

Cerami, A. (2011). Book Review: Frye, Timothy (2010), *Building States and Markets after Communism. The Perils of Polarized Democracy*, New York: Cambridge University Press. *Revue Française de Science Politique*, 61(4), 782-784.

Timothy's Frye's *Building States and Markets after Communism. The Perils of Polarized Democracy* is one of the most valuable contributions on post-communist transformation(s) appeared in the last decades. The book examines the relationship between state building and market creation in twenty-five post-communist countries since the end of communism. It combines statistical quantitative analysis on a variety of data (including a survey of business elites) with more in-depth country studies on Bulgaria, Poland, Russia and Uzbekistan. Frye's main focus is on *political polarization* – the policy distance between different political factions present in the political arena – and its effects on democracy and market reforms. The main questions that the author addresses are: 1. 'Does democracy promote the creation of market economies and robust state institutions? 2. If so, why? 3. Under what conditions do state building and market building work at cross-purposes and when are they mutually reinforcing?' (p.2). Frye's main argument is compelling. Political polarization does play a crucial role in democracy promotion, as well as in the creation of market and robust state institutions. Political polarization does so, however, under different conditions and circumstances and in different ways. The author shows that democracy 'is positively related to more rapid and consistent reform when political polarization is low, but each increase in polarization dampens the beneficial impact of democracy on the pace and consistency of reform' (p. 3). The volume does not stop here, but it includes other interesting findings. For example, in the countries under scrutiny in the volume, political polarization tends to be associated with higher levels of income inequality, whilst polarized democracies usually tend to perform less well in terms of efficiency than non polarized or more authoritarian forms of governments. Before moving some critics to the volume, which, however, and in no way, diminish the value of Frye's analysis, let me briefly summarize the content of some key chapter. After the *Introduction* where the general framework, research questions, hypothesis, method and arguments of the volume are set, Chapter One deals more specifically with *The Political Logic of Economic and Institutional Reforms*. Here, the author suggests that the effects of democracy on economic policy

choices are conditional on the level of political polarization with political institutions that shape economic policy by influencing policy instability (p.41). Chapter Two proceeds with an analysis of *Political Polarization and Economic Inequality*. Here, economic inequality is identified as a potential social base for political polarization. Countries that experienced higher levels of income inequality during the first years of transformation(s) seem to have been characterized by more polarized political systems in later years (p. 48). Chapter Three addresses the issue of *The Pace and Consistency of Reform*. The main argument of this chapter is that higher levels of political polarization in democracies are associated with slower and less consistent economic and institutional reforms (p. 99). Chapter Four continues on this line of argumentation investigating *Political Polarization and Economic Growth*. As it could be expected, the main finding of the chapter is that political polarization tends to be associated with slower economic growth by impeding economic and institutional reforms (p. 104). Subsequently, Chapter Five analyzes *Political Polarization and Policy Instability*. Even in this case, the author shows that polarization shapes economic policy choice via policy instability (p. 140). In order to include other possible influencing variables, Chapter Six examines the issue of *Nationalism and Endogenous Polarization*. The main finding is that the Soviet legacy – and, in particular, the institutional and political reproduction of Communist Party’s members – remains one of the important sources of political polarization in the post-communist world (p. 166). Finally, Chapters Seven, Eight, Nine, and Ten provide a remarkable in-sight analysis of the political, economic and social transformation(s) in, respectively, *Russia, Bulgaria, Poland and Uzbekistan*. Time for critiques! Unsurprisingly, Timothy Frye’s warns the reader that democracies where many different and distant voices are present in the political arena tend, unfortunately, to be inefficient (sic!). This primarily applies to market reforms, as well as to democracy promotion, political and economic efficiency. The argument concerning the inefficiency of democracy is clearly not new. Long time ago now, Winston Churchill’s ironically argued that democracy may well be *the worst form of government except for all other forms that have been tried from time to time*. However, and in contrast to the proponents of the ‘good governance’ argument, it is important to emphasize that democracy is something more than efficient and good governance-enhancing institutions. Democracy is also (and fortunately) about *values*, such as *Freedom* (of speech, of press, of owning the property assets one individual retains necessary or valuable), *Equality* (before the law and

before other individuals) and *Fraternity* (among people belonging to the same nation-state and with those outside national borders). Democracy is, in short, far more than efficiency and, even when empirical evidences, rightly, highlight its shortcomings, pluralism of voices is to be preferred to efficiency-oriented reasons. Having sadly (and again) recognized the bureaucratic deficiencies of pluralist and polarized democracies, it rests to be asked whether the key questions raised in the volume could not have also been approached the other way around. Did the ways how market reforms have been introduced in post-communist countries during the first twenty years of transition succeed to promote the creation of stable democracies, robust state institutions and free ‘non-vulnerable’ or ‘elite-captured’ market economies? And if not, where have mistakes been made? The book leaves some of these questions unanswered, but nothing more could be expected by Timothy Frye’s outstanding analysis and volume. Challenging, intriguing and disturbing enough to attract the attention of the most experienced and malicious scholars in the fields of post-communist transition, international political economy and democratization. This volume is, however, not simply a must-read for senior academics, but a unique source of information for undergraduate and post-graduate students, who will certainly greatly benefit from the huge amount of data collected and fine-grained empirical and theoretical reflections.

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