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Crazy Convergence? A Comment

The contributions in this volume that I am going to comment on below embrace more than half a century in the history of Eastern Europe. While András Bozóki gives an overview of the four decades of "real socialism" (in the whole region), Dieter Bingen focuses on the 1980s (in Poland), Dušan Tříška on the 1990s (in Czechoslovakia/the Czech Republic), and Günter Heiduk and Ryszard Rapacki on the whole period of post-communist transformation (in Poland). Despite the fact that the first two authors take a political science approach, in contrast to the two others, who provide an economic analysis, it is not difficult to discover a common *problématique* in their works. It includes a few crucial issues of comparative *political economy* in Eastern Europe under and after communism (above all, those of liberalisation, legitimacy and the behaviour of the ruling elites), which one can safely expose in a volume like this without knowing much about (post-)communist reform processes in East Asia.

My comments will highlight those conclusions of the authors that provoked my mind while reading their papers. This 'provocation' resulted in questions, I mean, *real* questions, many of which I cannot give proper answers to at the moment either. The conclusions which I agree with will be disregarded here – admittedly a sign of unfair treatment of a series of original and sophisticated arguments suggested by the authors.

In classifying the concept of political legitimacy under communism, Bozóki suggests a chronological pattern consisting of a totalitarian and an authoritarian (post-totalitarian) phase in selected countries of Eastern Europe. Although these concepts reveal essential differences, they may obfuscate commonalities that, in retrospect, seem equally important in understanding "real socialism". The variables, by means of which the author distinguishes the two phases, include the image of the Soviet bloc, industrialisation, social control, communist leadership, and way of life. These variables were chosen to represent the 'softening' of the communist regimes over time. Let me put aside the problem of softness, that is, the possibility of a softer regime that proves to be harder in terms of the efficiency of controlling society by the ruling elite, and simply ask why exactly these variables were chosen.

For instance, as an economist I cannot help showing a bit of dissatisfaction with the 'industrialisation' variable, since the width and the depth of market reforms seem to me much more telling characteristics of the evolution of communist regimes.

Gradual or cyclical marketisation has clearly more to do with the regime's development 'from capitalism to capitalism' than industrialisation does, and the reforms also reflect the destiny of other important branches of the economy. Industrialisation may have remained forced under softer regimes (cf. the Gierek period in Poland), and relaxed industrial policies were pursued by harder ones (cf. the Husák period in Czechoslovakia). The tendency of replacing the techniques of polarisation with pluralisation in communist leadership seems similarly doubtful to me. I am afraid that the allegedly totalitarian regimes were not devoid of pluralism either (cf. oligarchic rule), and the allegedly authoritarian ones retained quite a few traits of polarisation in their hard core that included at least state ownership, one-party rule, militarisation, and the privileged position of the secret services. These considerations lead me to my fundamental question: would it not be more helpful if the author combined his chronological pattern with one allowing also for a synchronic view of the various states of the selected variables? Such a combination could point to authoritarian features in totalitarian regimes and vice versa, and eventually help nuance (abandon?) both categories in historical analysis.

A related question concerns the role of civil society in destroying the legitimacy of the *nomenklatura*. Bozóki seems to postulate a hierarchy between civil and informal society, considering the former 'cleaner' than the latter, which is portrayed as a less autonomous, 'uncivilised' segment of the late communist society. I think he underestimates the role played by informal society (above all, that of the informal economy), which proved to be, in my view, a school of liberalism, even if not that of human-rights-style liberalism. With all its parasitic features and state dependence, the shadow economy taught *Homo Sovieticus* rational calculation, quasi-free choice and, most importantly, the truism that "there is no free lunch", thereby not only preparing society at large for the transition to capitalism but also, as an unintended consequence, contributing to the disorganisation or implosion of the ruling elite. Hand in hand with a spontaneous strengthening of informal society, the *nomenklatura* underwent a process of 'secularisation', professionalisation and Westernisation, as a result of which it lost much of its internal cohesion and became inclined to accept (even interested in initiating) negotiated change in many countries of the region. I am convinced that this kind of "disruption from above" was by no means less effective in terms of dismantling the legitimacy of communism than even the most radical ways of anti-communist mobilisation by civil society from below.

The *nomenklatura* was defeated but it also managed to defeat itself. I guess this remark also applies to what Dieter Bingen writes about the decomposition of communist rule in Poland. According to his main thesis, the communist elite in Poland during the 1980s can be depicted as a group that *almost* became "heroes of retreat" (Enzensberger), experimenting with the separation of the party and the state to gain

legitimacy through government-led reforms ranging from economic liberalisation to changes in the constitutional set-up. He talks about the "constitutionalisation" of the communist regime, a "legalistic back-up", inclusionary politics, dialogue, national understanding, etc. to portray a post-1981 new strategy by the communist party to pacify the opposition. Why did that strategy not work if its first steps were rather successful and - as he asserts - by 1988, the economic programmes of the government and the Solidarity movement converged with each other? The author's answer rests on Solidarity's intransigence rather than the ambiguities of the strategy. Did the party really remain in the background and disintegrate slowly but steadily, or did an influential part of its leadership join forces with the military and the secret police and thus represent for many years an equally intransigent body that competed with the economic (and a few political) reformers in its own ranks? I am afraid that if this question remains unanswered, the Polish revolution will continue to be portrayed, primarily or exclusively, as a heroic triumphal march of the Solidarity movement. However, it may be that the *nomenklatura* defeated itself not through a successive loss of willingness to survive (as, for instance, in Hungary) but through an incessant insistence by an important section of it on staying in power. In that case, the opposition's intransigence in Poland was not simply a moral choice, but also a forced tactical move.

How to gain legitimacy for the post-communist regime in a country in which both informal and civic society were weak? Dušan Tříška's answer to this question has not changed since he started working out the first privatisation programme of the Czechoslovak government in Václav Klaus' team right after the revolution. In his view, one of the main reasons for "voucher privatisation" was the aim of creating a "new society"; to put it simply, a new, property-conscious middle class that might serve as the backbone of nascent capitalism in the country. The proponents of the programme also contended that "the people will be more willing to bear the hardship of transformation" if they are not excluded from its advantages. The author's devotion to the "Czech way of privatisation" has not diminished at all, he is still convinced that their project of ownership transfer has turned out to be not only a successful but also a flexible, rapid and free (liberal) solution. Here, I feel I am being addressed as both an economist and a Hungarian reader of his paper, because again and again the author distances himself from the alternative techniques of privatisation.

"Foreign investors do not deserve privileges; they should be treated as anybody else. Moreover, they can never play a leading role as the first owners within the already established property rights, however imperfectly defined these may seem to be at the very beginning. Their role will, rather, be in the secondary market with capital goods", says Tříška, downgrading a great number of privatisation programmes throughout Eastern Europe (including the Hungarian one) that made use of capital import to a large extent. However, in my opinion, any celebration of the Czech way

would need an impartial assessment of its alternatives, not to speak of some kind of self-defence to disprove a large bundle of critical arguments that have been formulated in the relevant literature concerning the shortcomings of that way. Is the voucher project indeed liberal despite its constructivist/collectivist methods? Were the investment funds veritable market actors? Did privatisation not lead actual ownership back to the state-owned banks to be privatised later? Why was foreign capital rejected earlier but welcome later? Did Czechoslovakia/the Czech Republic not lose, owing to this digression, almost a decade in "building capitalism"?

Institutional reform is the centre of attention too for Günter Heiduk and Ryszard Rapacki, who study the path leading from the plan to the market in Poland over the past twenty years. (Here I do not deal with the 'Chinese' part of their paper.) It is not without pride that they enumerate the virtues of post-communist economic transformation in their country. They complain, however, that the fast and shallow transition and the ensuing rapid growth were not accompanied by thorough institutional change. This discrepancy, goes the argument, will inhibit economic development in the future if the quality of institutions does not improve soon. Macroeconomic performance will probably decline if privatisation is not speeded up, if the equity bias in public policy is not weakened, if the state remains "soft", etc. While lamenting the sluggish nature of institutional reform, the authors consider the preference given to macro-stabilisation in the period of shock therapy and after as a proper, even inevitable choice. Undoubtedly, policies based on the "first stabilise, then privatisate" creed may really make transition quick and reduce the social costs of transformation in its initial stages. Nevertheless, they can backfire later.

Conversely, radical moves toward marketisation and privatisation at the beginning of systemic change may result in a deep "transformational recession", but they create, to put it bluntly, a "Darwinian context", in which a profound distinction between profit- and loss-making activities takes place, a kind of natural selection leading to the survival of the fittest. Otherwise, society and the economy can get stuck with the legacy of communist economic culture, including corruption, populist policies of redistribution and the like. A resolute stabilisation drive may have been a must in Poland during 1989/90 but was it really impossible to combine it with a faster track of privatisation? Was the decision to decouple the two processes rooted in pragmatic or rather in ideological considerations? Would Solidarity have accepted large-scale privatisation via foreign investors at that time?

Although some of the questions above reflect my experience in studying communist reform and post-communist transformation in Hungary from a comparative perspective, they are not meant to idolise the Hungarian variety of systemic change. Just the contrary, they are there to call the reader's attention to an *unexpected (crazy?) convergence* of the various transformation trajectories in the region.

Researchers in and of Eastern Europe have spent the last two decades in classifying minutely the "transforming states", the "emerging markets", the "new capitalisms", etc., using a large number of comparative variables to identify the winners and the losers in the game called post-communist change. They (we) have wanted to understand why in the eyes of observers Poland, Hungary and the Czech Republic rushed ahead in the 1990s, how the Baltic countries joined them, and why Slovakia and Slovenia seem to be the "exemplary transformers" today. In the ever-changing comparative schemes, a huge variety of development factors were tested, ranging from the pre-communist and communist past, through the geographical position of the countries to the composition of the political elites, factors whereby economic growth and institutional performance were carefully distinguished in many cases. The converging results in both areas, which have become apparent in the second half of the 2000s, greatly disturb the analysts. No matter if they had a "totalitarian" or "authoritarian" prehistory, no matter how they sequenced their transformation moves or to what extent they liberalised their economic systems, the countries of Eastern Europe show a clear pattern of homogenisation, reinforced also by accession to the EU in the past years.

To be sure, there are still path-dependent differences (cf. Slovenia's success story), some countries slow down or accelerate because of divergent ways of institutional change (cf. Hungary versus Slovakia), etc.. In addition, the current crisis may be causing new ranking orders in Eastern Europe. Nonetheless, it is difficult to find a country in the region today that could recommend, without second thoughts, any of its transformation moves as a "best practice", for instance, to the East Asian transformers of tomorrow. What Eastern Europe might rather offer is a large tool-box containing many of the above-mentioned techniques (ranging from the Polish shock therapy of the early 1990s to the Slovak reforms in the public sector in the middle of the 2000s); a tool-box that may alleviate *bricolage* in any future grand project of post-communist transformation in the world.