

1 Introduction

Institutional Change and Government Performance in Post-communist Prague

Arriving in the Czech capital of Prague today after twenty years away, the visitor would find the city transformed. The ornate facades and narrow, winding streets of the historic core, mostly grey and crumbling in the late 1980s are now a riot of colour and shine, the local population seemingly swallowed up by crowds of foreign tourists. Once home to a sparse smattering of restaurants and shops, the ancient streets now overflow with garish souvenir stands and stylish pubs, interspersed with the Gap, McDonald's, Giorgio Armani, and countless other imports of Western commerce. Looking closer, beyond the renovated monuments and museums, the visitor would find modern office space lurking behind the facades of medieval burghers' mansions, and the occasional incongruous punctuation mark of a new glass-and-steel office building.

The boom and wealth of Prague is most evident in the city core, but the rest of the capital is also a changed world. New cars clog roads small and large, spilling over onto sidewalks and competing for space with Prague's ubiquitous trams. Vast communist-era public housing projects still form a bone-white ring around the older parts of town, but are now interspersed with a new landscape of supermarkets, retail outlets, and storage depots. Further beyond, on the city's periphery lie villages, tiny weekend cottages, and new single-family housing developments that are slowly creeping outward into the countryside.

Since the fall of communism in 1989, the forces of market-led development have changed the face of the Prague in dramatic ways. Yet

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there has been another, equally important process of change in post-communist Prague: after half a century of centralized administrative rule, Prague in 1990 regained a democratic system of self-government. The re-emergence of autonomous, democratic local governments is a universal component of the political transformation that has swept East Central Europe¹ since the fall of communism. Defying the predictions of many social scientists, post-communist East Central European countries have consolidated key features of liberal democratic rule at both the national and the local levels. Yet if we look beyond the basic features of liberal democracy, such as electoral pluralism and the rule of law, we find that the quality of democratic policy processes and outcomes – the performance of the region's new democratic governments – varies widely at all levels.

What factors have determined the quality of policy processes and outcomes in East Central Europe and across the post-communist world since 1989? The explosion of scholarly work on post-communist politics suggests many possible answers to this question. Indeed, given the wide array of competing explanations for the former Soviet bloc's 'return to diversity' (Rothschild 1989), much recent research has moved away from the search for general causal factors that might explain the diverse evolutionary trajectories of post-communist politics. Instead, scholars have increasingly been focusing on understanding particular aspects of post-communist politics, such as the development of political party systems and interest groups, or on specific policy spheres, such as the environment or health. This book, by contrast, is based on the premise that it is both possible and useful to analyse the performance of democratic government in post-communist polities in a holistic manner. Tracing the evolution of policy processes and outcomes in Prague across two key issue areas between 1990 and 2000, it suggests that the evolution of local government performance throughout this period was shaped by decisions that local political leaders made during the first year or two after the fall of communism.

Following local government reforms introduced by the national government in 1990, Prague rapidly developed a local government structure that placed strong powers and resources at the disposal of local political elites. The first free local elections were held in November 1990. By 1993 the winners headed a metropolitan government that enjoyed comprehensive powers in key areas of urban policy, owned strategic urban property, and received strong revenues buoyed by a booming local economy. Prague had managed to avoid the basic insti-

tutional design problems that complicated the quest for good local government performance across much of the rest of East Central Europe.

Local politics in post-communist Prague presents a puzzle: Despite having a powerful, well-organized local state apparatus, the city's government did not perform well. Local political leaders during the first decade after the fall of communism seemed unable or unwilling to develop and implement systematic policies through open democratic processes in key spheres of public concern. This study focuses in detail on two such policy spheres, transport infrastructure and preservation and development in the historic core. In the transport sphere, local politicians pursued a costly communist-era program of freeway construction in the inner city, even though the program had been a flashpoint for citizen protest in 1989 and continued to face public opposition throughout the 1990s. In addressing issues of historic preservation and development in the city's medieval core, elected officials stuck to an ad hoc, closed-door approach to decisionmaking, despite strong public and administrative pressure to develop systematic policy guidelines. By the late 1990s conflict between government and societal actors over these (and other) issues was endemic in Prague, and disillusionment with local democracy festered on both sides of this divide. The patterns of policymaking that emerged in Prague in the 1990s challenge us to move beyond a focus on the formal structures and powers of the local government. The gap between the resources available to local decision-makers and the quality of democratic rule in Prague makes this city a critical case to study in advancing our understanding of the factors that influence the performance of post-communist government.

Some scholars sceptical about the ability of new government structures to determine post-communist political outcomes have turned to explanations that focus on the broad societal or attitudinal legacies of communism. This approach yields some useful insights, but does not tell us the whole story. Instead, I argue that the puzzle of poor government performance in Prague can best be explained by examining the broad decisionmaking environment in which the city's political leaders operated immediately following the local government reforms in 1990. Despite the introduction of new state structures, this environment included many organizational elements – such as political parties, civic interest groups, civil service bodies, and legal frameworks – that continued to embody the legacies of past political eras. I suggest that if we broaden our definition of political institutions to include these elements, a picture emerges of a complex and fluid decisionmaking

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environment populated by conflicting institutional orderings. This environment had a paradoxical effect on the behaviour of political leaders in Prague: It encouraged them to seek simple, short-term solutions to policy problems at the very moment when their influence over the longer-term outcomes was greatest.

This central argument is underpinned by assumptions and insights drawn from the historical institutionalist approach to political inquiry. Recent work suggests that because no single authority controls the overall pace and direction of institutional change in a democracy, state and societal political institutions rarely emerge and develop in a coordinated way. Instead, institutional origins and development trajectories are often asynchronous (Orren and Skowronek 1994: 321). Because institutions embed normative visions that reflect their particular historical origins and evolutionary trajectories, asynchronous institutional change contributes to normative friction or dissonance among institutions in a democratic political system. I call this friction or dissonance institutional incoherence.

While some degree of institutional incoherence is present even in long-established democratic polities, the phenomenon was particularly acute in East Central Europe in the immediate post-communist period, given the extraordinarily rapid political change that followed the collapse of the previous regime. The institutional landscape of early post-communist Prague, for example, included political parties and civic groups that had been designed as vehicles for grassroots anti-communist protest. It also included administrative bodies and legal frameworks that were established during the communist era and that continued to embed that era's norms of bureaucratic rationality and comprehensive planning.

In short, early post-communist political leaders typically inhabited a decisionmaking environment where state and societal institutions were structured to reflect a variety of conflicting norms of political behaviour. This was not the only challenging aspect of the early post-communist decisionmaking environment. The environment was also fundamentally new and unstable. In Prague, and across East Central Europe, political leaders were suddenly confronted with the challenge of pursuing a reform agenda on multiple fronts, and of doing so in a rapidly changing context where the longer-term effects of reform were often difficult to predict.

This combination of institutional incoherence and the unstable char-

acter of the decisionmaking environment in Prague produced the paradox outlined above. In the absence of established policy practices, political leaders faced critical decision points in individual policy areas – moments when they had to make decisions that would have an extraordinary influence over future political outcomes. The new, unstable, and normatively incoherent decisionmaking environment encouraged political leaders to make decisions based on short-term incentives. Lacking a clearly dominant normative framework for policymaking and confronted with multiple issues requiring decisions, Prague's early post-communist leaders felt overwhelmed by conflicting demands and priorities. As a result, they tended to seek the most immediately available short-term solutions to problems in individual policy areas. In an environment where many pre-democratic institutions remained in place, the available short-term solutions were not always compatible with the longer-term development of systematic and open policymaking.

This paradox played itself out in different but parallel ways in the two policy areas that I examine in this book. In the area of transport infrastructure, the city's politicians faced acute public pressure at the beginning of the 1990s to scale down the inner-city freeways program initiated during the communist era. Any such change, however, would have involved reforming Prague's transport planning institutions, which had survived the fall of communism and were strongly committed to the freeways program of the 1980s. Shying away from the complexities of reform, political leaders chose in 1991 to press ahead with but slight modifications to that program and to shut local civic activist groups out of the policymaking process. In the area of preservation and development, implementing the consensus in favour of a systematic policy for the historic core would have meant engaging in a complex process of devising goals and implementation mechanisms appropriate in the context of a private real estate market. In the absence of regulations governing conflicts of interest, the emerging property market offered political leaders the promise of immediate personal financial gain if they acted as intermediaries for real estate developers. Swamped by complex governing tasks, Prague's politicians in the 1990s turned in increasing numbers to the latter course and abandoned the quest for systematic policies for the preservation and development of the historic core.

Once these critical decisions about direction and process had been made in each policy sphere, they became difficult to reverse. In the two

policy spheres examined in this study, distinct but parallel processes of 'increasing returns' (Pierson 2000a) began to entrench the consequences of early choices in the institutional landscape of post-communist Prague. In the area of transport infrastructure, a deep mistrust developed between politicians and bureaucrats, on the one hand, and civic activists on the other. Administrative institutions remained technocratic in orientation, while civic groups retained their protest focus and became politically isolated. Over time, the sunk costs of freeways construction grew, further reinforcing the existing policy orientation and the state-centred decisionmaking processes that reproduced it. With regard to preservation and development of the historic core, politicians and civil servants developed vested interests in maintaining a closed, ad hoc style of policymaking that maximized room for their discretion, and this in turn impeded the emergence of structures that could support systematic and open policymaking. In this manner, the critical decisions made early in the transformation had negative effects on the quality of democratic rule in Prague, effects that were felt throughout the rest of the 1990s.

The story of early decisions and their longer-term consequences in Prague has broader implications for our understanding of post-communist political transformations. It suggests that outcomes have been shaped neither by new state structures nor by the legacies of communism alone, but that they have also been significantly influenced by the way in which new and old institutions *interacted* to create a uniquely challenging decisionmaking environment in the early post-communist period. While Prague's early post-communist political leaders had unprecedented opportunities to shape future policy outcomes, the nature of the institutional context in which they were embedded encouraged them to focus on finding simple, short-term solutions to policy problems. Critical decisions made in individual policy areas during the early 1990s set in motion processes of increasing returns that entrenched the consequences of these decisions for the longer term.

To characterize the evolution of government performance in post-communist Prague as a tragedy of missed opportunities would be too simplistic, however. Democratic development there is by no means over. Towards the end of the 1990s a combination of factors – including the rise of a new local political party and changes to national legislation – began to put pressure on the city's leaders to improve performance. Yet the patterns of policymaking developed in the early post-commu-

nist period proved hard to change, and as of the year 2000 – the end of the study period for this book – these new pressures had led only to a few incremental changes. Once the initial period of institutional flux had passed, agents interested in improving government performance in Prague faced institutional and collective action obstacles to change that are all too familiar to those who study politics in long-established democracies.

The rest of this chapter lays out the theoretical and methodological framework upon which the argument is built. I begin by briefly explaining why I have chosen to adopt explicit evaluative standards of government performance and how I conceptualize these standards in light of existing work. I then review some of the early systemic explanations for post-communist political outcomes and use these as a springboard for developing a historical institutionalist framework for analysis, one that draws attention to the coexistence of new and old institutions in early post-communist political systems. From theory I move to the issue of case selection, discussing the merits and limitations of investigating broader issues in democratic development through a case study of local government. A brief review of the rich history of Prague's urban development comes next, followed by an introduction to the two policy areas detailed in this study – transport infrastructure and preservation and development in the historic core. I conclude the chapter with a few words on how the data for this project were gathered.

Beyond Transition: Assessing the Performance of Post-communist Government

As Robert Putnam pointed out more than a decade ago, 'the undeniable admixture of normative judgments in any inquiry about performance ... has made most scholars over the last forty years reluctant to pursue such questions' (1993: 63). Political scientists have tended to leave explicit assessment of government performance to public policy analysts well versed in the technicalities of one particular issue sphere, and the volume of political science literature that assesses the overall performance of democratic governments is correspondingly small.² Even if political scientists are reluctant to put them on the table, the discipline nonetheless is full of implicit normative biases, and studies of post-communist politics are no exception.

The concepts of 'transition' and 'consolidation' that dominated much

writing on post-communist politics until the late 1990s rested on the premise that achieving a stable democratic order was the desired end of post-communist transformations. Since stable democracy was the goal, transition and consolidation were typically defined as stages in a process that has a definable end. Although definitions varied, transition in this literature most often meant the period between the fall of the old regime and the successful completion of the first free elections. Consolidation was usually said to be complete once democratic institutions enjoyed broad popular and elite support and were thus stable for the foreseeable future.³

Behind many early analyses of post-communist politics, then, was a preoccupation with the normative goal of stable democracy. The work of scholars of post-communist transition and consolidation has significantly advanced our understanding of the factors that shape post-communist political trajectories. The focus on stability, however, has left open the question of the *quality* of the democracies emerging in many post-communist states. Yet, as Herbert Kitschelt and his colleagues caution, in the longer run the stability of democratic rule may depend significantly on the '*quality of democratic interactions and policy processes, the consequences of which affect the legitimacy of democracy in the eyes of citizens and political elites alike*' (1999: 1, emphasis in original). As many post-communist states successfully developed the basic features of democracy, analysts began to turn their attention to the quality of democratic rule.

Mapping the sheer diversity of post-communist democracy is the subject of some of this recent work. John Dryzek and Leslie Holmes, in their book entitled *Post-Communist Democratization* (2002), examine twelve former Soviet bloc countries and China. Dryzek and Holmes identify fourteen qualitatively different political discourses that combine in various ways to reflect distinct degrees and paths of democratization. Other studies consider particular aspects of post-communist democratic development. Herbert Kitschelt and his co-authors, in *Post-communist Party Systems* (1999), take the emergence of programmatic political parties as one important goal of democratic development, and then explore the factors that encourage or discourage it in Hungary, Poland, Bulgaria and the Czech Republic. In her recent book *From Elections to Democracy* (2005), Susan Rose-Ackerman assesses 'policy-making accountability' – the robustness of the connection between policymaking and public preferences – in post-communist Hungary and Poland. Collectively, such recent studies illustrate the broad range

of outcomes that are possible under the rubric of democracy, and contribute to the shift away from teleological accounts of transitions to democracy. This study of Prague joins a growing literature (Pickel 2002; Ekiert and Hanson 2003) that adopts the term 'transformation' to capture the ongoing and essentially open-ended nature of political change in the post-communist world.

Even as the normative focus has shifted from democratic stability to the quality of democracy, standards of democratic quality are often implied rather than made explicit. Moreover when they are explicit, they usually pertain to one aspect of democracy. Kitschelt focuses on the development of programmatic party systems, Rose-Ackerman on the character of the policy process beyond the electoral sphere. Most analysts of post-communist politics avoid altogether the language of 'government performance'.⁴ The reasons for this are not hard to see: Given the diversity of political outcomes in post-communist states, there is a reluctance to impose evaluative standards that privilege some outcomes over others. Furthermore, scholars rarely agree on broad evaluative standards. Indeed, as Nikolai Petro reminds us (2004: 7-9), the earlier literature on transition and consolidation faced considerable difficulty in defining what democracy was in the first place, to say nothing of assessing the performance of governments that may be said to be democratic. The literature on government performance in established democracies likewise espouses a variety of incommensurable standards of performance.⁵

Nonetheless, since the field of post-communist political studies is full of implicit judgments about the quality of the region's nascent democracies, the reluctance of many analysts to develop explicit standards of government performance can amount to obfuscation of the object of analysis. We cannot avoid the issue of assessing the quality of post-communist democracy without denying the normative concerns that drive much of this research in the first place. The challenge is to formulate a conception of democratic government performance that can be assessed empirically, that is broad enough to capture the multidimensional nature of democratic rule, and that does not measure post-communist polities up against practically unattainable or ideologically narrow benchmarks.

The conception of government performance that I use in this study rests on a rather minimalist definition of democracy itself. Democracy is taken to mean the existence of institutionalized electoral pluralism, supported by basic political and civil rights – such as the right to free

association and due process – and a functioning legal apparatus that protects these rights. This minimalist definition leaves much room for variation in the quality of policy processes and outcomes in individual policy areas, and this is where the evaluation of government performance comes in. My conception of government performance is designed to assess the quality of democratic rule consistently across multiple issue areas. The primary authority for making governing decisions in democratic political systems is vested in elected political leaders, and the conception of performance used here therefore centres on the decisionmaking behaviour of political leaders.⁶ To try to move beyond the disparate array of performance measures developed by past evaluative studies of government performance, I ground my conception in the work of contemporary theorists on liberal democracy, drawing especially on Robert Dahl's 1989 volume entitled *Democracy and Its Critics*.

In his influential study of regional government performance in Italy, Robert Putnam distinguishes between two aspects of performance: effectiveness, or 'getting things done,' and responsiveness to societal demands (Putnam 1993: Chapter 3). This distinction reflects two basic axes along which the quality of any democracy varies: its *output* and the *processes* that lead to this output. Most writers who explicitly conceptualize performance focus primarily on evaluating the quality of outputs. A wide range of criteria for what constitutes good outputs has been proposed. Among the most common criteria are efficiency or 'value for money,' equity, and innovation (see, e.g., Putnam 1993; Fried and Rabinowitz 1980). Yet how do we choose which, if any, to prioritize? Focusing on efficiency tends to marginalize non-economic goals (Painter 1995); focusing on innovation may champion the hasty copying of inapplicable strategies from other settings (Keating 1991); and focusing on equity brings up the ideologically charged question of how far to go in using the policy process to mitigate inequalities among citizens. Each standard has serious pitfalls, and in choosing such substantive measures of performance we impose an external standard of the common good upon governments that are, by definition, supposed to be built on popular preferences (Dahl 1989: 305; Shapiro 1996: 121).

We can however, identify one standard of output that does seem to be universally valued in modern democracies, both established and emerging. Whatever the substantive content of outputs, all democratic governments are expected to produce and implement *policy*, as opposed to making ad hoc decisions. Policy is 'a course of action or

plan' (Parsons 1995: 14) that allows governments to establish priorities among competing substantive visions of the common good and thereby to manage public conflict over these visions.⁷ In assessing the performance of local government in post-communist Prague, I will therefore look at the extent to which political leaders govern in a *systematic* fashion in individual policy spheres. Do they develop broader priorities and goals that can guide individual decisions in a policy sphere? If so, do individual governing decisions reflect these broader priorities and goals? Focusing on systematic rule does not mean that we should expect post-communist governments to set rigid long-term policies in what is often a rapidly changing environment. It does mean that to govern well, political leaders must embed individual decisions in a broader context of goals and priorities.

The ability to govern systematically is one measure that we will use to assess the performance of post-communist government. But democracies must also pay close attention to the process through which policies are produced. A well-performing democratic government forges its policies in ways that are systematically *open* to input from societal actors (Dahl 1989: Chapter 10). Much of the literature on government performance ignores or downplays this aspect of performance.⁸ Putnam (1993) and Kathryn Stoner-Weiss (1998), for example, both measure responsiveness through public satisfaction with policy. Levels of public satisfaction are, of course, important to democratically elected leaders, but they tell us little about the democratic quality of policy-making. After all, it is entirely possible to imagine (although more difficult to actually find) a dictatorship that enjoys strong public support because it has produced broadly acceptable solutions to policy challenges.

How, are we to assess the openness of a government to societal preferences? An obvious place to start is with the character of electoral processes. Dahl notes that elections are the one arena of democracy in which the voice of each citizen has equal weight (Dahl 1989: Chapter 20). The availability of substantively different policy platforms at election time gives citizens an important avenue of input into the governing process. This is the logic that motivates researchers such as Kitschelt et al. (1999) to focus on the growth of programmatic political parties after the fall of communism. In Prague, the presence or absence of alternative electoral programs offers one indicator of the city government's openness to societal input.

Although the positive potential of programmatic electoral competi-

tion is undeniable, it is by no means the only avenue for public input into policy processes, and it is not always the most important one. Substantively differing electoral programs have been slow to emerge in some cases (Kitschelt et al. 1999), especially at the local level of government. Nikolai Petro, in his study of regional government in contemporary Novgorod, Russia, argues that high-quality democratic rule emerged without programmatic political parties. Petro cautions us against assuming that such parties 'are the only effective vehicles for interest articulation and aggregation' (2004: 59). In the absence of programmatic parties, Petro suggests, governments can still effectively pursue open policymaking by reaching out to local civic groups and the general public in policy processes between elections.

Rose-Ackerman (2005) argues that openness to societal interests at the level of individual policy processes is critical even if voters do have the opportunity to choose among competing programs. There are many ways to elaborate and implement electoral programs, and difficult choices have to be made among alternatives. Lacking voting equality between elections, citizens face what Dahl calls 'gross inequalities' in resources and information, and these inequalities tend to skew actual policy outputs towards the interests of powerful actors in government and society (1989: Chapter 20). The extent to which political leaders make the effort to minimize such inequalities by fostering open policy processes is a second indicator of the openness of government to the preferences of the citizenry. The less electoral processes provide voters with meaningful policy choices, the more critical the existence of open policy processes becomes. As we will see in Chapter 4, Prague did not develop strong programmatic electoral competition in local politics until 1998, making policy processes the most significant mechanism for public input through much of our case study period. To assess the openness of policy processes in Prague, I look at the extent to which political leaders attempted to include in decisionmaking those directly affected by an issue, be they members of mobilized civic interest groups or the general public, and at the extent to which decision processes were transparent and information on decision options and their implications was made public.

Systematic government and open government do not necessarily go hand in hand. A government may make systematic policies while operating in a manner divorced from societal preferences, while a political system that includes programmatic electoral competition and open policy processes may produce governments that are unable to define and

implement systematic policies. In Chapter 2 we will see that when local state structures are weak, there is often a trade-off between systematic and open government. At the same time, however, this book is based on the premise that the development of government that is both systematic and open *is* possible.

Numerous case studies of cities in various parts of the world indicate that local government that performs well according to the criteria elaborated above is achievable (see, e.g., Borja and Castells 1997). They show that our two aspects of performance can be mutually supporting: Open process can lend legitimacy to decision outputs and facilitate their implementation, while the practice of systematic policymaking can encourage societal involvement in governing processes. The broader context in which political leaders operate in the cities studied is very different from the post-communist context, however. We turn our attention now to the debate over which features matter most for the emergence and performance of democracy in the post-communist context.

The Study of Post-communist Politics: Institutions vs Legacies?

The sudden and unanticipated collapse of communist regimes across the Soviet bloc in 1989–91 spurred a flood of academic research. Some authors focused on retrospectively explaining the mass mobilizations against communism that social scientists had so patently failed to predict. Most, however, rushed to predict what was to come next and to prescribe the optimal route to a market economy and democracy. The dominant concern was whether and how post-communist states could successfully build stable democratic regimes from the ashes of the old political order. Although the focus of this study of Prague is the performance of a post-communist democratic government, rather than the emergence of stable democracy itself, a selective review of earlier research on post-communist politics highlights some broad themes that we can draw on in constructing an analytical framework for the study.

The field of ‘transition studies’ was initially heavily populated by scholars who had written on democratization elsewhere in the world, and who brought with them an institutional design perspective. For these scholars of comparative transitions, the fall of communism seemed to present a unique opportunity to apply knowledge from earlier democratization processes in the developing world and southern Europe. A core premise of this school was that ‘there is a “best practice”

in democracy building that can be applied across regions' (King 2000: 157) and that democracies could thus be 'crafted' (DiPalma 1990) with the right set of institutional reforms. Basic constitutional arrangements – such as legislatures, executives, and electoral laws – needed to be designed using experience from other democratizing countries. Once these arrangements were in place, political actors would adapt their strategies rationally to the new environment, and stable democracy would emerge (Geddes 1997).⁹

The early institutional design school focused on identifying constitutional arrangements that organized political power in ways that would encourage democratic consolidation. Parliamentary systems of government, with their concentration of power in one directly elected body, were deemed superior to presidential systems, which created a dangerous potential for conflict between presidents and legislatures (Linz 1994). Electoral systems based on closed party lists put together by party members were considered to be better than Westminster-style single-member plurality systems, since the former would encourage the rise of program-based parties rather than populist leaders (Geddes 1997). In other words, the belief was that if the basic constituting rules of democracy were appropriately designed, post-communist countries would rapidly develop stable democratic systems.

The development of post-communist politics since the early 1990s suggests that the early writers on institutional design were right in at least one key respect: The choice of constitutional rules clearly does make a difference for political outcomes. For example, Juan Linz's argument about the superiority of parliamentary over presidential democracy remains compelling, since the countries that adopted presidential institutions have had more trouble consolidating stable democratic rule than those that chose parliamentary institutions (Ekiert 2003: 108–10). Yet the early work on institutional design soon came under fire for at least two important reasons: its inadequate explanation of the drivers of institutional choice and its inability fully to explain differing political trajectories under similar constitutional rules.

Proposing that certain basic institutional arrangements are superior to others begs the question of what conditions support the adoption of these superior institutions. Here the institutional design literature has been criticized for producing 'excessively shallow' explanations (Kitschelt 2003: 68–73) that pay inadequate attention to contextual factors. Early authors on institutional design often argued that the new constitutional order was the result of an elite negotiation process, the

outcome of which depended on the relative power of democratizing elites vis-à-vis the communist old guard (DiPalma 1990; Shugart 1997). This argument, derived from studies of transitions from military rule in Latin America and southern Europe, does not entirely fit with the reality of post-communist cases. In most countries the transition from communism was initiated by mass mobilization processes that created a stronger popular mandate for radical change than in most transitions from military rule (Bunce 2003: 172). But post-communist polities often initially lacked a 'successor elite' with a clearly defined program for change, since civil society organizations in these countries had been subject to more comprehensive state control than is the case in most military dictatorships (Elster, Offe, and Preuss 1998: 11–14).

In seeking to explain constitutional choices in a more contextually grounded manner, even researchers working from an institutional design perspective have been led beyond analysis of elite negotiations. Jon Elster, Claus Offe, and Ulrich Preuss produce convincing evidence that the design of basic constitutional rules matters a great deal to the successful consolidation of post-communist democracy, and in concluding in their study of four former Soviet-bloc countries submit that, ultimately, post-communist institutional choice itself depends to a significant extent on the pre-existing 'social and cultural capital' of a society (1998: 306–7). It seems that a convincing account of the initial institutional choices made in post-communist polities must look beyond the analytical framework presented by early theorists of post-communist institutional design.

Critics of the institutional design school point out that although the form of basic governing institutions clearly does matter, it is by no means the whole story, as post-communist countries with similar formal governing structures have followed very different paths of democratic development. Responding to this reality in a seminal essay on post-communist Russia, Stephen Holmes advances a different institutional argument to explain the difficulties of democratic consolidation. He argues that the success or failure of democratic consolidation may have less to do with the *form* of government institutions than with the presence or absence of a strong state that can back up the formal powers of political leaders with tangible resources. Whether authorities can reliably extract taxes from the population, whether the law is enforceable – such questions are crucial to democratic consolidation (Holmes 1996).

Some early analysts turned away entirely from the emphasis on gov-

ernment institutions and the state and argued that broad social and cultural traits inherited from the past were the principal determinants of post-communist political outcomes. Primarily long-time students of communist politics, these scholars criticized comparative transitions scholars for whom 'the past is irrelevant, as are any circumstances beyond the immediate context of the problem at hand' (Reddaway and Glinski 2001: 65). Ken Jowitt, the most influential early critic of the institutional design school, identified a number of 'Leninist legacies' that he believed would have a lasting impact on political development in the region. He argued that a political culture of passivity and intolerance would produce a political environment conducive to populist politics; a 'flattened' social structure – in which the material interests of various social groups were ill-defined – would provide a poor basis for the development of program-based parties. As a result of these and other social and cultural legacies, Jowitt asserted, political leaders lacked a constituency for seeing genuine democratic reforms through, both at the institutional and at the policy level. He predicted that 'most [post-communist transitions] will fail, and of those that succeed many will have predominantly antidemocratic-capitalist features' (1992: 208).

The focus on social and cultural legacies provided an antidote to the teleological bent of comparative work on transitions, but, its initial formulation by authors such as Jowitt has also come in for criticism. First, its predictions about the prospects for post-communist democracy were clearly too pessimistic. In response, some authors point out that the social and cultural legacies of communism are not uniformly negative. For all their anti-democratic characteristics, communist regimes did modernize many societies, introducing democracy-enabling social features such as mass education and mass communications (Ekiert 2003). In some cases elites, or what Jan Kubik calls 'cultural entrepreneurs' (2003: 343–4), have been able to draw upon pre-communist legacies to build popular support for democratic development. For example, Petro shows that in Novgorod, regional leaders drew on the popular idea of Novgorod as a bastion of democracy in medieval times to build support for present-day democratic reforms (2004). A similar interpretation, detailed in Chapter 2, helps to explain the initial institutional choices in post-communist Prague, where the pre-communist experience of metropolitan government was used effectively by policy-makers to break a stalemate on local government reform in 1990.

This is a second difficulty with arguments based on assumptions about broad social and cultural legacies. In contrast to the institutional

design approach, the legacies approach often produced 'overly deep' explanations in which causal mechanisms were underspecified (Kitschelt 2003). In other words, it was often left unclear exactly *how* broad features such as mass political culture and social structure translated into political outcomes. Kubik (2003) and Petro (2004), who focus on the agency of cultural entrepreneurs, suggest that this difficulty can be overcome. Analysts must move beyond simply describing inherited features of the social and cultural landscape, and pay attention to the contemporary mechanisms through which these features gain causal power.

How can the early work on institutional design and on social and cultural legacies inform an analysis of the performance of democratic government in post-communist Prague? Each approach has clear shortcomings; nonetheless, two useful points emerge. First, the design of basic state institutions clearly influences political outcomes. Although the literature on institutional design emphasizes the impact of these institutions on the emergence of stable democracy, institutional design also has implications for the quality of rule in those polities where the basic features of democracy have emerged. By structuring the formal powers and resources at the disposal of political leaders, state institutions either expand or shrink the menu of policy options available to political leaders. As we will see in Chapter 2, even within long-established democracies local political leaders who have to work with in the confines of a weak and/or fragmented local government apparatus often face insurmountable obstacles to governing both systematically and openly. Second, the legacies approach reminds us that neither institutional design itself, nor the subsequent evolution of post-communist polities, operates in a historical vacuum. Any serious consideration of the performance of post-communist governments must take into account the enduring presence and potential causal impact of the residues of communist, and possibly even pre-communist, political development.

To state that both new institutional arrangements and historical legacies matter does not tell us enough. What kinds of institutions and legacies matter most, and when and how might they influence the performance of post-communist democracies? For early scholars of post-communist institutional design, the institutions that mattered most were the basic constitutional structures of the state. Yet these provide only a broad frame work within which governing processes take place. To assess fully the impact of institutions on the performance of

government we need a finer-grained account, one that looks both beyond and beneath basic state structures. For early legacies analysts, the legacies that mattered most were broad social and cultural ones. Yet these were not the only residues of the past inherited by post-communist polities. To assess when and how institutions and legacies might matter for government performance in post-communist Prague, we need to think about both 'institutions' and 'legacies' somewhat differently than the early literature did. We will build upon insights from some recent work on post-communist politics, and frame these insights in terms of a historical institutionalist approach to political inquiry.

A Historical Institutional Framework for Analysis

Since the 1980s, mainstream political science has rediscovered institutions. Temporarily marginalized by a behaviouralist approach to research that focused on the social and economic bases of political behaviour, institutions are now once again broadly acknowledged as key factors that influence political outcomes. Institutionalism in political science comes in several varieties, each underpinned by different starting assumptions about what institutions are and how they affect the behaviour of political actors (see Koelble 1995). The literature on institutional design discussed in the previous section usually employed assumptions drawn from the rational choice variant of institutionalism, which takes institutions as the strategic context within which rational political actors operate. By contrast, this case study of Prague joins a small but growing body of work on post-communist politics using a historical institutionalist approach (see e.g., Johnson 2001; Ekiert and Hanson 2003). Historical institutionalism provides a framework for analysing influences on the performance of post-communist governments that can steer a middle road between the ahistorical bent of early work on institutional design and overly deep historical analyses of social and cultural legacies.

Among historical institutionalist scholars there is some debate over the basic question of what counts as an institution. In this book I focus on explicitly *political* institutions, blending Peter Hall's (1986) broad definition with a narrower one favoured by Karen Orren and Stephen Skowronek (1994).¹⁰ Political institutions, as I use the term, are formally organized elements of the political system, inside and outside the state, that do not arise spontaneously, but that are designed deliberately for a certain set of political purposes. Political institutions include state orga-

nizations such as legislatures and bureaucracies; impersonal ‘mediating’ structures created by the state, such as legal frameworks; and societal organizations such as political parties and interest groups. This definition of political institutions takes us beyond the constitutional focus of early work on institutional design in post-communist countries. To maintain analytical coherence, it excludes all structures that are not consciously designed for political purposes.

Insofar as they constitute organizations with members, institutions structure the actions of their members.¹¹ Unlike purely social organizations such as, say, sports clubs, however, political institutions are designed to influence behaviour beyond their own bounds – they are ‘other-directed’ (Orren and Skowronek 1994: 325). As a result, ‘the matrix of incentives facing most political actors is shaped, not by a single set of institutions, but by a combination of interlocking institutions’ (Hall 1986: 260). For example, although the behaviour of bureaucrats is shaped by the structure of administrative organizations, it is also influenced by broader legal frameworks, as well as by the actions of politicians and members of interest groups who are in turn embedded in their own distinct positions in the institutional configuration that makes up the political system.

In contrast to rational choice institutionalism, historical institutionalism holds that institutions affect the behaviour of actors in two basic ways. Institutions provide a strategic context that distributes power and resources in a way that makes certain goals more or less feasible, but as purposive entities, institutions are also structured to reproduce norms regarding legitimate and appropriate political behaviour (Orren and Skowronek 1994: 326). By distributing incentives such as money, power, prestige, and recognition in accordance with these underlying norms, institutions help to define what action is seen as desirable (Thelen and Steinmo 1992: 7–9).¹² In other words, institutions provide actors with power and resources that influence the *feasibility* of certain forms of political action, and they also provide actors with a set of incentives that influence the *desirability* of certain forms of political action.

Conceptualizing political institutions and their impact in this way allows us to move beyond the constitutional focus of the institutional design approach and to develop a fuller account of the institutional factors that shape the performance of post-communist governments. The basic constitutional structure plays an important role in shaping political outcomes, because it is the primary variable that determines the for-

mal powers and resources available to political leaders. If state structures divide political power among competing actors (as presidentialism has the potential to do, according to institutional design scholars), or if state structures are too weak to back up formal powers with tangible resources (as Stephen Holmes argues was the case in early post-communist Russia), systematic and open government may simply be unattainable. Yet, even if basic state structures do make systematic and open government feasible in principle, there is no reason to expect that politicians will find it desirable to pursue systematic, open rule in practice. What political leaders decide to do is influenced by the broader overall configuration of state and societal institutions.

Although they do not use historical institutionalist language, Juan Linz and Alfred Stepan do underline the importance of this broad configuration of institutions in their volume entitled *Problems of Democratic Transition and Consolidation* (1996). They argue that while constitutional arrangements are key to the initial emergence of democracy, successfully consolidated (i.e., stable) democracies must be supported by appropriate institutional forms in a number of 'arenas' of political activity, including civil society, political parties, the administrative apparatus, the legal system, and the economy. Like constitutional structures, these arenas provide political leaders with important resources that help to make systematic, open government feasible. For example, in order to govern systematically political leaders need an administrative apparatus that can reliably evaluate the costs and benefits of various policy options. In addition, these arenas also embed norms of political behaviour. In doing so, they produce a matrix of incentives that helps to shape the desirability of systematic and open rule. For example, if political leaders encounter civil society organizations that expect to be treated as partners in policy dialogue with state actors, and if they are also embedded in a political party system that operates on the basis of programmatic competition, they will face incentives to govern openly, or else encounter civil society opposition and potential defeat in elections (Linz and Stepan 1996: Chapter 1). The feasibility and desirability of systematic and open rule are influenced by an institutional configuration that extends far beyond the basic constitutional structures of the state.

If a well-performing government depends on a broad configuration of supportive state and societal institutions, the obvious question is: How can this configuration emerge in the post-communist context? Of course, in concrete terms the answer to this question is different for

every polity. We can, however, develop a theoretical framework to organize our thinking about this question, by again turning to historical institutionalism. Because institutions influence both the feasibility and the desirability of political action, historical institutionalists argue that institutions tend to be quite difficult to change and that the options for endogenous change are 'path dependent' – they are limited in scope to what is feasible and desirable within the existing configuration. As a result, most historical institutionalist analyses have treated institutions mainly as independent variables, that is, enduring organizational elements that shape the behaviour of political actors. But, as Colin Hay and Daniel Wincott point out, the approach also has the potential to develop powerful insights about the dynamics of institutional change (1998: 955–7).

The model of institutional change used by most historical institutionalists to date is Stephen Krasner's 'punctuated equilibrium' (Krasner 1984). Because of its durable and path-dependent nature, Krasner argues, an institutional configuration usually remains in place until it is in fundamental discord with underlying social and economic conditions or until it faces a major external shock. At this point, the old institutional configuration collapses, ushering in a relatively short period during which multiple paths of future development are open – what many authors call a 'critical juncture' (Pierson 2000a). During a critical juncture, the absence of a firmly entrenched political order means that political actors have an extraordinary amount of influence over the future development of the polity. Once the fundamental institutional choices have been made, actors quickly adapt to the new rules of the game, and a new political order emerges.

Krasner's model of punctuated equilibrium has been further developed by some contemporary historical institutionalists. These authors rely on a distinct set of assumptions about individual rationality as they theorize the dynamics of punctuated equilibrium. They reject the assumption that agents always act instrumentally and have full information about the consequences of their actions. Instead, they see the rationality of actors as 'bounded.' Although actors pursue their aims as best they can, they have only a limited ability to deal with complex situations, and they often have incomplete information about the context for, and the consequences of, their actions (Simon 1985). In complex situations, actors engage in 'satisficing' behaviour: Rather than choosing the best possible outcome, they choose an one that satisfies their immediate interests given the information limits and cog-

nitive limits they face. Furthermore, since actors have limited tolerance for ambiguity, they seek to routinize behaviour – that is, to develop rules and norms that allow them to make sense of complex situations (North 2005).

Working with the assumption of bounded rationality, Paul Pierson presents two important lines of argument about institutional change that extend Krasner's punctuated equilibrium model. One line of argument proposes three reasons we cannot view institutional design during critical junctures as a wholly rational-instrumental process. First, the political actors who design institutions do not usually work on a blank slate, but are often influenced by norms of appropriateness or structural models drawn from the institutional and cultural history of their polity (Pierson 2000b: 478). Second, even if they disregard past influences and focus solely on resolving the institutional design challenges of the present, the time horizons of actors are typically shorter than the lifespan of the institutions that they are designing. This is particularly the case during critical junctures, when the fluidity of the political context makes predicting future outcomes especially difficult, and actors may heavily discount future considerations in favour of short-term objectives (*ibid.*: 480–3). As we will see, this issue of short time horizons is critical to understanding the paradox of poor government performance in post-communist Prague. Finally, even if actors do think long term when they design new institutions, the complexity of any institutional setting means that actors cannot foresee all results, and the new institutions are likely to have unanticipated future effects (*ibid.*: 483–6).

Pierson's second line of argument also deploys assumptions about bounded rationality to explain why institutions designed during a critical juncture tend to endure, even if they do not produce the intended effects. In doing so, he sharpens our understanding of the concept of 'path dependence' often used by historical institutionalists. Pierson points out that political institutions – and especially the fundamental constitutional structures of a state – are *designed* to be difficult to change (Pierson 2000a: 262; 2000b: 490–1). Furthermore, he submits, changing institutions might be unattractive to political leaders. Institutions take time and energy to set up, so change has considerable costs. In addition, boundedly rational actors must expend considerable effort to learn how to operate within a given set of institutions, and once they have done so, change becomes less appealing. Since institutions embed normative orientations, actors tend to develop normative commitments to

them, making change even less attractive. A variety of 'increasing returns' processes thus tends to discourage change once a given set of institutions has emerged (2000a, 2000b).

Early writers on institutional design in post-communist polities did not use the language of punctuated equilibrium explicitly; nevertheless, their account of systemic political change closely paralleled Krasner's model. Most significantly, these writers share with Krasner the assumption that once the fundamental constitutional choices had been made, political actors would adapt to them quickly and a durable new political order would emerge. Pierson's work on increasing returns processes provides theoretical support for the view of institutional change as a process that begins with the design of new institutions during a critical juncture and is followed by path-dependent development. But, Pierson's attention to the limits of rational institutional design also suggests that actors might not choose functionally optimal constitutional rules in the first place. Working with norms and models inherited from the past, with short time horizons, and with an inability to foresee future outcomes, political actors might choose rules that do not support the emergence of a well-functioning democracy but endure nonetheless. Other authors make use of similar ideas to account for the emergence of varied – and sometimes problematic – constitutional arrangements in the post-communist world (see, e.g., Stanger 2003).

How does the punctuated equilibrium model hold up when we look at the broader configuration of state and societal institutions that shape government performance? Even a brief look at post-communist politics on the ground reveals that a key assumption of this model – that the *entire* configuration of state and societal institutions in a political system rapidly adapts to the emergence of a new constitutional order – is empirically inaccurate. A growing body of studies has identified a range of *institutional* legacies that survived the collapse of communist regimes. In examining subjects such as political party development (Kitschelt et al. 1999), civil service reform (Verheijen 1999), and the evolution of social policy (Inglot 2003), researchers observe that post-communist institutions bear strong traces of their communist or even pre-communist origins.

How can we square the persistence of such institutional legacies with punctuated equilibrium? We could argue that the punctuated equilibrium model is not useful for analysing post-communist transformations. David Stark takes this route in his work on economic reform, arguing that post-communist transformations should be seen as grad-

ual evolutionary processes in which the continued existence of institutional legacies keeps multiple paths of future development open for an extended period (Grabher and Stark 1998). This case study of Prague takes a different view. As we will see in chapters 4 and 5, following a short initial period of flux, institutions in Prague tended to stabilize and further change became more difficult. Yet, the new institutional order that emerged in post-communist Prague was not a fully coherent alternative to what had come before, but rather contained an uneasy mix of old and new institutional elements.

To explain how and why some elements of the communist institutional order survived the early post-communist period in Prague, we need to unpack the idea of 'critical juncture' and develop a finer-grained account of the dynamics of institutional change during this time. Although 'critical juncture' is a useful overall label for a period of rapid institutional change, there is, in fact, a certain fuzziness to the idea.¹³ In particular, there is no clear dividing line between a period of critical juncture and the subsequent consolidation of a new institutional order. If we look at early post-communist politics up close, what we see is an initial period of flux that was *incrementally* resolved into a new institutional ordering through an accumulation of discrete decisions made by political actors. A critical juncture can thus be usefully reconceptualized as a period of flux marked by a *series* of non-simultaneous critical decision points, whose cumulative resolution results in the construction of a new political order.

Let us look in more detail at the rationale behind this reconceptualization. Some authors make a distinction between 'politics about constitutions' and 'politics within constitutions' in the post-communist transformation process. Although in some cases post-communist constitutional change has been a lengthy process (see Stanger 2003), in most cases, including that of local government in Prague, basic state structures underwent major reform very soon after the fall of communism. Most post-communist polities quickly moved beyond the critical decision point at which one path of constitutional development was chosen over others. The transformation of state and societal institutions at the sub-constitutional level, however has tended to be a slower process.

As Orren and Skowronek (1994) argue in their work on American politics, even in established democracies the broad set of state and societal political institutions rarely emerges at once or changes as a single unit, because no one set of actors controls the overall pace and direction

of institutional change; instead, the formation and development of institutions are typically *asynchronous*. There are at least two reasons that asynchronous institutional change is likely to be particularly pronounced early on in a post-communist transformation process. First, although post-communist legislators can directly shape the development of many political institutions, including legal frameworks and administrative bodies, as actors whose capacity for rational-instrumental action is limited or 'bounded,' they might not have the cognitive ability to pursue simultaneous institutional reform on many fronts in a turbulent environment. Second, they might be understandably reluctant to engage in major legislative or administrative reform before constitutional questions are settled, lest their achievements be swept away.¹⁴

Even after basic questions of state structure have been resolved, post-communist political leaders thus initially operate in a context that includes institutions inherited from the past. In other words, even if the key choices regarding constitutional design have been made, decision-makers face multiple critical decision points at the level of 'politics within constitutions,' and these might remain unresolved for some time. In every major policy sphere, early post-communist political leaders are confronted with basic choices about legislative, policy, and/or administrative reforms that will shape the terrain for future government performance. The 'critical juncture' period of early post-communism thus involves a *series* of critical decisions that have to be made at two levels – that of constitutional design, and that of institutional design in individual policy spheres.

Reconceptualizing critical junctures as a series of critical decision points leads us away from a simple punctuated equilibrium model of institutional change. We can now think of the movement from critical juncture to new institutional order as a multi-stage process. The resolution of each critical decision point places another piece in the puzzle of a new institutional order, but no *single* decision can usher in the rapid and wholesale 'seismic shift' of punctuated equilibrium. In other words, institutional change is asynchronous, and political institutions born of differing eras typically coexist for some time during a process of transformation. This reframing can move our analysis of the factors that shape early post-communist politics beyond the less than satisfying dichotomy between institutional design and social and cultural legacies. Early post-communist political leaders in East Central Europe were embedded in an institutional configuration that included *both*

new constitutional structures (once these had been adopted), *and* a variety of older political structures – the institutional legacies of earlier political eras.

Working with the conceptualization of institutional change that we have outlined, we can propose an answer to the question of how a broad institutional configuration supportive of good performance can develop: The development of such a configuration is influenced by the way in which post-communist political actors – and in particular political leaders with access to the formal levers of power – deal with a series of critical decision points that face them after the collapse of an old political order. These critical decision points include the design of new constitutional rules, but they also include the design or redesign of institutions in a wide variety of policy spheres. In every case, political leaders face a range of choices with different implications for the eventual emergence of a well-performing democracy. The obvious question that comes next, then, is: What factors increase the likelihood that early post-communist political leaders choose institutional paths that support good democratic performance?

One place to look for an answer to this question is in the character of the institutional legacies that exist during the critical juncture. This is precisely what some of the recent writing on post-communist institutional legacies examines. Although none of this work uses the language of performance, much of it implicitly asks: To what extent did inherited institutions in any one policy sphere or political arena need to be changed in order to support the consolidation of a well-performing democracy? The answers are, of course, highly varied, but Grzegorz Ekiert makes two general observations. First, in most cases the institutional legacies of communism were partly but not wholly incompatible with democratic development. In many cases institutions could be reformed rather than scrapped altogether. Second, countries that had experienced significant liberalizing reforms before the fall of communism tended to inherit legacies that were more amenable to democratic development than countries that had little or no history of reform (Ekiert 2003: 111–12).

This case study of Prague supports Ekiert's generalizations. Early post-communist Prague inherited some institutions – such as a professional bureaucracy – that could, with reform, be assets for the process of democratic governing. The absence of significant political reform in Prague prior to 1989, however, meant that, even after the initial local government reforms of 1990, many local institutions – both state and

societal – retained features that made them ill-suited to a well functioning democracy. Comprehensive reform strategies were needed to transform the many communist-era state institutions that remained; such strategic reforms might in turn have helped spur the transformation of societal institutions, such as political parties and civic interest groups. Yet, as we shall see, Prague's early political leaders did not always pursue comprehensive reform strategies, even though the necessary powers and resources were at their disposal. To understand why, we need to look beyond the character of individual institutional legacies, at the overall character of the early post-communist decisionmaking environment.

Following initial reforms to state structures, post-communist decisionmakers in Prague were embedded in a mixed configuration of old and new political institutions. Alongside new state structures were institutions that had changed little since the communist period, such as the civil service, and institutions that had emerged during the period of anti-communist mobilization, such as political parties and civic interest groups. Each institution reflected the norms of political behaviour appropriate to the period in which it emerged. The net result was a decisionmaking environment that embedded a variety of conflicting norms of political behaviour – what I call an 'institutionally incoherent' political environment. Orren and Skowronek (1994), in their discussion of asynchronous institutional development, suggest that some degree of institutional incoherence is present in all democratic political systems; however, the speed with which communism collapsed in Europe ensured that the structural and normative incompatibilities among institutions were particularly acute in the early years after communism. Furthermore, the decisionmaking environment that initially emerged was highly fluid and unstable. This environment confronted political leaders with many simultaneous reform challenges and meant that the longer-term consequences of alternate reform strategies were difficult to predict.

The analysis presented in the rest of this book is guided by two main questions that follow from this characterization of the early post-communist decisionmaking environment. The first question is: What impacts did the character of this environment have on the behaviour of political leaders in early post-communist Prague? I will argue that Prague's local politicians reacted to their unstable and institutionally incoherent environment by seeking simple, short-term solutions in making the critical decisions that they faced in key areas

of urban policy. In a context where many pre-democratic institutions remained in place, these short-term solutions did not always bode well for the emergence of systematic and open policymaking. The second question is: What were the longer-term impacts of this decision-making behaviour? I argue that increasing returns processes ensured that the decisions made during the early post-communist period entrenched Prague's initially incoherent mix of institutional forms for the longer term, frustrating the development of systematic and open government in Prague throughout the rest of the 1990s. We will explore these two questions in detail starting in Chapter 3. At this point, let us turn to some methodological issues, and introduce the case of Prague.

Case Selection: Why Study Prague?

In conducting a case study of post-communist politics in Prague, I depart from the dominant tendency of post-communist political research, which focuses on national-level politics in the study of democratic development. The emphasis on national politics is natural, because most of the basic decisions shaping the course of post-communist democratization are made by national governments. Yet there are also important empirical reasons to study democratization at the local level. Moreover, if we select our case carefully, a local study can contribute to our understanding of post-communist transformation processes more generally. In this section, we will look in turn at the empirical and the methodological rationales for studying politics in Prague in the 1990s.

The focus on national-level studies leaves a gap in our knowledge of politics in East Central Europe. The literature on local government in the region is written largely from the perspective of public administration or policy studies. The usual emphasis is on either formal changes in the structure of the local state or policy developments in a single issue area.¹⁵ Only a few studies, notably Harald Baldersheim and colleagues (1996) and Gabor Soos, Gabor Toka, and Glen Wright (2002), explore the development of local democracy in East Central Europe in a systematic way.¹⁶ Both of these volumes gather a wealth of data about local politics and government, but the multitude of variables mentioned and the absence of case studies make these works valuable primarily as reference volumes rather than as causal analyses. With the exception of one unpublished study (Brunnell 2000), there is no

detailed English-language case work on the dynamics of local democracy in Poland, Hungary, or the Czech or Slovak republics. This gap in our knowledge is particularly significant because throughout the region local governments emerged as major sites of political activity soon after the fall of communism.

During the communist period, local government structures in East Central Europe were the lowest tier in a centralized administrative system controlled by the parallel structures of the Communist Party. Local administrators and functionaries had sometimes gained substantial de facto autonomy from national government by the 1980s, but local councils were little more than rubber-stamp bodies for administrative and Communist Party decisions (Coulson 1995: 7–9). After the fall of communism, the region's national governments instituted wide-ranging local reforms to make municipalities self-governing. The aims were essentially two-fold. First, the reforms were seen as a way of building democracy 'from the grassroots' by dismantling the legacy of hierarchical, centralized communist rule. Second, they were seen as a way of relieving national governments of the responsibility for managing some difficult policy areas, such as public housing and social assistance, and instead placing this responsibility with a level of government that could be more responsive to local needs and preferences (*ibid.*: 10–11).

The local government reforms that swept East Central Europe in 1990 introduced freely elected municipal councils and gave municipalities the right to own and manage their own property. The reforms also transferred to municipal councils sole or partial responsibility over substantial areas of policy (Table 1.1). Broadly speaking, these responsibilities stayed the same across the region in subsequent years, with the exception of Poland, where municipalities took on increased responsibility for education in the mid 1990s (Levitas 1999).

In the sphere of social services including health, welfare, and education, responsibilities are usually shared with the national government, although the degree of municipal responsibility varies across the region.¹⁷ In all cases, however, national governments have retained significant control over the regulation of service standards, so municipalities typically have little say in policy making. By contrast, in the sphere of physical goods and services – such as physical planning, roads, and public infrastructure – local councils often have primary responsibility for policymaking as well as delivery, within a broad framework established by national laws (see Coulson 1995; Baldersheim et al. 1996; Lev-

Table 1.1. Sole or shared responsibilities of East Central European municipal governments after 1990

	Czech Republic	Hungary	Poland	Slovakia
Preschools	x	x	x	
Primary schools	x ^a	x	x ^b	
Secondary schools	x			
Health care	x ^c	x		
Social welfare	x	x	x	
Public housing	x	x	x	
Physical planning	x	x	x	x
Public transport	x	x	x	x
Streets and roads	x	x	x	x
Garbage collection	x	x	x	x
Water provision	x	x	x	x
Sewage treatment	x	x	x	x
Fire protection	x	x	x	x
Local police ^d	x	x	x	x

Source: Adapted and updated from Baldersheim et al. 1996: 28–9.

^a Maintenance of school buildings only.

^b Optional until 1996 (Levitas 1999).

^c Local clinics only.

^d Many small municipalities do not have a local police force.

itas 1999). The many new responsibilities of local governments in East Central Europe greatly increased their importance as sites of political activity during the 1990s.¹⁸ By 1999 total local government spending in four East Central European states averaged 27 per cent of all government spending in these countries, which is close to the average of 28.7 per cent for local government in the four largest Western democracies.¹⁹

National governments in East Central Europe quickly recognized that local government can play important roles in supporting the development of democracy. Local government can alleviate national fiscal and policy overload, train a new generation of democratic political leaders, and provide space for political involvement by citizens at a level that is accessible and close to their daily concerns (Baldersheim and Illner 1996: 4; Kirchner and Christiansen 1999: 1–3; Zsamboki and Bell 1997: 178–80). To fulfil these functions, however, local government must perform reasonably well, something that cannot be taken for granted. By studying the links between institutional change and performance, we can better understand the factors that might prevent local

government from fulfilling its potential contribution to the broader development and consolidation of democracy.

This study of Prague in the 1990s also has broader theoretical ambitions. The case of Prague can serve as a microcosm within which theories of democratic development produced by scholars of national politics can be evaluated and refined. In relying on insights from local politics to draw inferences about democratic politics at other levels of government, the study follows a small but often-cited body of political research that includes Robert Dahl's *Who Governs?* (1961) and Robert Putnam's *Making Democracy Work* (1993). Any study of local government that claims to have broader relevance must confront the issue of whether local and national political systems are comparable. This study is based on the premise that they can indeed be comparable, but that comparability depends on the questions we ask and the cases we select.

Perhaps the most fundamental difference between national and local governments is that local governments lack sovereignty. This limits the range of questions that we can ask at the local level if we seek to 'scale up' our insights to national politics. We cannot, for example, scale up insights about the design of basic state institutions, since the basic structures of the local state are usually designed by higher levels of government. To understand the factors that shape local state institutions, we have to examine multilevel political processes that have no clear parallel at the national level. While local interests and local history did shape Prague's post-communist state structures, the final decisions about local government reform were made at the national level. Had they not been, the local state in post-communist Prague might have looked quite different.

We cannot generalize, therefore, about the dynamics of post-communist constitutional design from a local case. If we select the case carefully, however, a local study can give us much insight into the factors that shape the *quality* of democratic rule in the post-communist world. One advantage of studying government performance at the local level is that a local polity may be easier to study holistically. It is no coincidence that explicit studies of government performance usually focus on local politics.²⁰ Because the scale and scope of local government are more restricted than those of national government, local politicians typically face a narrower range of critical governing issues and deal with a smaller set of actors. This makes holistic studies of performance more feasible at the local than at the national level. The feasibility factor is all the more important if one adopts an approach to explanation that

examines change in political processes over time, which adds another layer of complexity to the analysis. However, to speak to broader theoretical concerns, we cannot go too far in the interest of feasibility. The political unit we choose to study must be large enough to contain a range of institutions and actors broadly analogous to those present in a national polity. Studying a large city such as Prague, with its complex set of legislative, executive, administrative, legal, partisan, and civic institutions, allows us to draw more convincingly generalizable inferences than studying a smaller municipality would.

A brief look at the literature on local and urban politics in established democracies suggests that even in large municipalities, local politics is qualitatively distinct from national politics, however. For one thing, the performance of urban governments in established democracies tends to be lower than the performance of their national counterparts (Keating 1991). Scholars often connect these performance problems to the weakness of the local state. Subject to strict jurisdictional, fiscal, and territorial limitations on their authority, urban municipalities often lack the powers and resources that might allow systematic and open government to develop. For us to scale up our insights, our case study must be one in which the local state is uncommonly strong. Prague, as we have already noted, is such a case, since it rapidly developed a resource-rich metropolitan government after the fall of communism. The contrast between the power of the local state and the shortcomings of government performance in Prague makes it a 'critical case,' one that we can use to explore influences on government performance above and beyond the basic design of state structures. We will return to the broader implications of this in the final chapter. Right now, let us sketch a backdrop for the study by briefly looking at the history of urban development in Prague up to the end of the communist period.

Ten Centuries of Urban Development in Prague

For hundreds of years Prague has been the urban hub and governing centre of the Czech lands, its fortunes as a city closely tied to the fortunes of the Kingdom of Bohemia and, later, the Czechoslovak state. Founded as the royal seat of the Přemyslid dynasty in the ninth century, Prague developed in the late Middle Ages into a conglomerate of three autonomous municipalities: the Old Town (Staré Město), the Lesser Quarter (Malá Strana), and the Castle District (Hradčany). During the reign of Charles IV in the fourteenth century, when Prague

became seat of the Holy Roman Empire, the city grew rapidly, reaching a population of about 50,000. In 1348 Charles founded the New Town (Nové Město), the first major planned urban development on the territory of Prague (Hrůza 1992, Ledvinka 2000). It was also at this time that many of the Gothic structures that still grace Prague's historic core were built.

In the late sixteenth century, Prague enjoyed another boom under the Habsburg Emperor Rudolf II, who made the city his imperial residence. A layer of Renaissance architecture was added to the tapestry of historic buildings already in place. During the following 250 years, Prague was gradually downgraded to the status of a provincial city in the Habsburg Empire. Although its historic building stock survived several wars and occupations and grew to encompass outstanding examples of Baroque and Classicist architecture, the city grew slowly, and in the early nineteenth century it was still largely confined to the walled perimeter delineated by Charles IV in 1348.

This began to change during the latter half of the nineteenth century, when industrialization spurred rapid growth. Prague became the major manufacturing centre of the Czech lands, and the population of the metropolitan area more than quadrupled between 1850 and 1920, from about 170,000 to about 730,000 inhabitants (Hrůza 1992: 80–1). A ring of dense suburbs, characterized by four- or five-storey walk-up apartments laid out in planned fashion along rectangular street grids, arose around the walls of the historic medieval town. In the late nineteenth century the city walls were torn down, uniting the new suburbs with the old core. Although most of the core retained its old building stock, a major and highly controversial redevelopment scheme involved the tearing down of the entire medieval Jewish ghetto and its replacement with expensive apartment blocks at the end of the nineteenth century (Maier, Hexner, and Kibic 1998: 33–8).

Escaping significant damage during the First World War, the city continued to grow during the 1920s and early 1930s as the capital of the newly independent Czechoslovak Republic. By 1940 the population of the urban area had surpassed one million. Parts of the medieval New Town underwent significant redevelopment to accommodate modern banking and commercial interests, although much of the historic building stock remained intact. New lower-density suburbs of single-family houses grew up between and around the dense apartment blocks of the late nineteenth century. Although plans for major development of the city's roads infrastructure foundered, a dense network of trams was

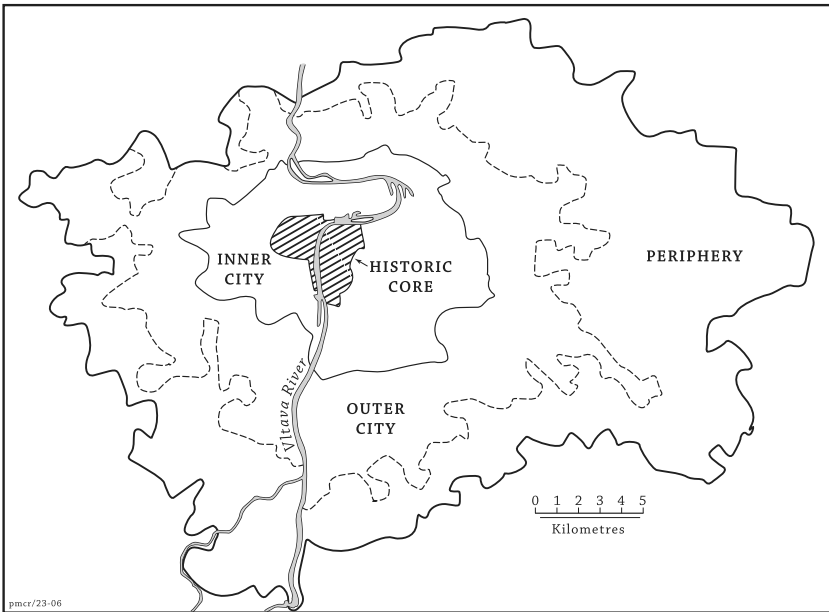
extended throughout the city (Maier, Hexner, and Kibic 1998: 41–4).

In contrast to most other major East Central European cities, the physical fabric of Prague survived the Second World War and Nazi occupation largely intact, due to the early incorporation of the Czech lands as a protectorate of the German Reich in 1939. The war years and the post-1948 communist regime's initial focus on developing rural areas brought urban development in Prague nearly to a standstill between 1940 and the late 1950s (Maier, Hexner and Kibic 1998: 49; Sýkora 1995). Combined with a lack of housing construction during the pre-war Depression years, this stagnation resulted by the late 1950s in a severe housing crisis. This was subsequently addressed through the construction of massive, uniform state-owned high-rise housing estates, modelled on the Soviet template of the *mikroraion* (micro-region), on open land surrounding the city (Smith 1996). Overall, housing of this type for over half a million Prague residents was built between the 1950s and the 1980s (Sýkora 1995: 323).

The older areas of the city experienced very little change during the communist era. As Jiří Musil points out, the abolition of a market in land in communist cities made location an 'almost irrelevant economic variable,' and city centres often saw 'far fewer physical and functional changes ... than [those in] cities of similar size in countries with market economies' (1993: 901). With a few notable exceptions, the older parts of Prague saw little demolition or construction. Instead, the high costs of upkeep for older building stock meant that many such buildings fell into disrepair, and large amounts of residential and commercial space in the historic core were abandoned or came to be used for storage (Sýkora 1993: 284–5). The 1980s renovation of a small number of historic monuments in the city centre did little to offset such losses.

The lack of upkeep of older buildings reflected the low priority given by the communist regime to public goods and services in general – these were classified as 'non-productive' sectors in an economic system that focused on continually increasing production (Enyedi 1996: 115; Maier, Hexner, and Kibic 1998: 87). Such underinvestment meant that Prague accumulated significant deficits in the maintenance not only of housing, but also of public utilities such as water, sewers, and lighting. One partial exception to this was transport. In line with its collectivist philosophy, the communist administration focused heavily on the development of public transit, during the 1970s and 1980s a high-capacity Metro (subway) system was built to complement existing tram and bus lines. Roads infrastructure also saw significant, although less

Figure 1.1. Urban zones of Prague



Source: Adapted and redrawn from Hrůza 1992: 78.

intensive, investment with the partial construction of a freeways network in the 1980s.

By the end of the communist period the urban fabric of Prague reflected the influence of centuries of development. In 1990 the city was by far the largest urban centre in what was soon to become the Czech Republic. With about 1.2 million inhabitants, Prague had about three times the population of the Czech lands' second-largest city, Brno, and more than twice that of Bratislava, the capital city of the Czechs' federal partner, Slovakia. Centuries of growth had produced a city with four clearly differentiated urban zones; these are shown in Figure. 1.1.

The boundaries of the first zone, the historic core, correspond to the city walls built by Charles IV in the fourteenth century. The historic core straddles the Vltava River, nestled in a basin rimmed by steep hills. Although it comprises only 1.6 per cent of the city's total area, it has the largest contiguous collection of historically valuable buildings in East

Central Europe, an eclectic mix of Gothic, Renaissance, Baroque, and Classicist architecture. In 1990 it housed just over 60,000 people or about 5 per cent of the city's population, far below the historical peak of 170,000 achieved in 1900 (City Development Authority 2000: 11). Given the dilapidated state of most buildings in 1990, the residents tended to be elderly and poor (Musil 1987). At the same time, however, most of the city's high-paying professional jobs, as well as most of its government and cultural institutions, were located here. About 200,000 people, one-third of the city's total workforce, were employed in this small area (Hrůza 1992: 79).

The second zone, the inner city, comprises the apartment-block suburbs and villa districts that were built between about 1850 and 1940. Much of the inner city sits high above the historic core, on the hills that surround the medieval centre. Covering about 15 per cent of the city's total area, the inner city in 1990 housed about half of Prague's population. While the social character of its residents was mixed, as elsewhere in the city much of the housing stock was in need of major maintenance and repair work. The inner city also provided about 300,000 jobs in a wide variety of industrial and service positions, or 45 per cent of all employment in Prague (Hrůza 1992: 79).

The outer city forms a third distinct urban zone in Prague, comprising nearly 40 per cent of the city's metropolitan area. It is characterized by large-scale high-rise housing developments built between the 1950s and the 1980s, interspersed with parks, fields, and woodland. In 1990 this part of the city housed over 40 per cent of its population. While the population here remained socially mixed, the inexpensive, assembly-line technologies used to build the area's housing estates ensured that here, too, maintenance of housing was quickly becoming a problem.²¹ About 200,000 people worked in the outer city in 1990, but most of this work was concentrated in a few large industrial zones on the eastern edge of Prague. Many of the housing estates lacked basic amenities and had the character of 'dormitory suburbs' for residents who commuted to work elsewhere (Hrůza 1992: 79). The periphery, administratively joined to the city during the communist era, forms the final urban zone of Prague, and covers about 40 per cent of the city's territory. In 1990 the periphery was a landscape of agricultural land, forest, and parkland, dotted by villages that housed about 50,000 people (*ibid.*: 79–80).

Despite decades of policy privileging the development of smaller urban centres, Prague in 1990 remained the administrative, cultural and educational hub of the Czech Republic, and dominated the country's trade and commerce.²² This was reflected in the overrepresenta-

tion of associated employment sectors in the city. With about 12 per cent of the Czech Republic's population, Prague had 29 per cent of the country's jobs in finance and insurance, 57 per cent of the research jobs, and 77 per cent of jobs in foreign trade (Dostál and Hampl 1994: 39). It was this privileged position in the Czech political and economic system, interacting with national market reforms in the early 1990s, that would produce in Prague the rapid urban changes described at the beginning of this chapter. Such rapid changes were not unique to Prague. The dominance of East Central European capital cities in their respective national contexts contributed to extraordinary changes in all of these cities soon after the fall of communism. Let us look at some of them and the policy challenges that they produced, to set the stage for an examination of the politics of transport and development of the city centre in Prague.

The Challenges of Urban Development in East Central European Capitals

Across the industrialized world, the management of urban development is at the heart of what local political leaders in cities do. The levers of social and economic policy are largely under the control of higher levels of government, but urban governments play a crucial role in managing social and economic change through their control over the physical fabric of the cities. Since the reforms of 1990 East Central European local and urban governments, too, have conformed to this pattern. Although control over social and economic policy has remained partial and uneven, they have gained primary responsibility for regulating physical development and for providing physical services such as transport, drinking water, and waste disposal.

In the 1990s the governments of capital cities in East Central Europe faced broadly similar challenges in these new fields of responsibility. East Central European capitals are what central-place theorists in geography call 'dominant capital cities.' Warsaw, Budapest, Prague, and Bratislava are the largest urban centres in their respective countries. In all cases except that of Warsaw, their population is greater than the combined population of several of the next-largest urban centres in the country.²³ Throughout decades of communist policy privileging industrial development and the growth of smaller urban centres, these cities maintained diversified economic bases that included large service and knowledge-based sectors (Dostál and Hampl 1994).

With their well-educated workforces and concentration of govern-

Table 1.2. Capital city per capita GDP as a percentage of national per capita GDP, 1995–97

	Warsaw (Poland)	Budapest (Hungary)	Prague (Czech Rep.)
1995	136	181	184
1996	144	185	186
1997	150	187	190

Source: Eurostat 2001 data tables.

Note: Figures for Warsaw include all of the Mazowieckie region, an area substantially larger than metropolitan Warsaw itself.

ment and financial services, these cities quickly became gateways for foreign capital and engines of the region's emerging market economies (Dostál and Hampl 1994). In all four cities, unemployment levels remained well below national averages throughout the 1990s,²⁴ while per capita GDP was well above average (see Table 1.2). The attractiveness of these cities for domestic and foreign capital has been reflected in the rapid rise of employment in the financial and other business sectors, which has offset a decline in industrial employment that came with post-communist economic reform (Sýkora, Kamenický, and Hauptmann 2000, Bárta 1998).

The prosperity of post-communist capital cities in the context of an evolving market economy produced two key sets of policy challenges in relation to urban development – the regulation of real estate markets and the provision of public infrastructure investments long neglected by the communist regime. In the early 1990s national initiatives to liberalize prices and privatize real property transformed the character of real estate development in East Central European capitals. Comprehensive government management of the housing, retail, and office sectors gave way to a system dominated by the market initiative of private investors. The change was especially dramatic in the non-residential property sector, where prices and rents were liberalized very quickly, and where investor interest was greatest because of the rapid development of commercial activity (Sýkora and Šimoničková 1994; Sýkora 1998; Ghanbari-Parsa and Moatazed-Keivani 1999).²⁵

The opening of the real estate market produced pressure for the commercial development of property with high market values, whether prime office space in historic city centres or open space near major

roads on the urban periphery. This pressure frequently led to conflict between private developers and local residents joined by defenders of historic and/or environmental values – what Marcuse (1996) calls conflict between the ‘exchange value’ and the ‘use value’ of urban space. The frameworks for real estate liberalization and privatization were introduced by national governments, but management of the ensuing conflicts through planning and regulation instruments was put on the shoulders of local political leaders. Elaborating and implementing priorities for managing real estate development has thus been a key challenge for local governments in East Central European capital cities.

The capitals’ newfound prosperity also heightened the need for investments in public infrastructure. During the communist era the focus on industrial productivity resulted in chronic underinvestment in key elements of urban infrastructure such as housing, transport, water supplies, and waste treatment (Enyedi 1996: 115–16).²⁶ After 1989 local governments, encouraged by national legislation, attempted with varying degrees of success to divest themselves of the fiscal burden of public housing through large-scale privatization schemes (see, e.g., Bodnar 1996; Hegedus and Tosics 1998). However, in other areas of provision of public infrastructure local government retained a leading role.

Changes in patterns of consumption associated with prosperity, such as increased automobile ownership and higher production of consumer waste, put growing pressure on the aging public infrastructure. This led to intense controversies over public investment priorities in the 1990s. Infrastructure development projects such as freeways and waste disposal sites frequently faced opposition from environmental interests and groups of adversely affected local residents (Judge 2000; Enyedi 1999; Pickvance 1996), challenging local political leaders to develop and implement investment priorities that balanced the demands of growth with concerns about the quality of life.

In this study of politics in Prague between 1990 and 2000, two issue spheres that embody the broad urban development challenges just outlined are examined in detail. These are the construction of Prague’s freeway system and the regulation of preservation and development in Prague’s historic core. The decision to examine these particular two issue spheres was guided by three considerations. First, because good performance of democratic government involves openness to citizens’ interests, I chose policy spheres that were the subject of significant public concern at the beginning of the 1990s. Second, because the broad challenges outlined above relate to two distinct functions of local gov-

ernment – the regulation of market activity and the provision of physical services – I chose one sphere to represent each function. Finally, because my assessment of performance focuses on the actions of local political leaders, I chose two policy spheres over which they, rather than political actors at higher levels of government, had primary authority. This consideration led me to exclude from my study the overall issue of housing, which, although clearly an important aspect of urban development, remains subject to extensive national intervention in Prague and across East Central Europe. By tracing how local politicians responded to policy challenges in these two issue spheres through the 1990s, this study builds a dynamic account of the factors that influenced the performance of the municipal government in Prague after the fall of communism.

Collecting the Data

Before we turn to our detailed account of politics in post-communist Prague, a few words about data collection are in order. As a case study in political development, this book relies on somewhat different data than a variables-oriented analysis would. Variables-oriented analyses usually focus on establishing cause and effect by looking at how certain factors (variables) correlate across a range of different cases at one particular point in time. Although this study does examine two separate policy spheres, and engages in comparisons with other cities described in previously published literature, the main consideration used here to determine cause and effect is the interplay of various factors over time (1990–2000) in one city. To acquire reliable data on this interplay, evidence was gathered from a variety of sources.

Most of the primary source material for this book comes from two research trips to Prague (January and February 2000 and May to November 2000), and it includes written documents, print media reports, and interviews with key actors in municipal politics. Although some archival research was conducted, the political upheaval of the early post-communist period meant that many official records have been misfiled or lost. As a result, much of the documentary evidence for this analysis comes directly from interview subjects. It was largely through their generosity that I was able to collect several dozen studies and reports, as well as an invaluable store of memos, letters, minutes, and fact sheets. Reports from the print media are a second major source of information. Drawing on a variety of print and electronic archives of

daily and weekly newspapers, I surveyed a total of 946 articles from twenty-nine publications, dating as far back as 1983 but focusing on the 1990–2000 period, with three main aims in mind: to identify key issues and actors, to generate ideas about possible links between patterns of institutional change and the behaviour of political leaders, and to gather background information on the public face of municipal politics that could serve to inform interviews.

Interviews with key actors in municipal politics, which were conducted in Czech, are a major source of the primary evidence for this project. I identified an initial set of about twenty interview subjects – politicians, administrators, and representatives of local civic interests – through my analysis of the print media; additional subjects were selected on the basis of recommendations by earlier interviewees. A total of forty-three interviews with forty-two individuals were conducted between June and November of 2000 (see Appendix). The interview process served three main purposes: filling in information about institutional structure and institutional change that was missing in the written record; gaining access to ‘inside accounts’ of political and policy processes; and perhaps most importantly, collecting information on the actors’ understanding of their own actions and motivations, their perceptions of other actors in local politics, and their political priorities and attitudes. Responses were analysed with reference to these three basic aims. In the interest of obtaining open responses on potentially sensitive topics, I chose to conduct all interviews anonymously. When citing interviews in the text, I therefore keep identifying elements to a minimum. Where some identification is relevant to the information being provided, I identify subjects only in terms of general descriptive categories such as ‘transport planner’ or ‘executive board member’ to preserve confidentiality.