

Fall 12-31-1995

# Introductory Observations: Globalization and the Transition in Eastern Europe

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### Recommended Citation

Rutland, Peter (1995) "Introductory Observations: Globalization and the Transition in Eastern Europe," *Macalester International*: Vol. 2, Article 7.  
Available at: <http://digitalcommons.macalester.edu/macintl/vol2/iss1/7>

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# GLOBALIZATION AND THE TRANSITION IN EASTERN EUROPE

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Peter Rutland<sup>1</sup>

## I. Introduction

Everyone agrees that globalization is an increasingly prominent feature of life in the late twentieth century. Globalization is taken to mean the spread of economic, political, and cultural processes which transcend national boundaries and which tend to produce convergence toward a homogeneous global culture. The collapse of the socialist order in Eastern Europe and the subsequent efforts to create “market democracy” in the former socialist countries are seen as yet more evidence of the onward march of globalization.

But what, concretely, does globalization mean? What exactly are its political and economic ramifications? Is it good or bad for human society, or somewhere in between? How are the costs and benefits of globalization distributed between different countries and between different groups in society? To what extent can human agents alter the process?

To answer these questions, it may be useful to begin with a taxonomy of features of globalization. Too often, proponents of globalization commit the sin of synecdoche—of taking the part for the whole. “McDonald’s” or “Hollywood” is taken as standing for the entire process of globalization. The real situation is more complex—and more ambivalent—than these debates often suggest. “Globalization” connotes a complex range of economic, political, and cultural processes that may or may not be connected into some sort of unified paradigm. A central purpose of this paper is to sort out precisely what we mean when we talk about globalization by attempting to develop a taxonomy of its features.

A second general problem with the globalization thesis is the failure to pay sufficient attention to historical periodization. Modernity and postmodernity are inextricably intertwined, but it is not clear whether the globalization of the postmodern era is really more profound and destabilizing than was the globalization that took place during the last century. Some processes of globalization, such as the spread of international trade, date back to the sixteenth century and, arguably, peaked during the nineteenth century. During the last century, urbanization and industrialization transformed daily life, communications technology (i.e., trains, steamships) took a giant leap forward, and Western technology and products broke into one society after another around the world.

Is the current phase of globalization really as significant as that which occurred one hundred years ago — or is it a mere aftershock of the earlier cataclysm? For example, rather than representing a new and higher stage of globalization, the current absorption of Eastern Europe and Russia into global society could be seen merely as the completion of the late-nineteenth-century spread of industrial capitalism that had been so rudely interrupted by the October 1917 Revolution. The Western *Weltanschauung* still seems dominated by the belief that our society is uniquely modern. (This in itself proves that we are still trapped in the age of modernity.) We find it hard to conceive of the nineteenth century as essentially “modern,” given that it was an age when people still told time with pocket watches and traveled by horse-drawn carriage. And yet, many of the core features of globalization were, in fact, present one hundred years ago and were accurately described in the works of Karl Marx and other observers of the new industrial age. (Marx’s predictions and prescriptions were, of course, less persuasive than his descriptions.)

## II. Toward a Taxonomy of Globalization

### A. Economic Features of Globalization<sup>2</sup>

What does it mean, in economic terms, to say that a country is being increasingly exposed to the global economy? Globaliza-

tion is usually associated with some or all of the following economic developments:

- The spread of market institutions and policies: the privatization of state-owned industries, efforts to shrink government spending, reduction of government regulations, and the rise of banks, stock markets, insider trading, etc.
- A rise in the proportion of Gross Domestic Product that is traded internationally.
- Increased dependency on foreign markets, including such negative features as unfair terms of trade and exposure to severe fluctuations (e.g., in commodity prices).
- An increase in long-term direct foreign investment (DFI).
- Increased activity of transnational corporations (TNCs) selling their products and operating joint ventures.
- An increase in short-term capital flows, either portfolio investment or speculative transfers gambling on exchange rate changes. This phenomenon exploded in the 1980s with the erosion of capital controls and the spread of electronic banking.
- Growing international indebtedness, leading to the chronic burden of heavy interest payments and the periodic eruption of debt crises.
- An increased role of international financial institutions, such as the IMF and World Bank, setting rules for trade regimes and imposing conditions to release new loans.
- A shift in economic activity from goods to services, and from large goods (e.g., railways, automobiles) to small, easily transportable goods (e.g., VCRs, computers, movies, software).
- An association with growing inequality, both between nations and within nations.

Globalization is usually seen as driven by economic factors (a legacy of the Marxian schema of base and superstructure). However, it is also accompanied by profound political and cultural changes, including those detailed below.

### **B. Political Features of Globalization<sup>3</sup>**

- The erosion of national sovereignty formerly enjoyed (supposedly) by the independent nation-state.
- Inability to select an independent macroeconomic policy to suit the conditions of a given economy.
- Widespread adoption of democracy and respect for human rights (the most extreme expression of which being Francis Fukuyama's *End of History* thesis).<sup>4</sup>
- The collapse of legitimacy of political systems that offer an alternative to democracy (e.g., fascism and communism). Holdouts against this trend include Islamic theocracy as seen in Iran and Algeria, and East Asian paternalism such as that of Singapore.<sup>5</sup>
- The rise of regional blocs (military, economic, and political), the European Union and NAFTA being paradigmatic cases.
- The rise of multinational institutions such as the UN and OSCE (Organization on Security and Cooperation in Europe) to try to fill the gap caused by the hemorrhage of national sovereignty.<sup>6</sup>
- The rise of transnational institutions (i.e., nongovernmental organizations) that occupy the interstices within the multinational governmental agencies.

### **C. Cultural Features of Globalization<sup>7</sup>**

- Homogenization of lifestyle and values.
- Convergence on a U.S.-style pattern of mass consumption (e.g., McDonald's) and the social values that go along with it —materialism, individualism, instant gratification, etc.
- The spread of mass, long-distance tourism.
- A renewed surge of migration from the Third to the First World, creating ethnic enclaves in almost every advanced Western society.<sup>8</sup>
- A reverse flow of influence from periphery to core countries — stronger than that which also occurred during the initial phase of imperial expansion. This manifests itself in the rise of "multiculturalism" and uncertainty about the cultural distinctiveness of individual nations.

- The commercialization of cultural difference (ethnic clothing, artifacts, restaurants, and even lifestyles and religions).
- Further deterioration in the social role of women as new demands are placed upon them while new opportunities open up for men.
- The renewed spread of new transnational religious cults, most notably U.S.-born Pentecostalism, which is set to overtake Catholicism as the world's largest Christian church by the year 2010.<sup>9</sup>
- A growing concern for personal health and the environment, both of which are heavily commercialized but also tied to the spread of social organizations such as Alcoholics Anonymous and Herbalife.
- The arrival of new forms of communication that undermine the former nation-based political and commercial controls over the media. The radio, photocopier, and LP were followed by the audiocassette tape, mass air travel, VCR, fax, satellite television, and now the Internet.
- More often than not, the values disseminated through these media are those of Hollywood. In European cities, most cinemas are showing American movies, and their television stations are steadily filling up with American soap operas. In the Third World, many villages acquire battery-powered televisions even before they receive electricity and running water.

### **III. Reflections on the Globalization Thesis**

This section explores several of the ambiguities and contradictions of the globalization thesis in the East European context.

#### **A. Is Democracy Possible in a World without Nations?**

These globalization processes are deeply contradictory. The paradoxes of globalization are most clearly seen with regard to two central political institutions: the nation-state and democracy. Globalization is believed to involve both the rise of democracy and the demise of the nation-state. And yet, how can democracy express itself if not through the representative insti-

tutions (e.g., parliaments, presidents) of the nation-state? In reality, there is no democracy in the global village any more than there was in the feudal village.

Globalization needed — and to an extent, still needs — the nation-state. The nation-state flowered in the nineteenth century as the ideal vehicle for the spread of industrial capitalism. Universal education, conscription, and suffrage emerged almost simultaneously and were fused together by the phenomenon of nationalism.<sup>10</sup> The nation-state emerged as the basic building block of the modern world political system at precisely the same time that economic globalization was drawing in more and more of the world's population. The nation-state seemed to be better equipped than rival political forms such as the city-state and the multinational empire to provide the political and economic functions that global marketization required. Michael Mann has analyzed this role in terms of despotic functions (e.g., providing internal law and order, and waging successful wars against other states) and infrastructural functions (e.g., providing the public goods necessary for a market to function: coinage, transport, legal system, health care, etc.).<sup>11</sup>

However, in the late twentieth century, the nation-state has become less able to carry out these functions effectively.<sup>12</sup> Consider the state's despotic functions. More and more the state is powerless to provide domestic security, which is increasingly provided by private means, involving everything from physical relocation to secure areas to the rise of private security services. Meanwhile, war has become increasingly irrelevant to the dominant powers. Two of the leading industrial states, Japan and Germany, have not used military force for fifty years. Even the U.S. is profoundly wary of involving itself in a large-scale military conflict (the Vietnam syndrome), and in 1972 it discarded the cornerstone of the modern nation-state: universal male conscription. Military force has, in a sense, been "privatized" into the hands of a small macho-techno elite. Where would Rambo be without his helicopter and laser-guided bombs? The same place John Wayne would have been without his Colt or Winchester.

The prognosis for the nation-state is equally gloomy with regard to its infrastructural functions. The features of economic globalization enumerated above make it clear that the nation-

state's capacity to regulate macroeconomic processes, particularly financial matters, has become extremely constrained.

However, while globalization has weakened the functional capacity of the nation-state, it is also held to involve the spread of democracy as the only legitimate form of political organization. Over the past twenty years, the number of nations that are classified as democracies (in the Freedom House survey, for example) has risen from one-third to two-thirds of the world's countries.<sup>13</sup> And yet, just when more and more people have won the power to select their political leaders through the ballot box, those leaders find themselves hostage to transnational economic and cultural forces over which they have less and less control. As the people stormed the gates of parliaments, real power quietly stole out the back door. The triumphant crowds of 1989 found themselves in a situation akin to Dorothy in the *Wizard of Oz* when she discovered that the ruler wielded nothing more than a megaphone behind a curtain.

Thus, the newly elected leaders of the Eastern European democracies found that their capacity to select economic, cultural, and political policy was severely constrained. If true, this erosion of substantive decision-making power in modern democracies could help explain an important, distinctive feature of the new democracies of Eastern Europe: the weakness and fragility of their political parties. In Eastern Europe, ideological debates over the correct economic policy seemed to be redundant. The IMF indicated how to draw up a budget, and the World Bank advised which economic sectors to invest in and which to close down. There seemed to be little enthusiasm for public debate over the sort of controversies over which Western political elites have divided themselves in the postwar era — state regulation vs. the free market, Keynesian interventionist vs. monetarist abstinence. In the absence of significant differences over policies or values, why should citizens become committed to rival political parties? And yet, can a modern democracy function without political parties that have some mass membership, or at least mass allegiance, among the voting public? How else are public interests to be aggregated, parliamentary candidates selected, and so forth?

## B. Is There Convergence toward a Homogeneous Lifestyle?

One can only be astonished at the speed with which U.S. products have spread throughout Eastern Europe. Within five years, the store shelves and kitchen closets of Eastern Europeans have been transformed. (Some more than others, of course, since one of the central features of marketization is social differentiation.) However, this section will argue that the massive influx of Western consumerism may not actually signify the convergence toward a homogeneous lifestyle that some proponents of the globalization thesis suggest.

After the 1989 revolutions, the first Western products to arrive were items such as chewing gum, cigarettes, soda, candy bars, movies, washing detergent, and toothpaste.<sup>14</sup> Why did these goods make up the first wave of the invading army of Western consumerism? The fact that these goods were physically compact and durable meant that it was easy to load them onto a truck and import them into Eastern Europe. These products conferred high status because they were Western imports. They were of better quality than the domestically produced equivalents and more attractively packaged. They were promoted through aggressive marketing campaigns, something to which Eastern European consumers had hitherto barely been exposed. The Western connection was the key marketing tactic, with products often carrying a Western name — chewing gum called *Hollywood*; cigarettes called *West* (whose advertising slogan was “Test the West”), picturing the omnipresent Marlboro Man; and even *Head and Shoulders* sold under its American name. (Try to imagine an American pouring something labeled *Hlava a Ramena* on his head.) Although these Western imports were more expensive, individual units of these goods were affordable and within the budget of the typical family (despite the fact that real incomes were falling and average wages in Eastern Europe are in the range of 100 to 400 American dollars per month<sup>15</sup>).

Within a few years, Western firms had found domestic sites to manufacture these products within Eastern Europe in order to cut costs. Typically, Western tobacco companies have been the largest single investor in each former socialist country. Western firms went on to set up more sophisticated distribution net-

works and began to tailor their advertising to take into account national cultural differences. At the same time, domestic producers began to improve quality, packaging, and marketing; but in most product areas, they had already irretrievably lost former markets to their foreign competitors.

The visibility of the second wave of Western products then started to increase. These are the more expensive products or those requiring more infrastructural investment and more entanglement with local legal systems. They are often targeted on the small but growing group of wealthy consumers rather than on the mass market. The second wave includes fast-food restaurants, retail stores, consumer durables manufacturing plants, and financial services.

This consumer onslaught has been accompanied by a growing social prominence attached to money. Old social-status hierarchies — the political power of the communists, the cultural stature of the intelligentsia, the moral authority of the dissidents — have been supplanted by the brash street visibility of the nouveaux riches with their Mercedes Benzes and cellular phones. If there is one single factor that encapsulates the process of globalization, it is the increased prominence of the role of money.

Money cuts across the economic, political, and cultural features of globalization. It is obviously central to the economic dimension. However, it is also dominant in the political arena. Political leaders appeal to potential voters over pocketbook issues. The Right promises future prosperity from marketization, while the Left promises continuing subsidies to protect current living standards. Given the dearth of real ideological differences between the political parties, access to cash to fund U.S.-style media campaigns is an important factor in electoral success. (Observers of Russia monitor which private bank is funding which political party with the same attention they used to devote to who stands next to whom on top of Lenin's mausoleum.)

Left-wing parties have generally been more successful than right-wing parties at appealing to these pocketbook issues—one of the apparent paradoxes of transition that should alert us to the contradictions of modernization. The major exception to the leftward trend in Eastern European elections since 1992 has been Václav Klaus's Civic Democratic Party in the Czech Repub-

lic, which was able to launch a mass coupon privatization scheme just one month before the June 1992 parliamentary elections.<sup>16</sup> Under the scheme, 95 percent of the adult population collected coupons with which they could bid for shares in privatized firms. Investment funds sprang up, offering up to \$500 for each coupon booklet. As finance minister in the outgoing Civic Forum coalition government, Klaus made sure that his name appeared on every privatization coupon. The message was clear: "Vote for me if you want the coupon privatization to continue, so that you can make some money on your coupons." His party won the election and formed a governing center-right coalition that has been the most stable in Eastern Europe. (They also had the nerve to put onto the new 200-crown bill an image from one of their campaign posters — that of a child's hand touching an adult's.)

What of the cultural impact of the rise of money? It is emblematic that one of the most popular new Czech television shows is *Televizni Bingo*, a weekly ritual in which millions of families buy a bingo card at \$1 each, and check off numbers simultaneously with a live studio audience and a cluster of well-known personalities. The imagery is none too subtle, and makes *Jeopardy!* look like an Oxford Union debate. The camera zooms in on a bill-counting machine on the stage, which produces thick wads of 100-crown (\$4) bills, that are presented to winners in the studio audience.

Thus, there is plenty of evidence for the casual observer to conclude that Western consumerism is triumphantly rampaging across Eastern Europe. However, appearances can be deceptive, and the underlying reality is more complicated than these initial impressions suggest.

First, note that the crass materialism of *Televizni Bingo* goes beyond anything one sees in the West. It is, in fact, a uniquely Czech event. The leading personalities who take part in the proceedings are Czech and would be totally unknown to a Western audience. The same process of "customization" of Western values can even be seen in the case of the television soap operas (from *MASH* to *Chicago Hope*) that are filling the screens of Eastern Europe. These programs are dubbed into the native languages — a complex operation requiring emotional range in one's voice and skillful timing to coincide with the mouth move-

ments of the original actor. Czech dubbing actors become well-known personalities in their own right — the actor who dubs Clint Eastwood, for example — and are featured on talk shows.

Second, one should bear in mind that materialist values did not land in Eastern Europe only in 1989; they had deep roots in the pre-1989 era. Sociological surveys of the mid-1980s show that socialism had implanted materialistic and individualist values in much of the region's youth. Their life goals were marriage, family, and the acquisition of key possessions, e.g., television, house, car, and travel—not that dissimilar to those of their colleagues in Western Europe. The difference was in their ability to realize these goals. The socialist era has left a distinct imprint in consumption patterns, which means that daily life in the East is still quite different from that in the West (e.g., closer ties within the extended family, low geographical mobility, different work habits, more prevalent ownership of country *dachas*, etc.).

This leads to the third point: that the wider circulation of certain U.S. products does not mean that we are all on the slippery slope to total cultural homogenization. Cultural differences still matter even between one Western European country and another, and even more so between Europe and America. (Consider, for example, the contrast between U.S. and German store hours on the weekends. Whereas most stores in the U.S. are open for all or most of the weekend, German stores typically close by 2:00 on Saturday afternoon and do not re-open until Monday morning.) Nobody would deny the cultural distinctiveness of Japan, or suggest that some inexorable process of cultural convergence between Japan and America is underway. And yet, Japan has been a key player in economic globalization, not only in the sheer volume of trade but also in technological-cultural innovations such as the Sony Walkman (developed for those long subway rides). Hong Kong gave us not just cheaply assembled gadgets, but also the kung fu movie.

Thus, globalization is a two-way process, or, more exactly, a multidirectional process. Viewed from Washington or New York, globalization may appear to be the unidirectional dissemination of American culture. However, appearances can be deceptive. For every McDonald's opened in the Third World, there has been a Chinese restaurant or a Taco Bell in the U.S.

Britain brought railways and (eventually) democracy to India, but with the subsequent flow of migrants from the subcontinent, Britain has, in return, changed its diet and accelerated the secularization of its schools in the last ten years. As Eastern Europe expands its connections with the global economy, it will do so on its own terms and will make its own contribution to the culture that emerges within its borders and beyond.

#### **IV. Responses to the Challenge of Globalization**

The general response of intellectuals to globalization has been to see it as a threat and to move quickly to a discussion of strategies to cope with the threat. As the reader will have gathered from the preceding argument, the author believes that we need to study more carefully what, precisely, globalization entails before we jump to the conclusion that it is dangerous and/or undesirable. However, it may be useful to summarize three general responses to the perceived challenge of globalization. The first two tend to dominate debates on the subject. The author is a cautious advocate of the third strategy.

##### **A. Autarky**

Autarky has been a repeated response of rulers (less so of peoples) to the challenge of globalization from the Chinese Middle Kingdom onward. However, it is very difficult to seal off one's country from the globalization process. This century's greatest experiment in autarky — socialism — came crashing down between 1989 and 1991, and the edifice is crumbling in China. Only North Korea survives from that era, and in its waning years, even Pyongyang will run on oil and nuclear power provided by Uncle Sam, courtesy of the U.S. nuclear nonproliferation policy.

Iran is the most recent example of a country that made a determined effort to turn back the twentieth century. The 1979 revolution was clearly a revolution against the West. It is typical of the global era, however, that the revolution itself was the product of modern technology. Khomeini's sermons, taped in his Parisian exile, were smuggled back to Iran and spread underground. Since 1979, Iran's leaders have tried to turn back

the Wheel of History, including condemnation of the influence of the Great Satan, support for terrorism against the forces of globalization, and seclusion of women from the public eye. Young Komiteh zealots stage house raids in Teheran suburbs to check the video collections of Teheran's middle class. And yet, the bazaars continue to import color televisions and VCRs. How long can the ayatollahs sustain this struggle against modernity?

Autarky does not work for two reasons. First, it tries to stop certain forces dead in their tracks, an approach reminiscent of King Canute ordering back the tide.<sup>17</sup> Second, it relies upon some of the very instruments of modernity, such as the police state and the oil industry in the case of Iran, to halt the spread of globalization. This unleashes contradictory forces within society and within the state apparatus itself. Rather than solving the problem, it imports and intensifies the contradictions of globalization.

## **B. Self-Determination**

Globalization has few political friends. Conservatives, of course, see it as a challenge to traditional values and national identity. However, with few exceptions, Western liberals are also critical of globalization. (Libertarians, in contrast, almost universally welcome its embrace.)

Despite their hostility to globalization, Western liberals retain their belief in the power of progress; they believe that history is still on their side and try to expose the silver lining of the dark clouds of modernity. They preach an essentially universal creed and welcome the spread of democracy and respect for human rights. (However, liberal concern for the niceties of multiculturalism gives way when confronted by hard choices such as whether to condone East African clitorectomy.) Liberals salute the demise of the nation-state, arguing that it was the vehicle for war and oppression. They are enthusiastic about the expansion of international communication (Internet rather than Hollywood), and see the spread of transnational nongovernmental organizations (NGOs) as an opportunity for the creation of a new, international civil society.<sup>18</sup>

However, liberal critics of globalization are naïve if they imagine that they can benefit from the erosion of the nation-

state. Democracy presupposes that one can identify the *demos* (people) who are to exercise self-rule. The related concept of human rights presupposes a framework of laws that define these rights, a body of citizens who enjoy those rights, and a set of (sovereign) institutions that can protect and implement them.

Democracy entails sovereignty over a given territory, and the historically developed institution for the definition of territorial sovereignty is the nation-state. If one does not take the existing system of nation-states as a given, then one opens a Pandora's box for the redefinition of who constitutes the authentic people. The most obvious criteria for defining the people are ethnicity and religion; and events in Yugoslavia, Tajikistan, and Algeria have shown that such disputes do not reach an easy consensus and can quickly turn violent.

Without the nation-state, the communitarianism that liberals advocate will be unchecked by the need to establish rules for mutual coexistence. The communitarians offer a community of citizens with rights, but without duties. The civil society that is emerging in the era of globalization is the civil society of non-state actors who, in many cases, refuse to accept the constraints that nation-states traditionally imposed—from religious sects to criminal mafias.

Western liberals also seem to have been wrong-footed by internal political developments in Eastern Europe. In the 1980s, they argued that a civil society of autonomous social movements was growing up from below, as evidenced by the various dissident movements and above all by Solidarity in Poland. However, once the shell of communism cracked in 1989, the institutions of the underground civil society were quickly marginalized and have generally played a very weak role in the transition to capitalism and democracy. Key actors of the old civil society movement (such as dissidents, the cultural intelligentsia, and even industrial workers) have been severely weakened—economically, politically, and psychologically—by the onset of globalization and the spread of market forces. They have not been very successful at finding a place for themselves in postsocialist society.

## C. Customization

Globalization is universally experienced but does not produce universal results. As any teacher knows, the same lectures and readings can be interpreted very differently by a given body of students. The spread of a given array of consumer products does not necessarily mean the spread of a corresponding set of values. If one goes to Canada, for example, one finds that the “hardware” of everyday life, from coffee pots to cars, consists of U.S. standard products. However, any visitor soon realizes that the texture of social interactions—the “software” of daily life—is quite different. This holds true for both Quebec and Anglo-phone Canada.

Thus, global trends are always experienced in a given location and fuse with local specificities. Global forces are filtered through the “prism” of local conditions, to use Fred Riggs’s metaphor (coined in the 1960s with reference to the possibility of developing a universal science of development administration). In other words, there is still some life in the old bumper sticker “Think global, act local.” Rather than acting in a Canute-like fashion, Eastern Europeans have independently learned to flow with the tide and to adapt globally available products, technologies, and values to their own inherited culture. This is not a problem-free process, nor is it one from which all — or even most — people will benefit. But the process is less unidimensional than globalization theory often suggests. Globalization is a heterogeneous — not homogeneous — process. Within each country, global trends are adapted to local conditions. Internationally, each country fits into the global economy and culture in a different way.

## V. The Transition in Eastern Europe

### A. The Politics of Hesitant Democratization

#### 1. *Eastern Europe*

How have these globalization trends played out concretely in the countries of Eastern Europe since 1989? On the political dimension, progress has been swift and positive. The revolu-

tions of 1989 were remarkable for their speed and their general lack of violence. Rarely has human history seen such a massive transformation in political order take place with so little loss of human life. This can be attributed mainly to Gorbachev's decision not to allow the use of force to hold together the socialist bloc in Eastern Europe. It can also be attributed to the ability of most Eastern European communist elites to read the writing on the wall and abandon the sinking ship of state socialism while there was still time to find a place for themselves in the new order. Some of the communist elites tried to gain a head start in the new game of electoral politics by creating new reformed socialist parties, and throughout the region, former *nomenklatura* officials proved themselves skilled in adapting to the opportunities of the emerging market economy.

Of course, the impact of the transition was not peaceful in all countries in transition. The southern arc of state socialism has been torn apart by a series of bloody civil wars and international conflicts: Yugoslavia, Abkhazia, Chechnya, Azerbaijan, and Tajikistan. Together, these conflicts have claimed well over 100,000 lives and show little sign of abating.

Before discussing the extent of democratization, it is worth spelling out what democracy means. The crucial features of democracy are threefold. First, there must be selection of leaders through competitive elections, i.e., elections where the chance exists that the incumbent government might lose. Second, there must be some degree of meaningful participation of the general public in this selection process. For example, in the eighteenth century, British governments were chosen through competitive elections; but it was not a democracy, since the electorate was less than 5 percent of the population. Third, there must be some institutional structure protecting individual and minority rights; a democracy that was a tyranny of the majority would clearly be undesirable.

The democratization that has taken place in Eastern Europe, with the exception of much of the former Yugoslavia, has generally been smooth and surprisingly successful. Looking at the region from the vantage point of 1995, it is easy to take the presence of democracies in Eastern Europe for granted, but one should remember the situation before 1989 and recall how difficult it was to imagine that democracy would become the normal

form of political system in the region. It is instructive to recall that a similar wave of enthusiasm greeted the first wave of democratization at the end of the First World War, but those democracies collapsed within a decade, save for Czechoslovakia, which survived until 1938.

In evaluating progress toward democracy, it is worth considering separately Eastern Europe (including the Baltic states) and the eleven other states that arose on the basis of the former Soviet Union. Beginning with East Europe, we find that the political transition has not been entirely problem-free.<sup>19</sup> There are both strengths and weaknesses in their progress toward democracy. Among the positive features is, first, the fact that the countries of the region have regained their national sovereignty, and, in some cases, they have established it for the first time. It is important to recall that domination by an outside power has been the main political problem for these countries through most of their history. Second, governments are selected as a result of free and fair elections, and some governments have been voted out of office. A common pattern in earlier waves of democratization (in postcolonial Africa, for example) was for there to be one free election in the wake of independence, after which the ruling party never allowed itself to lose an election. Third, the media are generally free of government control, although broadcast television remains in state hands. There is still one private broadcast television station in the region, in the Czech Republic; satellite television is rapidly penetrating the region, however. Unfortunately, the media are short of funds and have mostly sunken into crass commercialism. Critical and investigative journalism is weakly present and in need of further encouragement.

The rule of law is also an important component of democratization, and progress here has been modest. The court system is relatively independent from political influence and has played a limited role in exposing scandals and in judicial review of the constitutionality of the legislature's activities. However, the efficient operation of the courts is hampered by inadequate funding, bureaucratic delays, a shortage of judges, and the need to rewrite much of the legal code. Human rights are generally respected, although there are some tensions over the treatment

of Hungarians in Romania and Slovakia, Russians in the Baltic, and Gypsies throughout the region.

Apart from the presence of democratic institutions, it is also important to note the relative absence of threats to democracy. One of the most positive features of development since 1989, and one that is rarely discussed, is that the military plays a very marginal role in political life. This is important because a military coup is by far the greatest single threat to democratic stability, as is shown by the experiences of Latin American countries and by the Eastern Europeans themselves during the interwar period.

Similarly, the radical nationalist threat has failed to materialize. It is true that each country has acquired a lunatic fringe of extreme nationalist parties, garnering from 3 to 8 percent of the vote. However, such parties also exist in Western Europe, and what is significant is that no mainstream political leaders have chosen to follow the example of Slobodan Milošević in Serbia, who used virulent nationalism to build a populist movement. Slovak Prime Minister Vladimir Meciar is often accused of playing this game. Although he is a highly effective demagogue and the most popular individual leader in Eastern Europe among his own electorate, he has stopped short of provoking violence.

Despite these achievements, the newly established Eastern European democracies include some features that are less positive. The division of power between parliament and the president is poorly defined, leading to frequent constitutional crises (in Poland and Slovakia, for example). Local governments remain weakly developed, and local councils enjoy little power. A pervasive budgetary crisis means that governments are unable to perform some of the most basic tasks required of them, such as the provision of health care, education, and a social safety net.

One of the major surprises of Eastern European democratization has been the speed with which the euphoria of 1989 evaporated. Despite launching one of the most dramatic popular revolutions of modern history, the peoples of Eastern Europe quickly became disillusioned with the institutions of democratic rule. Each country in the region has seen increasing levels of voter abstention combined with low and declining levels of public confidence in all political institutions and leaders.<sup>20</sup> From

50 to 70 percent of the public express dissatisfaction with the democratic process in their country. The first wave of pro-reform coalition governments soon disintegrated, and in each country they proved unable to win a repeat election. Reformed ex-communist parties with a social democratic agenda emerged victorious in the second wave of free elections in nearly all the countries of the region. (The Czech Republic is an exception.) Ex-communist and peasant parties aside, the identification of voters with political parties is weak, and the political spectrum is fragmented into a multiplicity of contending parties. Rules setting a 4 to 5 percent cutoff for parties to get into parliament mean that from 10 to 25 percent of votes are “wasted” on parties that do not win representation. Typically, six to ten parties are represented in parliament, with no single party gaining more than a quarter of the votes. Complex and bitter political struggles revolve around the formation of coalition governments, further disillusioning the electorate.

Thus, contrary to the predictions of civil society theorists, a network of pluralist political institutions has been slow to take root in Eastern European society, and there has been much more continuity in the composition of political elites than was initially expected. It turns out that institutions can be changed faster than the social networks that determine the distribution of power within them. In almost all of these countries, individuals who constitute the political elite are drawn from the second or third rank of the old communist-era political elite. (“Rank” can be measured by age — thirty-something as opposed to sixty-something — and by institutional affiliation — academic institutes rather than Central Committees.)

Given the weakness of the development of civil society since 1989, one begins to wonder why these societies have pursued the path of democratization. It was hard to identify specifically the social groups pushing for democracy once the initial revolutionary enthusiasm had subsided. It seems plausible to suggest that the main force driving political transmission has not been political forces within the countries involved but the “international demonstration effect.” Eastern Europeans were persuaded that if they wanted to “return to Europe” (a popular slogan of Czech Prime Minister Václav Klaus) and to aspire to the living standards and freedoms of the advanced capitalist

countries, they would also have to adopt democracy. This argument was persuasive not just for the peoples of Eastern Europe, but also for the ex-communist political elites who were still running most of the countries in the region.

A further question mark over democratization is the resurgence of nationalism.<sup>21</sup> As noted above, radical nationalists have not managed to gain access to political power. However, in all the multinational countries in Eastern Europe, free elections involved parties across the ideological spectrum within each ethnic group, but virtually no parties managed to draw votes from more than one ethnic group. Moreover, the political transition involved the collapse of all three of the federal structures in the former socialist bloc — Yugoslavia, Czechoslovakia, and the USSR itself. Some will argue (with benefit of hindsight) that these federations were artificial concoctions that did not deserve to have a future. However, the loss of Czechoslovakia should give pause for thought, since it had been the proudest creation of international democracy in the post-World War I era. One cannot avoid the conclusion that democratization may exacerbate ethnic polarization in multiethnic societies. Also, the economic transition clearly amplified these fissiparous tendencies, since it had a differential impact on the various ethnic subunits of these federations. The richer and most Westerly-located regions — Slovenia, the Czech lands, and the Baltics — led the way in the breakup of the federations, since they saw the chance to gain from more rapid integration with the West.

With the collapse of the old socialist federations, the states of Central Europe are more ethnically homogeneous than at any time in history. Nevertheless, there are still sizable ethnic minorities rather uneasily awaiting their treatment at the hands of more or less democratically elected ethnic majorities. The largest minorities are<sup>22</sup>:

- Russians: in Latvia (34%), Estonia (30%), and Ukraine (22%)
- Serbs: in Bosnia (33%) and Croatia (12%)
- Albanians: in Macedonia (20%) and Serbia (17%)
- Croats: in Bosnia (17%)
- Hungarians: in Romania (11%) and Slovakia (9%)

## 2. *The Former Soviet Union*

While democracy has established a firm footing in Eastern Europe, its hold is much more tenuous the farther east one travels.<sup>23</sup> The breakup of the Soviet Union was caused primarily by a collapse in the old elite's will to rule rather than being the product of conscious action from below. Moreover, in most cases, the independence of the various republics was the result of decisions taken by their communist leaderships threatened by the rise of Boris Yeltsin in Moscow rather than a response to nationalist pressures. Mass nationalist movements really emerged only in the republics of the Baltic and Caucasus, and not in Ukraine, Belarus, or Central Asia. This means that, in contrast with Eastern Europe, democratization has been much weaker in the states of the former Soviet Union, where there has been much more continuity in the composition of the ruling political elite from the pre-1991 era.

The countries differ widely in the extent to which they managed to dismantle the old Leninist political system. In some (such as Ukraine and Russia), one saw the emergence of freely elected parliaments and presidents, and one has a sense that democratization is moving forward, at least in the sense that elections matter. In others, the political changes have been largely cosmetic, and the old elite retained the power under new labels (Turkmenistan, Uzbekistan, and Kazakhstan). However, even in the first group of countries, the "new" political elite is drawn from the old communist *nomenklatura*, although they were forced to abandon the ideology and organizational structure of the Communist Party of the Soviet Union. They have found it difficult to create a new set of values and principles to shape their political behavior and to establish new institutions to fill the vacuum caused by the demise of the Communist Party. Almost every country has created a powerful presidency combined with a weak but truculent parliament. Even more so than in Eastern Europe, the initial democratic opposition movements that sprang up in the late Gorbachev era lost popularity, were repressed, or merged into the political elite. In most countries, particularly the large ones, the central authorities have experienced a sharp decline in their capacity to exert their authority over the provinces (for example, when it comes to rais-

ing taxes). One has correspondingly seen a growing assertiveness by provincial elites, although this is not necessarily conducive to democratization.

In the former Soviet Union, even more than in Eastern Europe, one sees widespread public apathy and a very low level of social mobilization (as measured by strikes, protests, and membership in political parties and social organizations). This is surprising given the desperate economic situation in which many people find themselves. For example, one-third of the Russian population living below the state-calculated psychological minimum poverty line. The one issue around which mobilization takes place is ethnicity. There are some 160 or so ethnic conflicts currently brewing in the territory of the former USSR, with open violence in about 10 of them. Countries such as Tajikistan, Georgia, and Azerbaijan have at times slipped into anarchy on the scale of, say, Lebanon. This high level of actual or incipient violence is one reason why the military plays a very important role in politics in the former Soviet states. Civilian controls over the army are weak, and in contrast to Eastern Europe, the chances of a military coup are quite high, even in Russia itself.

## **B. Economic Transition: The Rocky Road to the Market**

The economic transition in East Europe was driven by two powerful elements — one spontaneous and the other the product of deliberate policy choices. On one hand, one saw the collapse of the old system of central planning and, in particular, the disintegration of the system of managed international trade within COMECON (a trade agreement between several Central and Eastern European countries). This triggered an abrupt fall in GDP that exceeded in magnitude that of the Great Depression of the 1930s. Second, this more or less spontaneous process of economic disintegration coincided with a deliberate effort by most of the region's governments to dismantle the remaining levers of central planning and introduce the institutions of a market economy. In assessing the economic transition, it is important to remember that the impact of economic collapse — what János Kornai has termed the “transitional recession” — has in many respects been just as important as deliberate policy choices.

Popular reactions to the economic transition have been torn between two poles: the lost past and the unrealized future. People are distressed at the upheavals that have resulted from the collapse of the old economy but are still hopeful that the market reform policies will succeed. Polls conducted by Richard Rose and others have shown that even people whose living standard has fallen dramatically since 1990 (which is most of the population) still broadly support the process of market reform and nurture the hope that in five years' time they will see some positive results. The social impact of economic transition has appeared in a fall in real wages of 20 to 40 percent and a rise in unemployment from almost 0 to 10 or 15 percent (although it has stayed at 3 percent in the Czech Republic). These countries were among the most egalitarian in the world prior to 1989, at least in terms of social and economic indicators (as opposed to political power). The transition to the market has brought about a sharp increase in social inequality. The value of pensions has fallen and new groups of poor have been created, while a new business class has quickly emerged. It seems clear that the benefits of transition will be sharply differentiated according to social group. There will be clear winners and clear losers, each amounting to 10 or 15 percent of the population, and a large group in the middle.

Many social services (such as health care and education) have deteriorated, and the general uncertainty about the future seems to have increased social stress. Suicide rates are up and birth rates are down. Many of these negative consequences have had a disproportionate impact on women. Women are often the first to be fired, and they suffer disproportionately from cutbacks in social welfare (such as the provision of kindergartens). Most countries have not seriously liberalized the housing market — rents in state apartments are still tightly controlled — so homelessness does not yet seem to be an acute problem.

However, not all the consequences of market transition have been negative. On the positive side, people enjoy more freedom than before — freedom to travel, to change their place of residence, to change jobs, and to buy what they want. Although the data show that average real wages have fallen in every country, statistics also report rising sales of consumer durables such as VCRs, washing machines, and cars, not to mention holidays in

Tunisia. So, people's incomes are going down but their wealth is going up! This apparent paradox may be due to a surge in unreported income from the informal economy (including money transfers from abroad), the sale of assets, or a pooling of earnings by family members. Consumption patterns have also changed. Changes in price structure have caused a sharp decline in the consumption of some items such as meat, while new products have appeared and, apparently, have found a robust market. They range from tropical fruit juices and disposable diapers to "gutbuster" exercise machines advertised on television. (Yes, direct marketing has discovered Eastern Europe.)

Overall, the changes seem to be more attractive to the younger generation, who will be able to take advantage of future opportunities, than to older people, who may find it too late to acquire new skills and adapt to new circumstances. In any event, people seem to be responding to the social challenges of transition in an individualist manner. They are coping with the transition primarily by adapting their behavior at the level of the family rather than through collective action (in political parties or labor unions, for example). As in many social formations, the family seems to be the great social shock absorber. Fortunately, the Eastern European family seems to have survived socialism in fairly good shape, perhaps even better than its Western European counterpart. (This seems to be true despite, for example, the high levels of divorce.) Perhaps the only real form of collective activity that has surged since 1989 has been religious groups and some leisure-related associations.

### **C. The Stages of Economic Reform**

A consensus rapidly emerged among Western economists that the creation of market capitalism in Eastern Europe would require the pursuit of liberalization, stabilization, and privatization.<sup>24</sup>

Liberalization involved freeing economic activity from state regulation, such as price controls, export licenses, and restrictions on creating private businesses. It has been introduced to some degree in almost all the economies of the region. Most prices have been freed (rent and utilities being the major exception), restrictions on private enterprise were lifted, and barriers

to external trade were lowered. In all countries where it was attempted, liberalization proved quite easy to implement and triggered a boom in street-corner entrepreneurship and a visible change in the economic life of the country. Poland led the way by lifting price controls in January 1990 (the “big bang”). Liberalization was relatively easy to achieve because it meant doing less of something — regulating the economy — and could be done quickly, almost with the stroke of a pen. This left no time for interest groups potentially harmed by liberalization to mobilize. The “shock therapy” launched in Russia in January 1992 brought only partial liberalization, however, since industrial lobbies managed to block the freeing of energy prices, and the government continues to regulate oil and gas exports, which are the backbone of her foreign trade. Ukraine and the Central Asian countries saw only limited liberalization of domestic prices and foreign trade.

Stabilization involves achieving balance in the monetary and fiscal flows of the economy. This means bringing price inflation down to manageable levels (preferably less than 20 percent per year), holding currency at a stable exchange rate, and attaining a government budget deficit of less than, say, 5 percent of the GDP. Stabilization usually necessitates cuts in real wages and in government spending. These are necessarily painful decisions, but governments came to realize that failure to stabilize their economies would, in any case, produce these negative economic consequences at an even higher level. The slump in economic activity made stabilization very difficult to achieve, since tax revenues collapsed and governments were unable to avoid printing money to cover their spending. Even though living standards fell and cost-push inflation was minimized through wage controls, most Eastern Europeans remain saddled with inflation in the range of 20 to 50 percent. Only the Czechs and Estonians have been able to hold their currencies constant against the dollar and the German mark since January 1991 and June 1992, respectively. The Estonians managed this by creating an independent central bank (with a currency legally tied to the deutsche mark); the Czechs, by electing a fiscally conservative government.

There was less political resistance to stabilization than many observers had expected. After all, IMF-sponsored stabilization

programs in the 1980s had triggered a wave of riots, strikes, and coups throughout the Third World. The reason for the low level of overt resistance in Eastern Europe is that many of the potentially powerful economic groups with an interest in continuing government subsidies (i.e., the old industrial sector) were psychologically disempowered by the collapse of communism and practically disarmed by the collapse of the party-ministry structures through which they had been organized. In only a few cases were vibrant and organized interest groups inherited from the *ancien régime*. (The Polish and Hungarian trade unions are obvious examples.) Surprisingly, peasant parties proved to be highly effective in some countries in using the new legislatures to lobby for farm subsidies. They were helped by the relative homogeneity of the peasants as an interest group.

Privatization has proved more difficult to achieve than liberalization or stabilization.<sup>25</sup> Unlike the first two policies, privatization required positive action from the government: breaking up companies, seeking new owners, transferring assets, and closing nonviable operations. Privatization could not but involve resource allocation decisions between rival social groups, which has led to parliamentary deadlock (e.g., Slovenia and Estonia) and to interference from the judicial branch (e.g., Hungary). Politicians could try to persuade the public that liberalization and stabilization were necessary for the good of society as a whole in the sense that they would provide universally accessible public goods, stable prices, the right to buy imports, and a usable currency. Privatization, by its very nature, involves the creation of a new, and presumably narrow, class of property owners.

Thus, although all the countries in transition proclaimed their commitment to privatization as a general goal, few of them have actually been able to implement a mass privatization policy transforming a significant section of their economic assets. Almost all the countries freed up the rules governing small-scale private enterprise and allowed some privatization of small units in retailing and public services. But very few countries moved with privatization of land (Armenia and East Germany are the leaders here), and only a handful were able to carry through a property reform of large-scale industry.

Russia, the Czech Republic, Slovakia, and East Germany are the only cases where a significant degree of industrial privatization has occurred. Even Poland and Hungary, which had been the first to adopt stabilization measures and to open their countries to foreign trade and investment, found their large-scale privatization programs mired in political and legal controversy. The same was true of the Baltic countries and Slovenia, while the remainder (Ukraine, Romania, etc.) were slow even to get to the stage of proclaiming a program. The East German program succeeded because the German government was prepared to subsidize the costs of the program to the tune of \$100 billion a year. The Czech and Russian programs were successfully implemented because of political concessions to broad social groups. In each country, privatization vouchers were distributed to the general population, who used them to bid for shares in enterprises. (The Russian scheme was structured differently and favored worker buyouts.) Thus ordinary citizens felt that they were benefiting from the program—although, in reality in both countries, effective control over most assets was transferred into the hands of managerial elites. Most of the other countries are toying with voucher privatization schemes, which have become bogged down in political controversy and administrative confusion.

#### **D. The Pros and Cons of Shock Therapy**

Despite their confidence in their market prescription at the level of economic theory, Western analysts remained open-minded over the political feasibility of the transition to market. They were divided over whether speedy implementation of the transition package was politically feasible and whether the costs of doing so (in the form of an accelerated slump in output) would exceed the benefits as perceived by voters and established interest groups. There were two schools of thought on this issue. The “window of opportunity” school, represented by the 1990 Polish Finance Minister Leszek Balcerowicz, argued that a reform government had to move as quickly as possible so as to preempt political mobilization by the opponents of transition, i.e., the farmers, workers, and bureaucrats with a vested interest in preserving the old economic structures. The “consensus building”

school, represented, implicitly, by President Boris Yeltsin of Russia, took the line of building up a political coalition for reform by making concessions to key groups with the capacity to sabotage the reforms (most notably, the industrial managers). In practice, it proved easy to carry out speedy liberalization but very difficult to build the political coalitions required to make stabilization and privatization succeed.

The advocates of rapid economic transition did not go unchallenged. Skeptical economists of social democratic orientation advanced several persuasive arguments that have often been overlooked in the rush to the market. They first pointed out that capitalism had taken centuries to develop in the West, and it was unrealistic to expect market institutions to take root instantaneously—“Nescafé capitalism,” to paraphrase Carlos Fuentes. Second, they argued that it was unfair to tell the Eastern Europeans that they had no choice but to adopt Anglo-American-style liberal capitalism, since there are many different variants of capitalism in the contemporary world, e.g., state corporatism in East Asia, bank-dominated firms in Germany, the Swedish social market economy, etc. There was no justification in assuming that the Eastern Europeans would not develop their own unique synthesis of capitalist institutions with local cultural specificities. Third, they pointed out that the collapse of the COMECON trade system had plunged these economies into an old-fashioned depression so massive that it would have killed off even healthy firms in an established capitalist economy. Until demand in these economies recovered, there was little point in trying to pick winners or to expect to see viable firms emerge from the wreckage of the command economies.

However, these dissenting voices were unable to come up with a plausible alternative to “shock therapy,” and they were not able to influence the policy advice emanating from the international financial institutions. However, the skeptics sat tight on the left wing of the political spectrum within the various Eastern European countries. Many of them rose to political power with the second wave of elections in 1993–94 which brought social democrats to power in many countries of the region (e.g., Lithuania, Poland, Hungary, Slovakia, and Bulgaria). Ironically, however, once in office, many of them felt obliged to adopt the very stabilization policies that they had excoriated in opposi-

tion. Polish Finance Minister Grzegorz Kolodko is an outstanding example of this dilemma.

## **VI. Future Prospects**

In summary, the countries in transition can be grouped into three categories in terms of their rate of progress in economic transition.

The first group consists of the countries that can see a light at the end of the tunnel: the Baltics, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, and, perhaps, Albania. These countries all attempted to implement market reform policies fairly rigorously, and after experiencing two or three years of recession, they have begun to experience positive growth. Note that all of these countries are located on the Western rim of the former socialist bloc and are, thus, immediately adjacent to Western markets. Expanding trade with the West, leading ultimately to European Union membership, is a feasible goal for most of these states.

The second group are those countries that have started down the reform path but cannot yet see the end of the tunnel. Romania, Bulgaria, and parts of Russia would be examples. They have taken some steps to liberalize their economies although inflation remains high; they face a heavy burden of foreign debt; and their GDP continues to fall. One can imagine that if they hang on for a few more years, their economies might turn the corner.

The final group are those countries that are still in the tunnel and can hear a train coming at them. Reform efforts have stalled, and daily life has become a grim struggle for survival. Much of the vast territory of Russia falls into this category, as does Ukraine and most of Central Asia. Even in these countries, there are some signs of progress, such as a rise in private entrepreneurship and increased trade with the West, but it is hard to imagine these small positive steps lifting up the entire economy.

## **VII. Conclusion**

What lessons can Western observers draw from this complex and multifaceted experience? I would suggest three: unpredictability, interdependence, and heterogeneity. All three are

connected—it is the interdependence of heterogeneous nations that produces the unpredictability.

One trite conclusion is to expect the unexpected. Nobody predicted the collapse of state socialism in Eastern Europe or the vicious bloodshed in Yugoslavia. One cannot but conclude that similar unpredictable happenings might be just around the corner. The collapse of socialism is a sobering reminder that human history is dynamic and spontaneous, and it refuses to conform to the expectations of prevailing social thought.

A similar conclusion can be drawn from the dramatic changes that have been unleashed since 1989. No one expected radical market reform to spread as quickly as it did. Political scientists argued that there was no social constituency in Eastern Europe in favor of building capitalism, while there were many social groups already in place who would stand to lose from market reform (and lose they did). And yet, market reform was more or less introduced throughout the entire region, from Albania to Mongolia. This implies that developments at the level of the international system are more powerful than the particular coalition of forces within a particular country. It should also serve to remind us of the power of ideas, since it was the ideas of the market and of democracy that have been driving the transition more than concrete and tangible international forces such as military occupation or direct foreign investment.

Despite the presence of uniform trends, however, one should note that the various countries have preserved and even strengthened their separate identities in the process of market transition. Integration does not necessarily mean homogenization. Each country has adopted different combinations of the economic policy mix being offered. Where they have arrived at a similar result (such as stable inflation), it has usually been through the adoption of different policies and divergent political arrangements in comparison with their colleagues in transition. Even the international financial institutions have acknowledged that heterodoxy, rather than orthodoxy, is the order of the day in the selection of policy instruments.

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## Notes

1. Open Media Research Institute, Na Strži 63, Prague 4, Czech Republic, e-mail rutlandp@omri.cz.
2. Perhaps the most useful introduction to these debates is Jacques Attali, *Milennium: Winners and Losers in the Coming World Order* (New York: Random House, 1991). See also Robert Z. Lawrence, *Regionalism, Multilateralism and Deeper Integration* (Washington D.C.: Brookings Institution, 1995).
3. David Held, "Sovereignty, national politics and the global system," ch. 8 in his *Political Theory and the Modern State* (Oxford: Polity Press, 1987); M. Horsmann and A. Marshall, *After the Nation State* (London: HarperCollins, 1995); and John A. Agnew and Stuart Corbridge, *Mastering Space* (London: Routledge, 1995).
4. Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).
5. See, for example, Shintaro Ishihara, *The Japan That Can Say No* (New York: Simon and Schuster, 1991).
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8. Daniele Joly, *Refugees? Asylum in Europe* (Boulder: Westview, 1992); and S. Ardittis, *The Politics of East-West Migration* (New York: St. Martins, 1994).
9. David Martin, *Tongues of Fire: the Explosion of Protestantism in Latin America* (Oxford: Blackwell, 1990).
10. Bruce D. Porter, *War and the Rise of the State* (New York: Free Press, 1993); Charles Tilly, *Coercion, Capital and European States* (Oxford: Blackwell, 1992); and Anthony Giddens, *The Nation State and Violence* (Oxford: Polity Press, 1987).
11. Michael Mann, *The Sources of Social Power* (Cambridge and New York: Cambridge University Press, 1986).
12. This is particularly true of the new postcolonial African states. Robert H. Jackson, *Quasi-States, Sovereignty, International Relations and the Third World* (New York: Cambridge, 1990).
13. As reported annually in the Freedom House review. Raymond Gastil, ed., *Freedom in the World: Political Rights and Civil Liberties* (New York: Freedom House, 1994).
14. For the sake of space, this discussion concentrates on consumer goods and ignores industrial products — where Western firms have been equally energetic. Academic studies of East European consumerism have not yet appeared. The best source, therefore, is the business press, such as *Financial Times* and *Business Central Europe*.

15. *Central European*, June 1994: 46.
16. Peter Rutland, "Thatcherism, Czech style: Organized labor and the transition to capitalism in the Czech Republic," *Telos*, no. 94, (Winter 1992-93): 103-29.
17. To be fair to King Canute, he ordered his courtiers to carry his throne to the beach in order to prove to them that he was not omnipotent.
18. J. Jenson, "Claiming space: social movements and constitutional conflicts in an era of globalization," *Review of International Political Economy* (forthcoming, 1995).
19. Herbert Kitschelt, *Party Systems in East Central Europe: Consolidation or Fluidity?* (Strathclyde Studies in Public Policy no. 241, 1995); G. Wightman, ed., *Party Systems in East-Central Europe* (London: Edward Elgar, 1995); Stephen Whitefield, ed., *The New Institutional Architecture of Eastern Europe* (New York: St. Martins, 1993); and Geoffrey Pridham, ed., *Democratization in East Europe* (London: Routledge, 1994).
20. For the most systematic and sophisticated work on shifting values in East Europe, see the series of working papers produced by Richard Rose's Center for the Study of Public Policy (Strathclyde), e.g., *Trajectories of Fear and Hope*, no. 214 (1993).
21. Janusz Bugajski, *Nations in Turmoil: Conflict and Cooperation in Eastern Europe* (Boulder: Westview, 1993).
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25. John Earle, Roman Frydman, and Andrzej Rapaczynski, eds., *Privatization in the Transition to a Market Economy* (New York: St. Martins, 1993); and their *Privatization in Eastern Europe: Is the State Withering Away?* (London: Central European University Press, 1994).