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When and Why Post-Communist Parties Become More Liberal†

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Abstract

All of the Central and Eastern European countries making the transition to a market democracy have developed liberal constituencies and parties, albeit of various sizes and influence. Notably in some important cases it is the former Communist parties that have become both electorally successful and relatively more liberal. This paper uses a macro-level comparison of the policies and electoral experiences of the post-Communist parties in Poland, the Czech Republic, Hungary and Russia and a micro-level analysis of the 1997 parliamentary election in Poland to address the question of why and when post-Communist parties are likely to become both more economically liberal and more electorally successful. Our proposed answer is that the economic success pushes the distribution of mass preferences in a liberal direction. When this occurs, pragmatic post-Communist parties will adopt more liberal platforms and are likely to receive increased electoral support. This outcome contrasts with ideological post-Communist parties in economically successful countries that are likely to continue to receive a relatively small proportion of the vote. In unsuccessful transitional countries, such as Russia, post-transition Communist parties can both maintain their ideological positions and attract a large share of the vote.

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When and Why Post-Communist Parties Become More Liberal

I. Introduction

All of the Central and Eastern European countries pursing a policy of transition to a market economy and democratic governments have developed liberal constituencies and parties that have supported and promoted these reforms. More notably in some important cases it is the former Communist parties that have become both successful and relatively liberal parties. This paper poses and offers an answer to the question of when and why some of these post-Communist parties have made this transition during the first decade of the transition. In answering this question we also contribute an answer to the bigger question of why some of these countries have successfully managed the transition into healthy, modern market democracies, and why some have not reached that goal.

Our causal argument begins with the claim, now repeated by many observers, that the key to an economically successful transition is the rate of creation and growth of de novo enterprises, most of the job growth in transitional economies comes from these new firms. (See Bilsen and Konings, 1998, for evidence from Romania, Bulgaria and Hungary; Jackson, et. al., 1999 and 2005, and Jackson and Mach, 2002, for evidence from Poland; and Jurjada and Terrell, 2001, on the Czech Republic and Estonia.) The owners of and to a lesser extent the workers in these firms and the residents in regions where these firms are adding jobs are a constituency that supports liberal economic policies. (See Fidrmuc, 1998, 2000a and 2000b; Frye, 2002 and 2005; Jackson, Klich and Poznańska, 2003a, 2003b and 2005; and Mach and Jackson, 2005.) These empirical studies conclude that the sustainability of simultaneous economic and political reforms hinges on this rate of new firm creation coupled with the growth of this bloc of liberal voters. (See Jackson, 2003, for a formal model of this process.)

1 It is important to emphasize that we are talking about new firms as the key to the success of the market economy, not merely the privatization of existing state firms.
The presence or absence of this de novo firm creation and its associated political constituency is a critical part of our model of the evolution of electoral competition in transitional countries, as both are needed to balance the opposition to reforms that was expected to be stimulated by the transition. (See Hellman, 1998, for a discussion of the literature that is pessimistic about the likelihood of successful economic and political reforms and Frye, 2005; Jackson, Klich and Poznańska, 2003a, 2003b and 2005; Mach and Jackson, 2005; Przeworski, 2001; and Zimmerman, 2002, for supporting empirical evidence about the opposition to reforms.)

The direct answer to the question posed about the development of relatively more liberal parties begins with the existence or absence of an emerging liberal constituency. This constituency shifts the distribution of preferences on economic issues in a liberal direction and provides support for liberal parties, many of which held an initial advantage because they initiated the transition, such as the parties that emerged from Solidarność in Poland. The potential consequences of the median preference becoming more liberal extend beyond the electoral support it gives to the initial liberal parties. Models of electoral competition predict that pragmatic parties, because they desire electoral success and the opportunity to govern, respond to this shift in the preference distribution by adopting more liberal platforms in direct proportion to the liberal constituency’s size and willingness to participate. The when and why answers are that post-Communist parties will become more liberal when the distribution of economic preferences becomes sufficiently liberal that if they want to increase their representation they must compete for the votes of a more centrist constituency. If the liberal constituency remains or becomes insignificant and the median preference does not become more liberal then Communist and other parties that choose to maintain a non-liberal platform can and will compete successfully.

Many factors contribute to the growth of political competition in the transitional countries. We concentrate on two of these. One is the rate at which new enterprises enter the economy and stimulate job and income growth, thus also stimulating the growth of a liberal political constituency. (See previous cites.) Without these new enterprises there is unlikely to be a
sustainable shift in the distribution of voters’ economic preferences. The second factor is how the leaders of the various political parties adapt to the shifts in the voters’ preferences and to the presence or absence of an emerging liberal constituency. Where this constituency remains small and/or weak and the median preference is decidedly non-liberal support for liberal parties will also be small and/or weak and there will be relatively little pressure on non-liberal parties from either the left or the right to become more liberal. When the political center is growing there is support for liberal parties and pressure on non-liberal ones to become more liberal, or risk continuing to receive a relatively small share of the votes.

This paper explores the electoral dynamics at both the macro and micro levels of the early years of transition. We first compare the evolution of party competition in the first decade of the transition in three countries – Poland, the Czech Republic and Russia (with some references to Hungary). Poland had both a very successful de novo economy and a competitive post-Communist party; the Czech Republic also had rapid growth in its private economy but a non-competitive post-Communist party; and Russia had weak to non-existent rates of new enterprise creation but an ideological and a very competitive Communist party. The comparisons of these three countries, following the important work of Grzymała-Busse (2002), illustrates our main point at the macro-level. The micro part of the paper analyzes the 1997 Polish parliamentary election in great detail using data from the Polish National Election Study (Markowski, nd). These data permit us to estimate a vote choice model based on the location of the different parties’ platforms relative to voters’ preferences. With this model we explore what each party’s vote share might have been had the economic platform of the major post-Communist party, the SLD\(^2\), not become more liberal. This analysis underscores Grzymała-Busse’s contention that the SLD gained electoral support by becoming more economically liberal prior to and once in office.

\(^{2}\text{The core post-Communist party was the SdRP, Social Democracy of the Republic of Poland, which united with other post-Communist organizations to form the coalition party known as the SLD, Democratic Left Alliance.}\)
This paper focuses on the early transitional periods 1989/90 to 1997/98 for the Central European countries and 1992 to 2001 for Russia, with specific attention to the strategies and electoral outcomes related to the post transition Communist parties. We adopt this focus as it provides important insights into the broader issues of electoral competition, of how and why some parties succeed, and of why transitions have been more successful in some countries than others. The early transition years are a relatively fluid period in which parties and voters have fewer and looser constraints on their choices. In later periods both parties and voters are more committed to prior choices, which inhibits their ability to change positions and to make new choices even if condition might warrant or demand changes. The lack of constraint in the early time period means that across the different countries we see more and different movements in voter preferences, in party positions and in voter choice than we could in subsequent elections. These more observable differences and changes are critical to our ability to test various propositions about the evolution of party competition and policies. The electoral and party systems in these countries continue to develop, often in ways that differ substantially from the observations in this paper. Analysis of these successive elections, parties and voting patterns requires different as well as new data from what we use but some of the basic propositions about the development of voter preferences and the interactions between these preferences and the choices of party elites should be useful in understanding these subsequent developments.

We start with a discussion of the macro questions of the distribution of voter preferences, party strategies, and election outcomes. The Polish, Czech, Hungarian and Russian experiences are compared to provide insights into how these factors interact and how these interactions affect

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3 The initial dates mark the beginning of the transition in the respective countries. The end dates for the four Central European countries correspond to the point at which there is a second successful turnover in the government. This occurrence is often used to denote the consolidation of the party system. The end date for Russia is defined to match the time period for the other countries. It also marks the emergence of Putin and the Unity party as the dominant party in the Russian system.
the outcome during the transition. Implicit in these comparisons is a micro model of how voters make choices given their preferences and party positions. The second part of the paper uses data from the 1997 Polish parliamentary election to test how well this micro model fits the behavior observed in one election. With this model we also examine in a ceteris paribus manner the counterfactual question of what might have been the outcome had one of the parties followed a different strategy during the Polish transition. Taken together the two analyses offer an important picture of the nature of party competition and electoral outcomes.

II. The Evolution of Electoral Competition in Transitional Countries

In the macro political discussion we focus on the post-Communist parties because how they behaved during the early transitional periods and how they did or did not adapt to the need to compete in open elections is related to their success and to the path of the political and economic reforms. Some early writers felt the post-Communist parties were likely to use their connections developed in the previous regimes and their ideologies to take advantage of the transition’s impacts to challenge the policies of the liberal, reform governments. (See Chan, 1995; Elster, 1993; Nelson, 1993; and citations in Hellman, 1998, fn. 2.) If successful in this endeavor, the fear was that these post-Communist parties would stall or possibly reverse the economic reforms. As Grzymała-Busse (2002) documents very clearly, however, the strategies of some of the post-Communist parties and their policies once in office did not always conform to this prediction, despite initial leanings in that direction in some countries.

Central Europe

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4 The precise form of this new/old economic system is unclear in these accounts, but it certainly involved more state ownership, control and central planning than envisioned by the market reformers and their international allies. For a summary of the literature on these concerns see Hellman, 1998. Hellman also accurately describes the situation where some of the former Communist leaders, by virtue of their insider positions, became very wealthy private sector owners and chose to continue to espouse some of the party ideology while simultaneously blocking reforms that would like reduce their monopoly rents. The degree of such behavior varied considerably among our four countries, with Russia being the most egregious example.
In both Poland and Hungary the post-Communist parties, the SLD and MSzP respectively, became pragmatic, dropped much of their ideologically based platforms, and developed issues and platforms that would attract voters. Much of this accommodation was to the acceptance of the political reforms and being part of a multiparty system and to a claim of being better political administrators who could make the government function more efficiently, but increasingly included acceptance of the need for a market based economy. (Grzymała-Busse, 2002, also for Poland, see Tworzecki, 1996.) These adaptations contrast with the Czech Republic post-Communist party, the KSČM, which maintained its traditional orthodox ideological commitments, which did not match the views of Czech citizens.

Grzymała-Busse (2002) assesses the major post-Communist parties’ economic platforms between 1990 and 1997 or 1998 on four different issues – orientation towards the market, support for a welfare state, protection of private property, and attitudes towards income distribution. Her data show clearly the contrasting strategies of the Polish SLD and the Czech Republic’s post-Communist party, the KSČM. On her four point scale, where four is the least liberal score, the Polish SLD became more liberal by an average of -1.1 points between 1990 and 1997. By contrast, the KSČM actually became less liberal over this period with an average shift of +0.4. Unfortunately Grzymała-Busse does not present comparable data for the Hungarian MSzP, but her description of their platforms and subsequent elections suggest that the MSzP was pursuing a centrist strategy, similar to that of the SLD in Poland.

Grzymała-Busse (2002) also analyzes the average gap between the priorities of the supporters of these post-Communist parties and those of the mass public on three economic issues for the period 1992 to 1995/96. The supporters of the SLD and the MSzP express views that deviate

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5 The shifts ranged from -0.7 on private property to -1.3 and -1.4 on the issues of the welfare state and income redistribution.

6 The KSČM shifts ranged from -0.15 on income redistribution to +0.9 on the issues of the welfare state and orientation to the market.
only slightly from those of the broad electorate. On the three issues the average deviation between the SLD supporters and average Poles is five percent and in Hungary the average deviation is six percent. In Poland, the public is more likely to support aid to private enterprises and to want to speed up privatization and less likely to want to increase pensions and benefits, though the differences are quite small. In Hungary the differences on the benefits and privatization issues are almost identical to those in Poland, but surprisingly, party supporters are more likely to support aid to private enterprises than are members of the public. It is not evident, however, what the “liberal” position would be on this issue, as many staunch economic liberals such as Balcerowicz, opposed aid to both state-owned and private enterprises. Overall, the Polish and Hungarian post-Communist parties have adopted positions that closely match the views of their respective mass publics. The contrasts with the Czech Republic are again dramatic. The average deviation between KSCM supporters and the average Czech is twenty-six percent. The party supporters are far more likely than the public to oppose aid to private firms and plans to speed up privatization and to favor increases in benefits. These gaps indicate wide differences between the party elite and the public, further evidence of the Czech Republic party’s commitment to traditional views and to a reluctance to adapt to the views of the electorate.

The election results present strong contrasts between the Polish and Hungarian post-Communist parties on one hand and the Czech party on the other. In both Poland and Hungary the post-Communist parties rapidly gained vote shares and in each case was the plurality winner on one or more elections. Between 1991 and 1998 each party frequently had a third to a half the parliamentary seats and a quarter or more of the committee chairs (Grzymała-Busse, 2002, pp. 252 and 260). More significantly, both parties were the lead party in a coalition government at some point, the SLD between 1993 and 1997 and the MSZP in 1995 to 1998(?). During this same period, the KSCM’s share of the vote remained under fifteen percent, they only held about ten percent of the seats and usually no committee chairs (Grzymała-Busse, 2002, pp. 241). Our inference is that those post-Communist parties that adapted to the emerging bloc of liberal voters
associated with the success of the economic reforms by becoming less doctrinaire and adopting more liberal economic policies, along with other positions and strategies designed to appeal to a more centrist voter, did well electorally and representationally. The party that did not adapt, the KSČM, remained a minor party, by both definitions.

**Russia**

Russia offers yet another example and important contrast. The Russian transition has been far less successful than those in the Central European countries just described. GDP has remained below its pre-transition level despite high growth rates since 2000; unemployment has become high and many of the employed have not received regular wages, though wage arrears may be lower than commonly thought; the income distribution has become far more skewed; and life expectancy among working age males declined substantially during the 1990’s (Brainerd, 1998 and 2001). Economic activity has been concentrated in a few large former state enterprises with comparatively less de novo firm and job creation than in the Central European countries. Jackson, et. al. (2005, p. 14) present data showing that de novo job creation in Poland and the Czech Republic far exceeded that in Russia. Berkowitz and Jackson (2005) also argue that the small business sector in Poland is larger and far more robust than in Russia. Kornai (2000) offers the same contrast between Russia and Hungary, which he offers along with Poland as examples of transition countries that succeeded by having a high rate of new firm creation, or indigenous reform. The lack of new firms in Russia, coupled with the evidence that managers in the former state-owned firms are not committed to economic and political reform (Frye, 2002 and 2005) suggests that Russia is likely to lack the centrist, liberal constituency that emerged in the successful transitional countries. The model of party competition discussed here predicts that two things will happen in Russia because of the absence of this constituency. The first is that liberal

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7 The data for Poland is from their own work, that for the Czech Republic is from Jurajda and Terrell (2001) and the data for Russia is from Konings and Walsh (1999). Unfortunately we could not find data on new firm creation for Hungary.
Parties will remain small and marginal. The second is that the post-transition Communist party has little incentive to adapt more liberal policies, and will maintain its largely orthodox positions, but it will remain an effective and electorally successful party. This puts it in contrast to the KSČM in the Czech Republic, which also retained its ideological positions but only managed to obtain twenty to fifteen percent of the votes and had little influence in the parliament.

Two factors make it difficult to analyze the evolution of electoral competition in Russia within the framework applied above. Carefully detailed data on party platforms, as Grzymała-Busse presents for Poland and the Czech Republic are not readily available for Russian parties, making it harder to assess whether party platforms are or are not shifting as the transition proceeds. Secondly, Russian elections are less party centered and more candidate centered than in Poland, Hungary and the Czech Republic, making assessments of the party positions less relevant. Even with these limitations we think the Russian case provides a further illustration of our basic point about the electoral politics of transition.

McFaul (2001, pps. 296-7) describes the strategy of the Communist Party of the Russian Federation (CPRF) and of its leader Gennadi Ziuganov in the following terms:

“Like his comrades in Eastern Europe, he[Ziuganov] could have tried to recast himself and his party as social democrats--a strategy intended to mobilize new voters through left-of-center policy issues. Or he could have tried to position himself as a nationalist, reaching out to new voters through patriotic slogans. In practice Zyuganov [chose] the latter strategy well before the 1996 presidential campaign.

“CPRF leaders, in fact, emphatically rejected the label of social democrat. According to their own interpretation of the Russian electorate, the decision to reach out to the center through the use of patriotic slogans could produce victory. Zyuganov and his advisers believed that Russian voters consisted of three types in relatively equal proportions—democrats, communists, and nationalists. If Zyuganov could win the support of the latter two groups, he would win the election.”

We interpret this depiction of the CPRF’s and Ziuganov’s strategy as one of maintaining the orthodox Communists views on the economy and politics, maybe even more so than had the KSČM in the Czech Republic.
The significant contrast with the KSČM in the Czech Republic is the electoral success of the CPRF. Election returns for the Duma elections in 1993, '95, '99, and '03 and the Presidential elections in 1996 and '00 show continued growth of the CPRF and the party’s presidential candidates, at least until the rise of Putin and the Unity party, and the continual decline of the liberal parties. The CPRF got twelve percent of the vote in the 1993 election but after 1995 it was very competitive, receiving a plurality of the votes for the Duma in 1995 and 1999, 22.3% and 24.3% respectively, and only falling in 2003 when Putin’s Unity party got 36.8% of the vote. In the 1996 Presidential election Ziuganov, the Communist candidate, finished second to Boris Yeltsin, but by very small margins, on the order of three percent, in both the first and second rounds of the election. In the 2000 Presidential election it was the CPRF that offered the strongest alternative to Putin, hardly a liberal himself, getting 29.2% of the vote. The liberal parties, on the other hand, consistently lost vote shares, monotonically declining from 23.4% in 1993 to 4.3% in 2003. This decline, however, is not because another party was offering an alternative liberal option. The locus of Russian politics was increasingly somewhere between the Communists and the decreasingly liberal Putin. In this setting, the CPRF had no difficulty remaining competitive without having to modify its ideological stands.

The macro level discussion presents three importantly contrasting cases of the dynamics of electoral competition in transitional countries. The schematic in Fig. 1 summarizes these cases and locates the corresponding countries. Poland and the Czech Republic, and likely also Hungary, had expanding de novo sectors accompanied by growing political middle classes that supported liberal economic and political policies. Russia, by contrast, had a very stagnant and possibly declining de novo sector and a declining support for liberal policies and parties.\textsuperscript{8} The post-Communist parties in Poland and Hungary were very adaptive in their platforms, becoming

\textsuperscript{8} Zimmerman (2002, Ch. 2) shows declining support for liberal economic and political positions among Russian elite and mass respondents between 1993 and 1999.
more economically and politically liberal and less ideological and maintained policies closer to
the views of their mass public. The Czech and Russian parties, by contrast, maintained their
ideological positions and did not become more liberal. In terms of electoral success, the adaptive
Polish and Hungarian and ideological Russian parties all had electoral success while the
ideological Czech party remained a minor party during the 1990’s. The evolution of electoral
competition depends upon the extent to which the parties platforms match the developments in
the economy and among the mass public.

III. Micro Model of Party Competition in Transitional Countries

The previous discussion of the evolution of party competition in transitional countries is
implicitly based on a spatial model of electoral competition in which voters choose the party, or
candidate, whose expected policies most closely match their own preferences. This section
examines this assumption by estimating a spatial model of voter choice in the 1997 Polish
parliamentary election. We also then use the results of this model to discuss what might have
transpired had the SLD not become more liberal as described by Grzymała-Busse.

Four elements are central to the spatial model of electoral competition: (1) the distribution of
voter preferences; (2) the competing parties’ platforms and the party leaders’ preferences for
ideology relative to adaptation in choosing these platforms; (3) the voters’ knowledge of those
platforms; and (4) the voters’ decision calculus. Together, these components offer predictions
about the probabilities individuals will vote for a particular party. Before presenting the more
formal version of the model we want to digress briefly to discuss party strategies as other than
Grzymała-Busse this is an under-explored aspect of the politics in transitional countries.

Party strategies are a central feature of all formal models of electoral competition. Anthony
Downs (1957) is often cited as the originator of this genre of models and the argument for why

9 They have achieved greater success in the 2000’s, which can be attributed to a number of factors
related to the Czech economy, the scandals of the Klaus government, and the positions of the
Social Democrats, who themselves became increasingly centrist.
parties are likely to move towards the median voter, at least in a two party system. Important additions to this general model incorporated the idea that party leaders, or activists, have ideological or policy agendas they hope the party will adopt and pursue when in office. (See Aldrich, 1983; Alesina, 1988; Calvert, 1985; Jackson, 2003; Kollman, et. al., 1992; Morton, 1993; and Wittman, 1983.) These activists’ behavior is an important explanation for why parties do not converge to the median, as predicted by Downs’ and other early spatial models. It is also central to the contrast between the Polish and Hungarian and the Czech post-Communist parties.

Party strategies are more complex in multiparty systems, which are dominant in the transitional countries, are very unlikely to converge to a median and may allow a larger role for activists and their ideologies, but will still have a centrifugal propensity (see Cox, 1990, and Merrill and Adams, 2002). Parties, at least those with a strong preference for pragmatism over ideological purity, will have strong incentives to adopt platforms and to pursue policies once in office that reflect and respond to the distribution of voters’ preferences, and to changes in this distribution. The very potent implication of the combination of empirical results showing the evolution of a liberal constituency based on the growth of the de novo economy and these propositions about electoral competition is that this electoral competition and a distribution of voter preferences that on average is becoming more liberal should force even initially non-liberal parties to become more centrist, or risk losing elections and thus the ability to influence policy.

**Party Platforms and Spatial Voting in Polish Elections**

We want to use the details of the Polish case and the extensive and valuable data collected by the Polish National Election Study (Markowski, nd) to examine if the spatial model and the emphasis it places on party positions is a good way to analyze voting and ultimately party competition in transitional multi-party democracies.

The classic formulation is as follows. Let $X_{ik}$ denote the preferred policy of person $i$ on issue $k$, $P_{ik}$ the platform or expected policies of party $i$ on issue $k$, $P_{jk}$ the platform of party $j$ on this
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issue. We assume there are $J$ parties, with $J \geq 2$, and $K$ issues. The probability of person $i$ voting for party $j$ relative to party $l$ is,

$$\Pr(V_{ij} / V_{il}) = f \left\{ \frac{\sum_{k=1}^{K} -\alpha_k [(X_{ik} - P_{jk})^\beta - (X_{ik} - P_{lk})^\beta]}{U_{ij}} \right\}$$

(1)

The closer party $j$ is to this individual’s preferred positions relative to party $l$ the larger the term inside the square brackets and thus the more likely the person is to vote for party $j$. At this point we will proceed as if voters are voting sincerely. The coefficient denoted as $\alpha_k$ indicates the importance, or salience, of issue $k$ in the person’s vote decision. The $\beta$ coefficient indicates the convexity of the individual loss functions. The term denoted by $U_{ij}$ indicates there is a stochastic component to vote choices based on the existence of other considerations beside the parties platforms or expected policies on the $K$ explicit issues included in the voting calculus. This term also captures any errors a voter might make in locating the parties’ positions and deviations from the sincere voting implied by our use of the spatial model. This model can be extended to include an arbitrary number of parties, though with multiple parties the number of expressions and their relative complexity increases.

The next step is to more fully specify the model in eq. 1 to include other explanations for vote choices so that we get an idea of the spatial model’s relative power. The standard voting model relating economic performance to voting is the retrospective model which treats each election as a referendum on the incumbent party’s or coalition’s performance in managing the economy. [See Stokes (2001) for an excellent summary and critique of the retrospective voting literature and her skepticism about its applicability to the transitional countries.] If individuals’ or the country’s economic conditions have worsened they are expected to vote against the parties in the incumbent

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10 There are several forms of strategic voting that may be relevant in multiparty parliamentary elections, but which we will not consider here at this stage of the analysis. (See Kedar, 2005.)

11 The convexity is hard to establish as there is no defined metric for the scales and how respondents interpret them. Formal models often use a quadratic function, i.e. $\beta = 2$, but if people interpret the scale in a non-linear way, such as might happen if they see it as comparable to their loss calculus, then we would get a value of $\beta = 1$. 

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government and for challenging parties. If personal or aggregate conditions are improving the model then predicts votes for the incumbent government. The standard variables, which we will use, ask people if their personal financial conditions or if the country’s economic conditions have improved or gotten worse in the past year.

**Measures of Voting, Individual Preferences and Party Positions**

The test we propose is based on data collected by the Polish General Election Survey in their studies of the 1997 parliamentary elections. One of the first questions asked respondents if they voted in the previous election and if they had for which party. These responses are used to construct the vote choice variable, which we limit to the six major parties competing in the election and which were awarded seats in the parliament after the election. Together, these parties received ninety-three percent of the votes among respondents who voted in 1997, with the remainder distributed among several minor and ethnic parties.

Questions in this study include several different policy questions where respondents are shown a range of options on a policy and asked to locate themselves on a ten point scale either at or between these two options. We use seven questions, several of which have been strongly associated with votes in this and other Polish elections (see Jackson, et. al., 200a, 2000b and 2005; and Mach and Jackson, 2003):

**Privatization:**

Zero – State enterprises should be privatized quickly; the inefficient should be liquidated.

Ten – Enterprises should remain state property and their modernization financed from the state budget.

**Agriculture Subsidies:**

Zero -- Agriculture should receive state subsidies, even if it leads to agricultural reform slowdown.

Ten -- Agriculture should not receive state subsidies, even if it leads to farmers bankruptcies.

**Unemployment:**
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Zero -- Fighting unemployment should be an absolute policy priority of the government, even if it leads to higher spending and inflation.

Ten -- Many other - more important than unemployment -issues should be governmental priority, i.e balanced budget, fighting inflation, etc.

**European Union:**

Zero -- Our foreign policy should pursue joining NATO and EU as soon as possible.

Ten -- Polish foreign policy should not pursue joining NATO and EU, instead should protect our political and economic sovereignty.

**Foreign Capital:**

Zero -- It should not matter whether the capital is Polish or foreign, as long as it boosts investment, production and creates new employment opportunities.

Ten -- Inflow of foreign capital should be deliberately limited as it makes Polish economy dependent upon aliens.

**Nomenclatura:**

Zero – Individuals occupying high positions under communism (‘nomenclatura”) should now be forbidden to perform responsible state functions.

Ten – These individuals (‘nomenclatura”) should have the same rights as all others in competing for public offices and state positions.

**Church’s Influence:**

Zero – Church should be completely separated from the state and should not interfere with politics.

Ten – Church should exert influence over politics and state policies.

**Abortion:**

Zero -- A woman - if she decides so - should have a free choice of abortion at any time.

Ten -- A woman - irrespectively of her social situation and health condition - should have no right to abortion.
Respondents who did not indicate a policy preference are assigned a value of 5, the midpoint on the issue scale, and a dummy variable indicating a don’t know response is created for them.

Three additional variables are added to the model. The first two are respondents’ assessments of the changes in their household’s economic situation and in the Polish economy in the past twelve months. These two variables are scaled between -5 and +5, with positive numbers indicated the situation has worsened and zero indicating no change. The last explanatory variable added to eq. 1 indicates whether the respondent is a farmer. Farmers formed the organizational base for the PSL so it is expected they are more likely to vote for the PSL than would be predicted by their policy preferences or economic assessments alone. This variable is only added to the equation modeling votes for the PSL.

Measuring party positions, $P_{ik}$ in eq. 1, on the seven issues is a more daunting task. Our methodology is based on data from the election survey and from a separate study of parliamentary elites. These data provide different assessments of party positions, which are shown in Table 1. For the privatization, foreign capital, church role, and nomenclatura issues respondents in the mass survey are asked to locate each of the major parties’ platforms on the same zero to ten scale used to measure individual preferences. For these questions the mean of the respondents’ party placements, among those who placed each party, constitutes one assessment of party positions. We refer to these measures as mass based. A second study asked a sample of members of parliament to locate each party on the same eleven point scales. (The first row in Table 1 shows the number of members of each party interviewed.) In one measure we average the placements for each party given by all these elites. This is labeled as the all elite based measure in Table 1. We also estimate party positions based on where the elites within each party locate their party’s position. These placements are labeled party elites in Table 1. For the

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12 The -5 to +5 range is used to approximate the eleven point scale used for policy preferences.
case of the ROP, however, where there is only one elite party member we use the all elite assessments of the ROP positions for both all and party elite measures.

(Table 1 About Here.)

These party placements are used to calculate individual losses on each issue for each party based on the distance between the person’s preference and where the party is located. Each set of placements offers a conceptually different measure of what policies each party might pursue if it were to obtain a majority in the next government, or at least what policies it would promote if part of a coalition government. The mass public’s perception of party positions and the party elites’ assessments of their own party’s positions and of their competitors’ likely policies have different information bases and cognitive and strategic considerations. Fortunately, the placements from all sources are quite highly correlated. Table 2 shows the Tau-B rank order and Pearsonian correlations among the different placements for each issue. The lowest correlations are between the all elite and party elite placements on the foreign capital issue, and those are 0.60 and 0.86 for the two respective statistics. Otherwise, most of the rank correlations are 0.73 or 0.87 while the Pearson r’s are generally above 0.95.

(Table 2 About Here.)

Rather than try to sort out theoretically which of these measures to use we make the choice empirically. We compare four different measures of individual losses -- one based on the placements of all elites, one on only the placements of the party’s elites, one that uses the mass placements where available and the all elite placements for the other issues, and one that similarly mixes the mass placements with the party elite only placements. We then evaluate each of these measures based on their ability to fit the individual vote choices.
The model represented by eq. 1 nicely matches a conditional logit model, which is designed for categorical choice variables. This estimator was developed specifically for this situation.\textsuperscript{13} The conditional logit model is a variation of the multinomial logit model where there are both choice specific and person specific variables. Examples of the former are the utility losses each person associates with each party on each of the issues. These are the exponential terms in eq. 1, with the assumption that $\alpha_k$ is constant across parties but varies by issue. The individual factors are a person’s policy preferences, economic evaluations, and personal characteristics such as being a farmer, which do not fit into the formal loss model, but may be related to vote choices. For example, in the 1997 election people who think economic conditions have gotten worse may be more likely to vote for a challenging party than for the incumbent SLD and this likelihood will vary by party. The method’s limitation is the classic problem of the assumption of the independence of irrelevant alternatives. Remedying this condition would require a substantially more difficult estimation method, without solid evidence that it would produce substantively different results.\textsuperscript{14}

We make one further alteration to the model in eq. 1. This accommodates the don’t know responses to the preference questions. The model is specified so that issues where a respondent indicated they did not know what position they held receive a zero weight in the vote decision. In other words $\alpha_k = 0$. What follows are the results using the conditional logit method, with voting for the SLD as the base category, incorporating these two alterations.

\textsuperscript{13} The initial applications, by McFadden, were to transportation choices where modes can be compared on the bases of cost, time, frequency, accessibility, etc and individual factors, such as income and education, are constant across choices. The utility, or value, of the mode specific factors are expected to be constant across modes and the importance of the individual factors are expected to vary by mode.

\textsuperscript{14} The IIA problem is most applicable to situations where one is trying to use the results from the conditional logit model to predict respondents’ choices when an out of sample option is presented. This would be the case if we were trying to predict vote shares if another liberal, or post-Communist, party is included in the choice set. This is not what our subsequent simulations propose to do.
Empirical Estimations

Several iterations were done to ascertain how the fit varied with different values of $\beta$. The best fit was with $\beta = 1.45$. This result suggests a convexity to respondents’ loss functions, given whatever is the implicit metric in the scales.\(^{15}\) We did not experiment with interaction terms between issues, which explicitly assumes that individuals have separable utility functions, again in contrast to the quadratic model.

Based on the initial empirical results we make one further alteration to the variables. The losses on the questions about entry to the EU and NATO and about allowing foreign capital had virtually identical coefficients in the vote choice equation, neither is statistically significant, but each is likely assessing similar attitudes. We then combined the two issues, based on the average of the respondents’ positions and of the elite and mass placements of the parties on each issue. The fits to the vote choices are actually better with this single variable than with the two separate variables, suggesting an improved assessment of mass and elite positions.

The first set of comparisons addresses the question of which party placements best fit the reported vote choices. Table 3 shows the values of the maximum likelihood function for each of the four ways of assessing placements. The fits using mass placements are clearly superior to those that depend solely on either of the elite placements. The combination of mass placements, where available, and party elite placements for the other issues provides the best overall fit, which is what we use.

(Table 3 About Here.)

We did one important set of tests to assess the validity of the specification in eq. 1. These tests involved including individual preferences on the issues in the voting model in addition to the loss variables based on party placements. This specification indicates how individual preferences

\(^{15}\) The value for $\beta$ is statistically inconsistent with the value of two assumed in conventional quadratic loss model.
might be related to vote choices in ways not captured by the loss variables comparing preferences to party positions. One reason why the preference variables themselves might help predict choices is if the placement variables are not consistent with how people are actually perceiving the party locations when they compare parties and decide how to vote or if they do not think in spatial terms. A second reason would be if the assumptions of sincere voting and the spatial reasoning contained in eq. 1 do not adequately represent voters’ decisions. The second part of Table 3 reports the statistical results when individual’s preferences on each issue are included along with the spatial variable.

What is important in these results is that there is no instance where the spatial model based on estimated candidate placements is clearly rejected. For the unemployment and role of the church issues we cannot safely accept the null hypothesis that individual preferences are unrelated to vote choices beyond the information in the spatial variable as the improved fits could only have occurred by chance about seven percent of the time if this is true. For all the other issues there is a very good likelihood that the improved fit could have occurred by chance. Based on these overall fits we accept the spatial model based on the combination of mass and party elite placements as a good representation of how Polish voters are making their choices.16

Table 4 reports the estimated coefficients for the conditional logit vote choice equation. Among the economic issues, the relative locations on the privatization issue are more strongly related to vote choices than are the other three issues and had the largest weight of any single issue. Taken collectively, utility losses on the four economic issues played a substantial role in voters’ choices. The smallest coefficients are for the unemployment and EU+foreign capital

16 We are not evaluating our model relative to other classes of models, such as the directional voting or issue ownership models or the various strategic voting models. Our simple, but important, statement is that this spatial model offers a good working representation of the choices of the Polish electorate in 1997 and therefore this model provides a good vehicle for exploring alternative scenarios in that election.
issues, with values about -0.03. These results imply that prospective assessments of party positions on economic issues, as perceived by the voters, played an important role in this election. (Table 4 About Here.)

Non-economic issues also played a large part in vote choices, as expected. Party placements on the issues of the roles for the church and for former nomenclatura and whether women should have the choice for an abortion have large and significant association with votes. The coefficient on the nomenclatura issue is virtually the same magnitude as the coefficient on privatization indicating that both issues received equal weight in voters decisions. This result is not surprising given how hard some parties and leaders worked to make the Communist past of SLD and PSL leaders an issue.

Voters’ assessments of aggregate and personal economic conditions are related to votes in the manner expected by the standard retrospective reward/punishment model. The last two rows in Table 4 show that both assessments are statistically significantly related to vote choices. Those who see both aggregate and personal conditions as getting worse are less likely to vote for the SLD than for any other party except the PSL or the UP, both of which are closely linked to the SLD in the incumbent government. The converse is true for those who think conditions are improving. Voters who think things are getting worse are about equally likely to vote for any of the challengers. The only possible exception to this pattern is that voters who think there personal situation has worsened are more likely to vote for the PSL than the SLD and about equally likely to vote for the AWS.

Lastly, farmers are much more likely to vote for the PSL regardless of the proximity of the parties on the issues or their economic assessments. The coefficient of 1.5 indicates this is a substantial association, making it likely that farmers are voting for the PSL.

The coefficients shown in Table 4 and the statistical tests reported in Table 3 indicate that differences in individual preferences relative to the perceived party positions are associated with individuals’ vote choices. Most importantly for our discussion of electoral politics the
coefficients indicate that if the parties had adopted different platforms, given the distribution of preferences, voting patterns are also likely to be different, a point we develop in the next section.

**Alternative Platforms and Vote Shares**

The equations reported in Table 4 enable us to simulate the possible consequences for the different parties if the SLD had not moved to the center on economic issues, as Grzymała-Busse and we contend they did. We use the model reported in Table 5 to predict the probability of voting for each of the six major parties for each voter in the survey under scenarios where the SLD has less liberal positions on each issue. We follow two different scenarios, which differ by the degree to which the SLD is posited to take less centrist positions. In the more extreme scenario the SLD is assumed to be 3.5 points further away from the center while in the more moderate scenario they are 2.5 points further away. The extreme scenario matches Grzymała-Busse’s estimates of the SLD shift between 1990 and 1997. (Recall from the earlier section that the SLD’s average shift on her four economic issue scales was 1.1.) The 1.1 point average shift on her four point scale corresponds to a 3.66 shift on the PGSW eleven point scale. All other aspects of the model remain the same – individuals’ preferences on all issues, their economic assessments, and their placements of all parties other than the SLD. These individual probabilities are then aggregated to give a prediction of each party’s share of the vote under each of these scenarios.

Table 5 shows the resulting predicted vote shares for each scenario. The first row shows each party’s vote share among those who voted for one of the six largest parties. Subsequent rows show the predicted vote shares as the SLD’s position is changed on each issue, taken separately. The row denoted as All shows the simulated vote shares if the SLD’s positions are changed on all four issue simultaneously. The major point is the vote loss by the SLD and the gain by the UW, with smaller gains by the AWS. These shifts are most notable on the privatization issue, which had the strongest association with individual vote choices. For the 2.5 unit shift of the SLD’s position on this issue the SLD is predicted to lose 1.3% of the vote while the UW would gain a
comparable amount. With the 3.5 point shift the SLD is predicted to lose 2.8% while the UW and AWS would gain 1.9% and 0.8% of the votes respectively. The row labeled All shows the expected shares if the SLD had maintained a platform that opposed the reforms on all four issues. This would be an ideologically consistent scenario, with the SLD retaining its early post-Communist positions. The bottom two rows show each party’s gain or loss in these scenarios. In this case, the shifts of 3.5 points have substantial impacts on vote shares, with the SLD losing 5.4%, the UW gaining 3.3% and the AWS gaining 1.6% of the vote.

(Table 5 About Here.)

It is important to put these gains into perspective, as shifts of three or five percent may not seem large in some contexts. In the case of a multiparty proportional representation system, such as Poland’s, vote shifts of these magnitudes can have substantial reverberations in terms of the seat shares following the election. We illustrate this point by simulating what the seat shares in the next parliament might have been if the SLD had in fact been 3.5 points less liberal on all four economic issues. To conduct this simulation we assume that each party’s vote share in each district would have shifted proportionally to how we estimate its share changed with the sample of voters in the PGSW study. For example, the 21.85% of the vote we predict for the SLD in the All ±3.5 scenario is 0.8 times its actual share among respondents while the 18.4% we predict for the UW is 1.22 times its actual share. We then predict that the SLD’s vote share within each district is 0.8 times its actual vote while the UW’s is 1.22 times its actual share, and so on for each party. This gives predicted vote shares for each party in each of the voting districts. We then apply the d’Hondt formula used to allocate seats to the new vote shares and total the number of seats for each party. In this scenario, as in the actual allocation, the UP is not eligible for seats as it did not pass the five percent threshold required for representation. Nor is the ROP eligible for seats on the national list as it did not pass the seven percent threshold required for shares of that list. The predicted seat allocations are remarkably different under this scenario. The SLD is projected to have thirty-seven fewer seats, dropping from 164 to 127. The UW and AWS are
projected to have 81 and 214 seats in our alternative Sejm, gains of twenty-one and thirteen seats respectively. In proportion terms, the SLD’s gain of thirty-seven seats that we associate with its more liberal economic platform increases its share of the seats from twenty-eight percent to thirty-six percent of the lower chamber. This simulated SLD shift reduces the UW share from 17.6% to 13% and the AWS share from 46.5% to 43.7%. These are all substantial blocs of seats, which could have seriously altered the coalition politics within the Sejm.

The interpretation of these “experiments” is that these might have been the results if the SLD had maintained increasingly less pragmatic and more ideological platforms. The less liberal the SLD platform, as perceived by the voters, the smaller its share of the vote and the larger the UW’s share, with the AWS also gaining a small fraction of the SLD’s losses. These different vote shares then translate into significant shifts in the blocs of seats each party is likely to hold in the following parliament.17

We want to acknowledge that this is a very simplified and maybe rightly called a simplistic counter factual. It assumes that none of the other parties would have also shifted their positions had the SLD remained an ideological post-Communist party along the lines of the KSČM in the Czech Republic. This may be an unrealistic assumption, depending upon how committed the other parties’ elites were to their parties ideologies and policies. We do not know how strategic the other parties might have been nor how much of their platforms were also ideologically driven and thus less susceptible to change in order to compete on a different political landscape. We could use our model in Table 4 to explore how other parties might have gained votes by shifting their platforms under an assumption that the SLD remained an ideological party. But, this would entail at least as many strong assumption as the scenario just explored, such as would the SLD have been the lead party in the government formed after the 1993 election if it had not already

17 The AWS seat gains that are disproportional to its vote share difference are attributable to the way the d’Hondt formula allocates seats, which strongly favors the largest party. When the SLD loses votes, it helps the first place party and not just the party gaining the most votes.
moderated some of its positions? If not, what set of parties would have been the incumbents in 1997? Would Aleksander Kwaśniewski, as leader of an ideological post-Communist party, been able to defeat Lech Wałęsa for the presidency in 1995, an election where fewer than two percent of the electorate determined the outcome. And so on. Despite all the what ifs and maybes that delight fans of strategic behavior, we think our basic point is valid – the SLD would have been a much weaker party both among the electorate and within the Sejm had they maintained a strong ideological and less adaptive set of platforms.

V. Conclusion

The comparisons of party behavior and electoral results in the four major transitional countries, supported by the empirical analysis of the Polish elections using the spatial model, provide an important picture of the development of electoral competition and of the transitional political economy more broadly. The key to economic success is the creation of a new private sector economy built largely on the entry of new firms. The aggregate economy will expand when and where this is happening, providing employment for those leaving or being laid off from the old state-sector enterprises. This employment creates an economic and political middle class that supports liberal economic policies and centrist political parties and that shifts the median voter in a liberal direction. The growth of this centrist, relatively pro-reform constituency, accomplishes two important objectives necessary for securing the economic and political reforms. It provides an electoral base for liberal parties, which helps these parties gain parliamentary seats and participate in coalition governments. This is the relatively standard explanation for successful transitions. (Fidrmuc, 1998, 2000a and 2000b; Rodrik, 1995.)

What the standard models neglect may in the long run be as significant as the findings of support for liberal parties among the participants in the new economy. This second consequence of the emerging liberal constituency is the incentive, or pressure, it places on non-liberal parties, such as the post-Communist parties, to be adaptive in their platforms, and thus to become more
liberal in their stands and policies. In order to be electorally successful these parties must compete for these more centrist voters, as we saw with the SLD in Poland and the MSzP in Hungary. Otherwise they will remain marginal parties, as with the KSČM in the Czech Republic. Without this new, centrist constituency the Communist parties can retain their traditional positions and compete effectively, as with the CPRF in Russia.
### Fig. 1. Schematic Description of Evolution of Post-Communist Parties.

<table>
<thead>
<tr>
<th>De Novo Sector</th>
<th>Post-Communist Parties</th>
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</tr>
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<tr>
<td></td>
<td>Adaptive</td>
<td>Ideological</td>
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<tr>
<td>Growing</td>
<td>Electorally successful -- Poland, Hungary</td>
<td>Electorally unsuccessful -- Czech Republic</td>
</tr>
<tr>
<td>Stagnant</td>
<td>Null Case</td>
<td>Electorally successful -- Russia</td>
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### Table 1: Party Placements

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<tr>
<th>Issue</th>
<th>Base</th>
<th>AWS</th>
<th>SLD</th>
<th>UW</th>
<th>PSL</th>
<th>ROP</th>
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<td>64</td>
<td>21</td>
<td>13</td>
<td>1</td>
<td>6</td>
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a. Sample size in elite study, by party.
Table 2: Rank Order and Pearson Correlations among Party Placements

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<th>Pearson-r</th>
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a. Test of null of no difference from model without individuals’ preferences.
### Table 4: Vote Choice Models

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<th>St. Error</th>
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### Table 5: Vote Shares w/ Alternative SLD Economic Platforms

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Bibliography


