper’ parenthood (motherhood), which, at the level of organisations and at the level of society, can facilitate the performance of parental (maternal) and working roles or aggravate and make impossible the performance of parental (paternal) and working roles in terms of attitudes and evaluations (which are also reflected in policies); the organisational culture of non-discrimination and equal opportunities (3), which is a precondition for the willingness on the part of employers to offer and the ability of employees to take up family-friendly measures; the activity of actors (4) in work relations because, as we showed, at the level of organisations we can still discern a culture of employee passivity in terms of negotiating better working conditions, the unwillingness of employers to offer family-friendly measures and flexible working models, and the ‘blind’ acceptance of top-down measures by employees (from superiors) and employers (from the state); the role of trade unions (5) in negotiation working conditions and particular family-friendly policies at the organisational level; and finally it emerged that practical experience of the organisation with their employees as parents (6) is important for building a family-friendly organisational environment. To this we may also add the role of managers, which can be very important under certain conditions, as they often act as ‘gatekeepers’ with regard to the use of individual, formally offered measures or in terms of the development and implementation of employee demands. Simply put, an organisation with no trade unions, where most employees have no children, in a country where the welfare regime is not conducive to combining working and caring roles, will encounter great difficulty and reluctance on the path to developing family-friendly policies and practices.

The research study results show that, while a neo-liberal culture was imported into the Czech Republic with the influx of foreign companies and their economic and operational standards, so far they have not brought with them the social aspect that accompanies this culture in Western and Northern Europe. This discrepancy leaves room for further, more detailed study.
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References


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Pieter Vanhuysse obtained his PhD at the London School of Economics. A former fellow of the Institute for Advanced Study at Collegium Budapest and the Higher Education Committee of the State of Israel, he currently holds a joint appointment as Lecturer in Political Economy at the School of Political Sciences and the Faculty of Education of the University of Haifa.

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Internationalisation of the State in the Czech Republic:
Igniting the Competition for Foreign Investment
in the Visegrád Four Region*

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Abstract: This article focuses on a key episode in the Czech political-economic
history of the 1990s, the abandonment of ‘Czech capitalism’, and the switch
towards the competition state and an economic model based on foreign in-
vestment. The account of the U-turn in the policy approach to foreign inves-
tors identifies domestic actors that have had a crucial role in organising politi-
cal support for the competition state. These actors, which the author calls the
‘comprador’ service sector, have an important role in mediating the structural
power of transnational investors and translating it into other forms of power
within the state. These actors also had a major role in shaping the U-turn in
policy in the Czech Republic.

Keywords: economic policy, state, class, foreign direct investment, Czech Re-
public


On 29 April 1998, the Czech Republic rolled out the most generous investment
scheme yet seen among the countries of Central and Eastern Europe (CEE). This
ignited a race for greenfield investors in the Visegrád Four region (V4). The Czech
policy U-turn was followed by a reinvention of the investment scheme in Hun-
gary and by the introduction of investment schemes in Poland and Slovakia [Gan-
dullia 2004: 15–16; C. Jensen 2006]. The Czech U-turn in its relation to foreign
investors marked a moment of convergence of state strategies in the region. States
became increasingly internationalised, forging economic globalisation by facili-
tating capital accumulation for transnational investors. After the attempts to pro-
mote national capitalisms failed in the Czech Republic, Slovakia, and – to a lesser
extent – in Poland, the attraction of foreign direct investment has become a prior-
ity throughout the region [Bohle 2002; Bohle and Greskovits 2006]. While inter-
ationally oriented state strategies dominated policy making in the CEE throughout
the 1990s, by the end of the decade, state economic strategies converged towards

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different models of the competition state. The V4 developed a specific model of the competition state, aimed at attracting strategic foreign direct investment (FDI) through targeted subsidies [see Drahokoupil 2007].

This article focuses on a key episode in Czech political-economic history, the abandonment of ‘Czech capitalism’ [Myant 2003], and the switch towards the competition state and an FDI-oriented accumulation. The account of the policy U-turn identifies domestic actors that have a crucial role in organising political support for the competition state. These actors, which I call the ‘comprador’ service sector, have an important role in mediating the structural power of transnational investors and translating it into other forms of power within the state.¹ The political analysis in this article also deconstructs common misconceptions about the political support for the competition state. It shows that the competition state has broad social support that goes beyond party divisions, even though it is often politicised along party lines.

Why and how did the Czech Republic reconsider its policy towards foreign investors? And, what is perhaps more puzzling, why did it introduce an approach favourable to foreign investors only in the late 1990s? Existing literature on the region offers a number of ways to look at the problem. First, the ‘transitology’ literature that dominated the academic mainstream in the aftermath of 1989 has attributed analytic primacy to internal determination of the post-communist transformation. This rationale leads us to investigate the domestic determination of policy pathways. Respective analyses then focused on domestic actors, networks, projects, and constraints [Stark and Bruszt 1998; Dobry 2000; see Bohle 2000]. Second, the ‘transitology’ literature was later criticised by neo-Gramscian scholars who emphasised the centrality of the global context of transition and underscored its external determination. This paradigm then identified foreign investors and their domestic allies as the major actors in an environment with weak domestic social forces, most notably capital and labour [Bohle 2002; Holman 1998, 2004; Shields 2003, 2004; van der Pijl 2001]. Finally, from an economic sociology perspective, Bandelj [2007] has pointed out the importance of social and cultural ties between host and home countries and the embeddedness of investors in social structures, cultural understandings, and power relations.

I argue that the belief in the importance of the international political-economic environment for transition strategies, which led initially to false predictions about the prominence of FDI in the post-communist transition, was ultimately not mistaken. The international environment in which transition and post-transition policy-making took place indeed had a crucial role in explaining final outcomes. But there is a missing link. The pressures of the transnational environment had first to be translated, embodied, and expressed by key actors in domestic politics and within the state.

¹ As explained in detail below, ‘comprador’ refers to a structural link of the sector with transnational capital.
My analysis below will show that domestic politics plays a crucial role in this process. Domestic politics, however, cannot be understood as completely internally determined. It must be treated as an instantiation of locally materialising transnational processes. Domestic politics understood as transnationally constituted allows comprehension of both the initial inward-oriented outcomes and the later shift towards the competition state. Theoretically, this article draws on a strategic-relational state theoretical perspective [see Drahokoupil, Van Apeldoorn and Horn 2008]. Accordingly, the structure and organisation of the economy, institutions, and ideas have a major role in constituting social forces and in mediating their relative power and social influence. These structural features produce a ‘field of force’ [cf. Kalb 1997] that exerts pressures and sets limits on what is achievable. In other words, they constitute a (strategically-selective) environment that provides advantages to some actors and strategies over others. Yet, actual outcomes are produced by strategic actors in social struggles. In the transnationally constituted domestic politics, some structural opportunities are enacted – or some social mechanisms are activated – while other are suppressed or muted. Combining political economy and political analysis creates an approach that complements and goes beyond Bandelj’s economic sociology perspective. It identifies actors pursuing their interests, which reduces the degree of contingency in what the economic sociology approach depicts (merely as) culturally and socially embedded strategies. It also uncovers the power relations overlooked by such an approach by analysing the structural power inscribed in the political and economic environment and the processes whereby it was translated into actual outcomes. This kind of political analysis complements the alternative approach based on regression models. The latter makes it possible to assess the influence of individual factors in a more formal and systematic way, yet it is susceptible to impressionist and at times misleading interpretations of actual political strategies (see my review of Bandelj on the pages of this journal, Vol. 44 (6): 1224–1228).

Below I first present my interpretation of the comprador service sector as a force that mediates the structural power of transnational capital and organises the political support for the competition state. Second, I outline the struggle in the early 1990s that gave rise to the ‘Czech way’, despite the fact that the international political-economic environment provided advantages to the competing externally-oriented project. Finally, I analyse the policy U-turn in which the Czech state reconsidered its approach to FDI and introduced targeted investment subsidies. In particular, I identify the strategic role of the comprador service sector in this move and also the role of other actors, including the EU and multinational investors. Publicly unavailable data were collected through archival research and qualitative interviews with key policy makers, politicians, and business elites [see Drahokoupil 2008].
The structural power of the multinationals and the strategic role of the comprador service sector

The literature on (FDI-)dependent development has emphasised the crucial role of domestic actors in the political coalitions that underpinned the projects of development relying on FDI in global peripheries. Poulantzas used the term 'comprador bourgeoisie' to describe the underlying class relations. The comprador bourgeoisie was defined as 'that fraction whose interests are entirely subordinated to those of foreign capital, and which functions as a kind of staging-post and direct intermediary for the implantation and reproduction of foreign capital' [Poulantzas 1976: 42; cf. Baran 1957]. In CEE, Eyal, Szelényi and Townsley [1998: Chapter 5] identified foreign investors with their comprador intellectual allies as one of the major candidates for a new propertied class. Holman argued that the new power elites in the region cannot be characterised as a propertied comprador bourgeoisie, but rather as managerial and administrative elites that have the same function as that of the comprador bourgeoisie [Holman 2004: 223]. Lane proposed that a transnational political class, an alliance between internal elites and external global political class in particular, was a crucial agent of change in CEE in the 1990s, which effectively precluded the development of social democratic or corporatist forms of national capitalism [Lane 2005, 2006]. From an elite perspective, Machonin, Tuček and Nekola [2006] observed that the influence of domestic elites is limited by an 'apparent hegemony of foreign capital'. They argued that the influence of local managers working for foreign affiliates is based not on wealth, but on a 'mandate from abroad'. However, the comprador segments are not sufficiently specified in these accounts. Holman and Lane offer an analytic understanding; yet they do not identify differences between domestic elites in their approach to FDI and fail to distinguish between the limited importance of FDI in the early 1990s and its hegemonic role later in the decade.

I describe the domestic actors linked to FDI as the comprador service sector, which comprises various groups providing services to foreign investors. It includes local branches of global consulting and legal advisory service firms and their local competitors, companies providing other services to foreign investors, and officials from FDI-related state bodies. Structurally, this sector is not a bourgeoisie, as it constitutes neither a propertied class, nor a professional managerial class whose interests are directly linked to that of company owners. For this reason, I prefer to call them a service sector rather than bourgeoisie. Yet, recent trends, most notably the emergence of regional developers such as the IPEC Group2, indicate processes of embourgeoisement within this sector. Without implying any value judgement, I refer to this group as comprador, as it is defined by its structural connection/link to transnational capital. From a more agent-oriented perspective, this group could largely be seen as an ‘epistemic community’ [Haas 1992] or ‘institutional entrepreneurs’ [DiMaggio 1988]. However, such an

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approach would ignore the importance of the ‘social relations of production’ (like in Marx) and of the Weberian ‘market situation’ in constituting this group. In particular, it would overlook the importance of the structural connection/link to transnational capital and foreign-oriented economic model (or accumulation strategy) in the formation of the interests and strategies of this group. The structural link to the structural power of capital provides an important source of power for this sector. A ‘market situation’ in which service providers could charge foreign investors fees in excess of the local market average represented an important pull factor that united and consolidated the comprador service sector. Thus, the group was not installed by foreign capital to work on its behalf. Instead, it took shape in the process in which domestic actors were seeking linkages with foreign investors, as soon as the structure of opportunities created such possibilities. The comprador is thus not an essentialist feature of a group: it is a class position created by the changing structure of opportunities and political-economic relations that – given the accompanying ‘market situation’ – attracts people with the necessary skills (including those who previously supported the national, inward-oriented project).

The structural power of capital derives from the dependency of the state and society at large on the investment decisions of those who control key productive factors (e.g. the possibility of investment strike and state revenue dependence). Capital mobility has greatly increased the power of transnational investors, as they are able to locate their investment outlets in the regulatory environment of their choice and have the possibility of exit (at varying relocation costs). In CEE, the neo-liberal transition strategies greatly facilitated the structural power of transnational investors as they abolished the Comecon markets and opened the domestic economies to global competition [Boer-Ashworth 2000]. CEE economies specialising within the Comecon in complex sectors [see, e.g., Berend 1996] were not able to compete on the world market and had to downgrade and diversify their production profiles in order to be able to sell there [see Myant 2003]. Multinational enterprises rather than domestic companies controlled the necessary know-how and distributional networks and were thus major agents of enterprise revival and reintegration of CEE into the world market [Myant and Drahokoupil 2010].

But the structural power of capital does not predetermine a single outcome; nor does it predetermine a single policy even in economies as highly dependent on FDI as those in the V4. The cumulative empirical evidence contradicts the trade-off between redistribution and investment implied in the ‘structural dependency’ thesis as formulated by Przeworski and Wallerstein [1988]. First, a variety of domestic political-economic strategies can be competitive in the inter-
national economy, including those relying on high spending and taxation [Hall and Soskice 2001; Rodrik 1997]. Second, physical and human capital endowments can facilitate the pursuit of policies that are against the immediate interests of capital even in a very open economy [Shafer 1994; Gereffi 1995]. Third, research on the actual locational decisions of multinationals has shown that these tend to be determined primarily by proximity and market access and by the skills and educational attainment levels of the host economy’s workforce; there is no evidence that the degree of market regulation or non-wage labour costs suppress the level of inward investment [Cooke and Noble 1998; Cooke 2001]. Given that the structural constraints facilitate a wider variety of policies (at least from the perspective of advanced capitalist countries), the discursive constitution of what is possible, or what the markets and investors ‘really want’, becomes often more important and limiting than the actual ‘hard’ constraints [Watson and Hay 2003]. In this context, the political activities of the comprador service sector had a major role in actively contributing to the discursive construction of the constraints and limits of the political economic environment and the imperatives of capital mobility in particular.

Capital mobility, however, constrains the autonomy of policy makers in the V4 region, as many investors regard the region as a single investment location, with EU market proximity, good institutional infrastructure, and a comparable workforce and labour costs. This puts structural pressures on policies that are deemed important for the investors. It also allows investors to arbitrage locations in order to get additional benefits in the form of investment subsidies. This can make some cost considerations that are generally marginal in location decision an important factor. In the context of the early stage of FDI inflows addressed in this article, the avoidance of political risks that increase the costs of internationalisation was one of the major concerns for the multinationals. The latter face significant disinvestment costs once invested in a foreign market. As a risk management strategy, investors tend to seek explicit commitments to FDI-friendly policies that can be used as a political ‘stick’ against policies that may represent an ‘expropriation of [expected] revenue streams’ [N. M. Jensen 2003]. From the perspective of many investors and their advisers in the early 1990s (including those I interviewed), such commitment was missing from the Czech Republic. The introduction of the investment scheme package was a signal to investors that the Czech Republic was open for their business.

Functionally, the comprador service sector is a nodal point and organiser of the transnational power bloc centred on multinational investors. These comprador blocs also include significant fractions of domestic capital, which are becoming largely internationalised and/or subordinated to international investors. The comprador sector constitutes an important link between investors and states, which is missing from the state-investor bargaining models that dominate the scholarship on FDI and the power of capital in general [e.g. Przeworski and Wallerstein 1988; N. M. Jensen 2003; Meyer and Jensen 2005]. Governments are
not social actors independent of other social forces, including investors. The actual policy outcomes are products of the agency of particular social forces mediated through structures of representation inscribed in the state. In this spirit, Bohle and Husz [2005] pointed to the congruence of interests between the investors and national elites in the V4. To be more precise, I argue that it is the privileged position that social forces connected to FDI gained within respective states that explains the support for FDI promotion and the competition state in general. The comprador service sector helps to translate the structural power of transnational capital into tactical forms of power that enable agential power to work in sync with the interests of the multinationals. The notion of tactical power introduces an intermediate level between the structural and agential faces of power. Tactical power, or what others call agenda-setting power [see Hay 2002: 174–178], refers to the ability to control the settings of interaction or the respective field of force [Wolf 1990]. It enables the structural power to work in sync with its agential counterpart.

Power through agency is exercised by direct participation of business within and in relation to the state institutions. The particular channels of representation that the comprador service sector and foreign investors organised and took advantage of are analysed below. As mentioned above, the success of these activities cannot be attributed to the strategy of the comprador sector alone, but rather to its connection/link to the structural power of the investors (power through agency). They could thus offer carrots in the form of political capital from job creation and imports of the sophisticated technology associated with greenfield investment by multinationals. The (perceived) risk of an investor deciding not to invest in the country because of a lack of FDI-friendly policies then represented a political ‘stick’ the sector could use. In the Czech context these ‘carrots and sticks’ have become particularly effective in times of crisis, when the failure of the alternative, internally oriented accumulation strategy becomes apparent.

As noted above, strategic agency can have a crucial role in shaping the understanding of the international political-economic imperatives. The tactical, or agenda-setting, strategies pursued by the comprador service sector often facilitated the learning process in which policy makers came to understand the imperatives of the structural power of multinationals. In the Czech Republic, where the internally oriented model and the reluctance to implement FDI-friendly policies became particularly entrenched, the comprador service sector became especially organised and implemented a number of activities aimed at redefining the approach of policy makers to FDI. It thus taught lessons on the importance of foreign investors for the domestic economy and on the need to implement policies that would favour them.

At the same time, however, the strategic role of the comprador service sector should not be overestimated. While they had a major role in redefining the approach to FDI in general, their specific role in policy design was largely limited to defining the competition strategy based on attracting investors through targeted
subsidies. A comprehensive understanding of the Czech path of adjustment to international political-economic pressures, including the transformation of social policies and the welfare state, would also have to take into account the strategic agency of other forces, including domestic capital and labour and their interplay with various path dependencies and structural and institutional endowments [see, e.g., Bohle and Greskovits 2007; Drahokoupil 2009]. This analysis focuses only on the shift in the approach to FDI in general and on the narrow area of industrial policy.

**The early 1990s: the ‘Czech way’ against the odds**

There were good reasons to expect foreign investment to dominate post-communist economic restructuring in CEE. Strategically, reformers in CEE were well integrated into a transnational policy network where openness to FDI was the norm. Western politicians and many advisors have seen FDI as a ‘Marshall Plan for Eastern Europe’. USAID-financed investment bankers embarked on a mission to handle the sale of state-owned enterprises to foreign investors. They had direct access to key decision-makers in Eastern Europe [Meaney 1995]. Structurally, the neo-liberal strategy of the region’s integration into global capitalism or the ‘American approach’ [Gowan 1995, 1996; cf. van der Pijl 2006: 237–242] provided strategic advantages to FDI-reliant strategies. This doctrine installed political-economic structures that made the exigencies of global accumulation a political prerequisite for national strategies in the region. The peripheral mode of integration on which CEE embarked made the region structurally dependent on foreign capital [cf. Boer-Ashworth 2000; Bohle 2006]. These structural exigencies represent the main mechanism that account for the emergence of the competition state in CEE. However, they were not translated into political outcomes until the end of the 1990s.

In the early 1990s, state strategies were actually open to foreign direct investment in Hungary only. The approach to FDI in general and privatisation in particular has been quite hostile to foreign investors in the rest of the V4. Yet, the outcome is puzzling only in the Czech case. Only in the Czech Republic were foreign investors interested in high-commitment involvement, while state managers controlled enterprises and could have transferred them to foreign investors if they wished.5 The structural constraints did not allow for open outcomes elsewhere.

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5 The bulk of enterprises were privatised through privatisation projects submitted by enterprise managers and the outcomes were often in line with their interests. However, the privatisation method was decided by the reformers, and managers had to anticipate their expectations when designing privatisation proposals. There is no evidence that managers influenced the method of privatisation; on the contrary, research shows that they had very little power and agency when the privatisation method was being designed [Orenstein 2001; Gould 2001; Appel 2004].
First, unlike Hungary and Poland, Czechoslovakia did not inherit significant debt and thus did not have to subordinate privatisation strategy to obtaining cash in hard currency as the Hungarians did. Second, unlike in Poland and Slovakia, foreign investors were interested in taking over the commanding heights of the Czech economy. Finally, unlike in Poland, effective control over enterprise privatisation lay with Czech policy makers rather than with enterprise insiders.

Czech state strategy was shaped in a struggle between two groups within the state. The ‘industrialists,’ on the one hand, advocated a privatisation programme that would find strategic owners, foreign investors, for main enterprises. Most notably, Jan Vrba, then Minister of Industry and Trade, believed that only foreign investors could provide access to new technologies, know-how, distribution networks, and capital investment. He planned to bring foreign investors to what he identified as the core of the Czech economy. The externally oriented strategy had wider support within the ministries. It came mainly from the ‘business elite’, that is, bureaucrats linked to enterprise managers. On the other hand, neo-liberal reformers – who, in contrast to the industrialists, were involved in designing the general transition strategy – promoted a hands-off, voucher-based privatisation model. The hands-off model was incompatible with FDI entry, which demanded an active approach by the state to secure the contractual commitments required by investors. What is more, the neo-liberals did not favour the participation of foreign investors and preferred the creation of a domestic capitalist class [Kupka 1992; McDermott 2002; Appel 2004].

Vrba offered the leading Czech companies for sale to foreign investors in June 1991. There were a number of foreign investors ready to bid for the commanding heights of the Czech economy. In retrospect, Czech reformers and intellectuals close to Klaus explain the relative absence of foreign investors in the privatisation of the early 1990s by the lack of interest on the part of foreign investors. The historical record, however, suggests that this was not the case. There was considerable interest among foreign investors to buy out Czech state-owned enterprises at that time. Vrba and his team managed to put together a list of buyers for what they saw as the commanding heights of the Czech economy. Vrba’s team managed to conclude a number of deals with foreign investors, most notably the transfer of Škoda to Volkswagen. The investors perceived the country as a prospective production site for exports to the East. Moreover, Volkswagen’s acquisition of Škoda had a ‘herding effect’, drawing other investors into the region. The interest of foreign investors in taking part also in the privatisation of other companies that were actually privatised in the ‘Czech way’ is confirmed by various privatisation records [e.g. Myant 1999; McDermott 2002; Pavlínek 2002]. Box 1 illustrates the situation in the case of lorry manufacturers.

See, for instance, the interview with Dušan Tříska in Profit (a business weekly), 2 May 2006, or Jiří Schwarz’s speech at the Czech-German colloquium ‘Reform and Transformation’ in Prague, 6 March 2001, later published as Schwarz [2003].
It was thus the state strategy rather than the lack of interest among the investors that explained the relative absence of foreign investors in the restructuring of Czech industry in the early 1990s. Crucial in this context was the victory of the neo-liberals in a path-shaping political struggle that culminated in June 1992 [see Drahokoupil 2008: Chapter 3]. The neo-liberals mobilised enterprise managers, who feared losing their positions after a foreign takeover, to support voucher-oriented strategies in individual enterprises. More importantly, they marginalised the industrialists in a political struggle within the state by playing on anti-communist sentiment [see Gould 2001; Appel 2004; Drahokoupil 2008]. Many of the investors were thus turned down, especially after Vrba and his team were pushed out of power. What is more, some of the investors pulled out from the privatisation negotiations, as Klaus and his team were not willing to allow the state a more active role in restructuring, which would have guaranteed the contract commitments sought by the investors [McDermott 2002].

Czech strategy reflected the concerns of local neo-liberals. It prevented the earlier internationalisation of the commanding heights of the Czech economy and the emergence of foreign-led capitalism similar to the Hungarian model. Instead,
the policies actually implemented produced a distinctive economic dynamic, Czech capitalism, and created a coalition of reform winners that provided political support to the internally oriented project. At the same time, the neo-liberal strategy helped create conditions that offered structural advantages to foreign investors, which later, when the economic dynamics of Czech capitalism were exhausted, pushed the state strategy in the externally oriented direction. These structural conditions – which were largely in place throughout the 1990s – were translated into policy outcomes by the end of the decade.

Crisis-induced internationalisation: the policy turnaround in the Czech Republic

On 30 November 1997, Prime Minister Klaus handed in his government’s resignation in the wake of a political and economic crisis. The departure of Klaus and his government marked the dissolution of the Klausian project [see Myant 2003] and a profound reorientation of state strategy in relation to foreign investors. The economic programme of the caretaker government of Josef Tošovský, who was sworn in on 2 January 1998, included the aim of attracting foreign direct investment. In April 1998, the Tošovský government introduced a package of investment incentives with the aim of attracting foreign investment. This policy was then implemented by the Social Democrats, who took power in June 1998. The Social Democratic government would make attracting foreign investors a focal point of its economic strategy. It is often thought that the outward-oriented policies, FDI incentives in particular, came with the change of government, when the Klaus-led coalition moved into the opposition [e.g. Orenstein 2001: 93]. However, the historical record shows that the process of policy reorientation had much broader sources, which were largely independent of party politics. The political change may have ‘radicalised’ and catalysed the pace of the policy change, but it was not a decisive factor. As will be shown below, the policy U-turn has to be related to the structural power of transnational capital, as translated by its domestic allies – the comprador service sector – and amplified by the exhaustion of the domestic accumulation strategy.

It is often forgotten that it was already the Klaus government, and indeed Klaus himself, who made the decision to reconsider their hitherto negative approach to FDI promotion and provide subsidies to foreign investors in 1997. This contradicts the party-pluralist explanation. The history of the outward-oriented project, however, goes further back in time. It was already being developed within the state at the time when the Klausian inwardly oriented strategy was dominant. There was a group within the state that had been actively working on the promotion of FDI. Located at the Department of Industry and Trade, these bureaucrats – a state fraction of the comprador service sector – faced a hostile environment. Nevertheless, they managed to thrive. In November 1992, they founded a foreign investment promotion agency: CzechInvest – at that time called the Czech
Agency for Foreign Investment. As recalled by Vladimír Dlouhý, then Minister of Industry and Trade, a Phare-financed Irish advisor had a crucial role in persuading Dlouhý of the utility and necessity of having such an agency.7 The EU’s financial support was vital for the agency in the years that followed. The EU not only financed advisors that used Irish experience to make the case for the existence of an investment promotion agency, but also provided a crucial source of funding. Ireland was perceived as the first European tiger to emerge and transform its semi-peripheral location to make it an export-led ‘climber’ within the international hierarchy [cf. Smith 2005]. Many within the EU apparatus and in the CEE states saw CEE as Ireland’s natural successor. The region was meant to replicate the ‘Celtic tiger’ experience within the EU.

As Table 1 shows, external resources covered up to 62% of CzechInvest’s budget in the early 1990s. Moreover, some of the aid to CzechInvest was provided in kind and was not reflected in CzechInvest’s budget. Jan Havelka, CzechInvest’s founder and CEO in 1993–1999, very much underscores the importance of foreign aid for the organisation in the early 1990s. This is reflected in his estimate that around 80% of CzechInvest’s budget was paid for by foreign taxpayers in some years of the early 1990s. Havelka, who was recruited by foreign advisors because of his experience as a project manager at the Kuwait Investment Office and as an advisor to the Slovak Minister of Foreign Affairs, explains the importance of the EU in developing the foreign investment promotion agency in an environment that was very hostile to such activities:

7 Dlouhý’s contribution in CzechInvest [2002: 8–10].

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Table 1. CzechInvest’s budget (in millions of Czech crowns)

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<tbody>
<tr>
<td>State funds</td>
<td>5.2</td>
<td>8.2</td>
<td>14.9</td>
<td>20.2</td>
<td>28.2</td>
<td>36.8</td>
<td>52.2</td>
<td>83.8</td>
<td>148.4</td>
<td>166.1</td>
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<tr>
<td>PHARE funds</td>
<td>2.1</td>
<td>13.4</td>
<td>22.3</td>
<td>30</td>
<td>22.9</td>
<td>21.7</td>
<td>21.5</td>
<td>50.9</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>7.3</td>
<td>21.6</td>
<td>37.2</td>
<td>50.2</td>
<td>51.1</td>
<td>58.5</td>
<td>73.7</td>
<td>134.7</td>
<td>148.4</td>
<td>166.1</td>
</tr>
<tr>
<td>Spent on FDI</td>
<td>7.3</td>
<td>21.6</td>
<td>37.2</td>
<td>50.2</td>
<td>51.1</td>
<td>58.5</td>
<td>73.7</td>
<td>113.7</td>
<td>126.4</td>
<td>139.1</td>
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<td>Spent on sourcing</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20.1</td>
<td>21.9</td>
<td>26</td>
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<td>Total staff</td>
<td>14</td>
<td>18</td>
<td>24</td>
<td>28</td>
<td>32</td>
<td>31</td>
<td>35</td>
<td>44</td>
<td>54</td>
<td>63</td>
</tr>
<tr>
<td>State funds as % of total</td>
<td>71</td>
<td>38</td>
<td>40</td>
<td>40</td>
<td>55</td>
<td>63</td>
<td>71</td>
<td>62</td>
<td>100</td>
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Source: MIGA-FIAS (2005). It is important to note that some of the assistance received was free of charge and not reflected in the budget. The approximate annual exchange rates used are: 1 USD = 27 CZK (1993-1996); 1 USD = 33 CZK (1997); 1 USD = 30 CZK (1998); 1 USD = 34.64 CZK (1999); 1 USD = 38.59 CZK (2000); 1 USD = 38.04 CZK (2001); 1 USD = 33.3 CZK (2002). This table reflects some rounding of the decimal places.
External support was indeed important. I was supported by people from the World Bank and the European Commission. Thus, I was able to obtain massive funding from Phare in the early years. This gave me the image as someone who knew what he wanted in the eyes of Minister of Industry and Trade Dlouhý. I had the confidence of people who trusted the Minister. [...] After I persuaded Dlouhý, I could afford such escapades as arranging – behind the back of the Ministry – permanent representations abroad, financed by Phare.8

Faced with a hostile environment both within the government and among the general public, Havelka’s strategy focused on changing the public’s perception of foreign investment and winning the government’s trust and gaining its support. In order to change the perception among state officials and to make allies among them, CzechInvest used its Steering Committee, which included representatives of other government institutions, the private sector, and banks, who were appointed by the Minister of Industry and Trade. CzechInvest employed internal public relations efforts to win over the understanding and trust of the government and especially the Ministry of Industry and Trade. For instance, CzechInvest invited government officials on study tours and remembered their birthdays and other personal events. To convince the public of the potential benefits of FDI, CzechInvest showcased the positive experiences of other countries and promoted the agency and its efforts through constant press releases. The agency needed to show quick results in order to demonstrate the positive impact of FDI. ‘Greenfield’ projects were found suitable for these purposes. Thus, it focused on attracting greenfield manufacturing investments in the automotive, electronics, and precision engineering sectors. Such investment projects were regarded as having great potential to create good publicity through job creation, which also represented an important source of political capital that could be offered to politicians. These projects also fitted with the common belief about the traditional strength of Czechs in the area of manufacturing, their technical skills, and the country’s trained labour force.

In 1996, CzechInvest established the Association of Foreign Investors (AFI) to serve as an official body representing the interests of investors to the government and to link local service providers with foreign investors. Apart from its business function, AFI proved to be an important vehicle for soliciting and channelling investors’ concerns to the government, and it helped CzechInvest to finance activities aimed at promoting investment-friendly policies within the government. AFI funds represented 5–10% of CzechInvest’s total funding. AFI’s activities were aimed at building a ‘working relationship’ between investors and the government. They include breakfast meetings, unofficial meetings with ministers, unofficial contacts with investors, and the AFI/CzechInvest-sponsored annual awards such as Best Investor, Most Successful Industrial Zone, and Most Successful Supplier. AFI and CzechInvest also initiated working groups on a

8 Interview with Jan Havelka, Prague, 30 December 2005.
Table 2. Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth (%)</th>
<th>GFCF growth (%)*</th>
<th>Budget balance (CZK bn)</th>
<th>Current account / GDP (%)</th>
<th>Trade balance (CZK bn)**</th>
<th>Exchange rate USD (end of period)</th>
<th>Key events/policy measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>5.8</td>
<td>19.8***</td>
<td>72</td>
<td>−2.5</td>
<td>−63.1****</td>
<td>26.6</td>
<td>A string of bank failures; AFI established; **February Central bank widens currency fluctuation band; June CB tightens monetary restraint</td>
</tr>
<tr>
<td>1996</td>
<td>4.1</td>
<td>9.9</td>
<td>−1.6</td>
<td>−6.6</td>
<td>−119.4</td>
<td>27.33</td>
<td>**</td>
</tr>
<tr>
<td>1997</td>
<td>Q1 1.0</td>
<td>0.6</td>
<td>−30.3</td>
<td>29.2</td>
<td></td>
<td></td>
<td>**April Government responds to growing budget deficit with expenditure cuts ('Package I'); May Central bank allows currency to float; Currency speculation and IMF criticism leads the government to further budget cuts ('Package II'); Strains in coalition intensify (party–financing scandals); Key ministers replaced; August Government offers subsidies to Intel; November GM offered subsidies; Mr Klaus resigns</td>
</tr>
<tr>
<td></td>
<td>Q2 −0.4</td>
<td>−7.7</td>
<td>−27.4</td>
<td>32.05</td>
<td></td>
<td></td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>Q3 −1.6</td>
<td>−10.9</td>
<td>−20.9</td>
<td>32.79</td>
<td></td>
<td></td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>Q4 −1.9</td>
<td>−4.6</td>
<td>−14.2</td>
<td>34.64</td>
<td>−92.8</td>
<td>34.64</td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>−0.7</td>
<td>−5.7</td>
<td>−15.7</td>
<td>−6.2</td>
<td>−92.8</td>
<td>34.64</td>
<td>**</td>
</tr>
<tr>
<td>1998</td>
<td>Q1 −1.7</td>
<td>−6.6</td>
<td>−13.0</td>
<td>33.68</td>
<td></td>
<td></td>
<td>**January Interim government formed under Mr Tošovský; **April Government approves investment support scheme commissioned by the Klaus government in one of the 'packages'</td>
</tr>
<tr>
<td></td>
<td>Q2 −1.1</td>
<td>4.2</td>
<td>−20.9</td>
<td>33.42</td>
<td></td>
<td></td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>Q3 −0.3</td>
<td>2.7</td>
<td>−25.0</td>
<td>29.94</td>
<td></td>
<td></td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>Q4 0.0</td>
<td>−3.0</td>
<td>−23.7</td>
<td>29.86</td>
<td>−82.7</td>
<td>29.86</td>
<td>**</td>
</tr>
<tr>
<td></td>
<td>−0.8</td>
<td>−0.9</td>
<td>−29.3</td>
<td>−2.0</td>
<td>−82.7</td>
<td>29.86</td>
<td>**</td>
</tr>
<tr>
<td>1999</td>
<td>1.3</td>
<td>−3.3</td>
<td>−29.6</td>
<td>−2.4</td>
<td>−19.7</td>
<td>35.98</td>
<td>**</td>
</tr>
</tbody>
</table>

Source: Czech Statistical Office (statistics), author’s compilation (events).

* Gross fixed capital formation
** Constant prices of 2000
*** Source: OECD Economic Outlook, December 2001
**** Current prices
number of issues, including labour law, tax accounting, residency issues, and real estate development.

However, these attempts to set the agenda and create channels of representation to exercise agency-power had only limited success throughout the mid-1990s. The government was refusing to provide preferential treatment to foreign investors, as promoted by CzechInvest. This had some apparent consequences as far as investors’ locational decisions were concerned. Petr Hájek, working at CzechInvest at that time, illustrates this with the example of a situation where a Japanese corporation asked for an import duty waiver on machinery it was going to import for its production plant. Klaus rejected the deal and the investor went to another country where it was able to receive such concessions. The turning point came in 1997 when Intel and General Motors (GM) were looking for investment sites in Europe and explored possibilities in the Czech Republic. According to Havelka, Klaus became interested as he favoured American investors. CzechInvest used their familiar line that the Czech Republic was not competitive without investment subsidies, which were provided by direct competitors, most notably Hungary. In contrast, Klaus believed in the country’s natural comparative advantages. Yet, the negotiations with Intel and GM demonstrated the importance of ‘non-natural’ factors.

The combination of these hard lessons, a mounting economic crisis, and the fact that the Czech Republic was a regional laggard in terms of FDI inflows made the Klaus government reconsider its approach to foreign investors (see the timeline in Table 2). When the limits of internally oriented accumulation – the ‘Czech way’ – became apparent, the only alternative seemed to be the externally oriented approach. The agenda-setting activities of the comprador service sector not only helped to construct such an understanding, but also offered an easy policy solution at a time of crisis: investment incentives. Under these circumstances, the sector could capitalise on their connection/link to foreign investors and translate their structural power into political capital, giving the comprador service sector a privileged position in Czech policy making. This lent the agenda-setting activities and channels of representation the sector had organised considerable potential for political influence.

The year 1997 saw a drop in private investment, which derailed the balanced-budget policy. Rising consumer demand started to inflate labour costs and stimulated imports. The current account swung into deficit [see Myant 2003]. In April 1997, the government reacted to the growing budget deficit, the pressure on the currency, and IMF criticism with an emergency ‘package’ of budget cuts. With key economic ministers resigning from the government, currency speculation led to another ‘package’ of emergency measures in May 1997. In August 1997, the government offered Intel a package of subsidies, as it had demanded. In November 1997, just a few days before its resignation, it offered a similar package to GM. As a part of the ‘little packages’ released in response to the economic crisis, Klaus assigned the Minister of Industry and Trade with the task of drafting
an investment-incentives scheme. However, political developments did not allow Klaus’s team to vote on the proposal from the Ministry. Thus, it was the Tošovský government that approved the investment support scheme in April 1998.

Witnessing the many failures of domestic enterprises privatised with the voucher method or in the ‘Czech way’, most Czech economists began to perceive foreign capital as a major opportunity to stimulate economic development. Moreover, by the mid-1990s, various ‘economic experts’, mostly young economists working at investment banks or finance consulting companies, established prominence in media discourse. They not only emphasised the need to attract foreign capital, but also called for the introduction of investment subsidies. At the same time, CzechInvest’s PR efforts proved to be successful, and CzechInvest’s experts often commented publicly on FDI-relevant issues and emphasised the need for an investment support scheme. Thus, when the decision to introduce an investment support scheme was reported in the media, it was accompanied by praise from established commentators.

Investment incentives, however, became a political issue, structured along party lines, with ODS being critical of the scheme and the Social Democrats (ČSSD) embracing investment support. This gave rise to the impression that investment support actually came with the new government. The leader of ODS’s MPs, Vlastimil Tlustý, expressed strong disagreement with the investment scheme proposed by the Tošovský government, despite the fact that the caretaker government presented the policy as a continuation of measures included in Klaus’s ‘small packages’ of reforms. In contrast, the leader of the Social Democrats, Miloš Zeman, welcomed the decision of the provisional government, stating that it in a way draws on the programme of the Social Democratic Party. He claimed that the Social Democratic Party would continue to develop its policy if they won the elections. The project to attract FDI, and the investment incentives in particular, came to be perceived as a Social Democratic project. The opposition ODS would very much use this interpretative framework in its attacks on the Social Democrats and their policies. ČSSD would reinforce this interpretation to demonstrate the successes of its economic policy.

By 1997, there was indeed an implicit consensus within the Social Democratic Party about the desirability of foreign investment support. A group of economists around former Minister of Industry and Trade, Jan Vrba, which included Jan Mládek, Pavel Mertlík, and Jiří Havel, represented the main proponents of such a strategy. They were assigned to develop industrial policy for the party. However, in the time leading up to the elections, there were also quite vocal nationalistic statements, making references, for instance, to the ‘family silver,’

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9 E.g. ‘Chybí investiční pobídky, tvrdí analytici’ (Analysts: Investment Incentives Are Lacking), Lidové noviny, 1 October 1997.
10 E.g. ‘Vláda dala najevo, že stojí o cizí capital’ (The Government Made Clear It Is Interested in Foreign Capital), Mladá fronta Dnes, 30 April 1998.
11 ‘Kabinet výrazně podpořil cizí i domácí investory’ (Cabinet Strongly Supported Foreign Investors), Profil, 4 May 1998.
coming from parts of the ranks of the Social Democrats. It was understood that Miroslav Grégr, former manager of the state-owned enterprise Desta and a major adversary of Vrba within ČSSD, was the main proponent of economic nationalism in ČSSD. Havelka recalls a situation where he was attacked by Grégr at a parliamentary committee for bringing competitors into good Czech enterprises. Grégr himself claims that he was in favour of creating Czech capital in the early 1990s. He believed that ‘national capitalism’ with limited FDI infl ow would be viable if enterprises were restructured by the state before being privatised.

After the elections in July 1998, the Social Democrats came to power. They made foreign investment support, including the investment-incentives scheme, the flagship of their economic and industrial policy. This included not only supporting the incentives scheme, but also relying on foreign investors in the remaining privatisation cases. The Social Democrats would use the successful cases of privatisation to foreigners, such as Škoda-Volkswagen, as examples that such a strategy works. Moreover, they could already use the first wave of investors who were granted investment incentives. The scheme of investment support was met with great interest from investors. Only one month after it was introduced, CzechInvest reported there had been 111 applicants. Zeman, as the new prime minister, took part in the opening ceremony of the Matsushita plant, which marked the success of the project to attract investment. For investors, this was a sign of the new government’s strong commitment to the investment-incentives scheme. For CzechInvest, which was put in a position of uncertainty after Grégr became the Minister of Industry and Trade, it became clear that it would find strong political support within the government. Indeed, Grégr jumped on the bandwagon of foreign investment support.

After the elections in 2006, ODS formed the government. One of the most vocal critics of the investment incentives scheme, Martin Říman (ODS), became the Minister of Industry and Trade. Based on the bold statements of ODS politicians in the Opposition, there were many reasons to expect a scaling down of the investment schemes. Shortly after Říman took the post, he introduced an amendment to the law on investment incentives, which he presented as a major change in approach. In fact, rather than changing the state strategy, this amendment included retargeting investment support to more technology-intensive activities, as had actually been planned by the ministry and CzechInvest before Říman and ODS took power. Thus, ODS was implementing an adjustment to the incentives that would have been made anyway. Therefore, the Social Democrats had no objections to supporting the amendment in Parliament.14

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12 It must be noted, however, that Grégr participated in the privatisation of Škoda to Volkswagen, which he later very much boasted about.

13 See ‘Říman vyhlásil stop montování’ (Říman: Stop Assembly Plants) iHNed.cz, 19 October 2006.

Conclusion: political support for the competition state

The reorientation of Czech industrial policy underscores the importance of structural pressures in steering state strategies in the direction of competition. Negotiations with investors proved to be key mechanisms for translating the structural power of transnational capital into policy outcomes. At the same time, the project of the competition state was promoted within the state by a group of state managers, the state fraction of the comprador service sector. It organised a coalition of forces promoting the competition state. Mediated by the activities of this group, the structural power of capital brought the comprador service sector into a prominent position in domestic politics. The EU provided important support to the activities of the comprador service sector in the early 1990s. Later, EU regulation effectively precluded attempts to promote national capitalism. The Czech story shows that the actual support for the competition state cuts across party lines, the political rhetoric notwithstanding.

Externally oriented strategies became predominant all across the V4 by 1999. They have been pursued by governments regardless of the ruling party coalitions [cf. Bohle 2006]. Political support for the competition state goes beyond narrow short-term interests and immediate material concessions, as was largely the case with the national projects of the early 1990s [Drahokoupil 2008: Chapters 3 and 4]. The wide embracement of the competition state has to be related to the structural environment, which produces a field of force that not only puts constraints on possible strategies, but also makes the externally oriented strategy a ‘comprehensive programme’ for societies in the region. These structural features also include dominant interpretative/ideational frames. In this context, the ‘business school notion of globalisation’ – including the assumption of perfect capital mobility and capital’s insistence on pursuing neo-liberal policies – that is popular among policy makers is particularly important. The structural field of force shapes the ‘field of the politically thinkable’ [Bourdieu 1984] and thus makes the externally oriented project not only a positive programme, but also a framework of thinking that facilitates the articulation of various ideological positions, including resistance, on its own terms. The intellectuals of the competition state can thus defend investment subsidies even from ‘a market perspective’, according to which the policy, rather than being a market intervention, actually reflects relations in the global market for investment and in particular the excess of demand for FDI over its supply.

The structural power of multinational capital was crucial for reorienting state strategy in the Czech Republic. However, contrary to the state-centric understanding of state-multinational bargaining [Vernon 1998; Eden, Lemway and Schuler 2005; Meyer and Jensen 2005], implementation of the competition-state project cannot be understood just as the outcome of the unequal distribution of power between foreign investors and governments. As mentioned above, governments are not social actors independent of other social forces, such as investors and their allies. As the actual policy outcomes are a product of the agency of
particular social forces mediated through structures of representation centred on and within the state, it is the privileged position of social forces connected to FDI, the comprador service sector in particular, within respective states and societies that explains the support for the competition agenda.

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References


Reversing the Wave: 
The Perverse Effects of Economic Liberalism on Human Rights

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University College Dublin

Abstract: This article takes the conservative shift in Polish politics under PiS as an example and argues that the failure of the liberal economy could end up reversing the fast-forward wave in human rights. And because Poland is a relatively new member of the EU, the article also develops the argument that such a reversal in the new member countries could make the European Union’s (EU) acquis irrelevant for further democratisation. Therefore, the article first explains how the failure of the economic liberalism of the neo-liberal market economy paves the way for the success of conservative political parties. It then raises the question of why political liberalism, promoted by the EU’s human rights acquis, is also a target for the opponents of the market economy. The article concludes with a discussion of current Polish politics in the aftermath of the October 2007 elections.

Keywords: liberalism, Poland, PiS, EU, human rights

Introduction

Is it possible for economic liberalisation to lead to the contraction of civil rights? This article looks at the conservative shift in Polish politics under the PiS (Prawo a sprawiedliwość – Law and Justice Party) government from September 2005 to October 2007 in Poland as an example and argues that the failure of liberal economy could end up reversing the fast-forward wave in human rights. Therefore, rather than explaining the ascendance of PiS purely as a result of embedded conservatism in Polish politics, the article depicts how conservative political parties can oppose economic and political liberalism in one package. Given that Poland is a relatively new member of the European Union (EU), this article also develops a subsidiary argument, that such a reversal in the new member countries could weaken EU accession criteria as a tool for democratisation.

The Polish picture has repercussions beyond Poland. More recently, political conservatism has also found resonance in other countries of ‘new’ Europe. There are signs in Hungary, Latvia, and Slovakia that the conservative and populist po-
Political forces of ‘new’ Europe remain suspicious of extended rights and freedoms, despite the EU’s extensive legislation in the fields of anti-discrimination, equality, and freedom of expression. The 2006 elections in Hungary saw numerous references to the PiS victory in Poland. The leader of the opposition Fidesz, Viktor Orbán, on numerous occasions mentioned that PiS in Poland had prepared the scenario for Hungary to follow [Korkut 2007]. What started with PiS is that populist parties in the new EU member states have begun to assess the regime change since 1989 as corrupt, degenerate, and unsuccessful. In order to fix the mistakes of transformation, these parties offer themselves as conservative alternatives, not only regarding economic liberalism but also political liberalism.

In this respect, this article offers the following argument regarding the Europeanisation of human rights in the new member states. It is clear that EU membership is an important incentive for reform in the EU accession states. To this end, Schimmelfennig, Engert, and Knobel [2003] showed that the material benefits embedded in membership make the accession countries carry out impressive reforms fast and swiftly. Cortell and Davis [2005: 4] argued that the EU accession states constituted a weak test of how international norms can change state behaviour through processes of internalisation, since strong material incentives were embedded in the EU accession process. In contrast to both of these approaches, the article argues that two contingent factors of transition in Poland, such as Polish Catholicism and economic liberalism, react to and interact with the process of institutionalisation in a complex way. Thus, introducing market reforms can be a means of qualifying for EU accession, but at the same time they pave the way to political problems if they instigate corruption scandals and wide social inequalities and bring poverty to those who lack the necessary skills to catch up with the requirements of competitive economic systems. This is how the paper assesses the failure of the economic liberalism that was institutionalised in the new member states.

This article has four parts. The first section sets out the background factors that influenced the ascendancy of PiS. In the second section, I elaborate on manifestations of this conservative shift in Poland – namely, the election of PiS and its policies towards women’s and gay rights and freedom of the press – as examples of the diminishing civil rights in Poland. The conclusion summarises the argument put forth in the article and restates its wider implications for further research.

The background to the ascendancy of PiS

In September 2005, with an electoral turnout barely above 40%, the Poles gave the majority of their votes to a centre-right party called PiS headed by the twins Jarosław and Lech Kaczyński. The party is based on Catholic, anti-communist, and conservative values. A month after this victory, in the second round of sepa-
rate presidential elections, the electoral turn-out was just above 50%. The majority of those who actually bothered to vote chose the PiS candidate Lech Kaczyński. The populist Samoobrona (Self-Defense Movement) and the nationalist Catholic right-wing LPR (League of Polish Families) also entered the Sejm with, respectively, 11.4% and 8% of the votes. These two parties entered into a coalition government with PiS in May 2006 after a brief period of supporting PiS in a minority government. These three parties were able to unite in their shared opposition to economic and social liberalism and suspicion of the European Union [Garton Ash 2006; McManus-Czubińska et. al. 2003].

While PiS and its allies were subsequently defeated in the 2007 election by PO (Civic Platform), it still left an important legacy for Polish politics in particular and Central and East European politics in general. Its overtly anti-liberal stance towards human rights and its portrayal of the economic and political liberalisation of the transition years as the reason for the moral problems of Poland maintain this legacy. Furthermore, despite losing to the PO by 10 percentage points, votes for PiS were up by 6 percentage points from 2005. The increase in turnout between the 2005 and 2007 elections (when turnout was around 54%) partially explains the success of the PO. Also, the PO was the main beneficiary from the new voters of the post-1989 generation. It managed to secure 2.5 million votes from voters who had not participated in the previous election and around 1.5 million votes from voters who switched from other, mainly leftist, parties, which helped the PO’s chair, Donald Tusk, to win [Bugyinski 2006]. By the end of 2007, Donald Tusk was the prime minister of a coalition government formed between his PO and the PSL (Polish Peasant Party).

During its government, PiS promoted historical constructivist, conservative propaganda. While in office, Lech Kaczyński articulated his party’s stance towards the changes in Poland since 1989, assessing them as ‘degeneration’ and failed transformation (HetíVálasz, 2 March 2006). In order to cure the evils of transformation, PiS politicians promoted a new orientation to politics that looks back and focuses on the past. PiS vowed to defend Polish morals against interference from the European Union and the party became critical of the morals of other EU countries. In his inaugural address, the then prime minister, Jarosław Kaczyński, defiantly declared that Poland wanted to belong to the EU, but added: ‘We differ. There is no reason to hide this’. Kaczyński declared that they were ‘going to work so that Poland can retain its full sovereignty in culture and morals.’ These were references to the issues of abortion and women’s and gay rights in Poland (International Herald Tribune, 20 July 2006). And against the human rights of the European Union, Poland presented patriotism. Thus, the PiS version of conservatism united four crucial elements in one basket: socialist economic thought, anti-liberalism, Euroscepticism, and a dislike of Germany and Russia [Kosc 2005a].

Yet, how did this message attract voters in Poland? While PiS won its victory amidst the very low electoral turn-out in the 2005 elections, its road to power is still worth noting. Below, the results of CBOS (Public Opinion Research Centre)
opinion polls in Poland from three different periods shed light on the rise of PiS in terms of respondents’ feelings about democracy, freedoms, the economic system, and Poland’s EU accession.

What was specific about the rise of PiS, however, was its message that the system put in place in Poland since 1989 is corrupt and has failed. And at the end of its government term, as the CBOS surveys show, those who were polled did not see any problems with the way democracy works in Poland. The respondents also noted that the fight against corruption was one of the achievements of PiS. The fight against degeneration, deviance, and corruption were, indeed, the most crucial aspects of the PiS programme. In order to depict how the corruption-fighter narrative of PiS was able to attract voters, below I present the CBOS opinion poll results on corruption and the prosperity of the elite since the late 1990s and early 2000s in Poland.

The CBOS opinion polls provide some background to PiS’s ascendance to power. However, the results provide only some evidence as to how PiS could gain support by means of its sceptical standpoint on political and economic liberalism. The ascent of PiS into power had a new aspect: if traditional Catholic conservatism triggered a reaction to political liberalism, the reaction of PiS to economic liberalism forged only more conservatism. PiS succeeded in transmitting a Eurosceptical message by articulating people’s concerns over a ‘corruption-ridden’ market economy, against which it offered a protective state that would fight against corruption and wage a moral revolution to undo the wrongdoings that

| Table 1. Selected CBOS survey results on democracy, political liberalism, and the EU |
|------------------------------------------|---------------------------------|---------------------------------|
| **Early 2000s** | **Towards EU accession** | **Since 2004** |
| – February 2000: Freedom is important, but it is excessive in Poland. | – September 2003: The main features of democracy are equality before the law, state guarantee of a decent living by the state, and equal education. These features do not exist in Poland. | – May 2005: No major gains from EU accession, a lack of better prospects for youth, open markets are not beneficial. |
| Equality in social life refers to equal rights, equal chances of achieving a high social position, and similar living conditions. Poland is quite lacking in equality. | | – May 2006: Religious faith is more important in life than freedom of speech. Homosexuality is a deviation. |
| | | – April 2006: Old members gained more than Poland from enlargement. Poland is an important country in the EU |
| | | – June 2006: 34% dissatisfied with capitalism. |
| | | – September 2007: Fighting corruption and public safety are the most significant achievements of PiS. |
| | | – November 2007 (end of PiS government): Democracy works in Poland. |
had occurred since 1989. That was how inequality, corruption, and unemployment blamed on the economic liberalism of the neo-liberal transformation triggered a conservative reaction to liberalism under the banner of PiS. Yet, this new aspect of Polish politics derived from the insistence of Kaczyński and others that just about everything the past post-communist governments had done was either corrupt, infected with immoral practices, or inadequate for the defence of Poland’s interests.

In this attempt, PiS reflected a sceptical position towards political liberalism especially in the areas of gender rights and freedom of expression. Its rise to power and the legacy it left behind show that PiS convinced the public of its own interpretation of the Polish transformation – or of its failure. Indicators of political liberalism are respect for individual rights and freedoms and the full application of the EU anti-discrimination agenda and safeguarding equality between different social components. It is possible to regard a political regime’s view of gender rights and freedom of expression as prisms of political liberalism. However, this article does not argue that under the previous governments of Poland, political liberalism was comprehensively entrenched. The tenets of traditional Polish conservatism inevitably find space for themselves in PiS ideology. However, to restate, what is new to PiS’s conservatism is the way it used the narrative of failed transformation and economic liberalism to curtail political liberties.

The article argues that the EU membership process was unable to fully entrench political liberalism in Poland, whereby the conservative political narrative

<table>
<thead>
<tr>
<th>Corruption:</th>
<th>Prosperity:</th>
</tr>
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<tbody>
<tr>
<td>June/August 2001:</td>
<td>February 1999:</td>
</tr>
<tr>
<td>Two-thirds of respondents believed that corruption is a very big problem in Poland</td>
<td>62% of respondents declared that the rich do not deserve high social regard, because nowadays in Poland it is impossible to make a fortune through honest work.</td>
</tr>
<tr>
<td>70% believed that a large percentage of civil servants gain unjustified benefits from their positions. The percentage of respondents with a negative opinion of the honesty of a large proportion of civil servants has been growing steadily since 1995.</td>
<td>Power and informal relations affect people’s chances of prospering.</td>
</tr>
<tr>
<td>Over one-half of respondents declared that the present government and the parliamentary opposition are equally corrupt.</td>
<td>The poor are ordinary people who work, but earn too little to provide sufficient financial means for themselves and their families.</td>
</tr>
<tr>
<td>– February 2005:</td>
<td>– February 2005:</td>
</tr>
<tr>
<td>Privatisation benefits dishonest people, fraudsters, government officials, and foreign capital.</td>
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suggested that the past political elites had not asserted Polish interests sufficiently in the EU accession process and thus membership brought forward an identity gap between Poland and the EU. This gap had repercussions that affected the implementation of both the political and economic requirements of membership. This argument rests on my normative assumption that both the economic and the political dimensions of EU membership have equal weight. This normative assumption, however, does not refute the argument that the post-accession implementation of the EU *acquis* can be obstructed by the political elite [Pridham 2008]. Rather than comparing the implementation of the economic and of the political *acquis* with each other, in the article I have chosen to illustrate how the implementation of the economic *acquis* and its underlying neo-liberalism led to reactions against both the political and economic *acquis*. In order to substantiate my point I concentrate on issues related to gender rights and freedom of expression in Poland as expressions of human rights issues. As I will demonstrate in the next section, the conservative shift in Poland was a manifestation of how the process of liberalisation, associated with the EU accession process, could lose ground in the new member states with the ascendance of conservative forces.

Before proceeding to discuss the manifestations of the conservative shift in Poland, however, I will briefly state why the left failed to become a magnet for those frustrated with economic liberalism. This discussion may also explain why the Polish context has repercussions for some other new member states, notably Hungary and Slovakia. One feature central to the Polish context is that, unlike before, the people, tired of the economic uncertainty brought about by the free market, no longer vote for the left-wing parties. In the past, the Polish Democratic Left Alliance (SLD) traditionally gained 5–6 percentage points more of the vote, when the same voters who opposed putting the state enterprises into private hands to solve the economic problems of the country, unconditional closure of unprofitable factories, and supported the view that women should be allowed to have an abortion in the early days of pregnancy [Markowski and Toka 1993 [1995]]. The 2005 election showed that PiS could push the SLD out of office by referring to economic issues important to Polish voters and to the corruption in the market economy while at the same time devaluing the non-economic issues previously important to SLD voters. Similarly, the corruption associated with the market economy, resonated in the minds of voters as the failure of economic liberalism. PiS thus consolidated its supporter base using buzzwords like ‘law’, ‘order’, and ‘corruption’ [Szczerbiak and Taggart 2008] against the degeneration that took hold during the Polish transition.

Markowski and Toka [1993 [1995]: 85] defined three relevant political attitudes in Poland: Christian-nationalist, liberal, and rightist attitudes after the regime change. The liberal attitude comprises: a) pro-market economic attitudes and b) liberal socio-cultural opinions. The Christian-national attitudes are characterised by: a) an anti-market economic outlook and b) anti-liberal socio-cultural outlooks. The rightist attitudes comprise a) pro-market economic attitudes and b) anti-liberal, social and cultural outlooks. Thus, the growth in popularity of the
SLD stemmed from the shift in Poles’ attitudes in mainly one direction: liberalism versus Christian-national anti-liberalism. In other words, it was not a predominantly ‘leftist’ socio-economic ideology in Polish society that caused the growth in support for the SLD. According to Markowski and Toka, the PSL and other non-Solidarity parties (e.g. Samoobrona) disproportionately benefited from the expansion of economically populist attitudes among Poles regarding the economy. In the absence of a left-wing party that would be concerned with social equality and welfare, Christian-nationalist-peasant parties substituted for the left in the politics of social equality starting in the mid-1990s. The failure of the SLD to respond to the demands of the electorate to solve income differences and corruption (CBOS Polish Public Opinion Survey in June 2003) brought PiS to power with its promises to fight post-communist crimes of economic liberalism and to forge a strong state to cure the domestic sources of injustices of economic liberalism.

In their seminal essay on the initial victory of the SLD in 1993, Markowski and Toka concluded that the advantageous circumstances for the secular-left type parties, arising from the radicalisation of the social and cultural background, would not last for long. Along with the failure of the SLD camp, the ideological confusion of the ‘Solidarity’ discourse also contributed to the ascendance of the conservative forces in Poland. The prevailing conviction of Solidarity was that the ‘West’, seen as the only alternative to Soviet domination for Poland, was by definition ‘capitalist’ and hence ‘anti-socialist’. Therefore, to be patriotic or ‘politically correct’ in an anti-communist or non-communist environment meant being capitalist (see Markowski in Zarycki [2000]). The Polish picture shows that where there is economic weakness, and particularly where the state lacks the capacity for economic management or the provision of welfare, a representation gap regarding public preferences will open up [Whitefield 2006: 737].

Also central to conservatism in Poland is the alliance between the Roman Catholic Church and the national opposition in their struggle against foreign centres. To follow this tradition, PiS underlined its Euroscepticism with criticism of the cosmopolitan features of European integration and its libertarian proponents in Poland. In this respect, it is safe to say that there was no social liberalisation in Poland in the first place because of the Catholic Church. However, a closer glance at the ascendance of PiS demonstrates that the critics of economic liberalisation also gained an opportunity to repeal political liberalism.

Manifestations of the conservative shift in Poland

The return of the welfare state in Polish political discourse

The human costs of economic transition are high. The privatisation of state enterprises and the introduction of market prices, as well as competition from imported Western goods, resulted in high unemployment and income inequality in Poland after 1989 [Paczynska 2005: 586]. As I showed above, general feelings of
economic inequality are associated with the power and informal links of the elite, who also made disproportionate gains from the privatisation of state enterprises – an important feature of economic liberalism in the region. A sense of economic inequality goes hand-in-hand with low levels of satisfaction with democracy and freedoms. As the CBOS survey results above show, in Poland unfair competition from the West and the sale of state industries to foreigners became associated with neo-liberal impulses. Wałęsa put it very simply: under communism, people had security but no freedom, now they have freedom and hanker after security. Then they had enforced equality, now one person is a millionaire while others are in the gutter. And he adds that millionaires did not make their money in the cleanest way [Garton Ash 2006].

The EU membership negotiation phase did not see much discussion with respect to work conditions and remuneration or social welfare arrangements in the accession states. Foreign investors and national governments often collaborated to preserve the specific competitive advantage of the new member states, promoting the social differences between East and West as incentives for investment [Bohle 2005]. In this respect, the West came to stand for Western countries, international financial organisations, as well as the EU [Szalai 2001]. In Szalai’s [2001] words, this ‘alliance built between the political elite of the accession states and the Western political and economic elite’ ended up excluding the citizenry at large from the prosperity that the transition brought. Unlike Poland’s Europeanising elite, however, Lech Kaczyński was able to make it clear that he would use his presidential power to veto all attempts at further liberalising the Polish Labour Code [European Industrial Relations Observatory Online 2005]. And such statements certainly helped the electoral success of PiS. According to PiS’s conservative rhetoric, the conditions under which Poland joined the European Union were not good for the country’s economic development (International Herald Tribune, 25–26 March 2006). This was the message that public opinion surveys were already sending in the late 1990s, and PiS responded to the message from the polls with staunch criticism of liberalism. Overall, PiS profited from the blurred picture of the EU, which the party portrayed as the source of neo-liberal economic reforms, making it the key culprit in the discourse on westernisation.

During the 2005 election campaign, Kaczyński perfected use of the word ‘liberal’ in a negative context, implying – and often openly declaring – that the liberalism of his main rival from the PO, Donald Tusk, would only benefit the rich. Lech Kaczyński stressed that it was the responsibility of the state to forge greater solidarity between those who have succeeded in the new capitalist Poland and those who have not. While in government, PiS brought various institutions on board the moral revolution it was promising. The establishment of a grand ‘Truth and Justice Commission’ to probe all the scandals of the post-1989 era was the first step [Kosc 2005b]. It was conceived as a response to the belief shared by many ordinary Poles that anyone who is rich must be a thief or a cheat (CBOS July-August 2001) and thus to the corruption associated with economic liberalism.
More controversially, in April 2006, PiS launched the ‘Commission for Tracking Crimes against the Polish Nation’ (*Le Monde*, 27 June 2006). It was the task of this commission to inspect the political past of Polish politicians. One of the first politicians to resign was Zyta Gilowska, the liberally oriented Minister of Finance, who was confronted with growing suspicions that she had collaborated with the secret service under communism. Finally, PiS established the ‘Central Office of Anti-corruption’ in order to audit all company finance, including EU funds. By law it is within the authority of the prime minister, not the Sejm, to appoint the head of this office, which raised doubts regarding its neutrality. Finally, the president signed legislation to start an investigation into the political backgrounds of 400 000 civil servants, including school teachers and journalists (*HetiVálasz*, 23 November 2006). It was not just PiS’s assault on the liberalism of the 1990s in Polish politics recounted above that drew interest, but the way in which PiS carried out the process. When the anti-corruption agency men struck, arresting everyone from allegedly crooked politicians to surgeons suspected of taking bribes from patients, they did it on television, wearing masks and dressed head to toe in black (*The Guardian*, 18 October 2007).

PiS thus manifested itself as the judge of the legitimacy of the social order that succeeded real socialism. The Kaczyński brothers insisted that not enough had been done after 1989 to make a public reckoning with the communist past, to purge the security services, and to remove from public life the people who took part in the repression of the communist regime. That was how PiS usurped what Zarycki [2000: 859] previously referred to as the cultural cleavage in Polish politics over the communist past in an attempt to discredit the post-1989 political elite, while ascribing itself a moral duty to carry out lustration. In the absence of morality, the Polish state was left in crisis: it became weak, bloated, inefficient, and very prone to corruption. PiS presented a ‘Bermuda quadrangle’ of corrupt politicians, secret police operators, businesspeople, and criminals. The Kaczyński brothers and their advisers deftly combined these popular themes in their calls for a ‘moral revolution’ in Poland in order to restore ‘law’ to the Polish state and ‘justice’ to Polish society [Garton Ash 2006]. Combating corruption is no obstacle to the implementation of the EU *acquis*. Yet, it is fair to ask how the PiS government failed to implement the EU *acquis* on rights and freedoms while opposing economic liberalism?


2 The office can paralyse companies by asking too much or forcing them to go through an audit period of almost nine months. It is up to the politicians to decide which companies to check. See ‘Można ... Antykorupcyjne.’ (http://wiadomosci.onet.pl/1345117,11,1,1,,item.html).

3 The Polish Constitutional Court later declared that the legislation was unconstitutional and the law was struck down in April 2007.
Diminishing political and civil rights

When women and men regained their civic liberties after the change in regime in the post-communist countries, there was a naïve expectation that freedom and opportunity to act would grow and empower all citizens. It is apparent that this has not been the case [Chimiak 2000: 4] and the problems involved in securing gender rights illustrate the difficulties of implementing the human rights acquis. Under PiS, however, Poland was the accession state with the most significant implementation problems.

Poland transposed the EU legislation on equal treatment for men and women and created an anti-discrimination watchdog as required by the EU by 2003. However, one of PiS’s first acts was to do away with the position of a gender-equality ombudsperson. The government said it would assign the anti-discrimination brief to a lower-ranking official [Kosc 2005c]. The nomination of the Ombudsman for Human Rights was also not without controversy: Dr. Janusz Kochanowski’s nomination raised concerns about his objectivity and independence from the political ideas of his backers since he had been a candidate for the European Parliament under PiS in 2004. The Polish Federation of Women and Family Planning characterised the new officeholder as a highly controversial lawyer, known for his controversial approach to human rights, his well-known support for capital punishment, and his low tolerance for homosexuals.4

After its EU membership, the Polish attitude towards population control also became crucial even beyond the EU proper. The fact is that the EU member states provide over two-thirds of the core funding for the United Nation’s Population Fund (UNFPA). The European Commission also contributes to more specific programmes.5 The position of Poland on these contributions could determine the future policies of UNFPA. An exhibition organised by conservative right-wing Polish Members of the European Parliament (MEPs) on the premises of Parliament revealed where the participating Polish MEPs stood as regards birth control. The exhibition titled ‘Life and Children in Europe Official Opening of the Exhibition’, expressed opposition to abortion and the undertone of the exhibition was a comparison of women aborting children to people killing each other in peace time, backed up with quotations from Mother Theresa and pictures from concentration camps.

At this point, it is necessary to examine the position of the Catholic Church in Polish politics and the attitude of the Polish Catholic Church towards the EU.

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5 See http://www.unfpa.org/eu_partnership/index.htm. While the conservative circles accuse UNFPA of promoting abortion under the guise of promoting ‘sexual and reproductive health services’, the UNFPA website explicitly notes that the organisation does not promote abortion. See http://www.lifesite.net/ldn/2005/jul/05070404.html as an example of conservative criticisms of the UNFPA.
Catholicism not only substantiated the ideology of PiS and its coalition partners in Poland, but also framed the way they approached gender rights. The politically active position of the Catholic Church drew criticism, sometimes even from the Vatican itself. While paying an official visit to Poland in May 2006, Pope Benedict XVI stated that Catholics expected their priests to mediate just the relationship between God and human beings. But they do not expect priests to be experts on the economy or politics (Magyar Hírlap, 26 May 2006). Still, neither the Polish past nor present can be understood without grasping the complexity of the Church’s presence and moral force in Poland, its notions of both the individual and the social order, its mixture of conservative ethics and progressive and nationalist politics, and the ongoing battle between Church and state – which both preceded and followed forty years of authoritarian communism [Davies 2001: 299–300].

As part of the dissidence movement, the Episcopate of the Roman Catholic Church along with radical intellectuals introduced Helsinki norms into constitutional debates. In the post-1989 period, however, the influential Catholic Church has sometimes been a challenge to Poland’s European project. The Church perceives Western Europe as the source of secularisation, privatisation of religion, liberalisation, and the loosening of family values and national traditions, and sees it as a threat to Catholic values and traditions in Poland. In this connection, on 21 March 2002 the Polish Episcopate issued an official document titled [Konferencja Episkopata Polski 2002], according to which the Catholic Church is supportive of unifying initiatives which respect those fundamental human rights that minister to the integral development of human beings and promote the common good of both nation and country […] the Universal Church and Catholic Church in Poland have been supportive of this process from the beginning. Europe in the eyes of the Church is not purely an economic and political structure, but primarily a historical and cultural community based on lasting ideas and tradition of Judeo-Christian spiritual values, Roman law and Greek philosophy […] The resolutions worked out by the Convention to guarantee the fundamental right to life of every human being from conception until their natural death and the right of marriage as a permanent relationship between a man and a woman (Polish Bishops on European Integration).

The definition of marriage is contained in the 1997 Polish Constitution and the Church fears that under European Union law this provision might be challenged. Similarly, the Church is afraid that European integration may throw the door wide open to a weakening of the strict Polish anti-abortion law or even its complete liberalisation.

Such ideas have been strongly articulated by Radio Maryja, a nationwide network that reaches as many as four million regular listeners and enjoys a virtual monopoly on Catholic broadcasting in Poland. It became the focal point of anti-EU resistance during the late 1990s. The radio station and its newspaper out-
lets were instrumental in securing Sejm seats for the LPR. Regarding the broadcasting of Radio Maryja, the Polish writer Andrzej Stasiuk wrote the following in *L'espresso*:

I listened to Radio Maryja with strange fascination some time ago. Mostly, I listened to it at night when it went to a certain wave of phone conversations directly with the listeners. Prior to that, I had never listened to anything like that on any radio or television. Simple people, the most ordinary people, called in. Poor, lonely, old people; from small villages in the provinces; pensioners, disabled, unemployed. All the colours not considered by other programmes of broadcasting agencies; all those absent, forgotten, disadvantaged, and non-existent in the new, fantastic market economy. There were voices that we could hear on the bus, on the street, in the waiting rooms of hospitals, in the used-clothing stores, in the cheap food stores. They called the radio and talked sincerely about their lives, about loneliness, their feeling of becoming useless. They talked about their own misery and sadness. They talked to Radio Maryja because no one else wanted to listen to them [Stasiuk 2006].

That was how Radio Maryja earned an active position in Polish politics as the public space. In comments that would have gone well with Radio Maryja’s audience, the prime minister of the first PiS-led government, Marcinkiewicz, told the station that his government would stand firmly against abortion, in vitro conception, and contraceptives. Marcinkiewicz also stated that he was not afraid of the European Union’s pressure to liberalise abortion policy [Kosc 2005a].

Beyond Radio Maryja, the voice of the Catholic Church can be overrepresented in the Polish media. The Media Act (Article 18.2) requires ‘respect for Christian values’. The Catholic Church is the only body outside the ‘National Radio and Television Broadcasting Council’ authorised to re-license radio and television stations to operate on frequencies assigned to the Church [Reporters without Borders 2003; US Department of State 2005]. During the accession talks, the European Commission remained silent on this issue and did not assess the Polish Media Act as a constraint on freedom of expression. PiS politicians made the best of the Catholic domination of the Media Act and demonstrated their intolerance of criticism. The Kaczyński brothers also showed their intolerance of criticism when the President cancelled attendance at a meeting between the Polish, German, and French presidents in Weimar intended to mark the 15th anniversary of the Weimar Triangle and asked for an official apology from the German government in response to a satirical report about them in *Tageszeitung*.

Statute 132 was passed by the government of former Prime Minister Jarosław Kaczyński in 2006. It slaps a three-year prison term on anyone ‘publicly accusing the Polish nation of participating in, organising, or being responsible for Nazi or Communist crimes’. Jan Tomasz Gross, known for his critical stance on the role of the Poles during the Holocaust, was accused of slandering the Polish nation with

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his new book *Fear*, which probes the murder of Jews in Poland after the end of the Second World War. In January 2008 the author came under investigation from public prosecutors in Krakow, where his publisher, Znak, is based. The prosecutors looked into whether the book broke the law that makes slandering the Polish nation a crime (*Der Spiegel Online*, 18 January 2008). Yet, the existence of such a statute in an EU state was reminiscent of the previous, infamous Penal Code 301 in Turkey that made slandering Turkishness a crime.

Beyond freedom of expression, discrimination against sexual minorities in Poland became a major case of the EU’s failure to get its human rights legislation introduced in full in a member state. In this area as well, there is visible influence of the Catholic religion to demonise homosexuals as sick people. Yet, the conservatism of PiS triggered a reaction to political liberalism that went beyond traditional Catholic conservatism.

The European Union has already stated that discrimination on the basis of sexual orientation may undermine the achievement of the objectives of the EC Treaty in the Preamble of the Amsterdam Treaty. According to the Lambda Warszawa Association, there are many cases of discrimination against sexual minorities in Poland [Abramovicz 2007]. These cases of discrimination relate to welfare provisions, rights of inheritance, limitations on the constitutional rights of lesbians and gays to express their opinions and to receive and distribute information. The latter stems from the obligation of the mass media to respect the ‘religious beliefs of the audience, and in particular the Christian system of values’, which, as noted above, are often hostile towards homosexuality [Reporters without Borders 2003]. Another level of discrimination relates to the existence of regulations which make appointments to certain functions or the performance of certain professions dependent on the undefined criteria of ‘integrity’ and ‘high morals’ [Lambda Warszawa Association 2005]. To deny someone a certain job on the basis of some characteristic that has no bearing on his/her ability to carry out the requirements of this job is one of the most sophisticated ways in which to degrade a person or make him/her feel worthless [Mohr 1997].

President Lech Kaczyński and the former Prime Minister Kazimierz Marcinkiewicz pledged to take action against discrimination targeting gays. But in an interview shortly after his appointment, Mr. Marcinkiewicz described homosexuality as ‘unnatural’ (BBC News, 12 June 2006). Previously, as the mayor of Warsaw, Lech Kaczyński had banned an ‘equality parade’ for gays and lesbians [Garton Ash 2006]. He took a firm stance against homosexuals, who – he claimed – were ‘spreading an inappropriate lifestyle’ and he could not see any justification for propagating homosexual culture [Kosc 2005d]. The mayor of Poznan followed Kaczyński’s example and also banned a parade in November 2005. The organising committee of a gay pride parade in Poznan appealed at the Provincial Administrative Court after they were refused the necessary permission to organise it. The Provincial Administrative Court explained why ‘equality parades’ constitute a part of freedom of expression. In response to the appeal against the decision of the Mayor of Poznan and the Governor of the province, the court stated that the
aim of freedom of assembly is not only to grant independence and self-fulfilment to individuals, but also to protect the social communication processes necessary for the proper functioning of a democratic society. Public interest is the underlying factor of this protection. Freedom of assembly, apart from its public-legal aspect, belongs to the basic, fundamental political rights of humans [Śmiszek 2007]. The court’s decision thus affirmed that the right to organise ‘gay parades’ was central to freedom of assembly and therefore a fundamental aspect of human rights. Later, the European Court of Human Rights unanimously ruled in the ‘Case of Bączkowski and Others v. Poland’ that the banning of gay parades in Poland was in violation of Articles 11, 13, and 14 of the European Convention on Human Rights and therefore it contravened freedom of assembly and association.7

In reference to the situation of homosexuals in Poland under PiS, a Labour Member of the European Parliament, who is also the president of the European Parliament’s Intergroup on Gay and Lesbian Rights, Michael Cashman, stated that ‘we are fighting battles that we thought we had won years ago in Europe once again’ (International Herald Tribune, 24 November 2005). While the European Parliament passed a ‘Resolution on the Increase in Racist and Homophobic Violence in Europe’, it still sounded rather weak with respect to the situation in Poland, and was diluted by the grouping of various crimes in one resolution.8 Nevertheless, the response from the Polish Parliament was very vocal: the Sejm passed a counter declaration, expressing the view that the European Parliament, which apparently made no particular independent study of the situation in Poland, does not know what it is talking about. Article 51 in the European Charter of Fundamental Rights and Freedoms underlines the fundamental responsibility of the member states with regards to implementing the norms of the Charter. Poland cannot be an exception.

In turn, Marcinkiewicz, in an interview, characterised the rights and freedoms embedded in the European system as ‘ideologised’. In response to a question about the rights of homosexuals in Poland and statements from certain politicians in his party regarding the re-introduction of capital punishment, Marcinkiewicz stated that the Polish Constitution guaranteed the rights of every citizen, and the institutions of democracy – the government among them – are the guardians of these rights. However, he continued, the Constitution also guaranteed the rights of families – understood as a relationship between a man and a woman. That was why he emphasised the need to protect families as a constitutional duty (Magyar Hírlap, 17 January 2006).

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Marcinkiewicz’s ideas in particular and the stance of conservative right-wing politicians in Poland in general show how the dominant group sees itself as the embodiment of universal values, which express ‘truth’ and ‘justice’ in an absolute sense. In this context, all other groups can be described as different, where different means deviant and therefore inferior treatment is justified [Fraiser 1996]. This attitude expresses the outlook on gender relations in Poland. Also prevalent has been the use of the neo-liberal option for economic change as the only solution to the economic crisis in Poland after the 1990s [Gowan 1995, 2005]. The liberal reformers presented neo-liberalism as the only solution to the country’s economic ills and regarded anyone who did not belong to their clique as useless [Ost 2005]. So far, these two prevalent perspectives in Poland have gone hand-in-hand owing to elite dominance in politics and the relative silence of the EU during the accession negotiations.

Explaining the conservative shift in Poland

During the decades in which Poland was consolidating its democracy, the advocacy of democracy became very closely tied to the endorsement of neo-liberal ideas about state-society relations – in particular, reliance on the market to guide economic priorities, minimisation of the social role of government, and encouragement of the maximum privatisation of economic life [Ost 2005]. The transition experienced pressure from the World Bank and the International Monetary Fund to build a high-growth economy, and the result was still the partial social disempowerment of the state. At the beginning of the transition in Eastern Europe, the European Union did not produce any alternative rhetoric to the demands made by international financial institutions on the accession states [Gowan 1995], despite its parallel attempts to install ‘social Europe’, while instituting a competitive economic system. Polish politics is a crucial example of the complex confluence of political conservatism, with Catholic themes and economic liberalism as contingent factors affecting the institutionalisation of human rights.

Critics of European integration accused the EU of having an economic programme that favoured only economic freedom and competition. In this light, the critics designed the Treaty of Rome as an economic neo-liberal constitution, the aim of which was to protect market freedom from public power. However, European integration was also conceived as a safeguard of the welfare state. In the latter perspective, the European Union is a new forum in which social rights, which are no longer viable at the national level owing to economic competition among states, are re-introduced. Therefore, looking at the balance between economic freedom and social rights in the EU, we find a very broad conception of social rights. They include provisions that do not have the status of fundamental rights in national constitutions [Maduro 1999: 449]. However, it is very difficult for the EU to make member states abide by these provisions and the Commission Reports on Poland prior to its accession demonstrate this inability.
The ensuing economic problems in the new member states also show that the EU accession did not necessarily offer solutions to the social and financial problems associated with the transition to a market economy. While EU integration has brought accelerated economic growth to the new member states, the level of economic inequality is also increasing. Economic development is ultimately advantageous for the bigger cities, but its effect is less significant for the smaller towns and the countryside [Eurostat Regional Yearbook 2007].

There has been little expectation among the Polish population that joining the EU would solve poverty. On the eve of accession, 46% of respondents in one survey expected that poverty levels would most likely increase after Poland became a member, while only 16% anticipated that EU membership would decrease poverty levels. Those with less education and living in small towns and the countryside tend to be more critical of the changes and more nostalgic for socialism [Paczyńska 2005: 590, 597]. These ‘losers’ in the transition process comprise the core of PiS voters and hence anti-liberalism finds resonance among Polish voters.

Nevertheless, initially Polish liberalism did not mean just market capitalism. Ost [2005: 98] writes that liberalism also meant ‘promoting gender equality and minority rights, or at least recognising that such values were now a requisite part of the (pro-Western) world order. It meant anti-racism and, for most, an acceptance of gay rights.’ Nonetheless, the crucial point is that the liberals promoted political liberalism as tied to the defence of economic liberalism. All the grand ideals of human rights and civil society, they believed, depended first and foremost on the eradication of state ownership and government subsidies and the introduction of a capitalist economy with hard budget constraints. That was how, over time, political liberalism simply became secondary for Polish liberals and the ideals of the neo-liberal market economy became the dominant discourse. In this article I argue that this gave ample opportunity to their opponents from the conservative camp to reject both the goals of economic and political liberalism in one package. PiS excelled in offering counter-liberalisation on both the political and economic fronts.

Ost [2005: 99, 101, 114] argues that in Poland the liberals got it wrong: it is not capitalism but the way capitalism is challenged that underpins democracy. In the end, political liberalism is endangered by tying it too closely to economic liberalism. Therefore, although the new post-communist elite sought to create both a democratic polity and a capitalist market economy, it saw only the second of those aims as especially difficult. That was how their approach became disingenuous, ineffective, and detrimental to the consolidation of liberal politics. Finally, the liberals lost when they squandered their moral and political authority by adopting such a hostile attitude to their labour base; they created a base that came to identify political liberalism with arrogance on the one hand and economic liberalism on the other. In the end social exclusion became closely linked to economic exclusion and thus poverty.

The failure of liberalism to bring about equal opportunities in Poland since the beginning of the regime change and its recoiling from an active state brought
to power a political party that wished to correct the wrongdoings of the transition. At the same time, issues such as sexual orientation and gender rights were let out of the closet. The liberalism intrinsic to the Polish transition provided the representatives of gay-lesbian and women’s rights with chances to instigate broadly based debate and contestation. Yet, what was missing from this debate was criticism of economic liberalism as regards increasing poverty and inequality. As Ost [2005] states, these criticisms came from the populists with conservative political ideas.

The result is that people dismissed the promises of political liberalism and turned towards conservative parties with the hope of seeing an active state to correct inequalities and corruption. In this way the failure of economic liberalism contributed to conservatism with Catholic undertones against the implementation of human rights norms. This is not to say that up until PiS’s ascendance to power gender rights were guaranteed. Nevertheless, what is clear is that the ascendance of PiS to power put these rights more at risk. And even Poland’s EU membership failed to secure the full implementation of human rights owing to the PiS factor in Polish politics. The 2007 elections brought defeat to PiS, but the party simultaneously saw an increase in the number of votes it received.

Difference in opinion on various issues is nothing new to the member states of the Union; it is almost more the norm than it is a novelty. Nevertheless, adhering to the highest standards of human rights is a fundamental requirement for accession to the EU. While issues such as social rights and gender rights do not fall under the most basic definition of human rights [Falk 2000], they still compose a fundamental part of the EU human rights acquis. It is significant that in June 2006 the organisers of Warsaw’s annual ‘Equality Parade’ for gay rights wore t-shirts which read ‘Europe=Tolerance’ (BBC News, 12 June 2006). The unanimous decision that the European Court of Human Rights reached in the case of Bączkowski and Others v. Poland showed that the court considered gay parades fundamentally related to freedom of expression. Given the extent of human rights problems in Poland in the area of gender rights, the President of the EU Commission, Manuel Barroso, felt the need to emphasise anti-discrimination on the basis of sexual-orientation in the EU acquis. During ex-Prime Minister Marcinkiewicz’s visit to Brussels, Barroso said that in EU member states the Charter of Human Rights is the standard, and it states that everyone has the right of assembly, regardless of sexual orientation (Figyelő, 1–7 December 2005).

Conclusion

Using the example of PiS in Poland, this article demonstrated that populist conservative political parties oppose liberalism – both economic and political – as a package in the new EU member states by drawing attention to the discontent that was caused by the transformation to and consolidation of neo-liberalism in the CEE states. In order to support this argument, I described the political pic-
ture in Poland before PiS’s electoral victory. I showed the popular reactions and responses to the issues that in the public mind were associated with the market economy, such as privation, corruption, and the undeserved prosperity of the elite. My discussion of the reaction of PiS to political liberalism rested on my observations of the rhetoric of its leadership on gender rights and freedom of expression. I consider both of these issues as significant components of the political liberties required for EU membership.

The article does not test the relative importance of the economic and political aspects of the EU acquis against each other, but assesses them as issues of equal importance and weight in the enlargement process. Similarly, in discussing the impact of the failure of economic liberalism to instigate a reaction to the all-encompassing liberal agenda of the EU, I do not seek to detach the domestic and the international causes of such a failure. Rather, I approach the issue of such a failure from the point of view of the respondents of opinion polls in order to show it was not necessarily the identifiable causes but the whole process of fraud, the undeserved prosperity of the elite, degeneration, and the corruption associated with the economic transition that contributed to their reaction. I situated PiS as a reactionary force to liberalism in one package and illustrated how its reaction to economic liberalism forged more conservatism in Poland. In effect, the conservatism of PiS became specific for the way in which it used the narrative of failed transformation to curtail political liberties.

The Polish case of PiS should offer a warning to the proponents of a competitive market economy in the western Balkans and the Middle East as a precondition for democracy. If differences and rifts have already appeared between the ‘old’ and the ‘new’ members of the EU in a matter of only a few years since enlargement, this could suggest that the Copenhagen criteria for accession are not adequate and comprehensive enough to prepare the accession countries for EU membership. The growing distance between Brussels and Warsaw under the PiS-led coalition government was a major blow to the continuance of Copenhagen criteria. The article showed that, despite the various problems of social and gender rights in Poland even prior to accession, the EU kept a close eye on many issues. The EU should therefore re-define its accession conditions before it starts to consider enlargement towards countries with more serious human rights and economic problems, such as Turkey and Croatia.

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Right-wing Extremism and No-go-areas in Germany

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Abstract: Right-wing extremist groups in almost every Western European country became aware of the concept of no-go-areas over the course of the 1980s and 1990s, and some of them even applied this concept over a short period. This study looks at the manifestations of this concept in Germany, where politics and society are still confronted with the legacy of Nazism. The author sets out to examine whether no-go-areas actually exist in Germany, and if they do, to look at how life in them is organised, how they are accepted by majority society, and how these activities are supported (or initiated) by the NPD, a German right-wing extremist party. In the region of former East Germany in particular there has been an increase in support for neo-Nazism as an extreme reaction to the deteriorating economic and social situation. Studies have shown that in this region more and more citizens are sinking into the ‘modernisation trap’, and as a result right-wing extremism and neo-Nazism are gaining more and more ground. One way in which the extreme right-wing NPD and related or subordinate ‘friendly’ organisations want to ‘control the streets’, and thereby also the public, is through the establishment of ‘no-go-areas’, which are areas dominated by neo-Nazis. The objective is to create a zone for neo-Nazi sympathisers, chase out foreigners and co-citizens who do not share extremist views, and work towards achieving the ultimate goal: destroying democracy and establishing the ‘Fourth Reich’.

Keywords: right-wing extremism, nationalism, racism, no-go-area, Germany

Introduction

In May 2007, the interior minister of Saxony, Albrecht Buttolo, banned the extreme right-wing group ‘Sturm 34’. The reason for his decision was the fact that members of Sturm were promoting the ideas of Nazism and were trying to establish so-called ‘national liberated zones’ (National befreite Zonen) in the Saxony town of Mittweida, and moreover doing so by unconstitutional means (Die Welt, 26 April 2007) [Verfassungsschutzbericht 2006: 65]. In the view of right-wing extremists, national liberated zones (no-go-areas) are areas in which the only figures of rule or the enforcement of order are right-wing extremists (usually neo-Nazis). They are zones to which foreigners have limited (or no) access. This was one of the objec-

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tives behind Sturm’s objective to establish a ‘national liberated zone’ in Mittweida. In addition, some leaders in this organisation committed racially motivated violent crimes. At the time it was banned, the hard core of ‘Sturm 34’ was made up of twenty-five people [Walter 1994; Findeisen and Karsten 1999].

A no-go-area originates when representatives of extreme right-wing groups in a given location pressure the relevant national, metropolitan, and public authorities to relinquish ‘supreme authority’ over particular areas, such as playgrounds, discos, or entire sections of a town, the objective being to make these areas ‘national liberated zones’ or, in other words, oases for neo-Nazis.¹ The extremists have a clear idea of what should be done with such areas: they should be made into areas where there are no foreigners (ausländerfrei), no Jews (judenfrei), and no democracy [Scherr 2007].

In this article, I will examine these no-go-areas, which are a very interesting but as yet unexplored aspect of political and social developments in German society. They were the subject of debate during the 2006 Football World Cup, when the African Council in Germany decided to draw up a special list of venues that visitors from African states should avoid. In fact, one-fifth of all racially motivated crimes committed by right-wing extremists in Germany in 2006 were committed against Africans or people of African descent.² Places that the African Council recommended that Africans avoid included, for instance, the Berlin train station in Schöneweide, the neighbourhood of Köpenick, and the Hellersdorf-Marzahn and Lichtenberg areas of Berlin. In 2006, references to no-go-areas have even appeared in two English guidebooks: *The Rough Guide to Berlin* and *Time out Berlin* (Berliner Morgenpost, 3 May 2006).

Below I will begin by defining the nature and specific features of political extremism in Germany and then proceed to present the historical context behind the origins of these zones and examples of their existence in other countries. In order just to describe what the zones are, it was necessary to study the right-wing extremist press, in particular *Deutsche Stimme*, the magazine of the National Democratic German Party (Nationaldemokratische Partei Deutschlands; the NPD), *Vorderste Front*, the magazine of the Young National Democrats (Junge Nationaldemokraten), and other relevant sources. That discussion is followed by an analysis of the relationship of the strongest right-wing extremist political party the NPD, which evolved out of the post-war course of development of right-wing extremism in western Europe [von Beyme 1988], to these zones and to those who seek to establish them. In the closing part of the article I will outline the possible future of these zones and right-wing extremism in Germany.

¹ By neo-Nazism, I am referring, like C. Mudde, to an ideology that freely promotes the return of Hitler’s Third Reich and/or which cites national socialism as their ideological origin [Mudde 2000: 230].
Conceptualising no-go-areas in the context of research on extremism

Right-wing extremism

There are many definitions of political extremism. Jan Chmelík describes it concisely as the ‘deviation from generally established and currently accepted standards. It takes the form of a political plan with strong components of opinion intolerance and the rejection of compromise solutions. It is manifested as a radical or even militant rejection of the politics of the state and the constitutional order, even by violent means’ [Chmelik 2001: 7 an.]. Some authors, mainly those from Germany, insist on including anti-system attitudes or opposition to democracy as essential definitional criteria [Backes and Jesse 1989; Ignazi 2003; Wagner 1994]. According to this logic, which is shared by Germany’s Federal Office for the Protection of the Constitution, democratic parties are parties that work to maintain the present democratic system or would like to establish such a system. Extremist parties are ones that according to general conceptions deviate from generally accepted and actually adopted democratic norms and strive to create or reinforce authoritarian or totalitarian dictatorship. Extremists consider themselves the only power that can ‘rightly’ take control and assert the interests of society [Hafeneger 1995: 42].

Right-wing extremism thus involves political entities that are trying to establish a racially, ethnically, and culturally uniform community. Typical attributes of right-wing extremism are that they are authoritarian, hierarchical, systemic, traditional, nationalistic, and play on the notion of duty [Stöss 2000: 25]. Right-wing extremists are a priori intolerant. They regard themselves as the conveyors of truth. They divide their neighbourhood into friends and enemies (Freund-Feind-Denken), and their main enemy is the current political system – democracy and its representatives – which they consider decadent and corrupt, and all national, religious or other minorities, foreigners, and other groups [Bobbio 2003: 59]. In this way, right-wing extremists reject political equality and equality of protection under the law and nominate themselves as the ones who will create a political system that would establish human inequality and accord basic human rights and liberty in society unevenly among different groups of people according to ethnicity, race, and religion. Members of extremist groups regard each other as friends (Kameraden), while everyone else in their eyes are ‘parasites’ or ‘leeches’ (Zecken) [Helsing and Mahler 2001: 10; Verfassungsschutzbericht 2006: 65].

The German political scientists Uwe Backes and Eckhard Jesse [1989] distinguish four different types of right-wing extremism: first, extremism that uses violence and does not possesses a strong system; second, extremism that uses violence but embodies a strong system; third, extremism that does not use violence and is not organised; and fourth, extremism that does not use violence, but is very well organised. All these groups are represented in Germany. The most visible extremist groups nowadays are political parties, which have been experiencing a ‘renaissance’ in recent years, especially in Eastern Europe. The NPD is
the most successful party so far and holds seats in the municipal legislature in Saxony, Mecklenburg-Vorpommern [Gertoberens 2004; Novotný 2008a]. About two thousand members of the NPD are estimated as having a primarily neo-Nazi orientation (out of a total of seven thousand NPD members; the party newspaper Deutsche Stimme has a print run of 21,000) [Novotný 2008b: 18].

Extremism and modernity

Although the NPD is without question the best-known and most successful right-wing extremist party, other forms of right-wing parties, non-party right-wing extremism, and right-wing movements and sub-cultures have also been making major progress. In 1992 the German political scientist Hans-Gerd Jaschke questioned whether perhaps right-wing extremism was turning into a new form of social movement [Jaschke 1994], and he noted that, particularly with respect to the new priorities of right-wing extremists, specifically, their ethnicisation of social and political issues, a new sub-culture is emerging that is capable of appealing to protest voters. This opinion evoked a wave of critical but also concurring responses [Rucht 2002; Hellmann and Koopmans 1998]. Today it is clear that Jaschke assessed the situation correctly. German extremists – especially the NPD – see their biggest objective as ‘marching in the midst of the common people’ (Marsch in die Mitte des Volkes) [Verfassungsschutzbericht 2006: 75]. According to various polls and surveys conducted in Germany, up to 15% of Germans sympathise with right-wing extremist views [Grumke 2007]. This modern extremism is the result of reactions of disadvantaged groups to ‘the other modernity’ [Minkenberg and Perrineau 2007]. For Ulrich Beck, characteristic of today is the widespread sense of a loss of security and safety [Beck 2004]. This is one of the reasons why more recent publications on right-wing extremism in Germany have emphasised social issues and the fact that extremism (both right- and left-wing) emerges in society when people’s living standards and outlook in life deteriorate [Bergmann and Erb 1994; Klärner and Kohlstruck 2006].

Ronald Inglehart [1997] sees the decisive moment in the change of behavioural standards as the transition to ‘post-material values’. This is what the German political scientists Erwin Scheuch and Hans-Dieter Kligemann were speaking about in the 1960s when they were assessing the causes of right-wing extremist party benefits, in particular those of the Republicans and the NPD. For Scheuch and Klingemann, this marked a change in voting behaviour towards the ‘normal pathology of western industrial society’ [Scheuch and Klingemann 1967: 12]. A concomitant effect was the attempt to ethnicise social issues by arguing that foreigners are at the root of the socio-economic problems Germany faces today. Right-wing extremists then try to put themselves in the role of the ‘avengers’, those who are trying to homogenise German ethnic and social sub-cultures.

The number of neo-Nazis, one of the most radical and anti-democratic groups in the spectrum of right-wing extremism, has been increasing in Germa-
According to the most recent news reports on constitutional order protection, the years 2006 and 2007 saw an increase in membership of about two hundred more people [Verfassungsschutzbericht 2007].

If we analyse the profile of current members of right-wing extremist groups, they are mostly socially deprived people. This suggests that voters of the NPD are mainly seeking an improvement in their social situation, and in this respect they favour the displacement of foreigners and minorities and even limiting their rights and freedoms. A number of studies from German public opinion institutes (for example, a study by Forsa conducted in August 2007 on a sample of the German population) showed that about 2% of the German population support the NPD (and another right-wing extreme party DVU) and 4% of the German public can imagine that one day they could vote for a right-wing extremist party, while another 7% would vote for them under certain circumstances (Der Spiegel, 23 August 2007). Among the unemployed support for right-wing extremist parties is twice as high as in the general public. In addition, according to the above-mentioned study by Forsa, up to one-quarter of the unemployed are able to imagine that they could vote for such a party. In terms of the support for right-wing extremist parties, a negligible (and statistically immeasurable) minority of the right-wing extremist intelligentsia is oriented towards nationalism and chauvinism (völkisch ideologies). Among roughly one-half of these older sympathisers and voters, there is evident interest in a return to ‘old times’, that is, going back to National Socialism.

The younger generation is different. Young right-wing extremists are trying to find another ‘way of life’. They are familiar with one old rule: the years between the ages of 12 and 16 are of crucial significance for shaping their political opinions. The presidium of the German extremist NPD, headed by Udo Voigt, wrote about this in one of the party’s most recent documents. That is why we are now witnessing a massive offensive from the NPD to target this age group.3 Today there are about one thousand extremist web sites in Germany [Novotný 2008b: 18]. They provide visitors with information about the actions of different movements and about where to buy music CDs by neo-Nazis groups, t-shirts, jackets, and brand (Thor Steinar) items bearing neo-Nazis symbols, such as Celtic crosses, black suns, or the number 28, which symbolises the letters B and H, signifying the group Blood and Honour, that since 2000 has been banned in Germany [Vorchow 2004].

Current results from different studies conducted among students in Germany reveal some unpleasant findings: for example, research among high-school students between the ages of 13 and 19 conducted in 2003 in Hagen in the Rheinland (on a sample of 676 students) indicated that 46% of them agree with the opinion that foreigners living in Germany should adapt more to the lifestyle of Germans.

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3 According to research by ARD/Infratest, 17% of all voters between the ages of 18 and 24 voted for the NPD in Mecklenburg-Vorpommern. Among men in this age group the NPD even gained as much support as the SPD [Verfassungsschutzbericht 2006: 92].
One-third of those interviewed believed that foreigners are a priori more inclined towards criminality than Germans, 30% said they feel like foreigners in their own country, 20% would not allow any foreigners into Germany, and 11% think that Jews in Germany should have fewer rights than Germans. Claus Homm, the author of the study, concluded that roughly 11.5% of these pupils are xenophobic and have a tendency to support neo-Nazism. Boys and young men show more sympathy for these views than girls and women. Homm suggests immediately strengthening education in democracy and in tolerance before right-wing extremists gain greater influence on shaping the political opinions of these young people.

No-go-areas

The notion of ‘national liberated zones’ (no-go-areas) has appeared in the discourse of right-wing extremist groups in Germany since the 1990s [Wagner 1998]. These zones were first mentioned in Germany in articles published in magazines, like *Einheit und Kampf* (no. 2, September 1990) and *Vorderste Front* (1991); [Jaschke and Rätsch 2001: 119], and in the magazines of the National-Democratic University Union (*Nationalademokratischer Hochschulbund*) and the Young National Democrats (*Junge Nationaldemokraten*), a student organisation of the NPD. According to a main article in *Einheit und Kampf*, titled ‘Make National Liberated Zones’ (*Schafft national befreite Zonen*), it is the objective of right-wing extremists to take control of different parts of towns, such as discos, bars, public squares, and other (for them) important public places. Attempts to take control of these places have so far always been accompanied by violence against those parts of the public that extremists view as a problem. Reading these and other extremist texts about no-go-zones (they will be mentioned below) evokes an association with the period of National Socialism, when Nazis battled to establish ‘Jew-free’ zones (‘judenfreie’ or ‘judenreine Gaue’). There is no doubt that creating such a situation is the objective of the ‘zone’ initiators today.

*Einheit und Kampf*, mentioned above, pointed out the economic and territorial independence of these zones. Economic independence from the state is important to extremists because such independence would enable them to break free from what they call financial capitalism. It would allow extremists financial freedom and opportunities to obtain financing from their activities (for example selling CDs, brand clothes, posters, flags, etc.). Neo-Nazis want to be the sole subculture to exercise authority in these ‘zones’, assume a self-governing function, and pursue political and cultural activities in these zones [Geyer 2002: 98].

They have been particularly successful in the newest federal state – the former territory of the GDR. In this region young people in particular are losing ‘the self-confidence of current existence’ owing to the unmet promises of modernisation and the poor socio-cultural conditions that offer no perspectives to young people [Bauman 2003: 156]. These young people often fall into the ‘social
trap’ or ‘modernisation trap’, as defined by Klaus Wahl in the late 1980s [Wahl 1989; Milza 2005], where by escaping into extremist sub-cultures these young people are seeking safety and security. Richard Sennet describes the situation by noting that there is a defensive element to the longing to belong to a community, wherein the community of ‘us’ can be employed anywhere and anytime in defence against chaos and oppression [Sennett 1998: 138]. These kinds of socially excluded can limit their social competences, especially in relation to co-existence with groups that are easy to blame as the cause of the deterioration in their social situation, groups like minorities and foreigners. This outlook can then progress quickly to an aggressively xenophobic stage. A good illustration of this is the formation of no-go-areas and the desire to be the only source of ‘law and order’ in such zones. By establishing these zones, those behind them achieve a substitute form of what others – socialised in democratic values and society – achieve in their everyday lives, that is, social recognition, assuming that social and welfare recognition is a normative condition of all communicative behaviour.

The intention behind the creation of no-go-areas is to create a counterweight to existing state institutions that otherwise control a given area. By establishing these zones right-wing extremists also aim to establish contact with the rest of the population, providing people with assistance and offering economic and social alternatives (Einheit und Kampf 1990: 52). In those areas that neo-Nazis designate as no-go-areas they mark the public spaces with various, typical Nazi-group symbols, such as ‘88’ or ‘NBZ’ – the abbreviation for the ‘national liberation zone’. Such areas tend to be urban neighbourhoods or residential areas that have socio-economic problems and high crime rates (for example, Magdeburg-Olvenstedt and Guben).4

It is hard to determine how many of these zones exist. The Office for the Protection of the Constitutional Order in the federal state of Brandenburg registers 17, but does not consider them (as I have said) to be ‘national liberation zones’, the way the right-wing extremists do, but thinks of to them as ‘fear zones’ (Frankfurter Rundschau, 26 February 1997). The Federal Office for the Protection of the Constitution and many research studies [Döring 2008] are implying that these zones do not yet exist in Germany and remain an (as yet) unfulfilled objective of various right-wing extremist subjects, mainly the NPD. The 17 zones cited in the 2007 annual report of Brandenberg’s Office for the Protection of the Constitutional Order are zones where extremists have managed to cut out all other groups from participating in social life, or more precisely, they have excluded

4 Statistics on criminal offences provide information about which neighbourhoods are being affected. For example, in Magdeburg most crimes were committed in Olvenstedt and Wolmirstedt, in Schwerin in Hagen, in Halle in Südstadt, and in Merseburg. Olvenstedt is a very rundown neighbourhood. In 1993 it experience a population increase of just one inhabitant, followed by a steep decrease in inhabitants in subsequent years. Between years 1990 and 2000 there was a decrease of 39%. The biggest decreases in the number of inhabitants occurred between 1996 and 2000 [Döring 2008: 197].
other (non-neo-Nazi) groups from participating in or attending any cultural or other activities, such as youth clubs, rock clubs, pubs, etc.). In doing so, they have been able to establish something like a ‘third position’ between capitalism and communism. Torald Staud speaks of the gradual Fascisation of some places and remarks: ‘National liberation zones don’t exist here, but there are such places where there are very few governable democratic parties’ [Staud 2006: 10; Nietzsche 1969]. These places are becoming real ‘fear zones’ and, considering the behaviour of some groups, are to be avoided.

No-go-areas in Germany

The German notion of ‘no-go-areas’ is influenced by the Western European experience of right-wing extremism (mostly neo-Nazi) groups, where there have been discussions about establishing these ‘zones’ since the 1980s [Glyn 1992]. However, the earliest remarks in the German periodicals *Einheit und Kampf* and *Vorderste Front* support, with the backing of the British neo-Nazi movement, the ‘International Third Position’. One model of this was developed by right-wing extremists in the Italian group Terza Posizione (TP), which managed to establish some degree of economic and political infrastructure in the form of several shops, cultural centres, and self-schooling for children of working Italians (mainly farmers). In this way the TP offered the working classes an alternative to ‘normal life’ and halted the progress of the Communist Italian Party (KPI) [Döring 2008: 56]. Alongside the Terza Posizione that emerged in the mid-1980s, there was the Spanish group Bases Autónomas (BA), which attempted to create a system of no-go-areas, the Portuguese Movimento de Accao National (MAN) (*Einheit und Kampf* 1/1990: 34); [European Monitoring Centre 1999: 34], and the French Nouvelle Résistance [Bale 2002: 36]. The German right-wing extremist press evaluated the actions of these groups in glowing terms as exemplary progress.

After German right-wing extremists discovered the concept of no-go-areas at the start of the 1990s, their operations and programme aims showed no evidence of their having developed this model further in some way. A change came in the mid-1990s with the emergence of the internet network ‘Thule’, a kind of *vox populi* of right-wing extremists on the internet, uniting like-minded groups throughout Germany [Dietzsch and Maegerle 1996: 924]. *Thule-Journal* explains the objective of the network’s initiators: ‘With the help of networking mailboxes we want to create a free zone’ (*Thule-Journal* 1/1993: 3). Activity on Thule grew rapidly after it was set up, and there were even discussions on the network of no-go-areas. In March 1997 the sites died out, apparently owing to internal disagreement among their founders [Dietzsch and Maegerle 1997: 178; Verfassungsschutzbericht 1998: 79]. After Thule’s extinction, discussion about no-go-areas vanished from Germany for several years. It resurfaced at the end of the 1990s, mainly in neo-Nazi organisations in Saxony, such as *Nationaler Jugendblock Zittau* or *Junges Nationales Spektrum* [Verfassungsschutzbericht Sachsen 2003: 13].
The concept of no-go-areas, according to right-wing extremists, is based on several criteria. First, a no-go-area should lead to the creation of ‘national centres’ (Deutsche Stimme 11/1999: 18). However, how this is achieved is not entirely clear from the articles in the right-wing press. One of the ways envisioned is by right-wingers buying up land and real estate in specific parts of a neighbourhood, where everybody who embraces German nationalism can conduct their lives freely. This approach is of course unrealistic given the low socio-economic status of right-wing extremists today. However, Steffen Hupka, the author of an article published in Deutsche Stimme, considers this a realistic aim and believes that it ‘is possible to collect the necessary money with the help of friends who are employed’ (author’s translation; Deutsche Stimme 11/1999: 18). He also imagines that in such a zone right-wing extremists would then be able to create their own infrastructure, separate from the state, and in their zone they could collect rent, provide loans, manage the buildings, organise concerts, own stores, etc. According to him, these centres would become ‘national fronts’ [Röpke 2004].

Second, in order to establish such a system of national centres it is necessary to increase the membership level of right-wing extremist associations and political parties. Increased activity at the federal level should help to achieve this. Members of friendly groups and other associations are, for example, encouraged to take part in various existing organisations. It is regarded as a success if by this means someone manages to gain as many new backers as possible and is able to take over the group’s decision-making and thus essentially ‘dislodge’ their entire operation (Deutsche Stimme 1/2000: 18). In it in these ‘grey zones’, for example, in organisations of exiles, student groups, or other revisionist, friendly ‘associations’, Neo-Nazis see an opportunity to assert and create a ‘bridge to civil society’ (Deutsche Stimme 5/2000: 16). The main objective is to get close to the ordinary people and take up as their own the themes that are most important to those people; for example, themes like the fight against environmental pollution or for animal protection, against abortion, unemployment, etc. (Deutsche Stimme 1/2000: 18). In addition, neo-Nazis also retain their ‘traditional’ themes, where they have already secured some achievements, primarily in the above-mentioned ‘grey zones’. One such theme is a revisionist view of the Second World War or the conviction that ‘Germany is bigger then the Federal Republic’, whereby they are referring to the lost, formerly German eastern regions that were inhabited by German minorities [Staud 2006: 17].

Third, to establish no-go-areas right-wing extremists bet on eliminating ‘deep-seated defence reflexes’ (Deutsche Stimme 2/2002: 17; 4/2002: 7), by which they mean ‘liberating’ Germans from the Nazi past, ‘from the psychological pressure of the spirit of the time’ (Deutsche Stimme 3/2000: 22), and thus to rid them of their constant self-consciousness of ritually apologising for their history. In their view, this is all a part of political correctness, which in the right-wing extremist press is referred to as ‘Unsinn’ or nonsense (Deutsche Stimme 2/2002: 3). The NPD and its ‘struggle for minds’ is ascribed a big role in achieving this aim.
Fourth, by establishing no-go-areas it is necessary to strengthen the ‘organised will’ of the youth and offer them sufficient options for self-fulfilment while at the same time endeavouring to unify the opinions of and discipline the youth (*Deutsche Stimme* 2/1999: 11; 10/1999: 17; 12/1999: 14). This is succeeding well particularly in the east of Germany, where even many years after the fall of communism the establishment of a communal, embedded, civil society failed (for example, churches and unions in this part of the country have few members than in the western part of Germany) and right-wing extremists here have begun to win support, especially among disillusioned youth.

**Right-wing extremists and control over locations**

Uta Döring distinguishes between public, semi-public, and private places where right-wing extremists attempt to establish NGAs [Döring 2008: 141]. They use different strategies of presenting themselves and expanding activities to obtain control over these places. Right-wing extremists still face the biggest difficulties in trying to exercise control over public spaces. Yet, squares, pedestrian zones, bus stops, playing fields, and swimming-pools are important spaces for extremists, because they can make themselves very visible in these places and can best demonstrate their group behaviour and draw the attention of a larger part of the population. The presence of extremists in these free spaces tends to make use of the space difficult for citizens. Parts of the German population, such as citizens with darker skin or members of the anarchist sub-culture, stay out of these spaces because they are worried about the possibility of violence. A similar view prevails among the majority of the population, who do not like the aggressive behaviour of these local ‘rulers’ either. Compared to other types of places, mentioned below, these are the fewest in number, but they are also the sites of the largest numbers of extremist crimes [Döring 2008: 188]. An example of one such area is the district of Prenzlauer Berg in Berlin, certain parts of which foreigners and some local Germans are really afraid to visit (*Die Zeit*, 8 November 2007).

Döring classifies restaurants, pubs, discos, and clubs as semi-public areas, which, although they are more common, are not fully controlled by extremists because they usually do not have sufficient economic means to own these places. Most common are private places, the ‘home territory’ of right-wing extremism. These include the free spaces that right-wing extremists do dominate, most often shops, pubs, gardens, or clubs, owned by extremists or followers of this movement. An example is a pub in the village Heilsberg near Saalfeld in Thuringia. In April 1997 it was leased by couple of ‘friends’ and they quickly turned it into the hub of the local neo-Nazi scene. Other than neo-Nazis, no one else tried to go to this pub. Nor did anyone protest its existence, not even the provost or the town pastor. In the view of many inhabitants the reason was that the neo-Nazis did not misbehave or disturb public life in any way. Initially even the Thuringian Office for the Protection of the Constitutional Order. After half a year, officials ordered...
an inspection of the site and uncovered there the largest arsenal of weapons on a single site in Thurungia and they shut the pub down. Similar institutions can be found throughout Germany, and generally they are more common in the new federal states.

**Types of no-go-areas and support for them inside the NPD**

Although it is not the rule, we can certainly see that the NPD has influenced the formation of ‘national liberated zones’. Generally, wherever the NPD is politically strong, the willingness to create fear zones is markedly higher than anywhere else. The politics of the NPD widely support such activities and the party often figures as the co-initiators of their establishment. The NPD has achieved the most success in Mecklenburg-Front Pomerania and Saxony. In some villages in these federal counties, the NPD is the third strongest political power. Their biggest success was winning 38.6% in the last communal elections in the village of Postlow. Although it may not seem so from the results of the elections to the German Bundestag, the NPD is nonetheless gaining in strength. In the last federal elections in 2005 they had a vote share of 1.6%. Experts agree that if the NPD had cooperated more intensely in this period with neo-Nazi institutions their results would have been even higher (but not enough to enter the Bundestag) [Staud 2006: 15]. Even if they did get into Parliament, it is clear that they would be isolated there in their opinions. But in society they are definitely not in isolation – at least in the eastern part of the country. The NPD is well aware that they are more successful in economically disadvantaged regions. For this reason, during their last convention in Bamberg in the summer of 2008, they changed the strategy they use to address voters, and instead of aiming to be a party of all-round success, that is, a party that can celebrate political gains across the country, they plan to concentrate more on their most successful regions, such as those in the former East Germany, and there they hope to become a ‘catch-all’ party. One of the ways in which they plan to strengthen their position is by establishing ‘no-go-areas’, where they intend to demonstrate how they would govern in power.

Let’s now look at how four theorists in the NPD party in the 1990s (when the discussions about zones were culminating) viewed the eventual establishment of these zones. I examined articles that these four party officials published in the right-wing extremist press. Each of these four theorists has their backers and opponents. The first example is Tomas Hetzer, a representative of the National Democratic Academic Unit. Hetzer addressed the unit with the words: ‘with the zones we will create a counter-balance. We have to create the kind of free spaces in which we can de facto assume power and we will be able to penalise – that is, to punish – weaklings and enemies, support co-fighters, and help oppressed, excluded, and persecuted fellow citizens’ (Vorderste Front 2/1991). Hetzer is interested in creating a system in which the state and its ‘knaves’ will occupy a secondary role in shaping people’s lives. The purpose of this zone is to take control of people’s fates and
establish a separate legal order and system of values. These zones need not be just geographic; they can also be mental zones or spaces in which the neo-Nazi worldview dominates. According to Hetzer, in these zones the NPD will be able to demonstrate ‘freely’ and without having to ask permission from the state authorities, and the NPD’s ‘friends’ (i.e. neo-Nazis) will be responsible for maintaining safety on the streets and will protest and agitate against asylum-seekers. The reason Hetzer gives for creating such zones is that they should be places of support for ‘co-fighters, where people will measure us by our acts’. He sees the main reason for their creation as a means of securing financial independence, which will help shape the party’s ‘inner system and coordination between friends’.

Jürgen Distler is the second NPD representative who in *Deutsche Stimme* has broached the possibility of establishing ‘national liberation zones’. He puts more emphasis than the others on the political dimension. According to Distler, even now, ‘in the centre of Germany’, there exists a ‘strong sub-culture of neo-Nazi youth’ (*Deutsche Stimme* 12/1999). In Distler’s view, which is most certainly exaggerated, this movement is already an important socialising factor among the young generation, and in his opinion it is necessary to support it and win it over politically on the side of the NPD. While Distler exaggerates, it is true that there really are parts of East Germany where neo-Nazi sub-culture to at least some extent does fulfil a socialisation role. But it is by no means a mass phenomenon. According to Distler these nationally motivated youth are waging a battle on the cultural front, a battle that has arisen out of their rejection of liberal-capitalist society. Distler here refers to Antonio Gramsci and his concept of fighting for cultural hegemony. According to Distler, the only way to promote the objectives of the NPD is for the party to politically agitate and recruit young people on its side. In another words, it is necessary to replace the cultural with the political. These disillusioned youth have to be shown that the NPD represents the route to changing circumstances and systems. It is a fact that citizens of the former East Germany and the young generation in general have declining faith in democracy, something Distler demonstrates in an article in *Deutsche Stimme*. Drawing on surveys, for example, he argues that while in the year 1990, 41% of Germans considered democracy in Germany as the best form of government, in the year 1997 the figure was only 23%. So Distler recommended supporting by peaceful means movements of the disillusioned and socially excluded by creating zones in which they can move around and fulfil themselves freely.

Jürgen Schwab is the author of the third view in the discussion of ‘national liberated zones’ (*Deutsche Stimme* 10/1999). Schwab advocates the need to create zones in which the initiators will have an ‘interpretative monopoly’, will themselves decide what is right and what is wrong, and will shape public opinion. Schwab’s position is strongly anti-democratic, but it is nonetheless the most ‘tolerant’ of the four views presented here. Schwab writes that everyone who behaves ‘fairly’ (that means also foreigners and people with alternative views) deserves protection in the zone. In his view it is necessary to use the territory of the former East Germany, where there is evidently strong support for the NPD, to establish
these zones. About the western parts of the country he notes: ‘In the west of the country the concept of free zones is by comparison [with the eastern part of the country – author’s note] more complicated. Here, the main concern should be to fight by all possible means allowed by law in order to build a solidary movement of cultural resistance.’

Steffen Hupka, another top member of the NPD, writes in his article in Deutsche Stimme what surely most neo-Nazis in Germany wish: ‘A liberated zone should not be just the material base of our fight, it should also provide us with spiritual and moral sources of strength. It has to be the base of our domestic struggle. Thence we can move farther along the front, we must create more, secondary battle zones, so we have to open these liberated zones.’ (Deutsche Stimme 11/1999) The point of establishing ‘liberated zones’ is to establish a ‘national and social system of government’, which means removing the democratic state system and establishing neo-Nazism.

Inside the NPD, sympathies for the above concepts vary between different factions. Hetzer and Hupka maintain the most radical positions. On the other hand, Distler emphasises the cultural dimension and argues the need to introduce a political dimension into the fight for cultural hegemony. What unites all four views is their volksch posturing and the demand to establish neo-Nazi principles in these zones. ‘National liberated zones’ are nothing more than a synonym for the establishment of a dictatorship, and what this is about – regardless of whether individual authors state or write this directly or indirectly – is the transition to neo-Nazism based on racial ‘purity’. That all the top NPD members agree with these visions – even if just any one of them – and aspire for their realisation puts them in sharp conflict with the German constitutional order.

German citizens living in the areas of the former East Germany need to be assured that the democracy established after 1989 is not just a Western import; that the democratic progress of their country is also in their interest [Siegler 1991]. Nowadays, in the eastern parts of Germany, especially in Saxony and Mecklenburg-Frontal Pomerania, there are big waves of protests and disillusionment with democracy (e.g. demonstrations against the Hartz IV reforms, etc.). The NPD could benefit much from this situation. More than ever before it can offer the public not just nationalistic and chauvinist invective but instead is able to understand the people’s social problems and offer a solution: eliminating people’s problems through the formation of an ethnically homogeneous society. Their campaign prospers because democracy does not yet have sufficiently deep roots in the new federal states.

Four NPD aims in relation to no-go-areas

First, I must say that the concept described below is the NPD’s party strategy and is recommended by all its officials. It is not a process through which to create ‘national liberation zones’; it is a strategy to obtain political power. Because,
according to neo-Nazis, the zones represent one step on the way towards taking control of all of society, we should look at these principles. Shortly after Udo Voigt became the chair of the NPD, at a party convention in Stavenhagen in 1997 the party formulated its first three strategic principles: the struggle for parliament, the struggle for the streets, and the struggle for people’s ‘minds’. In the year 2004 the struggle for organised will was also added.

When the NPD participate in elections, they refer to this as the ‘struggle for parliament’. The municipal congresses in which the NPD is represented (Saxony, Mecklenburg – Vorpommern; the NPD refers to this as the Dresden-Schwerin axis) serve mainly as public propaganda fora for their ideas. They are also important strategic places because as representation in the legislature gives this party an air of trustworthiness and secures financial resources for it [Verfassungsschutzbericht 2006: 90]. It is possible to glean from NPD documents that the party is not at all interested in constructive politics. The motivation, in addition to money, for their participation in elections is to try to prevent – or at least complicate – the eventual prosecution of the party’s representatives.

The NPD considers demonstrations and other public scenes as part of the ‘struggle for the streets’. This reference is borrowed from the Nazi era, when Hitler and his followers were also concerned about ‘capturing the streets’, that is, about obtaining control over public areas, which they succeeded in doing during the 1930s with the help of Sturmabteilung (Storm detachment or stormtrooper) units. The NPD added to this concept the idea of creating ‘national liberation zones’ using their own ‘warriors’ to maintain ‘order’. For the party, demonstrations and protest actions are not only a way of promoting themselves, but also of reinforcing the sense of belonging among its members [Mikulčíková 2007]. Above all, the NPD has a clear aim: appealing to younger voters. Currently, the average age of party members is (as in the far left groups) the very inauspicious age of 65 [Milza 2005: 354] Through the ‘struggle for the streets’ offensive they want to try to bring into their ranks young people associated in ‘familiar alliances’.

The NPD means two things by the ‘struggle for people’s minds’: the need to engage in educational activities, and the need for the party to operate and expand its aims and ideas to the wider ranks of society. To this end the party offers occasional training sessions and prepares its activists to be able to critically counter their opponents’ ideas. The party’s entire intellectual guidance comes from the party’s centre [Verfassungsschutzbericht 2006: 91]. The party chair, Udo Voigt, is a political scientist and he and the narrow circles of top party leadership together follow developments in society and try to react appropriately so as to gain further points among the public. Under his leadership, the party’s media face has changed dramatically; its pre-election campaigns have modernised, and a greater accent has been put on communal politics. In his view, today the NPD does not have to be just a ‘cadre’ party, but should instead open up and present itself to society as a modern party.

The last concept is the ‘struggle for organised will’. By this the NPD and especially its chair hope to provide an answer to what has so far been the biggest
weak point of German right-wing extremism: the fractionalism of powers. The aim is to establish cooperation, create an institutional framework, and form a true ‘national front’ (Heimatfront). The first step in this was the signing of an agreement between the NPD and the German Common Union (DVU, Deutsche Volksunion) on mutual support between their candidates (the so-called Deutschlandpakt) [Verfassungsschutzbericht 2006: 66, 89]. This was de facto a non-aggression pact, wherein both sides divided up the territory of Germany according to the areas in which each is strongest and there they do not run against each other.

Conclusion

This article is concerned with a phenomenon that, according to the arguments of state officials, the police, and other relevant institutions, does not actually exist – no-go-areas. By contrast, the national press in Germany, various civic associations, and also experts [Milza 2005: 356] acknowledge and give examples of the existence of no-go-areas. No-go-areas in the sense in which they are understood and defined by neo-Nazis do not (yet) exist or exist exceptionally in some neo-Nazi pubs or private clubs. These are places to which people who do not share the views of the group that controls them do not have access anyway, so in the strict sense of the word they are not no-go-areas. To this day, neo-Nazis have largely not succeeded in realising their goals in full and their plans for now remain mainly just ideas. What do exist – and press articles and statements from respondents confirm this [Staud 2006: 13; Frindt and Neumann 2002] – are fear zones, places where foreigners, members of a national minority, or even just people that do not think like neo-Nazis, are scared to go.

What else could be the outcome of the formation of these zones? German democratic political parties need to understand and accept East German identity more than they have in the past. Thus far most parties have tried to diminish the specific features of the region of the former GDR and dissolve them in a republic-wide outlook. The result of this has been a weakening of the trust placed in these political subjects and an increase in the number of supporters and voters of radical and extremist parties, in particular of Die Linke and the NPD. Both parties are very capable of taking advantage of the authoritarian views that exist in a large part of the former GDR region as a result of forty years of communist rule there. ‘All for the good of the people’ (Alles für das Wohl des Volkes) was once the main slogan of the SED (Sozialistische Einheitspartei Deutschlands), and is today presented to the public by Die Linke and the NPD in reinvented forms. This is very apparent in Saxon-Switzerland not far from the Czech border. Around 17% of the inhabitants in the new federal states (i.e. former East Germany) earn 7.5 Euro an hour or less (in the old federal states, i.e. former West Germany, only 8% earn that little) (Die Welt, 22 August 2008). Currently (August 2008) unemployment in the eastern part of Germany is around 12.8%, while in the western part it is 6.4%. These are revealing socio-economic data for regional specifics.
The strong support for the NPD and the idea of forming ‘national liberation zones’ is the East German public’s reaction to the (alleged) failure of politics. According to recent research, faith in democracy has been declining across all of Germany, so today even two-thirds of the inhabitants of the western states (60%) do not have faith in democracy, but the biggest decline has been observed in the eastern part of the country (Die Welt, 21 April 2008), where only 44% have trust in democracy. The population’s frustrations connected with the transformation and from joining the western part of Germany are still very strong. The situation is even worse in the former GDR in terms of its trust in the economic system, only one in three former East Germans believes in the system and considers it the right thing (the average for Germany as a whole is 48%). In addition, fewer East Germans believe in the existing social system – just 30% compared to the overall German average of 40%. Germany’s chief objective should be to halt these trends. Torald Staud found that if we do not measure right-wing extremism according to the number of votes and mandates in elections but instead according to idea preferences, then in the eastern part of Germany support for NPD groups is as much as 30% [Staud 2006].

Neo-Nazi no-go-areas will probably not be established any time soon in Germany. The majority of the German public and the country’s politics are democratically oriented (conflict democracy – streitbare Demokratie). For all that, it is disturbing how well the neo-Nazis are able to take advantage of the democratic deficit that can be found in every society, and in the post-modern society this is doubly true. Regrettably, today they are already able to rely on certain bastions of support - the economically and socially deprived regions in the western part of Germany, and this makes the situation much more complicated.

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Terezie Štyglerová: *Population Development in the Czech Republic in 2006* (Demografi, 2007, 3)

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**BOOK – REVIEWS – SURVEYS – IMPORTANT FIGURES IN DEMOGRAPHY – DATA**

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János Kornai: *From Socialism to Capitalism*

János Kornai’s latest volume contains seven papers written over the past 20 years. The earliest one was a lecture originally presented in March 1989 in Moscow (Chapter 2), the latest ones were written or published in 2005; one of them (Chapter 6) appears in English for the first time in this volume. The book begins with papers summarising Kornai’s work on the political economy of state socialism, the rest belongs to the sub-field known as ‘transitology’ in the social sciences.

With Oscar Lange, Kornai ranks as the most distinguished and influential political economist of state socialism (or whatever name you want to use for the socioeconomic systems that existed after 1917 across the globe from Russia to China, and which still struggle for survival in two countries of the world: North Korea and Cuba).

The most admirable feature of Kornai’s work on socialism and post-communism is his consistence. From his wonderful book on ‘overcentralisation’ (which was his PhD dissertation and appeared in English already in 1959), through his *Rush versus Harmonic Growth* [1972], *Economics of Shortage* ([1980] – the work that I still regard as his most important contribution to institutionalist economics and for which he was nominated repeatedly for the Nobel Prize, a recognition he would have well deserved), to *The Socialist System* [1992], he built the most comprehensive and convincing analysis of the socialist economic system. His oeuvre is astonishingly coherent. The most remarkable aspect of Kornai’s work is not so much that he knew it all along, but rather his ongoing and uncompromising struggle to understand the nature of socialism. He was always ready to learn and re-adjust his explanations as the world of communism changed. Kornai is one of those rare social scientists who do not pretend he was always right, but all his life made a strenuous effort to find the theory that offers the best fit to the rapidly changing world around him even if it meant to re-think, if necessary, to change his earlier views.

Kornai started his career as a journalist with virtually no training in economics, writing on economic matters during the worst Stalinist times for the central daily newspaper of the Hungarian Communist Party, *Szabad Nép*. As he gradually understood the inefficiencies of what, in Chapter 1 of the present volume, he calls the ‘classical system’, he became one of the leading journalists expressing their dissent against Stalinism. Kornai abandoned journalism, taught himself economics (even some econometrics), and moved on to develop his formidable, ever deepening critique of socialism. From a devoted communist he became eventually a forceful (though always sober, never dogmatic) advocate of free market economy and pluralist democracy.

His point of departure was the recognition that the classical system is unworkable since it is overcentralised. Publishing a book along those lines in 1957 was a courageous act. Though Kornai’s primary aim in his first book and in most of the following ones was primarily not to offer recommendations for reforms, but to explain the reasons for the malfunctioning of the socialist economy, the book at least in Hungary (but arguably indirectly in some other socialist countries, like Yugoslavia, pre-1968 Czechoslovakia, and Poland) affected economic policies and serious attempts were made to create more decentralised forms of management.

Kornai soon learned that even radical decentralisation would not be sufficient to correct the inherent problems of communist economies. Since these systems were implemented in economically backward countries, socialism became a strate-
of accelerated or 'rush' growth, especially what was known in Marxist political economy as accelerated development of Department I. Well, harmonious growth, a shift from the obsession with the development of heavy industry and mining to the production of consumer goods, infrastructure, to the tertiary sector, is what may be needed. It was the year of the publication of *Rush versus Harmonic Growth* that Kornai invited me and my friend and co-author George Konrád to visit him. In 1971 we had just published an article titled 'Social Conflict of Under-urbanization', and it created a major scandal in Hungary, though I still regard it as one of the better pieces I ever wrote. Like in Kornai’s book, we argued that the single most important characteristic of socialism is overinvestment in the productive sector and neglect of consumption, especially infrastructure. This was the first time we met in person: he was kind and generous, but even then, almost 1972, he was highly critical of our attempt in this paper to cast our analysis as a problem of social conflict, in fact, as a problem of class conflict and exploitation. This paper was my first flirtation with Marxism and already in 1972 Kornai was well beyond Marxism and strongly disapproved of it.

In 1972 Konrád and I had just begun our work to identify socialism as a 'redistributive economy' and within a year or two our neo-Polanyian theory was completed. Kornai did not like our term 'redistributive economy', as it reminded him too much of the welfare redistribution of the social democratic welfare state. So he proposed the idea of bureaucratic coordination. Chapter 1 of the current volume summarises his major new arguments. In his view there are two fundamental forms of economic coordination: market and bureaucracy. But it would be wrong to merely see bureaucratic coordination as 'central planning' or a 'command economy'; it is rather a system in which central authorities are linked to enterprise management by paternalistic ties (and management similarly adopts a paternalistic attitude towards workers). Under these circumstances the central authority is unable to issue mandatory comments. Instead it engages in a plan-bargain with management, which creates soft budget constraints for firms. In market economies firms have hard budget constraints: if they do not produce profit they go under. In socialist systems budget constraints are soft: inefficient firms are bailed out by governments. Since firms can always anticipate bailouts they will constantly make excessive demands, which inevitably lead to chronic shortages. Bureaucratically coordinated economies are economies of shortages. Bingo! That was it: Kornai just produced the most powerful description of the way the socialist economy worked and he accomplished this in a value neutral manner – this book is on par with the best of institutionalist economics, a book indeed worthy of the Nobel Prize.

Chapter 2 of this volume is a courageous lecture Kornai gave at a conference in Moscow in March 1989, well before the USSR and its Communist Party (and the KGB) crumbled. It takes one important step further: if one opts for markets, eventually one will have to accept the domination of private ownership. In his path-breaking 1984 article on 'Bureaucratic and Market Coordination' Kornai already established that there is an 'elective affinity' between bureaucratic coordination and public ownership and market coordination and private ownership, but he did not get as far as to suggest that consequently market reforms will lead to capitalism. Now, Chapter 2 foreshadows what is to come in *The Socialist System*. He is still careful though: Figure 2.1 is still about elective affinity and does not exclude the possibility of mixed economies. But he is more forceful in Chapter 3, first published in 2008, where he not only calls market socialism an illusion, but also arrives at the conclusion that China and Vietnam, given their radical market re-
forms, are for all practical purposes capitalist economies. No more nonsense about ‘third ways’ or mixed economies, combinations of socialism and capitalism, markets with public ownership or control, or market integration with state redistribution or a mix of those arrangements.

This leads him to argue in Chapter 7 (as far as I can tell he developed this idea already in 1992) that socialism created a ‘prematurely born welfare state’, which is to be reformed by allowing ‘individual freedom of choice’ (p. 176) and leaving it to a ‘sense of solidarity with those in a disadvantaged position and not capable of paying out of their pocket the costs they will incur if they are in trouble’. I can hardly read this as something other than a UK-US style means-tested temporary ‘poor relief’ for people in trouble and otherwise market-arranged insurance schemes [Esping-Andersen 1990], with at the same time cutbacks on the excessive expenditures of the ‘prematurely born welfare state’.

This is an admirably consistent argument and I am the last one who would or can blame Kornai for re-adjusting his analysis to the changing realities of the world. I like his lack of orthodoxy, his soberness, his realism. With all due respect to his splendid scholarship and acute sense of political realism I do have to express my disagreement though with some of his conclusions he arrived at in The Socialist System and many of the chapters of his current volume.

First of all, I did and still do have my debate with Kornai about the accuracy of ‘bureaucratic coordination’. This is far from just a terminological controversy. I believe Kornai does not quite appreciate the Polanyian meaning of redistribution and like earlier critics of my work he did not see the fundamental difference between a redistributively integrated economy (where the ‘surplus’ – the resources which can be used for investments or turned into profit – is concentrated in central hands before being redistributed) and the welfare redistribution of capitalist states, which redistributes incomes earned in and determined by markets in the name of social justice and/or solidarity. Bureaucratic coordination does not really capture what the socialist state does, it describes how they do it (though doing coordination bureaucratically is hardly a characteristic of capitalist states). If we believe Weber, bureaucracy is the purest form of ‘legal-rational domination’. It is present not only in the capitalist state apparatus but also in the large privately owned corporation that Oliver Williamson called ‘hierarchy’ – but it tells us little about what states do. So the crucial question is whether incomes of firms or individuals are determined on price regulating markets, and whether those firms and individuals can dispose with such income (profits), with some limitations imposed on them by usually impersonally defined and universally applied taxes.

If we understand socialism in this sense as a redistributive economy we can see with clarity that socialism was not only a prematurely born welfare state. In fact, it had no welfare state at all. In the East European parlance, economists and politicians quite rightly write about the ‘great distributive systems’ rather than ‘welfare systems’.

It is indeed a common misunderstanding to see the socialist great distributive systems (pensions, health care, funding of education) as identical with what used to be the Scandinavian social democratic universal welfare insurance system [Esping-Andersen 1990]. That system provided as citizenship the right to free universally high quality services. So middle or even higher incomes did not see a need to seek market-based provisions (which otherwise were available to them) and were willing to pay high taxes to receive publicly provided health care, pensions, and education (even tertiary education). I am not arguing here that this was a perfect system, but it had precious little to do how the ‘great distribi-
utive systems’ worked under state socialism, especially what Kornai referred to under the ‘classical system’.

There are three great mythologies about the great distributive systems under socialism, namely that they a) were universal, b) offered equal services, and c) were free. These are the characteristics of social democratic universal welfare insurance schemes as described by Esping-Andersen [1990]. The socialist great distributive systems were hardly universal. They typically were only available to those in state employment. Even those in the cooperative or kolkhoz sector had hardly any access, not to mention the ‘criminal’, ‘hooligan’ elements either incapable or unwilling to be gainfully employed. So access to the great distributive systems was a reward for work, not a right earned by citizenship. The services were hardly egalitarian. The higher cadres lived in better housing. They had access to better medical services, shopped in special shops for scarce goods with even more subsidised prices, and their children had higher chances of getting into institutions of tertiary education and even into higher quality primary or secondary schools, etc. And of course all those services were free only for the higher-ups. Poor people could not get public housing, had to build for themselves on the market [Szélényi 1983], ordinary people had to ‘tip’ doctors to get a bed in a hospital or have an operation in a timely manner, though the cadres went to special clinics and hospitals where tipping was illegal, where the best qualified doctors worked, and where patients had their private rooms. So the services were free for those who could afford to pay for them but were quite expensive for those in the lower income brackets. It is also true that income inequalities were low and the great distributive system in a way ‘corrected’ for artificially low income inequalities. The great distributive systems operated as fringe benefits, which benefited those whose contribution to society was appreciated more by the authorities, who set wages and determined access to services provided by the great distributive systems. This was not a welfare system as we normally understand it. It was a workfare system, a system of fringe benefits. To put it very simply: while in capitalist welfare systems income inequalities are higher before redistribution and somewhat lower after redistribution, in socialist redistributive systems income inequality appears to be low, but actual social inequalities are higher if we take into account what people receive from the great distributive system. As I put it in my 1978 article: while in market economies the market creates inequalities and redistribution moderates those inequalities, in redistributive economies redistribution creates inequalities and markets moderate them.

Kornai’s theory of the ‘prematurely born welfare state’ had negative policy implications. From the theory it follows that the overgrown welfare state should be cut back – and that is what post-communist societies did, which resulted in a deepening of the split between the poor and the rich. Yet the task, following my theory, should have been to create a capitalist welfare state from the socialist workfare state. It is not simply true that the former socialist societies spend too much on welfare. Both the Czech Republic and Hungary spend, for instance, less per capita than Spain or Greece. What is true is that they do not spend it wisely, since the logic of the socialist workfare state still survived: even those who could afford to purchase such services on the market or private insurance are funded from taxpayers’ money. Reform of the great distributive system is indeed needed, however the main aim is not to cut back expenditure on health care and education, but to redistribute it from the rich to the poor, rather than the other way around.

Let me make a final point about mixed economies and the elective affinity between forms of economic integration and
property rights. It is far from obvious that the purer the economic systems are, the better they work. It is far from obvious that clearly defined private property rights work best with unregulated free markets. The capitalist world economy experienced its fastest growth with the lowest income inequalities when, at least in continental Europe, substantial sectors of the economy (even some sectors of industry) were publicly owned and managed and when government implemented quite extensive interventions into the workings of capital markets. The performance of core capitalist economies after substantial privatisation and deregulation of markets was overwhelming and nowhere near the growth rates of the 1950s and 1960s while the incomes (and wealth) of the top deciles exploded in comparison with the incomes at the bottom of the society. As I am writing this review, in March 2009, governments around the world have already spent 11 trillion USD of taxpayer money (about 1500 USD for every individual on this globe, including those living in poor African or Asian countries) to bail out the private sector. It looks like private firms in the absence of strict government regulations can also have ‘soft budget’ constraints. It is not inconceivable that a large proportion of the banking sector has to be nationalised to rescue the world from a crisis, which could be worse without massive state intervention than the 1929–1933 Great Depression was. At least at the moment when I am writing this review it looks like a mix of public and private ownership, planning and markets are not only possible, but may be necessary for the survival of capitalism. Capitalism and free markets have to be defended by smart states from capitalism, from laissez faire. This reads like some sort of ‘third way’ to me.

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References

Stephan Haggard – Robert Kaufman: Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe

Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe represents a multi-level and multi-dimensional comparison of welfare-state formation in developing and formerly communist countries in Latin America, East Asia, and
Eastern Europe. Its central question is: What explains the formation and divergence of welfare states in developing and formerly communist countries that have undergone some degree of democratisation? Through an investigation of the historical formation of welfare states in this diverse range of countries from 1945 to 2005, Stephan Haggard and Robert Kaufman discover distinct patterns that are predominant for each of the world regions. The evaluation of inter-regional diversity leads to a comprehensive analysis of the factors that influenced the characteristics of the welfare states before and during democratisation.

One of the greatest contributions of the book is the structured comparison of twenty countries from three world regions, which detects and explains inter-regional variation without ignoring intra-regional variation. After a general comparison between Latin America, East Asia, and Eastern Europe, the authors make a detailed comparison of countries within each region for two time periods: 1945–1980 and 1980–2005. Given that each country’s story could be viewed as unique, the authors find a balance between investigating the details of each country’s uniqueness and understanding what can be generalised about each region. They argue that the patterns within each region are consistent with the factors that matter for understanding social policy developments. On an even higher level of generality, the authors assess the relative explanatory power of a multitude of variables that influence welfare-state formation more generally.

Haggard and Kaufman argue that the important explanatory variables for welfare-state formation can be classified into three groups. First, from a historical perspective, the distributive coalitions and economic interests that were formed by early political choices had lasting influence on future social policy reforms, similar to the power-resource approach. Second, the different development strategies that were implemented influenced the structure of the economy and also social policy and labour market institutions. Third, the regime type or degree of democratisation determined the scope of the influence of electoral politics and interest group pressure.

Historical origins: 1945–1980

To assess the initial conditions and important historical factors, the first part of the book explains the unique characteristics of the three regions by providing a rich historical account of the general development of each region between 1945 and 1980. Again, the findings oscillate between generalisations derived from the diversity of the regions and the examination of intra-regional variation, which includes important cases where specific countries deviate from the regional pattern. Latin American welfare systems tended to have substantial social benefits for a limited segment of the population (urban workers) while excluding the rest of the populations (primarily the rural sector). East Asian welfare systems historically spent significantly less than the other regions and focused this spending on education over other social policy areas. The Eastern European approach to welfare was defined within the framework of the socialist economic and communist political systems that existed, implying relatively universal benefits and state-led welfare.

Data on early social spending during the period before 1980 indicate that Latin American countries had significantly higher levels of social spending than East Asian countries did, while East Asian countries had higher spending on education. (Due to the lack of social spending data, Eastern European countries were excluded from this part of the analysis.) Apart from the social spending data, the authors investigate the unique development patterns of the three regions: import substituting industrialisation (ISI) in Latin America, export-oriented growth in East Asia, and state-led in-
Industrialisation in Eastern Europe. After some justification of the regional clusters, the authors trace the unique historical paths of the three regions in search of political realignments that serve as the critical junctures in social policy formation. These critical political realignments determine the ‘subsequent political and organisational capacity’ of relevant actors that are typically important in welfare-state literature, such as the working class, peasants, and political parties (p. 46).

One important example of the extensive arguments that were made is that the role of labour movements or labour parties in social policy formation or reform was an outcome of specific historical critical junctures and the development strategy of each region. In Latin America, the dualism of the labour market (between urban working class and rural or peasant class) meant that, as social funds developed, they were almost exclusively for the benefit of the urban working class, not rural agricultural workers. The ISI development strategy of the Latin American countries did not create a demand for skilled labour, which allowed the dualism of the labour market to persist and did not create incentives for strong investments in education. The lack of incentive for reform in these structures implied that labour movements were effectively excluded from the welfare-state formation and the reform process in most Latin American countries.

In East Asia, the authors argue that decolonisation encouraged investments in education as a nationalist policy, but notably investments in other policy areas were low. Further, the development model implemented in East Asia was export-oriented growth, which required upgraded skills to meet the demands of firms (p. 69). The lack of a labour movement in East Asia meant that there were no significant political incentives for parties to attract the support of labour and the development strategy did not require or encourage social spending in policy areas other than education and basic health care. Historical events and development strategies jointly promoted higher levels of education spending compared to the other two world regions, but limited social spending in other policy areas.

In Eastern Europe, during the time period from 1945 to 1980, there was state-led industrialisation in which the central state closely managed economic activity and the development strategy was determined largely by the Soviet Union’s influence over these countries. This strategy included many de facto ‘universal’ social policies and benefits that encouraged education to support the industrialisation of these countries. Social policy, in part, was used as a means of buying social peace, particularly since the 1960s. Haggard and Kaufman, among others, argue that this created significant entitlements that had strong influences on reform during democratisation.

Democratisation, economic crisis, and welfare reform: 1980–2005

In the process of democratisation Haggard and Kaufman observe a ‘continuing divergence in welfare strategies across the new democratic regimes’ (p. 181). They find that regime type (or degree of democratisation) is a significant explanatory variable in regressions for the level of social spending in East Asia and Eastern Europe, but not in Latin America. Rather, they argue that the two main explanatory variables for the divergence in welfare strategies are the economic and fiscal constraints on the government during democratisation and the political legacy of prior social policy commitments. In East Asia, social spending increased dramatically during democratisation due to ‘minimalist welfare legacy and favourable economic circumstances’ (p. 202). A period of high growth and relatively quick recovery from economic crisis meant that many East Asian countries had the economic and fiscal ability to increase...
social spending dramatically. The limited degree of social spending historically meant that there were few vested interests trying to protect their social benefits at the expense of others.

In Eastern Europe, transitional recession and fiscal constraints made increases in social spending either unfeasible or very costly. Yet the entitlements established before the transition to democracy implied significant political pressure to increase or at least maintain social benefits, which also 'muted' the partisan differences in social policy (p. 360). The authors argue that the historical legacies present in Eastern European countries were relatively similar (compared with the degree of variation in Latin America or East Asia) and that social policy systems show a substantial degree of convergence (p. 220). The main distinction that is made is between early and late reformers.

In Latin America, the relative significance of different variables varied significantly from country to country. Overall, there were substantial political and economic constraints on social policy reform in that there had been a relatively high level of spending on a relatively limited portion of the population, which created strong vested interests that would attempt to block reforms designed to diffuse benefits to other segments of the population. Simultaneously, both democratic and competitive authoritarian regimes faced electoral pressure to increase spending on anti-poverty programmes (p. 219). The interaction of these electoral pressures for reform and vested interests trying to block reform create very different outcomes in various countries. In addition, the Latin American countries differed significantly from each other in terms of the degree of fiscal and economic constraints on spending. The variations within each region outlined here are explored in a detailed manner across various policy areas in the second part of the book.

Dealing with variation and alternative explanations

As mentioned above, one of the outstanding contributions of this book is that it includes a wide range of cases from different world regions and distinguishes the different patterns between regions without neglecting important variations within each region. Handling this much variation in a multi-level fashion is certainly a daunting task and can also become problematic. One method that is applied in the book is to calculate the average regional value for various welfare state indicators or explanatory variables, then to use a t-test to determine whether it can be confidently claimed that the two regions differ significantly (in other words, this method tests whether between-region variation is significant compared with intraregional variation). Given significant intra-regional variation, it frequently turns out that the difference in the averages between the regions is not significant. This means that only limited conclusions should be drawn from the data analysis. This may not be problematic given that the richer part of this research is in the thorough historical analysis of the process of development, democratisation, and welfare-state formation. Indeed, trends from the qualitative analysis do suggest that the regions cluster in important ways, but it is almost unfeasible to justify that the variation between regions is more significant than the variation within regions. But the findings of the book are essentially based on the robustness of the inter-regional variation.

Given that the main conclusions of this book are based on how the welfare state diverges in the three regions, it is essential to have robust divergence in both the outcome (welfare state) and the explanatory variables (historical legacies, economic conditions, etc.). Even though I recognise that it would have been unfeasible to include another dimension of variation, I wonder if
some factors that were determined to be less significant (for instance, regime type) would have been significant if the analysis had not assumed regional clusters a priori. Performing separate regressions for each region may have concealed some important variables that, while they did not vary substantially within the region, would have more significantly explained the countries’ welfare state outcomes. For example, perhaps regime type would appear significant if a regression analysis was performed for all countries together (not divided by region), the way Przeworski et al. (2000) did to study the relationship between democracy and development.

As Haggard and Kaufman clearly outlined, the regions do show divergence in their patterns on average, but it would also be meaningful to test whether the grouping by region is the one that shows the greatest divergence in welfare state outcomes. If we consider the countries – Mexico, Costa Rica, the Philippines, and Thailand – regime type could also be a meaningful way of grouping these countries that would differ from their regional grouping. These questions, rather than challenging the findings of the book, suggest another dimension that should be investigated to develop a deeper understanding of the nature of the diversity of welfare state outcomes. Giving greater relative predominance to the non-regional characteristics of countries could be very informative for evaluating alternative explanations, including testing standard explanations for the development of welfare commitments. The comparisons in this research took place on two levels: between regions and within regions. Cross-regional comparisons could also be very informative, not only to determine whether other possible variables are significant, but also to understand how the variables already found to be significant interact in different contexts. Given that this book is the first research to undertake the challenging task of comparing welfare states across these regions, it is also very informative for possible future comparisons.

The in-depth comparative investigation into the welfare states in developing and former-communist countries provided in Development, Democracy, and Welfare States is unprecedented. This book will likely be the point of departure for most future work on welfare states in any of these regions. It is a thorough investigation of many potentially important factors that influence welfare-state formation. By doing so, it addresses so many relevant questions that extend far beyond the scope of a single book. The conclusion of the book, in addition to presenting the significant findings of this initial investigation, could be read as a research agenda for students of welfare-state (re)formation in Latin America, East Asia, and Eastern Europe. In particular, the conclusion highlights the importance of further research on the impact of international influence on welfare-state (re)formation in these regions, the role of actors in relation to the significant influence of historical legacies, and the distribution of preferences in electoral systems and their importance for welfare state outcomes.

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References

Asghar Zaidi: The Well-Being of Older People in Ageing Societies

The Well-Being of Older People in Ageing Societies deals with the well-being of older people defined as individuals above the enti-
tlement age to old age pensions in Great Britain and in the Netherlands in the 1990s. The author is Dr Asghar Zaidi, currently a senior researcher at the OECD, and director of research on leave from the European Centre for Social Welfare Policy and Research in Vienna, which edits the series in which this book appeared. The book contains nine chapters, two of which are co-authored with Jane Falkingham, Katherine Rake, and Klaas de Vos. Its empirical findings present a multi-dimensional approach to measuring well-being, a dynamic view of the income experience at old age, and an internationally comparative perspective. The book can be read in parts, with each of the four empirical chapters understandable on its own merit. Four introductory chapters provide a broad overview of measurement aspects, methodological issues, and the contextual dimension of well-being.

Well-being is conceptualised from a multi-dimensional perspective that essentially includes economic well-being and health. This multi-dimensional viewpoint is taken after a very readable review of the analytical traditions about individual well-being that are mostly rooted in welfare economics. There are numerous interesting findings in this book, a fact which highlights its broad nature and comprehensive approach. Most importantly, the book shows the considerable amount of income mobility that occurs at old age and that may be triggered by events, such as retirement, changes in family composition, and changing living arrangements. Here, the book contradicts the conventional wisdom that portrays old age as a relatively static stage in economic life. Furthermore, Zaidi points to puzzling results at various stages of his analysis concerning differences between men and women that may be due to differential mortality rates. He finds British women over the age of 75 to be more deprived in terms of health and income than men of comparable background. This could be due to the fact that living men are healthier than their peer women because the less healthy men have already died. In addition, the author analyses institutional differences in the dynamics of income mobility, looking at the Netherlands and Great Britain separately. He demonstrates that, for example, the indexing rules of the basic state pension schemes impact directly on the ways in which pensioners need to resort to other sources of income. Perhaps the author could have used his comparative results in order to put forward a more general framework that includes concrete expectations for other countries in future research.

This book comes at a good time. Many advanced welfare states have old and ageing populations. Thus, understanding the dynamics around the well-being of a substantial and growing proportion of the populace is vital to policy-makers. Zaidi (p. 30) even identifies a gap between a still low level of understanding of the needs and resources at old age and the rising need for policy-makers to implement appropriate policy solutions. To me, the well-being of older people is a political valence issue, i.e. it is a political issue in which only one direction of policy development is defensible in the competition for votes, namely, the direction of trying to achieve a higher level of well-being of older people. Therefore, the well-being of retirees is not a contested issue in the electoral competition; rather, the maximisation of their well-being is put forward equally by all parties and candidates. Given this context, ‘hard’ social science findings on what constitutes the well-being of older people and on what determines its level find open ears among many politicians and bureaucrats.

The well-being of older people is now high on the research agenda of international institutions. The European Commission and other organisations are currently funding the second wave of the Survey of Health, Ageing, and Retirement in Europe, which covers many of the themes of this
book. This new data set covering eleven countries allows researchers to expand on the internationally comparative dimension that Zaidi tackled with only two countries. The author suggests that such comparative analyses help policy-makers to detect and use the ‘best practice’ policies with regard to the improvement of the conditions at old age. Disagreeing with him, I think that the international analysis is less helpful in that regard because the institutional conditions for older people are highly path-dependent and context-dependent at any given point in time. Policy regimes once in place create unforeseen direct consequences in the short and long run and impact on the workings of other institutional structures and rules. Political adaptation strategies aimed at introducing elements from another system are likely to yield very different results in new contexts because the implementation itself may be influenced by the institutions in place before the change and by the dynamics of the institutions in adjacent policy domains. Rather, I am of the opinion that international analysis helps us better to understand the influence of institutions in affecting individuals – simply because more welfare state systems mean more variation on this institutional dimension.

This monograph is a very good example of secondary analysis of a wealth of surveys from Great Britain and the Netherlands. The book is full of helpful tables and figures with univariate, bivariate, to multivariate results. Skillfully, the author conducts the regression techniques mostly with discrete variables and – in some cases – with random-effects models. However, the presentation of the results could have been better. First, many of the tables are not graphically laid out in an easily accessible way with many superfluous auxiliary lines. Second, some of the regression tables indicate the same kind of information in multiple ways, thus overwhelming the reader. For example, point estimates of coefficients and standard errors already contain all the information that is given again by z-/p-statistics and by confidence intervals. Third and most importantly, basically all the regression results, especially those with discrete dependent variables, could have been presented in a graphical format.

When I started reading the book, I expected it to be either written in a style accessible to policy-makers with no background in the social sciences or in a style accessible mainly to social scientists with a greater emphasis on technical issues. Unfortunately, the style and layout of the book send somewhat confusing messages about the target audience. Some of the explanations are technical, such as the mathematical formulae that are used when explaining the approach to well-being (Chapter 2). Readers with easy access to such a language are probably also more familiar with the statistical techniques employed in this book. Thus, it seems that the book is targeted at an audience with a background in economics. At the same time, the author gives very elaborate explanations of the regression techniques in lengthy chapter appendices that are at the level of an introductory textbook. Here, it seems that readers with no statistical background should be able to read the book, which clashes with the technical explanations in Chapter 2. Whereas the main findings of the book are not obfuscated by this ambivalence, Zaidi could have shortened this quite lengthy book (almost 320 pages) by targeting it to the needs of one audience alone. Given the high topicality of the book, a text with little technical background required and all technicalities stored in a web appendix would probably have been best. Also, the index of the book does not do justice to the sophisticated and manifold results of the analysis because it is rather short and unimaginative. Readers trying to use the book as a reference will find it difficult to be guided by the few entries to the sections relevant to their interests.
In sum, I can recommend this book to everybody interested in the ways in which the economic and health conditions of older people in advanced European welfare states were shaped at the end of the last millennium. It is helpful for disentangling a highly relevant theoretical discussion of what constitutes ‘well-being’ and for presenting a rich variety of empirical results that can inform social science research or policy work. The length and amount of ground covered in the book will make it difficult for readers to take home just one message from it, but will allow them to use it for various purposes.

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David Rueda: Social Democracy Inside Out. Partisanship and Labor Market Policy in Industrialized Democracies

This is an interesting and insightful book that systematically links the literature on partisan policy preferences with that of comparative political economy and institutional outcomes. More specifically, Rueda argues that the existence of a labour market cleavage between ‘insiders’ and ‘outsiders’ has determined governmental policy throughout the post-war era. Workers with permanent contracts, typically unionised, prime-aged males, are considered ‘insiders’, while workers that are unemployed or hold ‘atypical’ jobs characterised by low levels of protection and pay and weak employment rights are seen as ‘outsiders’. According to Rueda, the political Left sees insiders as their core clientele and thus favours the expansion/defence of employment protection legislation (EPL) to protect these workers’ jobs and privileges during the welfare state’s ‘golden age’ and post-oil-crises years, respectively. The Right, in turn, generally favours a loosening of EPL, not only because they represent the interests of the middle and upper classes, that is, the owners of capital and employers, but also because a loosening of EPL makes labour markets more dynamic, which may offer outsiders better chances to (re-)integrate into the regular labour market. Through these assumptions, Rueda explicitly challenges the Varieties of Capitalism literature that postulates that political parties in coordinated market economies (CMEs) – in contrast to political parties in liberal market economies (LMEs) – generally have an interest in keeping those institutions intact that promote long job tenures and the acquisition of high skills by workers, such as stringent EPL (Hall and Soskice 2001).

Perhaps more interesting, Rueda also argues that neither political grouping has an incentive to promote the expansion of either active or passive labour market policy (ALMP and PLMP). The Right objects to overly generous ALMP and PLMP spending on the grounds of costs. In turn, the Left is sensitive to insiders’ concerns that associate ALMP with an increase in the supply of labour and thus pressures to keep wages low, and PLMP with increases in taxation or insurance contributions. Thus the only condition under which the Left can expand both ALMP and PLMP is when they need to compensate a retrenchment in EPL. This means that Rueda’s counter-intuitive argument on the limited commitment of the Left to supporting the expansion of the welfare state and active measures to the clientele of outsiders is clearly at odds with both the partisanship and the ‘power resources’ literatures. While proponents of the former typically argue that Left parties seek social equity and mobility, among other things through the promotion of industrial, educational, and active labour market policy [e.g. Boix 1998], the latter argues that the combination of strong Left parties and organised labour result in
solidaristic societies and more universal, human-capital generating welfare states [e.g. Korpi 1983; Huber and Stephens 2001]. Through his more differentiated look at the preferences of Left parties, Rueda also postulates a very intriguing hypothesis in his conclusions. He suggests that precisely this alienation of outsiders by Social Democrats may have contributed to both declining voter turnout and the rise of political parties at the extreme ends of the political spectrum across Western Europe. This hypothesis seems worth examining given, for instance, the rise of the Left Party in Germany or the populist Right in Austria.

Following the examples set by Geoffrey Garrett [1998], Carles Boix [1998], or Isabella Mares [2003], Rueda relies on a mixed-method research design to support his argument. He combines statistical analyses in Chapters Two to Four with detailed case studies, organised around EPL, ALMP, and social policy in Chapters Five through Seven. While the book is undoubtedly an important contribution to the literature, the reader may wonder about Rueda’s model specifications and the coding of Social Democracy. As Rueda estimates Social Democracy by the amount of seats taken by left-wing parties, one cannot help but wonder how this measure could distinguish moderate Social Democrats from far-left socialist or communist parties, who see themselves as voices for the very outsiders the Social Democrats fail to represent. Why are Green parties coded as left in this context, given that they do not see unionised insiders as their core clientele? And finally, how can we account for the socially orient-ed wings in Christian Democratic parties, who are important political actors, often aligned with labour unions? Prime Minister Jean-Claude Juncker of Luxembourg, who has been a critical, moderating voice on the European level, or German Labour Minister Norbert Blüm, who brought peace to tenuous labour relations during the Kohl governments, immediately come to mind.

Similarly questionable is the inclusion of Canada and the USA in the model, two countries that score ‘0’ for any party in government, while Spain is excluded even though it is chosen as one of the in-depth case studies.

With respect to the choice of dependent variables, Rueda differentiates between EPL, ALMP, and social spending as a percentage of GDP. While the use of EPL is straightforward and unproblematic, questions about the adequacy of the other two variables remain. First, if ALMP are supposed to capture competing insider-outsider preferences, the author should have preferred a ‘leaner’ aggregate measure of ALMP that excludes spending on the disabled, which is rather high in some countries. It seems hard to believe that creating sheltered jobs for workers with special needs would be against the preferences of insiders. Moreover, while using aggregate spending on ALMP is possibly the only measure available for researchers, one must keep in mind that many active schemes for recipients of social assistance and the long-term unemployed, that is, the core outsiders, are operated by municipalities and thus such spending efforts may not be included in governmental outlets. Likewise, ‘in-work’ tax credits – often in combination with statutory minimum wages – extensively used in Anglophone countries such as Ireland or the UK are not accounted for, even though they are functional equivalents to the ALMP measures labelled ‘wage subsidies’ that are frequently used in Nordic countries. Finally, the use of total spending on social policy as a percentage of GDP is a rather crude estimator of PLMP. Coverage rates of unemployment benefits combined with net replacement rates may have been a better option – in fact, the descriptive case studies use precisely those indicators to support the author’s claims.

Given that the book’s strong theoretical conclusions – and implicit policy recommendations – are based on this particu-
lar model specification, which may not hold when a more fine-grained estimator for ALMP and PLMP or a different coding of Social Democracy were applied, these questions ought to have been addressed at some length. As such, after reading the quantitative analysis, some reader might not be fully convinced about the strong conclusions Rueda draws. But Rueda subsequently offers in-depth insights to three case studies – which are of very high quality – that persuade readers to accept his findings based on the statistical analyses. His cases include the Netherlands, Spain, and the United Kingdom, selected to roughly match Esping-Andersen’s three worlds of welfare capitalism [Esping-Andersen 1990], while also varying with regard to the degree of social partnership and partisan compositions (i.e. the long rule of the Left in Spain, the long rule of the Right in the UK, and alternating coalitions in the Netherlands). Rueda demonstrates in all three country cases that Social Democrats were indeed concerned with defending EPL. He also corroborates his expectations by showing that the Spanish Social Democrats in office from 1982 to 1996 successfully protected insiders’ privileges, while failing to systematically expand ALMP and PLMP for outsiders. Likewise, the strongly ideological and unrestricted agenda pursued by the conservative Thatcher (1979–1990) and Major (1990–1997) governments in the UK led to the systematic retrenchment of insiders’ privileges, while the subsequent Blair government was somewhat more committed to expanding ALMP and reformed the system of in-work benefits that has benefitted most outsiders. Finally, in the Dutch case, the existence of corporatist arrangements and frequently alternating multi-party coalitions mitigated partisan effects. Not only has the Right been less successful in reducing employment protection levels or social benefits as in the UK, also the Left was unable, if not unwilling, to launch a massive expansion of ALMP. Rather, the Dutch strategy combined competitive wage settings (which protected insiders’ jobs), with the expansion of part-time work (which allowed unemployed outsiders to enter the labour market).

By and large, all three cases support Rueda’s argument and one could easily fathom that similar dynamics have taken place in other cases, especially in the continental world of ‘old’ social partnership [Ebbinghaus and Manow 2001]. For instance, the German Social Democrats’ Agenda 2010 of 2003 and the Hartz IV reforms that took effect in 2005 are typically seen as a defence of insider privileges (as EPL were only marginally relaxed) at the expense of outsiders, who are increasingly expected to seek and accept precarious work arrangements. Precisely such conclusions are drawn by Kathy Thelen and Bruno Palier [2008], who argue that continental welfare states are reforming by segmentalising the labour market – they keep the privileges of insiders intact, while making the life of outsiders more precarious. Considering the developments in other countries and in more recent years, three questions want asking that could be addressed in a follow-up project. First, do Rueda’s insider-outsider dynamics also hold true in the Nordic welfare states, where human-capital generating ALMP and generous PLMP have a long tradition? Second, have Social Democrats across Europe begun to course-correct and become more outsider-focused since the early 2000s (perhaps to attract new voters and counteract growing wage inequalities, which may also put downward pressures on insiders’ wages)? And finally, how will the global financial crisis affect these dynamics, and does Rueda’s implicit recommendation to simultaneously relax EPL and boost ALMP still seem an appropriate strategy for modernising Social Democracy?

Overall, putting aside some concerns about the choice of variables and the operationalisation of the model, the book offers
a persuasive explanation of important reform processes in Western Europe. In particular, the in-depth narratives convinced this reviewer about much of the assumed partisan-based dynamics throughout the 1970s through 1990s. As such, I highly recommend Rueda’s book to anyone interested in the comparative political economy of labour markets, partisan politics, and social democracy.

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References

A.B. Atkinson: The Changing Distribution of Earnings in OECD Countries

Anthony Atkinson’s book is a latecomer. A huge amount of literature has been published on growing global inequalities in general and on income dispersion in particular. So why read this book? Atkinson provides three good reasons. First, and explicitly on page 3, he questions conventional wisdom and addresses the general uneasiness about standard economic models in these days of economic crisis. Instead, Atkinson proposes a sound empirical behavioural model of income dispersion that ties in with actor and agency models in other social sciences. Second, Atkinson takes data seriously. He outlines quality criteria for scientific data that could also counter the often loose handling of data in many other publications. Third, based on these criteria, Atkinson amasses piles of information from various sources over long periods of time (i.e. nearly eight decades for Germany), broken up by gender and for 20 OECD countries. He provides the reader with the most comprehensive and up to date overview of income trends in affluent countries. Moreover, the 480 pages of this volume are by no means a dull collection of information. The book resembles a hypertext more than it does a reader. It is well structured and easy to read. A long introductory section summarising the argument is followed by a section that discusses the details of the model and by 20 country case studies.

Atkinson starts with a critique of the economic textbook model concerning the race between technology and education. He argues that the model’s narrow fixation on rising demand and the lack of skilled workers is too simplistic to explain changes in income distribution. It is static rather than dynamic, focuses on prices and neglects quantities, ignores the impact of cap-
ital markets and is insensitive to the latest findings in labour economics. His criticism is well taken. Rising prices stimulate both the demand for and supply of education, which changes the ratio of skilled to unskilled workers, but not necessarily the distribution in relative terms. Hence, the standard model, focused on demand and supply, does not really explain all causes of income dispersion. Different levels of skill and access to the capital market are crucial influencing factors at both ends of income distribution.

Atkinson favours a behavioural model that focuses on pay norms and superstars. Pay norms are by definition inefficient, as they do not reflect the productivity of workers but only the number of adherents to the norms. Atkinson argues that in modern economies pay norms compensate for the lack of information about real world productivity and reinforce income differences because deviations from the norm damage reputation. But he also concedes that change occurs when adherents fail to support the norms or when exogenous shocks demand new forms of social conformity. However, more specific questions about the fanning out of incomes in OECD countries remain unanswered. Why have pay norms only evolved for the lower income groups in the OECD world since the 1980s? And why have they disappeared in specific countries and during certain decades? Similarly, superstars as representatives of extremely scarce skills who exploit technological progress and take everything can only be identified ex post facto. But are these skills really scarce? And is Madonna really the world's best singer or the best-preserved 50-year-old woman? And why is super talent or super skill concentrated in the US? Abstract concepts such as superstars or pay norms have limited predictive power and run the risk of being exploited for ex post rationalisation and ideological purposes.

The gap between these abstract concepts and the evidence presented in the next 330 pages is not easy to bridge. Yet it seems that writing a coherent story was not Atkinson's intention. Instead, he provides the reader with an extensive overview of interesting and inspiring descriptive findings that motivate further research. He shows that not all countries have experienced a relative decline in income in the bottom decile since the 1980s, nor have they tolerated a fanning out at the top. Cross-country variation is large. Among the new OECD members the Czech Republic is a positive outlier because the lowest income decile has not declined significantly, as it has in other transition countries like Hungary and Poland. Nevertheless, the top 10% of employees in the Czech Republic follow the general trend and have experienced a significant relative increase in income during the same period (15%). However, the gap between the lowest and highest income earners is lower than, for example, in the UK, the US, Portugal, Poland, and Hungary.

This is a highly recommendable book. It is full of intriguing findings. It opens various avenues for future research, offers a comprehensive bibliography on the topic of income distribution, and it provides an abundance of interesting data. In fact, it would have been wonderful if the book had not been published in print but instead as an electronic hypertext that would allow readers to click on the data in order to explore it further and possibly begin their next research project. In short then, this book is a rich source of inspiration and a wonderful tool for research.

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Scott Gehlbach: *Representation through Taxation. Revenue, Politics and Development in Postcommunist States*

Scott Gehlbach’s new book adds an important argument to the literature on the political economy of taxation. Focusing on the tax systems in post-communist countries in Central Eastern Europe and the former Soviet Union in the 1990s, Gehlbach argues that a state’s economic policy may promote those branches of the economy which can be most easily taxed. ‘The postcommunist experience […] suggests that governments may structure their tax bases to maximize revenue in the least costly way, promoting through various means those sectors that are relatively tax compliant at the expense of those that are not.’ (p.6) This means that if a government wants to maximise revenue but is not capable of organising a complex tax administration, the easy way out is to rely on the economic branches that find it hardest to evade taxes. These industries tend to be highly concentrated, enabling the government to direct its taxation efforts at just a few companies, or else rely on visible, for instance, state-controlled, distribution channels, like state-run oil pipelines.

This argument has a number of important implications for the analysis not only of tax systems but also of economic policy and of interest groups in general. First, the state may not necessarily support the branches of the economy with the biggest political influence in terms of Olson’s logic of collective action (or those that foster the socio-economic development of society), but might simply favour the sectors that are easiest to tax. Second, the dependence of the state budget on tax revenue from a few key sectors may then steer economic policy into a ‘revenue trap’, as Gehlbach calls it. Given that big (often monopolistic) and highly taxed industries, which the state supports in such a scenario, are unlikely to drive economic innovation, economic policy increasingly ends up promoting structural inefficiencies. In this case, the author asserts that ‘small businesses […] had two strikes against them in the competition for resources. Not only did they find it difficult to organize in defense of their interests, but the relative ease with which they hid revenues from the state gave politicians little other reason to promote their development’. (p.14) With that, Gehlbach’s focus is on policy implementation, while Olson’s focus is more on bargaining over policy-related legislation.

The focus of economic policy on a few taxpayers (i.e. on large monopolistic firms in certain industries) thus hampers economic innovation and development, as these enterprises not only face the minor (according to Gehlbach) disadvantage of a higher tax burden but also enjoy the greater advantage of broad state support. On the other hand, new, private, small and often innovative companies can evade taxes but suffer from red tape. ‘Whether for revenue reasons or because of the organization of interests, politicians seem unlikely to shift support to the entrepreneurial economy, given the current allocation of labour and capital. Hope for change therefore seems to rest on the ability of entrepreneurs to find private substitutes for public goods and so circumvent a political economy biased against them.’ (p. 147)

Contrasting Central Eastern Europe (the ten post-communist countries that are now in the EU plus Albania, Croatia, and Macedonia) with the CIS (the twelve states on the territory of the former Soviet Union minus the Baltic states), Gehlbach demonstrates that after the end of communism the Central Eastern European states shifted to a ‘Western’ tax system with a broad tax base and assigned a prominent role to taxes on personal income, while the CIS states focused taxation on a few big, often monopolistic industrial enterprises and with that on corporate taxes and taxes on goods
and services. The CIS thus constitutes Gehlbach’s empirical case for the revenue trap, while Central Eastern Europe serves as a contrasting case. Gehlbach summarises his line of argumentation as follows:

Variation in initial conditions leads to variation in postcommunist tax systems, such that tax systems in the former Soviet Union are generally structured more around ‘old’ revenue sources, whereas those in [Central] Eastern Europe draw more on ‘new’ sources. These tax systems, in turn, determine the division of gains between politicians and firms from collective-good provision and so structure the incentives to provide those goods. Politicians in the former Soviet Union respond to these incentives by promoting economic activity that they know how to tax, whereas their counterparts in [Central] Eastern Europe exhibit little bias of this sort. These initial outcomes then interact with factor mobility to determine long-run trajectories of economic development, with labour and capital responding to collective-goods provision and vice versa, until eventually politicians and factory owners settle into a relationship of mutual dependence. (p. 17)

Gehlbach uses econometric analyses to determine the explanatory factors for the variation in tax systems among the two aforementioned regions to identify which branches of the economy were favoured by the different states and why and to determine the resulting consequences for economic development. He uses tax data and economic data for the 1990s from the World Bank, secondary sources, and interview results from the 1999 round of the World Bank’s and EBRD’s Business Environment and Enterprise Performance Survey (BEEPS), which included about 4000 enterprises in 25 post-communist countries. Gehlbach then goes on to build a formal model of the revenue trap and of representation through taxation, that is, of political decision-making when policy-makers take into account not only the promises of the collective actors (lobbies) but also the uncoordinated activities (like tax payments) of members of both organised and unorganised groups. The author presents and tests his hypotheses in a very concise and stringent way. He thoroughly discusses data quality, which he admits is not too good in parts, but is nonetheless sound enough to support his overall argument.

Concerning his conclusions on causal relations, however, there is one unexplained shift of focus. In the chapter dealing with the explanatory factors for the variation in tax systems he stresses the importance of initial conditions: ‘I demonstrate in particular that much of the variation in postcommunist tax structure can be traced to three initial conditions that varied across countries in Eastern Europe and the former Soviet Union: the industrial structure inherited from communism, proximity to the West, and the level of economic development at the start of transition.’ (p. 28) However, in the sections of the book summarising his results, the focus is on policy choices: ‘The lesser taxability of new private economic activity in the former Soviet Union – the result of decisions made in the early and mid-1990s about what revenue sources to tap […].’ (p. 146). Here a more systematic debate would be of vital importance for the argument, as it would either attribute the revenue trap to political incompetence or to path dependencies.

More broadly speaking, a student of political economy will miss a systematic elaboration of the conditions causing (or promoting) the revenue trap. Many of them are mentioned in passing. They include 1) a deep structural crisis in the economy, which offers the state the chance to influence the economic structure in the short term; 2) an industrial structure dominated by big (often monopolistic) enterprises, which are easy to tax; 3) the absence of orientation towards EU membership, which would demand a Western-style tax reform; 4) a low level of economic development,
implying an inefficient (i.e. incompetent, under-financed, or corrupt) state bureaucracy and tax administration; 5) few restrictions on formal economic policy-making, such that the dominant state actor can push related tax regulation through the legislative process without relevant opposition from other political forces or business interests; and finally 6) policy choices based on tax revenue as a first-order political concern and favouring easy revenues from enterprises with high taxability. However, this convincing set of explanatory factors found throughout the book is then dropped by Gehlbach in favour of the policy choice argument. Though this shortcoming does not limit the validity of his argument about the nature and consequences of the revenue trap, an elaboration of the causes would offer criteria for a generalisation beyond the specific case (i.e. the former Soviet Union of the 1990s).

For an area studies specialist with a focus on the CIS (and especially on its major economies, i.e. Russia, Ukraine, and Kazakhstan), Gehlbach’s study offers a compelling argument for explaining not only tax policy but also a state’s general attitude towards different branches of the economy. It thus provides important insights into the political role of oligarchs, who own some of the most taxable enterprises, and expands the debate about the resource curse, that is, the dependence of national economies on natural resource production. In addition, the study also adds to the recent discussion about the nature and policy aims of Russia’s re-nationalisation drive. The revenue trap thesis thus makes an important contribution to the analysis of economic policy and economic development in the region.

However, area studies specialists will miss a detailed case study of the causal mechanisms of the revenue trap as well as a discussion of the political and public debates about it. Because Gehlbach treats countries as mere data sets (focusing on a few key indicators) and does not cover state actors, he is not able to identify the main actors in the policy-making process leading to the revenue trap. Therefore, he cannot examine the interaction between big ‘taxable’ enterprises and relevant state actors, which is an important part of the revenue trap story, because it determines the relative success of a state’s strategy. For example, there is no mention of why Russia’s Gazprom, a partly state-owned gas monopoly and thus one of the country’s most taxable enterprises, was overdue in more than 40% of its tax payments at the end of the 1990s. Gehlbach is also not able to explain why taxation differs between big enterprises within the same sector, the way it did between Russia’s major oil companies in the 1990s. Although these points do not weaken Gehlbach’s overall thesis, which seems to be the best explanation of Russia’s tax policy available so far, they nevertheless demand a more detailed study. A closer look at CIS countries like Belarus, Turkmenistan, or Uzbekistan, however, might reveal that their tax policy is closer to the communist planned economy, where ‘taxation was largely an accounting matter’ (p. 5), than to the post-communist revenue trap, where state actors struggle to regain taxation power over parts of the economy.

In sum, Gehlbach’s book makes an important contribution to collective action theory, to the political economy of taxation, and to theories of economic development. Its contribution to area studies, however, is less marked. As the book has just some 130 pages of text (the remaining pages are filled with tables and graphs) it cannot be the source of all kinds of analyses for all kinds of readers. Instead Gehlbach presents a concise, well-argued, innovative and empirically based treaty on the political economy of taxation in the case of states with weak administrative capacities.

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There has recently been growing research interest in political party positions towards European integration in the new European Union (EU) member states. *The Politics of EU Accession* provides insight into the process through which the political parties in accession states come to formulate their position regarding the EU accession of their country and the implications of membership. Batory argues that these positions barely change later on. In order to lay out this process, Batory investigates the politics of EU accession in Hungary through a close examination of the contestation of European integration in national politics in Hungary. Next, Batory presents a comprehensive study of party ideologies and attitudes to Europe in Hungary. The author supports her reading of political parties by presenting an outline of public opinion and how parties integrate their voters into this process. Finally, the author focuses on the referendum on EU membership in Hungary and demonstrates the exact format of the politics of coalition-building and the relationship between the government and the opposition in Hungary during this process.

The recent literature on comparative party politics of Euroscepticism points to the general debate on how to qualify and classify various levels of Euroscepticism [e.g. Neumayer 2008; Szczerbiak and Taggart 2008]. It also illustrates that there is a debate about whether Europe has any impact on the configuration of national party positions at all. Mair [2000] argues that party systems at the domestic level have proved resilient to any direct impact from Europe and related issues often become depoliticised in domestic politics. Mudde [2004], however, suggests that EU membership will only increase the already existing divides between the (urban) centre and the (rural and industrial) periphery in the member states. In contrast, Batory channels the discussion on cleavages back to Mair [2000], agreeing with Mair that post-communist politics was unlikely to be shaped by a strong cleavage structure.

Batory starts her book by raising some general questions, such as: What lies behind political parties’ attitudes to EU membership and European integration? What induces them to change their positions? And what factors account for the politicisation or depoliticisation of the European issue in the party system? Her context for discussing these issues is Hungary, which is clearly interesting, but the reader would obtain a better understanding of this single-case story with a comparative, supplementary depiction of similar processes in the other new EU member states. The book engages with three topics. These are: the eastward expansion of the EU, the behaviour of political parties in the new democracies of Central and Eastern Europe (CEE), and what may be called the domestic politics of European integration, that is, the way politics in EU member states shapes the popular perceptions and the positions of national party governments on Europe.

While discussing these topics at length, Batory (p. 27) looks for an answer to the question that she raises in the book’s introductory chapter: whether the association of European issues with existing cleavages will contribute to the politicisation of ‘Europe’ or to its subjugation to and masking by more salient conflicts in society. In an attempt to illustrate how contention over the question of Europe differs from the existing cleavages, Batory (p. 43) argues that party ideologies may not be able to accommodate issues as highly complex and multifaceted as European integration. Hence, the ‘meaning of Europe’ in the national contexts is due to change given the meanings that different parties may attribute to
the economic and political aspects of European integration. This is especially important in a political system as polarised as Hungary’s. In polarised contexts, the meaning of Europe is bound to change depending on who sets the rhetorics of integration or on how the issues related to European integration are nationalised in domestic political games.

In this respect, Batory (pp: 51–60) documents in detail how Hungarian parties see Europe. The parties documented are not only parliamentary parties but also those marginal ones such as the Workers’ Party or the Justice Party. It is important to know the positions of such parties because the complicated mechanisms of Hungarian law on national referenda enable even small parties to collect enough signatures to initiate referenda. With regard to the dynamics of inter-party relations and their impact on parties’ views on ‘Europe’, Batory determines that the central issue is the parties’ proximity to power. Hence, the discussion in this regard relates to the extent to which holding executive office and the proximity to government influence the Hungarian parties’ positions on the EU. Batory shows that being in office constrains governing parties in politicising the issue of European integration and the parties in office had every incentive to keep the process technical and apolitical. The translation of EU conditionality into domestic politics is consequently affected by the political parties’ positions as office holders.

The book also shows how accession negotiations and the final accession settlement affects party positions towards the accession referendum. Issues such as the transition period, labour mobility, land ownership of EU nationals, CAP (Common Agricultural Policy) support to farmers, and the centralisation of decision-making that Brussels represents were all of major importance in the formulation of party positions towards European integration. Inevitably, this sheds light on referendum politics in the accession states. While there have been previous studies on this aspect of EU accession in relation to the 1995 enlargement, especially with regard to Norway and Sweden, Batory provides the first detailed documentation of this issue in Hungary.

In Batory’s research on the study of electoral behaviour in EU referenda, the most notable feature of the Hungarian vote to emerge is the power of party cues and political leadership, especially with respect to Fidesz (the Alliance of Young Democrats – Hungarian Civic Union) voters. Fidesz’s criticisms of the final deal of the accession negotiations that the government signed with Brussels, party leader Viktor Orbán’s initial silence on the party’s full-scale support for the ‘Yes’ vote in the referendum, and hence the ambiguity in the party’s position towards the deal which set the conditions of Hungary’s accession to the EU affected the participation rate. Hence, the signals that the main opposition party sent out and the ambiguity of its leader had a more decisive effect on the process of the referendum than the government’s campaign. Batory also shows the impact of outsourcing a referendum campaign and how skilled PR activities in support of the ‘Yes’ vote in EU referenda can package EU-related issues – in this case membership – in overly commercialised terms and target viewers or readers on the basis of the lowest common denominator. Discussing the politicisation of accession by the party leader, Batory comes to the general conclusion that politicisation decreases the likely support that membership would have received.

The debates the author presents are a bit dated and reflect the scope of the discussion at the end of the accession talks and the referendum rather than the most recent format of discussion around European integration in Hungary. Nevertheless, the book allows the reader to understand the historical context of EU accession in
Hungary. The conclusion is that what distinguished parties from one another were the conditions under which they endorsed Hungarian EU membership and the nature, rather than the presence or absence, of their European orientations. While small parties could afford to put forward anti-EU positions, the main opposition party, Fidesz, could not afford to present a campaign focusing on rejection of the accession agreement, but instead presented an ambiguous stance. Thus, Fidesz criticised the accession deal that the government agreed with the EU rather than EU membership itself. In a way, this gives a clear signal of how parties make EU-related issues a part of domestic political games. And, to be a bit more forthcoming than the author herself (p. 82), one could plausibly state that EU-related issues can reinforce domestic political cleavages.

In the end, Batory shows that the discussions surrounding the EU and party policies towards the EU are affected by an inward debate. The author cleverly puts the position of Fidesz towards the EU at the heart of her portrait of the politics of EU accession in Hungary. Fidesz was not only the party in power during a significant period of the accession talks, but subsequently it also assumed a role that alternated between Europragmatism, Eurorealism, and Euroscepticism. It is crucial for researchers in the field to trace Fidesz’s position on the details of EU accession in Hungary during the time when accession talks were being finalised, and Batory provides insight into this period. New research in the field should identify the more recent expressions of party positions on European integration five years after enlargement to the East.

Indeed, in Hungary, a lingering question for conservative circles is whether EU membership is a deception that gives the upper hand to international capital at the expense of the Hungarian economy and domestic business. As Batory shows, Fidesz already voiced a feeling of deception in the final settlement of the accession treaty when it left office after its electoral defeat in 2002. Fidesz was especially critical of the membership terms regarding EU nationals’ land ownership rights, agricultural subsidies, and, last but not the least, the restrictions on the rights of Hungarian nationals to work in most of the EU pre-enlargement states for a seven-year transition period.

To conclude, the book uses clear and concise language. It presents Hungary as a case study and convincingly show that, even in a highly Europhile country, the politics of EU accession can be contentious. While discussing the process of EU accession, the book also succinctly presents a political history of modern Hungary and the history of relations between the European Union and Hungary. It fills a gap in the literature on current Hungarian politics. Its scope makes it an interesting reference both for academic research and graduate and undergraduate modules in European integration, European politics, and East European politics.

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References
Elaine Weiner: *Market Dreams: Gender, Class and Capitalism in the Czech Republic*

*Market Dreams* explores the workings of free-market economics as a discourse in the post-socialist milieu, and specifically does so for the case of the Czech Republic. Decisive here is Weiner’s focus on the market as a discursive form, an approach which she argues breaks with realist approaches to the market, where the market is understood as a mechanism for co-ordinating the trading, buying and selling of goods and services. Instead, and in the author’s own words, this approach understands the market as also functioning as ‘a mental model informed by particular cultural and political referents’. In making this move, Weiner is not simply claiming that for the citizenries of post-socialist Central and Eastern Europe (CEE) the free market is an ideological phenomenon expressed via discourse, but also that this discourse takes shape as a narrative, and more specifically as a metanarrative. Crucial for Weiner here is that metanarratives are not only grand stories. Unlike other narratives, metanarratives naturalise – they work to render social phenomena as given and taken-for-granted. Therefore, Weiner’s argument is that in the post-socialist milieu the free market achieved such a metanarrative status, indeed, that for post-socialist CEE spaces, in the wake of the ideological void created by the collapse of socialism, the metanarrative of the free market became hegemonic and unrivalled.

But the fascinating aspect of *Market Dreams* is that Weiner is not simply content to tell a story of the ascendancy of the free market as a public narrative. It certainly does do this. It provides, for instance, a fascinating account of how political elites mobilised neo-liberal discourse to legitimate a new economic order. But it does a lot more besides. Specifically, it also explores how in the post-socialist milieu the free market is lived, that is, how the metanarrative of the free market mediates experience. It does so by exploring how particular groups of workers – twenty-six Czech female managers and forty-eight Czech female factory workers – engage with the metanarrative of the free market, indeed how these groups of workers have anchored their experiences in this metanarrative. In showing how a free market narrative mediates lived experience, at the most general level *Market Dreams* shows how metanarratives allow some stories to be told and not others – how metanarratives delimit what is and what is not culturally intelligible. For Weiner, the stories and experiences of these two particular groups of workers were selected for study because of their apparently oppositional locations in the transition to the free market. On the one hand, factory workers were selected as they were widely predicted (for instance in Marxist and neo-Marxist literatures) to be the losers of the ascendancy of the free market in post-socialist spaces and even to pose a radical challenge to the free market. On the other hand, managers (a new occupational grouping in post-socialism) were predicted to be the winners of the transition, both materially and symbolically. And complicating this story of course is that all of the workers selected were women – a group predicted (for instance, by certain feminists) to be the losers in the transition to the free market.

While, as Weiner makes clear, the transition certainly opened up an enormous socio-economic gulf between factory workers and managers (not least because in the new market economy factory workers exceeded demand while managers were in short supply), nonetheless the significant finding of her research is that both of these groups of workers drew – albeit in different ways – on the logic of the market metanarrative to construct their own narratives and to make sense of their own experiences. Czech women managers, for ex-
ample, identify as winners in the transition and attribute their own success and membership of a new elite grouping to knowing how to take advantage of their own abilities; and in the telling of their experiences draw heavily on notions of personal responsibility, self-reliance, and independence. Moreover, for the women managers the market is understood as a source of empowerment, whose transformative effects have reconstructed not only their working lives, but also their roles as citizens, partners, wives, and mothers. In contrast, the women factory workers are acutely aware of their economic marginalisation, indeed aware of the fact that they are members of the new poor. Thus, these women give vivid accounts of economic vulnerability, dependence, exploitation, uncertainty, and precariousness. Yet they understand this location and these experiences not as an outcome of external forces, for instance of prevailing socio-economic conditions, but as the outcome of internal factors, specifically as the outcome of their own personal flaws, failings which are understood by the women to be specific to a generation born and raised under socialism. For the factory workers interviewed by Weiner, their own disenfranchisement did not discredit the market metanarrative; indeed their perceived problem is ‘their “socialist” disease, not its “capitalist” cure’. Crucially while this group of women see that in their own lives they will suffer, they understand that future generations will benefit from this pain and reap capitalism’s rewards. Despite their marginal socio-economic location, in the stories of women factory workers the market metanarrative therefore reigns triumphant.

In contrast to many of the predictions regarding post-socialist spaces, and regardless of the enormous differences in their socio-economic locations, neither group of women interviewed by Weiner understood themselves as straightforward losers in the transition to a neo-liberal socio-economic regime. And for Weiner, this commonality in the narratives told by the women is to be explained by the hegemony of the market metanarrative, a hegemony which means that the women’s stories ‘share the same causal emplotment in which socialism is seen as the source of their problems (their oppressor) and capitalism is deemed their means of resolution (their liberator)’. Indeed the hegemony of the market metanarrative renders a straightforward personal narrative of loss or of losing unintelligible. Market Dreams is therefore not simply a book about narrative, it is also one about the formidable force of a specific narrative – that of the market – of how the lives, actions and identities of seventy-four Czech women are ‘market metanarratively constituted’. Certainly this empirical focus on the storied self enabled Weiner to productively challenge a range of assumptions regarding post-socialist spaces. But one cannot help but wonder in our current context of global economic crisis – which many commentators understand to be a crisis in neo-liberal accumulation – what narratives women such as those Weiner interviewed may now be enacting. Indeed, in this context, one wonders if Weiner may have overplayed the stability and homogeneity of the market as discursive form. And perhaps this in turn should lead us to ask, if Weiner had confronted literatures on the market examining not just its stability and homogeneity but also its heterogeneity and instability, could the story presented in Market Dreams have been a rather different one?

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Kevin Deegan-Krause: *Elected Affinities: Democracy and Party Competition in Slovakia and the Czech Republic*  

The break-up of Czechoslovakia created an enormous opportunity for social scientists as they could observe the divergent development of two countries that had shared nearly 75 years in a common state. Yet, few scholars have taken advantage of this natural experiment to explain why these countries took different paths. And of those who have, most have treated Slovakia in a perfunctory way. Kevin Deegan-Krause’s book is a major attempt to make use of this comparison and to treat the countries as equals (notice the ordering of the countries in the title). His focus is the major political difference between the Czech Republic and Slovakia which he calls institutional accountability. This refers to the degree to which rulers submit to limits on their power from other state institutions like courts, ombudsmen, constitutional provisions, or opposition parties. The concept was introduced by Guillermo O’Donnell in the late 1990s (he called it horizontal accountability) to describe the situation in countries that held free elections (vertical accountability), but whose leaders seemed to be acting undemocratically by breaking the law and not respecting institutional checks on their power.

Deegan-Krause shows how this concept can be the object of rigorous empirical investigation and how it illuminates the Mečiar era in Slovakia. He begins his book with a detailed portrait of the ways that the Slovak government under Mečiar avoided institutional accountability and tried to weaken checks on its power even while preserving nominally democratic institutions. These violations include attempts to expel deputies from parliament, manipulate police investigations, and control the media. Though he does not spare the Czech Republic criticism on this score, he finds that Slovakia suffered far more violations of institutional accountability at least in the years 1994 to 1998. What explains this difference? Many would say that this question answers itself. After all, Slovaks were more nationalistic, less modern, and more comfortable with corruption and strong man rule. One of Deegan-Krause’s key achievements is showing that this stereotype is false. After looking at poll after poll from the early and mid-1990s, he shows that differences in public opinion between the two countries were small or non-existent. Citizens of the two countries were far more alike than different. To name one particularly important example, they were about equally enamoured of rule by a firm hand. And indeed, after Mečiar was voted out of office in 1998, Slovakia quickly returned to levels of institutional accountability at least as high as in the Czech Republic.

So why did Slovakia have more trouble restraining its leaders at least for a time? For Deegan-Krause, two factors were key. One is the way that opinions are distributed among political parties. Though about the same percentage of Czechs and Slovaks accepted violations of institutional accountability, in the Czech Republic these individuals were dispersed similarly across most political parties. In Slovakia, by contrast, most supporters of strong man rule ended up in Mečiar’s Movement for a Democratic Slovakia (HZDS). But even this was not enough to cause Slovakia’s problems. It was also necessary for HZDS to form a governing majority with two other parties – the Slovak National Party (SNS) and the Association of Workers of Slovakia (ZRS) – who had similar attitudes and more importantly were weak enough to be manipulated by Mečiar. In a sense, Slovakia was hit by a perfect storm – a party that gathered most of the country’s opponents of institutional accountability and managed to hold most of the reins of power. As Deegan-Krause points out, take away 12 000 votes from the SNS and the violations of the
Mečiar era may never have happened. Mečiar was very lucky to end up in the position he did.

Deegan-Krause is careful to rule out other explanations for this divergence. Countervailing institutions to the government like the media, civil society, and bureaucracies were not different enough across the two countries to explain the varying levels of institutional accountability. Charismatic and clientelist appeals played a comparable role in the politics of both countries. Even socio-economically, the countries were far more similar than different. In short, there was little in the nature of Slovakia that made these violations happen. They were the product of willful actors and particular circumstances. What is harder to understand is how the Czech Republic might have ended up with similar violations of institutional accountability. Though the countries do look more similar than different in most respects, I could not shake the feeling that there had to be something more than will and circumstance to explain the different paths. Would the Czech Republic have suffered its own Mečiar era if supporters of firm-hand rule had gathered in the Civic Democratic Party and teamed up with weaker coalition partners? Deegan-Krause correctly suggests that it would not have, but then there is probably something more at play. I do not claim to know what this something is, but Deegan-Krause has certainly ruled out many possibilities and proposed a reasonable and clever answer.

Besides this empirical argument, the theoretical contribution of the book is to show how ‘issue divides’ develop and affect politics. An issue divide refers to the way that attitudinal differences among citizens are reflected in the party system. The key to explaining events in Slovakia was the emergence of an issue divide over institutional accountability (firm-hand rule) and the linkage of that divide to another issue divide over nationalism. This linkage was not inevitable – it was not present early in the transition in Slovakia – and its creation was part of the political ‘genius’ of Mečiar. He was able to unite nationalists and quasi-authoritarians in one party and oppose them to parties who did not take these positions. The concept of an issue divide should prove useful to a wide array of scholars. It differs from the traditional idea of a cleavage in that it is not based on socio-demographic facts like class or religion. As such, it is more manipulable in both positive and negative directions. It can thus help to explain rapid changes in and out of democracy as it does for Slovakia. The open question is when and where issue divides emerge, and Deegan-Krause has some useful speculation on this point.

The book does have some shortcomings. It is not always clear how exactly the analyses of survey data were conducted. Similarly, some aggregation of these poll results into more general measures and a graphic representation of them would give the reader an easier time. Finally, it would help to discuss the most appropriate methods for analysing institutional accountability and issue divides so that other scholars can follow in his footsteps. Nevertheless, this is easily one of the most rigorous and theoretically rich works dealing with Czech and Slovak politics. Hopefully, others will take up the challenge to investigate institutional accountability and issue divides so that other scholars can follow in his footsteps. Nevertheless, this is easily one of the most rigorous and theoretically rich works dealing with Czech and Slovak politics. Hopefully, others will take up the challenge to investigate institutional accountability in other places and times and pursue his ideas on issue divides and their origins. The book is an especially helpful corrective for those who believe that the abuses of the Mečiar era were a foreordained result of an immature political culture. Deegan-Krause persuasively shows that they were not and that the Slovak experience cannot be easily dismissed or avoided. As the title of his final chapter powerfully puts it, ‘Slovakia Is Everywhere’.

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Migration research is almost exclusively conducted in the fields of sociology, anthropology, history, and geography. Although economic matters are often the focus of migration studies, economics has tended not to be interested in the subject. From an economist’s point of view, the phenomenon of migration appeared to be for starry-eyed researchers, since the topics researched often remained normative or philoanthropic. The editors of Migrants and Markets have a different point of view. Kolb and Egbert, drawing on Nobel Prizewinning economist Gary Becker and his disciples, who extended economic research beyond the economic, praise the modesty and rigour of the foundation of economics: ‘At its core, the economic approach is based on only three assumptions: rationally acting individuals, the importance of equilibrium and stable preferences.’ (p. 8) Overall, the science-like analysis and modelling of economics is seen by more and more scholars to be fruitful in the analysis of ‘topics that go beyond the classical scope of [economic] issues, which include consumer choice, theory of the firm, (explicit) markets, macroeconomic activity, and the fields spawned directly by these areas’, a behaviour called ‘economic imperialism’ by Lazear [2000: 103]. The editors, however, claim that economics is part of the social sciences, a proposition economists themselves often question.

Holger Kolb and Henrik Egbert assembled thirteen researchers from two scientific networks, the economic network INFER (International Network for Economic Research) and the interdisciplinary migration network IMISCOE (EU Marie Curie Network of Excellence in International Migration, Social Cohesion and Integration), who devote themselves to the study of economic methods or at least viewpoints on migration research. In doing so, the editors want to plumb the depths of ‘the relationship between economics and the other social sciences’ (p. 7), which should raise interests from both sides: economists may wonder whether the ‘soft’ topic of migration can be the subject of their ‘hard’ (social) science. Social scientists may be curious to find out whether economics can live up to its promise of rigorous analysis. The contributing sociologists, political scientists, geographers, and economists discuss internal and international migration issues ranging from the analysis of migrants’ attainments on the labour market to remittances, the national welfare contributions of immigrants, and even club theory. The chapters are mainly grouped according to their methodological approach, while some are also assorted by topic. Readers who would like to read the collection continuously might prefer a fixed order of chapters following one mode or the other.

The volume starts out with a survey of the impact of immigration on the labour market. Christian Lumpe’s ambition is to introduce economic theory and terminology to a readership not versed in economic theory. This is done by means of an eclectic overview of important welfare economic models like the Heckscher-Ohlin and the Ricardo-Viner model, and by looking at empirical findings regarding rigid and competitive labour markets. Spectators from the ‘other social sciences’ might be surprised that economic methodology applied to immigration modelling, even in quite simple cases with no more than three goods and two factors, leads to very diverse and even contradictory results. While one model suggests clearly positive welfare effects and no distributional effects, another suggests negative effects. This holds even more surprisingly also for the empirical evidence. The chapter makes one wonder whether economics really is an efficient way of analysing migration topics, as the editors suggest. Since the author intended
to make economic thinking accessible to social scientists who are unfamiliar with economics, it would have been helpful to include better explanations of the more technical terms and key economic concepts like 'reservation wage' and 'Pareto-optimum'.

Mete Feridun applies the theoretical insights of the previous chapter by empirically testing the impact of immigration on the labour market in Norway. Using the causality test on the time series of Nobel laureate Clive Granger, he shows both the positive welfare effect and the non-existent distributional effect (i.e. no effect on unemployment) of immigration. Unlike Lumpe, Feridun claims that his findings are in line with most studies on immigration. Although the results of his tests are clear-cut, the derivation of the hypotheses – 1) immigrants and native workers are perfect substitutes, 2) immigration leads to unemployment – is not, as they are not based on the theory outlined in his article. As the econometric part is very insightful and conclusive it makes one wonder why the policy implications in the conclusion are quite unrelated to his study.

Another econometric study is presented by Gustavio Javier Canavire Bacarreza and Laura Ruud about the impact of migration on foreign trade in Bolivia. Using gravity models they empirically show the positive effects of migration on exports. Although this is consistent with findings from other studies, the authors claim that theirs is the first such study done on developing countries. They not only find a way of addressing the problem of missing data that is found in most developing countries, but also give policy recommendations based on their insights. Remarkable is the econometric study by Metodij Hadzi-Vaskov, who approaches migration from the perspective of financial economics. He reviews migrants’ remittances in the field of international risk-sharing with a thorough international panel analysis of 139 countries. Hadzi-Vaskov manages to show how countries with high remittance inflows enjoy a higher level of international risk-sharing. The effect is especially significant for transition countries.

The chapter by Irena Kogan and Yinnon Cohen on Jewish immigrants from the former Soviet Union to Israel and Germany represents an exceptional case. The authors had the chance to study migration almost as a lab experiment, because the latter countries allowed Jews from the former countries to immigrate within a relatively short time span. The authors used this opportunity to compare micro-census data for Germany and the Labour Force Survey (LFS) for Israel, and additionally to run a logit/probit analysis to find out about educational selectivity and the structural and institutional labour market attainments of immigrants. Their findings correspond with their theoretically derived hypotheses that both phenomena depend on the rigidity of labour markets and the welfare provisions in both countries. If one might be so bold as to make a critical remark, it would be about the empirical rigour of using 300 micro-census datasets compared to the 10 000 datasets of the LFS.

The sociologist Michael Windzio uses economic methodology outside core economic issues and applies it to unemployed workers’ geographic mobility from East to West Germany. Using multi-level event history analysis, he manages to show that the mobility of jobless people is mainly influenced by the geographic distance to promising local labour markets and by unemployment compensation. The latter can be seen as an indicator that geographic mobility can be influenced by state institutions. Whether this is a desired option is a question left open by the author, as it could have the consequence of depopulating areas with no or few job opportunities. Interestingly, the gender effect in his study proves to be contrary to that observed in most studies. Usually, studies conclude that East
German women leave more often than men, which is replicated in figures on the gender balance in East Germany [e.g. Kubis 2007].

Immigration into a health system is studied by two authors, but from different angles. While Simon Fellmer compares the wage differentials of Polish and German medical doctors and uses a politico-economic analysis to study Germany’s attitude towards immigration into its health system, the political scientist Kirsten Hösch follows a structural and institutional analysis beyond wage differentials and push-and-pull-factors (p. 169) to compare immigration into the German and British health systems. Fellmer concludes that wage differentials, although inhibited by certain factors, are an incentive for employed medical doctors to migrate from Poland to Germany. However, the new German law on immigration allows only self-employed doctors to immigrate. This condition is very rarely met by Polish doctors, as most cannot raise the money needed to invest into a practice of their own. Hösch’s detailed comparative study uncovers the institutional impediments in the German system that hinder (not yet urgently) needed immigration.

The political scientist Holger Kolb pushes the economic analysis farthest, making a unique application of club theory to what the question of immigration signifies for nation states. Kolb extends the ideas of the economist Thomas Straubhaar on club states by incorporating ideas from home economics about the reproduction of families (Gary Becker). Given that clubs aim for optimal inclusion and exclusion, members by birth (i.e. national citizens) and members by acquisition (i.e. immigrants) have to be considered separately by drawing on family policy for the former and immigration policy for the latter. As it is almost impossible for democratic nation states to exclude citizens, how open or restrictive family policies are is particularly significant for producing ‘high quality members by birth’ through different means. Some readers may be irritated by the quite economic language used in the study (e.g. children are referred to as ‘basic commodities’). One can agree with Kolb that club theory does indeed offer idealised suggestions to solve the basic questions nation states face regarding immigration. The study would have been complete if an analysis of the education policy for birth and acquisition members had also been included.

Overall, the book provides an interesting array of economically informed studies on diverse migration topics. However, readers will notice that the quality of some chapters is better than that of others. This volume would have benefited from a summary chapter on how economics relates to the other social sciences. After reading the book, some economists might end up convinced that migration is a relevant and fruitful topic for research in their discipline. Whether sociologists, geographers, or anthropologists can be persuaded that the examples of economic methodology are adequately rigorous remains a question.

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References
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