From Imperfect Regimes to…?
Analyzing the Effects of Electoral Revolutions in Transition Economies

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1. Introduction
Haggard and Kaufman in their recent book (2008) about Democracy, development and welfare states in three world regions – Latin America, East Asia and Eastern Europe ask to what extent democracy and democratization affected the responsiveness of governments to the interests of low-income groups. They expect to find improvement in social aspects in democratic regimes because in order to secure electoral victories the governments in (tax-based) electoral democracies tend to be responsive towards the demands and expectations of their citizens often assembled in different strata and interest groups. At the same time, they point to the paradox of ‘cross-pressures’ of democratizations between 1980 and 2005 where a strengthened commitment toward vulnerable sectors on the one hand collided with ideological trends and/or fiscal pressures towards smaller state on the other hand.

Choosing the region of Eastern Europe this study asks a similar question and investigates the effect of electoral revolutions which between 1996 and 2005 took place in eight countries of the post-communist region on socioeconomic consolidation of these countries, looking closer at two early cases of electoral breakthroughs – Bulgaria and Slovakia.

When thinking about democratization in the post-communist world, Bunce (2005:2) identified three paths to democracy: the first she named “early, fast and easy model” including Poland, Hungary, the Czech Republic, Slovenia and the Baltic states in it. On the second path termed “later, slower, but still successful model”, Bulgaria, Croatia, Romania and Slovakia could be located. “Later, slower but uncertain” path to democracy was lived through in Serbia, Georgia, Ukraine and Kyrgyzstan. What unites the countries in the second and third democratization path is an occurrence of watershed elections. From the second half of the 1990s onwards, a series of electoral revolutions swept across the post-communist region. Out of the twenty-six transforming economies, we have seen a similar event occurring in

¹ This working paper is based on the MA thesis entitled “Electoral Revolutions and Their Socioeconomic Impact. Bulgaria and Slovakia in Comparative Perspective” submitted to the IRES Department in 2006 and is forthcoming with LAP LAMBERT Academic Publishing. Here I summarize the main findings of the work and revisit them from the point of view of literature which aims at understanding the relationship between democracy, economic development and welfare.
eight countries which had all shared illiberal or hybrid regimes prior to the crucial elections - Romania `96, Bulgaria `97, Slovakia `98, Serbia `00, Croatia `00, Georgia `03, Ukraine `04 and Kyrgyzstan `05. In all these states, in presidential or parliamentary elections broad mass vote participation took place and the liberal opposition managed to defeat the semi-authoritarian incumbents, moving these nations in a more democratic direction.

Several questions come to surface in respect to these phenomena. What conditions gave rise to these breakthrough elections? What were common procedural features? How to understand electoral revolution and how to differentiate it from normal electoral turnover as well as from the first elections at the break of the regimes? To address these questions, a new area of research came forward where the electoral revolutions have been studied in a broad perspective of democracy promotion. However, perhaps the most important question related to electoral breakthroughs, not so far systematically dealt with by scholarship, remains to be tackled: What have been the political, economic, and social outcomes of electoral revolutions and where lies their most crucial contribution? This work therefore aims to advance the literature about electoral revolutions through investigating the interconnection between the process of democratization – defined as the instance of electoral revolution – and socioeconomic development.

This paper chooses two early cases of electoral revolutions – Bulgaria and Slovakia for two reasons. First, the crucial elections took place in these states at similar time during the transition – in April 1997 in Bulgaria and in September 1998 in Slovakia. The earlier occurrences of electoral breakthrough by now provide sufficient time span for the analysis of the effects. Second, it is particularly interesting that the macroeconomic indicators before the pivotal parliamentary elections were relatively positive in the Slovak case while rather grave in the Bulgarian case which offers an interesting variation among the cases which is of interest for this study. It is hence interesting to ask what form did the socioeconomic development take after the significant political shift and how does it compare to the development before the change, what was the character of macroeconomic and institutional reforms which were introduced by the new governments and what were the decisions related to social policy.

Similarly to logic presented in Haggard and Kaufman (2008), the original working hypothesis expects to find improvements in socio-economic development due to several reasons. First, arguably, the dissatisfaction of citizens who rallied in the streets was multi-faced and, as this study will show, the political dimension was only one of several along
which the discontent transpired. Second, electoral revolutions were characterized by the ability of opposition parties to unite across political parties which is a factor conducive to potential reforms. Indeed, in this respect, the electoral revolutions brought about unique windows of opportunity for changing the developmental paths of the countries. Third, electoral revolutions were characterized by rallies and high degree of public involvement which significantly contributed to the success of electoral outcomes. Therefore, the new leaders were ‘indebted’ to public.

Yet the expectations of the research were not confirmed. The analysis finds that while the pivotal elections were clearly a success in a narrow understanding of de-powering the illiberal incumbents, the improvements in socioeconomic development varied. The post-electoral success in a broad sense of bringing tangible improvements was context dependent and materialized to the greatest extent on the dimension where the country had the most difficulties prior to the revolution. While the main motivation of ‘regime change’ in Slovakia was dissatisfaction with Mečiar’s semi-authoritarianism, economic crisis was the main factor behind the quest for change in Bulgaria. Hence, the main gains were political in Slovakia while in Bulgaria they materialized mainly along (macro-) economic lines. In neither of the cases, however, was the sizeable improvement in democratization and in macroeconomic criteria accompanied by similar improvement in social dimension. Albeit both countries are by now EU members, my findings support the claims of those scholars who point to the role of historical legacies in transitional success (Kuzio, 2008; Haggard and Kaufman, 2008; Bohle and Greskovits, 2007): the good start that Slovakia embarked on in the early 1990s versus the very slow transition in Bulgaria seem to have been detrimental for the extent and success of the catch-up process after their electoral revolutions.

The paper is structured in the following way. The second chapter part reviews literature about democratization, transition and electoral revolutions. Chapter three reviews the regimes in Bulgaria and Slovakia prior to the revolution and establishes the basis of electoral revolutions. Chapter four reviews the effects of electoral revolutions on political, economic and social dimension and the final part draws conclusions.

I. Literature review

a. Democratization and welfare states in Eastern Europe

When the democratization set in the post-communist region in early 1990s, among the tasks that had to be performed was not only a reform of political system but also a reform
of the economy from socialist to market led. Eastern Europe entered transition with a strong legacy of welfare states which were institutionally set up and developed under socialist regime or even before. Alike to Western European societies, state-socialist policies were tied to labor policies but unlike the democratic states, also fixed to central administration. One particular feature of the system was the fact that a substantial part of welfare resources was allocated on the basis of employment which was made available and mandatory to everyone by state. Free access to education and health care are among the remnants of the socialist regime and remained largely intact until today.

As the state was retreating during transition, political, economic and social reforms unfolded in different forms in terms of speed, sequencing and comprehensiveness in the individual CEE states. Fiscal pressures which accompanied the process throughout were an important constraint on development of social policy. The social dimension of transition was originally the most neglected - by international institutions as well as individual states – and came to the forefront of the reform processes only well into the late 1990s (Orenstein and Haas, 2002). An exception to that was the introduction of unemployment schemes and other labor market mechanisms which played a crucial role in helping the societies adjust to the negative effects of restructuring and integration into global economy (Boeri and Terrell, 2002). The new schemes were originally fairly generous but were cut back in the second part of the 1990s in the majority of states as an ‘unsustainable expense’ (Manning, 2004). Alongside the reform pressure and fiscal pressures, electoral arena in democracies allows freedom interest groups to voice and demand their claims and gives incentives to political elites to distribute or redistribute income.\(^2\) Electoral revolutions which happened across eight countries in post-communist region have represented another tangible move towards more democracy and accountability. In the following part I review in which way they can be connected to transition literature and how to understand them in relation to socioeconomic issues.

b. Transition and electoral revolutions

The academic debate about electoral revolutions can be broken down into two different, although interrelated perspectives of examination. The first perspective has enhanced electoral revolutions as an independent or intervening variable and analyzed it as a

\(^2\) For a detailed overview of literature which has studied the effects of democracy on social policy and social outcomes, see Haggard and Kaufman, 2008: 365-369.
factor which influenced political and economic transformation in a specific group of post-communist countries. This approach is part of the broad transition literature which has attempted to explain the variation in the transformation success among the countries. Within the transition literature framework, one segment emphasizes the importance of the communist legacies and structural conditions at the collapse of the old regime which accounted for different starting conditions (De Melo et al, 1997, Bunce, 1999, Balcerowicz, 1994, Kopstein and Reilly, 2000, Popov, 2000). Another branch of transition studies is represented by scholars who stress the prevailing importance of ‘agency’ and policies or the political decisions of the elites in the transition (De Melo et al, 1996, Meseznikov et al, 1999).

In the aftermath of ‘colored revolutions’, an area of research emerged where the phenomenon of electoral revolutions has been studied as a dependant variable (Bunce and Wolchik, 2006a, Bunce, 2006, McFaul, 2005, Silitski, 2005a, Herd, 2005, Carothers, 2004, Bunce and Wolchik, 2007). These scholars have specified characteristics of the societies where the electoral revolution has taken place and defined ‘the electoral model’ in order to distinguish colored revolution from a traditional change of government through democratic elections. One of the debates resonating in this body of literature has focused on determining the extent and ratio of domestic versus external conditions which contributed to the success of the electoral revolution. Bunce and Wolchik (2006a) have embarked on a comprehensive research to study the second revolutions as a debated outcome of democracy promotion of the Western world in the post-communist region pointing to the importance of domestic factors. Carothers (2004) looked at specific instruments of Western aid in promoting electoral revolutions in the region while Vachudova (2005) analyzed the EU conditionality as an external influence on the transformation of the selected countries. The studies seem to conclude jointly that success of the political shift realized via electoral revolution with a significant external help was in the end determined greatly by the constellation of various domestic factors such as a hybrid character of political regime, emergence of a leader, ability of opposition to unite, use of parallel vote tabulations during the elections, and emergence of a strong civil society (See also: Bunce, 2005. Silitski, 2005b, Bunce and Wolchik, 2006b).
c. Theorizing electoral revolutions: what is the importance of economy?

How does literature understand an electoral revolution? For Silitski (2005a:1) it is “a pathway to democracy for unconsolidated non-democratic or semi-democratic regimes. Vachudova (2005:158) uses term ‘watershed elections’ where rent-seeking political parties were replaced with more reform-oriented parties in government. In simple terms, electoral revolution means elections which produce regime change (Bunce and Wolchik, 2006a). In regard to timing, the events do not refer to the initial transitions from the communist rule which took place in the late 1980s and early 1990s but rather to pro-democracy movements that arose in less successful transforming countries against corrupt and proto-democratic successor regimes (Tucker, 2005). The term ‘revolution’ could be somewhat misleading as it is a non-violent and peaceful process\(^3\), although accompanied by mass mobilization not only in high voter turnout but also in protests that preceded or followed the elections (Bunce, 2006). Thus, the word “revolution” is not meant to imply longer term consequences of electoral episodes but rather only to stress that the pro-democracy movement in each case was in fact successful in overthrowing the current regime (Tucker, 2005). In their late piece, Bunce and Wolchik (2007) shift to term the phenomenon ‘democratizing elections’ to stress that what defined these events was not violence but significant change always in more democratic direction.

Scholars differ as to which countries they assess when looking at the episodes of electoral revolutions. Bunce and Wolchik (2006a, 2007) adopted a broad conception and in addition to the later and typical cases of ‘colored revolutions’ in Serbia, Georgia, Ukraine and Kyrgyzstan, they also include in their analysis the early instances: Romania, Bulgaria, Slovakia and Croatia. The other cluster of scholarship relates primarily to ‘typical’ occurrences of electoral breakthroughs, which are Serbia, Georgia, Ukraine and Kyrgyzstan, accompanied by clear attempts to rig the elections by incumbent governments and popular protests following the election (Tucker, 2005, Herd, 2005, Silitski, 2005 a, b; Kuzio, 2008).

According to Bunce (2006), what unites all the cases – early as well as later - is the fact that because governing coalition, ideology and represented constituencies all changed, the elections in these countries served as a major political turning point. In presidential or parliamentary elections broad mass vote participation took place and the liberal opposition managed to defeat the semi-authoritarian incumbents, moving these nations in a more democratic direction. In other elements, either in respect to preceding conditions in

\(^3\) Here Kyrgyzstan was an exception.
individual countries or in regard to the procedural elements of the breakthrough, the countries differ: some elections were parliamentary while other presidential, some opposition leaders were charismatic and conducted remarkable campaign while others less so, youth organizations played a powerful role in some countries while more marginal in others and some required mass protest before new governments were able to take power while others not.

Which factors seem to have inspired and constituted electoral revolutions? The main common feature was a hybrid character of the regime located in the wide zone between full-scale democracy and hard-line dictatorship. The political systems were “repressive enough to invite public resentment but liberal enough to be open at least potentially to the development of an opposition” (Bunce, 2006:2-3, Silitski, 2005b). In addition, the minimal condition shared by the regimes was the fact that elections were held regularly, although tolerance of opposition as well as transparency of electoral process varied (Bunce, 2006). Illiberal leaders were closely associated with escalating levels of corruption, financial scandals and in some instances violence against political opponents (Bunce and Wolchik, 2006). When the incumbent leaders had antagonized their societies through repression, mismanagement and corruption, the demand for political change became overwhelming.

Provided that opposition united and began to work together and civil society matured enough to mobilize both voters and peaceful protesters, the electoral breakthrough materialized (Silitski, 2005b). Cooperation among opposition forces was crucial not only for the pre-election campaign in order to convince public to participate and express dissatisfaction with the regime and protest should the incumbents try to steal the election but it also proved important for encouraging institutional supporters of the regime – such as police, army and intelligence services - either to maintain their distance or to defect (Bunce, 2006). The mechanisms of the electoral model such as parallel vote tabulations, exit polls and domestic and foreign election monitoring proved to be extremely important methods for securing free, fair and transparent elections (McFaul, 2005). To this end, the presence of (at least relatively) independent media able to relay news about falsified vote and publicize mounting popular protests was another important element of the electoral model (McFaul, 2005, Silitski, 2005a). Procedurally, the opposition movements have strictly adhered to the law as they strove to legitimize themselves by playing by rules.

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4 Such practices were well – known in Serbia and Ukraine but also in Slovakia where the kidnapping of President Kováč’s son took place.
set by institutions and leaders they rebelled against. Carrying out the revolution according to democratic rules immediately secured for the victorious democrats international recognition and legitimacy to support their new identity (Silitski, 2005a).

The factors outlined above represent elements which contributed to the success of the electoral revolution in a narrow sense or were essential for the model to succeed. The literature on electoral revolutions has left out almost entirely looking at the role of economic factors prior or during the electoral breakthroughs. Yet, these constituted important contextual elements which can play an important role in the processes of democratization. There are theoretical reasons to consider and analyze economic and social factors in the studies of electoral revolutions and to expect positive impact of electoral-revolution-democratization on welfare. First, the dissatisfaction of citizens who rallied in the streets was multi-faceted and the political dimension was only one of several along which the discontent transpired. Second, electoral revolutions were characterized by the ability of opposition parties to unite across political parties which is a factor conducive to potential reforms. Indeed, in this respect, the electoral revolutions brought about unique windows of opportunity for changing the developmental paths of the countries. Third, electoral revolutions were characterized by rallies and high degree of public involvement which significantly contributed to the success of electoral outcomes. Therefore, the new leaders were ‘indebted’ to public.

While all the democratizing regimes shared high corruption levels, problematic privatization processes and some of them functioned on the principles of ‘crony capitalism’ (Silitski, 2005a, Tucker, 2005), the level of economic development or the state of economy did not play a uniform causal role in the democratic breakthroughs. First, in the two early cases of electoral revolutions – Romania and Bulgaria – the immediate cause of the protests were the economic and financial crisis caused by delayed transition which led to severe economic hardship and social concerns. Contrary to that, Slovak macroeconomic indicators before the 1998 parliamentary elections were relatively positive and experienced full deterioration after the breakthrough (as a result of reforms introduced by the new government). Similarly Ukraine prior to the electoral turnover had a history of stable macroeconomic environment and robust economic growth accompanied by FDI inflow. Interestingly, according to modernization theory, in the long term there is a link between rising wealth of the country, the emergence of middle class and democratization which

5 Oligarchic capitalism has been present particularly in the later cases – Serbia, Ukraine and Georgia.
could explain the social basis of Orange revolution in Ukraine (McFaul 2006). In contrast, Serbia and Georgia had been living through periods of economic trauma and hardship that certainly helped to undermine the regimes, although they were not an immediate trigger of the change (McFaul, 2005, McFaul, 2006). In sum, economic and social factors played an important role in nearly all the cases of electoral breakthrough either as an immediate cause (Romania, Bulgaria) or as factors which helped to undermine the legitimacy or valence of the incumbents to govern the country (Serbia, Georgia, Kyrgyzstan, partly Ukraine).

II. Imperfect regimes and the basis of electoral revolutions in Bulgaria and Slovakia

The electoral revolutions in Bulgaria and Slovakia belong to the early cases. The political turnover did not necessitate popular protest after the elections in order to oust the illiberal incumbents out of power. The mass vote participation and the ability of the opposition to mobilize population through campaigning, however, demonstrate extensive discontent of the citizens with the old regimes. In the following analysis I provide more details about the pivotal elections, their development and societal groups which supported the change.

The pivotal elections in Bulgaria took place on 19 April, 1997. As assessed by international organizations monitoring, they were free and fair. Although the flow of the elections in itself was satisfactory, turbulent era marked by political tension and popular street protests preceded it. The Prime Minister resigned in late December 1996 and the opposition marched to streets with a mass popular support in order to force post-communist Bulgarian Socialist Party (BSP), in government since 1994, to agree to early elections. The reasons and the main theme of street protests which continued for about a month was the Bulgarian economic misery: the ruling Socialists were blamed for continuing old Communist policies that brought the country to the edge of economic collapse (CNN online, 15.1.1997). The protests were led by the Union of Democratic Forces which, as discussed above, won the elections in 1991 but then lost the seats after the vote of no-confidence the following year. The Socialist party then won the 1994 elections with a promise to undertake less painful reforms. Their policy, however, turned out to be one of no reforms with an aversion to privatization and to the entry of foreign investors into the economy (CNN online, 19.4.1997). Under the ex-communist rule GDP showed decline
rather than growth and the inflation soared pushing wages and pensions below subsistence levels. In 1997, Bulgaria was among poorest of the transition countries (CNN online, 15.1.1997). Interestingly, the opposition enjoyed strong backing from students and labor unions during the protests. Several sectors of the economy, such as miners, health care and public transportation workers and taxi unions, participated (CNN online, 11.1.1997). Schools, hospitals and factories held protests ranging from one-hour warning strikes and rallies to wearing blue ribbons symbolizing protest. Together with wide numbers of population also businessmen and business-minded politicians called for change and implementation of real market reforms (CNN online, 16.1.1997). As the outcome of the elections the government led by post-communist leaders criticized externally and by domestic forces for lousy economic policies, corrupt practices and deterioration of democratic standards was voted out of power. Wide protests and mass mobilization contributed to the early elections and a victory of liberal opposition led by the Union of Democratic Forces (UDF) which symbolized a clear political turnover.6

Crucial elections took place in Slovakia on 25-26 September 1998. The word ‘change’ became one of the buzzwords surrounding the process of elections and symbolized a desire to distance from the practices of autocratic Prime Minister Mečiar. The 1998 elections were not about whether the tip of the political scale should move to the left or to the right; they represented a stark choice between following an authoritarian path dubbed ‘Mečiarism’ versus returning to the ideals of November 1989 Velvet Revolution - democracy, open society and rule of law. The elections were preceded by a highly charged campaign which involved not only political parties but also non-governmental organizations and representatives of social and cultural life. The campaign aimed at mobilizing society to come and express their voice in the elections. Indeed, it was highly successful, attracting 84% of voters to the polls, many of them anti-Mečiar young first-time voters and greater share of urban population (Gyárfášová and Húska, 1999). Among those who expressed discontent with the regime was also the Confederation of Trade Unions (Málová, 1999: 169-177). Representatives of political parties, NGOs, trade unions, the independent media and a part of the Church actively participated in and constituted broad civic mobilizations (Butora et al, 1999:17). There was a considerable fear about potential electoral fraud and thus the elections were closely scrutinized both by the Slovak public and the international community.

(Henderson, 2002:48). Despite the worries, the elections and handing-over of the power was free, fair and peaceful.

The election results *de iure* brought victory to Mečiar’s HZDS which received the biggest share with 27% of the votes. However, not only was this significantly less than in 1994, the amount of votes also resulted in the *de facto* incapacity to form a coalition. The opposition forces won a 58% share of the votes which translated into the constitutional majority in the parliament. A pro-Western but ideologically diverse left-right coalition was formed.\(^7\) Again, in a narrow sense, the Slovak electoral revolution was a success – semi-autocratic regime was voted out of power and replaced with forward-looking agenda of democratization and continuation of market reforms.

Placing the Slovak and Bulgarian pivotal elections in a comparative perspective, similarities as well as differences are evident. First, both elections were successful in the sense that illiberal regimes were replaced by liberal pro-Western and pro-reform opposition. Alarming is perhaps the similarity of regime character: turbulent party politics, foreigners-averse privatization, ethnic minority problems, or control of the state media are just some examples. Then, in Bulgaria as in Slovakia, the discontent with the regime was widely shared – ranging across classes and across sectors. The masses as well as intellectuals came to streets for civic rallies and party campaigns to express their will for change. The major difference among these two cases and their ‘second revolutions’ lies in the incentives and key reasons of the popular discontent: while in Bulgaria the dissatisfaction stemmed primarily from economic decay culminating in financial crisis and devastating economic disaster, in Slovakia the reasons for change were motivated mainly by malfunctioning of democracy and country’s international isolation. In Slovakia, dissatisfaction with the level of living standards and economic progress seemed to have played a much smaller part than in Bulgaria.\(^8\)

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

\(^7\) The coalition consisted of: The Slovak Democratic Coalition (SDK), the Party of the Democratic Left (SDL), the Party of the Hungarian Coalition (SMK) and the Party of the Civic Understanding (SOP). See Bútora et al, 1999: 9

\(^8\) The fact that 1998 behavior of the Slovak electorate was not economically motivated is convincingly shown in Tušičišny, 2003.
liberalization, privatization and stabilization - but eventually also the second wave reforms related to complex restructuring of sectors such as banking, health care and pension system. Meanwhile, competition for foreign investment intensified in the post-communist region and Slovakia and Bulgaria had to join the race during the time of economic slump which accompanied the first years of consolidation after the second revolutions. I now turn to capture empirically the extent and character of improvement in democracy, economy and welfare.

III. The outcomes of electoral revolutions

a. Immediate outcomes – democratization of the countries

Electoral revolutions in Bulgaria and in Slovakia improved governance and democratization, most profoundly though ‘voice and accountability’, ‘regulatory quality’ and ‘electoral process’ (Kaufman et al, 2005). The indicators of good governance and nations in transit ratings over the period 1997 – 2005 show that while both countries advanced, the progress in Bulgaria was in comparison to Slovakia rather limited (for a more detailed analysis see Kurekova, 2009). Said with a bit of irony, if the democratic conditions of the Slovak society in 1998 were a benchmark for indicating electoral revolution, then Bulgaria in 2004 was ripe for one. The EU membership, however could be perceived as the most robust proof of quality of democracy. On that yardstick, Bulgaria’s entry into the EU in 2007 signified that the country fulfilled the political and democratic criteria set in Copenhagen or, at minimum, has been showing constant and continuous advancement. Yet, democratization in the two countries did not mean that the illiberal parties or politicians left the politics but quite the contrary.

Since the electoral turnover, Bulgaria has seen two parliamentary elections. In 2001, the UDF government, despite the fact that it enjoyed an excellent international reputation due to its commitment to Bulgaria’s accession to the Euro-Atlantic structures, the establishment of macro-economic stability through a currency board and progress on structural reforms, was out-competed by freshly established broad coalition National Movement Simeon II (NMS II) headed by a former Bulgarian king Simeon Saxe-Coburg who also became Bulgaria’s prime minister. The UDF was punished for a drop in credibility caused by political corruption especially in privatization deals and repression of increasing criticism. The economic program of the successor NMS II was radically liberal (Azmanova, 2001). The Saxe-Coburg government remained in office for a full term and was successful
on many accounts, including stable macroeconomic policy, Bulgaria’s entry into NATO and progress on the EU membership. In other areas, however, solutions were less satisfactory: although welfare and living standards allegedly improved, they remained below the expectations of population (EIU, 2006). Consequently, the elections in 2005 brought back to power the same party which had been kicked out in 1997 - the BSP - which composed a coalition government with NMS II and Turkish Movement for Rights and Freedoms.

In Slovakia, despite the economic hardship caused by the reforms, the first Dzurinda government was given a popular consent for another term in the office. The left-right coalition of 1998-2002 was replaced by homogenous constellation of centre-right forces. June 2006 parliamentary elections tested the satisfaction of the population with the economic and social progress of the country and resulted into the victory of social democratic SMER. The new Prime Minister Robert Fico, sadly, did not shy away from rehabilitating Mečiar back to prime politics. In addition to Mečiar’s HZDS which had been ousted out of power by the electoral revolution, also the Slovak National Party (SNS) which participated in the shady governing of the country in 1994-1998 re-joined the new government from 2006.

The most recent election outcomes show that the defeat of incumbents in electoral revolutions has not prevented them from actively re-entering political scenes in both Bulgaria and Slovakia few years later. The outcomes in the other countries in respect to coming to terms with illiberal politics after the breakthrough elections are yet less optimistic (see Kuzio, 2008).

b. Broad betterments? – limits of socioeconomic improvement

i. Economic indicators after electoral revolutions

Following the elections in 1997, Bulgarian new government first had to implement urgent stabilization measures. Substantial progress was achieved relatively soon in alleviating all macroeconomic indicators. In recognition of the progress the accession negotiations with the EU were opened in December 1999. Since then the country marked significant growth rates in GDP and inflation stabilized after the introduction of currency board. Stringent fiscal policy yielded budget deficits under 3% Maastricht requirement range and in mid 2000s resulted even in the budget surpluses. Foreign debt has gradually decreased, reaching in

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9 The new coalition consisted of the Slovak Democratic and Christian Union (SDKU), Christian Democratic Movement (KDH), liberal Alliance of New Citizen (ANO) and Party of Hungarian Coalition (SMK).
2004 an amount a third smaller compared to the 1996 level. Overtime a number of reforms in privatization and restructuring, domestic prices liberalization, and reforms of tax system, banking sector, health care and agriculture were launched. While the pre-1997 was characterized by a dearth of foreign investment, since 1999 Bulgaria started to attract significantly greater amounts of foreign capital, albeit green-field investments have remained modest (EIU, 1997, EC, 2004).

In Slovakia, the improvement after the elections in 1998 in respect to macroeconomic indicators was rather modest. Overall, the economic performance of Slovakia could be described as having a ‘U-shape’. The data worsened close to 1998 and remained on relatively poor level for few years after the electoral revolution. GDP growth reached only 2% in 2000, budget deficit grew to 12.3% and the external debt increased. Reforms put off under the Mečiar regime and the problems related to late start were blamed for the economic hardship and severity of the process. The progress started to materialize only towards the end of the first Dzurinda’s government term in the office. After several years of declining real wages, increasing unemployment and debt, the trend was finally reversed from 2002. The coalition was successful at implementing several necessary reforms which included restructuring the banking sector, improving the business environment and state regulation of the financial sector and restructuring and privatizing state-owned enterprises, among them also some of the so-called strategic industries (Vachudova, 2005, EIU, 2000:32-33). The remaining reforms in the sphere of health care, pension system and combating high unemployment that had been put off during the first Dzurinda government were introduced by homogenous centre-right coalition elected in the 2002 elections. The Slovak flat tax reform earned the country particular international attention. In early 2000s country attracted a series of green-field investments and became a hub of automotive industry. Due to the ability to adhere to the Maastricht criteria, in early 2006 the Slovak government was able to announce entry to the ERM II system and the country joined to the euro-zone in 2009.

In sum, prior to 1997, Bulgaria had delayed reforms and was driven into the state of economic and social misery. After the electoral breakthrough, public finances consolidated remarkably and series of first generation reforms were finalized. Second generation reforms were introduced later on as well. In relative terms, the success of the pivotal elections in respect to improving economic standards in the country was immense as all dimensions observed in the previous part improved significantly. Slovakia had a much more promising
start to the transition. Excluding the short recession at the start of the 90s, macroeconomic indicators until 1998 were in the Slovak case very positive. It was the microeconomic environment, procrastination of restructuring and corruption at the highest levels that earned the country pessimistic assessments of rating agencies and due to foreigners-averse legislation a lack of foreign direct investment. After the coalition of liberal forces took the government office in 1998, due to restructuring of ineffective enterprises and other painful reforms an economic slump occurred for several years. From 2002 onwards, the economy picked up and reforms started to bear fruit. In sum, compared to Mečiar era, while the relatively good trend in the macroeconomic indicators was ‘only’ continued (from 2002), the Slovak economy improved significantly primarily on the microeconomic level. Before the world economic crisis the country was attracting high amounts of FDI, GDP growth ranked among the highest in the region and all major reforms (except education) had been put on track.

The EBRD transition reports have provided reliable analysis of overall transition process. Table 1 shows progress in transition and reveals an overtime advancement and improvement on a group of indicators related to transformation from state economy to one organized by market principles. Looked at from a comparative perspective, Bulgaria’s success comes across as much less impressive. First, Slovak performance in large- and small scale privatization, trade and foreign exchange system and competition policy was in 1998 very good and actually equal to the level recorded in 2005.10 Second, the areas where Slovakia improved significantly were governance and enterprise restructuring, price liberalization and performance of financial institutions where the progress after 1998 has been undisputable. Interestingly, no improvement has materialized in competition policy.11

Bulgaria was in 1998 indeed in a worrying situation in the progress in economic transition. The privatization lingered with only 50% of GDP privately owned. Competition policy, governance and enterprise restructuring were weak and financial institutions underdeveloped. Trade, foreign exchange and price liberalization in 1998, however, equaled the Slovak levels and progress on these indicators was very similar in the countries until 2005. However, in 2005 the ability of Bulgaria to improve has been limited and remained

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10 This finding at the first sight casts some doubt on criticism of the Mečiar era privatization. The indexes of large and small scale privatization, however, measure the share of private ownership rather than quality, transparency and effectiveness of the process.
11 This could perhaps be explained by the fact that as much as Mečiar heavily subsidized ineffective industries, liberal Dzurinda governments – in spite of pressures from the EU – have continued to support the sectors traditionally important for Slovakia. Moreover, significant amounts of state aid were invested to attract foreign investors which earned vocal protests of domestic enterprises (SITA, 4.12.2005).
comparatively backward on the parameters where it started low which are competition, governance, restructuring and securities markets. As a result, Bulgarian indexes in 2005 on all indicators (except prize liberalization) are equal to or worse than the Slovak ones were at the year of its electoral revolution in 1998, a findings similar to the discoveries about the quality of democracy in Bulgaria in mid 2000s.

**Table 1: Progress in Transition 1998 – 2005**

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How successful were then the countries in progressing after the electoral revolution on the economic dimension? Presumably, the mere fact that Bulgaria joined the EU in 2007 suggests that its economic standing had in a decade improved. The greatest improvements appear to have materialized in macro-economy as the Bulgarian micro-economy still in mid-2000s needed recuperation – in fact, it only stood at the levels of 1998 Slovakia. In contrast, Slovakia had far fewer corrections to perform and enjoyed a solid economy, although the country remained to face high unemployment and regional inequalities. The Slovak regional success and acknowledgement it has earned - being dubbed the world leading reformer – seem to be in the economic dimension, however, to some extent the fruits of solid fundamentals established by the pre-electoral revolution heritage.

**ii. Social indicators after the revolutions**

As the previous section examined, both Bulgaria and Slovakia have been very successful at safeguarding sustainability of public finance and adequate anti-inflationary monetary policy together with sustainable growth. These parameters are traditionally
viewed as necessary conditions to fight poverty and secure economic and social well-being of the population (Beblavy, 2005: 4-7). In principle, however, these policies are not sufficient for increasing living standards of the population. Employment and unemployment tend to be key objectives of any antipoverty policy as poverty strongly correlates with unemployment. Social standards in Bulgaria prior to the revolution were as a result of inflation and mal-management of public finance very low. Likewise, in Slovakia the level of living standards was a target of criticism from the opposition as well as population. Both countries suffered from persistent and very high levels of unemployment after the electoral breakthroughs. This section thus concentrates on exploring how successful the policies of post-electoral revolution governments in tackling social problems and improving living conditions of citizens across social classes were. I will look at the overall progress in living standards measured in unemployment, poverty and inequality levels and social spending expenditures. I also briefly assess the character and extent of reforms.

First, Slovakia and Bulgaria have gone through similar development in respect to problems with unemployment. Though at relatively high margins, unemployment levels were stabilized before the electoral years and skyrocketed afterwards. This is related to the introduction of structural reforms after the pivotal elections which often led to closing down of ineffective enterprises. While Bulgaria managed to reduce unemployment levels from 18.1% in 2000 to around 12.7% in 2004, speed has been much more limited in the Slovak case with 18.2% in 2000 and 14.3% in 2004 (Table 2). Nevertheless, unemployment remains a major social problem particularly in the Eastern and Southern districts exacerbating regional inequalities. In addition, very low levels of employment in both countries, which even in the run up to the EU accession in Slovakia continued to stagnate, are problematic, albeit in relative terms to Bulgaria Slovakia performs somewhat better.

Second, regarding the levels of inequality at the early stages of transition, Slovakia was at the fall of communism considered to be one of the most egalitarian societies with Gini coefficient in 1988 amounting to 19.54%. Similar source for Bulgaria reports 23.43% Gini in 1989. Particularly interesting are the data reported for 1992 which attribute 19.49% and 30.80% Gini to Slovakia and Bulgaria respectively. These records support the earlier finding that Slovak entry to the transition process was less abrupt. A similar gap can be observed between the levels of inequality in the years of electoral revolutions: 1997 income

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12 Gini coefficient measures the ratio of total income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income.
inequality in Bulgaria amounted to 36.6%; Slovak records in 1998 shows 26.2% income Gini (Table 2).\footnote{Data for distribution of earnings Gini would have been a better indicator but for none of the studied cases data was available. Therefore I refer to income distribution Gini coefficient which includes non-salary income such as dividends (Transmonee, UNICEF).} This difference again supports the claim expressed in the section on reasons of the electoral breakthroughs – while rationale for protests and change in Bulgaria was underpinned strongly by economic and social indicators, in the Slovak case the main drivers of mobilization were related to setback in democratization and oppressive measures of Mečiar regime.

Striking are the inequality levels after the electoral revolutions. During the UDF rule, Bulgarian income Gini decreased from 36.6% in 1997 to 33.2% in 2000. Inequality in the society again rose under Saxe-Coburg neo-liberal leadership, reaching 37% in 2002. In the course of the first Dzurinda government (left-right), income inequality in Slovakia did not change much. In 2003, however, still prior to the launch of major reforms of social security system, income Gini grew to 29.9%. Clearly then, the levels of inequality (at least in respect to income) increased which suggests that low income groups of society were worse off in relative terms to the other segments of society. In Slovakia, this is most likely also the case in absolute terms as real wages after the electoral revolution did not advance to the 1998 level for a long while. Though real wages have after 1997 increased continuously in Bulgaria, compared to the base year they still remain at extremely low levels with earning in 2003 reaching only 55% of the 1989 level (Table 2).

Third, social protection expenditures can serve as a rough proxy to assess development on social dimension. In Slovakia, social protection expenditure has seen a declining trend: from 20% of GDP in 1998, to 19% in 2002 and 17.3% in 2003. The relative decline is perhaps partly leveled out by strong GDP growth what in practice could mean that absolute transfers have not decreased considerably. A similar trend can be observed in Bulgaria. Social protection financing started by European standards at very low levels at nearly 14% in 1991 and peaked at 15% in 1993. In 1996 during the crisis, social protection dropped to only 9.3% of GDP. Moreover, real social expenditure was declining since 1992 alongside inflationary trends. After 1997 social protection spending grew together with GDP, attaining 13.6% in 2001 (Grosh, 2005). In 2003 it amounted to 17.6% of GDP having thus increased significantly; additional 3.9% of GDP were spent on education (Ibidem).

Both Bulgaria and Slovakia have as part of the second generation reforms undertaken changes in their welfare systems. While the process has been lengthy with partial reforms...
and changes occurring throughout the whole transition period, several important adjustments took place during the post-electoral revolution regimes under liberal governments. In Slovakia, the reform of welfare system, accompanied by a series of economic reforms, has been very extensive and comprehensive and affected tax system, health care, pension system, banking, and fiscal decentralization. Labor market legislation and structure of social benefits have undergone comprehensive changes as well. With the main objective to increase flexibility of labor market and decrease mal-use of the system, universal replacement payments decreased being replaced by targeted transfers, such as bonuses to families with children (Gonda and Dostal, 2004). Tightening and conditionality of the welfare benefits on public works, child tax credits and cuts in social security contributions sought to make even work with relatively low salaries pay (Beblavy, 2005). All these measures resulted in greater social tensions demonstrated by higher levels of strike activity and dissatisfaction of population with living standards. In February 2004, Roma food riots took place in the Eastern Slovakia. This together with other impetuses resulted into the adoption of adjustment scheme aimed at reducing negative effects of the reforms on the least advantaged groups in the society but were insufficient to garner electoral victory in summer 2006 (Jakoby et al, 2004). Similar albeit less extensive reforms took place in Bulgaria. As regards pension system, new actors entered the social security system in 2002 when the second-tier individual savings system came into effect (ILO, 2005:78). After its tax reform, Bulgaria ranks among the countries with the lowest levels of taxation in the region. Similarly to Slovakia, labor policy is aimed at financing active labor market measures, such as public work programs, employment promotion measures, and vocational training (Ibidem, 48-49).

The above analysis shows that progress in social inclusion in the aftermath of electoral revolution has been limited at best. Given the fiscal constraints and external pressures which haunted the transition economies throughout, it appears to be the case that the (neo-liberal) withdrawal of the state from the economy rather than expansion of social policy was not so much a ‘philosophy’ but rather a mere necessity (see for example UNDP, 1998:25-26). In the Slovak case due to Maastricht criteria requirements and the late entry into the race for foreign investment which has become a necessary element of job creation, source of knowledge, finance and upgrading, the reforms which were implemented had to compromise between ‘economic protectionism’ and ‘social protectionism’ (Bohle and Greskovits, 2007). In Bulgaria, similar constraints appear to come as much from the EU as
from the lender institutions - Bulgarian debt remains increasingly high and extracts resource which could otherwise be used for other purposes. Hence, the improvement on indicators of governance, political stability and democratization and the progress in respect to financial austerity, budget management, quality of business environment and FDI inflows, was not paralleled by a similar trend in social dimension.
Table 2: Economic and social indicators: 1997-2005

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IV. Conclusion

The electoral revolutions experienced by several post-communist countries represent an instrument of breakthrough on their developmental path: after the pivotal elections the countries were moved in a more democratic direction. The revolutions were accompanied by public euphoria and expectations of change for the better which arguably could have resulted into better social and living standards. In spite of sound theoretical expectations, the great improvements in the indicators of governance and democratization and progress on macroeconomic level were not transferred equally into cross-societal superior living standards and social inclusion, in spite of the fact that general levels of GDP took place. Given the differences in proximate causes of electoral revolutions – political in Slovakia while economic in Bulgaria, the work finds that the most significant impact of electoral breakthrough cannot be identified in general terms and is highly country specific. In the particular cases under investigation here, the greatest contribution of the electoral revolution materialized in the dimension where the country at the time had the greatest difficulties. Bulgaria’s disastrous macroeconomic standing after the electoral breakthrough remarkably improved. For Slovakia, the greatest contribution of the 1998 elections was in the political component.

In addition, at the time of democratizing elections and even still well into 2000s, Bulgaria and Slovakia were at very different levels of capitalist development and democratic consolidation. The level of convergence with the leading group of transforming economies occurred to a different extent in each of these two countries. Slovakia has clearly caught up in political as well as economic terms and even has gotten ahead on the extent and success of some of its reforms, joining the successful reformers in entering the EU in May 2004. In a comparative perspective, Bulgaria has not been able to close the gap which opened up during the first half of the 1990s: in 2004 it ranked on majority of the factors - political, economic and social – only equally well or worse than Slovakia under Mečiar regime.

In sum, electoral revolution as an instrument of breakthrough on the developmental paths of transition economies yielded only a limited success when understood in a broader sense than just major political change. The good start that Slovakia embarked on at the early 1990s versus the very slow transition in Bulgaria seems to have been detrimental for the extent and success of the catch-up process after the electoral revolution. The implementation of reforms by liberal minded politicians was in Bulgaria constrained to a great extent by its poor pre-electoral legacy; Bulgaria was in 1997 de facto still only at the
beginning of the transition. On the other hand, the Slovak economic state of affairs before 1998 was very good even for major part of Mečiar regime. Thus, the Slovak economic success of the last few years has its origins not only in the ambitious comprehensive reforms implemented by the two Dzurinda governments. Rather, a good share of the credit can be traced back to the pre-1998 era. In respect to limited improvements in social dimension, the findings of this work align with the inferences of the branch of democratization and transition literature which stresses the importance of historical legacies (such as inherited industry and institutional profile), the early marketization strategies and fiscal constraints on the ability of states to reform and the role that social policy takes in the shift to freer societies (Bohle and Greskovits, 2007, Haggard and Kaufman, 2008). In conclusion, this work investigated the interaction between the processes of 'second democratization' – operationalized as instances of electoral revolutions – and social and welfare politics in the region of post-communist Europe in order to see whether democratizing outcomes also led to tangible changes in social policies and improved living standards. It found the theoretical predictions of positive correlation between more democracy and more welfare ungrounded, at least in the two analyzed cases. The work does not have ambition to provide generalizable conclusions other than saying that the relationship between democratization, economic development and welfare is very context dependent and complex. With these findings, this study hopes to open up several questions for future research. One relates to explaining the reasons why greater democratization was not necessarily accompanied by better social outcomes in the cases of second revolutions in East-Central Europe. The occurrences of electoral revolutions also provide a fruitful ground for studying how and why windows of opportunity for reform are utilized or wasted.
References


**DATA SOURCES**

EUROSTAT
http://epp.eurostat.cec.eu.int

TRANSMONEE, UNICEF
http://www.unicef-icdc.org/resources/transmonee.html

The Statistical Office of the Slovak Republic
www.statistics.sk