

Volume I, Issue 2, February-March 2006

**CEU Political Science Journal**  
**The Graduate Student Review**

Central European University  
Department of Political Science

## TABLE OF CONTENT

### ARTICLES

<b>Advisory Board</b> S.M. Amadae Carsten Q. Schneider	2	HOW TO CATCH A SEAL? THE STUDY OF RATIONAL NORMS OF 19TH CENTURY ISLAND COMMUNITIES IN WESTERN COAST OF ESTONIA <b>KAIRE PÕDER</b>
<b>Editorial Board</b> Stela Garaz Sergiu Gherghina Arpad Todor	16	BELARUS – A SUCCESSFUL ALTERNATIVE PATH OF TRANSITION? <b>MAKSIM HRAMADTSOU</b>
<b>Managing Editor</b> Arpad Todor	22	DEMOCRACY AND CRIMINAL LAW RIGHTS <b>MIHAELA MIHAI</b>

### WORK IN PROGRESS SECTION

	29	THE TRANSFORMATION OF SOCIAL NETWORK STRUCTURE IN DEMOCRATIC TRANSITION: DOES IT INFLUENCE INDIVIDUAL POLITICAL BEHAVIOR? <b>OANA LUP</b>
--	----	--

# HOW TO CATCH A SEAL? THE STUDY OF RATIONAL NORMS OF 19TH CENTURY ISLAND COMMUNITIES IN WESTERN COAST OF ESTONIA<sup>1</sup>

KAIRE PÕDER

PhD candidate, Tallinn University of Technology (TTÜ) and lecturer of economics.

MA, Department of Political Science CEU in 2005;

MA, in Economics from TTÜ in 2002.

[kaire.poder@ebs.ee](mailto:kaire.poder@ebs.ee)

## Abstract

*This paper states that small communities are able to solve the tragedy of the commons by consent over social norms which change the structure of social trap games. I argue that social traps, which are caused by rational human behavior, thus have informal institutional solutions. I show that individual benefits from cooperation and costs of enforcement of social norms are dependent on group size – community management can be effective when the community is small. The discrete cut which divides communities into small and large is between 50-400 players. My cases are communities which are situated on the islands and islets on the western coast of Estonia. The analytic narratives, composed by using historical material from 19<sup>th</sup> century until the Second World War, indicate that institutional complementarities for effective community management not only avoided social traps, but also differed by communities.*

## Introduction

Social dilemmas are situations in which individual rationality leads to collective irrationality – everybody is worse off than they might have been otherwise. Thus social dilemmas or traps are interpersonal cooperation problems. The most common examples of social traps are public goods and common pools and in the literature of game theory, the analysis is concentrated around “off-the-shelf” game types where social traps can be characterized by the prisoners’ dilemma. The prisoners’ dilemma, an infamous game type, shows that individual rationality doesn’t have to lead to a Pareto efficient outcome. In the prisoner’s dilemma, both players have the dominant strategy not to cooperate, thus individual rationality leads to worse-off outcomes compared to a coordinated outcome. The result has led to the common belief that in these cases there is need for external institutions for coercive coordination. This mainly takes the form of state regulation. The general notion from the literature<sup>2</sup> is that individuals “could achieve little or

nothing without the help of government” in the case of provision of public goods like the environment.

However partly distancing ourselves from rational choice literature we can find several contradictions that demonstrate a human ability to cooperate. The different trains of thought are established by experimental psychologists<sup>3</sup>; game theoretic experiments by Axelrod<sup>4</sup>, and group specific studies by Ostrom<sup>5</sup>. All these allies challenge the original dilemmas by relaxing various assumptions of the original problem. First, it sets the relevance of self-regarding individuals under suspicion. Second, it shows the evolution of cooperation as the strategic result. Third, it demonstrates that the human ability to cooperate in communities depends on the ability to set up efficient institutions. All three trains of thought share one important aspect – they are optimistic about the human ability to cooperate. Although the methodological questions need further elaboration, I will rely on a structural approach, showing the human’s ability to set up more or less efficient institutions.

I state that common coordination dilemmas, which are caused by rational human behavior, have institutional solutions. I will show that individual benefits from cooperation and costs of enforcement are dependent on group size; community management can be effective only if the community size is relatively small. I will also show that in my cases, the discrete cut that divided communities into two separate leagues is between 50-400 players.

My argument that small communities were able to solve the tragedy of the commons by social norms has the ambition to connect an orthodox rational choice method with interdisciplinary empirical tools building up an analytic narrative. An analytic narrative is a combination of rational choice game theoretic deductive logic and historical-anthropological study. The analytical part of the narrative comes from analysis of choice rules and payoffs of the individuals using rational choice. Bates<sup>6</sup> proposes that “[...] it [analytic narrative] combines analytic tools that are commonly employed in economics and political science with the narrative form, which is more commonly employed in history.” Interviews and historical material support the analytic model giving material for an empirical test.

---

<sup>3</sup> For an overview see Peter Brann and Margaret Foddy “Trust and the Consumption of Deteriorating Common Resource,” *The Journal of Conflict Resolution*, Vol. 31 No 4 (1987): 615-630 and David Goetze, “Comparing Prisoners’ Dilemma, Commons Dilemma, and Public Goods Provision Designs in Laboratory Experiments,” *The Journal of Conflict Resolution* Vol. 38 No 1 (1994): 56-86.

<sup>4</sup> Robert Axelrod, *The Evolution of Co-operation*. (London. Penguin Books, 1990/1984).

<sup>5</sup> Elinor Ostrom *Governing the Commons: the Evolution of Institutions for Collective Action* (Cambridge: CUP, 1990).

<sup>6</sup> Robert Bates, Avner Greif, Margaret Levi, Jean-Laurent Rosenthal, Berry Weingast “Introduction” in *Analytic Narratives*. (Princeton University Press, 1998), 10.

---

<sup>1</sup> This article represents an adapted form of the MA Thesis defended at the Department of Political Science in June 2004 (supervisor Balazs Varadi).

<sup>2</sup> Russell Hardin, *Collective Action* (The John Hopkins University Press. Washington, 1982), 15.

My cases come from the end of the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup> century. These communities were relatively closed groups, counting from few to several thousand members. These communities were situated on the north-west coast of Estonia. Most distinct communities were situated on the island of Vormsi, the peninsula of Noarootsi, the island of Ruhnu, the islets of Pakris, the islet of Saarnaki, and some other villages on the island Hiiumaa. In history, this had been a Swedish-speaking district. Swedes have lived on the islands and on the shore areas for many centuries, and most of them moved to the coastal areas of Estonia right after 1334. Some islets started to be inhabited later. Almost all Swedish inhabitants from Vormsi, Ruhnu and Pakris left their homes during 1943-1944, being afraid of Soviet occupation. Approximately 8000 Estonian Swedes escaped to Sweden during the Second World War. The last inhabitants left Pakris in 1965 and Saarnaki in 1973.

The contribution of this paper is twofold – first it shows that there are cross cutting differences in the size of community, dividing communities into successful co-operators and unsuccessful ones and second that institutional complementarities for solving coordination dilemmas differed by community, meaning that communities dependent on size had to impose a different mix of informal institutions for community management. These institutions set restrictions on self-interested behavior for the common good. The most common of them were related to fixing the size of community or setting the boundaries for access to common pools. For constructing the argument, the formal framework is given first and further enriched, and it will finally be compared with the findings from the theoretic and empirical literature.

### 1. The model

Hobbes<sup>7</sup> statement that “Every man is Enemy to every man, [...] and the life of man [in the state of nature] is solitary, poor nasty, brutish and short” is an infamous description of the competitive-conflict environment individual actors create and maintain without institutional limitations. The Hobbesian metaphor describes the problems anthropologically individualistic actors face in a community. Social dilemmas or traps are situations in which individual rationality leads to collective irrationality. In coordination dilemmas, the Pareto dominant action profiles may tacitly be chosen by community members, but if there is no Pareto dominance then uncertainty remains. We will see that structural solutions, which change the payoff profile, can be the efficient result for solving social or coordination traps like the tragedy of the commons or provision of public goods. This game theoretic model is built up and followed by the discussion of possible structural solutions.

Many social traps can be described through incentive problems – well known examples are public goods and common pools. In the first case, the incentive problem of “free riding”<sup>8</sup> will be the result of rational behavior. The statement is supported by Olson’s<sup>9</sup> argument of the logic of collective action. According to this logic, the costs of provision are compared with possible benefits. Hence, we are confronted with the prisoners’ dilemma; on the large scale of collective contributions, all of us might receive large net benefits if we all contribute, but none of us may have any interest in contributing. We will see that the effect of net benefits and costs of contributing are largely dependent on group size. In the case of commons, where the supplier of the good is usually “Nature,” the situation is reversed – everybody has the incentive to use the resource as much as possible, if the provision of this resource is free of charge. The infamous metaphor of the tragedy of the commons is used for showing that over-utilization of resources is an imminent result in the case of common pools. The tree I cut, the fish I catch, the mushrooms I gather are not available to others. Thus the carrying capacity – are there as many high-quality goods left available – is the main concern. If there is as much and as good-quality product left is dependent not only on the replenishment rate of the common resource, but also on the group size utilizing the resource and the behavior of the group members. As Demsetz<sup>10</sup> explains, the smaller the group, the more easily observable is the cost and source of externality, which allows the internalization of externalities with lower costs. The replenishment rate is the natural characteristic of certain good; the group behavior is not the result of some natural law, but choices of the actors. If everybody prefers “using the resources” to “not using the resources” then we find again the prisoners’ dilemma to be the best ready-made analytical setup for classifying and structuring the analysis of the tragedy of the commons.

Let us assume that the problem is defined by the prisoners’ dilemma, where preference ordering over possible outcomes is determined in alphabetic order  $a \succ b \succ c \succ d$  and the Nash equilibrium or the equilibrium of dominant strategies is  $(c; c)$ , which is Pareto inferior compared to a cooperative payoff profile  $(b; b)$ . It is evident that in the case of repetitive interactions, not only preference ordering matters but the relative difference between the payoffs also matters. Total benefits for the group are defined by  $B(n)$  where

<sup>8</sup> for original source see Paul Samuelson, “The Pure Theory of Public Expenditure,” *Review of Economics and Statistics* 36 (1954): 387-89.

<sup>9</sup> Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge MA: Harvard University Press, 1965).

<sup>10</sup> Harold Demsetz, “Toward a Theory of Property Rights,” *The American Economic Review* Vol 57 No 2 (1967): 347-355.

<sup>7</sup> Thomas Hobbes, *Leviathan* (Cambridge: CUP, 1991/1651).

equal distribution of benefits will grant every agent individual benefit  $b(n) = \frac{B(n)}{n}$ . We also know that  $\frac{d(B(n)/n)}{dn} > 0$  when adding additional individuals will increase the average product of the group and when the group is growing over the point  $\frac{d(B(n)/n)}{dn} = 0$ , the average product of the group will decrease.

Enforcement of any kind of cooperative arrangement has its costs. If individual rationality does not lead us to cooperative Pareto-superior outcomes, then enforcing these outcomes has certain costs ( $E$ ). We assume the average enforcement costs to be a function of number of players ( $n$ ) and some external parameter ( $x$ ). The characteristics of the enforcement function

$$e(n, x) \text{ are, where } \frac{\partial e(n, x)}{\partial n} > 0 \text{ and } \frac{\partial e(n, x)}{\partial x} = \text{const.}$$

Assuming equal distribution of the costs each member has to share, the enforcement costs per member will be defined by  $e(n, x) = \frac{E(n, x)}{n}$ . We can set up the enforcement game of creating the institution of internal authority as an extended-form game, where in the first stage players will choose between agreeing (action A) or not agreeing (action  $\sim A$ ) over the enforcement of a cooperative institutional arrangement. Mutual agreement in the first stage will result in a payoff profile  $\{b(n) - e(n, x); b(n) - e(n, x)\}$  in case of two players (see figure 1.1), and in a prisoner's dilemma in a case of unilateral or bilateral disagreement. We assume that mutual agreement is a precondition of creating a cooperative arrangement, thus every agent has a veto right.

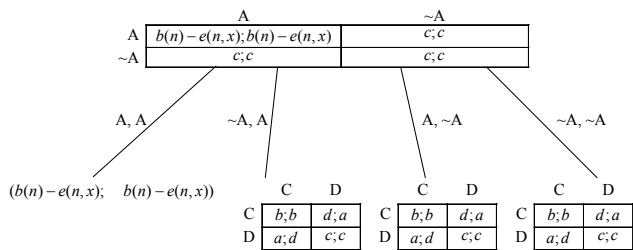


Figure 1-1: Internal authority game

There is one sub-game perfect Nash equilibrium (SGPNE) in this game if  $c > b(n) - e(n, x)$ , meaning that the average total benefits from cooperation don't exceed Nash equilibrium payoffs. In this case, the agreement over internal authority is not achieved as a self-enforcing result of the internal authority game, and the overall result will stand – communities will fall into social traps. But if

$$c < b(n) - e(n, x), \tag{1,1}$$

then there are two Nash equilibria and only one SGPNE. In the first stage, all players will choose action A and the game will be over, with the payoffs  $b(n) - e(n, x)$  to everybody. The analytical result suggests that agreement over internal authority can be the self-enforcing result, if certain conditions are satisfied. In figure 2.2, the graphical representation of enforcement cost functions and cooperation benefit functions are given. Assuming that condition (1.1) is satisfied, the optimal group size  $n^*(e, b)$  can be determined.

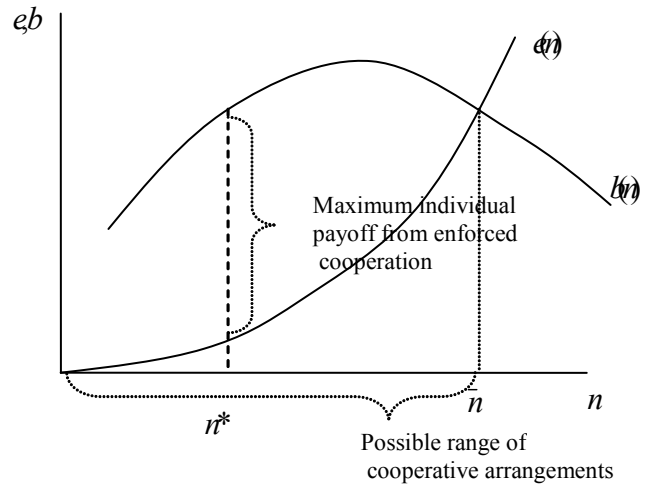


Figure 1-2: Group size and the determinacy of cooperative payoff

In figure 1-2, the possible range of cooperative arrangements is determined assuming  $c = 0$ . Thus cooperation-enforcing arrangements are self-enforcing solutions to the iterated prisoners' dilemma if the amount of players does not exceed certain level (in figure 1.2 it is indicated by  $\bar{n}$ ). The importance of group size in arranging and enforcing cooperation has been widely discussed by the theoretical train started by Olson<sup>11</sup> and continued by Hardin<sup>12</sup>. Hardin states that:

The number of people included in the decision unit is crucially important. As the size of a colony approaches 150, individual Hutterites begin to undercontribute from their abilities and overdemand for their needs. The experience of Hutterite communities indicates that below 150 people, the distribution system can be managed by shame; above that approximate number, shame loses its effectiveness<sup>13</sup>.

<sup>11</sup> Olson, *The Logic*; Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven and London. Yale University Press, 1982).

<sup>12</sup>Hardin, *Collective Action*; Russell Hardin, *One for All. The Logic of Group Conflict*. (Princeton University Press: Princeton New Jersey, 1995).

<sup>13</sup> Gerrett Hardin, „The Tragedy of the commons,“ ([www](http://www.econib.org)) <http://www.econib.org> (The Library of Economics and Liberty 21/12/2004).

For Hardin, cooperation in large groups is questionable because group-coherency is the determinant of cooperation. In large groups, “Nonangelic members will corrupt the angelic” and any cooperation is hard to achieve. In our informal institution game, if condition (1.1) is satisfied the result will not hold, because enforcing cooperation is beneficial to every single player. We saw that in an Olsonian framework group size matters, because any increase in group size will result in the loss of a degree of direct control. Maintaining the control – sharing the costs and benefits equally – is important to our internal authority game as well as for avoiding free riding.

In figure 1.2, the enforcement costs and net benefits from cooperation were represented as the function of the group size *ceteris paribus*. We defined enforcement cost as a function of  $n$  and  $x$ , so  $e$  is dependent not only on group size  $n$ , but also parameter  $x$ , which can be defined as the inverse measure of the coherence of the group. The inverse coherence of the group is assumed to be determined by the costs of entry and exit. Thus  $x(c_x; c_e)$ , where  $c_x$  indicates cost of exit and  $c_e$  cost of entry. Where  $\frac{\partial x}{\partial c_x}, \frac{\partial x}{\partial c_e} < 0$ , it means that the costs of enforcement is increasing when a group is less coherent ( $x$  is relatively large), indicating that there are low costs of exit to and entry from the community.

The question now arises as to where this “rule,” which will not allow choosing actions leading to Pareto inefficient outcomes, is coming from? Contractarian tradition starting from Hobbes and Locke has stressed the human ability to cooperate and create more or less alienated forms of agency that will enforce cooperation. Hardin<sup>14</sup> argues that normative social-evolutionary theories justify coercive institutions but do not explain their development. Explanatory evolutionary theories started from Axelrod face relatively similar problems. Even though social ties make most of the interactions in relatively close communities repetitive (which is definitely true in the communities in this study), the evolution of cooperative morals is difficult to explain. Cooperation is the outcome we want to achieve, but “cooperation” will make “defection” the best strategic response. Thus, the institution of penalizing non-cooperation is needed for the enforcement of cooperation. However, cooperation once achieved can be a self-enforcing strategy. If we believe in individual rationality, then in a repeated environment we should also believe in the human ability to develop rational institutions for enforcing cooperation. Arrow states that:

It is a mistake to limit collective action to state action [...] I want to [call] attention to a

less visible form of social action: norms of social behavior, including ethical and moral codes. I suggest as one possible interpretation that they are reactions of society to compensate for market failure. It is useful for individuals to have some trust in each other’s word. In the absence of trust, it would become very costly to arrange for alternative sanctions and guarantees, and many opportunities for mutually beneficial cooperation would have to be forgone<sup>15</sup>.

Believing that rational actors can develop rules as institutions for solving coordination dilemmas is an attitude shared by many authors in the new institutional economics tradition, although in many cases one instead finds that changing circumstances can “lock us in” to inefficient but path dependent institutions<sup>16</sup> because for any kind of cooperation, stable and close relations between the members of the society – “individuals have shared the past and expect to share the future”<sup>17</sup> – are needed. Whether these norms will lead to cooperation or to locked-in defection is the main question of interest. Elster<sup>18</sup> shows that social norms can have multiple functions, and one of them is “to act as a constraint on rationality”<sup>19</sup>. This kind of norm will make cooperation the only possible action by tying our hands. Other types of norms can lower the enforcement costs of cooperation by embedding individual actors into regularities often justified by historical knowledge. These norms can also be called “laws of nature,” where communal wisdom leads to aggregate benefits. Norms can also change individual payoffs by incorporating costs of shame or guilt into the game. We will see later that the communities in this study used different mechanisms or norms according to circumstance – ostracizing, hating, “sending away,” “tying hands,” relying on “laws of nature,” etc – for minimizing the costs of enforcement.

## 2. Empirical evidence

The cases in this study are communities situated on the western coast of Estonia (see appendix 1), and the cases are historical. In table 1, a historical overview of demographics is given. The decision-making units or actors used are farmsteads or heads of the farmsteads, meaning that the size of the community is only an indirect measure of the total number of players. By community, the size of the farmstead differed. In Ruhnu, the extended form of the family was called

<sup>15</sup> Kenneth Arrow, „Political and Economic Evaluation of Social Effects and Externalities” in *Frontiers of Quantitative Economics* ed M. Intriligator (Amsterdam: North-Holland, 1971), 22.

<sup>16</sup> Douglass North, *Institution, Institutional Change and Economic Performance* (England: Cambridge University Press, 1990).

<sup>17</sup> Ostrom, *Governing the Commons*, 88.

<sup>18</sup> Jon Elster, “Social Norms and Economic Theory,” *The Journal of Economic Perspectives* Vol 3 No 4 (1989): 99-117.

<sup>19</sup> Elster “Social Norms”, 102.

<sup>14</sup> Russell Hardin, „Economic Theories of the State,” in *Perspectives in Public Choice*, ed D. Mueller (Cambridge: CUP, 1997).

*hiskap*, where usually three generations lived together, making the average size of the farmstead approximately 5 members. In Pakris there were together approximately 100 farmsteads. In the bigger communities the number of farmsteads exceeded 400.

Table 1: Approximate number of players and external authority

Community	Number of players	External authority
Hiiumaa	~900	Strong
Noarootsi	~600	Strong
Vormsi	~400	Moderate
Pakries	~100 (in two islands)	Moderate
Ruhnu	~50	No

In Ruhnu and Pakries there were no external institutional constraints on the players; all institutions were internal and rather informal. A complex set of institutions is evident with the people of Ruhnu (similarly in Pakries), which consisted of a mixture of property rights, communal norms, “laws of nature,” and internal authority. The group size and lack of external institutions supported by the high costs of exit led this community to a unique basket of institutions for community management. In other cases, Baltic nobility remained the main landowners and the major economic force in the provinces until 1917, even though they lost their exclusive right to ownership of large estates in 1866.

Having stated that the interest is in case specific knowledge – how institutions could solve social traps – I now turn to the analytical part of the paper. Analytical narratives are given to support the deviation of collectives into two categories – large and small communities.

### 2.1. Efficient community management in Ruhnu

In Ruhnu, due to language, geographical, and technological conditions, the cost of exit from society has been relatively high. Also, we have to take account that in Ruhnu, the most valuable asset of the individual was their freedom from dues to the Baltic landlords. All these particularities increased the cost of exit ( $c_x$ ) and thus decreased the enforcement costs. The group size was relatively small, indicating that cost of enforcement in this community has been relatively low. The cost of entry, which will also affect the total cost of enforcement, will be discussed. By examining the institution of internal authority in Ruhnu, one can see that internal authority – norms, which were considered to be “laws of nature,” ownership structure granting envy free endowments, and agency relationship with the ruler – granted effective enforcement and made collective benefits SGPNE for the players.

Governing institutions in Ruhnu – local village rules called the Law of the Village – had no specific and well-defined written codes. This unwritten code of conduct was mentioned by some available sources<sup>20</sup> as a main institution governing the every-day activities of the people of Ruhnu. This set of regulation didn’t only define property rights, the system which has lasted in this original form for at least 300 years; it also coordinated all main activities on the island: hunting, boat building, boat laundering, fishing, and community management. There are two interesting aspects of the Law of the Village for the enforcement problem in question – ownership rights and the “democratic” form of community management called *Loandskape*.

Private property rights were as minimal as possible in Ruhnu. Land was so-called semi-private, meaning that *hiskaps* had the right of usage of the land, not the right of selling and buying the property. The division of the land was called the slice system,<sup>21</sup> which gave to each *hiskap* a slice of the land in all possible fields of equal quality. This equalization of initial and final allowance likely created envy-free preconditions in the case of equal manpower per *hiskap*. Even this was more or less achieved. Klein<sup>22</sup> illustrates the relationships of the *hiskaps* by bringing in a letter from 1887 that describes the movement of a son Jakob from Benas *hiskap* to the new *hiskap* of Mass, which in unlikely circumstances stayed without a master.

Jakob Benas who has moved to Mass, is satisfied with the part he has got, and people of Benas are satisfied with what they have given. Meat is equally distributed by people, also the fish. Five buckets of potatoes were given to Mass at the same day. After this Jakob got his father’s fishing-nets. Rye and barley was equally divided and from the seal leathers and fots Jakob got three pairs, he also got one towel, two buckets of malt, two old cows and one young, two old sheep and one young [...].

This transcript shows that usage rights instead of property rights applied not only to the land, but also to other valuables – even persons. If some *hiskap* had more “human resources” than others, redistribution of “human resources” was made. Every “human resource” had usage rights on the property according to his functions in *hiskap*. Reallocation of manpower of “human resources” kept the final endowments equal, to create a more or less envy-free community.

We have seen that *hiskaps* had to a great extent given up their rights to a local community –

<sup>20</sup> Gösta Selling, “Eessöna,” in *Elu Ruhnu*, ed J. Steffenson (Tallinn: Olion, 1994); Jakob Steffenson, *Elu Ruhnu* (Tallinn: Olion, 1994); Ernst Klein, *Runö* (Sweden: Uppsala, 1924).

<sup>21</sup> Steffenson, *Elu Ruhnu*; Selling, “Eessöna”.

<sup>22</sup> Klein, *Runö*.

*Loandskape*. Klein explains that *Loandskape* is beyond any *hiskap* only when the *hiskap* is endangering the efficiency of community management: “As far as *hiskap* itself can manage well its duties in front of members and neighbours, local community has no rights to interfere to the family management [...], but for example if *hiskap* happens to be without a male successor, then local community will decide who will take over the responsibilities of the *hiskap* master, without hurting any other *hiskaps*”<sup>23</sup>.

The ownership system of Ruhnu on one hand has some similarities to Polanyi’s<sup>24</sup> “world of no greed,” where the principles of behavior are primarily associated with reciprocity and equalizing redistribution, but on the other hand social relationships did not dominate over economic or productive relationship; rather the opposite was true. Close social ties were a solution to coordination problems, as will be shown later. Socializing – social claims and assets – was not an overweighting effective coordination reason, because the group sizes for different economic activities differed. Some activities were not governed by norms at all because of difficulties of surveillance, and in these cases individual arrangements dominated. However, in political philosophy, an envy-free society is sometimes considered to be the epitome of the optimal social arrangement;<sup>25</sup> the difference is magnificent between total equalization in Ruhnu and Dworkinian relative prices or market mechanism-based equally valuable holdings. Dworkinian thought experiments justify social insurance in individualistic society; in Ruhnu, we find an envy-free, allocation-based communitarian arrangement, which is a rather rational arrangement in close impersonal exchange societies that maximize collective gains without any trade.

Norms-based management indicates that “laws of nature” are the least costly enforcement mechanisms. It was mentioned by Klein<sup>26</sup> and Steffenson<sup>27</sup> that there was not any kind of surveillance mechanism or bureaucracy present. Similarly to Hobbesian “laws of nature,” the basis of these laws was rationality of cooperation. Many times Steffenson stresses that these laws were not god-given, but rather inherited from wise ancestors, which points towards an evolutionary and path dependent institution. There were no sources available about any punishment related to breaking the laws. It was mentioned by Steffenson that the island had a special house which could be called a prison, but this was never used, and finally broke down. Due to the high cost of exit, and as we will see later, the high costs of entry, we may assume that compliance with norms was

achieved though social incentives. Social ties were important for enforcing cooperation. The threat of ostracism is definitely an important incentive-creating scheme.

Our players in the small community in Ruhnu had adjusted to the technological, geographical, and natural conditions, creating cooperative institutions for enforcing the cooperation. Due to the high exit and entry cost of the close environment and the small number of players, they had no difficulty in maintaining cooperation as SGPNE. Evolutionary adjustment processes for creating efficient institutions for solving social traps had taken place for centuries. The main determinants of institutions created were the number of players, costs of exit and entry, and technological constraints. These parameters have stayed relatively constant over a long period in history.

## 2.2. Failures – Hiiumaa and Vormsi

Although in Hiiumaa and also in Vormsi most peasants from previous Swedish settlements were free from serfdom, they rented their land from landlords. Payment was made mostly in the form of money, but in some cases natural rents were also settled. In Saarnaki islet, where exchange transactions were rare, fish rent was paid. In many cases in Vormsi, natural rent was customized as well. In Vormsi, the slice system in ownership of land was abolished already in the middle of 19<sup>th</sup> century.

Hiiumaa was mainly owned by Duke Ungern-Stenberg. The local masters acted as the agents of the Duke. The Master of Kõpu, Peeter Reikmann, wrote in his memoirs that local masters acted as supervisors and also as a local authority. “[m]y task was to maintain law and order not only on the territory of the manor, but also in the village”<sup>28</sup>. He also describes his duties as the middleman between local renters solving quarrels without engaging official authorities, thus avoiding costs of going to court. This external agency was partially implemented due to historical agency relationships, partly, and I claim, due to players’ rationality not to cooperate. To support my claim, I have to rely on historical documents that will shade some light on the community management failures in Hiiumaa and Vormsi.

In the year 1889, Duke Ungern-Stenberg announced to the public (local renters and peasants) that they cannot use lands and forests of the state for cattle herding:

The forests of Hiiumaa have a lot of detriments due to fires, worms and storms, [...] the growing plants have been trembled and eaten by sheep and other animals, after this the sand

<sup>23</sup> Klein, *Runõ*, 120.

<sup>24</sup> Karl Polanyi, *The Great Transformation . The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944).

<sup>25</sup> Robert Dworkin, „What is Equality?” *Philosophy and Public Affairs* Vol 10 No 3 (1981).

<sup>26</sup> Klein, *Runõ*.

<sup>27</sup> Steffenson, *Elu Ruhnul*.

<sup>28</sup> Peeter Reikmann, „Mälestusi Ungru mõisast,” *Läänemaa Muuseumi Toimetised* IV (2000): 113-128.



and soil will start to curl due to strong winds and, thus the herding in the forest of Suuremõisa and Kõrgesaare is prohibited. [...] I let my people to survey and examine that all these who allow animals to walk and eat in the forests, will be punished by the strictest means<sup>29</sup>.

This public decree shows that forests under common access were suffering from exploitation and over-utilization, which is a universal feature of common pools under public access. In these areas, approximately 900 families lived, a group size which has a remarkable network size for an impersonal exchange economy. The similar problem with forest management was described in Vormsi by Meikar<sup>30</sup>: “the wood shortage started in the 17<sup>th</sup> century, which led to the regulation of wood usage – the limits of cutting the forest were established by local landlords, also two forest wardens were assigned. Selling of the forest by peasants was prohibited in 1766.” The same source certifies that effective laws and regulations helped and over-utilized forests ceased to exist and starting from the middle of the 19<sup>th</sup> century, the forest of Vormsi was described as a beautiful pine tope, and the shortage of the wood was considered to be a past experience<sup>31</sup>. This shows that at least in case of the commons in the communities of Vormsi and Hiiumaa, external authority had to set rules and regulations to avoid the trap. Were other social traps also present?

In Vormsi, there is another source available that describes local community relationships before 1873 when priest Lars Österblom was sent to the island to establish religious morality and norms for the people who lived “worse than the animals.” Tuttar and Dahl<sup>32</sup> say that according to a local peasant, drinking was the most common coordinated activity. There was no more coordination, but instead there was stealing from others and from the landlords, and beatings and quarrels were common. From the same source, the description of the sources of monetary income explain that in manor corn husking, what lasted throughout the year, all peasant guards and workers stole even more they could carry. During the nights manor forests were stolen and sent to Haapsalu. Similar events are described as folk jokes in the case of Hiiumaa, where local forest warden stole manor wood and let others steal as well<sup>33</sup> or as folk stories such as one told by Ant Peterson in 1875,

according to which local peasants were cheating the masters<sup>34</sup>.

There were some documents assuring some cooperation between community members, but this cooperation was the consequence of the scarcity of resources rather than effective community management<sup>35</sup>. The first description of local cooperation comes from Vragar<sup>36</sup> who describes the foundation of Kärda fishermen society in 1898. Similar societies or association were functioning in Noarootsi<sup>37</sup>. In Vormsi from 1880 to 1890 there were almost one or two fishing drag-nets shared by six families in every village. Often boats were also common property. All these collective arrangements in Hiiumaa, Vormsi and Noarootsi were cooperative ventures, sharing the properties of firms. However, the impersonal exchange economy - which decreased the cost of exit by establishing trade relationships and allowed economic relations based on a division of labour - increased the enforcement costs of cooperation. With the population increase in Vormsi, the old norms-based management was quickly abandoned. If we trust the source, then the transformation period from community-based management to an impersonal exchange environment was not smooth. Transformation of the “noble savages” to “individualistic optimisers” had taken place in Vormsi during the second half of the 19<sup>th</sup> century. I have shown that this break was caused by an increase in group size and evolution of impersonal exchange economy, which allowed individual to function without a supportive network and thus decreased the costs of exit from the society.

In large groups, community management failed because the net benefits from cooperation were small or even negative in the case of enforcement costs in an impersonal exchange environment. Condition (1.1) was not satisfied and the internal authority game thus has only one SGPNE – everybody will “not agree” ( $\sim A$ ) during the first stage, which will lead to the “defection” (D) and the equilibrium payoff profile  $\{c; c\}$  in the second stage. The narratives have shown that group size may have an impact on the net benefits of cooperation, but we have not been able to show that number of players ( $n$ ) has a causal relation with the ability to establish cooperative ventures, because in all success cases an impersonal exchange environment was also present, which will diminish coherence of the group and increase parameter  $x$ . But we will see that some cooperative arrangements between members of the smaller units, mainly villages or islets (Saarnaki),

<sup>29</sup>Bernhard Tuiskvere “Eesti Metsadest Mõõdunud Sajandil,” *Eesti Mets* 7 (1939).

<sup>30</sup>Toivo Meikar “Vormsi saare metsade ajaloo,” *Läänemaa Muuseumi Toimetised* IV (2000): 29-44.

<sup>31</sup>Meikar, “Vormsi Metsadest”.

<sup>32</sup>Hendrik Tuttar and Dahl “Ärkamise aeg,” *Eesti Baptsisim Ajalugu* I (Tallinn: E.B.K. Seltsi väljaanne, 1929).

<sup>33</sup>Elmar Vragar *Hiiumaa ja Hiidlased: Ülevaade Saarest ja Rahvast* (Toronto: Estoprint, 1971).

<sup>34</sup>Selma Lätt, *Eesti Rahva Naljandid* (Tallinn: Eesti Riiklik Kirjastus, 1957).

<sup>35</sup>Arved Luts, “Mõnda kalandusest Läänemaa randades kuni 1940. aastani,” *Läänemaa muuseumi toimetised* III (1999): 89-104.

<sup>36</sup>Vragar, *Hiiumaa*.

<sup>37</sup>Luts, “Kalandusest Läänemaal”.

remained customized until the Soviet occupation in 1944.

### 2.3. Institutions for size management

We have seen that group size is a core characteristic of creating institutions for solving coordination dilemmas. Ostrom<sup>38</sup> and Bardhan<sup>39</sup> have shown that groups often find a way to manage access to common pools, and those arrangements are found to be surprisingly robust. Ostrom proposes that successful communities are marked by clearly-defined boundaries – “Individuals or households who have the rights to withdraw resource units [from the commons] must be clearly defined, as must be the boundaries itself”<sup>40</sup>. Cases collected by Ostrom, such as the village of Töbel in Switzerland, Hirano, Nagaike, and Yamanoka villages in Japan, the city of Valencia, and others, all share fundamental similarities. These similarities include stable membership, close relationships, and interrelated generations. Ostrom also states that “extensive norms have evolved in all of these settings that narrowly define ‘proper’ behavior [and] the specific operational rules in these cases differ markedly from one another”<sup>41</sup>. The same result – remarkable differences in institutions solving the same difficulties by communities – has also been shown by Richerson<sup>42</sup>.

I will consider three different cases where entry conditions were set by different mechanisms. The first case is Saarnaki, an islet with only four families, where the rule of fixing the size was set in quantitative terms – the carrying capacity of the isle was 16 adults. The second case is Ruhnu, where common resources did not meet the carrying capacity, thus access was allowed if and only if the newcomers conformed to local “laws of nature.” In the third case, the community members had no authority to setting the boundaries, thus the “institution” of hate and secrecy emerged.

Our first case is Saarnaki (territory of 1.3 square kilometres), which originally belonged to the Duke Ungern-Stenberg, but the people living on the islet considered themselves to be the owners of the islet<sup>43</sup>. The territory of Saarnaki allowed each family to have domestic animals according to their needs, not for taking to the market. In addition to private arable land, common land was divided into private zones. Trespassing was allowed, pastures for grazing the herd

were considered to be private, and for effective land management fences were built or child-shepherds kept the animals in their zones. Zones were established also on the coast line, and due to a shortage of wood, every tree trunk or log washed ashore was extremely valuable. Also sea weeds, used for bolstering soft furniture and matrices, were gathered from the coastline, dried, and sent to the mainland, which was an important source of income for locals. “Privatization of the commons” is a well-discussed cooperative arrangement in solving traps,<sup>44</sup> But not all resources could have been privatized – a social network had to be maintained for cooperative activities like fishing, maintaining the forest, and grinding in the windmill. Several resources were also impossible to privatize, like berries, mushrooms, wild birds (like in the case of Ruhnu), and fish. The reasonable argument is that privatization of all commons was not socially reasonable due to the nature of the resources. The size of the islet limited the carrying capacity of the natural resources, so an institution enforcing optimal consumption is the rational response to the natural conditions.

This institution – a rule which fixed the amount of inhabitants – was enforced. In Saarnaki there had been an unwritten law that the carrying capacity of the islet is 16 adults, called “the rule of 16.” On the islet there were four families, meaning that in the families there could not be more than four adults, meaning the grownup children had to leave. Taking into account that each family had at least four or more children, the rule setting seemed to be vital for sustaining the quality and quantity of resources left for the next generation.

The second case is again Ruhnu, the island which had developed and maintained a perfectly adjusted network of institutions for community management, and has even more to offer for testing the credibility of my claim. The fact that in Ruhnu nobody was forced to leave the community signals that the carrying capacity of the island was not met. There was no competition between locals and outsiders, indicating that technological constraints and high transaction costs dominated over the scarcity of the resource. Also everybody, including outsiders, had equal rights to hunt, without any division of land or seashore into private zones.

Despite the fact that there were no ill feelings towards outsiders, according to the statistical sources, only five Estonians lived on the island in 1934. According to Steffenson, there was only one Estonian man, who married on the island and had several wives during the first Estonian Republic. Steffenson writes:

<sup>38</sup> Ostrom, *Governing the Commons*.

<sup>39</sup> Pranab Bardhan, “Analysis of Institutions of Informal Cooperation in Rural Development,” *World Development* 21 (4: 1993): 633-39.

<sup>40</sup> Ostrom, *Governing the Commons*, 91.

<sup>41</sup> Ostrom, *Governing the Commons*, 88.

<sup>42</sup> Peter Richerson; Rob Boyd; Brian Paciotti, “An Evolutionary Theory of Commons Management. Draft,” in *Institutions Managing the Commons*, ed P. Stern (chap. 3 forthcoming, 2001).

<sup>43</sup> Elmo Saarnak, “Interview by author,” tape recording (Estonia, Hiiumaa, Emmaste:2005).

<sup>44</sup> Harold Demsetz, “Toward a Theory of Property Rights,” *The American Economic Review* Vol 57 No 2 (1967): 347-355; David Schmidtz “The Institution of Property,” *Social Philosophy and Policy* Vol 3 No 4 (1994): 42-62.

Sometimes it happened that somebody had to marry a girl out of Ruhnu, and then men sailed to other territories, where Estonians lived, to seek for the wife. Only one Estonian man married on the island, he had to live for many years on the island, before he was taken as a part of the community. He had to learn the language and customs before he received “full citizenship” and became a member of the St Magdalena congregation<sup>45</sup>.

Compared to wives, husbands had certain social functions as the head of the *hiskap* – participating in village meeting, voting, seal hunting, boat building, and participation in other cooperative arrangements – which demanded not only technical skills but also conformation to the already discussed “laws of nature.” Becoming a “citizen” of the Ruhnu and member of *Loandskape*, the collective decision institution, was vital for efficient community management. We call this size management institution “quarantine,” which set the norms for newcomers: don’t accept outsiders till they conformed.

In the current example, institutions played a different role than in the previous examples. As long as the size of the community is not approaching the size where it can endanger cooperation by increasing the cost of enforcement or lowering the benefits from cooperation, the size of community will not matter in case of marginal changes. In case of marginal changes, it is important for the community to ensure that the newcomer is conforming to existing norms. The institution of quarantine distributes the cost of entry so that it will be carried only by the newcomer, thus maximizing the possible aggregate benefits for the “local” players.

Our third case, Hiiumaa, set up different kinds of “institutions” of hatred and secrecy. Similar dependent “institutions” can be found in many communities from different cultures, social norms, ethnical roots, etc. Cultural evolutionary theorists explain this feature by path dependency. This tribal social instinct hypothesis as a basis of cooperating with insiders and distrusting outsiders is even believed to be built into our genes due to social selective learning which causes these cultural imperatives<sup>46</sup>. Following a similar path, the evolution of cultural symbolically marked groups distinguished by folk costumes or “wearing of common colors” is considered by LeVieil<sup>47</sup>, where “colors” stress the difference between insiders and outsiders. Despite many alternative explanations the simplest – hating

outsides will not hurt players, but has probabilistic benefits by keeping intruders out – is discussed in this section. These uncertain benefits can be endorsed by informing intruders about the attitudes of the locals. The norms, where the functional role of the community has been the establishment of this difference, are shown by Hardin<sup>48</sup>. He argues that it is inappropriate to call these norms community norms as they are rather “norms of particularism, difference and exclusion”<sup>49</sup>. It is clear that membership can give certain benefits in case of a fixed supply of some natural resources – for example in the case of commons. Also assuming that the community has some preliminary coordinating devices in the form of informal institutions, any new member will threaten the existing comfort, familiarity, or easy communication inside the group.

The other mechanism in “not-so-complex” societies for playing social games is hiding information. The “secret” mushroom gathering places or berry picking places are common to many Estonian communities.

In other cases, the sea is legally defined as common property, open to all, but various means of restricting access have developed. [...] One is secrecy, not making public the information and knowledge necessary to successful exploitation of sea resources<sup>50</sup>.

Typically the exploitation of resources or other negative aspects like a worsening social climate “rife with secretiveness, lying, avoidance, and general suspicion”<sup>51</sup> is stressed. Here I argue something different – hiding information could be a norm, a rational behavior to avoid common traps. Information hiding or secrecy can be interpreted as one form of institution that will limit access to public resources and help to solve social traps. In these cases, members of society can accept the norm without harming the social network, but at the same time benefits from limiting access can outweigh social costs.

This work shows that different institutions for governing commons will be developed under different natural and communal conditions. In Saarnaki, where the natural resources were maximally utilized by a small number of players, the vital institution of the “rule of 16,” was developed. The main problem of this small community was the internal control of the group size. In Ruhnu, where common resources allowed marginal increase of the users, a different rule – quarantine – was developed. In open access communities, where communities were not able to set boundaries to common

<sup>45</sup> Steffenson, *Elu Ruhnu*, 128.

<sup>46</sup> Richerson et al, “Commons Management”.

<sup>47</sup> Dominique LeVieil, . “Territorial Use-Rights in Fishing (Turfs) and the Management of Small Scale Fisheries: The Case of Lake Titicala (Peru),” (Ph.D. diss., University of British Columbia, 1987).

<sup>48</sup> Hardin, *The Logic of Group Conflict*.

<sup>49</sup> Hardin, *The Logic of Group Conflict*, 74.

<sup>50</sup> Paul Durrenberger and Gisli Parsson, “Ownership at Sea: Fishing Territories and Access to Sea Resources,” *American Ethnologist* Vol 14 No 3 (1987), 510.

<sup>51</sup> Andersen in Durrenberger and Parsson, “Ownership at Sea,” 510.

resources, “institutions” of hatred and secrecy developed. These institutionalized attitudes toward outsiders may also be seen as solutions to the management of commons, although it must be admitted that they might have also been socially harming. Although in the case of a fixed supply of natural resources, keeping intruders out is not only individually rational, but also collectively beneficial when we face the tragedy of the commons.

### Conclusions

My argument that small communities were able to solve coordination dilemmas by developing different social norms is supported by empirical evidence. I have shown that the most important determinant of cooperative institutions was the size of the group. Group size determines not only the costs of enforcement of cooperative morals, but also the expected cooperative benefits. Other exogenous variables affecting the costs of enforcement are related to group cohesion, which can be indicated by the costs of exit and entry. Table 2 summarizes the case-specific knowledge and clearly indicates that an impersonal exchange relation is not the main cause of failure of effective community management. Instead, impersonal exchange relations decrease the costs of exit and affect the costs of enforcement.

Table 2. Summary

Community	Costs of enforcement dependent on the coherence of the group (x)	Number of players (n)	Effective community management	Impersonal exchange relations
Hiiumaa (in general)	High costs small coherence	~900	-	+
Hiiumaa (specific cases)	Low costs considerable coherence	~30	+	+
Vormsi	Relatively high costs relatively small coherence	~400	-	+ -
Ruhnu	Low costs considerable coherence	~50	+	-
Saarnaki	Low costs high coherence	4	+	-

Thus I suggest that the discrete cut of community size to make community management effective is between 50 and 400 players. In these cases the players were extended families or farmsteads, so the size of the communities is much larger depending on the size of the farmstead. In Ruhnu the effective size of community was below 300 members, and in Hiiumaa and Vormsi, the cases of failure, communities exceeded 2000 members.

A basket of interrelated institutions for effective community management in Ruhnu shows that the enforcement cost of collective action can be embedded

into different setups of norms. This coordination “miracle” consisted of institutions of property rights, “laws of nature,” and village meeting *loadskape*. The equal distribution of initial endowments and the redistribution of final endowments were the important characteristics for symmetrical representation of benefits. This relatively extraordinary natural experiment shows that institutions do not exist in a vacuum and their complementarities are as important for mutual understanding as single factors. The slice system was effective only when supported by a redistribution of manpower; rules-based community management was only effective in case of equal endowments; and an institution of quarantine was needed only when the rest of the institutions were effectively enforced.

Our failure cases have shown that institutions do not exist in vacuum. External institutions shape individual payoffs through incentive schemes, allowing for the creation of so-called double morality – in-group relations differ considerably from relations between the groups or between the players and external authority. The most valuable finding has been the institutional arrangement which can be called private zones. This partial privatization of common resources was effectively enforced by small groups, although large group common-pool management failed.

I have shown that the size of the community in not exogenous under certain conditions. In all cases, natural boundaries more or less help the communities to increase the costs of entry. However, when size matters, communities were able to develop different institutions for setting up additional boundaries. In the islet of Saarnaki, where natural resources met the carrying capacity, the size of the community was detrimental. The institution of “the rule of 16” was enforced by tacit consent. This institution fixed the maximum number of inhabitants who had access to common pools. In Ruhnu where the scarcity of the resources did not set considerable constraints on the group size, the community management system consisted of a complicated mixture of institutions demanding conformity from newcomers. Thus the institution of quarantine was the optimal evolutionary result, which forced newcomers to conform. In open-access communities, where players were not able to control entry by setting boundaries, different informal norms of “hatred” and “secrecy” were the evolutionary results.

It has also been shown that a personal exchange environment has an important impact on the cost of enforcement of collective arrangements. The lack of a market economy accompanied with redistributive and equalizing mechanisms led to the creation of an envy-free society. Thus Polanyi’s “world of no greed”<sup>52</sup> gave

<sup>52</sup> Karl Polanyi, *The Great Transformation. The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944).

rise to the specific mixture of institutions, but maintaining the high costs of exit and entry made the group coherent. This argument is also supported by Olson's logic about social selective incentives and symmetrical organization<sup>53</sup>. The collection of cases presented by Ostrom shows the successes and failures in common pool management<sup>54</sup>. She stresses the factors which contribute to the probable failure: a large number of farmers, diversity of cultural backgrounds, unequal initial endowments, lack of control, and no affiliation<sup>55</sup>. In the cases presented in this work, it was shown that most preconditions are sustained but the cultural background precondition can be relaxed. Also, the meaning of a large group can be specified by arguing that the cross-cutting difference must be between 50-400 farmers.

It was also shown that some informal institutions do not have to be socially optimal, like in the case of hating outsiders or keeping secrets. However, these are still rational responses in choice-specific situations. North is famous for indicating the threats of being locked in to inefficient but path dependent institutions<sup>56</sup>. Unfortunately the natural experiment examined here does not allow for examination of the sustainability of these institutions. Ruhnu would have had a perfect experimental stage for testing the impact of impersonal exchange relations on existing institutions, but we can only say that the institutional mixture in Ruhnu had marginal changes already during the opening up in the 1920s. Also more information is needed to study the transition period of Vormsi from an impersonal to a personal exchange economy in the middle of the 19<sup>th</sup> century.

The current study has contributed to the wide range of literature about individuals' ability to cooperate without external coercive enforcement. Two works highlight the issues related to the field. First, Hardin argues that norms and conditional strategies can be possible solutions to social traps without a coercive state<sup>57</sup>. The second argument is that the state destroys the very elements of the community, like common beliefs or norms, direct and complex relationships between members, and reciprocity. I believe that the Aiboland case study, following Hardin's footsteps, shows that complementarities of norms and systems interrelating external and internal institutions can be a fruitful path for further studies. It would be interesting to see the emergence of alternative smaller cooperative formations in case of failure of cooperative large communities, like clans, social groups, or other frameworks. Also, the alternative hypothesis that external authority destroys community norms could be tested further. For the enthusiasts who share the

opinion that interdisciplinary studies will enrich the quality and quantity of academic work, the latter should be an encouraging message.

### Bibliography

- Arrow, Kenneth "Political and Economic Evaluation of Social Effects and Externalities" in *Frontiers of Quantitative Economics*. ed. M. Intriligator. Amsterdam: North-Holland, 1971, 3-25.
- Anderssen, R. "Public and Private Access Management in Newfoundland Fishing". in *North Atlantic Maritime Cultures*. R. Anderssen ed. The Hague, Mouton, 1979, 299-336.
- Aristotle. *The Politics*. Trans. T. A. Sinclair. Harmondsworth: Penguin, 1992.
- Axelrod, Robert. *The Evolution of Co-operation*. London. Penguin Books, 1990/1984.
- . *The complexity of coordination. Agent-Based Models of Competition and Collaboration*. Princeton, New Jersey, Princeton University Press, 1997.
- Bates, Robert, Anver Greif, Levi, Margaret, Rosenthal, Jean-Laurent and, Berry R. Weingast. "Introduction" in *Analytic Narratives*. Princeton University Press, 1998.
- Bardhan, Pranab. "Analysis of Institutions of Informal Cooperation in Rural Development," *World Development* 21 (4: 1993): 633-39.
- Bierstedt, Robert. *The Social Order*. New York: McGraw Hill Co, 1963.
- Blum, Jerome. "Rise of Serfdom in Eastern Europe," *American Historical Review* Vol 62 No 4, (1957): 807-836.
- Blumfeld, E. "Estlandssvenskarnas Historia." In *Estlands Svenskar*. Stockholm, 1961.
- Brann, Peter and Margaret Foddy. "Trust and the Consumption of Deteriorating Common Resource." *The Journal of Conflict Resolution* Vol. 31, No 4, (1987): 615-630.
- Dawes, Robyn. "Social Dilemmas, Economic Self-Interest and Evolutionary Theory," in: *Frontiers of Mathematical Psychology: Essays in Honour of Clyde Coombs* ed. D. R. Brown. (New York: Springer-Verlag, 1991), 53-79.
- Demsetz, Harold. "Toward a Theory of Property Rights," *The American Economic Review*. Vol. 57 No 2 (1967): 347-355.
- Durrenberger, Paul and Gisli Palsson. "Ownership at Sea: Fishing Territories and Access to Sea Resources," *American Ethnologist* Vol 14 No 3 (1987): 508-522.
- Dworkin, Ronald. "What is Equality?" *Philosophy and Public Affairs* Vol. 10 No 3 (1981).
- Eisen von Schwarsenberg, J. G. "Eines Liefländischen Patrioten Beschreibung der Leibeigenschaft, wie solche in Liwland über die Bauern wingeführt ist," in *Sammlung Russischer Geschichte*. (St. Petersburg, 1764).
- Elster, Jon. "Social Norms and Economic Theory," *The Journal of Economic Perspectives* Vol 3 No 4 (1989): 99-117.
- . "Selfishness and Altruism," in *Beyond Self-Interest*, ed Jane Mansbridge. (Chicago, University of Chicago Press, 1990).
- Fox John and Guyer, Melvin. "'Public' Choice and cooperation in n-persons Prisoner's Dilemma," *Journal of Conflict Resolution* 22 (1978): 323-338.

<sup>53</sup> Olson, *The Logic of Collective Action*.

<sup>54</sup> Ostrom, *Governing the Commons*.

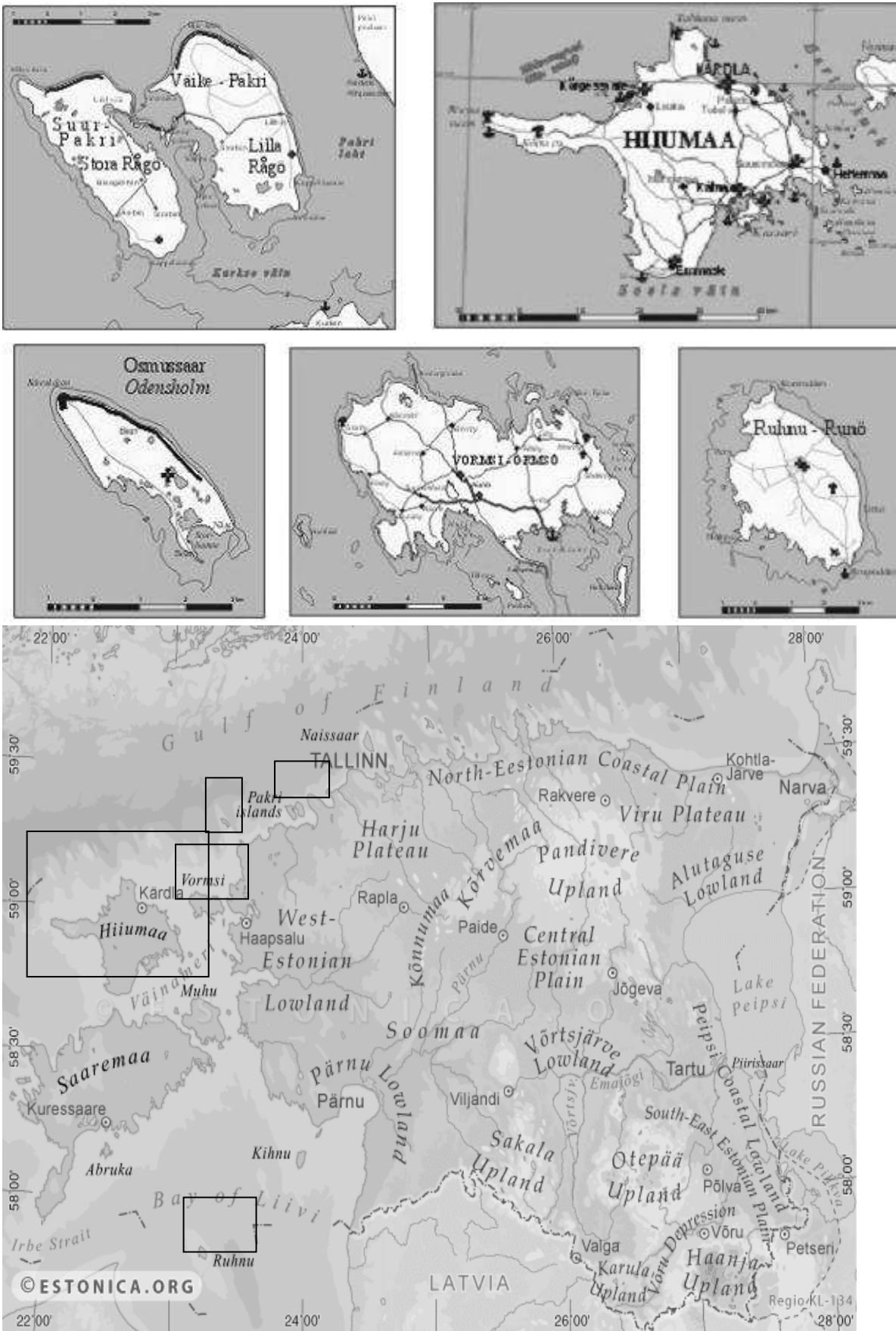
<sup>55</sup> Ostrom, *Governing the Commons*, 166.

<sup>56</sup> North, *Institutions*.

<sup>57</sup> Hardin, *Collective Action*; Hardin, *The Logic of Group Conflict*.

- Goetze, David. "Comparing Prisoners' Dilemma, Commons Dilemma, and Public Goods Provision Designs in Laboratory Experiments," *The Journal of Conflict Resolution*. Vol 38 No 1 (1994): 56-86.
- Green, Donald. P. and Ian. Shapiro. *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science*. New Haven: Yale University Press, 1994.
- Hall, Peter.; Taylor, R. "Political Science and the Tree New Institutionalisms," *Political Studies* XLIV (1996): 936-957.
- Hardin, Garrett. "The Tragedy of the Commons." *Science* 162 (1968): 1243-1248.
- . *Filters Against Folly: How to Survive Despite of Economists, Ecologists, and the Merely Eloquent* (London, England, Penguin Books, 1986).
- . "The Tragedy of the Commons" (www) <http://www.econib.org> (The Library of Economics and Liberty 21/12/2004).
- Hardin, Russell. *Collective Action*. The John Hopkins University Press. Washington, 1982.
- . *One for All. The Logic of Group Conflict* Princeton University Press: Princeton New Jersey, 1995.
- . "Economic Theories of the State," in *Perspectives in Public Choice*, ed D. Mueller (Cambridge: CUP, 1997).
- Hauptmann, Emily. *Putting Choice Before Democracy: A Critique of Rational Choice Theory* .Albany: State University of New York Press, 1996).
- Hobbes, Thomas. *Leviathan*. Cambridge: CUP, 1991/1651.
- Homans, George. *Social Behavior: Its Elementary Forms* .New York: Harcourt, Brace and Co, 1961).
- Jerde, Thomas.; Rosen, Benson. "Effects of Opportunity to Communicate and Visibility of Individual Decisions on Behavior in the Common Interest" *Journal of Applications in Social Psychology* 59 (1974): 712-716.
- Kaskor, Vello. "Hiiumaa Majanduse ja Keskkonna Suhted Kesk- ja Uusajal," in *Kohtumispaik*, ed T. Kokovkin .Kärdla: Urimiskeskus Arhipelaag, 2004.
- Kollock, Peter. "Social Dilemmas: The Anatomy of Cooperation," *Annual Review of Sociology*, 24 (1998): 183-214.
- Klein, Ernst. *Runö* .Sweden: Uppsala, 1924.
- Laur, Mati.; Pirsko, Priit. "Eeskostest vabanemine: Agraarsuhetest Eestis 18.-19. sajandil," in *Rootsi Suurriigist Vene Impeeriumisse – Eesti Ajalooarhiivi Toimetised* 3, (1998), 173-193.
- Leacock, Elianor. "The Montagnes 'Hunting Territory' and the Fur Trade," *American Anthropologist* Vol 56 No 5 (Part 2, 1960), Memoir No 78.
- LeVieil, Dominique .P. "Territorial Use-Rights in Fishing (Turfs) and the Management of Small Scale Fisheries: The Case of Lake Titicala (Peru)," (Ph.D. diss., University of British Columbia, 1987).
- Luts, Arved. "Mõnda kalandusest Läänemaa randades kuni 1940. aastani," *Läänemaa muuseumi toimetised* III (1999): 89-104.
- Lätt, Selma. *Eesti Rahva Naljandid* .Tallinn: Eesti Riiklik Kirjastus, 1957..
- Macy, Michael V. "Social Learning and the Structure of Collective Action," in *Advances in Group Processes*, ed E. Lawer et al .Greenwich CT, 1953, 1-36.
- McClintock, Ch .G.; Keil, L. J. "Social Values: Their Definition, Their Development, and Their Impact upon Human Decision Making in Settings of Outcome Interdependence," in *Small Group and Social Interaction*, ed Bluberg, Hare, Kent, Davies, .London: Wiley, 1983, 123-143.
- Meikar, Toivo . "Vormsi saare metsade ajalooost," *Läänemaa Muuseumi Toimetised* IV (2000): 29-44.
- Morris, Richard T. "Typology of norms," *American Sociological Review* Vol 21 No 5 (1956): 610-613.
- Munck, Gerardo L. "Game Theory and Comparative Politics: New Perspectives and Old Concerns," *World Politics* vol 52 (issue 2, 2001): 173-204.
- North, Douglass. *Institution, Institutional Change and Economic Performance*. England, Cambridge University Press. 1990.
- Olson, Mancur. *The Logic of Collective Action: Public Goods and the Theory of Groups* .Cambridge MA: Harvard University Press, 1965.
- . *The Rise and Decline of Nations. Economic Growth, Stagflation, and Social Rigidities* .New Haven and London. Yale University Press, 1982.
- Orbell, John., Dawes, Robyn., van de Kragt, Alphons. "The Limits of Multilateral Promising,," *Ethics* 100 (1990): 616-627.
- Ostrom, Elinor. *Governing the Commons: the Evolution of Institutions for Collective Action* .Cambridge: CUP, 1990).
- Polanyi, Karl. *The Great Transformation. The Political and Economic Origins of Our Time*. Boston: Beacon Press, 1944).
- Posner, Richard. A. "Social Norms and the Law: An Economic Approach," *The American Economic Review* Vol. 87 No 2 (1997): 365-369.
- Pruitt, Dean G; Kimmel, Melvin J. "Twenty Years of Experimental Games: Critique, Synthesis and Suggestions for the Future," *Annual Review of Psychology* 28 (1977): 363-392.
- Reikmann, Peeter. "Mälestusi Ungru mõisast," *Läänemaa Muuseumi Toimetised* IV (2000): 113-128.
- . "Mälestusi Köpu mõisast," in *Nad tegid toad tuule pääle, elud ilma ääre pääle*, ed H. Põllo .Kärdla: Hiiumaa Kaitsealade Administratsioon, 2002).
- Richerson, Peter; Boyd, Rob.; Paciotti, Brian. "An Evolutionary Theory of Commons Management. Draft," in *Institutions Managing the Commons*, ed P. Stern (chap. 3 forthcoming, 2001).
- Saarnak, Elmo. "Interview by author," tape recording .Estonia, Hiiumaa, Emmaste:2005.
- Samuelson, Paul "The Pure Theory of Public Expenditure," *Review of Economics and Statistics* 36 (1954): 387-89.
- Schmidtz, David. "The Institution of Property," *Social Philosophy and Policy* Vol 3 No 4 (1994): 42-62.
- Selling, Gösta. "Eessõna," in *Elu Ruhnul*, ed J. Steffenson .Tallinn: Olion, 1994.
- Sonn, Meeli. *Vormsi* .Tallinn: Maalehe Raamat, 1999.
- Steffenson, Jakob. *Elu Ruhnul* .Tallinn: Olion, 1994.
- Tuiskvere, Bernhard A. "Eesti Metsadest Mõõdunud Sajandil," *Eesti Mets* 7 (1939).
- Tuttar, Hendrik.and Dahl, H. "Ärkamise aeg," *Eesti Baptsisim Ajalugu* I .Tallinn: E.B.K. Seltsi väljaanne, 1929).
- Vrager, Elmar. *Hiiumaa ja Hiidlased: Ülevaade Saarest ja Rahvast* .Toronto: Estoprint, 1971.

APPENDIX 1: MAP OF THE AREA



# BELARUS – A SUCCESSFUL ALTERNATIVE PATH OF TRANSITION?

MAKSIM HRAMADTSOU,

Central European University, Department of Political  
Science MA candidate;

## *Abstract*<sup>1</sup>

*The Belarusian transition model significantly differs from those of the other countries of the region. Having implemented reforms which led to the formation of the market economy only partially, the Belarusian government nevertheless was able to substantially reduce social costs of the transition experienced by the population comparing to the other countries of the region. Recent impressive economic performance allowed officials within the country to speak about the alternative successful transition path. However, a closer look at the Belarusian economic development shows that the Belarusian economy is exposed to the multiple threats and the growth of the Belarusian economy could hardly be considered being sustainable. Hence, there are no grounds to think of the Belarusian transition model as representing an alternative successful path of transition.*

## **Introduction**

In the middle of the 90s the Belarusian government substantially slowed down the pace of the economic reforms in the country, and since then the Belarusian economy has been developing in a quite different way compared to the other transitional countries. Nevertheless, having recovered from the consequences of the Russian financial crisis of 1998, the Belarusian economy has been performing very well since 2000. This has allowed the official propaganda within the country to speak about the specific “Belarusian model” of economic development, which represents a successful alternative transition path.

In this essay it will be argued that despite the fact that the economic growth and the dynamics of the main macroeconomic indicators in Belarus in the recent years have been quite impressive, this should be rather explained as the result of the economic policies aimed at the current growth, disregarding the long-run sustainable economic development, with the help of the lucky coincidence of a number of endogenous factors. The Belarusian economy remains structurally rather weak and the existing growth is not sustainable;

<sup>1</sup> List of abbreviations:

GDP – Gross Domestic Product;  
EBRD – European Bank for Reconstruction and Development;  
CEE – Central and Eastern Europe;  
FDI – Foreign Direct Investment;  
fSU – former Soviet Union;  
CIS – Commonwealth of the Independent States;  
SOE – State-Owned Enterprise;  
IMF – International Monetary Fund;  
WTO – World Trade Organization;  
VAT – Value Added Tax.

hence there are no grounds to consider the “Belarusian model” as a successful alternative model of the transition that “have preserved all the best from the socialist economy while adding all the best from the market one”<sup>2</sup>.

## *The “Belarusian model” of economic development*

At independence in 1991, Belarus inherited one of the highest standards of living in the former Soviet Union. Since then, the country has passed through several phases in its political and economic development. During 1991-1995, with the support of international organizations, Belarus initiated preliminary reforms towards a market economy. However, from the end of 1995 onwards, the government sought to insulate its population from the pain of reform by protecting jobs and wages. The state retained control of most productive resources, and a significant share of GDP was allocated to social expenditures and subsidies. This was accompanied by extensive administrative controls over prices, margins and the exchange rate. Market-oriented reforms were very limited. All these allowed the government to partially avoid severe economic and social shocks for the population: the unemployment level remained around 2-3% throughout the 90-s and there was no sharp increase in social inequality<sup>3</sup>.

The main difference of the contemporary “Belarusian model” from the mainstream transition path is the predominance of the state-owned enterprises<sup>4</sup> and the strong state role in the economy. According to the data presented in the 2004 EBRD Transition Report<sup>5</sup>, on the minimum/maximum scale among all of the transition countries Belarus “proudly” occupies the “minimum” spot in the large-scale privatization, governance/enterprise restructuring and the price liberalization (See Figure 1 below).

The budget constraints of the state-owned enterprises are still soft enough and the amount of state subsidies is substantial. Another distinctive characteristic of the Belarusian economy is the absence of the large foreign debt – average level of 6% of the GDP in 1996-2004<sup>6</sup>, however accompanied by the low level of the foreign direct investment – in 1996-2004 its average level accounted only for \$23.4 per

<sup>2</sup> President of the Republic of Belarus, *Speeches* (Official site, 2005), <<http://president.gov.by/eng/president/speech/2004/poslan/>>.

<sup>3</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Labor* (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/labor.htm>>.

<sup>4</sup> The share of private sector in GDP is about 25% - the lowest among all transitional economies (EBRD 2004) In addition there exist excessive “golden share” provisions and they are exercised in relation to a number of privatized enterprises.

<sup>5</sup> EBRD, *Transition Report*, (Official site, 2004), <<http://www.ebrd.com/pubs/econo/6086r.pdf>>.

<sup>6</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Economic and financial data for the Republic of Belarus*, (Official site, 2005), <<http://www.belstat.gov.by/homep/en/specst/np.htm>>.



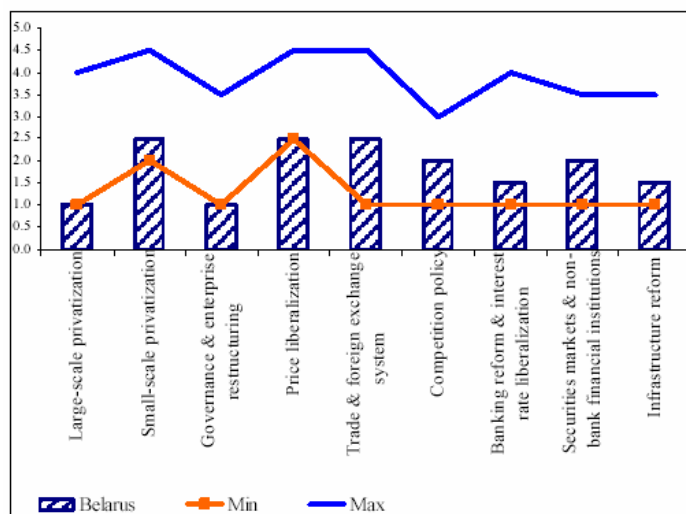
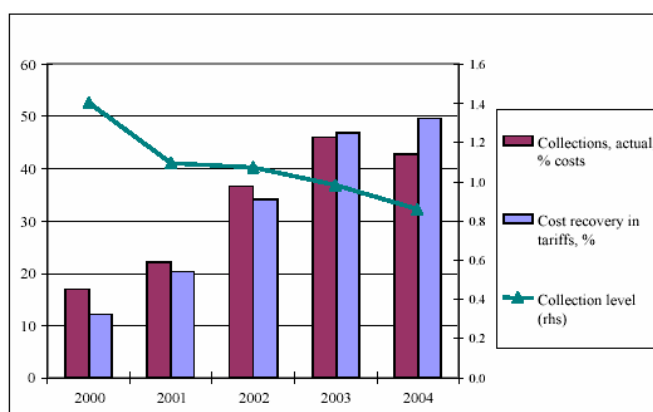


Figure 1. Belarus Transition Indicators, 2004<sup>7</sup>

capita annually (for instance, in CEE and the Baltic countries average FDI level varied between \$500-700 per capita)<sup>8</sup>.

There still exist significant protectionist measures, though their amount shrinks gradually since the government is concerned about joining the World Trade Organization in the near future. The government still maintains a somewhat populist social policy that includes the provision of the mainly free education and healthcare, highly subsidized utilities tariffs and the significant amount of the social transfers, though in the recent years it did recognize the necessity of, and have started, partial market oriented reforms in the social sector (for instance see Figure 2 below for information on the utilities tariffs).

Figure 2. Cost recovery in the utilities tariffs in Belarus<sup>9</sup>



<sup>7</sup> Source: Ibid.

<sup>8</sup> World Bank, *A country memorandum for the Republic of Belarus* (Official site, 2005), <[http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem\\_by06\\_full.pdf](http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem_by06_full.pdf)>, 4.

<sup>9</sup> Source: Ibid., 7.

### Performance of the Belarusian economy in 2000-2005

The results of the recent economic performance in Belarus are quite optimistic. The Belarusian economy seemed to begin its recovery in 1996-1997, but the Russian financial crisis had a great negative impact on the economic performance of the country. What concerns the level of the GDP, following an estimated decline of about 40 percent during the period of 1992-1995, GDP growth resumed in 1996. Since then official statistics<sup>10</sup> show a continuous and substantial growth in GDP as could be seen from the Table 1. The growth began at a time when almost all other fSU countries continued to experience decline, and even continued through the economic crisis of 1998-1999.

Table 1. GDP growth in Belarus (% to the previous year)<sup>11</sup>

1996	97	98	99	2000	01	02	03	04	05
2.8	11.4	8.4	3.4	5.8	4.7	5.0	7.0	11.4	9.2

It is noteworthy that, as shown in the recent country memorandum by the World Bank<sup>12</sup> in contrast to some other CIS countries where growth and exports remained concentrated in the extracting sectors with limited employment opportunities, the growth structure in Belarus has been much more beneficial for labor. Growth in labor-intensive sectors, backed by government wage and income policies, helped to ensure that the benefits from the recent growth were fairly broadly shared by the population. The poverty rate declined substantially while inequality remained stable and moderate and even decreased after 2001<sup>13</sup>.

The Belarusian government, through the prudent monetary policy, was also able to bring the annual inflation rate from the 251.2% in the post-crisis 1999 down to the 8% in 2005. The reduction in inflation was due to the policy of positive real interest rates, as well as the unification of the exchange rate in 2000 and the related stabilization of the market for foreign exchange. In addition, in 2004 slowdown in inflation was supported by the cessation of the direct financing of the budget deficit by the National Bank of Belarus.

<sup>10</sup> The expression "official statistics" is used here, because a number of analysts tend to consider the real economic results in Belarus to be somewhat lower than the official data show. More on this will be said later in the text.

<sup>11</sup> Source: Ministry of Statistics and Analysis of the Republic of Belarus, *Indicators*, (Official site, 2005), <[http://belstat.gov.by/homep/en/indicators/svod\\_2000\\_2005.htm](http://belstat.gov.by/homep/en/indicators/svod_2000_2005.htm)>.

<sup>12</sup> World Bank, *A country memorandum for the Republic of Belarus* (Official site, 2005), <[http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem\\_by06\\_full.pdf](http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem_by06_full.pdf)>, 3.

<sup>13</sup> Ibid., 2.

Table 2. Inflation rate in Belarus (% to the previous year)<sup>14</sup>

1999	2000	2001	2002	2003	2004	2005
251.2	107.5	46.1	34.8	25.4	14.4	8.0

The fiscal deficit in Belarus was rather small: it has been fluctuating between 0.5-1.5 percent in 2000-2003, it was 0.0% in 2004 and in 2005 the fiscal balance was positive<sup>15</sup>.

Belarusian exports grew during the whole period of 2000-2005 with a slowdown in 2001 and peak in 2004<sup>16</sup>. Even though the trade balance remained negative, the growth of the imports is explained by new governmental wage policy – the real wages grew rapidly in 2000-2004 and it created a kind of a consumption boom. In 2005 the trade balance finally became positive, and this trend seems to remain relatively stable in the near future.

Table 3. Export growth in Belarus (% to the previous year)<sup>17</sup>

2000	2001	2002	2003	2004	2005*
24.0	1.7	7.6	24.2	38.2	17.0

\* January – October 2005;

Recent economic performance has allowed the Belarusian government (read: president) to speak about the successful model of the “social market economy”, which is in place in Belarus. As the main distinctive characteristics of such a model are named the preservation of the national property (SOEs), “independence” in terms of the absence of the severe foreign indebtedness, and quasi-socialist social policy that helped to keep unemployment rate very low, to avoid increase in the social inequality and allowed the population to feel relatively protected. As the main points of reference usually are named China in terms of the gradual economic reforms and the Scandinavian countries in terms of the social protection<sup>18</sup>

### *Belarusian economy.*

The proximity of the Russian Federation and the close ties, both political and economic, with this country seem to be the main “asset” of the Belarusian economy. The Russian economy stimulates the growth of the Belarusian one in numerous ways, but at the same time this situation creates a major threat for Belarusian economic development. Namely, the Belarusian economy greatly depends on Russia and the sustainable economic development of Belarus greatly depends on the economic growth in Russia and the political will of the Russian government to maintain the relations with Belarus as the preferential partner. The main means of this dependence are analyzed below.

First of all, the economic growth in Belarus is “fueled” by the low prices on the Russian fuel resources, namely natural gas and oil. For instance Belarus buys natural gas in Russia for only \$46 for 1 thousand cubic meters, whereas the market price, paid by the majority of the other countries, is around \$230<sup>19</sup>; the price for the Russian oil is also significantly below the market clearing price. The trouble here lies not only in the fact that Belarus imports 100% of the natural gas and around 90% of the oil from a single country. Apparently, Belarus is not the only country which is totally dependent on the imports of the Russian energy carriers – the Baltic States and several CEE countries are in the same position<sup>20</sup>. The problem is that around 75% of the Belarusian fuel balance consists of the natural gas<sup>21</sup>. Given that Russia has set the price, which is close to the market clearing price, on natural gas in 2006 for all the CIS countries except for Belarus, and in a couple of years Russia would probably join the WTO, obviously one should expect that the prices on the energy carriers for Belarus would reach the world levels in the near future. This poses a major threat for the Belarusian economy: according to the data of the Belarusian Ministry of the Economy in case if the price for the natural gas would reach only \$90 for 1 thousand cubic meters, the profitability of the Belarusian industry would be zero percent.

Another side of the problem is that Belarus possesses large oil processing industry and for the time being low prices on the Russian crude oil have allowed the Belarusian companies to receive enormous revenues by selling the processed oil to the West (oil revenues account for around 20% of the Belarusian

<sup>14</sup> Source: Ministry of Statistics and Analysis of the Republic of Belarus, *Indicators*, (Official site, 2005), <[http://belstat.gov.by/homep/en/indicators/svod\\_2000\\_2005.htm](http://belstat.gov.by/homep/en/indicators/svod_2000_2005.htm)>.

<sup>15</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Economic and financial data for the Republic of Belarus*, (Official site, 2005), <<http://www.belstat.gov.by/homep/en/specst/np.htm>>.

<sup>16</sup> The relative slow down of the export growth in 2005 is partially explained by the introduction of the “destination principle” of the collection of the commodity taxes in the bilateral trade with Russia – exports to Russia in January-October 2005 constituted only 90% compared to the same period of 2004 (Ministry of the Statistics 2005d). More on this later in the text.

<sup>17</sup> Source: Ministry of Statistics and Analysis of the Republic of Belarus, *Statistical Information*, (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/main1.htm>>.

<sup>18</sup> Obviously, such comparisons are somewhat populist and have little to do with the economic reality.

<sup>19</sup> Tatjana Manenok, “Absoljutnaja energozavisimost'. Kak ot nee izbavitsya?” (“Full energy-dependence. How to get rid of it?”), *Belorusskij Rynok* (28 Nov. 2004 - 5 Dec. 2005) : <<http://belmarket.by/index.php?article=26178>>.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

export revenues<sup>22</sup>. Evidently, the price on the Russian energy carriers is a Damocles' sword for the Belarusian economy.

One more endogenous factor that has been conducive to the growth of the Belarusian economy is world oil prices. Unprecedented increase of the oil prices in the recent years did not have direct negative impact on the Belarusian economy, since the oil prices for it are set administratively by the Russian government and do not depend on the world prices fluctuations. However, this situation created a major money flow into the Russian economy; hence there was a consumption boom and this created more than favorable situation for the Belarusian exports. The exports to Russia were growing by average 30% in 2001-2004<sup>23</sup>. But, there was a fear that with the further growth of the income in the Russian economy, the Russian consumers would gradually begin to switch to the products of the higher quality (and price); hence abandoning the consumption of the Belarusian goods, which are competitive mostly because of their low prices. Such a situation seems to have become true in 2005 – the exports to Russia in January-October 2005 fell to 90%<sup>24</sup>, compared to the same period of the previous year, and the government insists that it happened not because of the introduction of the “destination principle” in the VAT collection<sup>25</sup>.

Though the size of the Russian market is a big help for the Belarusian export-oriented economy, the share of the exports to Russia, which accounted for 47.7% in 2004<sup>26</sup>, could also be considered as a possible threat to the sustainable economic growth, similarly to the any other kind of the economic dependence.

Another weakness of the Belarusian economy is the structural weakness of the Belarusian exports. The Belarusian complex industrial goods simply are not competitive on the markets outside the CIS region. The Belarusian export outside the CIS region mainly consists of fuels, minerals and raw materials: in January-April 2005 97.08% of the potassium fertilizers, 99.51% of the processed oil products, 72.37% of the black metals, 67.8% of raw wood produced in Belarus were sold in the countries, other than CIS<sup>27</sup>. Whereas in the same period only 6.57% of the fifth-wheel tractors,

13.2% of the trucks, 9.18% of the metal-cutting lathes, 3.12% of the refrigerators and 0.0% of the TV sets produced in Belarus were sold outside the CIS region<sup>28</sup>.

In general, the Belarusian economic growth appears to be more quantitative than qualitative. This claim is supported by the aforementioned evidence of the low competitiveness of the Belarusian industrial goods. As the additional arguments to support this assumption could serve several other facts, which are discussed below.

In Belarus there exist the yearly “Forecasts of the Socio-Economic Development” adopted by the Parliament, where the expectations on the growth of the main macroeconomic indicators are reflected. Even though this document is called “forecast”, basically it serves as the plan of the annual economic development. And the main indicator here is the level of the GDP growth. That is why the SOEs' managers have strong incentives to produce as much as they can, regardless of the objective possibility of selling those goods. This results in the constantly high level of the stock of the unsold goods in the Belarusian industry – the ratio of the unsold goods and the monthly amount of production fluctuates between 55-70% (65.7% in May, 58% in November 2005)<sup>29</sup>. Despite the constant economic growth since 1996, the share of the loss-making enterprises is still very high: though it has decreased from almost 60% in 2000, it still accounted for 36% in January 2005<sup>30</sup>.

An additional weakness of the Belarusian economy is the low inflow of the FDI. The level of FDI is much lower than needed and predicted given Belarus' strategic geographical location, privileged access to the Russian market, educated and skilled labor force, and relatively good infrastructure<sup>31</sup>. Such a situation leads to substantial lack of investment in the economy<sup>32</sup>. At the same time, the inability to attract a sizable amount of FDI accompanied by the limited access to international financing and the low level of reserves puts additional pressure on the current account.

The preferential external conditions in the recent years have allowed the Belarusian government to pursue activist industrial policy and sustain rather high level of subsidies. According to the World Bank team

<sup>22</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Foreign Trade* (Official site, 2005), <http://belstat.gov.by/homep/en/indicators/frade.htm>.

<sup>23</sup> Ibid.

<sup>24</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Statistical Information*, (Official site, 2005), <http://belstat.gov.by/homep/en/indicators/main1.htm>.

<sup>25</sup> “Ocherednoe utochnenie” (“One more specification”), *Belorusskij Rynok* (14-21 November 2005) : <http://belmarket.by/index.php?article=26078>.

<sup>26</sup> Ministry of Statistics and Analysis of the Republic of Belarus, *Foreign Trade* (Official site, 2005), <http://belstat.gov.by/homep/en/indicators/frade.htm>.

<sup>27</sup> Aleksandr Alesin, “Dvulikiy Janus” (“Two-faced Janus”), *Belorusskij Rynok* (27 June – 4 July 2005) : <http://belmarket.by/index.php?article=25103>.

<sup>28</sup> Ibid.

<sup>29</sup> Marina Kulikova, “Esli by ne nekotorye...” (“If not for some...”), *Belorusskij Rynok* (28 Nov. 2004 - 5 Dec. 2005) : <http://belmarket.by/index.php?article=26145>.

<sup>30</sup> Ibid.

<sup>31</sup> World Bank, *A country memorandum for the Republic of Belarus* (Official site, 2005), [http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem\\_by06\\_full.pdf](http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem_by06_full.pdf), 19.

<sup>32</sup> Apparently, the government fully recognizes this threat, but the creation of the attractive business environment would mean a U-turn in the governmental policy concerning its role in the economy and there is no political will for that yet.

estimations<sup>33</sup> the level of the net resource transfers<sup>34</sup> to the enterprise sector remained around 5-7% of the GDP in 2000-2004. What I see as the main problem with such a system of state support is even not that it is too costly, too segmented and non-transparent, but that it has a great distortional effect on the enterprises' incentives through softening their budget constraints. For instance, the coexistence of a high tax burden and massive tax benefits and subsidies for those enterprises that are less efficient undermines competition and stimulus for productivity improvements.

When we talk about the growth of the Belarusian economy in general, it is worth mentioning that the prudence of the Belarusian economic statistics is often questionable. Though in the recent Country Memorandum by the World Bank (2005) a special chapter is devoted to show the improvements in the quality of the national statistical data, and it is stated that the IMF mission in January 2005 highly appreciated their reliability, significant doubts about it still remain. It seems that the problem here lies not in the way the statistical data are collected and assessed, but in the data that are actually reported by the enterprise managers. In contemporary Belarus there exist strong incentives for the enterprises to overestimate their actual output. The reason for this is quite simple: every manager of the SOE realizes that if the enterprise would not fulfill the "requirements" of "The Forecast of the Socio-Economic Development", then to be simply fired would be the best possible outcome for him. At the moment, there is a discussion in the government whether to introduce the criminal responsibility for the non-fulfillment of the plan indicators. Given that many of the enterprise managers still have the experience of working under the socialist system, all the aforementioned cast serious doubts on the reliance of the GDP growth indicator.

### Conclusions

The Belarusian economy has several features that make it quite different from the majority of the transitional countries. These features include: the dominance of traditional firms (state-owned or partially privatized) both in production and exports; the high degree of the government intervention in enterprise operations, including the preservation of some elements of central government planning of output, wages and employment; the high level of the major budget redistribution of funds aimed at supporting traditional firms and employment and the preservation of the high level of the social transfers, comparable to the socialist one. Despite these differences the economic development remains

relatively stable and the growth in the recent years has been significant.

At the same time the Belarusian economy is highly dependant on the trade with Russia and on the price subsidies for the Russian energy carriers. This is accompanied by the slow pace of the geographic diversification of the exports, low level of the investment and the very slow growth of the competitiveness of the Belarusian goods. These factors do not allow considering the Belarusian economic growth to be sustainable. Thus, the "Belarusian model" could hardly be considered as a successful alternative path of the transition. Several lessons on how to avoid some key mistakes in the early transition definitely could be learned from the Belarusian transition records, but it is a topic for a totally different discussion.

### Bibliography

- Alesin, Aleksandr. "Dvulikij Janus" ("Two-faced Janus"). *Belorusskij Rynok* (27 June – 4 July 2005) : <<http://belmarket.by/index.php?article=25103>> (Accessed 14 November 2005).
- EBRD. *Transition Report* (Official site, 2004), <<http://www.ebrd.com/pubs/econo/6086r.pdf>> (Accessed 10 December 2005).
- Kulikova, Marina. "Esli by ne nekotorye..." ("If not for some..."). *Belorusskij Rynok* (28 Nov. 2004 - 5 Dec. 2005) : <<http://belmarket.by/index.php?article=26145>> (Accessed 10 December 2005).
- Manenok, Tatjana. "Absoljutnaja energozavisimost'. Kak ot nee izbavitsya?" ("Full energy-dependence. How to get rid of it?"). *Belorusskij Rynok* (28 Nov. 2004 - 5 Dec. 2005) : <<http://belmarket.by/index.php?article=26178>> (Accessed 10 December 2005).
- Ministry of the Statistics and Analysis of the Republic of Belarus. *Economic and financial data for the Republic of Belarus* (Official site, 2005), <<http://www.belstat.gov.by/homep/en/specst/np.htm>> (Accessed 10 December 2005).
- \_\_\_\_\_. *Gross Domestic Product* (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/gross.htm>> (Accessed 10 December 2005).
- \_\_\_\_\_. *Indicators* (Official site, 2006), <[http://belstat.gov.by/homep/en/indicators/svod\\_2000\\_2005.htm](http://belstat.gov.by/homep/en/indicators/svod_2000_2005.htm)> (Accessed 03 March 2006).
- \_\_\_\_\_. *Statistical Information* (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/main1.htm>> (Accessed 10 December 2005).
- \_\_\_\_\_. *Foreign Trade* (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/trade.htm>> (Accessed 10 December 2005).
- \_\_\_\_\_. *Labor* (Official site, 2005), <<http://belstat.gov.by/homep/en/indicators/labor.htm>> (Accessed 10 December 2005).
- "Ocherednoe utochnenie" ("One more specification"). *Belorusskij Rynok* (14-21 November 2005) : <<http://belmarket.by/index.php?article=26078>> (Accessed 10 December 2005).

<sup>33</sup> Ibid., 37.

<sup>34</sup> The highly concessional directed credits with the high level of repayment are excluded from the estimation.

Site of the President of the Republic of Belarus.  
*Speeches*(Official site, 2005) :  
<<http://president.gov.by/eng/president/speech/2004/postan/>> (Accessed 10 December 2005).

World Bank. *A country memorandum for the Republic of Belarus* (Official site, 2005) :  
<[http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem\\_by06\\_full.pdf](http://siteresources.worldbank.org/INTBELARUS/Resources/328178-1120132035392/1365350-1120132328436/cem_by06_full.pdf)> (Accessed 10 December 2005).

# DEMOCRACY AND CRIMINAL LAW RIGHTS<sup>1</sup>

MIHAELA MIHAI,

PhD Candidate, University of Toronto, Canada

Political Science Department

[.mihaela.mihai@utoronto.ca](mailto:mihaela.mihai@utoronto.ca).

## Abstract

*One of the problems choice theory of rights has confronted is linked to the fact that under criminal law, individuals do not have the requisite control over the duties of others. According to this theory, „anyone who holds these powers (waiver / enforcement) over a duty or disability holds the right correlative to it. (...) Unwaivability, it is argued, is a characteristic feature of the duties imposed by criminal or public law as opposed to civil or private law”<sup>2</sup>. As a consequence, some choice-theorists have concluded that there are no claim rights correlative to the duties people have in the case of criminal law; others have claimed that they must be vested with the higher officials who have the right to amnesty and pardon.<sup>3</sup> My paper shall try to provide an alternative to both these positions by appealing to a democratic decision-making basis for criminal law so that I can claim that the right holder in this case is the body of citizens.*

## Introduction

Any form of specifically human interaction is necessarily rule governed. There will always be norms of some kind (principles, rules, laws, conventions) that people are expected to follow. What is inherent in the conception of a rule is that some disadvantage (penalty, sanction, unpleasantness, punishment) is characteristically suffered by the person who breaks it. Then the natural question to be asked is: Why and by what right do people punish others?

This is one of the most often asked questions in moral and legal philosophy and authors coming from different fields of research have tried to provide final answers. The main versions of justification are the consequentialist and the retributive projects; where both fail, however, is in their lack of consideration for the nature and content of the rules on which the practice of punishment is based.

My study will try to provide a justification for punitive practices based on a story of democratic rule making; I shall attempt to distinguish the retributive aspects of justice from the distributive ones and to

demonstrate that a moral justification of political obligation, and particularly of punishment as one of its instances, can be obtained for those communities which have chosen the democratic principle as the best solution for the problem of legitimacy.

The relevance of this attempt lies with the fact that contemporary theories of justice have not often considered punitive issues and have mainly focused on the distributive aspects. But the justification of punitive practices is an inherent part of any theory of justice and is subsumed under the question of the fundamental principles used for the guidance of a just society. Punishment is just another aspect in need of justification. Solving the problem of just punishment implies having solved the problem of just principles that are to regulate citizens' functions within democratic institutions.

I would like to start by clarifying what a claim-right is and by introducing the Choice Theory of rights which will be the theoretical framework I adopt for this paper. I shall introduce its conditional accommodation of a natural claim-right to equal freedom; then I shall move on to the presentation of an account of legal and moral responsibility as the main concepts to be used in my justificatory account of punitive practices. The second part of the paper will be concerned with the issue of “Who holds the right in the case of criminal law?” The necessity of answering such a question arises from the fact that my justification assumes the Choice Theory of Rights, which has been seen as having problems in ascribing the right to punish to the victims. In the case of criminal law, the choice of whether to punish the perpetrator or not does not lie with the victim of the offence, so the victim cannot be said to have the right to punish. If so, who is the right-holder in this case? As I mentioned in the abstract, some theorists gave up trying to find an answer, others have pointed to state officials as having the right of clemency or amnesty. My answer to this question is quite different and will be developed along democratic lines. I shall try to show how, in the case of criminal law, the right-holder is the collective body of living citizens, as the last group to have contributed to the content of the laws governing society. The concluding section will summarize my findings into a hopefully clearer picture and I shall suggest further possible implications for future research. But let us first turn to our framework of analysis, Choice Theory, and see what a claim right is.

## *What Is a Claim Right? Are There Any Natural Claim-Rights?*

As in the case of all moral concepts, the concept of a right is a profoundly controversial one, and the situation is likely to remain like this for as long as there is scarcity of resources and different visions of the good life. Two major theories have broadly

<sup>1</sup> This paper is part of a larger project which first materialized in an MA dissertation submitted to the University of Manchester, UK in 2003.

<sup>2</sup> Hillel Steiner, *An Essay on Rights*, (Oxford: Blackwell, 1996), 60-65.

<sup>3</sup> Hillel Steiner, Matthew K. Kramer, and N. E. Simmonds, *A Debate over Rights*, (NY: Oxford University Press, 1998).

covered the scope of the debate in rights talk: the Interest Theory – which claims that it is an interest in having a right that entitles one to have that right - and the Choice Theory of rights – which emphasizes the capacity for choice as the ground of all rights.

Here I shall adopt the Choice-Theory point of view as it has been voiced by its main representative, H. L. A. Hart<sup>4</sup>. Hart adopts Hohfeld's<sup>5</sup> conception of a claim right and states that a person has a right when he is owed a duty by another or others. Complaining about the imprecision with which both lawyers and the general public have used the word "rights" when referring to the conduct constraining implications of legal rules, Hohfeld distinguishes no fewer than four quite different positions, any one of which might be held by persons commonly and indiscriminately described as right-holders: claims, liberties, powers, and immunities. Holders of any of these positions are placed in certain bilateral relations to others who thereby hold correlatively entailed positions with regard to the conduct governed by those rules: duties, no-claims, liabilities, and disabilities.<sup>6</sup> In this paper we shall be concerned with the first of these correlatives and we shall look at how a claim right implies that the right-holder has a power over whether to enforce or to waive the duty that others have as correlative to his or her right. The person to whom the duty is owed has the control over the performance of that duty and is the right holder.

Now, how does this theory perceive of natural rights? Are there such things as natural rights from the choice-theorist's point of view? Choice theory does accommodate for one natural right, namely the right of all men to equal freedom, because, it is claimed, it is only by virtue of being capable of choice that adults have this right, and, secondly, this is a right that men have not reciprocally awarded each other. In addition, Hart's contention is that both special and general rights are based on the natural right to equal freedom. His claim is however rather weak since it is conditional: if there are any natural rights, then this is the only one.

After introducing this one natural right, among the sources of special rights Hart enumerates the mutuality of restrictions, of which political obligation is a particular instance, and it is this that the essay will be concerned with.

[...] [W]hen a number of persons conduct any joint enterprise according to rules and thus restrict their liberty, those who have submitted to these restrictions when required, have a right to a similar

restriction from those who have benefited by their submission. [...] the moral obligation to obey the rules in such circumstances is due to the co-operating members of the society, and they have **moral** correlative right to obedience.<sup>7</sup>

This is the initial requirement of reciprocity in social interaction processes as expressed in the language of claim rights. Persons are free to do whatever does not infringe on the freedom of the other persons. The natural claim right to the greatest equal freedom lies at the basis of lawmaking and in a true democracy it is constitutive for the sovereign electorate. It is by virtue of this right that qualified persons (persons for whom it is possible to say that they can enforce or waive a duty) can legislate for themselves by complying with a certain procedure.<sup>8</sup> In this way, the basic norms and rights for future social cooperation are established. Offences are nothing but infringements on all the possible formulations of this right.

### *Punishment and the Claim-Right to Equal Freedom in Democratic Societies*

I shall claim that in a democratic society committed to the equal moral worth of its members, what is needed in order to make a justification for punishment plausible is the assumption of an equal moral worth of persons (the conception of equal moral worth of persons as reformulated by Hart in the form of the natural reason/choice-based claim right to equal freedom will be adopted here). This would provide normative and justificatory force first to the imperative force of the law and, implicitly, to retributive punishment. When a man is punished, the moral justification depends on the morality of the law and not only on the fact that a law has been broken. Punishment cannot be limited to the application of a particular procedure by the correct authority. It is the fact that a person has behaved not only illegally but also immorally that justifies the punitive practice.

Therefore, the point I want to make is that, if it is to be meaningful, a justification of punishment must link its cancellation/annulment claims to the moral wrongness of the offending act. This is to be done by means of a correct understanding of what we morally owe to responsible agents. It is the equal right to freedom, which is the basic human right justifying punishment as a response to its violation in all its instantiations, which Choice Theory can sustainably defend.

In demonstrating this, I shall make use of two of Herbert Hart's categories; the first one is that of **role**

<sup>4</sup> H.L.A. Hart, "Are There Any Natural Rights?" *The Philosophical Review*, (April 1955), 64(2), 175-191.

<sup>5</sup> Wesley Hohfeld, *Fundamental Legal Conceptions*, (New Haven: Yale University Press, 1919).

<sup>6</sup> I am indebted in this presentation to Hillel Steiner's *An Essay on Rights*, (Oxford: Blackwell, 1994).

<sup>7</sup> Hart, "Are There Any Natural Rights?", 185, (emphasis added).

<sup>8</sup> H. L. A. Hart, *The Concept of Law* (Oxford: Clarendon press, 1967), 75.

*of Equal Liberty – The Case of Deliberative Communities*

(and I would add, formal) *responsibility*, which refers to the fact that:

(...) whenever a person occupies a distinctive place in a social organization to which specific duties are attached to respect or provide for the welfare of others or to advance in certain way the aims or purposes of that organization, he is properly said to be responsible for the performance of those duties, or for doing what is necessary to fulfil them<sup>9</sup>.

I shall use this in its widest sense as the responsibility that persons have towards one another and towards society as a fair scheme of cooperation based on a mutuality of restrictions. The second concept is that of *legal liability responsibility*, which points to the fact that:

(...) when legal rules require men to act or abstain from action, one who breaks the law is usually liable to punishment for his misdeeds or to make compensation to persons injured thereby<sup>10</sup>.

What follows from here is that legal liability responsibility draws on a legal procedural role responsibility as mutuality of restrictions, which in turn the legal-procedural expression of what I would label as *moral role responsibility*. By moral role responsibility I mean the responsibility that people have towards one another by virtue of their equal claim right to freedom in the initial lawmaking moment and later on within the legally-constituted society.

What is needed for the reproduction of society is that the agents necessarily conceive of their interests as compatible with those of the others, not merely in the sense that each accepts that there are beneficial reasons for participation in a scheme of cooperation, but also in the sense that each agent comes to see every other participant as a being of equal value to himself or herself. In order to keep this commitment alive, a minimum civic education towards a respect for difference and different point of views as well as punishment in case of deviation from this respect is necessary. This paper shall deal only with the latter of these and I shall further on try to show that, in a democratic society, it is the collective body of citizens who continuously deliberate and revise the types of acts that are to be punished and the types of duties that may be waived. In order to do this, we first need an account of democratic, deliberative lawmaking based on the citizens' perception of one another as sharing in the possession of an equal right to freedom.

Theorists generally agree that the only alternative to social conflict is coercive positive law. But, due to the complex character of societies, there will always be disagreement as to what law should be and how institutional arrangements should reflect the law. The way things work in a democratic society will be different from the way in which decisions are made in a traditionalist society. In the case of the former, through democratic rules of deliberation, practical and ethical-political reasons enter deliberation to the extent that they do not contradict society's commitment to the primordial claim right to equal freedom. It is this principle/right that represents the most basic level of justification for a democratic society's legal rights and the sanctions attached to them. The democratic procedure for deliberation depends on the community's acknowledgement of this initial right as its basic precondition and standard. The Constitution as the basic law of this community is a list containing the political form of this right and all the other basic rights that can be derived on its basis. In addition, the Constitution should be seen as a historical learning process: the historical circumstances may require further formulations of the basic rights and the conditions under which the duties attached to them are to be either enforced or waived. It is only fair that the generations subsequent to the founding fathers have their voices heard within the limits of this right that their community sees as constant over time<sup>11</sup>.

The assumptions of democratic procedures for rule making is, I believe, coextensive with the Hartian formal role responsibility specifying the fact that there are duties citizens have in the political society. However, behind it lies the claim right to freedom, so moral responsibility can also be conceived of as clearly presupposed by legal responsibility. In a democratic society, democratic rule making necessarily entails this pre-political moral right which enables it; it is made possible by the latter. Unless laws are based on and rights derived from this moral principle, law and the sanctions attached to its breaches cannot be justified. The possessors of this right are to be seen as morally responsible persons capable of choice and, with the institutionalization of this right, they also become legally responsible persons, liable to be held legally accountable (either in the form of restitution/compensation or punishment) in case they break the law to which they themselves have contributed. This leads us to see this right as prior and as limiting the lawmaking procedure, namely, as a moral aspect that has to be taken into account by the

<sup>9</sup> Herbert Hart, *Punishment and Responsibility* (Oxford: Clarendon Press, 1992), 212.

<sup>10</sup> Hart, *Punishment and Responsibility*, p.215.

<sup>11</sup> My account of democratic rule making is indebted to the Habermasian story: Jurgen Habermas, *Between Facts and Norms*, (Cambridge: Polity Press, 1996).



legislators with regard to all those persons to be affected by the norms that they are about to devise. Moreover, if the initial enterprise of lawmaking depends on the recognition of others as equally free partners, then the language they use has to have in it the standards of free and equal persons with mutual obligations to one another.

After the institutionalisation of this natural right to freedom, and hence to participation in the public dialogue in a Constitution, the collective body of citizens will exchange arguments regarding the particular instantiations of this natural right and the conditions under which their afferent duties are to be enforced or waived. The agreed-upon set of rights and conditions of enforcement represent the content of a society's basic law. The natural conclusion is that in terms of public law, the collective body of citizens is the right holder since its content has been reached through a dialogical role-taking inter-subjective process of will formation.

To sum up, in a democratic society, the Constitutional essentials would be fully justified should they be agreed upon and later revised by all participants in a practical discourse entered by all persons having the capacity of choice and being equally free to participate and make contributions. The Constitution is thus the expression of the collective will of the citizens acknowledging a pre-political right to equal freedom. The historical constant can only be a right that is perceived as pre-positive and that can transcend the different historical circumstances within which the different stages of the democratic constitutional project take place.

The obvious question one can ask now is what happens to those who do not participate in the process of collective will formation. Here I think we have to distinguish between several categories. First, there are those who do not participate but still choose, by tacitly accepting the rules produced in the process, so they still keep the right because they have not raised a no position; they can exercise this right in an explicit manner and take a yes/ no position at a future time with regard to other implications of the original set of rights. Their claims may be reversed due to the cognitive and transformative functions that the dialogue performs or they may persuade others to take a similar position to theirs with regard to the issue under scrutiny. Second, there are those who are unable to participate due to the incapacity to exercise choice or those who refuse to enter the dialogue for various reasons, but who remain within the boundaries of legally regulated society; they are therefore third party beneficiaries – not right holders- who do not contribute to the process of collective will formation. Third, there are those who may exercise their right to equal freedom by exiting the community and hence lose the benefits and protection they could get under the rules emerging from the process. Fourth, there are those

who conditionally delegate the power attached to their right to some other people but this delegation is conditional and revocable.<sup>12</sup>

Therefore, in a democratic society, choice-capable persons have the right to enter the decision-making processes as individuals but in the course of the deliberation their will may be transformed due to the cognitive influence of the process itself. In the end, the law is the product of the collective will of those who have participated themselves directly or through conditioned representatives.

The conclusion is that, if we are to preserve the legitimacy of a democratic society, reaching understanding cannot be assumed to be dependent only on formal procedure. Equal liberty as a claim right - correlated with others' duties - has to be seen by its members as implicit in any such attempt. It is the determinative role of this right that enables the members of a democratic society to see all offences as violations of its partial instantiations. This enables them to determine desert and justify punishment on grounds that can be acceptable to all. What is desirable is that law as it stands be obeyed and that there be unrestrained discussion about the issues in dispute. However, I need to emphasize that unless formal role responsibility is seen as presupposing moral role responsibility there cannot be a solid ground for the application of sanctions. An offence is the violation of any of the possible instantiations of the natural equal-claim right to freedom in the form of derivative and special rights. An offence results from not observing the correlative duties attached to these rights. This by itself justifies the application of punitive treatment as a necessary consequence.

The question I would like to ask now is: if this is the case with constitutional law, what happens in the case of criminal law, the other important branch of public law? Who holds the right?

I shall argue that the right holder in the case of criminal law within a democratic society is the collective body of *living* citizens against criminals individually. I shall suggest that we can conceive of criminal law as derived from the Constitution (which is the expression of the inter-subjectively reached collective will of subsequent generations, the present generation being the one that has most recently brought its contribution) as a set of conditions under which this collective body of citizens has chosen that the delegated powers of waiver or enforcement are to be exercised by the state officials, no matter what branch of government they belong to. I shall claim that the highest officials *should be disabled* to enforce or

<sup>12</sup> Here I made appeal to the Choice Theory account of delegating powers as it has been expressed by Hillel Steiner in *An Essay on Rights*, (Oxford: Blackwell, 1996), 70. According to this account the power to waive / enforce the duty attached to a claim-right may be *conditionally* delegated without the right-holder losing his or her right.

waive outside those conditions expressed in the law as the latest product of the present collective will. The institutional consequence of this unwarranted discretion is in most legal systems identified as nullity. The criminal law prescribes the conditions under which the duties that individual citizens have are to be either enforced or waived, but let me try and elaborate a bit on this point.

***Communicative and Administrative / Delegated Power: The Case of Criminal Law***

As I have said in the beginning, one of the supposedly main problems that the choice theory of rights is said to have is linked to the fact that under criminal law, individuals do not have the requisite control over the duties of others. According to Choice Theory,

(...) anyone who holds these powers (of waiver / enforcement) over a duty or disability holds the right correlative to it. (...) Unwaivability, it is argued, is a characteristic feature of the duties imposed by criminal or public- as opposed to civil or private law<sup>13</sup>.

As a consequence, some choice-theorists, including Hart himself, have concluded that there are no claim rights correlative to the duties people have in the case of criminal law. Others have claimed that they must be vested with the higher officials since unwaivable immunities always logically entail waivable ones.<sup>14</sup> Others still have tried to provide a democratic account of who the right-holder is in criminal law by claiming that it is the collective body of citizens who delegates the power of enforcement / waiver to state officials who can only act

(...) constrained by preordained rules and restrictions, usually related to wider beliefs about justice and fairness that prevent the arbitrary choices that appear to be a central component of the choice theory right-holders.<sup>15</sup>

This is a point made by Stephens who claims that the duties incumbent upon individuals in criminal law are created by the choices made through democratic means, meaning that the structure of correlative duties and rights is not hierarchical but circular.

In trying to provide a moral justification for the practices of punishment and to find the claim holder in criminal law I shall start from Stephens's premise. However, I shall not follow him in his demonstration of the collective right holder, since I think his account

of democratic will formation is based on a sum of assumptions that need further clarification and arguments to support them. Instead, I shall appeal to Habermas again, and more precisely to his story of the conversion of communicative power into administrative power in the public sphere.

What I shall claim is that after the initial Constitution-making process guided by the perceived equal right to freedom and resulting in the collective will of democratic values-prizing citizens, the parties may decide to delegate their power to state officials in order that the initial set of legal provisions enlisted in the Constitution be logically interpreted and developed through derivative laws. Another reason for this delegation is that the administration (the executive and the judiciary), which has to act as a part for the whole, can be programmed and controlled only through laws. The legislative power that in principle rests with the citizenry as a whole is delegated to the parliamentary bodies that justify and adopt derivative laws in accordance with the Constitution and democratic procedures. These represent the conditions of the delegation, so the citizens as a collective body delegate the power to enforce/waive duties to the legislative body but under the conditions that they themselves enlisted in the existing basic law as an expression of their choice.<sup>16</sup>

But how do these conditions function? How do the citizens exercise control over their representatives who are to develop the initial legal provisions, also in the form of criminal law? How do they exercise control over Courts? What about the executive's social programs and strategies linked to criminal law? Last but not least, how can the citizens control a Constitutional Court that may undermine the democratic deliberative will formation?

After the collective body of citizens has decided on the set of basic rights, they delegate power to representatives to further specify the logical implications of these rights and to create the institutional framework for their protection. The role of the executive is to ensure the creation of programs that will facilitate the exercise of these rights by all citizens; the role of the courts is to establish whether certain actions fall under the conditions of enforcement / waiver established in the basic law. The principle that all governmental authority derives from the people is specified in the Constitution in the form of freedoms of opinion and information; the freedoms of assembly and association; the freedoms of belief, conscience, and religious confession; entitlements to participate in political elections and voting processes; entitlements to work in political parties and citizens' movements; and so forth. These liberties get actualized as informal will formation in the political public sphere, as participation inside the political parties, as participation in the general elections, as deliberation

<sup>13</sup> Steiner, 1996, p.60-65.

<sup>14</sup> Steiner, Kramer, and Simmonds, *A Debate over Rights*, 1998.

<sup>15</sup> Peter Stephens, "Choice Theory Rights, Democratic Choice, and Criminal Law: A Case for Choice Theory Group Rights", (MA Thesis, University of Manchester, 2002).

<sup>16</sup> For the account of the delegation of powers by the Choice Theory right-holders see also Steiner 1998, 247.

and decision-making in parliamentary bodies, and so on.

Therefore, discourses conducted by representatives can meet the condition of equal participation on the part of all members only if they

(...) remain porous, sensitive, and receptive to the suggestions, issues, and contributions, information and arguments that flow in from a discursively structured public sphere, that is, one that is pluralistic, close to the grass roots, and relatively undisturbed by the effects of power.<sup>17</sup>

So, as opposed to the initial Constitution-making moment, in the case of further revisions of the constitution and further making and application of law in general - and of criminal law in particular - control over the legislative body should be exercised through public deliberation. To the rights already mentioned I would add recall rights, the imperative mandate, popular legislative initiatives, and impeachment rights as other necessary institutionalizable means of control over the legislative body in its attempt to develop law.

These rights are collective rights and control is exercised collectively by a "subjectless" public sphere that, through institutionalized channels of democratic participation and communication, puts forth claims, proposals, and opinions on which all participants capable of choice can agree. This is the form that communicative power takes. Administrative power - which in my framework of analysis is the delegated power exercised by the legislatures, the executive, and the Courts - depends on communicative power and is subordinate to it. In a democratic society, government becomes illegitimate when administrative power becomes autonomous from communicative power, which is the monopoly of the collective body of citizens:

If the sources of justice from which the law itself draws its legitimacy are not to run dry, then a juris-generative communicative power must underlie the administrative power of the government<sup>18</sup>.

No political authority can expand the resources of its power as it wishes. Communicatively-produced power is a scarce resource that organizations compete for and officials manage, but which none of them can produce as it has its origin in the inter-subjective practices of collective will formation in which citizens - as agents capable of both moral and legal role responsibility - enter for the purpose of regulating behaviour within society. This communicative power is created through inter-subjective, transformative, cognitive, role-taking, epistemic processes which, I

think, do not allow us to trace back individual contributions to collective will formation. Therefore, the public will is not reducible to the individual wills that took positions regarding the claims raised in the private sphere. The right attached to this will is therefore a collective right. Administrative power should not reproduce itself on its own terms but should only be permitted to regenerate from the conversion of communicative power. This is a general condition for the further elaboration of law in general and criminal law in particular. From this perspective, the legislatures are only delegated power in order to further formulate this condition, but they are not the right holders since they are held in check by basic constitutional provisions as the expression of the will of the present generation. The present generation has exercised its choice and hence its right either by accepting what the previous generation has willed or by amending the Constitutional provisions to fit the present, within the limits of what they see as a moral right to equal freedom. The power of the delegates, on the other hand, is revocable.

To recapitulate, the utilization of administrative power on the part of the legislature and judiciary is unobjectionable only insofar as this resource is necessary for the institutionalization of the corresponding discourses. To the extent that administrative power works to establish and organize the construction and application of the law, it operates in such a way as to provide enabling conditions.

Conversely, if the administration takes on functions that go much beyond the implementation of legal programmes, then legislative and adjudicative processes become subject to restricting conditions. Such interventions or substitutions violate the communicative presuppositions of legislative and legal discourses and disturb the argumentation-guided processes of reaching understanding that alone can ground the rational acceptability of the laws and court decisions<sup>19</sup>.

These are the ways in which power that has been delegated to the legislatures can be controlled; these are the conditions for its delegation. In case legislatures go beyond the conditions of the law, power gets withdrawn since delegation is revocable. State officials have to keep within the conditions listed in the law as they are at this particular moment in time. Should they attempt to exercise powers of enforcement or waiver outside the conditions included in the law, they are to be held accountable and their decision nullified. As far as I can see, the only way they can justify going outside the existing provisions would be by appeal to the incompleteness thereof (e.g. they can appeal to the presence of extraordinary

<sup>17</sup> Habermas, *Between Facts and Norms*, 182.

<sup>18</sup> Habermas, *Between Facts and Norms*, 146.

<sup>19</sup> Habermas, *Between Facts and Norms*, 173.

consequences/costs that have not been foreseen by the last revisers of the law in question). In this case they only have a temporary tenure of the right; the law will be further on inter-subjectively revisited in order to decide on whether to incorporate the so far unforeseen conditions.

This is also the case with the courts:

In legal discourses of application, a decision must be reached about which of the valid norms is appropriate in a given situation whose relevant features have been described as completely as possible.<sup>20</sup>

The right lies with the makers of the law; the court must justify its decision as being in concordance with the existing legal provisions. This is the expression of what Habermas calls the principle of binding the judiciary to the existing law. Therefore court officials are delegated power and they only apply the law according to the conditions set in it by the collective body of citizens through their controllable trustees. The representatives are not entitled to unjustifiably make use of criteria outside those expressed in the law; this could potentially trigger nullification of their decisions. In my opinion, their appeal to criteria outside those inscribed in the law may have two consequences: withdrawal of their power of application in case their action was unwarranted, or revision of the law in case circumstances that have not been foreseen by the drafters of the law forced the magistrates to take action outside the conditions mentioned in the law. In either case, the right ultimately stays with the collective body of citizens.

Here we should devote some attention to the Constitutional Court, which plays a crucial role. Many theorists have feared that the functions exercised by a Constitutional Court represent a democratic deficit<sup>21</sup>. I think that, provided some conditions are observed, this should not be the case. Generally democracies have institutionalized mechanisms for control that limit the potential of legislating actions by such courts. Thus, I think that to the extent that it is established as a second-order delegate (its members being nominated by the parliaments) and to the extent that the parliaments can overrule the decisions of the court by means of a qualified majority (the parliaments themselves being under the direct control of the collective body of citizens through the mechanisms mentioned above) the Court acts more like a watchdog for the sovereignty of the people; when the Court points to the necessity of a constitutional revision, a referendum is generally held or appeal to a qualified

majority in the constitutional assembly is imposed. In case the electorate decides in favour of the revision, the revision of all legal provisions based on the revised constitutional clause is to be effected in order to keep up with the will of the present generation. In case a law proves to be unconstitutional, it is to be annulled, as it is not consistent with the will of the present generation expressed in the present version of the Constitution.

As for the executive branch – whose exercise of power in the case of criminal law is limited to the proposals of social/educational programmes and policies related to criminal and anti-social behaviour - it should be subordinate to the same control by communicative power to which the other forms of administrative power are subject. This requirement of statutory authorization has the effect of nullifying regulations, ordinances, agency rules and guidelines, orders, and other administrative acts that contradict a legal statute.

The priority of laws legitimated in democratic procedures has the cognitive meaning that the administration does not have its own access to the normative premises underlying its decisions. In practical terms, this means that administrative power may not be used to intervene in or substitute for processes of legislation and adjudication.<sup>22</sup>

In conclusion, political legislators alone enjoy unlimited access to normative, pragmatic, and empirical reasons, but only within the framework of constitutional provisions and a democratic procedure designated for the justification of norms. The judiciary cannot make whatever use it likes of the reasons packaged in and linked to statutes. The norms fed into the administration bind the pursuit of collective goals to pre-given premises and keep administrative activity within the control of the collective body of citizens. The basis of the collective right that citizens collectively have against criminals over whom they indirectly exercise the power to waive or to enforce their correlative duties lies with an equal right to freedom in which all members of a democratic community are supposed to share. This right represents the justification for all law produced through the interaction of choice-capable citizens exchanging arguments and agreeing on the form that the set of rights will take for now. Criminal law has the same moral justification. Offences are violations of all the instantiations of the equal claim right to freedom as they are formulated in public law. The conditions under which the duties correlative to these instantiations will be enforced are inscribed in the law together with the extraordinary conditions under which these duties are to be waived. Since the law is the

<sup>20</sup> Habermas, *Between Facts and Norms*, 172.

<sup>21</sup> See as one of the best examples of such a point of view Frank Michelman's "Always under the Law?" in *Constitutional Commentary*, No.12, 1995, 227- 247 and especially in Frank Michelman, *Brennan and Democracy*, (Princeton NJ: Princeton University Press, 1999).

<sup>22</sup> Habermas, *Between Facts and Norms*, 173.

expression of the collective choice and it designates the terms of the application of punishments, the right belongs to the people and not to the state officials.

### *Conclusions*

The use of rights in society does not occur in a vacuum, in isolation from the rights of others. The enjoyment of a right is limited by the enjoyment of another right by somebody else. Therefore, rights secured by law are always correlated with other people's duties not to interfere with the exercise of the recognized rights. This is a definitional characteristic of a right; it is implemented only if others abstain from doing something or if they do specific things required by the law. This is what Hart meant by formal role responsibility - the responsibility that citizens in a society have towards one another according to the law. Any break from these requirements constitutes an offence and a violation of the laws, but this is not enough to justify the application of punishment as a response to an offence. What we need is an account of what it is that makes the law just in a certain society. What this paper has tried to show is that in a democratic society, we can conceive of law as a result of a dialogical practice governed by what people see as a basic natural claim right to equal freedom representing the moral limit that the dialoguers have to observe. This is the basis from which all other rights as expressions of moral role responsibility are derived and, at the same time, the reason why we are entitled to consider the collective body of living citizens as the claim-right holders of the right to punish.

Of course the model I present here should be seen more as a corrective, regulative ideal for assessing real life democratic performance rather than a description of how the normative substance of democratic societies gets actualized. It might be useful, then, to conclude by saying that, ideally, we may see a democratic constitution as the agreed-upon expression of a meta-constitution (or pre-constitutional rule), with the latter consisting of agreed-upon norms and pre-positive rules instantiated in the moral claim right to equal freedom<sup>23</sup>. The constitution and the meta-constitution are inseparable at the initial moment of agreement but they can come apart at any time thereafter. Thus, although we may at some time later lack the earlier ethical, substantive agreement regarding the content of the rules embodied in the Constitution, we can still have wide agreement on the meta-constitution. This will enable us to revise the Constitution without losing the moral justification which comes from the meta-constitution.

I realize that there are still a lot of questions to be answered if this paper is to achieve its purpose. Many of these questions arise due to the possibly overly ambitious scope of this attempt. The relationship between the Habermasian conception of reason and the Hartian one is one of the problematic issues that come to mind and this issue needs a serious exploration. Also, a careful examination of the tensions between normative deliberative ideals and their corrective or exemplary functions for real life democracies is yet another must. Due to the economy of this paper these questions cannot be dealt with here but they constitute fertile grounds for further intellectual exercises.

### *Bibliography*

- Alexander, Larry (Ed.). *Constitutionalism – Philosophical Foundations*. Cambridge: Cambridge University Press, 1998.
- Hart, H L A. "Are There Any Natural Rights?" in *The Philosophical Review*, (April 1955), 64(2), pp. 175-191.
- Hart, H L A. *The Concept of Law*, (Oxford: Clarendon, 1961).  
----- *Punishment and Responsibility. Essays in the Philosophy of Law*. Clarendon Press: Oxford, 1992.
- Habermas, Jurgen. *The Structural Transformation of the Public Sphere*. Cambridge: Polity Press: 1989.  
----- *Between Facts and Norms*, (Cambridge: Polity Press, 1996).
- Hohfeld, W. N. *Fundamental Legal Conceptions*. New Haven: Yale University Press, 1919.
- Michelman, Frank. "Always under the Law?" in *Constitutional Commentary*, No.12, 1995, pp. 227-247.  
----- *Brennan and Democracy*. Princeton NJ: Princeton University Press, 1999.
- Steiner Hillel. *An Essay on Rights*, Oxford: Blackwell, 1996.
- Steiner, Hillel, Matthew K Kramer, **and N. E. Simmonds**. *A Debate over Rights*, NY: Oxford University Press, 1998.
- Stephens, Peter. "Choice Theory Rights, Democratic Choice, and Criminal Law: A Case for Choice Theory Group Rights", (MA Thesis, University of Manchester, 2002).

<sup>23</sup> For a non-universal, contextualised, rather communitarian account of meta-constitutions and constitutions see Larry Alexander, "Introduction" in *Constitutionalism – Philosophical Foundations*, ed. Larry Alexander, (Cambridge: Cambridge University Press, 1998), 1-15.

## **WORK IN PROGRESS SECTION**

### **THE TRANSFORMATION OF SOCIAL NETWORK STRUCTURE IN DEMOCRATIC TRANSITION: DOES IT INFLUENCE INDIVIDUAL POLITICAL BEHAVIOR?<sup>1</sup>**

*OANA LUP*

PhD Candidate, , Central European University,  
Budapest., Political Science Department  
[Pphluo01@phd.ceu.hu](mailto:Pphluo01@phd.ceu.hu)

#### ***Introduction***

To date, many political science scholars have agreed that besides political institutions at least a minimum level of politically knowledgeable and active citizenry – or at least those behaving as knowledgeable – is needed for any democracy to work. However, more than five decades of empirical research have confirmed the picture of the average citizen as poorly informed and barely interested in politics, even in the Western established democracies. In the post-communist societies of Central and East Europe, the delayed occurrence of an interested and participative citizenry has been seen as a major obstacle to their democratic transition. A glance at these countries indicates that despite the fact that now all of them have democratic constitutions and institutions, some have fared better than others in making democracy work.

What is it that makes citizens more participative in some countries while more apathetic in others? Is democracy sustainable in the absence of a politically knowledgeable and participative citizenry? To date, the answer to these issues has been mainly sought at the formal level, including issues such as political institutions, party systems, or civic and political associations. Few authors have considered a bottom-up approach to be worthy of attention.

However, political behavior might be influenced by attitudes, opinions, and values crafted through everyday social interactions. For instance, the extent to which political discussion is a regular part of everyday interpersonal communication might play a considerable role in shaping individuals' political behavior.

The investigation of this hypothesized influence would prove particularly interesting in the case of the Central and East European societies, given the peculiarity of the network structures existing there as an effect of their communist history. As scholars have documented, these societies were characterized by a

generalized level of fear and distrust prior to the 1990s. The widespread control of the state apparatus over all aspects of life led to the existence of what Gaus called societies of 'niches' (Gaus, in Flap and Wolker, 2003) and the confinement of political discussion within the borders of closed, kin-centered, privatized networks. Has this pattern of political communication changed since the 1990s? Has political discussion been freed-up from the closed circles of contacts, and what have been the consequences of such a switch from the 'kitchen level' to the public sphere on political behavior?

The aim of this research is to investigate the impact that the transformation of social network structures has on individual political behavior, in the context of the newly democratized societies of the Central and Eastern Europe. Since the influence of networks is expected to be important both at the individual and societal levels, my study considers the micro (individual) and meso (community) levels, as well as potential interactions between the two. At the micro (individual) level, I focus on the way in which the structure and composition of the various social networks influence individual political preferences and the level of political participation, and how the impact of social networks varies across groups. In addition, the study will explore the potential of social networks to provide informational cues that would help people to overcome their low level of political knowledge and information. At the meso (community) level, the research will investigate how the prevalent patterns of network structure influence the type and extent of political participation in a particular setting. Lastly, the investigation will look for evidence of differentiated impact of networks, depending on the context. This expectation is based on the assumption that at the community level political mobilization is based on citizens' perceived common interest and propensity to engage in common activity.

The present proposal will proceed through the following steps. First, it will introduce three bodies of literature constituting the theoretical background of the research. Acknowledging their respective limitations when it comes to approaching the issues raised by this paper, I conclude on the benefit of combining the three. Second, the paper will present the model, describing the variables, their conceptualization, and the relations supposed to link them. At this stage the paper will formulate hypotheses and state the expectations toward them. Third, the paper will describe the criteria of case selection, the procedures of data collection, and the methods of analyzing them. This section will also address the limitations of the project. Finally, the paper will draw the payoff of this research, both at the theoretical and practical level.

---

<sup>1</sup> Research proposal defended in June, 2005

## **2. The state of the field**

This section introduces three theoretical approaches, evaluates them, and concludes that none of them individually is satisfactory for investigating the issue of the impact of social networks on individual political behavior. I point out the gain of combining them in order to offer a more complex perspective that will broaden and deepen the investigation of a field that to date has remained rather under-researched: the impact of the interpersonal communication on individual political behavior.

### **2.1. The sociological model of voting**

First and foremost in the investigation of the role played by social context in shaping individuals' political behavior is what voting behavior literature calls the sociological model of voting. This model challenges the opinion formulated by the economic and psychological models of voting that see a voter as an autonomous actor independent of the social context, forming and expressing political preferences in isolation. The sociological model of voting sees voter choice as a function of individuals' social membership. Starting with the studies of the so-called Columbia school (Lazarsfeld et al 1948; Berelson et al 1954; Katz and Lazarsfeld 1955; Katz 1957) the model was mostly neglected for several decades afterwards. It has been recently resurrected through some studies, the most important being by Huckfeldt et al. (1987, 1991, and 1995). Despite this late resurgence in the interest of the model, research on the role played by social interaction on individuals' political behavior remains rather underdeveloped.

Besides the scarcity of investigation based on the social context model, I will point out two limitations of the previous research. First, the research of social context effect on individual political behavior does not address the issue of the potential of social interactions to act as informational shortcuts that under certain conditions might be beneficial. Inferring the result of approaching this issue within the framework of previous research I assume that the conclusions regarding the beneficial character of the informational cues provided by social networks of political discussion would be rather pessimistic. The generalized pattern of political agreement within primary groups found by the research of Columbia sociologists might be interpreted as proof that, at this level, interpersonal communication elicits conformity to predominant opinion rather than enlightenment. Despite the fact that scholars who investigated the role of social context on political behavior did not directly address the issue of the potential of social networks to improve political knowledge, their collateral observations raise doubts about the enlightening potential of interpersonal communication (Rose, 1974; Franklin, Mackie, Valen et al, 1992).

Second, the previous research of the effect of social environment on individual political behavior rarely offers a discriminate and extensive account of the structure and composition of different networks in which individuals are embedded. In addition to that, few investigations provide information about the structure and composition of networks of political communication in particular. To conclude, previous research neither differentiated among patterns of social networks of communication in general and political discussion in particular, nor investigated the role that such networks would play on shaping political behavior, both at the individual and community levels.

Below, the theoretical approaches that will fill these gaps are presented. I consider that the investigation of the impact of interpersonal communication on individual political behavior will benefit from the insights furnished by these models.

### **2.2 The literature of informational cues and the concept of 'correct voting'**

The theoretical approach that will furnish the appropriate theoretical framework for addressing the issue of social networks as potential providers of politically relevant cues comes from the literature on informational shortcuts. This body of literature has emerged as a combination of elements taken from models of communication and decision making under limited information in cognitive science, economics, and psychology. In the field of political science it has emerged as a reaction to the pessimistic conclusion regarding voters' low level of political knowledge measured as the degree of factual information people possess in the political sphere. Acknowledging the political ignorance of the average voter, several scholars claim that, in fact, the limited information people possess in the political sphere does not incapacitate them in making reasonable decisions (Bartels 1996; Berelson, Lazarsfeld and McPhee 1954; Huckfeldt and Sprague 1991; Cutler 2002; Kahneman and Tversky 1982; Lau and Redlawsk 1997; Lupia 1994; Lupia and McCubbins 1998; Popkin 1991). To prove this they have changed the focus of the research from the level of the factual information people possess in political sphere to the actual process of informing (Bartels, 1996). The central hypothesis is that people may not need complete information to make reasonable decisions. The use of informational cues helps voters to overcome their low level of information and thus reduces the gap between the decisions made by the poorly- and highly-informed voters.

The literature of informational cues has developed the concept of 'correct voting' and the theoretical model behind this concept has been tested using both experimental and real conditions (Lupia 1994; Lau and Redlawsk 1997). The authors have explored whether voters as limited-information processors can make

‘correct decisions’, meaning the ones that they would make if they were fully informed. They have reached some optimistic conclusions, as they have demonstrated that some poorly informed voters may emulate fully-informed behavior because they use the ‘right’ shortcuts. Emphasizing that not all the informational cues are beneficial, they offer an account of the conditions under which the use of informational shortcuts increases voters’ potential of making reasonable decisions.

Even if social networks were seen as potential providers of such informational cues, there has been a lack of singling out and analyzing this potential cue among others. The literature emphasizing the impact of social networks on individuals’ political behavior and the one assessing the beneficial character of different informational shortcuts barely overlap. Overall, there is a lack of investigation regarding the possibility that certain patterns of network structure and composition can provide informational cues.

### ***2.3 Network models of analysis: their methodological utility***

I argue that the second perceived limitation of the social context research would be overcome using the theoretical framework provided by the literature investigating the role of networks in the diffusion and spread of opinions, ideas, and innovations. This body of research provides both an account of typologies and characteristics of networks and an extensive methodology for collecting and analyzing network data. The extensive methodology built within this research field was quickly implemented in different research areas. The methods used to gather and analyze network data have developed both within and outside social science investigation.

To date, the methodology for collecting data about social networks has been refined and detailed criteria for defining network typologies has emerged (Burt 1980; Marsden and Laumann 1984; Freeman et al 1989). Moreover, the measurement and analysis of such data has developed and computer software supporting network analysis is now available (UCINET<sup>2</sup>). This development has facilitated the application of network analysis for studying the influence transmitted along social networks within different spheres, such as medicine, business, or politics (for an extensive list of the applications of social network models see Valente 1999).

Regarding the investigation of the role played by social networks on political behavior, the most noteworthy contribution is Burt’s (1987) distinction between the social cohesion and structural equivalence models of social network influence and the way

Huckfeldt (1987, 1991, and 1995) applies it to the study of political behavior. The core element of the social cohesion model consists of the ‘social contagion effect’ operating at the level of look-alike peers as a result of physical proximity. This model accounts for relationships characterized by intimacy, trust, respect, and mutual regard. Political influence in these settings operates by contagion given the frequency and intimacy of discussion with trusted people. The original idea of the structural equivalence model is that people base their behavior on models provided by people similarly located within the social structure.

So far, the studies that approached the issue of the impact of social networks on individual political behavior and benefited from the methodology provided by the field of network analysis have not addressed the issue of the potential of interpersonal communication to act as an efficient informational cue. If one wanted to go beyond the claims of these models she would consider that the mimicking adoption of others’ opinion and behavior as stated by the social cohesion model might be interpreted as proof of people’s lack of rationality. The structural equivalence model might fare better from this perspective despite the fact that it also contains the germs of a type of influence that might go beyond any rational criteria.

### ***2.4 Bringing the models together: why is it worthy?***

What is the benefit that these various approaches will bring to the investigation of the impact that the transformation of the structure and composition of social networks has on political behavior in the post communist societies of Central and East Europe? I will briefly list the relevance of these models for the researched issues as well as their limitations, which create the necessity of combining them.

Let us shortly summarize the findings of the previous three sections. First, scholars who investigated the mechanisms of the impact of social context on political behavior, such as Columbia sociologists and later Huckfeldt, do not address the issue of social networks as potential providers of politically relevant informational cues that, under certain conditions, might be beneficial. Moreover, they neither develop a detailed account of social network typologies according to their structure and composition nor investigate the impact that various networks would have on political behavior, both at the individual and societal levels. Second, the literature on the role played by informational cues and shortcuts in overcoming the effects of individuals’ low level of political information does not single out social networks as potential providers of politically-relevant information cues. Third, social network models do not consider the role that networks might play on individuals’ level of political knowledge by providing politically relevant information resources. Overall, the scarcity of research

<sup>2</sup> Borgatti, S.P., Everett, M.G. and Freeman, L.C. 2002. Ucinet for Windows: Software for Social Network Analysis. Harvard, MA: Analytic Technologies.



linking the account of social networks as influential factors of political behavior and as informational shortcuts that under certain structural conditions might be efficient influences deserves special attention.

What is the potential payoff of investigating the structure and composition of social networks in general and of networks of political discussion in particular as an important antecedent of political behavior in the case of post communist societies? The predominance of the 'privatized' patterns of interpersonal communications based on small, kin-centered, 'private niche' networks is a well-documented feature of the societies under the totalitarian regimes in Central and Eastern Europe (Dowley and Silver 2002; Flap and Wolker 1995; Iglie 2003; Opp and Gern 1993; Rose 1994). The widespread political control of most spheres of life by the state apparatus, the organized dependency on the party for all goods and opportunities, and the repressive nature of state apparatus made distrust a prevailing feature of interpersonal communication within these societies. The exclusive political control of daily life and the extensive nature of the security police presented people with 'the acute problem of whom to trust and how to decide whether intentions of others were honest' (Flap and Volker, 2003: 29). These generalized feelings of fear and distrust led to the exile of political debate to the private sphere of life, at the level of intimate relationships. Gaus' societies of 'niches' were characterized by small islands of trustful ties among family and close friends in a large sea of fear and distrust. These circumstances imposed a double standard for social relations: on one hand, impersonal interactions, where political discussions were considered taboo, and on the other, 'privatized' relations, basically comprising those closed, kin-centered, personal contacts that could be trusted and thus allowed for political discussions.

Under these circumstances, the networks of political discussions perfectly overlapped with the networks of personal, private discussions and comprised family members and close friends. The pre 1990s networks of political discussion tended to be rather homogeneous. They were characterized by high agreement and a consensual pattern of communication. Political communication within these closed networks was not a real exchange of opinions and probably did not contribute to an increase of political knowledge but rather to a reinforcement of already existing opinions and political attitudes. The ties of political communication tended to be small in number, closed, and dense. Their structure therefore did not work as a vehicle of larger social integration but one that created and maintained an atomized and fragmented society.

Has the structure of social networks changed? A series of empirical studies conducted in the beginning of the 1990s revealed a mixed picture. While the

structure of social networks in some societies becomes more similar to the pattern of Western democracies – presence of differentiated personal communities rather than kin-centered ones – some of them remain closer to the pre 1990s pattern (see Flap and Volker 2003; Iglie 2003; Mondak and Gearing 2003). Overall, the strength of 'niche' ties has dramatically declined and the structure of communication networks has become more loosely integrated at the edges – a pattern that closely follows the structure of networks in Western democracies (Iglie 2003: 21). Political discussion has left the boundaries of the kin-ties and has become the topic of discussion within the 'weak ties' (Granovetter 1973). However, compared with Western network structures, the privatized type of personal interaction still predominates in the post-communist societies, a finding that raises questions regarding the space attributed to political discussion within the networks of everyday interaction. It becomes an important topic of investigation as to whether political discussion has actually moved out of the borders of personal ties and become a topic of discussion within the edges of the social interactions.

In sum, the relevance and novelty of this investigation consists of its proposition that individuals' political preferences as well as their willingness to participate in political and civic activities may depend on the structure and composition of their everyday networks of communication. Regarding the cue-giving potential of social networks, this study does not assume that all types of social networks are equally beneficial in providing politically relevant information cues. On the contrary, looking at different patterns of networks in general, and networks of political discussion in particular, the study signals that some of these patterns would instead hamper the development of an active and participative citizenry or alternatively would not contribute to an increase in the level of political knowledge. As a preamble to the further debate, I will indicate two such examples of social network influence. First, at an individual level, kin-centered, dense, and politically homogeneous network structures are expected to impede a real exchange of political information and therefore to lead to network members' adoption of some political behavior patterns out of conformity rather than reflection. Second, at a society level, the prevalence of kin-centered, dense, and low interconnected networks is expected to act as a braking force for the development of a civic community that is generally based on citizens' perceived common interest and willingness to engage in collective actions.

### ***3. The project description***

This section develops the proposed model in a detailed manner. First, it will introduce the variables, their conceptualization, and their operationalization through a series of indicators. Second, the relations

between variables will be described and expected patterns of interrelations will be formulated in the form of preliminary hypotheses. They will be formulated both at a micro (individual) and meso (community) level. Third, the section will address the limitations of the project as well as the provisional character of some hypotheses, mainly due to the character of the research being a 'how' centered one.

### **3.1. Variables: concepts and their operationalization**

#### **3.1.1. Independent variable: Social networks**

As the independent variable in the model, social networks refer to the informal groups individuals are embedded in. They comprise those 'alters' with whom the respondents report to have more or less regular contacts and discussions, such as family, friends, neighbors, work-mates, schoolmates, acquaintances etc. Adopting a functionalist approach, I describe five basic types of networks, namely 'niches' or 'core networks' (Marsden, 1987), provision networks (Flap and Volker, 2003), incidental networks, leisure networks, and networks of political discussion. Niches or core networks comprise those trusted alters with whom respondents report discussing personal matters. Flap and Volker (2003) introduce provision networks as being widespread means of obtaining scarce commodities under the command economy of the communist regime. In this study I will use them in the sense of ties providing different types of informal service. Incidental networks are defined as by-default

types of ties, occurring as a by-product of respondents' implication in other main activities or roles. Leisure networks comprise those voluntary chosen ties with whom respondents report often spending their free time. Finally, networks of political discussion comprise those ties that mostly accommodate political discussion. Data about these various social networks will be obtained using multiple- situation- name generators, a procedure that will be extensively described within the data collection section (Fischer and McAllister, 1978).

For the micro (individual) level of the analysis, the concept of social networks will be operationalized through a series of indicators intended to assess them on two dimensions, namely their structure and composition. In the first step of the research, information about the structure and composition of various networks in which individuals are embedded will be collected using several indicators. In a later step, in order to avoid multicollinearity, the indicators will be correlated and factors will be computed in the case of highly correlated variables.

The structure of networks will be assessed through the following indicators, most of them representing basic indices developed within previous network research. These are size, density, tie strength and range (Marsden, 1990). To these measures defined by the previous literature I will add the degree of overlap between networks fulfilling different functions. Following the synthetic treatment that Marsden gives to the literature that developed these indicators I will briefly introduce them.

Table 1. Indicators for network structure

Indicator	Description	Network types <sup>1</sup>
Network size	'the number of direct ties involving individual units' (Marsden, 1990:453)	<ul style="list-style-type: none"> <li>• Small</li> <li>• Extensive</li> </ul>
Network density	'the mean strength of connections among units in a network, or the proportion of links present relative to those possible' (Marsden, 1990: 453-54)	<ul style="list-style-type: none"> <li>• Dense/close</li> <li>• Loose/open</li> </ul>
Tie strength	The intensity and closeness characterizing a link (Marsden, 1990: 455)	<ul style="list-style-type: none"> <li>• Strong</li> <li>• Weak</li> </ul>
Range	'the extent to which a unit's network links it to diverse other units' (Marsden, 1990: 455)	<ul style="list-style-type: none"> <li>• Concentrated</li> <li>• Spread</li> </ul>
Overlap degree	The percentage of ties belonging to more than one network	<ul style="list-style-type: none"> <li>• Kin-centered</li> <li>• Differentiated</li> </ul>

The composition of networks will be assessed using two sets of indicators that will be applied to data obtained via two kinds of name interpreter items. These name interpreter items will elicit information on

attributes of network members (e.g. socio-demographics) and on properties of ties with network members (e.g. frequency of contact, estimation of discussants' expertise etc.). The two sets of indicators

<sup>1</sup> The qualitative description of network types will be used throughout the paper in order to facilitate the formulation of hypotheses. Scores that will be included in further analysis will replace them.

are homogeneity vs. heterogeneity – applied to different socio-demographics of network members – and degree of presence (high vs. low) of elements constituting respondents' politically relevant social

Table 2. Indicators of network composition

Indicator <sup>1</sup>	Network data assessed
Homogeneity vs. heterogeneity	<ul style="list-style-type: none"> <li>• Network members' education</li> <li>• Age</li> <li>• Gender</li> <li>• Occupation</li> <li>• Habitation</li> <li>• Type of relationships with respondent</li> <li>• Similarity of political preferences</li> </ul>
Degree/ High vs. low	<ul style="list-style-type: none"> <li>• Frequency of political discussion</li> <li>• Level of respondents' awareness regarding discussants' political views</li> <li>• Discussants' level of political knowledge/information</li> </ul>

This information will constitute the basis for describing patterns of social networks, an enterprise that represents the preamble to the investigation on the role that different patterns of network structure and composition play on shaping individual political behavior.

For the meso level of the analysis I will use the same data collected at the individual level of the analysis. The aim of this part of the research is to detect patterns of network structure and composition existing in the investigated setting, e.g. city, village, community. These typologies will constitute the basis of further investigation on the role that the prevalent form of network structures and composition play on the type and extent of political participation within a certain setting.

### 3.1.2. *Dependent variable: Political participation*

Political participation is one of the variables used to conceptualize political behavior. Its operationalization deserves a separate discussion. This is due to the fact that the few authors who focused their research on the assessment of political participation in the post communist societies of Central and East Europe generally used indicators that were previously developed to operationalize political participation in the Western societies. The validity of these indicators for societies that differ in terms of political culture and tradition is highly questionable. For instance, donating money to a party or working for a party are generally used for measuring political participation in Western democracies. Yet they are probably inappropriate in the context of newly democratized countries, which simply lack these traditions. The picture is even more complicated by the fact that in the newly emerging democratic societies of

capital - applied to data on frequency of political discussion, discussants' level of political knowledge, etc.

Central and East Europe one may find quite often covert means of political participation. Abstention and protest vote represent two such means of expressive political acts people sometimes turn to for expressing their discontent. However, in-depth research should be done to distinguish them from simple non-vote or party-choice.

Acknowledging all of these difficulties, the investigation will use a mixture of Western-type indicators that could be translated to the region, and some new indicators. The provisional list of indicators measuring political participation comprises the following items:

- Voting in the most recent elections at all existing levels, namely local, national, and European Parliamentary elections in the case of EU member states
  - Intention to participate in the next elections, again at all the existing levels
  - Participation in referenda
  - Attending any meetings related to politics, i.e. election rallies or protest meetings
  - Contacting a public official
  - Circulating or signing a petition for a candidate or issue.

Assuming that interpersonal communication might play a different role in mobilizing people for different political activities, the study will investigate separately the strength of impact social networks have on different forms of political participation.

Regarding the indicators used to tap the type and extent of political participation at the society level, the paper advances a provisional list that will be further adjusted after an in-depth research of each unit of analysis included in the investigation e.g. cities, regions, countries. The indicators for political participation at the societal level will include the following items:

- Evolution of turnout at all the existing levels, namely local, national, and European Parliamentary elections in the case of EU member states
  - Participation in referenda
  - Number of political manifestations, protests, strikes
  - Number of political and civic associations
  - Number of media outlets and media consumption within a certain time period
  - Level of party membership.

To grasp the dynamic of political participation at the community level, the above listed measurements will take into account a longer period of time. Both

<sup>1</sup> Scores for these indicators will be constructed and included in further analysis

lists will be further adjusted depending on setting specificity revealed by in-depth research and available sources of information.

### **3.1.3. Dependent variable: Political preferences**

Political preferences represent the second variable that conceptualizes political behavior. The operationalization of this variable is a sensitive issue given the general difficulty of capturing and measuring attitudes. One could consider at least two ways of operationalizing the concept of political preference, namely through party preferences (vote choice) or through self-expressed opinions on politically salient issues. Two reasons will be stated in favor of adopting the latter indicator.

First, as scholars investigating post-communist party systems have documented, these systems are characterized by high volatility. Therefore, the instability of parties would make the identification of the electorate's patterns of political alignment difficult in a longitudinal study. Second, post-communist parties have delayed their development as programmatic parties that send voters clear messages about their positions on issues and their general placement on the relevant axis of political competition. This makes it difficult for voters to transform their political beliefs into party preferences and eventually into vote choices. In addition to that, both party systems' instability and parties' failure to establish meaningful linkages with the electorate would make a cross-countries investigation difficult. Therefore, the present research opts for the operationalization of political preferences through individuals' self-expressed opinions on politically divisive issues.

To establish the relevant dimensions of party competition, the paper will use Kitschelt's suggestion regarding the existence of two such axis of political competition, namely an economic axis and a cultural, value-based one. The economic axis is defined by pro-market versus pro-state options while the cultural one comprises pro-liberal versus authoritarian positions (Kitschelt et. al, 1999). Using these theorized dimensions of political competition, the paper will

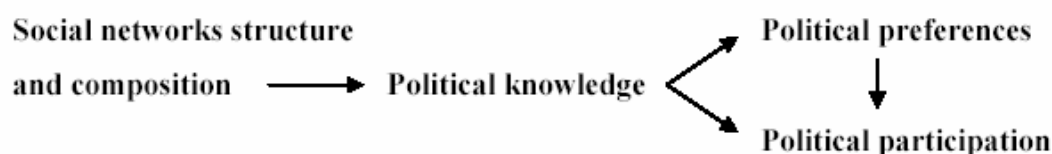
define a set of indicators for assessing individuals' preferences on politically salient issues. For the economic axis, the list of indices may comprise, for instance, attitudes toward privatization, measures for fighting unemployment, social protection, market opening, subsidies, and limits on foreign investment. For the cultural, value-based axis, the list can comprise attitudes toward the public role of the church, decommunization, minorities' protection, nationalism, liberal individualism, mass-media regulation, and so-forth. To avoid the risk of multicollinearity these indicators will be factorized and resulting factors will be included in further analysis.

### **3.2. The model: expected patterns of influence (provisional hypotheses)**

As has been stated above, the influence of social networks is expected to matter and will consequently be assessed both at the individual and societal levels. First, the paper will present the model of influence separately for each level and afterwards will make predictions about their interactions.

#### **3.2.1. The impact of social networks at the micro (individual) level**

For the sake of simplicity and clarity, the paper starts by presenting the model in a graphic form. Both the structure and composition of networks is expected to have an impact on political behavior and consequently the paper will investigate their joint effect accounting for various combinations in which they might occur. Based on the research of the use of informational cues as means of overcoming the low level of political knowledge, I suppose that social networks will provide politically relevant informational resources. Therefore, I hypothesize that social networks do not have a direct effect on political behavior, but one that is mediated by political knowledge. In addition to that, political preferences might play an intermediate role in this chain of influence; namely, it might represent an antecedent condition for political participation.



There are three suppositions that guide my research. First, I conjecture that there are multiple paths of influence that networks exert on political behavior. They are defined by the various combinations of structure and composition in which

networks occur. This investigation seeks to detect the most influential of these patterns. Second, presumably not all the paths of influence are equally beneficial; while some of them bring enlightenment others lead to mere conformity or outright deception. I consider that the beneficial character of networks as information shortcuts is a function of both network structure and individual level of political knowledge. Third, both the extent and the character of the influence exerted by networks might vary across different measures of political preferences and participation.

Given the complex character of the influence expected to occur as an effect of network embeddedness, I consider that at this step only general and provisional hypotheses can be formulated. Disjointing the general pattern of network effect into several intermediary hypotheses and describing every single type and effect of the occurring influence would not be a fruitful approach. Nonetheless, I will formulate a set of hypotheses that should be mainly read as guidelines for my research. They define a set of expectations that are based on the existing literature and previous research that to date is rather deficient. Further investigation of network data will furnish relevant insights and lead to the refinement of the hypotheses.

**H1:** The influence of a small, dense/close, strong, concentrated, kin-centered network is expected to be twofold. Depending on the composition of the network, it may translate either into lower exposure to political discussions and debates, and consequently lower level of political participation or into a higher presence of the above mentioned elements.

**H1.a.** Respondents' observed level of political participation will presumably increase with an increase in the homogeneity of network members' political preferences, frequency of political discussions within network, respondents' awareness regarding their discussants' political preferences and respondents' perception about discussants' political expertise.

### *Political participation*

**H1.b.** Under similar composition of networks except for the homogeneity of members' political

### **3.2.2. The influence of social networks at the meso (community) level**

I suppose that the predominant pattern of social networks in a certain community will influence

preferences, the impact will be enhanced by respondents' strength of political preferences (see the scheme above). The stronger the respondents' political

preferences, the higher the impact of networks in spite of discussants' heterogeneous views and consequently the higher the respondents' observed level of political participation will be. Similarly, the weaker the respondents' political preferences, the lower the impact exerted by networks will be given the heterogeneity of discussants' views and consequently, the lower the respondents' observed level of political participation will be. (I acknowledge the fact that this argumentation might look circular, but I see it in line with my expectation regarding the fact that the impact of networks on political participation might go through political preferences).

**H2:** A path of influence conforming to the structural equivalence model is expected to provide more beneficial cues than a path of influence conforming more to the social cohesion model. Small, dense/close, strong, concentrated, kin-centered, and high politicized networks define a pattern of influence conforming more to a social cohesion model and thus are unlikely to act as a beneficial informational cue. In contrast, an extensive, weak/open, spread, differentiated, and highly-politicized network defines a pattern conforming more to a structural equivalence model and thus is more likely to furnish beneficial informational cues.

The beneficial character of a cue is estimated by generating fully-informed opinions by assigning the preference held by the highly-informed members of a given demographic group, for instance, to all members of that group and afterwards checking whether poorly informed people emulate fully informed behavior if they are exposed to a certain type of interpersonal influence (Althaus, 2003; Bartels, 1996).

This set of hypotheses offers a very broad view on the direction of further investigation. I have described only some of the possible pattern of interaction that might occur at networks level. The study will account the various combinations in which networks might occur and detect more influential pattern of influence on one hand, and the more beneficial of such patterns on the other.

the type and degree of political participation present there. No influence is expected at this level in terms of political preferences.

**Predominant small, dense/closed, strong, Concentrated, kin-centered networks** → **Lower level of political participation**

**Predominant extensive, loose/open, Weak, spread, differentiated networks** → **Higher level of political participation**

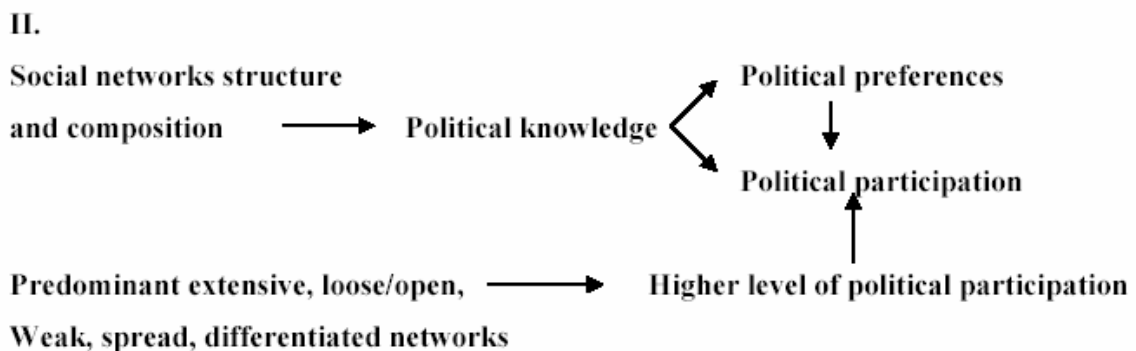
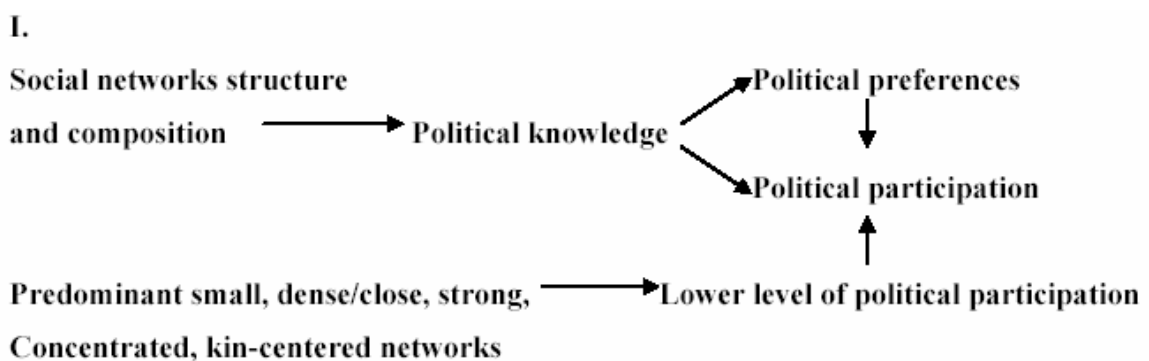
As in the preceding section, I state two expected models of influence, which, nonetheless, will need further refinement resulting from the theoretical and empirical dialogue. I assume that at the community level the impact of the prevalent network structure on political participation will vary across its different components. For instance, I expect a higher impact in the case of those acts of political participation that are based on citizens' perceived common interest and willingness to take part in common actions, such as participation in political manifestations, protests, strikes, and so on.

**H4:** A setting characterized by the predominance of small, dense/close, strong, concentrated, kin-centered networks is expected to display a lower level of political participation, especially in the case of those forms of political participation that are mainly based on willingness to participate in collective actions (e.g. political manifestations, rallies, strikes etc.).

**H5:** A setting characterized by the predominance of extensive, loose/open, weak, spread, differentiated networks is expected to accommodate more political participation again, with expected differences across different forms of political participation.

### 3.2.3. *Expected interactions between levels of investigation*

The interaction between the micro (individual) and meso (society) level will be relevant only for the first hypothesis. More precisely I expect that the level and predominant type of political participation in a given setting will have an additional and separate impact on individual political behavior. It might encourage or inhibit political interest and participation at the individual level.



In this view, the first hypothesis will be restated to accommodate for the potential influence exerts by the extent of political participation at the societal level on individual political behavior.

**H1.1:** The influence of a small, dense/close, strong, concentrated, kin-centered network is expected to be twofold. Depending on the composition of the network, it may translate either into lower exposure to political discussions and debates, and consequently

lower level of political participation or into a higher presence of the above-mentioned elements.

This pattern of influence is expected to hold in societies characterized by a general low level of political participation. It might decrease at the margins in the case of settings dominated by a higher level of political participation.

### ***3.3. Limitations of the project***

The limitations of this project come mainly from the very decision to select and focus on social networks as potential influences of individuals' political behavior. In doing so, the project does not claim either their primacy or that their effect is the strongest. It rather introduces in the analysis a series of variables that account for alternative explanations of political preferences and political participation.

At the individual level, the investigation will introduce and control for the effect of some socio-demographics that to date have been found to have a robust effect on the overall level of individuals' political behavior, both in terms of their preferences and their level of political involvement. These variables are age, gender, and education. Given the fact that this study aims to trace the influence of structural change in the patterns of social networks, age represents a key variable of the investigation deserving special attention. I assume that comparing the structure and composition of different age groups will furnish relevant information on the extent and nature of this transformation. The second method that will be used to tap this transformation is based on questions explicitly asking about the structure and composition of the pre- and post-1990s networks. Since none of the methods meant to gather information about the nature of the transformation in the structure and composition of networks is flawless, I anticipate that their joint use will overcome the potential shortcomings. Some other demographics that will be controlled for due to their potential effect on network structure are ethnicity, religion and housing patterns (Huckfeldt and Sprague, 1995).

The model will also control for the number of voluntary associations the respondents belong to, since such groups can provide incentives for political participation or can alter members' political preferences (Lake and Huckfeldt 1998, Verba et al. 1995). Partisan identity and strength of ideology will also be controlled for, assuming that strong political convictions might play an important role in political participation. Last but not least, the analysis will control for intensity and type of media consumption as well as for the period of time respondents have been living in their current area. This last factor was particularly researched by Putnam (2000), whose study proves that newcomers might be less embedded in their community and thus less likely to be involved in political and civic activities.

At the broader level, the investigation will control for particular political institutions that might inhibit or encourage political participation. They will be sought for both at the local and the national level.

The second type of limitation regards the generalizability of the findings. Given that what is at stake is a rather general concept, namely political behavior, the investigation seeks to discover general patterns of interaction. However, much depends on the particular mechanisms in place both at the individual and societal level.

## ***4. The research design***

This section presents the sets of available data and the procedures for collecting new ones. It includes a preliminary questionnaire for network data collection, which seeks to offer a clearer picture on the investigation I am planning to conduct as a first step of my study.

### ***4.1. Data***

#### ***4.1.1. Available data***

The most extensive network data of which I am aware was collected in Hungary, in several rounds of surveys both before and after the 1990s, notably by Angelusz and Tardos. Their first round of network data collection was conducted in 1987. Using a wide range of techniques (Fischer - McAllister multiple situation name generator, Lin-Dumin position generator, Christmas card sending, membership in associations), they collected extensive network data in a national survey. Part of the items used in the 1987 survey were replicated in two further surveys conducted in 1997 and 2003, respectively (Angelusz and Tardos, 2001). The follow-up studies make possible a cross-national comparison and allow for observing the transformation in the structure and composition of social networks along a 16-year period. I am familiar with the 2003 dataset, which I used to investigate the impact of social networks on individual voting behavior (Lup, 2004).

Different from the data collected in national surveys, Angelusz and Tardos (2000) conducted a small-scale survey that consisted of mapping the existing social networks from four different villages and assessing their role on individuals' level of political participation. Despite their focus on political participation (operationalized as turnout rate) these studies did not approach the issue of social networks as potential providers of politically relevant cues.

#### ***4.1.2. Procedure for collecting new data***

The new data will be obtained from surveys carried out in two stages. In the first stage, data will be collected at the local level, namely in a set of communities. The selection of the communities will be based on the suggestions provided by the classic studies of Berelson et al. (1954) and Huckfeldt (1995).

Their investigations on the role that social context plays in shaping political behavior were carried out at the level of two communities. The information will be obtained from the community inhabitants in detailed interviews. Moreover, the data will be obtained in repeated interviews (time-series) with the same persons (panel-study), thus allowing the detection of changes in political preferences over time.

While the main disadvantage of this selection procedure is certainly its lack of representativity at the national level, there are several benefits that it may bring to the present research. First, given the smaller scale of this investigation - in comparison with a national sample, for instance - it allows for a more extensive collection of information. Second, the conclusions of this local investigation are expected to constitute the basis for further improvements and refinements of the hypotheses. Last but not least, this method involves fewer costs as well as the possibility that the researcher will have first-hand contact with the data collection.

The same procedure will be applied in the next stage of the investigation, except for the fact that this time the surveys will be carried out at the national level. The sample will be randomly selected from the population registered in the election lists. The selection procedure will ensure the representativity of the sample.

In all other respects, except for the level of investigation - local and national - the procedure for data collection is similar. At the local level the main sample will be supplemented with another one obtained through respondents' report. The first round of interviews will be followed by a second one including a 'snowball' sample of discussants mentioned by initial respondents (Burt 1986, Huckfeldt and Sprague 1991).

Data about the structure and composition of various networks in which respondents are embedded will be obtained using an adaptation of the multiple-situation-name generator technique (Fischer and McAllister, 1978). Each of the respondents from the main sample will be asked in individual interviews to successively indicate up to five persons from their personal, provisional, incidental, leisure, and political discussion networks. The information about networks of political discussion will be the last in an attempt to tap possible overlaps between the networks serving other functions and the politically relevant ones. Each step of the name generator technique will be followed by a battery of questions meant to collect additional information about the characteristics of network members and the relationships within networks.

The list provided by respondents will be used for follow-up interviews with the indicated discussants. The resulting data set will be aggregated in dyads, which represent the base for interpreting the influential relations within each network. It is clear that this

procedure cannot be applied beyond the small-scale, community-based investigation.

Since my investigation relies exclusively on data gathered through respondents' reports, there might be some drawbacks. As literature discussing the limitations of opinion polls mentions, they mainly refer to the questionable validity and completeness of the respondents' reports. Nonetheless, since interviews are the only available method for such research, I would claim that an appropriate and innovative design of the questionnaires and the ability of the interviewer will overcome potential deficiencies. To offer a better understanding of the procedures of data collection, I have developed a provisional questionnaire comprising a set of questions that I will use to gather information about the structure and composition of networks (see Appendix 1, p. 24).

#### ***4.2. Case selection***

In the first stage of the study, the influence of the interpersonal discussion networks will be analyzed at the local level. For reasons of easier access to the information, the community will be chosen from Romania. After this step of investigation I expect to improve and refine the research design and hypotheses. A comparison with the data already collected from Hungary will be carried out. This will allow for some inference regarding the generalizable character of patterns of network influence on political behavior.

The second step of the analysis will be an investigation at the national level. Considering that the research hypothesizes general patterns of social network influence and thus seeks to detect effects that might hold irrespective of the countries analyzed, there is no strict criterion informing the country selection. Therefore, a cross-country comparison could be done within the limits of available data.

An interesting stage of the study will be an interregional comparison between these post-communist democracies and Western democracies/or United States, relying at this time on the results reported by scholars who analyze this topic (the only data that might be available in the ICPSR archives are Huckfeldt et al.'s).

#### ***4.3. Methods***

The investigation will use statistical methods to analyze data. In addition, inasmuch as the available data will suit, I will use network method analysis. When necessary, qualitative data will be gathered to allow for a better understanding of the specifics of different communities.

#### ***5. The pay-off of the project***

The relevance of this project should be considered both at the theoretical and practical levels. Since I have extensively approached the contribution that my study



will bring to previous research in the field in the last paragraph of the second section (2.4), here I will just briefly summarize the main points. First, this study will contribute to the development of a field that to date has remained rather under-researched, namely the impact of social interaction on individual political behavior. Second, it will not only fill a theoretical gap but will also provide a different perspective on the topic, by investigating the potential of social interaction to act as politically relevant shortcuts. Last but not least, this investigation is expected to enrich the existing literature on social context role due to the fact that it focuses on an area that has not been previously approached, namely the post communist societies of Central and East Europe.

The practical relevance of the study consists of its potential to provide information about better ways to frame and channel public discourse. Discovering what cues are susceptible to use by many people and in a more beneficial way can inform the design of institutions and procedures so that they can channel information accordingly. As Popkin (1991: 218-219) emphasizes, the way people collect information is best described by the metaphor of the Drunkard's Search: if political information conveyors want to increase their audience they have to put the information where people are more likely to look for it or to tailor it according to people's expectations and tastes.

Can democracy thrive even though government is based on decisions made by poorly informed citizens with low interest in politics? If the conclusions of this study indicate that under certain conditions social interaction is both influential and beneficial in terms of political behavior this will represent a challenging answer to the question. It might redirect the method of sending political messages from the level of governmental elite to the community level. It will translate into a greater emphasis on strengthening the leadership of local communities and organizations in disseminating information and enabling public debate on politically salient issues.

## Bibliography

- Althaus, Scott. *Collective Preferences in Democratic Political Opinion Surveys*, 2003.
- And the Will of the People. Cambridge: Cambridge University Press.
- Angelusz, Robert and Robert Tardos. "Change and Stability in Social Network", 2001.
- Resources: The Case of Hungary under Transformation', in Lin, Cook, Burt (eds.), *Social Capital: Theory and Research*, New York: Aldine de Gruyter, 2002.
- Angelusz, Robert and Robert Tardos, The position generator measurement of social network resources in Hungary, 1987-2003.
- Bartels, Larry M. 'Uninformed Votes: Information Effects in Presidential Elections'. *American Journal of Political Science* (1996) 40 (1),: 194-230.
- Berelson, Bernard R., Paul F. Lazarsfeld, and William McPhee. *Voting: A Study of Opinion Formation in a Presidential Campaign*. Chicago: University of Chicago Press, 1954
- Brady, Henry F. and Paul M. Sniderman. 'The Likability Heuristic', in Paul M. Sniderman, Richard A. Brody, and Phillip E. Tetlock (eds.), *Reasoning and Choice: Explorations in Political Psychology*. Cambridge: Cambridge University Press, 1993.
- Borgatti, S.P., Everett, M.G. and Freeman, L.C. *Ucinet for Windows: Software for Social Network Analysis*. Harvard, MA: Analytic Technologies, 2002.
- Burt, Ronald. 'Models of Network Structure', *Annual Review of Sociology*, 1980, 6: 79-141.
- Burt, Ronald. 'Social Contagion and Innovation: Cohesion Versus Structural Equivalence', *The American Journal of Sociology*, (1978) 92 (6): 1287-1335.
- Cutler, F. "The Simplest Shortcut of All: Sociodemographic Characteristics and Electoral Choice", *Journal of Politics* (2002) 64(3): 466-490.
- Dowley, Kathleen and Brian Silver. 'Social Capital, Ethnicity and Support for Democracy in the Post Communist States', *Europe-Asia Studies* (2002) 54 (4): 505-527.
- Fischer, Claude and Lynne McAllister. "A procedure for Surveying Personal Networks", *Sociological Methods and Research*, (1978) 7: 131-48.
- Flap, Henk and Beate Volker. "Communist Societies, the velvet revolution, and weak ties: The case of East Germany" in Gabriel Badescu and Eric Uslaner (eds.), *Social Capital and Transition to Democracy*, London: Routledge, 2003.
- Franklin, Mark, Thomas Mackie, Henri Valen, Clive Bean, and et al. *Electoral Change: Responses to Evolving Social and Attitudinal Structures in Western Countries*. Cambridge: Cambridge University Press, 1992.
- Huckfeldt, Robert and John Sprague. "Networks in Context: The Social Flow of Political Information", *American Political Science Review* (1987) 81 (4): 1197-1216.
- Huckfeldt, Robert and John Sprague (1991) "Discussant Effects on Vote Choice: Intimacy, Structure and Interdependence", *Journal of Politics* 53 (1): 122-158.
- Huckfeldt, Robert and John Sprague. *Citizens, Politics and Social Communication: Information and influence in an election campaign*. New York: Cambridge University Press, 1995.
- Iglic, Hajdeja. "Trust networks and democratic transition: Yugoslavia in the mid-1980s" in Gabriel Badescu and Eric Uslaner (eds.), *Social Capital and Transition to Democracy*, London: Routledge, 2003.
- Katz, Elihu "The two step flow of communication: An up-to-date report on an hypothesis", *Public Opinion Quarterly* (1957) 21(1): 69-78.
- Katz, Elihu and Paul Lazarsfeld *Personal Influence*. Glencoe, IL: Free Press, 1955.
- Kenny, Christopher. "The Behavioral Consequences of Political Discussion: Another Look at Discussant Effect on Vote Choice", the *Journal of Politics* (1998) 60 (1): 231-244
- Kitschelt, Herbert, Zdenka Mansfeldova, Radoslaw Markowski, Gabor Toka. *Post-Communist Party Systems*, Cambridge University Press, 1999.
- Kuklinski, James H. and Norman L. Hurley (1994) "On Hearing and Interpreting Political Messages: A

- Cautionary Tale of Citizen Cue-Taking”, *The Journal of Politics* 56 (3): 729-51.
- Lake, Robert and Robert Huckfeldt. “Social Capital, Social Networks, and Political Participation” *Political Psychology* (1998) 19: 567-583.
- Lenart, Silvio. *Shaping Political Attitudes: The Impact of Interpersonal Communication and Mass Media*. London: Sage Publications, 1994.
- Lau, Richard R. and David P. Redlawsk “Voting Correctly”, *American Political Science Review* (1997), 91 (3): 585-98.
- Lazarfeld, Paul, Bernard Berelson, and Hazel Gaudet (1948) *The People’s Choice: How The Voters Makes Up His Mind in a Presidential Campaign*.
- Lup, Oana. “The Impact of Social Networks on Individuals’ Political Behavior: Do social networks provide effective informational shortcuts?” MA Thesis, Budapest: CEU, 2004.
- Lupia, Arthur. “Shortcuts versus Encyclopedias: Information and Voting Behavior in California Insurance Reform Elections”, *American Political Science Review* (1994), 88, (1): 63-76.
- Lupia, Arthur and Mathew D. McCubbins. *The Democratic Dilemma. Can Citizens Learn What They Need to Know?* Cambridge: Cambridge University Press, 1988.
- Marsden, Peter. “Core Discussion Networks of Americans”, *American Sociological Review* (1987) 52: 122-31.
- Marsden, Peter “Network Data and Measurement”, *Annual Review of Sociology* (1990) 16: 435-63.
- McKelvey, Richard D. and Peter C. Ordeshook “Information, Electoral Equilibria and the Democratic Ideal “, *The Journal of Politics* (1986) 48 (4): 909-37.
- McKelvey, Richard D. and Peter C. Ordeshook. “Information and Elections: Retrospective Voting and Rational Expectations” in John A. Ferejohn and James H. Kuklinski (eds.), *Information and Democratic Processes*, Urbana, IL: University of Illinois Press, 1990.
- McPhee, William, Robert Smith and Jack Ferguson. *Formal Theories of Mass Behavior*. New York: Free Press, 1963.
- Mondak, Jeffery and Adam Gearing. *Civic engagement in a post-communist state* in Gabriel Badescu and Eric Uslaner (eds.), *Social Capital and Transition to Democracy*, London: Routledge, 2003.
- Opp, Karl-Diether and Christiane Gern (1993) “Dissident groups, personal networks, and spontaneous cooperation: the East German revolution of 1989”, *American Sociological Review*, 58: 659-80.
- Popkin, Samuel. *The Reasoning Voter: Communication and Persuasion in Presidential Campaigns*. Chicago, IL: University of Chicago Press, 1991.
- Putnam, Robert. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press, 1993.
- Putnam, Robert. *Bowling Alone: The Collapse and Revival of American Community*. New York, NY: Simon & Schuster, 2000.
- Robinson, John P. “Interpersonal Influence in Election Campaigns: Two Step-Flow Hypotheses”, *The Public Opinion Quarterly* (1976) 40 (3): 304-19.
- Rose, Richard. *Electoral Behavior: A Comparative Handbook*. New York: The Free Press, 1974.
- Rose, Richard. “Post-communism and the problem of trust”, *Journal of Democracy*. (1994) 5: 18-30.
- Tardos, Robert “Social Capital in Community Development and Integration- the Four Village Case Study in Hungary, 2000”, Paper for the International Social Capital Conference at Tunghai, Taiwan, December 2004.
- Tversky, Amos, and Daniel Kahneman, “Judgement under Uncertainty: Heuristics and Biases’ *Science* 185: 1124-31. Reprinted in Kahneman, Daniel, Paul Slovic, and Amos Tversky (eds.) (1982) *Judgement under Uncertainty: Heuristics and Biases*, Cambridge: Cambridge University Press, 1974.
- Valente, Thomas Network *Models of the Diffusion of Innovations*. Cresskill, New Jersey: Hampton Press (1999 second edition).
- Verba, Sidney, Kay Lehman Schlozman and Henry E. Brady. *Voice and Equality: Civic Voluntarism in American Politics*. London: Harvard University Press, 1995.

## APPENDIX. QUESTIONNAIRE

Provisional questions for collecting information about social networks

Method used: Multiple situations name generator (adaptation of Fischer – McAllister technique)

The following questions refer to the persons with whom you interact in your everyday life. When answering these questions please consider the last 12 months. (If some major change has happened within this period - the person moved to another house/neighborhood/city/country; changed job, married or any other event that might have altered his/her social environment- please ask him/her to refer to the period from that moment on).

**Q1.** Who are those persons with whom you most often have discussions during a regular day, especially due to the fact that you very often interact with them? Could you indicate up to five such persons and give some details about them?

Person named (initial of first name)	Gender 1=male 2=female	Age (years)	Education (code)	Employment status (code)	Type of relationship (code)		Does she/he live in the same locality? 1=yes 2=no
					I.	II.	
1.							
2.							
3.							
4.							
5.							

**Codes**

Education: 0 = do not know

1= less than eight school-years /primary school

2= eight school-years /secondary school

3 = vocational school

4= high school

5 = college/technical college

6 = university and post-university

Employment status

0= do not know

1= employed

Precise which sector, if possible \_\_\_\_\_

2 = unemployed

3= retired

4= homemaker

5= student

6=other What exactly? \_\_\_\_\_

Type of relationship

I.

1= belonging to the same household and living in the same house (sharing at least one common space)

2 = not belonging to the same household though living in the same house (sharing at least one common space)

3= not living in the same house

II. 1= spouse

2= child

3 = parent

4 = sibling

5 = other relative

6= close friend

7 = work-mate

8 = neighbor

9 = acquaintance

10=other What exactly? \_\_\_\_\_

**Q2.** Who are those persons with whom you most often spend your free time (weekends, holidays, visiting each other, going out together etc.)? Could you name up to five such persons and indicate some further information about them?

Person named	Gender	Age (years)	Education (code)	Occupation (code)	Type of relationship	Does she/he live in the
-----------------	--------	----------------	---------------------	----------------------	-------------------------	----------------------------

(initial of first name)	1=male 2=female				(code) I. II.	same locality? 1=yes 2=no
6.						
7.						
8.						
9.						
10.						

**Q3.** Who are those persons from whom you most often ask for help on different small problems you encounter in your everyday life? (Both household and other type of problems such as asking for small services). Could you name up to five such persons and indicate some details about them?

Person named (initial of first name)	Gender 1=male 2=female	Age (years)	Education (code)	Occupation (code)	Type of relationship (code) I. II.	Does she/he live in the same locality? 1=yes 2=no
11.						
12.						
13.						
14.						
15.						

**Q4.** Who are those persons to whom you most often turn/would turn for help or advice regarding your career or important financial matters? Could you name up to five such persons and indicate some details about them?

Person named (initial of first name)	Gender 1=male 2=female	Age (years)	Education (code)	Occupation (code)	Type of relationship (code) I. II.	Does she/he live in the same locality? 1=yes 2=no
16.						
17.						
18.						
19.						
20.						

**Q5.** Who are those persons with whom you generally discuss your most important problems and to whom you most often turn for advice or help regarding your important problems? (You can indicate persons with whom you have face to face, phone, or email communication). Could you indicate up to five such persons and give some information about them?

Person named (initial of first name)	Gender 1=male 2=female	Age (years)	Education (code)	Occupation (code)	Type of relationship (code) I. II.	Does she/he live in the same locality? 1=yes 2=no
21.						
22.						
23.						
24.						
25.						

**Q6.** Who are those persons with whom you regularly/generally have discussions about politics in general or political events happening in your community, country, or abroad (e.g. electoral campaigns, politically salient issues, debates on major events, etc.) Could you name up to five such persons and give some further information about them? Please indicate whether some of these persons have already been named in previous questions.

Person named (initial of first name)	Gender 1=male	Age (years)	Education (code)	Occupation (code)	Type of relationship (code)	Does she/he live in the same locality?

first name)	2=female				I.	II.	1=yes 2=no
26.							
27.							
28.							
29.							
30.							

Now I would like to ask you some further information regarding the latter mentioned persons.

**Q7.** How often do you discuss with them generally? Would you say that politics constitute a frequent topic of your conversation? (Open answer that will be further codified).

Expected categories/suggestions:

- 1= discuss every day or almost every day and political discussion is often part of the regular discussion
- 2= discuss every day or almost every day but political discussion emerges only sometimes/rather rarely
- 3= discuss 2-3 times a week and political discussion is often part of the regular discussion
- 4= discuss 2-3 times a week but political discussion emerges only sometimes/rarely
- 5= discuss 2-3 times in a month and political discussion is often part of the regular discussion
- 6= discuss 2-3 times in a month but political discussion emerges only sometimes/rarely
- 7= discuss few times in a year and political discussion is part of the regular discussion
- 8= discuss few times in a year but political discussion emerges only sometimes/rather rarely

Person named (previous code)	Frequency of political discussion (code)

**Q8.** Are your political opinions rather similar or not? (Open answer that will be further codified).

Expected categories/Suggestions:

- 1= always/ more often similar
- 2= rather similar when it comes to important principles but quite different when we enter into details regarding support for parties, assessment of political actors, or opinions on particular issues
- 3= rather different concerning our political views
- 4 = always/more often different

Person named (previous code)	Similarity of political views

**Q9.** Do you know what the political preferences of your discussant are (i.e. party preference, stance on political salient issues)? (Open answer that will be further codified)

Expected categories/Suggestions:

- 1= yes, I know all/almost all of the political views of my discussant
- 2= I think I know some of my discussant’s political views though it is not absolutely clear to me what are his/her political preferences
- 3= I am confused about my discussant’s political views
- 4= I do not know the views of my political discussant at all despite the fact that we discuss politics quite often. He/she always abstains from clearly stating his/her preferences.

Person named	Awareness of discussants’ political views



