The politics of interest in post-communist East Europe

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The demise of communism in East Europe means that politics must be constructed anew. Those who toppled the old regimes and have come to head the new ones like to assure people that political life will be organized completely differently from the way it's been organized in the past. Where civil society was subordinated to the state, now the state will be subordinated to society. Where politics ruled over markets, now markets will allocate resources. Where politics was largely the purview of the ruling party, now it will be open to all parties and interest groups. Where communism repressed particular interests, post-communism will embrace them. In short, where the communist system was state-centered, the new system will be society-centered.[1]

Yet these assumptions come up against the problem that so far the organization of civil society in the post-communist period has been surprisingly weak, while the state has maintained its strong position. Post-communist society seems to be marked by a peculiar relation between state and society, between politics and interests, that makes most society-centered models of politics, constructed as they were for market economies, particularly inappropriate. My aim in this article, therefore, is to examine how the particular organization of interests in communist and post-communist society shapes politics in the present.

This can help us explain what is the most dramatic, and for many the most depressing, development of the post-1989 period: the failure of liberal politics. Observing this phenomenon during a four-month stay in Poland in the spring and summer of 1990 is what provided the initial impetus for this article. I observed what would become a familiar scenario of post-communist politics, as the political liberals who had been leaders of the triumphant opposition found themselves being pushed aside, denounced, and marginalized – and with astonishing

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ease. But what first seemed quite astounding soon began to seem natural and even inevitable. I expected the same to happen in other post-communist countries, and I did not have to wait long to see these expectations confirmed. I did not fully understand why this was happening, but I felt that if the same pattern was occurring in a number of places, the causes had to be systemic and structural, and so I decided to look there.

I wanted to try to figure out the apparent connection between moves toward economic liberalism, on the one hand, and tendencies for political illiberalism, on the other. The category of interest seemed best able to do this. Economic liberalism demands thinking in terms of interest. Post-communist governments promoting economic liberalization used this new category with enthusiasm. Yet the political response of much of the populace showed a clear unwillingness or inability to think in this way. As liberals pleaded for a society and a polity organized around competing interests, voting patterns and opinion polls showed no clear attachment to economic interests. Everyone favored "the market" (i.e., not communism), but no social groups seemed to organize, politically or economically, the way market-based interests organize. Political solidarities built around interest had taken a back seat to solidarities built around identity, and in battles based on identity liberals can compete only at times of generalized prosperity, which is not how the post-communist era can best be described.[2] Understanding the weakness of post-communist civil society, and the consequent weakness of liberalism, seemed to require exploring the *structure of interests* characteristic of post-communism. This is an exploration, therefore, of Eastern Europe's politics of interest.

As to the crisis of political liberalism, it is hardly necessary to delve into the already numbing list: every day brings us additional news of the degeneration of the old communist world into an arena of ethnic rivalries, witchhunting, chauvinistic nationalism, and other sorts of frantic self-assertion, whether it is war in Bosnia or Azerbaidjan, clericalization in Poland or Slovakia, attacks on gypsies in Hungary or Romania, or witchhunting former bureaucrats in Berlin or Prague. These are all signs of a world marked by fear more than hope. They are also signs of a politics based on the search for identity rather than on the recognition of interest. The two dichotomies are connected. Those most susceptible to the pull of illiberalism are those who search for something solid to hold onto at a time when their economic status is declining and it is no longer clear where they fit in anymore. Those who

know where their interests lie and could believe that collective organization could improve their status would be more supportive of a liberal arrangement that seeks to address these specific interests. The problem is that post-communist society does not provide a clear sense of interests. Liberalism is failing, but not because ordinary folks are not living up to the demands of freedom, as frustrated liberal intellectuals like to say.[3] Rather, I argue here that there is a *structural* basis for the weakness of liberalism and for the general weakness of post-communist civil society. I show that the weakness of liberalism is due to the particular socioeconomic conditions in which post-communist society is embedded and the particular socioeconomic structure from which it has emerged.

Civil society in post-communism

Let's begin with the apparent paradox: the continued weakness of civil society in the post-communist era. For if one thing had seemed clear, it was that the post-communist period in East Europe would be marked by an explosion of civic association and new interest representation. "Civil society," after all, had been the democratic (and revolutionary) password of the opposition since the mid-1970s. Many of its theorists came to power throughout the region after 1989. Indeed, recent Western interest in this category comes as a direct result of its revival in East Europe.[4] Earlier moments of freedom, such as the Prague Spring of 1968 and especially the Solidarity period of 1980–81, provided evidence of widespread popular interest in social organization, as people took the opportunity (and the time) to join movements, attend rallies, sign petitions, take part in meetings, produce newsletters, elect representatives, and in general to participate in the recreation of a public sphere that became the envy of participatory democrats throughout the world. Given that these previous attempts to organize independently were crushed by force, it seemed natural to expect that if and when civic freedom were fully guaranteed, institutional representation for different interests in civil society would develop rapidly. It was hard to conceive of a non-communist East Europe, and particularly a non-communist Poland, without a thriving civil society.

And yet it hasn't happened like that. Levels of public participation have plummeted everywhere: the opening of political and economic space provided escape routes into more power-oriented and lucrative destinations for old oppositionists, while the turn to the market has necessi-

tated a new focus on private life for most workers. Although people can always be found to speak out about how specific policies are likely to affect particular trades or professions, few societal groups have as yet formed strong interest associations with a clear sense of program, and nowhere have they exerted a dominant influence on political life. Most dramatic has been the marginalization of the organized workers' movement, precisely the sector that, by continually pushing for broad social reforms, made capitalist society livable, and thus legitimate, for the non-elite majority in the West. Even industrial workers in Poland do not have an organization to represent them, as Solidarity has fractured into several pieces, parties and trade unions alike, and none of them has had much to say about workers' interests per se. The expected differentiation and political representation of interests has simply failed to occur. Far from the flourishing civil society and weak state that we might have expected in the aftermath of the anti-communist uprisings of 1989, the post-communist tendency is more the reverse: a state that's still strong and a civil society barely getting organized. Post-communist East Europe seems to have a gaping hole right where the class organizations, interest groups, and voluntary organizations of liberal democratic civil society are located.

How is all this to be explained? A political argument can point to the way those who used to constitute the civic associations of the past have gone off into the realms of state and market and have sought, often quite successfully, to portray these new realms as the guarantor of the rights and interests of all. In this view, civil society is weak because the new state has inherited the glorious mantle of anti-communist collectivism and continues to stigmatize particular interests as illegitimate selfishness. The absence of institutionalized non-parliamentary frameworks for mediating the interests of state and society in the new period lends support to this view.

The focus of this article, however, is on a structural explanation. The heart of the explanation of weak post-communist civil society, it seems to me, can be found in the specific way in which state-society relations were structured in the communist era. We might formulate a proposition as follows: Because the interests that exist in post-communist society emerge from a state socialist framework that repressed the development of autonomous classes and made all groups dependent on the state, the organization of interests in post-communist society, even though the statist principles of the old regime have been discredited, is necessarily very weak. Social groups in post-communist society, and

particularly the large working class, do not have a clear sense of what is in their interest and what is not.

What does it mean to say that social groups do not know what is in their interest? This argument does not appeal to any notion of "false consciousness." I am not making a claim that workers have some true historic interests of which they are unaware. Indeed, one of the most important features of the contemporary East European landscape is a discrediting of the very notion of historic interest, which is one of the factors that makes people unaware of just what kind of socioeconomic arrangement they ought to be striving for. People obviously do have wants, such as a better life, prosperity, happiness. But interest is used here in an economic sense, in its modern usage associated with the rise of market liberalism and the complex composition of industrial society.[5] To say a group of people has an "interest" in a policy or political program is to say it believes this policy or program will enhance the socioeconomic position of its members. To say a group does not know what is in its interest means that its members do not know what program or policy can best advance its position. And it is this lack of clarity that leads to a group's inability to articulate forcefully and persuasively its preferences, and thus to an inability to play its part in normal liberal politics. The ensuing political vacuum has been reflected in weak party identification and dramatically low voter turnout (for Poland, the lowest in this century during parliamentary elections in October 1991).[6] This in turn opens the door to successful illiberal political appeals that promise to resolve dissatisfaction not by particular programs appealing to specific interests, but by ignoring interests altogether and throwing blame outside of the economic system and onto those with different ethnic, religious, or political affiliations.

Let me develop the point and draw attention to the crucial political consequences through a discussion of recent literature on the transition from authoritarianism to democracy. This literature, of course, deals mostly with the experiences of South America and Southern Europe. The natural tendency is to try to find commonalities between these experiences and the current transition processes in Eastern Europe. In my view, there is not a great deal in common, precisely because of the different economic bases of authoritarianism (a market economy in South America and Southern Europe, a state socialist economy in Eastern Europe) and the consequent different organization of societal interests. Interest, of course, is *the* fundamental category of democratization. The overthrow of dictatorship constitutes a "transition to liberal

democracy" if and when particular societal interests become able to launch their political parties and begin a campaign to win political power. Democratization is thus a process whereby societal interests can, through competitive elections, assume control of the state in order to make the state serve these particular interests.[7]

The assumption here, of course, is that there *are* interests out there – real, particular, independent societal interests, waiting for the chance to articulate their views politically and to use the state to implement these views.[8] In political dictatorship with market economies, the assumption is appropriate, as the capitalist market economy itself creates the classes that have opposing interests regardless of the dictatorship. Indeed, in countries such as Spain or (to a lesser extent) Portugal, workers and industrialists each organized themselves independently during the period of dictatorship, and although they worked together for the overthrow of the common enemy, each had its own organization ready for political action, and its own program and philosophy ready for implementation, immediately after the demise of the dictatorship. The disappearance of the common enemy did not paralyze political life, as it has tended to do in Eastern Europe. Rather the end of the dictatorship began a period where the different interests could compete among themselves, democratically vying for popular support.

Democratization from state socialism works in very different ways. In state socialist society, there are no clearly defined societal interests waiting for the chance to capture the state. With slight exaggeration one might say that there are no independent interests at all. The Leninist state prevents the formation of independent interests by nationalizing the economy, subordinating all citizens to the state. Even those sectors formally left independent, such as farmers in Poland or the small manufacturing cooperatives that existed in varying doses throughout the region, had to rely on the state for tools, supplies, retail outlets, and the legal basis for survival. To be sure, different groups of citizens formed loose organizations based on professional affiliation. Some of these were explicitly created by the state and worked closely with it, such as trade unions for workers or associations for writers. Other organizations were slightly more informal, and some scholars have seen these – including groups of technocrats, military officers, economists, enterprise managers, or party/state officials – as the equivalent of Western interest groups. The difference is that none of these groups constitutes a set of independent interests that can form the basis of a party or program in a democratic future. On the contrary, all of these

groups and associations are very much part of the state socialist system. The particular conflicts among them are quarrels for attention from the state. Each recognizes the state as its sole life-support. Moreover, without that state, these groups have no natural rivalries among themselves. Each competes with each other only for a share of the pie distributed by the state. None of these groups inherently embodies the desire for an alternative political system. None has a program to present when the dictatorship is overthrown. On the contrary, when the dictatorship is overthrown, these particular groups lose their very reason for being. The problem for constructing a democratic system in Eastern Europe is that no other particular groups exist.

Contrary to what many theorists of democratic transition tend to assume, therefore, interests do not simply exist "out there," waiting for the chance to articulate politically their own visions. Rather, interests are decisively shaped *by* the state, by the political and economic environments in which they take shape.[9]

We can perhaps understand this better through Claus Offe's useful distinction between "class organizations" and "policy-takers."[10] The former include those organized groups that play a key role in shaping the economy through their role in the market, and that seek to influence the state to help the market position of their members. "Policy-takers," on the other hand, are those collectivities shaped not by the market but by the state. They seek to influence the state not in order to increase their market position, but because they have no leg to stand on outside of the state. "Class organizations" exist and have interests of their own outside of the state. "Policy-takers" do not exist as specific interest associations apart from the state. Both kinds of organizations are present in Western polities. There are class organizations of labor and capital, and there are policy-takers such as taxpayer associations or local governments. In state socialist society, however, there is *nothing else but* "policy-takers." All social groups owe their existence to the state and all flourish or decline depending on the state's commitment to maintaining them. "Class organizations," in the absence of the state, fight it out among themselves. "Policy-takers" are entirely dependent *on* the state. In capitalist society, classes conflict against each other. Take away the authoritarian state, as in recent transitions in Southern Europe and Latin America, and the social classes are still in conflict. By nationalizing the entire economy, however, the communist parties in Eastern Europe really did "abolish classes." So take away the old regime in state socialist society, and you don't have natural conflicts

between different social groups, you have the various groups looking around for a new state authority to carry out the economic redistribution they have always relied on.

Here then is a fundamental danger to democratic transition. If there are no "class organizations" seeking to lay hold of the state in order to have the state serve its interests against the interests of other classes, and if all social groups are but "policy-takers" that owe their existence to the state, then it will be quite difficult to introduce the capitalist market economy that all groups in Eastern Europe *say* they support. In other words, everyone may *desire* a market economy, but no social group seems to have an unambiguous interest in bringing one about. For each group has been shaped by a state that allowed no group other than the state to get in a position where it could dominate others. This contributed wonderfully to the collectivist flavor of the anti-communist upheavals of 1989, but is a difficult burden as each country embarks on the process of marketization.

Let's look at how this has been reflected in Polish enterprises in 1990, the year that neoliberal "shock therapy" reform went into effect. Although enterprises remained state-owned, the government withdrew from virtually all decisions concerning prices, supplies, and even disposition of assets. Ownership was reduced to a mere legality. Ministries no longer played the role of board of directors. Managers were free to do what they felt necessary, and the firm's financial condition and even survival depended precisely on what they were able to do. The interesting point is that even after this massive withdrawal of the state from the economy, the new social conflicts almost always pitted the firm against the state.[11] Workers' protests were directed almost exclusively at the state, and only rarely against management. Of course, the state still held the macroeconomic levers of tax, tariff, and credit policy in its hands. But even when a given firm's precarious situation clearly resulted from bad management, such as setting prices too high, ignoring competition, or too hastily abandoning old markets in pursuit of enticing Western ones, the government was the one to take the heat. Workers seemed to find it easier to believe that the source of their problems was the state's anti-inflationary wage tax rather than any of the numerous factors now in the enterprise management's own control. Managers in large firms, meanwhile, also turn to the state for various protectionist measures.[12] By the end of 1990, as firms became burdened with cash flow problems and huge debts, precipitating strikes no longer against the wage tax but simply to obtain wages due, management frequently

joined with employees in strikes against the state. Despite this "confusion of social roles,"[13] workers did not perceive management's participation in the strike as unusual. The sense of particular interest was still fluid enough to make such alliances eminently plausible.

The irony of the transition to liberal democracy in Eastern Europe, therefore, is that it is being carried out in the name of a class that does not exist. One new political party in Poland admits this openly. Zbigniew Bujak, leader of the Civic Movement for Democratic Action (ROAD), the precursor to the Democratic Union party founded in 1991, publicly stated, soon after the movement's creation, that ROAD intended to be the party of the "middle class" (a domestic bourgeoisie), and then added that ROAD's program was to create the conditions in which a middle class could arise![14] Donald Tusk, leader of the Liberal Democratic Congress party, argues that the state must form a middle class fast, precisely so it won't have to play as great a role as he readily concedes it must play now.[15]

What's missing in the project of building a liberal democratic market economy, therefore, is the "hegemonic bourgeois class" that can plausibly present its own interests as the general interest. In Spain, the transition to democracy was the culmination of a long road of bourgeois empowerment. In Latin America the transition to democratically elected government in the 1980s resulted when the bourgeoisie that had earlier supported the dictatorship, and that had emerged stronger precisely because of the dictatorship, came to see democracy as in its interests. Where no strong bourgeoisie exists, states have in the past helped to create one, as happened, according to Barrington Moore, in Germany and Japan, with disastrous political consequences. In France too, Louis Bonaparte used the Second Empire to create the conditions for massive capital accumulation. What is unique about the post-communist experiment has been the attempt to create such a class by using the institutions of liberal democracy and the market rules a bourgeoisie could use if a bourgeoisie were already in place. And that appears to be the problem. Market rules create consternation for policy-takers, and East Europe lacks the class organization that can use the market to instill bourgeois hegemony and create the political legitimacy for a liberal political system. The successes of non-liberal, non-interest-based parties have been the most striking consequence. Let us turn more closely now to look at how particular social groups have responded to post-communist developments.

Solidarity and the ambiguity of workers' interests

Since the state socialist system created particular societal groups that were appropriate to the state socialist system, these groups today, in conditions of marketization, do not have a clear sense of where their interests lie. This does not mean they don't support marketization. On the contrary, because of the complete ideological discrediting of the old system, virtually all social groups convinced themselves that a "market economy," symbolizing the Western standard of living more than a specific form of social and economic organization, was the answer to their particular problems. Yet when communist rule ended and new governments began moving to a market economy, the conviction began to waver. Workers do not know whether it is in their interest to support a reform program that might cause them to lose their jobs: on the one hand, they don't want to be unemployed and impoverished; on the other hand, they desire the better life they are told (and believe) a market transition can make possible. (As discussed below, there are strong differences among workers in different sectors.) Intellectuals, meanwhile, know it is in their interest to have the intellectual freedom that comes from removing the state from the academy. When the state withdraws its long arm, however, it also removes its padded pocketbook, and so intellectuals and artists are divided on how far the removal of the state should actually go; divided, that is, on where their interests actually lie. Farmers have long wanted the state to get out of their lives, to stop telling them what and how much to produce, and to allow them to sell their produce freely on the market. Yet when the government actually moves to implement a market economy, promoting a recession to counteract the hyperinflation that threatens with the elimination of state subsidies, commodity prices tend to plummet as demand drops off, and then the farmers come right back to the state to ask for the subsidies they didn't like in the past. They too are not quite sure where their new interests lie.

Without a strong and self-confident workers' movement, there can be no effective or politically legitimate system of interest representation. So let us look more closely at the dilemmas faced by workers in Poland, as evident in the lingering identity crisis of Solidarity as a trade union. Ever since victory in 1989, Solidarity has been consistently uncertain as to its goals and role in the post-communist era. Should it fight for the interests of workers or for the interests of "society as a whole?" The very way the question is posed reveals the depths of the crisis and the legacy of the past. Only against a monopolist state did society have

common interests, and even then the commonality referred to procedural rules, not substantive outcomes. But whereas societal unity in a Leninist party-state constitutes an ultimately undefeatable democratic front, it has much different consequences in post-communist conditions. Today the defense of "universal interests" is either an appeal for people to accept painful sacrifices today in service to a universally beneficial capitalism tomorrow, or a call to preserve "national Christian values" against the secular westernizing orientation of the political liberals. Both tendencies are present within Solidarity. Each of them, however, only undermines Solidarity's raison d'être as a trade union.

Yet universalism is Solidarity's legacy and is not easily shed. Due to the absence of internal class conflict under state socialism, Solidarity was too broad a movement in the past. Indeed, when both sides repeated, during the first Solidarity period of 1980–81, that the conflict pitted "state against society," this was not mere rhetorical flourish. Poland's deep economic crisis of the 1970s, together with Party leader Gierek's disruptive administrative reforms, ensured that virtually all social groups harbored deep grievances against the same source. Solidarity reflected this universal social consensus.

Unity, however, has proved particularly damaging for the development of workers' interests, adding an ideological and organizational inertia to the structural logic that already impedes clear interest articulation. The problem is that unity was forged under the ideological leadership of liberal intellectuals for whom the program of "reconstructing civil society" benefitted workers only peripherally. That program, as is well known, hinged on the effort to promote an open and independent public sphere, in which various social groups would be able, and encouraged, to articulate their particular preferences in a pluralist environment. The liberal intellectuals became active in pro-union activities, already in 1978 with the formation of the Free Trade Union movement in Gdansk, only because they saw the union movement as a way to revitalize civil society, not because they sought to help articulate a particular working-class perspective. Indeed, most of them thought preciously little about workers, as evidenced by their striking unpreparedness for the 1980 events.

The specific conditions of state socialism, however, made the liberals' program quite attractive to workers, who were more stifled in the independent articulation of their views than any other social group, due to the ruling party's historic claim over the working class. The liberals

did not focus their efforts on developing independent trade unions – indeed, they almost unanimously recommended to the striking shipyard workers in August 1980 that the latter drop their claim for independent unions[16] – but for workers the liberal program was an indispensable starting point, allowing them finally to get a foot in the door. Thus, although industrial workers created Solidarity on their own in 1980, they eagerly adopted as their guiding ideology the civil society strategy of the liberal intellectual opposition.[17] That is their problem today. For it meant that Solidarity was never able to articulate a proletarian ideology of its own. So when the liberal agenda was achieved, as it was for the intellectuals in 1989, it largely lost its value for workers. A program that defended only the right to organize leaves workers, in post-communist society, with no better claim to a share of the pie than any other social group. Moreover, because the liberal agenda was identified via Solidarity with a *workers* movement, workers have in fact been *less* able to develop a new claim than other social groups not so self-consciously tied to this restrictive ideology. In other words, Solidarity needs to abandon its liberal universalist pretensions if workers are to understand and defend their own interests today. But precisely because liberal universalism is the ideology of its foundation, Solidarity has remained unable to make a clean break.

During the 1980s the leadership of Solidarity, or the liberal intellectuals in close alliance with Lech Walesa and only a few other working-class leaders, changed its views decisively, albeit logically. Whereas this leadership originally understood the civil society program as entailing the radical democratization of the political public sphere, after material law it focused increasingly on the liberal economic aspects of civil society. The earlier slogan "No economic reform without political reform," now changed into its opposite: "No political reform without economic reform," and Solidarity ended up embracing a program of radical marketization that spoke remarkably little about defending workers' rights.[18] All along, however, the program was *Solidarity*'s, and so labor went along. In 1989, when Solidarity put together a government, the workers stood as the putative social base of a government that clearly stated its intentions of undermining traditional workers' benefits and subordinating workers' rights to the effort to create a new bourgeoisie.

In such conditions, how can workers organize on behalf of their own interests? The answer, so far, is "not very well." For the most part, Solidarity itself has said that defending workers should be secondary to

building capitalism and a new middle class. Walesa repeatedly argued this in the months leading up to and immediately following the introduction of the neoliberal Balcerowicz Plan (named for Finance Minister Leszek Balcerowicz) in January 1990. The two other most prominent working-class leaders of Solidarity during the 1980s, Zbigniew Bujak and Wladyslaw Frasyniuk, became leaders in ROAD, the political tendency that openly espoused the neoliberal position. Thus, Solidarity began its post-communist life as a very strange interest group indeed: arguing that the interests of its members were best served by accepting deep sacrifices on behalf of a class that did not even exist, in return for benefits that it was hoped – and only hoped – would accrue in the future. In the 1940s the communists had justified their own policies exactly the same way.

Encumbered by the authority of Walesa, president of Solidarity until he became president of Poland in December 1990, the union did not even try to negotiate the terms of the neoliberal plan that would strike so heavily at its members. In late 1989, at the high point of its political strength, and thus in a perfect position to come to a neocorporatist arrangement with a friendly government that would at least oblige the government to take the union's views into account, Solidarity passed the opportunity by. Walesa announced in December that the impending Balcerowicz Plan was in the interests of workers since a "Solidarity government" had produced it. And Solidarity's continued allegiance to a liberal ideology showed in its response. Admonished by the majority of its former leaders and advisers that any challenges to this *particular* marketization strategy would be a challenge to economic reform in general, the union gave its unconditional consent. Told that macroeconomic stabilization required zero wage inflation, Solidarity went along with that, too. The stylized capitalist-socialist dichotomy of the Cold War had shown its true power here: viewing "anti-capitalism" as the old regime's cover for oppression, Polish workers found themselves unable to resist any program that presented itself as socialism's enemy. Social democrats urged the union to wrest at least some consessions from the new "Solidarity" government. A government concession made under union pressure to accept, say, 2 percent wage inflation, such critics argued, would give Balcerowicz less than he wanted but would also give the economic reform program a political credibility that it desperately needed. But their appeals were in vain. The union wrote the new government a blank check of approval – in the alleged interests of society as a whole. This was done, moreover, as one observer points out, "without the simultaneous creation of efficient mechanisms of con-

sultation and negotiation that would have enabled the union to successfully defend" its members.[19] Solidarity was left in a position of having to sanction a government it had no institutionalized way of affecting. So much for the widespread view that the existence of Solidarity itself endows Poland with a strong civil society!

This successful attempt to repress interest-based politics translated into political uncertainty and electoral chaos. For the new market arrangements introduced by the economic reforms soon generated a diversity of interests for which institutional representation was sorely lacking. By the spring of 1990, after the three months that Walesa had initially said would be all that was needed to transform the economy, social unrest began growing. In May 1990 railroad workers crippled the Polish economy with a powerful strike, opposed by Solidarity. The former communist-sponsored union, OPZZ, tried to consolidate support there, as did "Solidarity-'80" the militant break-off from the main union. Most workers, however, were not ready to sever links with Solidarity. And Walesa was able to woo them back to the fold by belatedly visiting the strikers and vowing to work on their behalf if they ended the strike, which they did. Yet the crisis had revealed the fundamental problem with post-communist Poland. Stability was possible only if workers had an organization to fight on their behalf. But the organization they trusted was the same one that, in its guise of working for the "interests of society," was trying to introduce the changes in the first place.

In the middle of 1990 Walesa declared that Poland needed to have new presidential elections[20] and that he would have to run for that office himself. Although intellectuals liked to ridicule his rationale – "I don't want to [run for president], but I have to" – Walesa was in fact only seeking a way to resolve the growing impasse. His aim was to restrain social unrest by tying workers to the state through the election of their leader as president. As the December 1990 elections demonstrated, Walesa's position was far more plausible than that of his main rival, Tadeusz Mazowiecki, the man Walesa had arranged to be prime minister the year before. Whereas Walesa talked of integrating workers into the economic reform program, both through his own persona and through greater workplace participation and representation, Mazowiecki argued that workers should sit back and accept the tough times as one last price to pay for communism. Walesa's job, according to Mazowiecki, was to keep the workers in line. Little surprise that Walesa won handily. Workers voted to have their budding interests taken into account.

As it turned out, however, Walesa as president sought to integrate workers only through the first of his two proposed ways: through having a worker as president, not through new avenues of representation. He did little to involve labor in decision-making either at the microeconomic shop level or at the policy level through agreements with the Solidarity union. He had some success in quieting unrest for a few months as president, but this came at the cost of deepening Solidarity's identity crisis, and thus decreasing its capacity to represent its members. His campaign program was largely responsible here. The program called simultaneously for greater worker participation *and* for more rapid transition to a market economy. The reason workers were suffering, Walesa repeated time and again, was that the Mazowiecki government was not moving toward capitalism fast enough. Since the concept of "capitalism" still evoked a notion of prosperity more than of primitive accumulation, workers were able to go along with such a call, as reflected in their votes. This meant, however, that the new interest articulation of workers that had been emerging at the start of the year was repressed once again, as workers were again able to believe that their own interests would be met by radical marketization.

This is not the place to go into a detailed account of the relation of labor to the government of Walesa and of the several prime ministers he has appointed (four as of the summer of 1992). It has been a relationship marked above all by ambiguity. Walesa has frequently been accused of betraying workers' interests, but he has muffled these complaints by just as frequently declaring that he still sides with workers. His line is like this: "If I weren't president I'd be on the picket lines too. But as fate would have it, I *am* president, and so I have to be on the other side. But I really am with you."[21] While strikes grew dramatically in the first months of his presidency – 150,000 working days lost to strikes in the first quarter of 1991 compared to 50,000 in all of 1990[22] – many workers felt that their strikes were supported by the new government, and Walesa's comportment only strengthened that ambiguity. The point is that this very ambiguity concerning workers' relationship to the political realm under President Walesa served to further impede the emergence of independent interest organizations for workers.

More recent events have continued the pattern. On the one hand, Solidarity in April 1991 rejected Walesa's handpicked successor and chose Marian Krzaklewski, a critic of close collaboration with the government, as the new union president. Yet time and again the union leader-

ship continues to find itself on the same side as the government, forcefully opposing rank-and-file demands to fight official recessionary policies. Solidarity raced to play catch-up with its members, calling for protests and strike action only when pressure from below became too intense. By the summer of 1992 a massive series of wildcat strikes put Solidarity on the defensive, giving new strength to its two rivals – the militant Solidarity-'80 and the former official union OPZZ. In July 1992, one Solidarity leader bore the supreme indignity of being carted off the grounds of one striking mine in a wheelbarrow, the traditional symbolic gesture of contempt previously reserved for communist party hacks under the old regime.

While the last section has focused on the ideological and organizational obstacles to the development of a strong workers' interest group in Poland, the structural obstacles discussed earlier are also critical. The fact is that workers' interests really are quite unclear in the transitional period. Although workers want to keep their jobs, many are quite aware that they would be better off if their present firms are restructured, or even closed down, and the employees are retrained enabling them to obtain better-paying and more highly-skilled jobs. Workers tend to be particularly pro-reform in small firms, where the fear of bankruptcy is greatest and where restructuring is most easily carried out. In many such firms, in fact, it is the workers themselves who are in the forefront of healthy restructuring efforts. In large firms workers tend to be more resistant, as even in the post-communist era many feel that their numbers protect them.[23] On the other hand, there are too many "ifs" involved, even for those workers more ready to embrace reform. Closing an enterprise may be easy; providing efficient and effective retraining is not. Nor is it clear that there will really be any new and profitable enterprises to employ newly retrained workers. Understandably, workers will resist making all the sacrifices while these other measures remain only good ideas.

In the end, therefore, a number of different factors impede the emergence of strong working-class organization. The interest-based politics supposed to underpin the new democratic political system is still barely present three years after the "revolution" of 1989. Three years is not a long time, of course, and interests will certainly become more clearly articulated in the course of capitalist development. Politics, however, does not stand still waiting for its "proper" foundations. The ambiguity of interests leads to political choices made according to other criteria, chiefly a sought-after new identity. As we have seen in Eastern Europe

since 1989, identity politics in poor societies, where people believe in a market economy even as that economy hurts them, do not seem to be very kind or gentle or liberal. In such situations identity politics is based on frustration. Where interest organizations are weak, the passions that might go into specific interest-based activity is easily diverted to the non-economic sphere, and easily diverted toward blame.

The nomenklatura and the obstacles to liberalism

If East European reformers were simply carrying out a program in the interests of a class that does not yet exist, the obstacles would be formidable but perhaps not insurmountable. After all, each person could hope and believe that he or she will land in this new bourgeois middle class, and the state could take action to facilitate some upward social mobility. The real problem, however, and one that all the East European countries are now facing, is that East Europe entered post-communism with the embryo of a bourgeois class-in-formation. Unfortunately, this class-in-formation is one few like: the old communist nomenklatura. The problem, in other words – and this is one more legacy of the old regime – is that the group most likely to take advantage of the new possibilities that come with marketization is the one with the least legitimacy to do so.

One hears numerous stories throughout the old communist bloc of former managers and directors and old party officials using their connections and their capital to lease firms, set up new companies, and otherwise provide for themselves in the new economic environment: the so-called phenomenon of "spontaneous privatization."[24] In Poland and Hungary, pro-marketization legislation passed during the final period of communist party rule, and generally supported at the time by the increasingly pro-market democratic opposition, enabled managers of state enterprises legally to transfer state assets to themselves as new owners of new private companies.[25] The post-communist period allowed the practice to continue in new ways. In 1990 in Poland, for example, each state-owned firm was charged with preparing its own specific privatization plan. The plan often entailed liquidating the firm and transferring the assets to a new, private firm. As it happened, however, the managers of the state firm were often the ones listed as owners of the new firm. Sometimes the very same person signing the protocol liquidating the state firm would then accept the protocol as chairman of the private firm, with the legal arrangements taken care of

by a close friend.[26] Not surprisingly, the group perhaps most actively supporting marketization in 1990 was the Confederation of Polish Employers, a fledging interest association made up of many former nomenklatura personnel who boasted of the old elite's usefulness to the new market society in the making.[27] In a variety of ways, throughout the old Soviet bloc, former party officials have become legitimate entrepreneurs, thus spoiling the liberals' attempt to forge a new pro-market political consensus.

There is really nothing surprising about this behavior of former Party officials. After all, as East European oppositionists have themselves long noted, few people joined the communist parties after 1968 because they were "communists." People joined because the party was the only game in town, because they were looking out for themselves, and the way to do that in the old days was through the ruling party. They were, in other words, acting as rational economic actors who just happened to live in a system that suppressed alternative paths to success. As the pervasiveness of spontaneous privatization suggests, such people are simply continuing to "act rationally" today. They may not be acting very democratically, but then again they never did, nor does neoclassical economic theory suggest they should. Those who cared about democratic values and collective interests tended to join the anti-communist opposition. Those who cared chiefly about self and family became "communists."[28]

The paradox in Eastern Europe is that there was a collectivist revolution to bring about an individualist system. The market economy is being introduced today thanks to the victory of oppositionists who long embodied communitarian values, as can be seen in the radical participatory ethos of the original civil-society program. This was a kind of liberal communitarianism, with an Arendtian or Habermasian vision of a fully open society based on the universal practice of citizenship rights.[29] In the mid-1980s these oppositionists came to embrace individualist market principles without publicly disowning their original communitarianism. In the communist era, of course, it was not obvious that there was a contradiction, since that system quashed political and economic liberalism alike. In the post-communist era, however, the dilemmas are all too clear. With the old nomenklatura poised to take advantage of economic liberalism, it is increasingly clear that it may not be possible to uphold economic and political liberalism at the same time. If the new regimes accept the embourgeoisment of the old elite, they run the risk of alienating the population and promoting the rise of

a demagogic populist opposition that may still talk of the benefits of a liberal market economy (since everyone wants to believe markets will make them rich) but will come out strongly against the *political* principles of liberalism. This is the basis of the anticommunist authoritarianism that so many political liberals now fear, and that some economic liberals now champion.[30] On the other hand, if the new governments seek to prevent the old elite from taking part in the liberalized economy, they run the risk of squandering the chance of economic reform and of *economic* liberalism, since it is unclear where investment capital will come from if not from those who already have money, particularly since the domestic ideological consensus argues against strong state intervention, as do important international creditors. Moreover, Western investment would be scared off by any new attempts to repress business interests, and would not be mollified by an argument that such repression was necessary only because the businessmen were communists.

This dilemma is being played out all across East Europe. When the Mazowiecki government in Poland declined to take action against the old elite because some of its members were profiting in an era of general austerity, Lech Walesa promised to be "president with an axe," ready to take action against the remnants of the old system and to rule by decree "if necessary." This convinced Mazowiecki to take a harder line against investment by members of the old apparatus and to begin skimping on liberal procedures of parliamentary rule. Already in the summer of 1990 the Mazowiecki government bypassed parliament in its decisions to introduce religious education in the schools and to restrict access to abortion.

Liberals defending human rights for all are accused by populists of sympathizing with communists, and since this is a charge guaranteed to be fatal in elections, liberals find it increasingly hard to remain liberals. This was well illustrated by the legal action initiated against Walesa's presidential rival Stanislaw Tyminski, whose surprisingly successful challenge (he defeated Prime Minister Mazowiecki in the first round of voting) had been organized in part by former Party officials. During the election campaign Tyminski had accused Mazowiecki of treason, and the liberals, trying to prove that they too were ready to persecute communists, responded not with disdain but with court action, utilizing the very same code forbidding the defamation of government officials that many of them had suffered under in the past. In this way the first democratic election in Polish postwar history took on a sadly familiar hue,

where one of the two candidates faced a situation where victory takes him to the presidential palace and defeat takes him to prison. The Polish Helsinki Human Rights Committee's defense of the prosecution elicited a strong reaction from the Helsinki Watch center in New York, which publicly criticized what it saw as a very dangerous precedent. But the Polish liberals, wary of the persistent criticism that they were "soft on communism," held firm, agreeing to change only the code under which Tyminski would be investigated. Charges were dropped after the elections, but the debate showed the way liberal political principles come to be instrumentalized even by those most committed to defending them. In Czechoslovakia, meanwhile, liberals ultimately accepted a "lustration" law banning former Party officials from a series of public posts, since strenuous objection to such a law would cast them into the thankless role as defender of communism. American liberals in the early 1950s, of course, accepted McCarthyism for the same reasons.

Introducing a liberal democratic society in East Europe is thus likely to face very formidable obstacles. Because of the embourgeoisment of the former elite, liberals face the problem that market liberalism is widely perceived to represent the interests of the communists. (As one prominent Warsaw union official puts it, "Communism has simply transformed itself into red capitalism."[31] And he was referring to the economy that has drawn international praise for moving the furthest and fastest toward capitalism!) This explains why many leading pro-market liberals in Eastern Europe are accused of being "leftists": their policies aid those in the old elite more than they aid "the people." This of course is true, but any market society is always a wager on the wealthy. The problem is that East Europeans, having made a collectivist revolution for a market economy, tend to want their capitalists to be collectivists, too. Such are the entangled consequences both of the old system and of the struggle against it: when capitalists are merely individualists, they run the risk of being denounced as communists. Marketization will be fully acceptable only if an acceptable group profits.

Yet outside of the unacceptable old elite, there is no social group, and certainly no other politically organized social group, that has a real interest in implementing a market economy. The only possibility seems to be the new private entrepreneurs, so prominent in Hungary's widespread second economy and increasingly prominent in Poland, mostly as petty traders. Yet even here there is no clear-cut sense of interest. While these small entrepreneurs have an interest in seeing the estab-

lishment of the legal infrastructure of a market economy, many of them also have an interest in the continuation of an inefficient state sector, since they have traditionally profited so well precisely from that sector's deficiencies. In any case, this group is politically quite unorganized, especially in Poland. This is understandable, considering the conspiratorial conditions in which they often had to work, the networks of corruption in which they had to be embedded, and the perpetually uncertain status of their enterprise.[32] All of that breeds a mistrust of the authorities and of each other that is not conducive to the establishment of stable interest organizations. The result is that the important economic interests represented by this group, the only non-elite sector with a vested interest in capitalist formation, are not forcefully represented either in policy-making or opinion-forming spheres, damaging the liberals' economic and political agenda alike.

Significantly, one of the most prominent new groups in formation is one that challenges the very logic of the new system: local governments. State socialism was rather congenial to local interests. Outlying cities managed to articulate their needs to the capital center, often quite forcefully, through the intervention of local party secretaries and enterprise managers alike, each of whom had various channels of communication with responsible authorities. Since local authorities were rewarded on how well they performed their administrative tasks, they had a strong interest in forcefully representing local needs to higher authorities. These higher authorities, meanwhile, saw local governments, like state enterprises, chiefly as means of maintaining stability, and so also had an interest in satisfying local needs.

Transition to a market economy changes all this. Forced to reduce budget expenditures and cut subsidies in its effort to balance the budget, stabilize the economy, and please foreign creditors and would-be investors, the Polish government has drastically cut aid to local communities, forcing them to go it alone in conditions where they have neither the means nor the know-how to do so. The severest cuts were imposed soon after the first free local elections in May 1990, when local governments became responsible for funding education, health services, and cultural institutions out of their own dwindling budgets. The collapse of the old political system, with the patronage networks that made it work,[33] left local governments without institutionalized channels of protest. In response, local officials have begun organizing new structures: a Union of Polish Towns, and a national *sejmik* of local governments. Trying to institutionalize the bargaining power local

governments used to have through the communist party, these associations have pushed for a constitutional amendment to turn the recently revived Senate, an institution currently without a clear mandate, into the direct representative of local governments, something like the *Bundesrat* in Germany.[34]

It is not surprising that local governments are better organized than small entrepreneurs. We would expect this because of the continued weakness of "class organizations" in post-communist society. Local governments, of course, are "policy-takers" par excellence, old-style interest groups working against rather than on behalf of market policies. There is little doubt that as marketization proceeds apace, they will become increasingly organized in East Europe. As this happens, those groups and individuals who suffer in the economic transition will look increasingly to local governments as a bastion of defense. In other words, people are likely to continue seeing their interests best repesented by a redistributive state than by new class organizations of their own. In this way the social foundations of liberal democracy will continue to remain weak.

Over time, of course, marketization will itself create the particular interests and the class organizations that state socialism stifled. This weakness of civil society, in all its aspects, is not likely to be a permanent condition. But the present situation has important political consequences, and what is crucial here is the short term. New political systems are being shaped today on the basis of what is, not what will be. Institutional frameworks are created in response to present demands, not future ones, particularly because this transition to a market economy, unlike the long historical process in the West, is being undertaken in conditions of universal suffrage from the start. People as they are today, not as elites would like them to be tomorrow, will decide which political models to follow. And their choices will affect a wide range of substantive and institutional outcomes in the future, including how interests are organized and their ability to influence political structures. In other words, the weak civil society of the immediate post-communist era will shape the state that will in turn affect how citizens can influence state and economic policy in the future.[35]

Possible futures

What then does the future hold in store? To answer this, let us look at three important currents in the internal debate, present to varying degrees in all post-communist societies. These tendencies can be called bourgeois-liberal, populist, and social-democratic corporatist.[36]

The bourgeois-liberals (or neoliberals) argue that the state socialist economy must be transformed as quickly as possible into a capitalist market economy, with private property and free movement of capital. The first step, they say, is to create a sound environment for private investment by abandoning the fundamental features of the socialist economy: easy credit to state firms, price controls, subsidies on basic goods, and job guarantees. Such economic features may assure plan achievement and a modicum of social stability, but they also create budget deficits, shortages, inflation, and poor labor productivity, none of which is likely to leave private business salivating at the chance to invest. The neoliberals therefore advocate slashing spending, including subsidies on food, housing, healthcare, and unprofitable state enterprises, in order to erase the budget deficit and disaccustom citizens from looking to the state for assistance. They propose tax breaks for private investors, particularly foreign investors, and call for rapid privatization of most state-owned industry. The liberals believe that through free trade and comparative advantage the countries of East Europe can find a prosperous place in the European and global economy, and they point to the "Asian tigers" as proof. They acknowledge that the program entails great social costs, but they argue that *not* embarking on their program will ultimately be even costlier. "If you must cut off a cat's tail," they say, "do it in one stroke rather than slice by slice."

Populist critics say the liberals propose cutting off the tail at the neck. East Europe, they argue (although they usually speak only of the country they live in, as they tend to proffer a nationalist appeal), can be quickly integrated into the world economy only as a pauper, not a leader. The liberal program, they say, will lead to a dangerous recession, mass unemployment, agricultural crisis, and the sale of national wealth to foreign capital that doesn't have our interests in mind. It will destroy existing social ties and consequently threaten the entire national fabric. Rather than try to copy Western models of development, which took ages to evolve there and have frequently produced poverty and social chaos instead of generalized prosperity when tried else-

where, let us, say the populists, reconstruct our countries on the basis of what we already have. Let's promote small-scale business and peasant entrepreneurship, create a domestic bourgeoisie before inviting in a foreign one. Let us use the state to build up our country, not just to sell it off to the highest bidder. Against the liberals' argument that there is too little domestic capital, they point to the "second economy" that developed during the old regime as the basis for the new economy. But they are cautious. We are likely to be losers in the world economy for a long time to come, they say. Instead of naively counting on foreign capital to do the trick, and promoting a recession to help bring it in, let us gradually develop what already exists and make a slow transition to a full market economy. In this way we can avoid the poverty and social dislocation that the liberal program entails. This may require a strong state to do the job, but populists are not opposed to a strong state, as long as it serves the nation. "Nation" and "the people" are the primary values for the populists, not GNP or foreign investment or self-management.

The social democratic corporatist approach shares with the liberals the view that large-scale industry will continue to remain most important, and with the populists the commitment to minimize social costs. The adherents of this tendency reject, on both moral and economic grounds, the liberals' view that workers should be left out of the transition process. On moral grounds they argue that those who paid the costs for so long, and who made possible the revolutions of 1989, should not once again be sacrificed to the interests of future generations, just as the communists had always done. On economic grounds they argue that neither labor productivity nor the crucial export sector can be increased without workers' participation, and they point to West European experiences with corporatist arrangements and post-Fordist technologies as examples of participation facilitating economic growth. Workers' participation, they contend, is needed to prod management to make the changes that don't follow from monetary manipulation alone. Without an employee stake in reform, through employee stock ownership, workers' councils with real responsibilities, and regular consultation with trade unions, management is more likely to try to survive through an alliance with local authorities, as in China, than through rationalization and improvement of the firm. The social democratic corporatists don't deny that employee participation might slow the transition, but in the end, they say, it will be more secure because of being carried out with the consent of workers rather than against them. Their belief in the value of worker participation leads them to support

strong social welfare provisions on economic as well as on moral grounds. But the charge that they are recycling discarded Western models would be unfair. They fully recognize that Scandinavian-style welfare guarantees cannot be attained, and they strongly favor marketization in general. Against liberals and populists, however, they argue that markets in post-communist society cannot be established the way they have in pre-communist society.

In the end, post-communist transition is likely to involve aspects of all three paths. One might say that neoliberalism is where East Europe would like to go (*rich* neoliberalism, that is), populism is where it gravitates to when liberalism fails to deliver the goods equitably, and, as the state sector survives longer than many had initially expected, corporatism will be increasingly demanded by state-sector workers who feel cut out by the other currents. Indeed, Walesa was so successful precisely because his coalition addressed all three groups. His was a neoliberal economic program with strong populist sensibilities attached to sound social-democratic, working-class credentials. Vaclav Klaus is trying to recreate such a winning team in the Czech lands, though the lack of a strong social movement is a serious impediment.

The three tendencies are not equally strong throughout the region. Populism is prominent in Hungary, with deep roots of peasant entrepreneurship and second economy activity, and in Poland, with its private farmers and its historic connections with Catholicism. It is less prevalent in the industrially developed Czech lands, though quite strong in rural Slovakia. In poorly developed Bulgaria, Romania, and Albania, populism has a strong potential base that was tapped in the 1990 elections by the former communists, who presented themselves as protectors of the people against the market rules the liberals want to impose. In Yugoslavia, populism and nationalism were victorious in all the regional elections of 1990.

Of course, this general account of the three tendencies inevitably glosses over differences within the various camps. For example, there are both democratic and authoritarian populists, the former eschewing the clericalism, chauvinism, and anti-semitism that come naturally to the latter. Some emphasize a strong central state while others advocate a regional focus. Social democrats, meanwhile, are torn between those who emphasize worker participation in the enterprises and those who want workers' interests expressed chiefly by "peak associations" and contacts between union and government. And most important, we have

the distinction between economic and political liberalism, between those most committed to the political principles of liberalism and those determined to introduce its economic principles. When the old system suppressed both, democratic oppositionists could gloss over the distinction and claim to champion both. But when introducing economic liberalism requires measures that elicit strong opposition, the contradiction becomes evident and liberals must choose.

The reason why this distinction is now so important is that none of the three tendencies opposes marketization per se. All three programs entail a far greater emphasis on market mechanisms as compared to the old system, and to that extent they are all proponents of economic liberalism. They differ on the kind and tempo of marketization necessary, but each entails social disruption that will cause unrest. When the populist Democratic Forum came to power in Hungary in 1990, it proceeded to implement many of the radical market reforms it had opposed in the election campaign. The populist and Christian-nationalist coalition under Jan Olszewski that governed Poland in the first half of 1992 also maintained most of the neoliberal policies it had claimed to oppose. The exhaustion of the old system, the huge foreign debts, and Western insistence all make sure that economic liberalism cannot be completely rejected.[37] Social democrats have not come to power yet, signifying a popular suspicion of socialist categories that seems to be inevitable in the initial post-communist period, as well as the continuing appeal of *promises* of prosperity through free markets.[38] But the lack of an interest base to give substance to pro-market ideology has meant that no post-communist government has been able to legitimate economically liberal policies by politically liberal principles. Governments have had to search for other ways to manage the social unrest generated by the new economic policies.

In every free election since 1989 throughout the old communist bloc, those who promise substitute satisfaction for the pains that the market inflicts have defeated those who have said that the achievement of liberal democratic freedoms for all, and the ability of everyone to organize in defense of their interests, should be compensation enough. Political solidarities built around identities have been more appealing than those built around interests. For example, witchhunting former communists has proved good (i.e., electable) politics in Hungary, Czechoslovakia, Poland, and the former GDR, and the tendency grows as economic problems get worse. (The Olszewski government in Poland pushed through its "lustration" bill in May 1992, just when a

new strike movement was beginning to emerge. And even though – or because – the government collapsed as a result of the bill's inept implementation, the "de-communization" slogan remains quite politically viable.) Similarly, appeals to ethnic pride or religious establishment have also had important political success.

Consequently, the old pre-1989 political dissidents, who embraced economic liberalism without realizing the strains this would put on political liberalism, have found themselves everywhere eclipsed. Nowhere has this been more apparent, and more humiliating, than in Czechoslovakia. The former dissidents who seemed to be universally adored in late 1989, and who prided themselves on their unwillingness to make undeliverable primises to the people, found themselves mercilessly routed even in the very movement that they had created. In June 1992 their political tendency, having already been expelled from Civic Forum, failed even to get the 5 percent minimum allowing them into parliament.

What then does post-communist politics entail? Probably not the "Chilean" model that some still advocate. Most people are too attached to the slogans of parliamentary democracy to countenance their obvious breach. But until new market interests are consolidated, post-communist political life is likely to include a host of illiberal measures such as the persecution of supposed enemies, religious encroachment on secular institutions, and policies that arouse ethnic and national tensions.

In the pre-war years such illiberal policies, despite the survival of parliamentary politics, contributed to the characterization of East European countries such as Poland or Hungary as "dictatorships." I suspect that many of the same features could be instituted today and most scholars, not to mention most Western governments, would still call these countries "democracies." Whether systems are democratic depends on how democracy is defined. Western governments and recent transition literature alike tend to define democracy as competitive elections and market economics alone. These two features are probably here to stay in Eastern Europe. But if we understand democracy to entail its politically liberal principles as well, such as citizenship rights for all, strict separation of church and state, full respect for minority rights, and restraint from irredentist aspirations, then creating stable democracies will be far more problematic.

Post-Communist East Europe is thus likely to be neither a liberal democracy nor an authoritarian dictatorship but a "hybrid" that will owe much to the particular pattern of state-society relations from which it has emerged.[39] How these countries develop depends on factors such as national traditions, the precise way the market economy develops, the emergence of a new working-class identity, the relative strength of social movements and of an indigenous bourgeoisie, and the presence or absence of strong political leaders. As is all too clear to East European experts now swamped in a mass of new information and lacking the unifying theme Leninism used to provide, we need good empirical studies of the various systems now unfolding before we can assess the validity of the new generalizations we are all tempted to make.

This article focuses on some of the specific problems facing democratic politics in Eastern Europe in the initial post-communist period. It argues that post-communist politics must be understood in the context of the way interests were organized under state socialism. If liberal democracy requires the existence of diverse social groups with a clear sense of interest, then it can probably be more easily introduced when a market economy has distinctly carved out particular interests. In post-communist systems, the political and economic aspects of liberal democracy seem inevitably to come apart. As economic liberalism proceeds apace, political liberalism tends to become increasingly undermined.

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Notes

1. Many scholars are also prone to such rash assertions. One recent writer states simply, as if it were completely obvious, that in Eastern Europe in 1989 "the institu-

tions of civil society managed to take over the structure of the state.... [The state] ceased to be the creation and instrument of the Communist Party and instead became the creation and instrument of civil society. It ceased to implement the normative order of the Communist Party and began to implement the normative order of civil society." Zbigniew Rau, "Introduction" to his edited volume, *The Reemergence of Civil Society in Eastern Europe and the Soviet Union* (Boulder: Westview, 1991), 16. What's lacking here is not only any empirical or theoretical evidence, but an understanding of civil society as a sociological and not just a moralistic category.

2. The argument that liberalism supplies a viable sense of identity only at times of economic prosperity is derived from Christopher Lasch, *The True and Only Heaven: Progress and its Critics* (New York: Norton, 1991); as well as from the recent spate of books trying to understand the decline of liberalism in the United States, such as Jim Sleeper, *The Closest of Strangers: Liberalism and the Politics of Race in New York* (New York: Norton, 1990), or E. V. Dionne, *Why Americans Hate Politics*.
3. One of the most egregious examples of this was the virtual non-stop assault waged on ordinary East Europeans by some of the most prominent East European intellectuals at a conference on "Intellectuals and Social Change in Central and Eastern Europe," held at Rutgers University in April 1992, sponsored by *Partisan Review*. Comments of people like Tatyana Tolstaya from Russia, Vice-President Blaga Dimitrova of Bulgaria, Vladimiar Tismaneanu of Romania, Eda Kriseova of Czechoslovakia, and any of a number of others all brought to mind Brecht's sardonic lament about wanting to dissolve the people and elect another – except that Brecht directed his remarks against the communists. Essays from this conference were published in *Partisan Review* (Fall 1992); my comments are based on having attended the 3-day meeting.
4. Not everyone seems to want to admit this anymore. But see, for example, the Introduction in John Keane, editor, *Civil Society and the State* (London: Verso, 1988); Andrew Arato, "Revolution, Civil Society, and Democracy," No. 90.5 of Cornell University Working Papers on Transitions from State Socialism, 1991; reprinted in Rau, *The Reemergence of Civil Society*; and Elizabeth Kiss, "Democracy Without Parties," in *Dissent* (Spring 1992).
5. According to Charles Maier, modern interest groups arose in the late nineteenth century as a response to the state's hesitation in restricting the market's social power, as a reflection of popular "impatience with liberalism." See his "'Fictitious bond ... of wealth and law': on the theory and practice of interest representation," in Suzanne D. Berger, *Organizing Interests in Western Europe* (Cambridge: Cambridge University Press, 1981), 28.
6. The abstention rate was just over 57%. Comparable figures for Hungary, in the two rounds of voting in the March 1990 parliamentary elections, were 35% and 55%. See David McQuaid, "The Parliamentary Elections: A Postmortem," *Report on Eastern Europe* 2/45 (8 November 1991); and Ivan and Szonja Szelenyi, "The Vacuum in Hungarian Politics: Classes and Parties," *New Left Review*, No. 187 (May/June 1991).
7. I am using this liberal definition of democracy not because I believe this is all democracy can and should mean but because it is precisely this minimal kind of democracy that was expected to emerge naturally triumphant after 1989. Why it has still not done so is what I am trying to explain.
8. Such an assumption runs through Guillermo O'Donnell and Philippe Schmitter's summary account of democratic transitions in Latin America and Southern Europe. See, for example, the chapter "Resurrecting Civil Society," in *Transitions*

from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies (Baltimore: Johns Hopkins, 1986). "Privileged classes" here refers to a bourgeoisie and landed interests; workers are assumed to have their own organizations articulating programs of a decidedly socialist bent, and these two sides are presented as key players in any democratic transition. The societal interests central to a modern market economy are thereby presented as natural and inevitable, rather than as having been themselves constructed by a particular kind of socioeconomic system and a particular kind of state. Interestingly, the only social group discussed here that seems to have a close post-communist replica is the professional intelligentsia.

9. On the interaction of state and interests in market societies, see Suzanne Berger's "Introduction" in her edited volume, *Organizing Interests in Western Europe* (Cambridge: Cambridge University Press, 1981). On the importance of state policy shaping working-class interests in particular, which I argue is crucial to understanding civil society in East Europe, see Ira Katznelson, "Working-Class Formation and the State," in Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol, editors, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985).
10. Claus Offe, "The Attribution of Public Status to Interest Groups: Observations on the West German Case," in Suzanne D. Berger, *Organizing Interests.*
11. Zbigniew Dresler, "The Enterprise as a Field for the Conflict of Interests in the Process of Systemic Transformation," in Jerzy Hausner, editor, *System of Interest Representation in Poland 1991* (Krakow: Krakow Academy of Economics, 1991).
12. Not surprisingly, this has proved particularly true in the former Soviet Union, where state control was most prevalent for political as well as geographical reasons. The "shock therapy" introduced there in 1992 led to a quick reconsolidation of a managerial industrial front against the would-be neoliberal state. By August 1992, the radical neoliberal program, based on the wishful thinking that interests separate from the state could simply be willed into being, was already a dead letter. See Serge Schmemann, "Yeltsin's Team Seems in Retreat," *New York Times* (2 August 1992), and Justin Burke, "Russian Industrialists Face Down Reformer," *Christian Science Monitor* (14 August 1992).
13. Zbigniew Dresler, "The Enterprise as a Field," 24.
14. "Na Zachod od Centrum" [To the West of Center], interview with Zbigniew Bujak, in *Polityka* (28 July 1990).
15. Cited by Jerzy Hausner, "Macro-social Aspects of the Development of the System of Interest Representation," in *System of Interest Representation*, 69.
16. See the discussion by Lawrence Goodwyn, *Breaking the Barrier: The Rise of Solidarity in Poland* (New York: Oxford University Press, 1991), esp. 34–43. Adam Michnik, for example, was prevented from going to Gdansk to urge against the formation of independent unions only because he was arrested. His account is quoted in my *Solidarity and the Politics of Anti-Politics* (Philadelphia: Temple University Press, 1990), 77. Liberal intellectuals were present in the Gdansk Shipyards as "experts advisers" to the strikers. See also Tadeusz Kowalik, "Experts and the Working Group," in A. Kemp-Welsh, editor, *The Birth of Solidarity* (New York: St. Martin's, 1983); and Jadwiga Staniszkis, *Poland's Self-Governing Revolution* (Princeton: Princeton University Press, 1984).
17. For a fuller discussion of this point, see my "The Crisis of Liberalism in Poland," *Telos*, No. 89 (Fall 1991).
18. See my "The Transformation of Solidarity and the Future of Central Europe," *Telos* No. 79 (Spring 1989).
19. Jerzy Hausner, "Macro-social Aspects," 58. By the middle of 1991, even those

political tendencies that had argued against creating such mechanisms for the mediation of conflicting interests – either because they believed that workers *would* continue to accept the new government's policies, or because they felt the absence of such mechanisms would best *convince* workers to accept such policies – began pushing for new rules to manage the growing clash of interests. Ibid., 67. In February 1993, government and trade unions finally signed a pact on state enterprises, supposed to regulate future conflicts.

20. General Wojciech Jaruzelski had been elected to a 4-year post by the contractual parliament in June 1989, before it was clear that there were no more geopolitical constraints on domestic politics.
21. I can't find an exact quote that says this. My composite, though, perfectly catches the tone of any of a number of performances. This is classic Walesa here, with precisely the kind of rhetoric that has been so crucial to his success ever since 1980.
22. Jerzy Hausner, "Macro-social Aspects," 52. See also K. Kloc, "Polish Labor," and P. Marciniak, "Polish Unions," *Telos* 92 (Summer 1992).
23. An excellent account of the various attitudes to and strategies of economic reform is Janusz Dabrowski, Michal Federowicz, and Anthony Levitas, *State Enterprise Adjustment: Poland January – June 1990* (Gdansk, 1990); reprinted in *Working Paper Series on East Central Europe*, Center for European Studies, Harvard University, 1990.
24. See discussion in David Stark, "Privatization in Hungary: From Plan to Market or From Plan to Clan?" *East European Politics and Societies* 4/3 (1990).
25. For a detailed account of the legal basis for these changes in Hungary, see Andras Sajo, "The Struggle for Ownership Control," *International Journal of the Sociology of Law* 18 (1990).
26. According to a report on the privatization process prepared by Poland's Supreme Control Chamber (NIK) in June 1991, as cited in Zbigniew Dresler, "The Enterprise as a Field for the Conflict of Interests," 18.
27. "Miliarderzy, menedzerowie, zwiazkowcy" (Millionaires, managers, and unionists), interview with Andrzej Machalski, president of the Confederation of Polish Employers, *Gazeta Wyborcza* (13 November 1990).
28. Many people of course did join the Party for "better" reasons: because they saw something salvageable in the socialist legacy, or because they just wanted the chance to influence their surroundings and make public life somewhat more liveable. Such Party members, however, are not the ones partaking of "spontaneous privatization" today.
29. See chapter two of my *Solidarity and the Politics of Anti-Politics*. For a discussion of the liberal communitarianism of Adam Michnik, see my "Introduction" in Michnik's book, *The Church and the Left* (Chicago: University of Chicago Press, 1993).
30. On the political implications of the rejection of economic liberalism in the prewar period, see Daniel Chirot, "Ideology, Reality, and Competing Models of Development in Eastern Europe Between the Two World Wars," *East European Politics and Societies* 3/3 (Fall 1989). For a strong economic liberal defense of political dictatorship, see Andranik Migranian et al., "An Authoritarian *Perestroika*?" *Telos*, No. 84 (Summer 1990) (translated from Russian). Of course, such a defense of dictatorship comes even more naturally to "Chicago School" Hayekian liberals in the West: for one such liberal Western appeal for dictatorship in East Europe, see John Gray, "Post-Totalitarianism, Civil Society, and the Limits of the Western Model," in Zbigniew Rau, *The Reemergence of Civil Society*.

31. Maciej Jankowski, leader of Warsaw Solidarity, in interview conducted by Jozef Szaniawski, *Nowy Swiat* (11–12 July 1992).
32. Alhough admittedly an extreme, one recent news report on second-economy shepherds in Ceaucescu's Romania constantly cheating the government and bribing police officials well indicates the patterns of corruption that were essential to the past, but are not necessarily desirable or effective, politically or economically, in the present. Stephen Engelberg, "Good Life in Romania is Off the Beaten Path," *New York Times* (17 February 1991): 27.
33. Michael Kennedy and Ireneusz Bialecki, "Power and the Logic of Distribution in Poland," *East European Politics and Societies* 3/2 (Spring 1989).
34. Jerzy Hausner and Andrzej Wojtyna, "Evolution of Interest Representation in Poland," paper presented at Conference on Market, Politics, and the Negotiated Economy – Scandinavian and Post-Socialist Perspectives," in Krakow, Poland, January 1991.
35. On how states shape the framework by which people can influence economic policy, see John Campbell and Leon Lindberg, "Property Rights and the Organization of Economic Activity by the State," *American Sociological Review* 55 (October 1990).
36. For a clear statement of the liberals' economic program, see Jeffrey Sachs and David Lipton, "Poland's Economic Reform," *Foreign Affairs* (Summer 1990). The liberal political program is best articulated in Adam Michnik's many writings, such as "The Two Faces of Europe," or "My Vote Against Walesa," *New York Review of Books* (19 July and 20 December 1990). A democratic populist perspective is presented compellingly by Ivan Szelenyi, "Alternative Futures for Eastern Europe," *East European Politics and Societies* 4/2 (Spring 1990). The social-democratic corporatist perspective presented here is culled from the November 1990 programmatic statement of "Solidarnosc Pracy" (ms., Warsaw), and various other writings from the Polish press.
37. On Western financial pressure on East Europe, see Peter Gowan, "Western Economic Diplomacy and the New Eastern Europe," *New Left Review*, No. 182 (July-August 1990). The East's deep indebtedness gives the West a powerful lever with which to influence policy. Even Romania, which had paid its debts under Ceausescu, has begun to run them again in the face of enormous consumer and infrastructure needs. David Deletant, "After Ceausescu," paper presented at New Hampshire International Seminar, Durham, April 1991. On the inadequacies and cynicism of much of Western aid, see Janine R. Wedel, "Beware Western Governments Bearing Gifts," op-ed in *Wall Street Journal* (14 January 1992), and "Getting it Right in Aid to Russia," *New York Times* (5 April 1992): F15.
38. It is the weakness of social-democratic parties, even where they do exist, that make me skeptical of Ivan and Szonja Szelenyi's argument that East European workers, and perhaps even a majority of the electorate, are ready to go for a social-democratic alternative if only one presents itself. "The Vacuum in Hungarian Politics: Class and Parties," *New Left Review*, No. 187 (May/June 1991). A social-democratic party was already present in the Hungarian elections of 1990, but the Szelenyis argue that it was not the "right" one. The social-democratic Solidarity of Labor party (now Union of Labor) has been present in Poland too, but voters haven't gone for that one either. No doubt there were reasons why this was also not the "right" party, but with this kind of reasoning no amount of evidence could ever disprove their claim. I agree with them that a social democratic party can attract considerable support – but not for the next several years. The flaw in their argu-

ment, it seems to me, is the assumptions that people vote according to interests, and that they are sure where their interests lie. As I have suggested above, neither assumption seems sustainable in the initial post-communist period. Until the maturing of a market society that makes interests clear, voters' political solidarities are more likely to be organized around non-interest-based identities. Social democrats could probably help their chances by emphasizing local and employee attempts to *shape* the economic reform process, rather than just state intervention to protect those who get hurt, but so far such a "Proudhonian" current has remained subordinated to the statist current.

39. "Part free and part authoritarian" is how Lucian W. Pye describes these "hybrids." See "Political Science and the Crisis of Authoritarianism," *American Political Science Review* 84/1 (March 1990): 13.