THE IDEOLOGICAL DETERMINANTS OF LIBERAL ECONOMIC REFORM
The Case of Privatization

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FOLLOWING the collapse of the communist regimes in Eastern Europe, one of the first priorities of the reform governments was to transform the system of ownership. The new governments overwhelmingly chose to pursue a broad program of sweeping privatization, transferring the bulk of state property to the private sector. Given that most property was controlled and owned by the state and that there was no historical precedent for privatization on an economy-wide scale, policymakers had to design from scratch a program to transfer the wealth of the state to private hands. With few exceptions, East European privatization officials appointed to this task concluded that it would be too slow and unwieldy to rely on the piecemeal sale of enterprises to private investors, as was typical in West European privatization. More commonly, they developed programs to transfer the ownership of state enterprises to private individuals and groups through mass distribution programs, to be followed by or supplemented with piecemeal sales.

As one can imagine, these policymakers and technocrats could design the mass privatization program in ways that held different distributional consequences for society, such that some groups would benefit more than others, for example, citizens over foreigners, one former elite group over another, managers over labor, and so on. In the Czech Republic the government designed a mass privatization program in which there were no special privileges for any particular groups in society.

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Once the state transformed medium-size and large firms into corporations, any adult citizen could obtain from the government vouchers that could be exchanged for shares in the newly created corporations. There were no explicit privileges or discounts for participants in the voucher program, although foreigners could not participate. In Albania and Hungary the privatization programs similarly avoided granting privileges to particular domestic economic and social groups; Hungarian privatization is unusual, moreover, for encouraging foreign participation over mass participation.¹

In Russia privatization officials initially adopted a mass, voucher-based program modeled closely on the Czech experience. There was, however, one crucial difference that became more pronounced over time. Although the Russian program started out distributing vouchers equally to all citizens, the program later added enormous privileges for employees. In fact, in 72.5 percent of Russian enterprises privatized through the program, 51 percent of shares were reserved for the employees of that enterprise.² Privatization officials in other states similarly designed programs to benefit workers. In Bulgaria 20 percent of shares were offered at 50 percent discount; in Lithuania 50 percent of shares were available to managers and workers at a discount; and in Ukraine a leasing program essentially transferred for free large blocs of shares to worker cooperatives.³

In order to explain the distributive benefits of mass privatization programs across Eastern Europe, the academic literature relies primarily on material interests and power as explanatory variables, paying little if any attention to ideological and cognitive factors. The goal of this

¹ While no other postcommunist privatization program was as neutral as the Czech program regarding employee ownership rights, Albania’s program is a close second. The particularist benefits for enterprise employees were limited to special bidding arrangements that were poorly executed and with minimal effect. On Albanian privatization, see Igor Artemiev and Gary Fine, “Albania,” in Ira Liberman et al., eds., Between State and Market: Mass Privatization in Transition Economies (Washington, D.C.: World Bank, 1997), 177–80. On Czech privatization, see Michal Mejstrik, The Privatization Process in East-Central Europe: Evolutionary Process of Czech Privatizations (Boston: Kluwer Academic Publishers, 1997).

² While estimates vary between 70 and 77 percent depending on the source, 72.5 percent was cited by the former chairman of the State Property Committee in Alfred Kokh, The Selling of the Soviet Empire (New York: Liberty Publishing House, 1998), 146.

article is to make explicit the mechanisms by which ideology influences
the design of privatization programs. The next section discusses why
existing power-based and interest-based approaches to the study of pri-
vatization and property rights change must be expanded to take non-
material, ideological factors into account. The third section presents a
four-tiered framework of how ideas and ideology determine the design
and development of new property rights systems. The final section dis-
cusses the larger theoretical implications of incorporating an ideologi-
cal component into theories of political economy.

STANDARD APPROACHES TO PROPERTY RIGHTS CHANGE

The variation in the designs of privatization policies in postcommunist
countries and the consequences of those designs for particular groups
in society such as labor, managers, and regional elites raise several im-
portant questions: Why did some governments and not others include
enormous privileges for enterprise employees in mass privatization?
Why did certain groups in society benefit more than others from the
particular form of the mass distribution program? More broadly, what
factors determine the design of privatization programs in postcommu-
nist states and, by extension, the development of new property regimes?

In response to such questions, prevailing empirical studies of post-
communist privatization tend to emphasize the relative power of polit-
ical and economic groups in society. Notable examples of this approach
are found in the edited volumes of Aslund and in the numerous publi-
cations of Boycko, Shleifer, and Vishny and of Nelson and Kuzes.4
Specifically, the distribution of power in society is said to account for
the ability of various groups and stakeholders to acquire special owner-
ship benefits within a privatization program. Analyzing the special
benefits for groups such as managers, labor, entrepreneurs, and so on,
these studies contend that the political resistance of economic groups
and actors is responsible for the evolution of privatization policies.

Explanations from the privatization literature are consistent with the
methodological foundations of broader theories of property rights de-
velopment from economic history. This body of theory, which is not

4 Maxim Boycko, Andrei Shleifer, and Robert Vishny, Privatizing Russia (Cambridge: MIT Press,
1995); Lynn Nelson and Irina Kuzes, “Evaluating the Russian Voucher Privatization Program,” Com-
parative Economic Studies 36 (Spring 1994); idem, Property to the People: The Struggle for Radical Reform
in Russia (London: M. E. Sharpe, 1994); Anders Aslund, How Russia Became a Market Economy
specific to the postcommunist context, characterizes the transformation of ownership systems as a process driven by the efforts of the state to advance particular economic interests (for example, Anderson and Hill, North) or to construct a certain hierarchy of power (for example, Riker and Sened, Riker and Weimer) that is constrained, however, by the distribution of interests and power in society (for example, Libecap, Eggertsson). Thus, an explanation consistent with standard theories of property rights would argue that the inclusion of extensive employee ownership privileges in Russian mass privatization and their absence in Czech mass privatization can be explained by analyzing the power and interests of managers and labor vis-à-vis the state in each country case.

According to this logic, we should have expected equivalent privileges and benefits for management (the industrial nomenklatura) and labor in Russia and in the Czech Republic. That is, we should have expected managers and labor to be in equivalent lobbying positions in Russia and the Czech Republic, given that both states emerged from relatively similar property rights structures and industrial structures, with managers and labor having, in principle, equivalent material interests and prior claims to property. Yet the patterns of resistance to privatization and the inclusion of benefits vary enormously from case to case. Without bringing ideology and legitimacy into our analysis, we would realize the differing bargaining positions of these groups vis-à-vis the government only post hoc, namely, with the benefit of knowing how property had in fact been distributed. In such a case the distribution of property would act as both an independent and a dependent variable: it would identify the relative power and interests of groups in society and it would be a product of that power or interest, resulting thereby in tautology.

A crucial shortcoming of standard materialist and power-based analyses becomes especially apparent in comparative analysis; that is, it makes no attempt to capture the forces (1) shaping how preferences form and (2) determining how the distribution of power is perceived. At best the preferences and power of various groups are assumed from the outcomes.

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The inattention to the forces that shape rational expectations and individual preference formation can be said to divide the subliteratures on new institutionalism and indeed has been a point of contention between proponents and opponents of rational choice theory more broadly. The critical problem associated with adopting a materialist or power-based approach to studying change in a property regime is that the standard causal variables—material interests and power—are typically treated as black boxes or as simple givens. That is, little attention is paid, first, to the formation of preferences that shape the content of political lobbying and the demands of groups and, second, to the reasons behind the relative power of those groups, and by extension, the potency of their political pressure.

Why are simple assumptions about preference formation especially troubling in the study of postcommunist privatization? It must be made clear that the assumption of self-interested behavior among actors is not directly at issue here; at issue, rather, is the inattention to the definition of those interests. In a revolutionary environment the formation of interests and preferences—even those that are purely materialist in nature—is extremely complex, owing to the rapid and dramatic transformation of political and economic foundational structures. During such a period of great uncertainty and flux, identifying which policies best serve one's self-interest or even the greater economic good is far from straightforward for political leaders, industrial specialists, and economic advisers—not to mention workers, managers, or anyone else whose welfare is affected by the process. This renders problematic a methodological approach that exogenizes preference formation when attributing policy outcomes to the resistance and pressure of stakeholders, especially stakeholders who simplistically pursue their self-evident objective interest.

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6 The rational choice institutionalist literature, which can include much of the literature on property rights, offers what has been described as a “thin” or “simplistic” analysis of human rationality and preference formation. See the discussion of three subfields within the neoinstitutional literature in Peter Hall and Rosemary Taylor, “Political Science and the Three New Institutionalisms,” *Political Studies* 44 (December 1996).


8 See Oliver Blanchard, ed., *Post-Communist Reform: Pain and Progress* (Cambridge: MIT Press, 1993), chap. 3; and Boycko, Shleifer, and Vishny (fn. 4).
Posing similar difficulties, power-based theories of privatization and property rights development tend to ignore the extent to which the positions of actors in the existing hierarchy of power depend upon shifting human and material resources, as well as upon highly malleable, subjective perceptions of legitimacy and authority. Power is constantly under negotiation, especially during systemic transformation. Given that perceptions of power directly affect the kinds of demands put forth in privatization and the government’s willingness to accommodate those demands, the forces shaping the perception and redistribution of power deserve close consideration.

In brief, identifying one’s self-interest and the way to best serve that interest is highly complex and uncertain for most if not all economic actors in postrevolutionary environments. Power is shifting rapidly and dramatically, leaving economic and political groups unable to gauge their relative power and perhaps even unable to determine and serve their maximum self-interest. For this reason, we cannot rely on a theoretical approach that explains regime change by beginning with an assumed distribution of interests and power. Rather, we must take one step back and consider how economic interests or preferences form and how the distribution of power is perceived when a property regime is in transition. The intention of this article is to show how ideology determines the formation of preferences and hierarchies of power, which in turn shape the development of postcommunist ownership regimes.

**Ideology and Policy Design**

In short, to understand why privatization policies extend explicit privileges to certain groups and not to others, it is necessary to adopt a theoretical framework that takes ideology into account. The remainder of this article draws a direct comparison between the Czech and Russian experiences of mass privatization. Despite the obvious differences in

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10 While this study directs its focus primarily on the mass privatization programs, similar analysis can be conducted for other areas of property reform, such as the privatization of land and housing. In both of these areas the ideological orientations of elite and mass groups have strongly influenced the transformation of property relations. In Russia, for instance, the struggle by the center (that is, Yeltsin’s officials) to privatize agricultural land has been both driven and blocked by ideologically opposed actors. Even more so than in the area of industrial privatization, the ideologically charged sparring match between the president’s administration and the legislature over privatizing real property has rankled throughout the years of transition. More recently Yeltsin vetoed the Duma’s Land Code prohibiting
the scope and complexity of the Russian and Czech economies, their political similarities and equivalent policy starting points make them well suited for comparison. In both states a small group of liberal academic economists, having achieved prominent positions in government, developed similar transformative mechanisms to break with the past communist system. Moreover, Russian reformers, who drafted their own reform program shortly after the Czechs, acknowledged that they had benefited from the prior Czech experience in property reform. Both Russia and the Czech Republic also began their reforms in similar international political contexts, with relatively equivalent property structures and degrees of etatization.\(^{11}\) As well, the proposed Russian and Czech programs themselves initially resembled each other in important ways, especially in comparison with the programs of other privatizing states, including other postsocialist states.\(^{12}\) Both Russia and the Czech Republic implemented a mass privatization program that involved a voucher mechanism, and both distributed property to the population nearly for free. In contrast to the procedure in Hungary, Poland, East Germany, Ukraine, and elsewhere, privatization in Russia and the Czech Republic occurred relatively quickly following the collapse of communism. Furthermore, both teams made immediate privatization a priority. While the similarities between these cases facilitate comparative analysis, it is their difference in the actual (as opposed to the proposed) mass privatization programs that motivates the most interesting questions, specifically, why these two cases differed radically in the extent of privileges offered to economic and regional actors and groups. This article turns to ideology as the variable necessary to answer this immediate question in the hopes of elucidating a much larger area of inquiry: what determines the form of new property rights regimes?

Irrespective of the definition, the term "ideology" necessarily invites controversy. For this reason many scholars avoid the term entirely.\(^{13}\) For

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\(^{11}\) In 1990 in both Russia and the Czech Republic approximately 5 percent of the gross domestic output (GDP) constituted private sector output. In Hungary private sector output as a percentage of GDP was nearly four times greater and in Poland nearly five times greater. For World Bank/OECD figures on etatization, see Liberman (fn. 1), 5.

\(^{12}\) For explicit discussion of the influence of the Czech mass privatization program on the design of the Russian program, see Boycko, Shleifer, and Vishny (fn. 4), chap. 4.

\(^{13}\) For instance, Douglass North noted that he prefers the term "belief system" to ideology, since the latter word was not worth the trouble (Address presented at the annual meeting of the American Political Science Association, Washington, D.C., August 28, 1997).
instance, several political scientists studying the impact of economic theoretical constructs such as developmentalism, Keynesianism, and economic liberalism on policy-making chose to study the influence of “ideas” rather than “ideology.”

Although in this article, the term “ideas” is interchanged with “ideologies” for stylistic reasons, the more comprehensive term remains dominant. The term “ideology” can be used in many ways in the social sciences—in fact, in twenty-seven ways, according to one student of ideology, Malcolm Hamilton. However, after identifying more than two dozen of these conceptual elements or “definitional criteria,” Hamilton isolates the essential core around which all definitions of ideology are built: “a system of collectively held normative and reputedly factual ideas and beliefs and attitudes advocating a particular pattern of social relationships and arrangements, and/or aimed at justifying a particular pattern of conduct, which its proponents seek to promote, realize, pursue or maintain.”

As the definition notes, ideologies are first and foremost belief systems. Second, ideologies provide an interpretation of the world, both as it is perceived (that is, as a Weltanschauung) and as it should be.16 That is, ideologies prescribe an ideal and thereby recommend a particular formula for change. Hamilton notes, ideologies “seek to persuade . . . they make claims, present an argument, state reasons, for or against some plan, programme, behavior, action, conduct, value, attitude, preference, view and so on.”17 Given that the goal of this article is to identify the mechanisms through which ideologies recommend and shape property reform, the term “ideology” is preferable to its more neutral counterpart, “ideas.”

Moreover, in referring to the term “ideology,” the article adopts a Hayekian notion of ideology, using it as a neutral term. Thus, ideology here does not imply a Marxian false consciousness but refers simply to a belief system with nothing pejorative intended.18 Finally, when the ar-

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14 For references see fn. 51, 52, and 74.
16 This aspect (the moral imperative, the ought and not just the is) of ideology is developed in Clifford Geertz, “Ideology as a Cultural System,” in The Interpretation of Cultures (New York: Basic Books, 1973).
17 Hamilton (fn. 15), 36.
18 When emphasizing the manipulative aspect of ideology some Marxist scholars argue that an ideology “naturalizes” the political order by masking ideological propositions as truth claims. See Jorge Larrain, The Concept of Ideology (London: Hutchinson, 1979); and the discussion of Larrain and other neo-Marxists in Rhys Williams, “Religion as Political Resource: Culture or Ideology?” Journal for the Scientific Study of Religion 35 (December 1996).
article refers to ideology or ideas, it refers not to the idiosyncratic beliefs of individual leaders but rather to a set of ideas shared by many—such as liberalism, nationalism, anticommunism, or pro-Westernism. The concluding section returns briefly to the choice of focusing on ideological variables over other nonmaterial variables, such as political culture.

THE THEORETICAL FRAMEWORK

This article identifies four primary ways in which ideological factors determine the development of privatization programs and shape the evolution of property rights systems. Empirical examples are used throughout to show how ideology is determinative in the following four capacities:

1. ideological foundations of theories: ideology determines how privatization programs are drafted
2. ideological context: the ideological context shapes the definition of interests and the distribution of power in society
3. ideological foundations of compliance: ideas influence how leaders attempt to gain support for and compliance to a new property rights system
4. ideological compatibility of programs and peoples: the compatibility between the ideas underpinning privatization policies and ideas and beliefs in society affects the ease of implementation and the distortion of privatization programs over time

These four relationships are expressed in Figure 1.

ELABORATING THE THEORETICAL FRAMEWORK

IDEOLOGICAL FOUNDATIONS OF THEORIES

Ideology determines how programs are designed. Put most simply, there is little doubt that ideology and, in the case at hand, economic liberalism shaped the policymakers’ decision to base the new property system on private ownership. In this regard, ideas as the components of liberal economic theories—which assert that certain economic benefits follow from private property; for example, private ownership leads to a more efficient use of resources than state ownership—influence the nature of regime change.

In many respects it is intuitive that economic ideas embedded in economic theory influence economic policy-making. Indeed this occurs in two ways. First, such ideas identify an approach in a broad general
sense. In this way the anticipated benefits from a liberal property reform and the perceived negative consequences of continued state control can recommend that the state find mechanisms to advance the transformative process as quickly as possible—either to ensure that the goal of systemic change is in fact realized and made irreversible or to reap the benefits of private ownership sooner. In both Russia and the Czech Republic the urgency to privatize was largely motivated by the belief that economic recovery and revitalization could be achieved only by changing the ownership regime.19

Second, economic ideas can shape policy in a specific, technical sense; that is, formal economic theories by virtue of their acceptance among technical experts shape policy-making in specialized arenas. This is a well-known argument previously advanced in the political sci-

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19 The urgency to privatize in Russia stemmed from the fear that the goal of creating a capitalist economy could be thwarted if it were not accomplished quickly. Given that Yeltsin’s reformers understood private ownership as the only acceptable institutional arrangement to correct for past structural economic weaknesses, the achievement of this goal and its irreversibility were paramount. In the Czech Republic there was less fear (although still some) of a return to communism or of the inability to break free from the Soviet Union entirely. However, the Czech reform team was similarly concerned that the privatization process must be achieved quickly before various groups, especially managers, “woke up” as one leading privatizer explains, “and attempted to block the process”; author interview with Dušan Tríška, Prague, February 13, 1996. The urgency of speed is reflected in the writing of Tríška and Klaus, who explain their voucher approach in the following way: “Speed . . . was regarded as absolutely essential and, therefore, no strategy was regarded as feasible, unless it was capable of producing fast results”; see Václav Klaus and Dušan Tríška, “Review Article of Janos Kornai’s “The Socialist System: The Political Economy of Communism,” Dismantling Socialism, An Interim Report: A Compendium of Texts from the Years 1992–1994 (Prague, 1994). The article was also published in the Hungarian journal Buköz (Winter 1994.)
ence literature on epistemic communities. However, those sympathetic to the role of ideas may take this assertion one step further. On a less intuitive and perhaps more controversial level, ideology—in terms of normative conceptions of justice—can also be determinative for policy design. The arguments about the direct influence of widely held conceptions of justice on policy-making and regime change have been central to historical discussions of the abolition of slavery in the United States and of decolonization in Africa and Asia.

While the extent to which common or elite conceptions of justice shape policy content remains a deeply complex issue, the logic of the argument is straightforward. Therefore, it is useful to turn to the more subtle ways in which ideology can determine the evolution and design of property reform.

IDEOLOGICAL CONTEXT

The ideological context shapes the definition of interests and the structure of power. There are structural mechanisms through which ideas influence the development of property rights. Ideas, in terms of the ideological context, can affect the legitimacy and hence the strength of potential opponents of government programs. As will become clear in the empirical discussion, the “ideological context” is not a fuzzy concept. It is simply a linguistic shortcut for the sum of the ideas held by members of the elite and mass groups that find expression in both the political discourse and formal institutional mechanisms. In the transformation of property rights in postcommunist states the ideological context directly shaped how members of certain groups defined their material interests. Further, it determined the power of key groups to pressure the government to accommodate those interests.

The Czech ideological context following the Velvet Revolution, in which anticommunism was pervasive, weakened the power of certain groups to lobby the government to revise the legislation on privatization. Especially affected in this regard were organized labor and the industrial nomenklatura, that is, the directors and midlevel managers of state enterprises. Specifically, anticommunism in both institutionalized

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21 Given the complexity of this issue and the limited space available here, it is possible to raise only this theoretical assertion. For a detailed discussion of this issue, see Hilary Appel, “Justice and the Reformulation of Property Rights in the Czech Republic,” *East European Politics and Societies* 9 (Winter 1995).
and spontaneous forms aggravated the professional insecurity of the political nomenklatura and managerial class, leaving them reluctant to obstruct liberal property reform or negotiate changes to the privatization legislation. As a result either of the Czech lustration law or of the spontaneous opposition of midlevel managers and the worker collectives to past political industrial appointments, large numbers of top managers were dismissed from enterprises. Those managers remaining felt that their position was too precarious to challenge the new regime. As Dušan Tríška, the coauthor of voucher privatization and deputy of former premier Václav Klaus, explains, “Managers were taken by every possible group as potential criminals, and everyone took them as representatives of the old regime.” Tríška adds that it was consequently not necessary to cater to their interests and let them profit from privatization. Klaus led managers to believe the process was unavoidable. As a result, midlevel managers who survived the forced exodus from industry placed a higher priority on protecting their positions than on trying to reap greater benefits from privatization.

Similarly, the pervasiveness of anticommunist sentiment contributed substantially to the weakness of labor in lobbying the government to assign privileges to enterprise employees. When the privatization legislation was under debate in the parliament, Czech labor organizations were unable to forge the necessary alliances to mount any significant opposition to the privatization programs. At first, the main trade unions—the ČSKOS (the Czech and Slovak Confederation of Trade Unions)—tried to influence economic reform and submitted their own legislation to the parliament. However, following the Velvet Revolution many parliamentarians came to view trade unions as a remnant of the political past and refused to support labor’s proposed legislation. In essence, they considered any appearance of support for labor groups in that environment to be politically risky.

22 In the Czech Republic the lustration law was an anticommunist screening measure that required the bureaucratic and industrial elite to resign from certain top posts for past acts of political collaboration, in particular with the communist secret police. Vojtech Čepil, “Lustration in the CSFR,” East European Constitutional Review (Spring 1992); Jirina Siklova, “Lustration or the Czech Way of Screening,” East European Constitutional Review (Winter 1996).

23 Author interview with Tríška (fn. 19).


25 For proclamations by trade union leaders that parliamentary deputies were intentionally taking antiunion stands, see ČTK National News Wire, December 6, 1990. On the difficulties of finding support from the center of Parliament (including from Civic Forum) on labor issues, see ČTK National News Wire, December 4, 1990. For further details of the trade unions’ position on privatization, see Práce, November 6, 1990. Difficulties on the part of labor in finding support in parliament were also
Regarding mass privatization in particular, labor unions were unable to convince the government or the parliament to reserve a significant block of shares for employees within the program of voucher privatization, even though the first legal document proposing mass privatization, the Scenario for Economic Reform, referred to employee ownership as a standard method that could be implemented alongside voucher privatization. The very weakness of labor is underscored by the workers’ inability to acquire rights to even the legal amount allotted to them. In fact, the percentage of shares reserved for employees turned out be much lower in practice than the 10 percent (later amended to 5 percent) maximum allowed by law.

Despite the attempts by the new trade union leadership to shed labor’s reputation as a communist holdover, the formal restructuring of the unions went unrecognized during this crucial early period in which the privatization program was adopted. Only those members of parliament who were clearly on the left (for instance, from the Communist Party or Obroda) were interested in supporting labor. Ironically, their support was entirely unwelcome, and ČSKOS avoided such affiliations as part of its ongoing efforts to break with its communist past. In other words, for the same reasons that Czech parliamentarians preferred to avoid any association with labor so as not to appear too far left on the ideological spectrum, labor was also hesitant to form alliances with communist deputies. Hence, the anticommunist beliefs of labor leaders and parliamentarians prevented coalitions from forming to effect changes within the privatization program.

Post-Soviet Russia did not experience formalized manifestations of anticommunism like those in Czechoslovakia following the Velvet Revolution. The continued legitimacy of the legislature elected under the communist regime and the absence of anticommunist screening laws (that is, lustration laws) ensured the professional security of past power holders.

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28 Over 80 percent of former trade union leaders had been dismissed, 90 percent of the members had given up their Communist Party membership immediately after the Velvet Revolution, and, moreover, the ČSKOS prohibited all formal affiliations with political parties in enterprises and workshops. See “Reinventing Trade Unions” (Manuscript, Central European University Privatization Project, Fall 1994); and Igor Pleskot, “Czech and Slovak Trade Union Movement in the Period of Transformation to a Civil Democratic Society” (Mimeo, April 1994).
holders. The implementation of Russian privatization was confounded by the absence of formal mechanisms that could mute the parochial demands of the former *nomenklatura* or complicate the formation of antigovernment or antiliberal alliances. In other words, because parliamentarians elected under the communist regime or managers appointed under the previous system were less troubled by professional insecurity, they were able to make bolder claims for property. As a result, the privatization team confronted enormous political pressures and in response sought political support in exchange for granting widespread exemptions and special privileges to sectoral and factoral groups. As the privatization process advanced, the ability of Russian privatization officials to build support for their economic agenda became even more dependent on enormous transfers to potential supporters within the industrial and financial elite, peaking with the 1995 loans for shares program.

In essence, one must recall that when the 1992 Russian privatization program was being debated, Russian privatization officials were working within a different ideological context and thus confronted a legislative arena that contrasted sharply with that faced by Klaus and the Czech property reformers. Unlike in most other postcommunist states in Eastern Europe, there were no new elections called in post-Soviet Russia; and those politicians elected under the previous system were deemed legitimate within the new polity. The lack of parliamentary support is evident as early as January 1992, when the speaker of the parliament called on the government to resign. Similarly, those managers in top posts in Russia (many of whom had obtained their positions for political reasons in the past) maintained their positions. Hence, when the privatization debates began in the legislature, the Supreme Soviet included a high proportion of communist deputies who were ideologically sympathetic to employee rights, or at least politically compelled (to appear) to support them. As a result, Russian managers were able to form alliances with members of the federal legislature and pressure the State Property Committee to increase their ownership stakes in privatization under the banner of employee rights.

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30 On the ideological makeup of the highest political organs from a progovernment perspective, see Albert Plutnik, “Atakuia pravitel’stvo, oppozitsiia boitsia uspekha reform,” *Izvestiia*, April 9, 1992, 1–2. For estimates of the percentage (87 percent) of members of the Supreme Soviet believed in 1992 to be former communists, see *Finansovaia Izvestiia*, November 18, 1992, 1.
Initially, Anatoly Chubais, as the chairman of the committee, resisted the transfer of property to both managers and rank-and-file workers.\textsuperscript{32} This, however, did not prevent Russian employees from obtaining from the 1992 Russian Privatization Law the controlling stake of almost three-quarters of enterprises privatized.\textsuperscript{33} Leading privatization officials openly and not infrequently lamented the extent of employee ownership and described it as a serious flaw in the program’s design.\textsuperscript{34}

Despite the compromise, Russian privatization officials at the same time directed their efforts toward indirectly limiting the amount of ownership control given to workers.\textsuperscript{35} For example, Chubais insisted that worker shares be fully transferable and individually owned rather than collectively owned by the trade union or the enterprise workers’ council. Full transferability was expected to facilitate the movement of worker shares.\textsuperscript{36} Owing to the transferability of worker shares and vouchers and the maneuvering of managerial and industrial elites, worker ownership declined somewhat over time while managerial control over enterprises soared.

To summarize, in these instances, contrary to a power-based or materialist interpretation of politics, ideas have influenced structures of power and the definition of material interests rather than the reverse. In the Czech ideological context anticommunism served to discredit labor demands and made managers reticent, thus preventing these two groups from shaping the design of privatization. Moreover, the preva-

\textsuperscript{32} The government first proposed that employees receive 25 percent of the shares of their enterprise for free; however, these shares would be nonvoting. Yet as greater pressure mounted, the reform team offered a second and then a third variant from which worker collectives could choose. In the second variant employees could buy 51 percent of the voting shares for a negligible price. In the third variant managers or a small group of workers could buy 20 percent of voting shares at the nominal price, but several conditions governed the transaction. The second variant was designed to placate workers and managers and the third variant was specifically intended to satisfy managerial demands. The third variant was seldom applicable, though, due to strict eligibility requirements that were obscurely written into the legislation. In addition to these three variants, a fourth one was proposed by the Parliament but successfully thwarted by the reformers—to transfer up to 90 percent of the shares of an enterprise to the worker collective. For further detail on the three variants, see Roman Frydman et al., *The Privatization Process in Russia, Ukraine and the Baltic States* (London: Central European University Press, 1993), 53–58; and on the fourth variant, see Darrell Slider, “Privatization in Russia’s Regions,” *Post-Soviet Affairs* 10 (October–December 1994), 375.

\textsuperscript{33} See fn. 2.

\textsuperscript{34} Dmitry Vasiliev’s assessment of employee privileges, reported in *Financial Times*, November 26, 1993, 2. See also former Russian State Property Committee chairman Alfred Kokh’s depiction in Kokh (fn. 2), 51, 82.

\textsuperscript{35} For an extended discussion the Russian government’s intentions and the distributive consequences, see Appel (fn. 3), 1433–49.

lence of anticommunism influenced the preference formation of Czech managers who, in contrast to their Russian counterparts, preferred to minimize the risk of losing their job over becoming proprietors of their firms. In Russia anticommunism was less prevalent in the political discourse and did not find anywhere near the same level of expression in formal institutions. As a result, the legitimacy and hence the power of many groups who had benefited from the past communist regime was strengthened (or at least was not weakened), which in turn affected their ability to advance their claims to property during the reformulation of Russia’s ownership regime.

IDEOLOGICAL FOUNDATIONS OF COMPLIANCE

Ideas influence how leaders attempt to gain support for and compliance with the new property rights system. For the sake of implementing privatization programs, the ideas of leaders affect the way they approach the task of eliciting support for and assuring compliance with newly designed policies. In investigating how leaders go about eliciting compliance from groups in society, it is useful to borrow Amitai Etzioni’s theoretical framework from organizational theory.

According to Etzioni, the state (or any organization) can employ three types of mechanisms to elicit compliance from target populations: coercive, remunerative, and normative. Coercive mechanisms involve a credible threat or the actual use of force to gain compliance, such as the threat of violence or incarceration. Coercive mechanisms are not particularly helpful for understanding how postcommunist governments achieved compliance with the new private property regime. However, governments have relied throughout history on coercive mechanisms to found new ownership regimes, a key case in point being the founding of the communist system of state ownership. During the 1930s coercion enabled the nationalization of property, collectivization, anddekulakization in the Soviet Union.

Another set of mechanisms employed to elicit compliance with a private property regime is remunerative or utilitarian in nature. Such mechanisms rely upon economic benefits and special privileges to win


support, such as special enterprise share-holding privileges, bribes, and monetary transfers. The free transfer of the shares of formerly state-owned enterprises to the population through vouchers is an example of a utilitarian compliance mechanism because it helped to ensure the participation and support from the population at large.

The third type of mechanism, based on ideological reinforcement, is also important for gaining support for a new ownership regime. In this case, affected groups in society support a program not because they directly benefit, but because they consider it legitimate, fair, or appropriate.

The value of borrowing from Etzioni goes beyond simply being able to assert that postcommunist governments rely upon ideological legitimation. This is intuitive as well as consistent with mainstream theories of change in property rights and policy-making more broadly. Moreover, few would disagree that governments make ideological assertions, even if only to justify or mask a particular agenda. Rather, the importance of compliance mechanisms for understanding the role of ideas is emphasized in order to argue that leaders’ ideological beliefs determine which among the three reinforcing mechanisms they employ. This choice does not merely represent an intellectual exercise by political strategists. Instead, this choice can affect the strength of political resistance as well as the content of a policy program—especially when leaders chose utilitarian mechanisms requiring material benefits to be incorporated into a program.

While both the Russian and Czech leaders employed remunerative reinforcing mechanisms such as the free distribution of property through vouchers, the Czech leaders in addition relied extensively on anticommmunist and pro-European ideas to develop highly effective ideological reinforcing mechanisms. Throughout the privatization program, Klaus recognized the need to maintain his support base through an ongoing political effort to sell and legitimate the transformation process. His own comments acknowledge this deliberate campaign-

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39 For a discussion of the dependence of normative compliance mechanisms on material incentives and coercion potential, see Margaret Levi, Of Rule and Revenue (Berkeley: University of California Press, 1988), 68.

40 For instance, North considers ideology primarily as an instrument of the state to justify programs and as a tool of the opposition when attacking existing arrangements. Ideas do not drive the formation of property rights systems, but they have played an important role in the maintenance of and challenge to existing property rights. North (fn. 5), 50–52.

ing style and show the extent to which he recognized the value of reinforcing mechanisms. Klaus states:

It is absolutely essential for reformers to have faith in the success of the reforms to be able to inspire all their fellow citizens and be able to establish broad pro-reform coalitions. The reform is not an academic problem: it is a political affair and it is of immense importance to enlist sufficient political support for it. We realized at the very beginning that establishing a political platform was an indispensable part of reform activities. . . . This required immense political and human efforts, hundreds of political tours, and endless meetings with thousands of people—in other words, it required, and still does, a permanent campaign.  

Attempting to legitimate his economic approach with ideologically charged rhetoric, Klaus presented his program to the greater population as the most liberal approach—one that would restructure the former Soviet-style planned economy according to “European” or “Western” economic principles. More specifically, Klaus was very effective in selling the historical appropriateness of the approach. His program would “return” the country to its rightful place as a member of the Western or European community. In this way he equated his pro-European emphasis with a pro-Czech position.  

In Russia, by contrast, rather than developing ideological legitimating mechanisms in the tradition of Klaus, reformers did little to promote the mass privatization process on ideological grounds. Officials relied instead upon material incentives to individuals and groups to implement privatization and eschewed ideological campaigns and political slogans in their writings and public statements. As Chubais, the architect of Russia’s mass privatization program, explained the future viability of the program: “As it has been planned . . . each citizen of Russia will in reality become a proprietor, not at the level of slogans and appeals, but at the level of a monetary document in his pocket. The implementation of this program will itself become an irrevocable guarantee for [a] more comprehensive process of reforms.”  

As Russian privatization officials themselves acknowledge, they sought to advance the process, first, by buying popular support with a voucher mechanism and employee benefits and, second, by co-opting powerful groups and sectors by granting numerous concessions, privi-  

42 Ibid.  
leges, and exemptions. In a speech to the Congress of People’s Deputies, Chubais stated:

A legal framework has been laid down to get privatization really moving. It is essential to this end to achieve a correct balance of interests of all social groups involved. . . . The privileges and exemptions provided under our privatization program are the largest in the entire history of privatization throughout the world. At the same time we are convinced that it is equally impossible to get privatization moving without providing effective incentives.45

Why did the Russian reformers rely primarily on material reinforcing mechanisms to sell the privatization program and stay away from using Russian cultural symbols or historical referents? To answer this question, one must consider the ideas of these actors, in particular, the liberal economic ideas and professional identities of the Russian architects of privatization. Yeltsin’s property reformers, that is, were committed to the liberal economic principle that all economic beings are rational self-interested actors who respond intuitively to material incentives. This liberal (or neoclassical) ideological disposition is exemplified by the scholarly work of Maxim Boycko, a leading economist on the privatization team. He wrote explicitly that there was nothing unique to the Russian nation that would preclude the implementation of a liberal economic regime.46 According to this logic, any campaign linking privatization to specifically Russian cultural or historical symbols or any revision of the program to make it appear particularly suited to the Russian context would imply that Russians do not respond rationally to material incentives.47 Furthermore, any suggestion that the Russian nation somehow fell outside the liberal economic paradigm would undermine the universal premise of their liberal ideology.

To be clear, the ideological vision of Yeltsin’s reformers was not substantially different from Klaus’s vision of integrating the economy and

46 Boycko was a key player in Russian property reforms, holding numerous positions in the privatization process, including director of the Russian Privatization Center and briefly chairman of the State Property Committee (also known as the minister of privatization). On the universality of the rational actor model, see Robert Shiller, Maxim Boycko, and Vladimir Korobov, “Hunting for Homo Sovieticus: Situational versus Attitudinal Factors in Economic Behavior,” Brookings Papers on Economic Activity (Spring 1993); and idem, “Popular Attitudes toward Free Markets: The Soviet Union and the United States Compared,” American Economic Review 81 (June 1991).
47 As Piotr Aven, an economist working with Gaidar and minister of economic relations, writes on this theme: “There are no special countries. All countries from the point of view of an economist are the same in what concerns the stabilization of their economies”; in Nezavisimaiia gazeta, March 27, 1992, quoted by Vladimir Shlapentokh, “Privatization Debates in Russia, 1989–1992,” Comparative Economic Studies 35 (Summer 1993), 19–32.
the country with the West. The insistence by Russian privatization officials that Russia—just like the capitalist world—was populated by self-interested economic agents underscores their Westernizing project. However, it was not on this basis that they attempted to build public support within the domestic political arena.

In the early period of privatization Yeltsin’s reformers simply did not see it as their place to launch a cultural campaign, since they thought of themselves as economic technocrats and not politicians—a distinction they themselves drew. Undertaking an explicitly ideological campaign to build popular support was distasteful to the reformers, as such a campaign would have smacked of communist-era tactics. Yeltsin, in his memoir, criticizes the liberal economic reformers for not wanting to “dirty their hands with politics.”

Thus, although both the Czechs and the Russians sought to make their programs appear fair to the greater population, only the Czech reformers attempted to link the creation of the new property regime to the founding of a postcommunist national identity. The Russian reformers for their part eschewed directing any ideological reinforcing mechanisms at the domestic audience. At best Chubais (like Klaus) appreciated the value of appearing pro-Western and liberal for international audiences. In the end, failing to focus on ideological legitimation in Russia greatly hindered the liberals’ attempts to implement and sustain the privatization program and ultimately led them to concede certain privileges to factorial, sectoral, and regional groups against their preferences and even against some of the liberal ideals that inspired the construction of a new property regime.

IDEOLOGICAL COMPATIBILITY

The fourth way in which ideas influence the implementation builds upon the first three. Namely, a lack of compatibility between the ideological basis of a program and the ideas of elite and mass groups increases the cost of political reinforcement; and depending on the will and skill of leaders, this incompatibility can determine the extent to which liberal reform is distorted.

The notion of an ideological compatibility between a program and a particular context has its roots in Weber’s *The Protestant Ethic and the*.
Spirit of Capitalism. More recently it has been studied by such prominent political economists as Peter Hall and Kathryn Sikkink, who focus on the role of ideas in the introduction of new economic regimes. Although these scholars do not speak of reinforcing mechanisms per se, they do note the importance of what they call the “fit” between ideas of specific groups in society and the ideas underpinning new economic paradigms for how those paradigms are received and supported.

In this regard, the importance of compatibility relates to the political resistance that reformers face and the cost of social compliance and political reinforcement. In particular, the less the ideas underpinning a program fit effortlessly with the ideas of different economic and political groups, the greater the cost of developing reinforcing mechanisms.

A comparative study of how postcommunist governments promote liberal property reform illustrates this principle well. In the Czech Republic the reformers strengthened the case for privatization by portraying it as anticommunist (for example, with the Property Restitution laws) and pro-European (with the institutionalization of private system of ownership)—and thus they argued, essentially Czech. It was relatively easy (that is, it took little effort) for the Czech reformers to argue this logic by emphasizing that the communist system had been imposed and enforced from without and needed to be replaced by a system more appropriate to the Czech context, namely, a European system. Given existing territorial and cultural referents, it was rather straightforward for Klaus to make the creation of a new property system part and parcel of the formation of a new Euro-Czech identity.

This pro-Europe/pro-Czech campaign was not limited to Klaus, even if he at that time attempted to appropriate it as his own. The famous slogan “Return to Europe!” was Civic Forum’s successful slogan in the June 1990 elections. By including the word “return,” this slogan

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52 The notion of ideas “fitting” or “resonating” in a given context as an important insight from the ideas literature can be found within the works of many influential contributors in one form or another. See Hall (fn. 51); Sikkink (fn. 51); and G. John Ikenberry, “Creating Yesterday’s New World Order: Keynesian ‘New Thinking’ and the Anglo-American Postwar Settlement,” in Judith Goldstein and Robert Keohane, eds., Ideas and Foreign Policy: Beliefs, Institutions and Political Change (Ithaca, N.Y.: Cornell University Press, 1993).

53 See Klaus’s remarks when forming the Interparliamentary Group of the Democratic Right Wing, a subgroup of Civic Forum, and declaring the fundamental principles of the organization (ČTK National News Wire, October 31, 1990), when Klaus announces the principles of Civic Democratic Party (ODS) upon its formation.
reinforces the already prominent notion of Czechoslovakia as part of Europe and implicitly reaffirms prevailing conceptions of geopolitical divisions. (After all, the slogan could have also been “To Europe!”) Indeed pro-Europeanism resonated—or at the very least was made by politicians to resonate—with current popular notions of history and perceptions of geographical spheres and with cultural and religious divides, all of which were evoked to justify the nation’s place in Western rather than Eastern or Slavic civilization. Yet despite the existing pro-European sentiment, the fact that Klaus chose to stress a more Western and more integrative approach, rather than fueling a strictly nationalist identity was in no way preordained. Consider, by contrast, the effort by Slovak premier Vladimír Mečiar to foster a more nationalist identity during the same time period. Nonetheless, given the Czech tradition of asserting its place in Europe and the popularity of existing slogans, it was not difficult for Klaus to present the property structures of a Western, liberal system as essentially Czech and thereby to help legitimate his liberal economic approach.54

At the same time Klaus placed himself in stark opposition to anything that smacked of a compromise between Western capitalism and Soviet communism. He sought to link the privatization program to a widespread desire to break with the past, which meant dismantling the communist system and differentiating the country from the Eastern bloc. In the process of defining himself as the leader who would return the Czechs to Western Europe, he also implied that those less committed to the free market would hold the country back, keeping it in the communist era. In order to highlight the Western liberal nature of his approach, Klaus would label the alternative programs as “third ways,” “reform communist,” or simply “socialist.” By contrast, he asserted that he “want[ed] a market economy without any adjectives,” insinuating that the society must choose between market capitalism and another version of communism.55 Klaus’s view is encapsulated in an address to Civic Forum: “No path of socialism with a human face, no left alternatives or Obroda [communists expelled from the party after the 1968 Soviet-led invasion of Czechoslovakia] can lead to a modern European State. We are not returning to the year 1968, the key year is 1948. . . . [W]e are following the tradition of the First Republic (1918–1938),

54 Similarly, in building a new, postcommunist identity, political leaders resorted to similar appeals to history, citing the Masaryk period in particular, to support the “naturalness” of democracy in the Czech lands. For further analysis, see Ladislav Holy, The Little Czech and the Great Czech Nation (Cambridge: Cambridge University Press, 1997).
Christianity, European Civilization.” A similar strategy would of course have been substantially more complicated in Russia, given its very different ideological context and territorial referents. Since the inception of market reforms, the rejection of the communist past in favor of a new Western liberal orientation has often been interpreted in post-Soviet Russia as a rejection of oneself and demeaning to one’s past. And while history is certainly subject to reinterpretation and distortion, it would require a substantial effort to make a persuasive case in Russia that the adoption of capitalism (and private property) was a return to a former self. Russian politicians could not reject communism as alien or overlook the foreign connotation of a liberal property system with anywhere near the same ease as Czech politicians could. Furthermore, promoting such a campaign would have required not only willingness on the part of the liberal reformers but also sufficient charisma and skill.

COMPATIBILITY, LEADERSHIP, AND ONE FINAL CAVEAT
This emphasis on the importance of a compatibility—or in Weberian terms, an “elective affinity”—is not meant to suggest that the ideological beliefs of dominant groups are fixed or that the ideological significance or symbolism of a new economic project is immutable. Through the manipulation or the repackaging of a project, this fit between the ideas underlying a new ownership regime and the ideas in society can be improved. This depends primarily on which aspects of the process are emphasized (or deemphasized) or on which salient changes to the legislation are adopted. Similarly, if one takes a Gramscian perspective, the dominant ideas themselves in the political environment can be rearticulated in a way more in line with liberal economic reform and the privatization process.57

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56 ČTK National News Wire, December 8, 1990. Examples of Klaus’s evocation of history in public speeches abound. Note Klaus’s historical references when he founded Civic Democratic Party (ODS) and announced the programmatic principles of the party. According to the Czech national news agency, Klaus explained that ODS would “follow the traditions of European Christian civilization, the humanistic and democratic traditions of the preordained-Munich republic (1918–1938) and the experience of the present Western democracies. It resolutely and entirely rejects Marxist and Leninist ideology, and all trends toward Socialization and Collectivization in the economy and politics are alien to it.” Applicants for membership in the ODS would have to state whether they had been members of the Communist Party, and applications from former members of the People’s Militia and collaborators with the former secret police would be rejected; ČTK National News Wire, March 1, 1991.

57 For a discussion of the Gramscian concept of “articulation,” see Grossberg, who defines articulation as a “continuous struggle to reposition practices within a shifting field of forces, to redefine possibilities by redefining the field of relations—the context—within which the practice is located.” Lawrence Grossberg, We Gotta Get Out of This Place: Popular Conservatism and Modern Culture (London: Routledge, 1992), 54, quoted in John Kurt Jacobsen, “Much Ado about Ideas: The Cognitive Factor in Economic Policy,” World Politics 47 (January 1995), 308–9.
The malleability of social norms and mass perceptions raises important questions about the role of ideas. If programs can be packaged to fit a given context, how does the ideological context constrain the development of property rights structures? Similarly, if widely held ideas and beliefs are subject to manipulation, how important is the issue of compatibility? More broadly, what power does ideology ultimately wield? Ideology will constrain and distort the implementation of a privatization program when the ideas of a program do not effortlessly fit with the ideological context and when political entrepreneurs lack the skill or the will to develop ideological reinforcing mechanisms that avoid changes within the structure of the program.

As discussed above, leaders’ beliefs may prevent them from developing effective reinforcement mechanisms, as occurred in Russia, where privatization officials refused on principle to mount an ideological campaign for mass privatization. Even more commonly, though, new leaders may simply lack the political skill to construct effective ideological reinforcing mechanisms. Either they fail to associate the project with positive symbols, or they cannot find a language to describe a program that avoids alienating mass groups. Alternatively, they may neglect to find those elements in the program that relate to the issues most salient in the political discourse and may inadequately emphasize how the project reinforces cultural or territorial identities. Consequently, when there is no immediate resonance between the ideas behind privatization and the ideas of major groups in society, and when political entrepreneurs cannot construct effective ideological reinforcing mechanisms, then the incompatibility between the ideas of a program and the ideological context has a generative effect on policy content by altering and hindering the realization of the new property regime.

In sum, through the development of an ideological legitimating campaign, the Czech reformers were able to bolster the privatization process by equating the institutionalization of a European or Western property regime with a return to a former self. Klaus played on the notion that a European property system was organic to the Czech soil and that its (re)establishment could be understood as part of the process of rebuilding what had been repressed. On the contrary, in post-Soviet Russian society European or Western symbols and policy programs lacked an equivalent preexisting nationalist connotation (save a few ex-

58 John Hall writes: “The discovery that intellectuals can construct social identities should not be exaggerated. . . . [I]t is important to remember that the exercise of this type of ideological power is rare. . . . More important, normative cohesion is, given social complexity, almost certain to be incomplete”; Hall, “Ideas and the Social Sciences,” in Goldstein and Keohane (fn. 52), 53.
ceptions such as in St. Petersburg), thereby increasing the cost of political reinforcement.

In Russia the loss of an empire and an ideology left the Russian identity in tatters; hence the establishment of undeniably Western structures—without developing an alternative ideological legitimating mechanism—could easily have been portrayed as one more blow to the Russian sense of place in the world. While an ideological campaign in Russia based largely on Western liberalism most likely could not have enabled liberal reformers to avoid transferring a vast amount of shares to employees and the former industrial nomenklatura, especially given its high cost in terms of human effort and skill, there is no reason to preclude the possibility of a differently designed, ideological reinforcing mechanism being effective. The liberal ideas that underpinned the reformers’ privatization program could have been repackaged to appeal to the dominant culture—still avoiding a Western connotation but appealing instead to the Russian desire to be seen as part of the “civilized” world—a word that reverberates throughout Russian popular discourse.

CONCLUDING THOUGHTS AND THEORETICAL APPLICATIONS

Throughout much of this article the prevailing ideological context within a country at a specific historical juncture could potentially be described in cultural or, more narrowly, in political-culture terms, if it were not for one crucial aspect. Namely, “political culture” traditionally connotes a deep-rooted persistence of behavioral patterns. Although the literature on political culture is extensive and diverse, political culture is typically understood in relatively static terms. Some even imply that a country’s political culture is essentially immutable. Characteristic of this approach, the historian Richard Pipes contends in reference to Russia that political culture changes as slowly as language.

Political cultures have often been understood as resistant to change ever since Gabriel Almond and Sydney Verba popularized the term in

59 On the culture-ideology distinction as representing the stasis-change dichotomy in the work of Clifford Geertz, Ann Swidler, and others, see Rhys Williams, “Religion as a Political Resource: Culture or Ideology?” *Journal for the Scientific Study of Religion* 35 (December 1996).

60 For an analysis of political culture as the product of the protracted historical accumulation of practices and meanings, see Thomas Hansen, *The Saffron Wave: Democracy and Hindu Nationalism in Modern India* (Princeton: Princeton University Press, 1999), 27.

the early 1960s in their study on the determinants of democracy. In discussing the type of political culture essential for democratic development, Almond and Verba emphasize that a “civic culture” in democratic polities takes centuries to develop. Political culture develops through the fusion of attitudinal and behavioral orientations: new patterns cannot replace old patterns, they can merely fuse with existing patterns. Thus, while a political culture favorable to democracy can be encouraged through the creation of voluntary organizations, socializing agencies, or the mass education system, the transformation is necessarily a protracted one.

The emphasis on the persistence of a political culture has invited substantial criticism. For instance, Philippe Schmitter and Terry Karl emphasize the limitations of relying on a state’s political culture to explain political phenomena. In discussing the necessity of the existence of a civic culture (or “ingrained habits of tolerance, moderation, mutual respect . . . or trust in public authorities”) for democracy to take hold, Karl and Schmitter write, “Waiting for such habits to sink deep and lasting roots implies a very slow process of regime consolidation . . . and would probably condemn most contemporary experiences ex hypothesi to failure.” Criticized on many fronts, the concept has been described by David Laitin, a prominent contributor to the debate, as having been in the “professional doghouse” for years.

Although many political scientists have sought to revive the concept of political culture along new lines, the term often maintains the static connotation of historical rootedness and persistence in the face of change in a way that does not hold for ideology-based variables. Analyzing a specific context in ideological rather than cultural terms allows a larger role for leadership and implies much greater dynamism. Thus, while external shocks, systemic crises, or even charismatic leaders could profoundly affect the salience of competing ideologies, they would not

63 Ibid., 500.
66 On the revival of the study of political culture in the second half of the 1980s, see Ronald Inglehart, “The Renaissance of Political Culture,” American Political Science Review 82 (December 1988). More recently, see Richard Wilson, Compliance Ideologies: Rethinking Political Culture (New York: Cambridge University Press, 1992), as well as Laitin’s analysis of political culture in Laitin (fn. 65), 168. Additionally, see Larry Diamond, Political Culture and Democracy in Developing Countries (Boulder, Colo.: Lynne Rienner, 1994), especially the introductory chapter. On Eastern Europe, see Vladimir Tismaneanu, ed., Political Culture and Civil Society in Russia and the New States of Eurasia (Armonk, N.Y.: M. E. Sharpe, 1995).
lead to the rapid abandonment of a nation’s political culture. Hence, the choice to focus on ideology over culture in this article is predicated on the understanding that ideas and ideologies are more readily subscribed to and, by extension, more easily abandoned than political culture.

Studying the ideological context, however, does not entirely evade the problems associated with studying nonmaterial determinants of political change and certainly the term “ideology” carries so much baggage that many scholars prefer to avoid it altogether. To cope with some of these problems, this article uses a narrow definition of ideology, as discussed above. It also considers the ideological context identifiable only when a particular ideology finds formal expression in public debates and in tangible institutions. For instance, “anticommunism” as an ideology is manifested not only in popular and political discourse but also in formal lustration (screening) laws and restitution laws; likewise, not only is “pro–Europeanism” as an ideology represented and repeated in public speech and opinion survey data, but it is also institutionalized in the formal project to join the European Union.

One issue that arises, however, in describing the choice of a privatization strategy as ideologically driven rather than culturally driven is whether all relevant actors, or even key actors, must genuinely subscribe to that ideology for it to be determinative. Joseph Schull and others who study ideology in linguistic terms contend that the subscribers to a shared ideology need not (and typically do not) share identical beliefs. Moreover, Schull maintains that the intensity of belief is not the most important measure of the power of an ideology. The determinative power of an ideology rests upon the constraints it places on political debates and the consideration and articulation of alternatives. Thus, in this counterintuitive but compelling argument, Schull contends that the power of an ideology should not be measured by the sincerity of its advocates (since methodologically this is impossible to gauge) but by the commitment to the ideology as revealed consistently in speech and behavior.

67 Public attitudes in East European countries toward Western Europe can be found in the Central and Eastern Eurobarometer, nos. 1–6 (Brussels: European Commission, 1990–96).
68 On the “unwarranted assumptions about the uniformity of convictions” among members of an ideological group, see Schull, “What Is Ideology? Theoretical Problems and Lessons from Soviet-Type Societies,” Political Studies 40 (December 1992), 728–31. Hansen (fn. 60) notes the tensions created by the “multiplicity of meanings inscribed in most ideological constructions. This tension may be expressed as the tension between the conceptual grammar of a discourse and the connotative domain within which it is articulated” (p. 25).
69 Schull notes (fn. 68) that it would be mistaken to “put a premium on the genuineness of an agent’s state beliefs” since “one’s actions will be shaped by an ideology in so far as one must conform to its conventions”; one need not “believe in the ideology . . . one must be committed to it. The required attitude is respect, not faith.” For this reason, Schull suggests that ideologies are better understood as a discourse rather than a belief system.
Schull’s approach is convenient, since it is nearly impossible to prove that leaders are sincere in their professed beliefs whereas one can measure consistency of action. However, this is nevertheless problematic since in the same way that the public statements of leaders expressing their ideological motivation cannot necessarily be taken at face value, the individual digressions from a professed belief system cannot necessarily serve as evidence of insincerity. Leaders may at times exploit ideologies for hidden purposes, and by the same token, they may compromise the personal beliefs they genuinely hold. Thus, if the term ideology becomes too distant from the concept of individually held beliefs, then another term can and should be employed to describe the phenomenon—as Schull himself recommends (and in his case the term recommended is discourse). Hence throughout this article, the professed liberal economic beliefs of Klaus, Chubais, and others are understood as genuine, even if not always consistently applied to policy.

In this regard, ideological studies share some of the methodological challenges associated with cultural studies. Most notably both raise the necessity of identifying a given ideological context through rich descriptive interpretive analysis rather than through quantifiable, reproducible measurement. Despite this difficulty and the inherent subjectivity of doing so, the importance of ideology—even on an intuitive level—requires that the interpretive effort be made.

IDEOLOGY AND EXPLANATION

Given the importance of ideological factors for the development of property rights systems, why have they received so little attention in the property rights literature? In part, the answer to this question lies in the methodological foundation of property rights theory. Pioneers of property rights analysis such as Harold Demsetz and Douglass North based their theoretical approach in large part upon the techniques and the central assumptions of the dominant paradigm in economics, which emphasized the importance of material conditions and the rational calculation of interests for explaining material outcomes. Although North currently acknowledges the centrality of ideology in the development of economic institutions, it is his earlier approach (in which ideas are justifications of economic interests) that inspired the future course of property rights analysis.

70 In fact, this is precisely what Schull (fn. 68) recommends, that the term “ideology” be replaced with the term “discourse” in instances where an ideas system is not actually “believed in” but constrains the policy debate nonetheless.

71 Demsetz (fn. 5); and North (fn. 5).

72 North (fn. 13).
Later analyses of property rights formation by political economists, such as Gary Libecap, William Riker, Itai Sened, and David Weimer, took the property rights literature in a new direction. Incorporating political power and interests into their explanations, political economists developed models to show that property rights emerge from the efforts of key individuals to amass not only material resources but also political power. Yet by focusing on leaders' “utility maximization” (in general terms) rather than on their “wealth maximization” (in a narrow material sense), political economists extended the property rights literature without breaking with the foundations of its earlier contributions.

The lack of attention given to ideological factors is hardly unique to property rights theory. It is also characteristic of much of the literature in political economy because the dominant methodological approach is built upon rational choice foundations. In recent years, however, a group of political theorists has brought renewed interest to studying the generative power of ideas and to reconsidering the ideological and cognitive components of policy-making and regime change. This literature, at times referred to as the “ideas literature,” focuses on areas as diverse as the introduction of the developmentalist model in Latin America, Keynesian economics in Western Europe, and the free trade regime in the United States, in order to develop generalizable theories about how ideas affect the introduction of new economic paradigms.

The contributors to this literature help to fill the gap left by mainstream social science theory, which, like property rights theory, rests upon rational choice foundation and thus typically offers a simplified rendering of preference formation and human rationality. The goal of the present article on property rights, like many other studies in the ideas literature, is to complement and further refine interest-based approaches by analyzing interest perception and interest specification as ideological events.

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73 Riker and Sened (fn. 5); Riker and Weimer (fn. 5); Libecap (fn. 5); Eggertsson (fn. 5).
74 The theorists included among the contributors to the ideas literature (e.g., Kathryn Sikkink, Peter Hall, Judith Goldstein, Robert Keohane, John Odell, G. John Ikenberry, Jeffrey Checkel) help to identify the social and structural mechanisms through which ideas as shared beliefs affect the creation and persistence of new policy projects, political paradigms, and regimes. In contrast to analytical approaches based upon cognitive psychology, the ideas of individuals are important in the ideas literature only inasmuch as they relate to a large community holding the same beliefs. See two review articles focusing on the ideas literature and related literatures: Jacobsen (fn. 57); and Albert Yee, “The Causal Effects of Ideas on Policies,” *International Organization* 50 (Winter 1996).
A greater focus on ideas would enhance many other bodies of theory in political economy. For instance, an explicit treatment of ideas would also contribute to the literature on structural adjustment—a literature that examines the ability of governments to implement the liberal economic policies promoted or required by international financial institutions such as the International Monetary Fund and the World Bank. Some attention is paid in this literature to the ideological orientation of economic reformers and the culture of the bureaucracy; the delegitimization or discrediting of interest groups; and leaders’ understanding of, and interaction with, transnational academic and cosmopolitan advisory communities. Frequently, however, a greater emphasis is placed on nonideological structural factors, such as the insulation of technocrats, or on links to powerful economic groups in society.

Additionally, an inclusion of ideological factors would also enhance our understanding of the implementation of political regimes, such as the human rights regime, as some contributors to the ideas literature have already begun to explore. Even the study of security regimes has recently been enriched by considering nonmaterial ideological variables. Certainly, some of the parsimony of generalizable theories is lost by including nonmaterial variables. However, many of the gaps in our understanding of political and economic phenomena, which become especially apparent during comparative study, are narrowed through a greater appreciation of the role of ideology.


78 See Kathryn Sikkink, in Goldstein and Keohane (fn. 52), chap. 6.