

**Changes in Post-Communist Presidential Power:  
A Political Economy Explanation**

Draft

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### **I. Introduction**

Why have some presidents in post-communist democratizing states expanded their powers dramatically, while others have not? Looking across the countries of the post-communist world, we see that President Yeltsin vastly increased his powers in 1993 following the dissolution of Parliament and the ratification of a new constitution (Tolz and Wishnevskaja, 1995). President Lukashenka increased his power in 1995 to further the creation of a far more authoritarian government than its predecessor. In contrast, President Walesa failed to increase his formal powers despite repeated efforts between 1991-1993.

This paper presents a preliminary attempt to account for variation in changes in presidential power across post-communist presidential governments. It argues that economic reforms that produce concentrated economic benefits lead the winners from reform to seek institutional change in the powers of the presidency. Where the party system is too weak to protect their gains, (and too weak defend the parliament as an organization), the winners from economic reform have strong incentives ally with the president to push for greater power for the executive. In the post-communist world countries with a rapid redistribution of wealth and fragmented party systems have experienced the greatest expansions of presidential power.

This work aims to make several contributions. First, the post-communist transformations are particularly interesting because countries are undertaking political and economic reform simultaneously, but few scholars have incorporated this dual transition into theories of institutional outcomes (Przeworski, 1991; Hellman 1998). The translation of economic power into political power and political power into economic power is essential to understanding the dual transition underway in the region and our theories should take this into account. By examining how the distribution of economic

resources both prior to and during economic liberalization shapes political institutions, this work aims to contribute to our understanding of institutional change.

### **A Roadmap**

In part I, I recount the debate of the merits of presidentialism and parliamentarianism for democratic stability and consolidation. I suggest that while the presidential versus parliamentary debate has raised many questions that await answers, this literature has spawned a productive body of work on the functioning of presidential and parliamentary governments. This literature has even established a modicum of consensus on the need to understand better how presidential and parliamentary governments function before we can make strong claims about their impact on democracy.

In Part II, I build on this seeming consensus and present a preliminary explanation for expansions of presidential power in post-communist democratizing states. Drawing on data from 22 presidential administrations in 11 post-communist countries, I run simple OLS regressions and conduct illustrative case studies to support the argument. In part III, I conclude.

## **II. Presidentialism and Parliamentarism**

In countries undergoing regime change, are presidential or parliamentary systems more likely to lead to stable democracy? Some of the best known figures in political science have sought to answer this question, but many findings remains contested (Linz 1984; 1994; Horowitz, 1990; Lijphart, 1992; Shugart and Carey, 1992; Linz and Stepan, 1996; Przeworski, et al, 1996). Indeed, one gets the sense that the original combatants have settled in for a long period of trench warfare.<sup>1</sup> The strategies of frontal assaults and claims of rapid advancement that mark the initial debates have given way to far more cautious attempts to merely hold ground captured earlier in the campaign. If early on the advocates made strong cases against presidentialism or parliamentarianism, they now spend much of their time qualifying, refining, and defining scope conditions for their theories.

### **Advocates of Parliamentarism**

The most recent round of the debate over the merits of presidential and parliamentary forms of government can be traced to Linz's seminal essay originally circulated in 1984 and published most definitively almost a decade later (Linz 1994).<sup>2</sup> Linz praised the parliamentary form of government as more likely to promote democratic consolidation

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<sup>1</sup> To take the analogy too far one could note that the initial combatants have left the fighting to their reinforcements and have taken up other battles.

for at least four reasons. A parliamentary government can better represent diverse groups through the use of proportional representation. It is also more flexible than a presidential form of government that has fixed terms. In a parliamentary system, the prime minister has to maintain support in the assembly or lose her position. For this reason a parliamentary form of government is far less likely to succumb to immobilism due to a lame duck executive. For this same reason it is less likely to fall victim to weak support in the assembly for extended periods, as it is claimed often happens in presidential systems. Parliamentary forms of government also ensure that the executive has a wealth of political experience because potential prime ministers have to work their way through the party ranks before assuming office. Through the direct vote, presidential systems encourage outsiders with little political experience to run and lower the barriers to their success. This can lead to the election of 'dark horse' executives with little experience and strong incentives to rule outside of the existing institutional rules.

To support the argument, Linz and other advocates of parliamentarism typically point to the difficulty of building democracies in presidential regimes in Latin America and Africa in the 1960s and 1970s. Their arguments find some empirical support in a large "n" quantitative study by Stepan and Skach (1993) that focused on countries that achieved independence after World War II. Excluding the OECD countries from their analysis, they found that of the 36 countries in the post-war world that chose presidential systems at independence, none were continuously democratic between 1980 and 1989. In contrast, 15 of the 41 countries that chose a parliamentary system at the time of independence were democracies at all times between 1980 and 1989. These findings were initially seen as strong support for the argument that parliamentary systems promote democratic consolidation.

### **Skeptics of Parliamentarism**

Proponents of parliamentary forms of government seem to have had the better of the argument in the 1980s, but work by Carey and Shugart (1992) among others began to question the supposed "perils of presidentialism" (Mainwaring and Shugart 1997). While not seeking to bash parliamentary forms of government, these authors noted that presidential forms of government were far more diverse than typically depicted. In their view presidential forms of government were often as different from each other as they were from parliamentary forms of government.

They also noted that presidential systems have some significant advantages over parliamentary forms of government. Presidential systems can be more accountable than

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<sup>2</sup> As Mainwaring and Shugart (1997:32) note, the Linz article circulated in samizdat form for some time and the definitive version was published in 1994.

parliamentary governments. In the former, it is far more difficult for executives to avoid responsibility for failed policy by hiding behind coalition partners. Moreover, because presidents are elected directly voters can sanction them for misbehavior far more easily than they can sanction a Prime Minister who is elected indirectly.

According to Mainwaring and Shugart (1997: 37) presidential forms of government can also reduce political conflict because the assembly is elected independent of the executive.<sup>3</sup> Because the tenures of the executive and the assembly are not tied in a presidential system, legislators can consider bills based on their merits rather than on their effect on the fate of the Prime Minister and the government. In their view, the mutual independence of the parliament and the executive can make political conflict more manageable (Mainwaring and Shugart 1997).

Empirically, the skeptics of parliamentarism point to democratic breakdowns in the parliamentary governments of inter-war Europe to bolster their argument. They also question the strength of quantitative studies that support parliamentarism by noting that these studies sometimes include micro-states that tend to be parliamentary. Because small country size has been shown to be conducive to democracy, they question the importance of parliamentary government for democratic consolidation in these settings. Moreover, they noted that studies typically suffer from “selection bias and hence, spurious correlation” (Mainwaring and Shugart 1997: 19). They argue that because parliamentary governments were more frequent than presidential governments in societies with background conditions conducive to democracy (e.g, small, wealthy populations) it is difficult to analyze the independent impact of parliamentarism on democratic stability and consolidation. They add that since Latin America is dominated by presidential regimes and have background conditions that are not conducive to democracy, selection bias may be a real danger in quantitative studies that lack proper controls.

Just as the skeptics of parliamentary forms of government began to make some inroads, Przeworski and his co-authors (1996) produced a strong empirical argument in favor of a parliamentary form of government. Using data from both OECD and non-OECD countries between 1950-1990, they find that parliamentary governments have a higher rate of survival as democracies than do presidential forms of government. An impressive data set and considerable methodological sophistication make their work a significant advance. In an important work, Cheibub (1999) extends the preceding argument by seeking to identify some causal mechanisms that underlie the greater fragility of presidential governments.

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<sup>3</sup> Whereas Linz and the skeptics of presidentialism view this dual legitimacy as dangerous for democracy, the skeptics of parliamentarism see it as an advantage.

Others studies produce somewhat different results. Power and Gasiorowski (1997; 1998) suggest that debate over presidential and parliamentary for the consolidation of democracy has been carried on in vain. Their data suggest that in the non-OECD countries there is little difference in the rate at which presidential and parliamentary regimes become consolidated democracies. They also find that these institutional factors are far less important than structural factors, such as the level of economic development, for the survival of democratic governments.

More than 15 years of theoretical and empirical debates have yet to resolve conclusively the fundamental question asked in the title of Linz' 1984 article: "Presidential or Parliamentary Democracy: Does it Make a Difference?" While the field still debates the merits of presidentialism and parliamentarism, an impressive body of research is growing on the workings of each of these political systems (Shugart and Carey 1992; Mainwaring 1993; Mainwaring and Shugart 1997; Shugart 1998; Tsebelis 1995; Taras 1996; Cheibub 1999).

Work in this area has even begun to exhibit some points of agreement. First, scholars seem to agree that we need to know more about how parliamentary and presidential regimes actually function before we can make strong claims about their ability to influence the consolidation and stability of democracy. Second, we also need to examine how other variables interact with the institutional setting to promote particular outcomes.

This work draws similar lessons. Like Power and Gasiorowski (1998), it adds variables beyond the institutional framework to assess political outcomes. Like Mainwaring and Shugart (1997) and Cheibub (1999) it poses a more tractable question than the impact of institutions on the prospects for democratic consolidation. It aims for a deeper understanding of how presidential systems operate rather than trying to determine the impact of a particular institutional arrangement on the prospect for democracy.<sup>4</sup>

### **III. Post-Communist Presidential Democratizing Countries**

This work examines presidential power in democratizing post-communist countries that have presidential forms of government. In these countries presidents have been directly elected in at least one competitive election and have a fixed term of office. Countries included in the analysis are Armenia, Belarus, Croatia, Georgia, Kyrgyzstan, Lithuania, Moldova, Poland, Romania, Russia, and Ukraine.<sup>5</sup> Most countries have

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<sup>4</sup> This work does not make a direct contribution to the presidential/parliamentary debate, but instead seeks to further our understanding of presidential forms of government.

<sup>5</sup> Countries excluded from the analysis are the parliamentary post-communist regimes, e.g, the Czech Republic, Estonia, and Slovenia and others, and the presidential autocratic regimes, e.g., Azerbaidzhan, Uzbekistan, Turkmenistan and others. Armenia is included only after the end of open hostilities with

experienced two presidential administrations. This work seeks to explain variation in the expansion of presidential powers across administrations. That is, why have some presidents have managed to dramatically increase their powers, while others have not.

Measuring presidential powers is difficult (Lucky, 1994; McGregor, 1994). Formal powers are easier to measure than informal powers, but capture only part of the powers of the office. A president's informal powers, including their moral or personal authority, can sometimes offset weak formal powers on major issues of the day. Informal powers are especially important during a transition when institutions are weak and in flux (Jowitt, 1992; O'Neill, 1997). This study nonetheless focuses on formal powers. Formal powers are an important measure in their own right. First, the formal powers of the presidency in most post-communist countries generally accord with the conventional wisdom about actual powers held by the president (Frye, 1997). In other words, the nasty authoritarian governments tend to have nasty authoritarian constitutions. Second, formal powers often have important policy outcomes. Hellman finds that the formal powers of the presidency have had a significant impact on economic reform across countries (Hellman, 1997).<sup>6</sup>

Third, the supporters and opponents of increased presidential powers often devote great resources to achieve their preferred outcome. The prospect of changes in the formal powers of the presidency has led to mass petition drives to conduct referenda on the issue, significantly altered political coalitions, and evoked calls by political elites for changes of regime-type. Perhaps the best evidence of the importance of formal rules is the great resources devoted to change the formal powers of the presidency across a wide variety of cases. Changes in the formal powers of the presidency are an important topic of study because they have a profound impact on the political system. They often mark critical junctures in the political history of a country that are likely to have lasting impacts.

This work uses a version of the Shugart and Carey (1992) scale of presidential power that has been slightly modified by Hellman and Tucker (1998) and Frye and Commander (1999) to fit the post-communist cases.<sup>7</sup> Other scales also register these increases in presidential power (McGregor 1994).

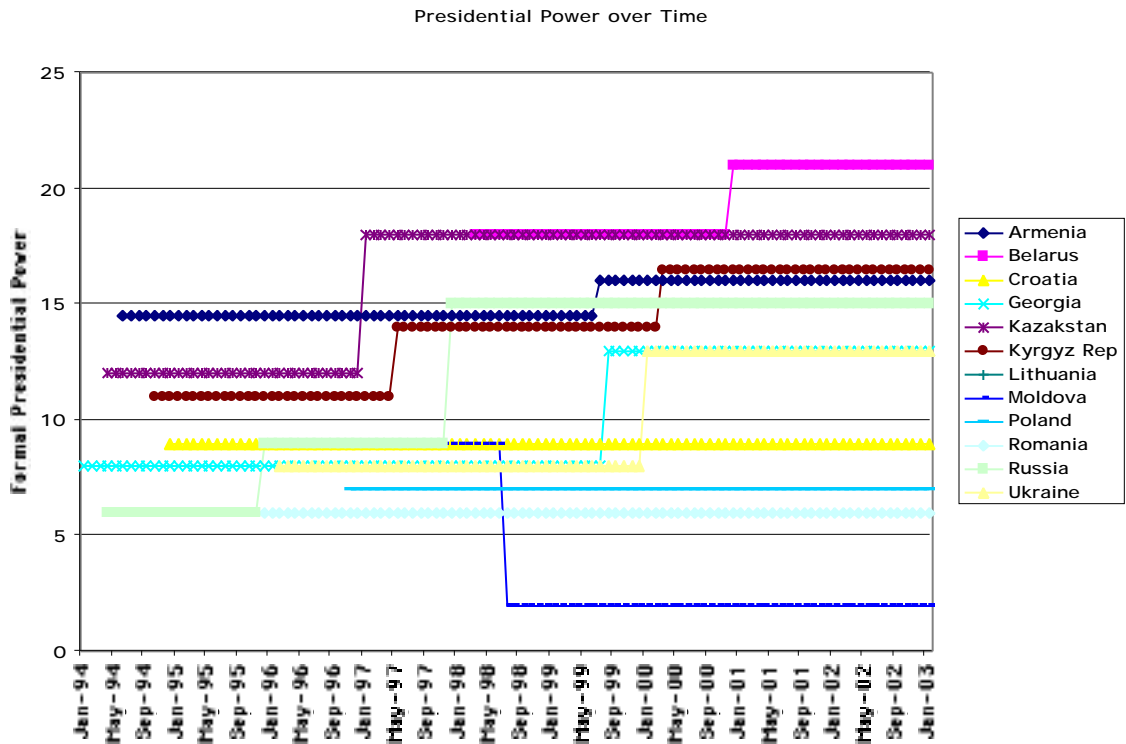
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Azrebaidzhan. Georgia is included only after the fall of the Gamsakhurdia government due to a lack of reliable data.

<sup>6</sup> The importance of formal powers also becomes apparent if we consider counterfactual scenarios of economic and political reform. Would the Yeltsin government have managed to conduct privatization without the formal power to issue decrees on economic issues? Would President Walesa have used a referendum to increase his powers if he had the formal powers to do so? It is easy to imagine how alternative formal rules could have produced different outcomes in these cases.

<sup>7</sup> See Appendix I for slight modifications of the Shugart and Carey scale.

Taking a brief look at the data, we find that presidential powers have been expanded in 9 of 22 presidential administrations in the countries under study. In 7 of these 9 cases the increases have been quite dramatic.<sup>8</sup> Table 1 depicts changes in presidential power over time in the countries under study.



These expansions of presidential power are not always the death knell of democratization, but they often have had negative consequences for the expansion of political and civil rights. Most of the countries in this set - Croatia, Moldova, Kyrgyzstan, Russia, Ukraine, Armenia, Georgia - are stuck in the “partly free” category according to Freedom House. Some like, Romania and Poland have advanced to the “free” category, while Belarus has reverted to the “not free” category (Freedom House 1998). The important consideration is that all countries in this set at some point in the transition had a directly elected presidents who came to office in a relatively free election.

Explaining why some presidents managed to dramatically increase their powers, while others have not is a difficult task. We have a relatively small number of cases, a myriad of potential explanatory variables, and some tricky measurement problems. This

<sup>8</sup> Somewhat surprisingly, we find that all executives who expanded their powers in democratizing states came to office via turnover. That is, none of this group of executives retained power continuously through

work presents a preliminary explanation that seeks to take advantage of a particularly interesting aspect of the post-communist transformation – the simultaneous construction of political and economic institutions. Many scholars have recognized the importance of the interaction of economic and political reform, but few theories have taken this dual transition into account (Przeworski, 1991; Hellman, 1998).

### **Toward an Explanation**

This paper argues that the distributional consequences of economic reform produce political coalitions that under some conditions have the incentive and means to pursue institutional change in the powers of the presidency. More specifically economic reforms that produce concentrated winners who cannot protect their property rights through the party system tend to have the political side effect of increasing presidential powers.

Economic reforms often have strong distributional consequences that create winners and losers (Haggard and Kaufman 1995). In the post-communist world, the economic winners from the transformation typically include managers of industrial plants, businesspeople in the financial sector, and the exporters in the natural resource sector. In contrast, the losers from economic reform tend to include pensioners, workers in loss-making enterprises, and white-collar workers in the state sector.

Looking across countries, the winners from the transformation have been relatively consistent, but the size of the gains to the winners and the costs to the losers varies greatly across countries in the region. As we shall see shortly, the variation in the rate of change in income inequality in the region has been tremendous. In some countries, the transformation has produced small groups of concentrated winners and a large group of dispersed losers. In other countries the costs and benefits of the transformation have been shared more equally. This redistribution of wealth can create strong demands for changes in political institutions.

One problem facing the economic winners from the transformation in the post-communist world is the lack of strong state institutions to secure their gains. In the weakly institutionalized post-communist environment, winners from economic reform can rarely rely on existing political institutions to protect their gains. Political organizations that commonly protect property rights in other settings, including parties, courts, and bureaucracies are usually too weak to guarantee gains to the winners.

The uncertainty of the transformation in combination with weak institutions create strong incentives for the winners from economic reform to try to create political institutions that will protect their property. They can do this by strengthening political institutions that are favorable to them. Moreover, the greater the gains to the winners, the

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the change in regime.

more resources that they will have to pursue institutional change. The desire to change economic power into favorable political institutions can spark demand for institutional changes in the powers of the presidency.

On the supply-side, the analysis begins by assuming that presidents are always looking to expand their institutional powers. Whatever other goals presidents may have, policy goals, retaining office, or raising revenue, it is very likely that they will see increasing the formal powers of the office as a means to these ends. This assumption finds some empirical support from an unlikely source. On several occasions, Vaclav Havel – the anti-politician himself – has championed greater powers for the Czech Presidency (Elster, Offe, and Preuss 1998). Yet, post-communist presidents face a variety of political and economic constraints that may prevent them from doing so.

A coalition with the winners from economic reform can be an attractive means to do so. The winners from economic reform can provide campaign financing, friendly coverage in the media, and private benefits to the executive in exchange for providing more secure property rights.<sup>9</sup> In some cases, the winners from economic reform can also provide votes.<sup>10</sup> Industrial managers in the post-communist world have been known to pressure workers to vote for their preferred candidates. Similarly, governors in regions benefiting from the current policy may ally with the incumbent to maintain their privileged position. These governors can not only deliver votes; they can also deliver tax revenue, a valuable resource for an incumbent politician.

Economic reforms that produce concentrated winners provide a compelling story behind the motive to promote institutional change. Moreover, concentrated winners may also have the power to introduce institutional change. Yet, economic reforms that produce concentrated winners need not be the sole factor behind expansions of presidential power. A fragmented party system may also facilitate expansions in presidential power in at least two ways. First, it may discourage and/or prevent the winners from reform from using the party system, and hence, parliament, to protect their gains. Faced with the choice of backing a single executive or working through a diverse group of fractious parties in their efforts to secure their property rights, the winners from economic reform may prefer the former course of action.

Second, a fragmented party system may make it difficult for elites within the parties to coordinate a defense of their institution at the expense of the president and the winners

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<sup>9</sup> Bribes can be an example of a private benefit.

<sup>10</sup> In the short-run, the losers from economic reform are likely to be more numerous and have more votes, but they also have more diverse interests and are likely to be more difficult to organize. Given weak secondary organizations in the region, the losers from reform may have a particularly difficult time organizing.

from reform (Geddes 1996; Shugart 1998). All members of the parliament have a collective interest in maintaining the power of the organization, but each prefers that others expend the resources to protect it. Moreover, where the president can offer substantial private benefits to deputies, the executive can use splits among parties to divide and conquer the opposition within the parliament.<sup>11</sup>

We should expect to find that:

\* the more concentrated the winners from economic reform, the greater the increase in the powers of the presidency.

\* the more fragmented the party system, the greater the increase in the powers of the presidency.

### **Analysis**

To measure the concentration of the gains to the winners, I use the rate of change in the gini coefficient during a particular presidential administration. The gini coefficient is a ratio of the poorest ten percent of the population to the wealthiest ten percent of the population. The rate of change in income inequality measures the concentration of the benefits delivered to the winners at the expense of the losers during the period of reform. This measure varies dramatically across countries. In no cases in this survey, and in only one case in the entire post-communist world – Slovenia – does the level of income inequality fall in any given year. The average rate of change in the gini coefficient during a presidential administration in the countries under study is 30 percent. During Yeltsin's first term in Russia, the gini coefficient increased by 75% and represented the tremendous gains to a small group of concentrated winners. In Kwasniewski's Poland, the gini coefficient has increased by only 7%. Previous studies suggest that such large changes in the social structure over such a short period of time are rare.

To measure the fragmentation of the party system, I calculate the number of effective political parties in the legislature during a particular presidential administration (Taagepera and Shugart 1989). Reliable data on party affiliation between elections is difficult to obtain. To minimize this problem, I create an index of effective political parties based on the party affiliations of deputies at the time of parliamentary elections. The index of effective political parties is weighted by months when parliamentary and presidential elections are staggered.

The range in the average number of effective political parties during a particular administration is quite high in these countries. For example, the number of effective political parties per administration ranges from 2.4 in Kwasniewski's Poland to 19.1 in

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<sup>11</sup> The argument echoes Huntington (1968) in some respects.

Shevardnadze's first term in Georgia. On average, the number of effective political parties in a typical presidential administration is 5.75. Dropping the two presidential administrations with the largest number of parties reduces the average to 4.47.

This work uses a second measure of party system fragmentation – the number of deputies elected as independents or non-party delegates. Like the effective political party index, the number of independents seeks to measure the degree to which parliament can act to defend its collective interest. The more independent deputies, the greater the collective action problem, and the easier it is for the president to expand his power by using divide and conquer strategies against the parliament. The average number of independents in post-communist parliaments is 11.1% of the deputies.

Table 2 presents the raw data described above.

**Table 2**

	<b>Start of the Term</b>	<b>Size of the Increase in Power</b>	<b>Initial Presidential Power</b>	<b>Effective Parties</b>	<b>% Gini Change</b>	<b>% Independents</b>
<b>armenia1</b>	10.91	1.50	14.50	3.0	.47	13.00
<b>armenia2</b>	9.96	.00	16.00	2.5	.19	.50
<b>belarus1</b>	7.94	4.00	18.00	9.6	.40	36.00
<b>croatia1</b>	8.92	.00	9.00	2.7	.30	3.60
<b>croatia2</b>	6.97	.00	9.00	2.6	.30	3.70
<b>georgia1</b>	10.92	5.00	8.00	19.1	.46	37.00
<b>georgia2</b>	11.95	.00	13.00	3.9	.13	21.00
<b>kyrgyzstan1</b>	10.90	4.00	11.00	.	.22	.
<b>kyrgyzstan2</b>	12.95	3.00	15.00	.	.35	.
<b>lithuania1</b>	2.93	.00	6.00	3.1	.01	.70
<b>lithuania2</b>	1.98	.00	6.00	3.5	.29	1.00
<b>moldova1</b>	12.91	3.00	6.00	2.8	.56	1.00
<b>moldova2</b>	12.96	.00	9.00	3.0	.56	.70
<b>poland1</b>	12.90	1.00	6.00	7.8	.24	3.50
<b>poland2</b>	11.95	.00	7.00	3.4	.07	1.00
<b>romania1</b>	5.90	.00	6.00	2.4	.11	2.80
<b>romania2</b>	9.92	.00	6.00	4.7	.11	3.80
<b>romania3</b>	11.96	.00	6.00	4.3	.39	4.40
<b>russia1</b>	6.91	9.00	6.00	9.0	.75	14.80
<b>russia2</b>	7.96	.00	15.00	6.2	.02	20.00
<b>ukraine1</b>	12.91	.00	8.00	6.1	.46	.00
<b>ukraine2</b>	6.94	5.00	13.00	15.2	.14	53.00
<b>Average</b>		<b>1.61</b>	<b>9.70</b>	<b>5.75</b>	<b>0.30</b>	<b>11.08</b>

The change in the gini coefficient is correlated with the number of effective political parties only at (.17). The gini coefficient is even less correlated with number of independents (.01). Upon reflection, this makes sense. One might expect that rapid changes in economic inequality would lead to polarization along class lines that might lead to two class-based parties rather than a proliferation of smaller parties. Also as expected, the number of effective political parties and the number of independents in the legislature are highly correlated (.83).<sup>12</sup>

## **Results**

To measure the impact of concentrated winners from economic reform and a fragmented party system, I run an OLS regression on changes in presidential power during each presidential administration. The dependent variable is the size of the increase in presidential power and ranges from 0-9. Model 1 suggests that the degree of change in the gini coefficient is significantly correlated with changes in presidential power. The greater the changes in the gini coefficient, the greater the increase in presidential power. Economic reforms that produce concentrated benefits have tended to lead to increases in presidential power in the post-communist world.

Model 2 also suggests that the explanation presented above has some explanatory power. It finds that effective political parties are significantly associated with change in presidential power. The higher the number of effective political parties, the greater the increase in presidential power, controlling for changes in the gini coefficient.<sup>13</sup>

Model 3 introduces the level of presidential power at the start of the administration as a control. The level of presidential power may influence the incentive and ability of executives to seek more power. For example, presidents who begin the term with many powers may find it easier to expand their formal powers still further. Model 3 finds that the results cited above hold controlling for the level of presidential power at the start of the term. Regardless of the starting point of presidential power in a particular administration, economic reforms that produce concentrated economic benefits in a country with a fragmented party system lead to significantly larger increases in presidential power. The findings of model are also consistent with the theory described above.

Model 4 uses an alternative measure of party fragmentation – the number of independents in the legislature. It also finds that controlling for the level of presidential power at the start of an administration and the rate of change in income inequality,

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<sup>12</sup> Like Carey and his co-authors (1999), this work does not include the number of independents in the effective political party index. They note that this introduces a small downward bias, but that treating each independent as a single party produces only very small changes in the index.

countries with more fragmented party systems in the legislature experience higher rates of increase in presidential power. This alternative measure gives some confidence that the fragmentation of the party system influences the ability of the president to expand the powers of the office.

**Table 2. Regression Analysis**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
<b>Gini change</b>	6.49** (2.41)	5.61*** (1.70)	5.60** (1.76)	6.67*** (1.55)
<b>Party Fragmentation</b>		.338*** (.08)	.338*** (.08)	
<b>Level of Presidential Power</b>			-.00 (.09)	-.15* (.09)
<b>Number of Independents</b>				.11*** (.022)
<b>Constant</b>	-.45 (.85)	-2.19** (.72)	-2.14* (1.12)	-.42 (.96)
<b>N</b>	22	20	20	20
<b>Adjusted R-sq.</b>	.23	.64	.62	.69
<b>Regression</b>	OLS	OLS	OLS	OLS

\*, \*\*, \*\*\* significant at the .10, .05, .01, levels

These results are consistent with the theory presented above, but questions remain about the nature of causation.<sup>14</sup> For example, it might be that increases in presidential lead to changes in the gini coefficient and to a high number of effective political parties, rather than the other way around. Yet, the largest changes in the gini coefficient typically occur prior to the increases in presidential power. Most changes in presidential power happen in the second half of the presidential term. On average, the executives that manage to increase their powers do so 29 months after the start of a term.

In addition, there are many explanations for the dramatic increases in income inequality that have little to do with the President's policies. In the last days of the Soviet Union and the early years of the transformation, economic and political agents with easy access to valuable resources often managed to seize assets through spontaneous privatization that was unrelated to the policies chosen by the president. Plausible

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<sup>13</sup> Using other data sets, other scholars have found similar results (Shugart 1998).

accounts for increases in income inequality need not include increases in presidential power.<sup>15</sup>

A similar challenge can be made about the relationship between expansions in presidential power and the number of effective political parties. It may be the case that a strong presidency increases the number of effective political parties. In this study, a high number of effective political parties typically precedes the expansions of presidential power in most cases. The data on the number of effective political parties is taken at the start of the legislative session which typically occurs prior to the increase in presidential power.

In addition, there are many reasons why these countries have a high number of effective parties that may have little to do with the strength of the presidency. Permissive electoral rules, ethnic and cultural heterogeneity, a lack of resources, and competitive dynamics among new parties also contribute to weak party systems in the regions. Thus, one can imagine many routes to weak party systems that do not go through a strong president.

It is often difficult to divine the direction of causation, but there are good reasons to believe that powerful winners from economic reform and weak party systems have led to expansions in presidential power, rather than the other way around

Results from studies with a small number of cases are often unduly influenced by cases that take extreme values.<sup>16</sup> In this study, the results hold even if some potentially influential cases are dropped from the analysis. For example, Georgia and Ukraine have a very high number of effective political parties (19 and 15 respectively), but excluding each case individually does not significantly affect the results.<sup>17</sup>

### **Case Study Evidence**

These results also find some support in the case study literature on presidential power.<sup>18</sup> If the argument is correct then we should find that alliances form between the winners from reform and the executive branch, that increases in income inequality precede the expansion of presidential power, and that the number of effective political

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<sup>14</sup> A lack of evidence on partisan affiliation of deputies in Kyrgyzstan reduces the number of observations from 22 to 20. Further analysis of the case however suggests that it fits the argument quite well.

<sup>15</sup> One could argue that presidents conduct economic reforms to reward winners and expand their powers in this way. This may be true, but likely overstates the foresight and ability of the president to influence outcomes. Much of the economic redistribution occurred due to spontaneous privatization of state-owned assets that was largely beyond the control of the state to influence.

<sup>16</sup> For a nice treatment of this problem see Bernhard (1998).

<sup>17</sup> The results also hold if a logistical regression is used. That is, we get similar results if we seek to explain whether or not presidents managed to increase their power by coding stability as 0 and change as 1.

<sup>18</sup> These case studies aim only to illustrate the plausibility of the argument made above. In the future I plan to devote more attention to the case studies.

parties is high prior to the expansion of presidential power. We should also seek to identify causal mechanisms by which presidents and their allies are able to expand their power. In several cases, presidents have managed to expand their power with the help of groups that had received significant benefits during earlier periods of reform and in countries with fragmented party systems

### **Russia**

The argument seems to fit the Russian case quite well. Early in the transformation, we see tremendous increases in income inequality and a fractious parliament with a large number of effective parties (Andrews 1996). The gini coefficient in Russia during Yeltsin's first three years in office grew by 70% and the number of effective political parties in the first parliament was 10. Prior to the expansion of presidential powers we find a great increase in economic inequality and a fragmented party system. Moreover, we see a clear alliance between the President and the winner from reform. This occurred primarily through a loose coalition of industrialists from the natural resources sectors, exporters with privileged access to scarce licenses, and bankers from the financial sector.. In addition, governors from regions benefiting from reform were also an important constituency for President Yeltsin. In 1993, regions with a strong natural resource base and with clear ties to foreign capital expressed confidence in President Yeltsin's policies in an April referendum at a rate greater than did other regions (Chugayev and Gimpelson 1993). Undoubtedly the influence of Prime Minister Chernomyrdin, the former head of Oil and Gas Ministry, played a significant role in this significant victory for President Yeltsin. President Yeltsin later relied on the results of this April referendum to justify the disbanding of parliament in September 1993. In the first half of 1996, as the Communist Party candidate for the Presidency Gennadii Zyuganov ran on a platform of decreasing the powers of the presidency, members of Russia's financial and natural resources bankrolled President Yeltsin's campaign and encouraged continued concentration of political power in the presidency (Remnick, 1997).

### **Moldova**

In Moldova, President Snegur significantly expanded his power and received the authority to conduct economic reform by decree during his first term. Snegur, the former head of the Moldovan Communist Party with close ties to the agricultural sector, managed to retain his office by championing the cause of Moldovan independence in the 189-1991. His supporters within the Moldovan Popular Front and the agricultural sector

who were initially well supported in the Parliament backed his calls to create a Presidency in 1991. They also backed his calls for greater power in 1992.

The level of redistribution was quite high during Snegur's administration and the gini coefficient grew by more than 50% (.56). Despite having a relatively low number of effective political parties (2.8), President Snegur benefited from a disorganized parliament that often lacked a quorum because deputies elected from the self-proclaimed Transdnister Republic rarely attended legislative sessions. The institutional weakness of the Parliament helped Snegur initially expand his power.

Later in President Snegur's term, however, the parliament managed to dramatically reduce the powers of the presidency – the first and only time that this has happened in the set of countries under study. Parliament benefited from a consolidation of parties in the second legislature. Following a landslide electoral victory for the Agrarian Democratic Party in parliamentary elections in February 1994 that gave it a one-party majority in the legislature, President Snegur's former backers distanced themselves from the president. Boasting control over 54% of the seats in the legislature, the Agrarian Democratic Party was in a strong position to curtail presidential power and quickly pressed for constitutional changes that would significantly reduce the powers of the presidency. In the struggle for greater formal powers, the winners from economic reform – primarily in the agricultural sector and its related bureaucracies sided with the Agrarian Democratic Party, rather than the President (Crowther 1997: 309-310). By 1994, Snegur's popularity had faded, in part due to splits within the Moldovan Popular Front and conflicts between President and Parliament. Over Snegur's determined opposition, the Agrarian Democratic Party passed a new constitution in July 1994 that drastically reduced the powers of the Presidency (Crowther and Roper 1996; Crowther 1997). In this case a strong party with a majority of seats managed to wrest political power from a president aiming to expand his power.

## **Ukraine**

Evidence from the two presidential administrations in Ukraine also seems consistent with the theory. President Leonid Kravchuk who held office from 1990-1994 failed to increase his powers despite a strong showing in the elections and the prospect of serving as 'the unifier of the nation' as the first President of post-communist Ukraine. Economic inequality increased greatly (46%) during Kravchuk's term as the President favored the status quo of continued spontaneous privatization and the subsidization of loss-making

enterprises. Despite this inequality, Kravchuk's attempts to gain greater power at the expense of the parliament were consistently rebuffed by the majority in parliament (Wilson 1997: 90-91). Yet, we can find part of the explanation for Kravchuk's inability to expand his power in the Ukrainian party system. Kravchuk faced a parliament that was largely controlled by a single group of deputies – the so-called group of 239 – a bloc of deputies elected from the Ukrainian Communist Party that primarily served the interests of the nomenklatura. This group held a majority of the seats and demonstrated a tendency to vote as a bloc (Ariel 1994).

This constellation of forces changed in the parliamentary elections of March 1994. The number of effective political parties increased to more than 12 and the bloc of 239 largely split. Several months later President Kravchuk lost office to Leonid Kuchma, a former manager of an industrial conglomerate that operated primarily in the defense sector. His background placed him squarely in the camp of the industrial lobby that had benefited tremendously from the continued spontaneous privatization overseen by President Kravchuk. Kuchma quickly took advantage of the divided parliament and relied on the backing of the industrial lobby to convince the parliament to grant him the power to conduct economic reform by decree – a power he received in late 1994. Kuchma then began to push for a new constitution that would increase his formal powers at the expense of the parliament. In the spring of 1995 Kuchma followed President Yeltsin's example from 1993 and threatened to call a referendum on confidence in the president and the parliament. Kuchma's alliance with the winners made this threat to call a referendum more credible. The winners from reform could ensure that President Kravchuk would receive favorable treatment in the media. In addition, the industrial lobby was a very well organized political force. By contrast, the left bloc in parliament had split by this time (Wilson 1997: 86-87). In June 1995 Parliament passed a Constitutional Agreement that increased the powers of the presidency from 8 to 13. A year later, following another threat to call a referendum, the parliament passed a new constitution that enshrined these presidential powers.

The case studies have been presented in very abbreviated form, but seem to provide evidence that echoes the results of the quantitative analysis.

#### Caveats

Several caveats to the cross-country analysis are in order. First, this is a small number of cases. Given that the data set consists of 22 observations, caution is prudent. One

would like to include more controls and variables in the analysis, but concerns over degrees of freedom in the quantitative analysis make this difficult.<sup>19</sup>

Second, there is a non-trivial amount of measurement error. Data on income inequality is generally difficult to collect under most circumstances and in the post-communist cases these difficulties are only magnified. The income inequality data are probably the most accurate available, and are most likely biased against the argument made here. For example, the incentives to underreport wages are lower than the incentives to overreport wages. This would suggest that the high figures of income inequality are understated. Nonetheless, these data are less precise than one would like in an ideal world.

Third, the data on the number of effective political parties is also somewhat imprecise. Deputy affiliations are taken from election results and do not take into account changes in affiliation that occur between elections. This form of measurement error is likely to be biased in line with the argument presented. Countries with a high number of effective political parties are likely to be the one with the greatest measurement error.

Future work on the project could include at three things. First, more refined statistical techniques could be employed. For example, rather than examining changes in presidential power during a particular administration, it could use each year in a presidential system as the unit of analysis. Second, an examination of roll-call votes on expansions of presidential power would be a useful next step to determine the bases of support for greater presidential power. Third, more detailed case studies that pay closer attention to the causal mechanisms by which Presidents are able to increase their formal power would also be useful.

## **Conclusion**

This work has presented a preliminary explanation for expansions in executive power in post-communist democratizing presidential systems. It has argued that economic reforms that produce concentrated economic benefits have led to expansions in presidential power in the countries under study. It has also argued that a high number of effective political parties has had a similar effect on presidential power.

The implications from this finding are threefold. First, because countries in the region are undertaking fundamental political and economic reform simultaneously, analyses of institutional change should pay attention to the interaction of economics and politics. The close ties between politics and economics in the post-communist world

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<sup>19</sup> Given the small number of cases it is somewhat surprising to find strong results.

suggest that explanations for institutional change should examine political as well as economic factors.

Second, because these countries are undergoing a dual transformation, political institutions are weak. This institutional weakness shapes the interaction of political and economic reform. The lack of strong political parties, labor unions, and business organizations gives strong incentives for individual sectors and firms to press their demands on politicians directly rather than to work through an organization that would mediate and filter their demands. Perhaps, more importantly, the weak political institutions make it very difficult for the winners from economic reform to use existing state institutions to protect their gains. In the great uncertainty of the post-communist transformation winners from reform cannot rely on the state to protect their gains. If the winners from reform in more politically stable settings can rely on existing state institutions for protection, the winners from reform in many post-communist transformations cannot. Concentrated economic benefits can be an important source behind demands for institutional change.

Third, this work views the post-communist transformation as driven primarily by distributional struggles. The collapse of post-communist states and subsequent efforts to reform the former centrally-planned economies have created new groups of winners and losers. Valuable assets in the political and economic realm are in many respects 'up for grabs' during the transformation. Rather than viewing the transformation as an attempt by agents to create a democratic political system or a market economy, it sees the value of viewing the transition as a struggle for control over valuable assets by competing interest groups and their respective political representatives.

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## Appendix I.

Modifications of Shugart and Carey Scale for Post-Communist Cases by Hellman and Tucker.

### Dismissal Government

4 = unrestricted

3\* = only restricted in case of PM

2 = restricted by any body (including PM or parliament)

1 = if must propose alternative minister/cabinet

### Decree Powers

4 = unlimited (to defend the Constitution and its laws)

3\* = for limited time

2 = subject to ex post approval

1 = only negative powers

### Referenda, Same Add:

1\* = needs parliamentary approval

### Appointing Government, Same add:

2\* = President appoints PM, and then appoint

\* measure added according to Hellman and Tucker scale.