

Generation 1968: The Road to Prosperity and EU Accession



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The ‘revolutions’ of 1989 were a process, not an instantaneous event. The process was about returning the countries to where they belonged before World War II, and that place was Europe. This ‘returning moment’ of the political and economic developments before and after historic events of the years 1968-2004 is often left without necessary attention¹. Therefore, it is crucial to pay attention to these processes to gain a better understanding of the path to EU accession for Central and Eastern Europe (CEE).

‘MISUNDERSTANDING’ THE COLD WAR AND 1989

After 1989, it has become obvious that the so-called ‘West’, or Europe in general, have had a far greater chance of winning the Cold War. But this prospect was not even properly discussed, let alone expected or predicted by scholars, politicians, and defense strategists on either side of the Iron Curtain. Western discourse was blinded by misreading the ‘Soviet System’ as such, political inertia, Sovietologists’ research agendas, and influences by left-leaning social scientists². On the East side of the Iron Curtain, the erosion of the regimes was obvious in all walks of life, but open discussions of it risked oppression – or even a Warsaw Pact invasion. The emerging anti-Communist civic initiatives from Berlin to Sofia preferred (or perceived it was less risky, until the early days of November

¹ See, for instance, one of the most detailed studies of the path to 1989: by Sierp, A. (2015) *Democratic Change in Central and Eastern Europe 1989-90 (The European Parliament and the end of the Cold War)*, European Parliamentary Research Service. Available [online]: https://www.europarl.europa.eu/EPRS/EPRS_STU_538881_Democratic_change_EN.pdf

² See: Cox, M. (2008) *1989 and Why We Got it Wrong*, Working Paper Series of the Research Network 1989, Working Paper 1/2008. Available [online]: https://www.ssoar.info/ssoar/bitstream/handle/document/1628/ssoar-2008-cox-1989_and_why_we_got.pdf

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THE ‘REVOLUTIONS’ OF 1989 WERE A PROCESS, NOT AN INSTANTANEOUS EVENT. THE PROCESS WAS ABOUT RETURNING THE COUNTRIES TO WHERE THEY BELONGED BEFORE WORLD WAR II

1989)³ sorting out everyday problems – from human rights (freedom of speech, movement, conscience, and pursuit of happiness), through environmental degradation (in almost all countries), to workers’ representation (especially in Poland), to hard oppression of ethnic minorities (rather specific for Bulgaria)⁴.

Like all social changes, the collapse of the Soviet system was a multi-factorial emergent phenomenon, in which no principal agent or factor bears the feature of an

³ Colla, M. and Gjericova, 1989: *The Chronopolitics of Revolution*, Studies in Philosophy of History, Wesleyan University, 4 October 2023. Available [online]: <https://onlinelibrary.wiley.com/doi/full/10.1111/hith.12321>

⁴ See, for example: https://lawliberty.org/forum/lie-and-practice-before-1989/?fbclid=IwAR0TnrSXX-C8mzklYUgjd2gwa33doHmqIndE_u8-t_g6n5Y59unc-d1JSGAA

ultimate cause⁵. Economic emergencies resulting from the deepening malfunctioning of the centrally planned economies – virtually all communist countries were on the verge of a default, respective enterprise sectors were loss-making and polluting the environment – trapped the countries into an economic performance dead-ends⁶. At the same time, the consumers' sentiment on the East side of the Curtain (from fashion and music, news, and entertainment, to home-appliances and cars), has already been oriented towards the West for decades⁷.

The first post-1989 East European governments (the future EU members of the 2004 accession) faced the challenge to do away with economic inefficiencies, prevent defaults, and establish normal preconditions of life, employment, and income. This constellation of circumstances had pushed the study of transition towards economic reforms and recipes for reforms. International institutions (IMF, World Bank, OECD, among others) and the European Community organized respective departments to research, statistically review, and negotiate with the ex-communist world. The focus on economic and diplomatic matters had an impact on 'transitology': it often misses the fact that paths, successes, and failures

⁵ See the application of the emergent property theory to the Cold War history in: de Mesquita, B.B. (1998) "The End of the Cold War: Predicting an Emergent Property", [in]: *Journal of Conflict Resolution*, Vol. 42, No. 2, pp. 131-155. Available [online]: <https://www.jstor.org/stable/174566?seq=2>

⁶ See: <https://www.econlib.org/library/Enc/Eastern-Europe.html>. On the effects of post-1989 economic challenges, see: Haynes, M. (1996) "Eastern European Transition: Some Practical and Theoretical Problems", [in]: *Economic and Political Weekly*, Vol. 31, No. 8, pp. 467-482. Available [online]: <https://www.jstor.org/stable/4403833?seq=10>

⁷ Bren, P. and M. Neuberger (2012) "Introduction: A Short History of Communist Consumption", [in]: P. Bren and M. Neuberger (eds), *Communism Unwrapped: Consumption in Cold War Eastern Europe*, Oxford: Oxford Academic, pp. 3-20.

of transition from communism to capitalism result from human actions, endeavors, and social leadership.

GENERATIONAL EVOLUTION OF RESISTANCE TO COMMUNISM: FROM ARMS, THROUGH ECONOMIC DEFICIENCY TO MUSIC

The opposition to the communist rule, as summarized below, has been present in Eastern Europe since 1944. It took different forms: an armed resistance (from Bulgaria and the Balkans, to the Baltic states and Poland), non- and anti-communist parliamentary factions, open public discontent, uprisings (in Hungary, 1956), constant exodus to the outer side of the Iron Curtain, dissident movements, the so-called 'Samizdat', issue-based protests, tacit disagreement, and fake support to the regime as personal survival strategy. It evolved through the Soviet and Warsaw Pact invasions, survived deprivations of human and citizens' rights, and eventually changed the world in 1989. Notably, diverse forms of opposition often belong to different generations.

The first generation that formed early resistance to Communism, which was active in 1940-50s, vanished. The political opposition was liquidated, expelled, sent to GULAGs, or discriminated against. The armed guerrilla troops lost the stand-off against regular armies and police forces⁸. The families of these people were expropriated, banned to live in capital cities, be employed in prestigious occupations, or teach, and were ostracized from public life for decades. The hairs of this generation could not be extinguished,

⁸ There are about fifteen armed-rebels movement, most of them were active until mid-1950s, while some existed until early 1960s (in the Baltic countries, Bulgaria and Poland) or emerged as late as in 1962 and 1968 in Romania. See, e.g.: Turcescu, L and Theriault (editors), *From Today's Observation Post: Collaboration and Resistance under Communism*, (2015), Eurostidia, Vol 10, Number 1, pp. 1-146, Available [online]: <https://www.erudit.org/en/journals/euro/2015-v10-n1-euro02010/>



BY LATE 1960S-MID-1970S, THE CENTRAL PLANNING DESIGN OF THE BLOC ECONOMIES PROVED IMPOSSIBLE – TOO MANY SEPARATE ECONOMIC, SOCIETAL PUBLIC ORDERS EXISTED IN PARALLEL

but were intimidated and treated as 'second-class citizens'. Some of the youngest political opponents of Communism, after surviving oppressions and GULAGs, restored their political parties in 1989 and took part in anti-communist coalitions or joined NGOs⁹.

The Red Army's brutal military suffocation of the Hungarian Uprising of 1956¹⁰ and the invasion of Czechoslovakia¹¹, along

⁹ See: Stojarová, V., Šedo, J., Kopeček, L. and Chytilek, R., Political Parties in Central and Eastern Europe: In Search of Consolidation, Institute for Comparative Political Research, International Institute for Democracy and Electoral Assistance, 2007. Available [online]: <https://www.idea.int/sites/default/files/publications/political-parties-in-central-and-eastern-europe-in-search-of-consolidation.pdf>

¹⁰ Sebestyen, V. (2006) *Twelve Days: The Story of the 1956 Hungarian Revolution*, London: Pantheon Books.

¹¹ Nikolov, A., Zahle leto. Prazske yaro, bratarska pomoc a Buharska Lidova Republika, Praha, Akademia, 2021.

with the Soviet occupation of CEE, the imposition of communist nomenklatura-KGB style of governance, and the customary oppression of protests and dissidents had a long-lasting detrimental effect on the societies of the region. Every important individual and public initiative, cultural, trade-unionists, in the economic field, or international relations could not avoid taking into account neither the fact of Soviet military presence nor the memory of the 1956 and 1968 event. Adding up the time Soviet troops were stationed in each country, the occupation of Eastern Europe lasted for 142 years¹². In 1989, according to different estimates¹³, the Soviet troops stationed in the region counted 500-600 thousand men – approximately 10% of the Soviet military power. The threat (or at least the fear) of Soviet intervention was vivid until early 1989¹⁴.

¹² See: Tucker, S.C. and P. Roberts (2007) *Encyclopedia of the Cold War. A Political, Social, and Military History*, Volume I-IV, Santa Barbara, California: ABC-Clio. The total Soviet occupations of foreign territories by the Soviet Union (lasted for approximately 181 years. That of European territories is divided as follows: 51 of the Baltic countries, 47 of Hungary, 17 of Poland and 14 of Romania, 5 of East Germany, 2 of Bulgaria and 2 of Czechoslovakia 68-69. The latter one is legally counted as occupation by the Warsaw Pact, but 80% of the troops were Soviet and 100% of the command (as documented by Nikolov, referenced earlier).

¹³ *The Direction of Change in the Warsaw Pact*, CIA, National Intelligence Council (1990). Available [online]: <https://1989.rchnm.org/files/download/1143/fullsize>

¹⁴ After Lithuania announced independence in 1990, the Soviet Army and KGB launched a similar to 1968 invasion of the country in January 1991. It failed thanks to the courage of Lithuanian citizens, but 13 were killed and 140 injured, and the event became known as 'Vilnius Massacre' (See: Marek Grzegorzcyk: <https://emerging-europe.com/author/marekgrzegorzcyk/>). Two years earlier, on April 9, 1989, Soviet army tanks attacked peaceful demonstration of mostly young people in Tbilisi: 21 were killed, 18 of them women, and 427 injured (See: Natalie Sabanadze: <https://www.euractiv.com/section/europe-s-east/opinion/georgia-remembers-its-9-april/>). It looks as if that in the years of decline, the Soviet leadership was prepared to use force on its own territory but not in neighboring Europe. However, until the fall of the Iron Curtain the leaders of those countries, be they form the old or new generation, would customarily consult Kremlin on international initiatives.

The role of the political and civic leadership of the future members of the EU in bringing down the 'ancient regime' is almost totally neglected by the studies of 1989-2004 transition¹⁵. From 1950s to 1980s, the generations communist leaders changed as well. The new folk at ruling cockpit of the Warsaw Pact countries replaced the generation of 1950s: on the eve of 1989, only Ceausescu, Kadar, and Zhivkov, obsolete politically by any standard, retained the post they received in 1956. They could not match the worldviews (and reform attempts) of Gorbachev, Shevardnadze, Nemeth, or Poland's PMs of the 1980's or even Jaruzelski.

Take several contrasting examples. In August 1989, Nicolae Ceausescu¹⁶ proposed a Warsaw Pact invasion of Poland and across the Eastern Block "to destroy anti-socialist elements"¹⁷. Savranskaya¹⁸ gives a plausible explanation why the Soviet leaders disregarded such a proposal. A month later, Tadeusz Mazowiecki will head Poland's government, and Leszek Balcerowicz will begin pushing a plan to get Poland out of bankruptcy (in which it has been since 1980).

Or let us consider Bulgaria's dictator Todor Zhivkov: according to recently published archives, in June 1989, he offered

¹⁵ Savranskaya, S., Blanton, T. and V. Zubo (2010) *Masterpieces of History: The Peaceful End of the Cold War in Europe, 1989*, Budapest: CEU. Available [online]: <https://books.openedition.org/ceup/2752?format=toc>
The book is a rare exception: it traces the events from 1985 to 1990 and summarizes the deeds the Communist and Western leaders.

¹⁶ The episode is discussed by Larry Watts of the Woodrow Wilson Center: <https://www.wilsoncenter.org/publication/did-nicolae-ceausescu-call-for-military-intervention-against-poland-august-1989>

¹⁷ Ibid.

¹⁸ Her chapter of the above referred book is titled: "The Logic of 1989: The Soviet Peaceful Withdrawal from Eastern Europe". Available [online]: <https://books.openedition.org/ceup/2759>



THE INVASION OF CZECHOSLOVAKIA PROVED THAT THE WARSAW PACT WAS TASKED WITH KEEPING THE COUNTRIES IN THE DO-MAIN OF THE SOVIET UNION

Mikhail Gorbachev closer ties between Bulgaria and USSR and a COMECON reform (in an obvious attempt to retain his post with some help from Moscow). Gorbachev responded that they work of 'sovereignty proposal' to Soviet republics "but we'll sell them resources on international prices"¹⁹. In the Hungarian People's Republic, in May 1989, Miklos Nemeth, as the prime minister, began dismantling the barbed wire fence along the border with Austria and opened the barrier to let East Germans move to Austria. The action was agreed upon by the Kremlin²⁰.

Ceausescu and Zhivkov were direct descendants of 1940s puppet regimes installed by Stalin's ComIntern and the Red Army to run Eastern Europe under

¹⁹ See: <https://novovreme.com/pamet-chno-nabqlo/t-jivkov-kam-m-gorbachov-shte-zagine-bulgaria-no-shte-zagine-i-savetskia-saiuz/> [in Bulgarian]

²⁰ Sebestyen, V. (2009) *Revolution 1989. The Fall of the Soviet Empire*, New York: Vintage Books.

Moscow's instruction²¹. They sought support from the Soviet Union for their publicly unpopular rule and economic failure. Gorbachev himself, if one reads Victor Sebestyen's reconstruction²² of the developments preceding the opening of the Iron Curtain carefully, would rather trust leaders, not puppets unfit to bear personal responsibility, while remaining of the opinion that the Soviet Union still is able to manage the region.

ONE OF THE FACTORS OF CHANGING EVEN COMMUNIST MINDSETS WAS THE ECONOMY

By the mid-1960s, the Soviet Block economies were constantly malfunctioning. Between 1950 and 1973, the average annual economic growth of Western Europe was 4.8% of GDP, that of Eastern Europe was 3.8%²³. Anne Applebaum gives a brief but profound depiction of inflation, falling living standards and workers' strikes. She quotes a letter of the Soviet ambassador in Prague (dated December 1952), which described the economic situation as "nearly total chaos"²⁴.

To a limited degree, the acceptance of capitalist ways governing the economic affairs happened in the late 1960s and 1970s, when communist governments accumulated

negative trade balances with the West, began to borrow from the Paris and London clubs of creditors and attempted trade reorientation to obtain hard currency²⁵. By then Bulgaria defaulted on its debt to the USSR – similar developments had been typical for all countries, although formal defaults were never reported. Hungary was the first to plan economic liberalization, and the respective 'new economic mechanism' was introduced in 1968²⁶. A 1988 report of the RAND Corporation to the analyzed and provided evidence for the following economic challenges of the COMECON countries: subsidizations of foreign debt obligations by Soviet supplies of energy resources is costly and hardly sustainable, the economic decline of the late 1970s is pronounced and unstoppable, monetary policies cannot resolve the challenges, and the communist leaders want change and seek alternative economic policies²⁷.

The Paris Club (of public creditors) would set political conditionalities: from closing GULAGs to respect for human rights, to joining CSCE and the Helsinki Accords on Security in Europe. The Helsinki process was of pure political nature and did not have an economic agenda²⁸. In fact, after

²¹ The leaders of the countries even became known as 'little Stalins'. See: Applebaum, A. (2012) *Iron Curtain: the crushing of Eastern Europe 1944-1956*, London, etc.: Doubleday, pp. 47-50.

²² Sebestyen, V. (2009) *Revolution 1989. The Fall of the Soviet Empire*, New York: Vintage Books.

²³ <https://www.statista.com/statistics/1073158/europe-gdp-per-capita-by-region-1950-1998/>

²⁴ See: Applebaum, p. 436, about similar developments and public discontent of the period see Chapter 18 of her book. See also a 1959 comparative analysis of the productivity of USSR and US industries by one of the most knowledgeable experts on Communist economies: Nutter, G.W. (1983) "The Structure and Growth of Soviet Industry (A Comparison with the United States)", in: Nutter, G.W., *Political Economy and Freedom Collection of Essays*, Indianapolis: Liberty Fund, pp. 151-180.

²⁵ See, for example: https://lawliberty.org/forum/lie-and-practice-before-1989/?fbclid=IwAR0TnirSXX-C8mzkiYUgid2gwa33doHmqIndE_u8-t_g6n5Y59unc-d1JSGAA

²⁶ Boote, A.R. and J. Somogyi (1991) *Economic Reform in Hungary Since 1968*, Occasional Paper 83, IMF.

²⁷ See: Crane, C. and Skoller, D., Specialization Agreements in the Council of Mutual Economic Assistance (1988), Rand Corporation, available [online]: <https://www.rand.org/content/dam/rand/pubs/reports/2009/R3518.pdf>.

²⁸ See: Applebaum, p. 436, about similar developments and public discontent of the period see Chapter 18 of her book. See also a 1959 comparative analysis of the productivity of USSR and US industries by one of the most knowledgeable experts on Communist economies: Nutter, G.W. (1983) "The Structure and Growth of Soviet Industry (A Comparison with the United States)", in: Nutter, G.W., *Political Economy and Freedom Collection of Essays*, Indianapolis: Liberty Fund, pp. 151-180.

the accord was signed, the economic accountability of the Eastern Bloc countries deteriorated simultaneously with mounting economic challenges²⁹.

The lost competition with the West had an impact on both Eastern European governments and consumers: the former – to keep the public quiet and finance current expenditures, the latter – to obtain preferred products, from cars to jeans, and fashion. Since the population, too, needed hard currency, the governments opened respective shops to collect West European and U.S. currency from the population. In 1966-1968, Hungary (sometimes called the 'happiest barrack' of the Soviet Camp), planned and introduced its 'New Economic Mechanism' to allow for – although limited – price-market coordination and enterprise profit seeking. This rang the alarm bell in Moscow, COMECON curtailed the reform, and the Warsaw Pact made no compromise when the next similar reform (official Dubcek's 'Socialism with human face' or the Prague Spring) had been spontaneously attempted in Czechoslovakia³⁰.

By late 1960s-mid-1970s, the central planning design of the Bloc economies proved impossible – too many separate economic, societal public orders existed in parallel. This observation was made by Steven Sampson, Professor of Social Anthropology of Lund University, in 1988. He counted the following economic order (or rules of the game) of the countries: 'Directed', or Socialist sector (SOEs, cooperative and state

redistribution); 'Regulated' private sector (individual production and marketing, services); Criminal Economy (illegal private enterprises and tolerated illegal private enterprise; Informal Economy (unauthorized/illegal wage labor fiddling, pilferage, etc.); Speculation (unauthorized or illegal but tolerated market exchange), and Social Economy (barter and swapping, household and domestic economy)³¹. Sampson's categorization means that before 1989 in the Communist countries there were four parallel economies – the 'arbitrage' opportunities between them made the political coordination impossible while the shadow economic coordination had no option but to grow.

THE SOCIETAL AND COMMUNIST GOVERNANCE EFFECTS OF THESE CIRCUMSTANCES NECESSITATED DIVERGING TRAJECTORIES

The governmental oppression of the first generation of 'little Stalins' had to rely on direct destruction of opposing members of the public and threat of violence to everyone else. With the second generation, the violence was softened to 'only a threat to use' it. Simultaneously, the search for alternatives (in the area of economic management) gave way to a new generation of Communist leaders – like those mentioned above.

The social trajectory after the invasion of Czechoslovakia could take only the path of informality and every-day, cultural opposition to the regime. The Iron Curtain was erected and maintained to keep individuals from fleeing to the West. Therefore, it may be concluded that the invasion of

²⁹ Hanson, Ph. (1985) "Economic Aspect of Helsinki", [in]: *International Affairs*, Vol. 61, No. 4, pp. 619-629. Available [online]: https://www.jstor.org/stable/pdf/2617707.pdf?refregid=fastly-default:4c14700e50ec-62088c3d63f042fc3931&ab_segments=0origin=0initiator=0acceptTC=1

³⁰ Bauer, T. (1983) "The Hungarian Alternative to Soviet-Type Planning", [in]: *Journal of Comparative Economics*, Elsevier, Vol. 7(3), pp. 304-316.

³¹ Sampson, S. (1988) "'May You Live Only by Your Salary!' The Unplanned Economy of Eastern Europe", [in]: *Social Justice*, Fall-Winter, Vol. 15, No. 3-4, pp. 135-159. Available [online]: https://www.jstor.org/stable/pdf/29766425.pdf?refregid=fastly-default:2a64f5424fe4fcd0203d39758ad4b1579ab_segments=0origin=0initiator=0acceptTC=1



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Czechoslovakia proved that the Warsaw Pact was tasked with keeping the countries in the domain of the Soviet Union.

The cultural and dissident dimension of opposition to Communism has many faces and has been different in magnitude in the

Eastern European countries³². Of the entire spectrum of attitudes and endeavors, let us briefly mention only two common phenomena: literature and pop music.

By the beginning of 1960s, the failure to control the minds of the citizenry seems to have been marked by the emergence and the popularity of authors whose characters were average humans, with doubts and weaknesses, whose books smelt of reality. They told stories of oppressions and GULAGs. Many of them were intimidated, oppressed to silence, or expelled from their country, but they created a quest for normalcy, human affairs, and individual liberty which twenty years later toppled the regime. To 'Live Not by Lie' was a personal credo and public message for Alexander Solzhenitsyn, Georgy Markov, and Vaclav Havel.

Or take the music. Even folklore in my country, Bulgaria, as survey demonstrated, was a branch of political manipulation³³. One can find on the Internet different entries on 'how rock music killed communism'. Moreover, there are recent comprehensive studies on popular music in the communist countries – from Latvia to Bulgaria. Among dozens of rock bands from the new EU member states, I vividly remember, I would like to briefly mention only one – the Czech group named The Plastic People of the Universe (PPU). Victor Sebestien and many other authors discuss their story.

³² See: Pollak, D. and J. Wielgoths (2004) *Dissent and Opposition in Communist Eastern Europe: Origins of Civil Society and Democratic Transition*, Burlington: Ashgate Publishing. Available [online]: https://www.kuwi.europa.uni.de/de/lehrstuhl/vs/politik3/Lehre_WS_10_11/Wielgoths-Pollack-Dissent.pdf

³³ See: Silverman, C. (1983) "The Politics of Folklore in Bulgaria", [in]: *Anthropological Quarterly*, Vol. 56, No. 2, 'Political Rituals and Symbolism in Socialist Eastern Europe', pp. 55-61. Available [online]: <https://www.jstor.org/stable/3317339>

PPU were my favorite Czech band in the late 1960s and early 1970s, heavily influenced by Frank Zappa – another favorite musician of mine. Zappa was much more political than PPU. After the invasion of Czechoslovakia, they moved underground and recording them became an illegal business. Their music outraged the authorities because it is above all free, a little surreal, and somewhat psychedelic, very outspoken, for people who understand Czech. Soon, they started writing and singing in English. The band was arrested and tried for a show trial in 1976. To no avail: they continued to record and perform music illegally, sometimes abroad, until the final collapse of the regime. To mark the collapse of Communism in Central Europe, Frank Zappa, already fatally doomed by disease, performed two of his last concerts in Prague and Budapest in June 1991³⁴.

The story of PPU is not unique (although I cannot recall any other band in Eastern Europe put on a show trial), but it is symbolic. It manifests a will to achieve individual freedom and pursuit of happiness that was witnessed by those who lived through 1968 in this part of Europe³⁵. This generational will passed almost unnoticed. One of the few public tributes to the 'Generation 1968' at the time belongs to G.W. Nutter. In September 1968, at a Mont Pelerin Society conference, he summarized the background of the reforms and concluded: *"These are momentous times in Eastern Europe. Those striving... to give their*

³⁴ See: "Frank Zappa (VIDEO) The Last Performances (The 1991 Prague & Budapest Concerts)". Available [online]: <https://www.youtube.com/watch?v=fIOBSUSAikY/>

³⁵ As a teenage boy, I visited Prague in 1967 and 1968, and the civic strive for liberty resulted in life-long commitment to promote libertarian values everywhere in the 1980's and post-1989 world. I told the public at large how it happened in: Stanchev, K. (2023) "From Soviets to Classical Liberalism", [in]: Cavallo, J.A. and Block, M.E. (eds) *Libertarian Autobiographies*, Springer, pp. 433-439.



COMMENTATORS OF TRANSITION OFTEN MISS THE COMMON FEATURES OF REFORMERS' PERSONAL BACKGROUNDS

*peoples greater measure of freedom... deserve sympathy, admiration and respect. In a profound sense, the hope for the West lies today in the East*³⁶.

FIRST ECONOMIC REFORMERS

Poland's first non-Communist prime minister, Tadeusz Mazowiecki³⁷, irrespectively of his complex early career and his record as an MP defender of rights to assembly, freedom of beliefs (as a devout Catholic), and a member of the token opposition to the ruling party, who had no illusions about the reasons of the sad conditions of Poland's public life, was an active promoter of Solidarnosc. His inauguration speech in the Sejm had two accents: a promise to take responsibility for the future of the country, and 'closing the page of the past'.

With a different background, associated with Janos Kadar and the 'happiest barrack' of Eastern Europe, Hungary, ex-Communist

³⁶ Nutter, G.W. (1983) "Trends in Eastern Europe", [in]: Nutter, G.W., *Political Economy and Freedom*, p. 209.

³⁷ See the biography of Tadeusz Mazowiecki here: [https://dzialam.um.warszawa.pl/biografia\[in Polish\]](https://dzialam.um.warszawa.pl/biografia[in%20Polish])

top brass Karoly Grosz, Miklos Nemeth, and Gyula Horn opted for a reform very similar to that of Mazowiecki in terms of pure politics and Balcerowicz's economic plan. All the Hungarian 1988-1990 leaders were only in name representatives of the old regime, while Miklós Nemeth was then viewed as the most radical reformer. For his role in the opening of the Iron Curtain in 1989 (and 'contribution to the unification of Germany'), in 2014, he was awarded Point Alpha Preis by the Deutscher Bundestag³⁸.

Commentators of transition often miss the common features of reformers' personal backgrounds. Leszek Balcerowicz and Miklós Nemeth seem somewhat similar. The latter, in the 1970s, worked for the Planning Office of the government in Budapest and had inside knowledge of what worked and what did not in 1968 NEM. Balcerowicz, with a doctoral degree from the Central School of Planning and Statistics, in 1979-1980 led a team of economists to assess the pitfalls of investment and other policies, as a result of which Poland entered credit agreements with the Paris Club but had little to no chance to boost growth and pay the debts. This assignment contributed to Balcerowicz's popularity in both government and Solidarnosc circles.

Both men enjoyed relative liberty of their alma-maters in economics and were ardent supporters of the liberalization of private enterprise a decade before it was doomed to happen. It also seems that neither was sympathetic to Keynesian policies, which were then popular in the West. As Witold Gadomski wrote in his biography of Balcerowicz, Mazowiecki's in-

itation to join the cabinet as a minister of finance was formulated as "I am looking for Poland's 'Erhard'. Three years later one of the first international recognitions he received was the Ludwig Erhard Prize from the Erhard Foundation. Now, Balcerowicz is almost universally known as "the Polish Erhard"³⁹. This 'Erhard' moment, as it may be called, is important: it refers to the 'economic miracle' Poland entered in the mid-1990s, like Germany in 1950-1965. The content of the Balcerowicz's Plan (already a textbook title) was based on the same principles as the Erhard Plan for post-War Germany (liberalization, competition and economic freedom, monetary and fiscal discipline, protection of private property, speed, and social safety nets) and were later summarized in *Wohlstand für Alle* in 1957³¹.

These biographical sketches indicate changes in the economic way of thinking by the middle and late 1970s. The curricula of economic universities moved away from Marxism. The government offices of central planning were already using international market prices, especially from commodity exchanges for respective five-year plans. Internationally operating enterprises applied international accounting principles and governments' balance of payments were compelled to fit the borrowing needs. P. Samuelson and J.M. Keynes were already translated in all languages of Eastern Europe, economic students would rather use them as textbooks. Professors already traveled abroad for short courses and scholarships, and university exchanged tickets for foreigners visiting Eastern Europe to lecture.

³⁸ Deutscher Bundestag (2014) *Aktueller Begriff. Point Alpha Preis für Miklós Németh*. Available [online]: <https://www.bundestag.de/resource/blob/283062/d9932c7ef2c73e3d6d3a0f055e2cc623/point-alpha-preis-fuer-miklos-nemeth-data.pdf> [in German]

³⁹ Gadomski, W. (2006) *Leszek Balcerowicz*, Warsaw: Świat Książki. See: Chapter 1. 31 See: Erhard, L. (1957) *Wohlstand Für Alle*. Available [online]: https://www.mit-sh.de/sites/www.mit-sh.de/files/downloads/wohlstand_fuer_alle.pdf [in German]

Stanislaw Gomulka – who fled Poland in 1969, became a lecturer in the London School of Economics and came back to help Balcerowicz to fine-tune his plan – was a prominent critic of central planning. Similar to his fellow reformers of Poland and Hungary, Vaclav Klaus worked at the Institute for Prognostics of the Czechoslovak Academy of Sciences. In the late 1960s, he spent some time in Italy and the University of Cornell, worked in a bank, and in late 1989 became the advisor at the Civic Forum and a finance minister in the Government of National Unity.

INSTEAD OF CONCLUSIONS: EU ACCESSION

In other words, except for Bulgaria, the economic 'Golden Age' started a 30-year-long communist rule, which was imposed by military force. However, it could not be dismantled with oppression and the absence of divisions of power, human rights, and the rule of law. Economists and reformers (irrespective of their backgrounds and levels of understanding of social life) needed to be entrusted by the citizenry to promote the reforms. And it was the generation of the late 1960s and early 1970s that was called to first freely elected the reformers and then, to entrust them 'to close the page of the past'.

One of the first IMF comparative reviews of the economic developments in ex-communist countries⁴⁰ found that economic growth and recovery after 1990 has been a common phenomenon for all future 2004 EU members (and Croatia) as early as 1994-1995⁴¹. The accession to the

European Union was, first of all, a symbolic act. The leaders, like the economic reformers, emerged from the 1960s. The public expectations were formed in the same years – by writers and philosophers who professed a desire to 'not live in a lie' and believed in 'the power of the powerless', by dissidents, artists, movie makers, popular music, and rock bands, who not only believed in individual freedom, but also exercised it.

The 1968 generation carried out and paid the political and economic price for the 'return' to Europe. Their values were classical liberal, as it is evident from the similarities between Erhard's Plan and the 1990 reforms that led to the 2004 EU accession. The reforms themselves were, in essence, classical: they dismantled the remnants of central planning, removed the barriers to individual liberty and, perhaps, opened the prospects for a new and better functioning European Union.



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⁴⁰ Havrylyushin, O., Izvorski, I, and R. van Rooden (1998) *Recovery and Growth in Transition Economies 1990-97*, IMF Working Paper No 98/141. Available [online]: <https://www.imf.org/external/pubs/ft/wp/wp98141.pdf>

⁴¹ Bulgaria's transition to market followed the same path, but the recovery was interrupted by 1995 Socialist Party's attempt to reintroduce central planning.