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POLITICAL ELITE AND COMMUNITY MODERNISATION IN THE POST-1989 EASTERN EUROPE*

ABSTRACT: *During the transitional period through which Eastern Europe is passing, community reflects the lack of cohesiveness within the masses and distinctive elite transformations and elite settlements. After the collapse of communist regimes, structural disequilibrium of community characterises the most of Eastern Europe today, because community has not be able to adjust to the shocks of change. Economic insecurity for the vast majority of people and political instability are dominant features of recent history of a society in most Eastern European states. The hierarchical relationship between the masses and the ruling cliques is based on a wide and almost insurmountable gap, with political power concentrate at the top. Perhaps the continuation of a sharp hierarchical division between the leadership cadres at the top and the masses below, coupled with a weakness in the political structures that assure the counterbalancing of forces usually associated with pluralistic democracy, caused the „crisis of elites". The lack of effective interaction between leaders and followers does produce the series of independent, incompetent, irresponsible, and corrupted elites witch are not motivated to modernise their society. Nowadays Eastern Europe is faced with the same phenomenon of the „crises of elites", as Latin America.*

In this paper we are going to apply Robert Scott's theoretical and methodological approach to political elite and modernisation.[1] He, contrary to Harold Lasswell,[2] raised

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1 * The article is a part of the Project „The Serbs and Disintegration of Yugoslavia „The Roots and Consequences)" No 1627 supported by Serbiam Ministry of Science, Tehnology and Development.
Robert E. Scott, „Political Elites and Political Modernization", in *Elites in Latin America*, edited by Seymour Martin Lipset and Aldo Solari, Oxford University Press, New York, 1967 (p.p. 117-145)
2 Harold D. Lasswell, Daniel Lerner, C. Easton Rothwell, *The Comparative Study of Elites*, Hoover Institute Studies, The Hoover Institute and Library on War, Revolution, and Peace, Stanford University Press, Stanford, California, 1952

fundamental question about the role of functional elites in processes of modernisation in societies under rapid change and social and economic deprivation.

In these types of peripherial transitional societies, such as Latin American and nowadays-Eastern European, the elite is seeking to maximise its political power and to protect the perquisites of power – material benefits, privileges, social and political status. In most Eastern European states elites tend to be particularistic, uncompromising, and strongly attached to the stratified class system. They appear to be unwilling or unable to make the adjustments necessary to permit constructive change. In rapidly changing and an unstable political community where consensus is shallow the real business of politics often takes place in a more specialised environment, with the private interest structures taking on the functions of private governments, practically unhampered by the constitutional government.

Eastern European masses are fearful and suspicious of change because of sense of insecurity engendered by rapid change. Furthermore, the majority is desperate, struggling to survive and overcome misery of poverty in every day life. Because of that Eastern European masses are politically unaware and inarticulated and so unable to hold their leaders responsible. The politically ineffective citizens are manipulated by the party elites, often through slogans and promises that portend social justice, economic reform, and political democracy as ends.

Because of our longer concern with community development in Eastern Europe, the objective of this paper is to describe and explain the relationship between political elite and community in Eastern Europe in our time transitional period from communism to capitalism.

Clarification of the notions

The discussion on present-day problems facing community in the post-1989 Eastern Europe request that a few notions have to be defined more specifically. The first notion to be considered is the notion of Eastern Europe.

a) Eastern Europe

The term Eastern Europe has been used to describe a complex of geographical, historical, cultural and political factors that mark this area off from other parts of the continent. In geo-political terms, Eastern Europe may be defined as an area of small countries positioned between Germany and Russia, subjected to the direct influence of these two countries (many of the nations lived under their occupation), or, subjected to their indirect influence (the powers rivalled each other, particularly in the Balkans). After the Second World War the USSR brought all Eastern European countries into its hegemonic sphere of influence.

Agnes Heller and Ferenc Fehér suggested that Yalta created a geographical entity, Eastern Europe, which as a polity or a community of destiny had never existed before. According to them, certain nations or ethnic groups of this geographically defined region had a long prehistory of political sovereignty, while others had always been integrated into larger conglomerates of countries or regional monarchies.[3]

Contrary to this opinion, Jerzy Tomaszewski and Gordon Skilling denote Eastern Europe as the region, which has several historically created features in common. In the past, the major factor affecting this region was that, eastward of the conventional borderline running along the River Elba and further up to Trieste, serfdom predominated in the final stage of feudalism, and this resulted in feudal conditions that remain here longer than in most West European countries. Almost all Eastern Europeans shared in common backwardness of economic development that condemned most of them, whatever their nationality or location, to a life of hard work and poverty. In the inter-war years, the continent was divided distinctly into what had been called „the two Europe, the farming and the industrial". A line drawn from Riga to Trieste bisected Europe, the population to the east overwhelmingly occupied in agriculture and that to the west, by majority, in industry, transport, trade and services. Czechoslovakia, with only 33 per cent of her population in agriculture, was unique in an area where this proportion was normally over 60 per cent, in the Balkans even above 75 per cent.[4]

In the League of Nations publication from 1945, entitled „Economic Demography of Eastern and Southern Europe", Wilbert Moor described in the following terms the division of Europe into the developed Western Europe as the core and that the underdeveloped Eastern Europe as the periphery:

„If one were to draw a circle on a map of Europe, with a centre in the North Sea off the English Coast having a radius of some 800 miles, this division of the European continent would approximate the boundary between the relatively prosperous industrial economies of the North and West and the relatively undeveloped and predominantly agrarian economies of the South and East. Within the area of the circle would lie most of the major commercial and industrial centres of Europe, and the regions with virtually stationary populations; beyond its borders would lie countries of meagre wealth and growing populations.

Despite Europe's historical role as the centre of modern industrialism, the continent retains its remarkably divergent economic systems. The industrial expansion and complex market organisation, characteristic of North-western Europe, have made slight inroads into the belt of the agrarian states in Eastern and Southern Europe."[5]

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3 A. Heller, F. Fehér, *From Yalta to Glasnost. The Dismantling of Stalin's Empire*, Basil Blackwell, Oxford, 1990, p. 16.

4 J. Tomszewski, *The Socialist Regimes of East Central Europe. Their Establishment and Consolidation 1944-1967*, Routledge; London, 1989, G. Skilling, *The Governments of Communist East Europe*. Thomas Y. Crowell Company, New York, 1966.

Despite forced industrialisation during the period of national communism Eastern Europe remained the European periphery in relation to the North-west core of accumulation of capital. Employment in agriculture remains high and labour reserve exists in this sector. Furthermore, the very high proportion of persons has agricultural activity in addition to another main occupation in Eastern Europe. The highest percent of employment in agriculture have Romania, 44,4% of total employment, Poland, 19,2%, and Slovenia, 9,9%. Lower percent of employment in agriculture have Czech Republic, 4,9% of total employment, Slovakia, 6,3%, and Hungary, 6,1%. High percent of employment in agriculture is also characterised economies in Southern Europe. For example, in Greece employment in agriculture is 16,0% of total employment, in Portugal, 12,9%, and in Spain, 6,7%. In the North and the West part of Europe employment in agriculture is significantly lower, for instance, in Sweden employment in agriculture is 2,9% of total employment, in the United Kingdom and Belgium is 1,4%, in Germany, 2,6%, in France 4,1%, and in the Netherlands, 3,15%.[6]

Peter Gowan argues that the transformation of Central and Eastern Europe in the 1990s is one of the most dramatic and graphic examples of peripheralisation by core states in the history of modern capitalism:

After a decade of transformation the Central and East European Countries (CEECs) have been pushed back from a condition where they had substantial modern industrial sectors and, in a number of cases, rather productive agricultural sectors, into being dependent suppliers of raw materials and low-skill, low value-added, labour intensive products, integrated into the West European-centred division of labour at the bottom end.[7]

b) Community modernisation

There is no doubt that the communist elites belived that only socialism produced a truly unified community. For them only socialist ownership and combining state planning with limited elements of markets and money completely overcame fragmentation of community. National communists referred to the close unity of purpose of the popular community and nation and they identified popular community with nation. The bourgeoisie was defined as the enemy of the nation, the class preventing the nation or popular community from coming into its own. Capitalism was seen as a system, which weakened the fatherland morally as organisationally.

Revolutions inevitably resulted in the formation of nation, communities of equal citizens establishing their sovereignty in the state. National formation was the whole point of revolutions. With program of nationalisation of the factories and land Eastern

5 W. Moor,. *Economic Demography of Eastern and Southern Europe*. Arno Press, New York, 1972, pp. 17 and 27.

6 „Employment in the European Union candidate countries", *European Industrial Relations Review*, No. 350, March 2003, p. 26

7 Peter Gowan, „The Peripheralisation of Central and Eastern Europe in the 1990s", *Labour Focus on Eastern Europe*, No. 65, 2000, p 43

European revolutionary elites hoped to create a more compact „national" community than their predecessors do. It was national communist utopia that only socialist system was capable of modernising and industrialising the country and strengthens „national community". For the national communists salvation of the community lay in the principles of rationalism, industrialism and socialism, what was expressed in political formula „socialist in content, national in form". National principle was a fundamental stone of internal and foreign policies. Nationally homogenous states – or federation of such units – were considered the natural form for states to take. Hence, the national communists used patriotism as the instrument of popular mobilisation. National and state self-reliance became foundation stones of cultural and scientific policy during the period of national communism in Eastern Europe.

Stalinism, a form of national communism, as Erik van Ree argues, may be defined as a system in the tradition of the Western European Enlightenment and as a purely modern system.

Stalinism assumed the contours of a synthesis of Marxism and Jacobinism. For its Marxist component, it had the economic system with planned state property instead of private ownership of the means of production. For its Jacobin component, it had the party dictatorship and the centrality of the fatherland. Many of the secondary features of Stalinism had a Jacobin flavour as well: government by revolutionary terror, a centralised state, organised citizen participation and the fact that the state formed a community of citizens with formal equality before the law. As we saw, these features also fitted into the original Marxist tradition. They were part of the complex Western revolutionary tradition, comprising Jacobinism as well as Marxism.

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... With its secular ideology, its government by political party and formal equality of rights it was a part, albeit totalitarian, of modernity. From the point of view of the national principle, Stalinism was a typical phenomenon of the modern world too. Instead of being supranational like its imperial predecessor, the Soviet state was a multinational one, consisting as it did of separate, consolidated nations within their own borders and with their own languages and cultures. Stalin's modernising spirit expressed itself most obviously in his ambitious industrialisation and urbanisation projects.[8]

National communism combined revolutionary patriotism with revolutionary elitism of Jacobins and Blanquists, what was expressed in the Lenin's concept of vanguard party. Ideology of national communism expounded the idea that community could be modernised from above by revolutionary elites in peripheral backwards societies.

But the idea that modernisation of peripheral backwards country should be led by elite, was not exclusively the communists' one. During the 1960s, widespread opinion

[8] Erik van Ree, *The Political Thought of Joseph Stalin. A study in twentieth-century revolutionary patriotism*, RoutledgeCurzon, London, New York , 2002, pp. 279, 281

was that „one of the requisites for development is a competent elite, motivated to modernize their society. ... the calibre of the elites play a major role in determining the propensity of different countries for economic growth and political stability."[9]

Post-modern Liberalism in 1980s developed a view that a key to the stability, survival and consolidation of democratic regimes is „the establishment of substantial consensus among elites concerning rules of the democratic political game and the worth of democratic institutions." The notion of „consolidated democracy" was emerged:

... consolidated democracy is a regime that meets all the procedural criteria of democracy and also in which all politically significant groups accept established political institutions and adhere to democratic rules of the game.

...

Analytically, consolidated democracies can be thought of as encompassing specific elite and mass features. First, all important elite groups and factions share a consensus about rules and codes of political conduct and the worth of political institutions, and they are unified structurally by extensive formal and informal networks that enable them to influence decision making and thereby defend and promote their factional interests peacefully (Higley and Moor 1981; Sartori 1987). Second, there is extensive mass participation in the elections and other institutional processes that constitute procedural democracy. No segment of the mass population are arbitrarily excluded or prevented from mobilizing to express discontents, and recourse to various corrupt practices that distort mass participation is minimal. ... these elite and mass features of consolidated democracies make them stable and resilient in the face of sometimes severe challenges, with good prospects for long-term survival.[10]

Thus, the concept of consolidated democracies highlights consensus among elites as the most important condition for the stability of the political system.

c) Political elite

The origins of the sociological concept of „elite" lie in the anti-Marxist writings of the Italian theorists Pareto and Mosca, who south to construct an alternative vocabulary to the emphasis on „class" and class conflict. But in the 1950s and 1960s, especially, after C. Wright Mils' book *The* Power *Elite* (1956) concept of „elite" became new theoretical and methodological framework for researching the connections between political and economic power in the society. The world „elite' has achieved a wider acceptance within modern sociology, often being seen as a useful way of

[9] *Elites in Latin America,* edited by Seymour Martin Lipset nd Aldo Solari, Oxford University Press, New York, 1967, p.viii

[10] *Elites and Democratic Consolidation in Latin America and Southern Europe,* edited by John Higley and Richard Gunther, Cambridge University Press, New York, 1992, p. 3

describing certain systems of political power and, therefore, complementary to the use of the world class to describe systems of economic power.

Furthermore, term „elite (s)" is generally applied as a concept of political science. In much modern writing the typical quantitative descriptions of political leaders, so called „social-background analysis", which gathering information about the origins and experiences of political leaders (mainly information about age, education and occupation) was rejected as a meaningful approach to the study of political development.[11] The object of elite studies is, rather, to examine the structure of power in communities.[12] Elites are not regarded only as all of those at the top of any hierarchy, as functional, mainly occupational groups which have high status in a society,[13] but, „elites are understood as real social groups characterized by 'consciousness, coherence and conspiracy' and are analysed in relation to the classes which make up a society."[14] Historical research has already established that the elite is not an immutable entity, rather its formation is determined by the structural composition of society and especially by the characteristics of the political system.

We will regard elite as the political elite, as the holders of power, which they used in their own interests. We do not use the term 'political elite' in order to distinguish the political elite from other „contributory" or „functional" elites (business elite, intellectual elite, educational elite, military elite, religious elite, etc.), but as a approach for examination of the possession and distribution of power in a community. We will assess power of the political elite against status of the economic classes in order to determine the elite's potential for control of politics in a society.

The collapse of communist regimes and communist elites

Transition to the democracy in Latin America and Southern Europe was triggered by a wide variety of events: popular uprising (Venezuela), defeat in war (Argentina), the threat of an impeding military catastrophe (Greece), the death of an ageing dictator (Spain), coups (Portugal and Paraguay), the repercussions of a plebiscite gone awry (Chile). But nothing like that happened in East Europe.

It is widely accepted that communist regimes in East Europe collapsed due to the failure of these countries in international competition and their relative economic backwardness. That was caused by their lag in technological development and consumer goods production, and inefficient use of resources. The Soviet block in general and the USSR in particular were falling behind in the arms race. The United States'

[11] William B. Quandt, *The Comparative Study of Political Elites*, SAGE Publications, INC., 1970, pp. 180,181
[12] Geraint Parry, *Political Elites*, George Allen and Unwin LTD, London, 1969, p. 14
[13] Tom Bottomore, *Elites and Society*, Second edition, Routledge, London, New York, 1993, p. 9
[14] *The Sociology of Elites. The study of Elites*, Edited by John Scott, Volume I, Edward Elgar Publishing Limited, England, USA, 1990, p.xiii

plans to develop the Strategic Defence Initiative (SDI or „Star Wars") in the 1980s exposed the technology gap between the United States and the USSR, and threatened the Soviets with an expensive new round of arms development that they could not afford because of the lamentable state of the Soviet economy.

During the 1970s Eastern European countries borrowed a lot from the International Monetary Fund and the World Bank. Thus the 1970s, a decade of easy and cheap credit, found many Eastern European countries busy shifting to the later, more capital-intensive stages of ISI, involving construction of various debt-financed „big projects'. In Hungary such programs focused on developing the bauxite and aluminium industry, bus manufacturing, and petrochemical industry. Poland government invested massively in new steel mills and shipyards and, fearing societal unrest supported consumption as well. The large investment projects were based upon foreign loans, cheap labour and cheap energy, due to the USSR subsidised sale of energy to the countries of the Council for Mutual Economic Assistance (CMEA) at prices lower than those on the world market. Both Kadar's Hungary and Gierek's Poland were borrowing heavily from international financial markets. Czechoslovakia's central development programs, however, were undertaken without reliance on western loans.[15]

As a result, Eastern European convertible currency debt grew throughout the 1970s, reaching an initial peak of US $67,000m. in 1981. Poland (its debt having reached $25,000m.) and Romania ($10,000m.) were forced to reschedule their debt repayments in 1981 and 1982, respectively. This contributed to a major re-evaluation by Western banks of the risks involved in lending to Eastern Europe, which, in turn, resulted in the virtual withdrawal of credit facilities. In the early 1980s the Communist block countries were forced to reduce convertible-currency imports. The most severe reductions were in imports of machinery and equipment and food, as the Eastern European economies attempted to sustain imports of industrial components and materials to keep industrial plans in operation. By the end of 1989 Poland, Hungary, Bulgaria and also Yugoslavia, faced serious problems of external indebtedness due to poor performance of their economies. Romania succeeded in eliminating its external debt entirely by the end of 1989, but only by imposing draconian restrictions on household consumption of energy and foodstuffs, to the extend that living standard were the lowest in Europe, with the possible exception of Albania.[16]

External factors or mass-based revolt and movements from below did not defeat communism, and violence was not a major instrument of change in most countries. It has been suggested that the collapse of communism did begin with an elite strategy reform package, perestroika, in the USSR, as witness the following passage:

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[15] Bela Greskovits, *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared,* Central European University Press, Budapest, 1998, p. 24

[16] Alan H. Smith, „Eastern European Economies" in *Eastern Europe and the Commonwealth of Independent States,* 4th edition, Europe Publications Limited, London, 1999, p. 64

We could argue that communism's collapse was caused by *non*-systemic variables as much as by international competition. Particularly important here would be the decision to reform taken by Mikhail Gorbachev and the Soviet leadership. Moreover, communist leaderships were often not overthrown but gave up power through negotiation. Hungary and Poland would be the best examples of this in1989, the communist elite of the Baltic republics in the USSR also compromised significantly with opposition forces.

The part played by communist elites, as we shell discuss below, could be described as setting in train a classical process of transitional, rather than revolutionary politics.[17]

The communist elites, as well as the counter- elites, utilised ideology of nationalism („sacred' symbols) for control purposes over the masses. It is probably true to say that, nationalism is powerful ideology because always rises the hope of the many that they will share the cake. Inheritance of national communism[18] made „national revival „strategy possible for the Eastern European elites in the end of the 1980s.

This strategy was successfully developed in Slovakia and former Yugoslavia, particularly.[19] Desolation of Czechoslovakia and Yugoslavia was result of this political strategy. Czechoslovakia's federation was disintegrated peacefully in 1993, while Yugoslavia was partitioned throughout bloody war among republics and nations during the 1990s. Polish, Czechs and Hungarian elites pursued variation of this strategy, known as the concept of a „return to Europe".[20]

Both communist and counter-elites in all Eastern European countries manipulated peoples' nationalistic sentiments and national frustrations caused by perceived oppression and inequality. Further, elites exploited people's hung for the consumer goods of advanced capitalism and desire for economic development and material prosperity created by Western capitalist economic efficiency, innovation and profit-seeking. But

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17 Karen Henderson, Neil Robinson, *Post-Communist Politics. An Introduction,* Prentice Hall Europe, 1997, p. 28

18 National communism was revolutionary strategy developed by Vladimir Ilich Lenin and the Russian Bolsheviks Party before the World War I. According to this political formula proletarian class warfare in backwardness peripheral societies had to be „socialist in content, national in form". The ends of Communist party in undeveloped countries were not only abolition of private property, but also to gain national independent state, as well as technological and cultural development and material prosperity. Communists wonted to modernise traditional societies and to rich level of development that Western Europe and America already had achieved. Communism was identified with national emancipation and industrialisation.

19 Under the Communists rule the federal state structure was established in Yugoslavia (1943) and Czechoslovakia (1960). Communist parties of Yugoslavia and Czechoslovakia also consisted of national party organisations. The constitutions of both countries guaranteed „the right of secession" to all federal units. „The right of political secession „ was proclaimed by Lenin's doctrine of political independence for all nations and by his national policy of self-determination.

20 „Return to Europe" was political strategy developed by Eastern European counter-elites (Poland) and communist elites (Slovenia – „Evropa zdaj") during the 1980s. Integration into European structure (EU) and NATO, according to this strategy would bring democracy and material prosperity into the eastern European countries after the fall of communism. It was desire to became more like the countries of Western Europe. It was unclear whether the attraction was democracy or economic prosperity, or even if the distinction was evident.

now, decade after the implementation of neo-liberal stabilisation programs and structural reforms in poor Eastern European democracies, belief in the material efficiency of the new system is failed everywhere.

„The East has become the South"[21]

During early 1990s, the majority of governments in Eastern Europe accepted that a number of measures were essential for the transition to a market economy. These policies, largely derived from the experience of economic stabilisation and trade liberation programmes implemented in Latin America in the 1980s under the supervision of the International Monetary Fund (IMF) and the World Bank (the career of the „Chicago Boys"), came to be known as the „Washington Consensus". They included macroeconomic stabilisation, economic liberalisation (including the removal of price controls); industrial restructuring and modernisation, which was largely to be achieved by privatisation and the creation of an „open" economy (i.e. an economy open to foreign trade and investment). This had to be accompanied by the creation of the institution of a market economy, including the creation of the legal framework for a market economy.[22]

But programmes of neo-liberal economic reforms and privatisation of the means of production caused declination of GDP, which have had huge social costs in all Eastern European countries. These costs are expressed in lower incomes, higher inequality, and greater poverty, rising unemployment and in destruction of property. The total value of goods and services produced by the vast area covered by the transition economies has declined since the transition started by at least one-quarter in real terms. After the Great Depression of 1929-33, this decline represents the largest peacetime contraction of world output. At the some time, poverty has increased substantially in the region. Estimated total number of the poor in 1993-95 was 15.6 million. In Romania that number was 8.9 million, in Poland 5.3 million, and in Bulgaria, 1.3 million. The average income of the poor person was about US$2,8 per day. Social transfers, and free health care and education, once taken for granted are now rapidly shrinking. Mortality and morbidity have increased substantially in same cases without peacetime precedent.

In Eastern Europe as a whole, growth fell from about 2% in 1987. Real per capita GDP changed in Eastern Europe between 1988 and 1993 by –21%; in Bulgaria (1989-93) by –27%; in Czech Republic (1988-93) by –18%; in Hungary (1987-93) by –15%; in Poland (1987-93) by –12%; in Romania (1989-94) by –26%; in Slovakia (1988-93) by –29%; and in Slovenia (1987-93) by –21%. GDP declines were the highest in the

[21] A. Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America,* Cambridge University Press, Cambridge and New York, 1991, p. 191

[22] Alan H. Smith, „Eastern European Economies" in *Eastern Europe and the Commonwealth of Independent States,* 4th edition, Europe Publications Limited, London, 1999, p. 65

republics of former Yugoslavia due to civil war and the desolation of the federation. Between 1987 and 1996 GDP declined: in Bosnia by 70% (estimate); in Croatia by 47%; in Macedonia by 47%; and in Serbia and Montenegro by 41%. In 1996, overall GDP in Eastern Europe was approximately 80% of its 1987 level.[23]

Poland has been the only one that managed to pass her 1989 GDP level ten years after the transition began, while Hungary, in the company of Slovenia and Slovakia, came very close to the level of 1989 at the end of the 1990s. [24]

From 1989 to 1992 Albania's industrial output had declined by 64,8% and it's GDP by 41%. Recorded GDP later shot up by 7,4% in 1994, 13,4% in 1995 and 10% in 1996. Widespread poverty had led to the resurgence of infectious diseases. There was an outbreak of cholera in 1995. A polio epidemic spread in 1996 from the North-western region to Tirana and the rest of the country.[25]

The Bulgarian economy was hit by a severe crisis in 1996-97. The new private sector has not yet acquired sufficient strength to generate employment growth and there is a large informal sector. Unemployment reached nearly 20% in 2001, with young people and the last educated suffering most. Youth unemployment was 39,3% in 2001. The average educational level of the labour force is low and the qualifications held by many workers do not meet the requirements of the new jobs.

The Czech economy also suffered a recession in 1997-98. Unemployment doubled between 1997 and 2000, but declined to 8,1% in 2001. At the same time owing to very low birth rates, the size of the labour force is set to decrease significantly. Those facing major problems are unskilled workers, school leavers, workers with small children and the Roma minority. In Prague, unemployment is as low as 2,5%, compared with some of the border regions such as Most and Ostravia, where unemployment may be as high as 20%. Youth unemployment was 16,3% in 2001.

In Hungary 2.75 million people of working age are economically inactive. An important share of the young labour force has only basic education, and substantial numbers of the working-age population do not have the educational and vocational skills required by the present labour market. Thus, unskilled people without work find it hard to find employment. Despite unemployment decreased to 5,7% during 2001, young people being especially hard-hit, and youth unemployment was 10,5%.

Poland economic growth slowed down in 2001 and 2002, primarily as a result of a significant drop in domestic demand, in particular in private investment. The labour market situation has been deteriorating in 2001, with the unemployment rate 18,4%, reaching its highest level since1989. Unemployment is particularly high for young people and persons with low levels of qualifications. Youth unemployment was 41,5%

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[23] Branko Milanovic, *Income, Inequality, and Poverty during the Transition from Planned to Market Economy*. The World Bank, Washington, D.C., 1998, p.p. 7, 23, 34, 75, 76

[24] Peter Gowan, „The Peripheralisation of Central and Eastern Europe in the 1990s" *Labour Focus on Eastern Europe*. 65/2000, p. 65

[25] James Pettifer, „The Albanian Upheaval: Kleptocracy and the Post-Communist State", *Labour Focus on Eastern Europe*. No. 57/1997, p.p. 29, 30

in 2001. The number of persons of working age threatened by social exclusion is rising, and gender gaps in employment, unemployment and wages are significant. There are also persistent regional disparities in the level of unemployment, which reaches 30% in some agricultural regions. Further, job losses are expected in agriculture, which still accounts for 19% of all employment, as well as in the coal, steel and railway sector as a result of the restructuring of state-owned enterprises.

In Romania unemployment was 6,6% in 2001, but youth unemployment was 17,6%. Average educational levels are low, and the qualifications of many workers will not meet the requirements of new jobs.

In Slovakia since the end of the 1990s, unemployment increased sharply, reaching 19,4% in 2001. Unemployment among low-skilled workers registers over 40%. The groups particularly hard hit by unemployment include the Roma minority, school leavers, disabled people and those with small children. The youth unemployment rate was 38,9% in 2001. Significant regional disparities exist, between the capital Bratislava and its region and the eastern part of the country.

The labour market is characterised by a large number of older people with work experience not adapted to a market economy, as well as young people without work experience.

In Slovenia the unemployment rate decreased from 6,9% in 2000 to 5,7% in 2001. Youth unemployment is high, 15,7%, and unemployment among unskilled workers represents almost 50% of all unemployed people. There are wide regional disparities in the unemployment rate.[26]

„Nomenclatura capitalism" and clientelistic parties

The characteristics of present communities in Eastern Europe are determined by the class results of the rapid social changes after the collapse of communist regimes. A new type of social structure has been created throw the privatisation process of state assets during the 1990s.[27] Eastern European countries have adopted privatisation as a central element in their transformation from communist, centrally planned economies to capitalist, market economies.

The privatisation process was the most advanced in Czech Republic than in the rest of Eastern Europe. It has been estimated that 60% of state assets had been privatised in Czech Republic until the end of 1994. The privatisation process was faster only in Russia, where 70% of state assets have been privatised in the same period. In Hungary 49% of state assets have been privatised until the end of 1994; in Poland, 35%

[26] „Employment in the European Union candidate countries", *European Industrial Relations Review,* No. 350, March 2003, p.p. 22-27

[27] Privatisation of state owned means of production was part of „neo-liberal strategy" of economic development policy that has been pursuing by all Eastern European governments since 1989

until the end of 1993; in Romania, 8% until the end of 1994. In Slovenia and Bulgaria the privatisation process is slow.[28]

The various privatisation programmes underway in Eastern Europe are different in both scale and kind from those taken in Western Europe during the New Right practice in 1980s. For instance, by contrast, during the Thatcher administration in Britain, 5% of business assets were privatised in 10 years.

The large-scale privatisation of state enterprises was inevitably resulted in adverse consequences for sizeable social groups. A lack of domestic buyers with sufficient financial resources and the failure of a mass privatisation scheme (employee or citizen participation in the sale of shares; „every citizen a shareholder") led to the process that could be described as „nomenclatura capitalism", whereby political capital under the communist system is converted, by the abuses of power, into economic capital under the new democratic system. The former communists have gone into private business and become „successful entrepreneurs'.

A related question concerns the presence of 'dirty money', which is held by those persons advantaged in one way or another under the old system, and which is now available for use in the privatisation sales. Tomas Jazek, the Czech Minister for Privatization, has suggested that the best method for cleaning the money is precisely to let them invest it. Not everyone shares this benevolent view of economic advantages bestowed on the *nomenclatura* and black marketeers.[29]

The privatisation process was accompanied with hyperinflation in all Eastern European countries. Citizens lost their life saveings. A few benefited from privatisation. Thus, the communities in Eastern Europe become divided, throw the privatisation process and hyperinflation between the rich elites and impoverished masses.

People from Eastern Europe tend to think about their current economic position by comparing it with both their earlier standard of living and the current situation of others. Both are ways of attempting not only to rationally comprehend the transformations of their social status, but also to psychologically mediate their experiences. This is one of the most consistent features of the reports from this region. Comparing the present situation with the past is a way for respondents to externalize responsibility for the current situation. By pointing to specific events that impoverished everybody, by citing examples of those worse off than they are, or the criminality and duplicity of the wealthy, respondents feel that, at least to a certain extent, their impoverishment is not the result of personal failings, but of events utterly beyond their control, such as the transitions associated with independence.

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[28] Branko Milanovic, *Income, Inequality, and Poverty during the Transition from Planned to Market Economy*, The World Bank, Washington, D.C., 1998, p.8

[29] Vic Duke and Keith Grime, „Privatization in East-Central Europe. Similarities and Contrasts in its Application", in *The New Great Transformation? Change and Continuity in East-Central Europe*, ed. by Christopher G.A. Bryant and Edmund Mokrzycki, Routledge, London, 1994, p. 165

Maintaining connections to people in government and business and, in general, to those with some control over scarce resources is essential to avoiding poverty, but many are losing any connections they once had as societies become more divided between rich and poor.[30]

Such social polarisation made impossible re-creating of complex, autonomous organisational mechanisms within communities. The weakness of civil society (trade union activities, participation in protest groups like environmental groups, church and religious activities, membership of neighbourhood and community associations and campaigns, civil liberties groups activities, charity work, consumers groups activities, participation in political parties, etc.), as an independent entity, was favourable condition for reestablishment of nomenclatura system as organised interests of the ruling elites. It is way in which certain jobs and positions are reserved for members of clientelistic parties.

Political parties in Eastern Europe, after 1989, were not formed to articulate the interests of specific group or groups in society, but claimed to represent the united goals of all people. There are very marked similarities between the programmes of many parties. Populist promises to improve „citizens' economic situation, or to reduce crime and corruption, are widespread. The reason for that is that parties in Eastern Europe lack „core voters", social groups who formed a firm base of support. A lot of them formed at elite level in parliament and rarely reflects the sentiments and grievances of the electorate. Moreover, there is no organic link between the party and a mass base in the population. The political elite thus includes narrow party-elites.

The reasons for the missing social dialogue during transition period in Eastern Europeans countries some authors found in the situation of the relatively non-articulated interest of different social groups and in political space articulated by external (foreign) factors.

After the collapse of the state-socialist regimes and the capitulation of their political elites, the ECE countries were 'forced to be free' and the new party elites were 'appointed or at least legitimised by Western powers.

These newly appointed elites were taken by surprise by the rapid collapse of the old regimes; consequently they were not able to immediately govern properly. [31]

In such historical and political circumstances clientelistic parties emerged as a form of „patronage organisation" which provides benefits to their followers.

Nomenclatura has been replaced by clientura. Both principles aimed at preserving political loyalty, nomenclatura in a rigid, manifest, and administrative manner, by the visible hand of the party leadership, the clientura in hidden, flexible, and lucrative manner, controlled by the invisible hand of the new rulers. The clientura principle was

[30] Deepa Narayan, *Voices of the poor. Can Anyone Hear Us?* The World Bank, Washington D. C., 2000, p.p. 71, 72, 73

[31] Attila Agh, „From Nomenclatura to Clientura. The Emergence of New Political Elites in East Central Europe", *Labour Focus on Eastern Europe*, No. 47/1994, p.p. 63

also known under the state socialist regimes but it mainly oiled the middle and lower levels of politics and the decision-making process. It had secondary function but it grew rapidly in the final stage of state socialism, acting as a prelude to the brave new world of 'state capitalism'...

...

The new ruling elite has consciously created job insecurity among the elite groups mentioned above to force them into position of dependence. By declaring unconditional political loyalty, the chief administrators and technocrats might be able to keep their top positions. The socio-political conditions for the formation, or re-formation, of clientura are embodied in the slogan of new rulers: 'Our Communist was, in fact, not a Communist'.[32]

Summary

Political Elite and Community Modernisation in the post–1989 Eastern Europe*

The issues of significant trends in „who gets what, when, how", and of a defining criterion of social location in the post-1989 Eastern Europe deserve closer study that it has obtained. The redistribution of property, power and economic advantages is a main socio-political process, which determine modernisation of Eastern European communities. This process can be investigated only in reference to the relationship between the economic and the political structure of post-communist Eastern European societies. The ruling elites form the links between these two structures of communities. Because of that the emphasis has to be put on the characteristics of the Eastern European political elites, especially on the relation between organisational structure and political strategy of so called „big linkers". Contextual political analysis of political strategy and the methods of influence of „big linkers" provides a means of selecting facts about type of dominance and control in Eastern European communities.

It is essential to emphasise the crucial significance of the task of that analysis to break the „operational code" of current political elites in Eastern Europe. The task of assessing capacity of present Eastern European political elites as a principal vehicle of community modernisation is, of course, a research enterprise of great scope.

[32] Ibid., p.p. 70, 71