Reduction to the Absurd:

The Geopolitical Economy of Post-State-Socialism[1]

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Post-State-Socialist Global Trajectories

The collapse of state socialism occasioned the outbreak of a pandemic of popular-modernizationist optimism. As this euphoria over the removal of most formal restrictions on political life radiated from the "regime-changing" intellectual groups in east-central Europe to the rest of northern Eurasia[3], and indeed the world, it gained momentum by encountering a global neoliberal rhetoric equating "freedom" with "markets" and a large dose of anticommunist political emotion, a constitutive element of the ideological state apparatuses on the other side of the Cold War.

The promise of "catching-up with the West" was so prevalent a frame of understanding history in the post-state-socialist context that it provided sweeping popular support to the various, otherwise rather difficult decisions regarding relinquishments of sovereignty to NATO and the European Union in various referenda. It is their inability to deliver on those very promises of "catching up" that the regime-changing, politically by and large moderate and, in their political habitus, at least nominally democratic, political classes are starting to pay for, in electoral upsets by extreme-right-wing—i.e., anti-democratic—groups in some parts of east-central Europe today.

For the most part, practitioners in the social sciences remained cautiously silent about the future trajectories of the erstwhile state-socialist societies, except for two towering figures, occupying rather distant corners in the field of the social sciences. One scholarly prediction emerged in the left-liberal Euro-constitutionalist mainstream of the late Frankfurt school. Habermas' notion of a "nachholende Revolution",[4] variously rendered in English as “catching-up revolution” or “rectifying revolution,” was devised specifically to conceptualize the historical essence of the end of state socialism, with a focus on East(ern) Germany. As Paul Blokker summarizes, for Habermas, “1989 signified a kind of rewinding revolution that allowed [the societies of the former state socialist ‘bloc’] once again to catch up with the west, after the interlude of the failed modernizing project of communism.”[5]

A strikingly similar vision of the post-state-socialist future emerged from neoliberal economic thought, as it came to be applied to the post-state-socialist context, best exemplified in the work of Jeffrey Sachs in the nineteen-nineties. For Sachs, the key point that made a “shock therapy”-styled “transition” an urgent necessity in the post-state-socialist context was the expectation, indeed firm promise, that east-central Europe would soon experience “a democratically based rise in living standards”[6] because “the postcommunist world has the potential to grow more rapidly than the developed world.”[7]

The regime-changing political rhetoric and the two scholarly formulas shared two important elements: a sharply Euro-centric, teleological view of global diversity, and a large dose of unfounded optimism regarding the advent of a common, and uniformly wealthy, European future, which the societies of former-state-socialist eastern Europe would join. Re-framed in more formal terms, the key idea was that the end of state socialism would lead to rapid centripetal (core-bound) mobility.

Although, clearly, there were a number of grave theoretical, historical and even logical problems with this expectation, I will not engage in a detailed critique of it in this paper. Instead, I take an empirical route: I tackle the issue of the global trajectories of post-state-socialist societies through an analysis based on historical data. As part of this effort, I seek to present a simple analytical framework through which I think it may be possible comprehend the changes that have occurred in the positions of the societies of northern Eurasia since 1989-91 in a systematic, global and historical fashion. While, on the face of it, this may appear as a fairly straightforward exercise in "taking stock" after a major social transformation, work offering such an overview has been quite sparse, both in literature on the comparative-historical sociology of the post-state-socialist transformation and in work tracking the transformation of the capitalist world-system. Moreover, closer scrutiny reveals a number of intriguing empirical patterns.

As I have argued some years ago,[8] it would be hard to overestimate the significance of global forces in local institutional change in Central Europe. Important recent work has made great steps toward developing a nuanced understanding of how the local institutionalization of such global forces has taken place in east-central Europe, focusing either on the European Union[9] or on various organizationally concrete forces of multinational capital,[10] or both[11], as key global nodes transmitting global transformative effects to the societies of the region, specifically, (east-)central Europe. It is truly unfortunate that work in the same vein on the rest of the vast former-Soviet "space" is much sparser, if not entirely absent.

World-systems scholarship has for quite some time used the adjective 'socialist' in a very specific context, as a powerful, albeit mainly figurative counterconcept to the notion of the capitalist world-system so that, according to Wallerstein's pregnant metaphor, a "socialist world-government"[12] might replace the capitalist world-economy in the *longue-durée* future. When dealing with reality that already exists, world-systems scholarship has been confronted by a contradiction inherent to the global geopolitical structure[13] of the modern world: The main object of such scholarship has been an emphatically "capitalist[14] world system" that has had, embedded in it, a group of states, or "bloc"— registering, around the mid-to-late-20th century, approximately one-third of the world's population[15] and just under one-fifth of the gross world product[16]—whose political sphere had placed an effective constitutional ban on private property, i.e., the private appropriation of the surplus of the labor of others.[17]

Much world-systems work has tended either to ignore the state socialist experience *tout court*, or tuck it away, as if in a footnote or an afterthought, as an institutional variation that is, from the holistic perspective of the world-system, a state capitalist "mode of labor control" of sorts and, hence, a problem of secondary importance for global analysis. As a result, world-systems analysis has only partly been equipped to deal with such specific socio-political phenomena as the bipolar supra-state structure of the Cold War, regional phenomena, such as dual dependency,[18] or social inequalities structured around issues of relations of power, division of labor and stratification based on distribution, instead of class *per se*. This lack of specific attention to issues of state socialism and its demise is, clearly, a major omission since, even if we take the holistic-reductionist view of state socialism as state capitalism,[19] there still remains the question of just what happens to those state-capitalist societies, the numerous systems of integration that linked them to each other, as well as the world-system as a whole, after the monopoly hold of the Communist parties to power, and the resulting, ostensibly "state capitalist" character of this group of states, is removed, as it happened in northern Eurasia in 1989-92.[20]

One powerful advantage of a world-systems approach is that, by insisting on the continued presence of east-central Europe and the rest of northern Eurasia in the capitalist world-system at least since the "long sixteenth century," it provides a useful antidote to a great deal of political, journalistic, and neo-liberal economic arguments that portray the four to seven-decade histories of the societies "behind the Iron Curtain" as a "forced withdrawal" of from the world economy (or, what amounts to the same thing, only stating it even less precisely, from 'Europe,' 'civilization',[21] etc.) and the persistent demands for a return to "integration with Western Europe,"[22] 'civilization,' etc. Observing the state-socialist states during the state-socialist period through a world-systems lens, what one saw was a number of complex and intricate arrangements under which the unique institutional features of state socialism were incorporated in the world economy a deeply conflict-filled but—because of the ways in which socio-economic and socio-cultural processes were overdetermined by the geopolitics of mutual threat—also quite stable, arrangement of accommodation, competition and managed conflict. Because of the imperatives of the Cold War, and because of the specific, proprietorial-managerial role the state socialist states played in their economies, states played a particularly significant part in managing the integration of the state socialist economies in the world-system on both sides. For my purpose, the most important corollary is that what we refer to as the collapse of state socialism is not a "return" to the world from some kind of a leave of absence, but a structural transformation involving the terms under which the integration of these societies with the rest of the world occurs.[23]

The dynamics of the collapse of state socialism and its socio-economic, -political and -cultural consequences in northern Eurasia are of course equally impossible to comprehend in abstraction from global forces. From a global point of view, the escalation of the arms race and the emergence of a “deepened and widened” European Union on the western perimeter of the Soviet bloc were contextual geopolitical conditions that provided key pieces of the puzzle of the decision on part of the Soviet leadership to renounce their previously unshakeable adherence to the state socialist geopolitical *status quo* and allowing the disintegration of the powerful institutions and organizations of regional integration they had built, through several generations, not only in eastern Europe but, even more astonishing, in the USSR itself. That both the arms race and the “deepening and widening” of west European integration were processes of social change that occurred on the level of supra-state public authorities (NATO and the European Union, respectively), and not by way of autonomous action on part of any single Westphalian state *per se*, is of great significance: These two factors alone justify attention to the supra-state geopolitical dimensions of the transformation. The empirical material presented in this paper below will allow an examination of some fascinating, indirect evidence to support this point.

Framework and Trajectories

In this study, I focus on some of the <u>consequences</u> of 1989 as a major transformation of the ways in which the former-state-socialist states have been integrated into the capitalist world economy. In contrast to the well-nigh exclusive focus of the literature on economic performance on *per capita* <u>rates</u>—a feature I have criticized in some detail elsewhere[24]—I open up the analysis of over-time trajectories of states to an additional dimension: In addition to relative wealth (i.e., per capita rates of performance), I also observe changes in relative global economic weight (share in the total world product).[25] By including a dimension (relative global weight) that is geopolitical[26] *par excellence*, I hope to be able to shed light on important patterns that remain hidden if observed exclusively through the "rates" lens.[27]

My analysis extends to all societies that underwent a post-state-socialist transformation since the late nineteen-eighties, including not only east-central and south-eastern Europe, but also the former-Soviet area. I examine these cases against the backdrop of both the capitalist world economy as a whole, highlighting some relevant comparative angles. The empirical material comes from a data set published by the OECD as an online supplement to a magisterial compilation of *longue-durée* estimates of economic performance[28] by British economic historian Angus Maddison.[29]

Figure 1 about here

Let us place the societies of the world in a two-dimensional space (Figure 1 offers a visual aid for this conceptual exercise.)[30] The vertical (y) axis represents *per capita* economic performance (computed, in order to make over-time comparison—the purpose of this exercise—visually feasible, as <u>percentage of the world mean</u> *per capita* GDP in any given year). In Figure 1, I have subdivided the y axis in three categories, and labeled them "rich," "medium" and "poor." As my empirical analyses refer to the twentieth century, there I use the familiar, Wallersteinian trichotomy of "core," "semiperiphery" and "periphery." In this analysis, I define the middling category of the semiperiphery, arbitrarily, as societies that have between 50% and 200% of the world mean per capita GDP in the given year.

The horizontal dimension (axis x) marks what I have called[31] external economic weight, expressed as the share of a unit (here: a state or a group of states) in the total gross world product. I have also subdivided this dimension, just like the y axis, into three categories, and labeled them as “lightweight,” “middleweight” and “heavyweight,” with the one- and ten-percent marks serving as cutoff points among the three.

The three-by-three categorization created in this way allows the analysis to separate nine characteristic combinations of two geopolitical-economic factors, ranging from poor- (or peripheral)-lightweight (“PL,” in the bottom left corner of the graph) to rich- (or core)- heavyweight (RH, in the opposite corner).

Figure 2 about here

Figure 2 contains some of the principal directions of possible movement within this trajectory space. It marks vertical movement as up- and downward mobility, and changes in horizontal position as extensive growth and extensive contraction. Assuming a Westphalian interstate system, an optimally run, successful state would cover a diagonal trajectory, crossing the rectangle from the bottom-left toward the top right corner, i.e., from the poor-lightweight to the rich-heavyweight position; I label this “overall growth,” and its disastrous opposite as “overall contraction.” Finally, I call diagonal movement from the rich-lightweight toward the poor-heavyweight location “impoverished weight-gainer,” and its opposite “enriched weight-loser.”

With this preparation, we are now ready for an overview of the trajectories of the formerly state socialist societies. First, it might be useful to start with two composite pictures. The two of them together will allow us to visualize the trajectories of the Soviet 'bloc' during the state socialist period.

Figures 3 and 4 about here!

Figure 3 indicates the trajectory of CMEA, the Soviet-'bloc's' economic integration system, (a case created in this analysis as a composite of all of its member states), along with (the multiple predecessors of) the EU and a few important, additional states,[32] in the two-dimensional trajectory space of the geopolitical economy of the global system between 1950 and 1989. CMEA begins the period at almost exactly in the middle of the semiperiphery (around 102% of the world mean GDP/cap), accounting for approximately 13% of the gross world product. It experiences a period of modest upward mobility, reaching the historic peak of its performance in *per capita* terms with 127% in 1961. CMEA's relative global weight does not increase in proportion to its wealth; it reaches its apex, with 14.38% of the gross world product, in 1964. Since then, the history of the state socialist supra-state unit of economic integration has been a downward slide: CMEA slid to 91% of the world mean gdp/cap, and 10.42% of the gross world product, by 1989.

Overall, three basic observations bear mentioning. First, treated as an aggregate of its member states, CMEA had been a resolutely heavyweight-semiperipheral phenomenon throughout its history, and it was the only such entity in the global map of systems of economic integrations. Also to be noted is the fact that never during its history has CMEA experienced a truly radical change of position of any sort. Even though in 1989 CMEA occupied an overall less advantageous global position than in 1950, its decline in GDP/cap, relative to the world average, was moderate at worst, and the less than 4% weight loss experienced over the second half of its existence was, while clearly noticeable, certainly not a catastrophic collapse. More important, as a comparison to the curves representing the spectacular two-dimensional growth patterns of Japan and South Korea on the one hand, and the two-dimensional contraction and modest rebound of India and China on the other, will reveal, the CMEA's curve shows a relatively moderate amounts of change, suggesting a by and large stable entity with little, gradual movement in either direction.

Third, as compared to the European Union—the only economic integration throughout this period that occupied a core-heavyweight position—CMEA was never on par with it in terms of wealth, and it almost matched the EU's global economic weight (i.e., it had a global economic weight of approximately 1% less than the EU) only until 1960. Since then, the gap between CMEA and the EU kept widening so that, by 1990—the year of CMEA's dissolution—the EU comprised an almost twice greater proportion of the gross world product than the CMEA.

We can obtain another angle at the global position of the socialist 'bloc' by comparing, as does Figure 4, the trajectory of the Warsaw Pact (computed as a composite of its member states) to its counterparts world-wide.[33] This picture tells a story strikingly different from what the trajectory of CMEA suggested.

Starting from a point just slightly above (114%) the world mean GDP/cap and 13.4% of the world product, the Warsaw Pact climbed to 141.4% of the world average by 1975, while hovering around 13-14% of the gross world product throughout the same period. A loss of global economic weight begins around 1971. By 1991—the year of its dissolution—the Warsaw Pact stood at a mere 8.8% of the gross world product, having fallen back to around the world mean GDP/cap. During the same period, its main Cold War adversary, NATO, never had less than 44% of the gross world product, and was never poorer than three and a half times the world average GDP/cap. In the year of the dissolution of the Warsaw Pact, NATO stood at 44.4% of the gross world product, and 377% of the world average GDP/cap.

The Warsaw Pact was a 'bloc' firmly anchored, just like CMEA, in the semiperiphery. However, as it becomes obvious when we compare the curve for CMEA (in Figure 3) to that for the Warsaw Pact (in Figure 4), the two had radically dissimilar trajectories. Specifically, the inverted "U" of the Warsaw Pact diverges from CMEA's curve in two ways. First, the Warsaw Pact started an overall contraction sometime around the mid-seventies, causing a precipitous drop in its global economic weight—a fall CMEA never experienced.

The second, and geopolitically crucial, difference has to do with the structure of the global adversaries against which the CMEA and the Warsaw Pact were to be compared. As suggested above, the EU comprised just slightly higher a percentage of the gross world product than CMEA until1960, and even by 1990, after numerous steps of expansion, the EU's total global economic weight was barely twice the weight of the CMEA. In contrast, the global economic weight of NATO was around 3.3 to 3.6 times greater than that of the Warsaw Pact between 1958 and 1976. By 1980, this ratio increased to 3.71, passing the mark of 4 in 1985. By 1991, NATO represented a 4.99 times greater share in the gross world product than the Warsaw Pact. As to a very large extent the main purpose of the Warsaw Pact was maintenance of the Soviet 'bloc' as an intricate system of political dependencies, this strikes me as a very powerful piece of indirect geopolitical-economic evidence that needs to be taken into account as a factor that may have contributed to the Gorbachev leadership's decision about dismantling the 'bloc' as such.

Figure 5 about here

With this, we are now ready to examine trajectories of individual state-socialist societies. Let us start, in Figure 5, with the state socialist period of 1950 to 1989. Looking at the shape of the individual curves, it becomes quite clear that the trajectories contained in the CMEA and Warsaw Pact graphs were composed of a widely varied set of state-by-state experiences. This variation calls into question a number of widely held assumptions regarding the degree to which the Soviet 'bloc' was to be considered a monolith.

One typical pattern is represented by the USSR. The largest state of the Soviet 'bloc,' its curve suggests three phases: /1/ an upswing in both dimensions, lasting from 1950 to the mid-seventies, when the USSR went from 135% to around 150% of the world average GDP/cap, and managed to push its own global share from 9.5% to above 10% around the immediate post-Sputnik years of 1958 to 1961. This is followed by /2/ a period of stagnation in terms of GDP/cap, and /3/ the erosion of its global weight so that the USSR's share in the gross world product fell below 9% by 1979, only to drop below 8% by 1987. By 1989, the USSR stood at 138% of the world mean GDP/cap, with a mere 7.7% share in the gross world product.

The GDR replicates the inverted U-shape of the Soviet pattern in an exaggerated form. East Germany experienced impressive overall expansion until 1972 when, with over 190% of the world mean GDP/cap, it arrived at the doorstep of what I have arbitrarily defined above as the empirical threshold of the core of the world economy. From 1954 to 1963, the GDR contributed approximately 1% to the gross world product. In 1972—the time of its peak in *per capita* terms—the GDR still registered .87% share in the world product, only to experience a precipitous decline from the mid-seventies until the late-eighties, so that, by the time of the fall of the Berlin Wall in 1989, the East German economy accounted for no more than .31% of the gross world product while, in *per capita* terms, it had fallen back to the world average, i.e., approximately 30% below its earliest available post-world-war-II figure (132.4%, in 1950).

Poland also replicates the Soviet pattern, reaching its apex in terms of global economic weight around 1958, with 1.4% of the gross world product, while in *per capita* terms, it peaks with 141% of the world mean GDP/cap in 1975. By 1989, Poland had fallen back to 110% of the world mean and .81% of the gross world product. Albania, too, shows the same inverted pattern, only at a much poorer level, with its peak in terms of GDP/cap at 55% of the world mean in 1975, followed by a precipitous decline into peripheral status well before 1989.

The second characteristic pattern—that of an inverted "J"— can be observed with respect to a larger group of states, all of them in east-central Europe. Bulgaria, Romania, Yugoslavia, Hungary and Czechoslovakia all experienced longer and more radical upswings than the USSR and the GDR, followed by declines in global economic weight and to some extent also in *per capita* terms. The reduction in global economic weight is, in all of these cases, more persistent and of greater magnitude than the loss of position in terms of *per capita* incomes.

A third pattern involves the People's Republic of China, Cuba, North Korea, and Vietnam. Vietnam and North Korea endured major wars during this period, Cuba was under a U.S. economic embargo for most of the period, and China underwent the Cultural Revolution during this time. Despite the radically different histories, the four curves form something of a pattern: precipitous declines followed by a "rebound" that takes them back, almost exactly along the same lines, but nowhere near the position from which they started.

Figures 6, 7 and 8 about here!

Figure 6 is the first one in the series of graphs depicting the trajectories of the trajectories of the erstwhile socialist states after 1989. To be noted is that it shows the federal states of the region—to be dissolved during the period observed here—as if they had remained intact, i.e., as composites of their successor states. The overwhelming pattern is absolutely clear. We see a series of italicized *J*-s, a trajectory that can be thought of as composed of two phases: an overall contraction (marking a drop in global position in terms of both the world mean GDP/cap and shares in the gross world product), followed by a much smaller rebound. With the single exception of Poland, the rebound falls short of taking the curve back to the point from which it began in terms of per capita rates, and there is no case, not even that of Poland, in which the last state socialist global weight would be re-gained. Loss of global economic weight is a pattern that applied uniformly to all post-state-socialist states, even if we make up for the losses of weight due to the dissolution of the federal states of the USSR, Yugoslavia and Czechoslovakia.

Figure 7 provides the same account for the successor states of Czechoslovakia and Yugoslavia.[34] The patterns are strikingly similar, with one exception—Slovenia—showing a powerful rebound in *per capita* terms, resulting in a curve to that of Poland. Apart from Slovenia, the shape of the curves is almost completely invariable, quite irrespective of whether the dissolution of the erstwhile federal states took place by peaceful means (as in the case of Czechoslovakia) or by wars (as in the case of Yugoslavia); the effect of wars can be observed in the magnitude of the collapse in the case of Serbia, Croatia, Bosnia-Herzegovina and Macedonia. According to Angus Maddison's estimates, hence, Slovenia entered the core of the world economy sometime in the closing years of the twentieth century, while the Former Yugoslav Republics of Macedonia and Serbia slid into periphery status.

There is a significant political message in this. To the extent that at the heart of the political computations leading to demands for secession was the idea of taking a certain loss of global weight in exchange for a better world-system position in terms of national income, and an expectation on part of the relatively wealthier federal states that they would “take off” in *per capita* terms faster than the fellow republics they leave behind, that expectation was met only in one case, that of Slovenia. Neither the Czech Republic nor Croatia—the two additional wealthier secessionist republics whose political elites may well have had a similar set of expectations—have been able to affect a major increase in their global position in *per capita* terms.

As for global economic weight, each of the successors of the federal states of east-central Europe commanded less global economic weight in 2001 than they did at the point of the dissolution of the states from which they seceded. Their total loss of global weight has, hence, two causal components: the carving-up of their federal state and their further decline afterwards.

Figure 8 about here!

Finally, Figure 8 brings us to the post-Soviet context. The dissolution of the USSR produced 15 post-Soviet republics. As it is clearly discernible from Figure 8, not only is even the biggest and most powerful of them, Russia, considerably smaller than the USSR at its lightest; each of the successor states underwent a reduction in terms of both *per capita* income and global economic weight <u>after</u> the end of the USSR that is well-nigh catastrophic. Again, what we see is the italicized *J*-pattern, only the magnitude of the losses varies, somewhat. The post-1991 post-Soviet world produced such new entrants in the global periphery as Ukraine (with its GDP/cap sinking to 43.9% of the world average in 1999), Belarus, Azerbaijan, Tajikistan, Georgia, Moldova, Kyrgyzstan and Turkmenistan (listed in decreasing order of global economic weight).

The magnitude of the now independent former-Soviet republics' losses is equally devastating in terms of GDP/cap and shares in the gross world product. On average, the aggregate of the successors of the former USSR sank from 7.7% to 3.3% of the gross world product between 1989 and 1998, registering a drop from 133% to 67% of the world mean GDP/cap during the same ten-year period. The successor states of the former Yugoslavia dropped, on aggregate, from 121% to 64.6% of the world mean GDP/cap in four years (1989 to 1993). Even the "velvet divorce" of Czechoslovakia has led to a drop from 170.6 to 138.3% in the mean GDP/cap of the two successors.

A loss of half of a state's world-system position in terms of GDP/cap over a four-to-ten-year period is well-nigh unprecedented in peace times. It is also important to keep in mind that the earliest point of comparison in the numbers quoted above (1989) is already, without exception, a point by which five to fifteen years of economic stagnation or contraction had already taken place.

No less significant for an adequate understanding of the global trajectories of the societies of the post-state-socialist context is the issue of global economic weight. In 1989, the most powerful state of northern Eurasia was the USSR, already reduced to 7.7% of the gross world product from the usual figure of 9.5% to 10% during much of the state socialist period, followed by Poland (.81%), and Czechoslovakia (.513%). In 2001, the region's economic powerhouse, the Russian Federation, registered a mere 2.13% of the gross world product, followed by Poland (.79%) and Ukraine (.39%). Two major corollaries follow from this. First, the global geopolitical-economic weight of northern Eurasia as a whole has been considerably reduced, not only if we compare it to the peak of the state socialist period, but also if we start the comparison with the already reduced numbers at the <u>end</u> of state socialism. The implications of this, especially in the context of the spellbinding <u>increase</u> of the global geopolitical-economic weight, and the resulting return to global prominence, of China and India, are extremely far-reaching.[35]

A second corollary has to do with the fact that, plainly put, the collapse of the imperial power of the USSR and the dissolution of the region's federal states redrew the map of power relations within the region itself. What was, in 1989, a group of nine state socialist states is now twenty-seven smaller—in some cases much smaller—geopolitical actors, a transformation that one would expect to increase the complexity of international relations exponentially even if one had no knowledge of the historical tensions among various sets of these states. This is particularly relevant to the issue of the relationship between the states of east-central Europe and the Baltic region on the one hand, and Russia on the other.

Meanwhile, there has appeared at least the possibility of a new kind of inequality, one that has to do with the processes of state formation on the ruins of what used to be the state-socialist federal states. This transformation is specific to the post-state-socialist history of the region, owing to the fact that, while some states have been carved up into several successors—and these successors are, by definition, considerably less powerful than their erstwhile federal state—other states did not undergo such a process of dissolution. Being left out of the weight reduction caused by the de-federalization of some of the region's states leaves such states as Poland, Hungary, Romania and Bulgaria in relatively more powerful positions vis-à-vis their neighbors, as each of these four states exists in contexts in which at least some, if not all (as in the case of Poland), of its neighbors have undergone radical transformations in the aftermath of state socialism.

Implications

The modernizationist expectations of the post-state-socialist states rapidly catching up with 'Europe' were simply, and spectacularly, wrong. This by itself comes hardly as a surprise to global analysts.

What is most striking about the post-1989 transformation is the uniformity with which the region's societies collapsed along basically the same trajectory. It appears that, ironically, the state socialist period showed much more variation within this group than post-state-socialism. Whether they are predominantly western Christian, eastern Orthodox or Muslim, whether their governments pursue policies that are neoliberal, embedded neoliberal or neo-corporatist,[36] whether they are poorer or richer, small, medium-size or large, they all lost global positions, to a very significant degree, in a two-dimensional fashion. They also failed to re-gain those positions, with the exceptions of Poland and Slovenia, both of which have basically recovered only their GDP/cap positions, but even they did not come even close to recuperating their global economic weight.

As for the exceptions, it would of course require a much more thorough investigation to find the specific mechanisms that produced them. For Poland, it will be remembered, the one thing that set it apart from the rest of the states of the is the fact that a significant part of its foreign debt—primarily that part which was owed to governments—was written off in 1991. All other post-state-socialist states have been duly paying their debt service, and the only form of debt relief available to them is turning privatization revenues to debt repayment, a process that ends up coming very close to the debt-equity swap schemes that had ravaged a number of Latin American economies in the late eighties. But this is, clearly, neither a well worked out, nor a logically sufficient explanation for Poland's and Slovenia's exception.

It is of course possible to argue that what Maddison's data capture is the first phase of a pattern in which more robust economic change will happen in the second phase, i.e., in the future. A number of considerations prompt me to be skeptical about this reading. First, the only argument I am familiar with that would propose such a development in a systematic fashion suggests that concerted efforts by a developmental state, which require serious re-tooling for large-scale national development projects, might produce a dynamic whereby initial contraction is followed by sustained growth. The first problem is that I see no evidence of such a developmental state anywhere between the Elbe and the Pacific Ocean. Time is another problem for this argument: It is a bit difficult to claim that re-tooling the economy by the developmental state would take over a decade, in a context, like the former-Soviet-'bloc' in which a literate, well trained and disciplined labor force is available in large numbers, in which there already exists a fairly well organized and coherent economic infrastructure, characteristic of semiperipheral economies. Nor do we know of any developmental state that would have operated under the triple condition of neoliberal ideology, very high levels of foreign direct investment, and the truly powerful presence of a truly meddlesome foreign public authority (the European Union).

Another optimistic reading could argue that what these data depict is just some kind of "transformation costs," an idea patterned after the notion of transaction costs. The trouble here, in my mind, is with magnitudes. Losses to the tune of over half of the GDP/cap and even greater proportions to global economic weight appear grossly exaggerated in the context of plain transformation costs.

For lack of any convincing argument suggesting that the drastic setbacks I have outlined are short-term and transitory steps toward a brighter future, I am forced to conclude that they are the parameters of a new *status quo*. What the extreme-right-wing forces of the region will do with this *status quo*, is a truly open-ended question.

As arresting as the catastrophic drops in GDP/capita is the drastic, and perfectly uniform, reduction in the global economic weight of the erstwhile state socialist states. Economic crises before 1989, the dissolution of the federal states, and the uniform reduction in shares in world product after 1989 have all worked to lessen the ability of these states to exert any sovereign influence on the world outside their borders—i.e., in short, diminishing their ability to be independent geopolitical actors. All other things equal, this of course increases the relative power of all other, already powerful actors, and makes it more likely that the post-state-socialist states, especially the smallest ones, will experience serious pressures to becoming political dependencies of larger, more powerful public authorities, especially those in their geo-strategic proximity.

Figures

References

[1] Paper prepared for presentation at the conference on the 1989 Anniversary Conference, organized by Dorothy Solinger and Nina Bandelj, at the University of California at Irvine, November 6-8, 2009.

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[3] I have chosen this label to refer to the contiguous area of east-central and eastern Europe as well as the former USSR and Mongolia, the geopolitical space in which formerly state-socialist states have collapsed in 1989-92.

[4] Jürgen Habermas, Die nachholende Revolution. Frankfurt am Main: Suhrkamp, 1990, 181.

[5] Paul Blokker, "1989, Democracy, and Social Theory: A Return to Normality?" Europan Journal of Social Theory, 12,3 (2009): 307-20, 309.

[6] Jeffrey Sachs, Understanding Shock Therapy, London: Social Market Foundation, 1994: 25, Quoted by Lawrence P. King, "Explaining Postcommunist Economic Performance," University of Michigan, William Davidson Institute Working Paper 559.

2003. http://www.wdi.umich.edu/files/Publications/WorkingPapers/wp559.pdf as of October 15, 2009, 40.

[7] Ibid. Indeed, the enthusiasm of the east-central European political sphere for a neoliberal "shock therapy" in the interest of such a "catching-up" constituted an important piece in Sachs' argument. "The political and intellectual leaders Eastern Europe's revolution of 1989 describe their aim as a "return to Europe." Their overwhelming judgment is that the postwar division of Europe into East and West was artificially imposed by the Soviet Union, at enormous human and economic cost. They underscore the artificiality of the division by referring to the region as East Central Europe (or Middle Europe), rather than Eastern Europe, thereby stressing their countries' thereby stressing their countries' place in the mainstream of European history, politics, arts, and economy." David Lipton and Jeffrey Sachs, "Creating a Market Economy in Eastern Europe: The Case of Poland," Brookings Papers on Economic Activity, 1990,1:75-147, 75.

[8] Böröcz, József, "Change Rules," American Journal of Sociology, 106,4 (Jan 2001): 1152-68.

[9] See, e.g., Wade Jacoby, "Tutors and Pupils: International Organizations, Central European Elites, and Western Models," Governance, An International Journal of Policy and Administration, 14,2 (April 2001): 169-200, The Enlargement of NATO and the European Union: Ordering from the Menu in Central Europe, Cambridge University Press, 2004. Dorothee Bohle and Dóra Husz, "Whose Europe Is It? Interest Group Action in Accession Negotiations: The Cases of Competition Policy and Labour Migration", Politique européenne, 15,1(2005): 85-112.

[10] See, e.g., Nina Bandelj, From Communists to Foreign Capitalists: The Social Foundations of Foreign Direct Investment in Postsocialist Europe, Princeton University Press, 2008, "The Global Economy as Instituted Process: The Case of Central and Eastern Europe." American Sociological Review, 74: 129-149, Jan Drahokoupil, Globalization and the State in Central and Eastern Europe: The Politics of Foreign Direct Investment. London: Routledge, 2009, or Dorothee Bohle and Béla Greskovits, "Capitalism without Compromise: Strong Business and Weak Labor in Eastern Europe's New Transnational Industries." Studies in Comparative International Development, 41,1(2006): 3-25.

[11] Arjan Vliegenthart and Laura Horn, "The Role of the EU in the Transformation of Corporate Governance Regulation in Central Eastern Europe—the Case of the Czech Republic," Competition and Change, 11,2(June 2007): 137-53.

[12] See, e.g., Immanuel M. Wallerstein, "A World-System Perspective on the Social Sciences," The British Journal of Sociology, 27,3 (September 1976): 343-52, p. 352.

[13] Because of this geopolitical tension, the socialist 'bloc' as a whole and various state-socialist states have been portrayed both as pro- and counter-(world-)systemic forces. About this, see, e.g., Frank, André Gunder, "Long Live Trans-Ideological Enterprise! The Socialist Economies in the Capitalist International Division of Labor," Review, 1, 1 (Summer 1977): 91-140, Christopher K. Chase-Dunn, Socialist States in the World Economy, Beverly Hills, Sage, 1982, Zeev Gorin, "Socialist States and World System Theory: A Critical Survey," Nature and Society, 49,3 (Fall 1984): 332-66 , Michael D. Kennedy and David A. Smith, "East Central European Urbanization: A Political Economy of the World-System Perspective," International Journal of Urban and

Regional Research, 13,4 (December 1989): 597-624, and József Böröcz, "Dual Dependency and Property Vacuum: Social Change on the State Socialist Semiperiphery," Theory and Society, 21 (1992): 77-104.

[14] Emphasis added.

[15] Computed from data included in Angus Maddison, The World Economy. A Millennial Perspective. Paris: OECD, 2001, and The World Economy. Historical Staistics. Paris: OECD, 2003, Online Data Supplement. For a much more detailed analysis of the longue-durée of state socialism, see József Böröcz, The European Union and Global Social Change. A Critical Geopolitical-Economic Analysis, London: Routledge, 2009, especially the chapter entitled "Geopolitics of Property Relations: State Socialism under Global Capitalism, " pp. 126-7.

[16] Computed from data included in The World Economy. A Millennial Perspective. and The World Economy. Historical Staistics.

[17] Connoisseurs of historical macro-theory will recognize the irony that any reference to a state socialist bloc embedded in a capitalist world economy in effect re-ignites the as-yet unresolved Brenner-Wallerstein debate of a good one generation ago, a controversy in which the former posited the world as the "articulation of multiple modes of production" while the latter characterized variation on levels (specifically, the phenomenon of second serfdom in fifteenth- and sixteenth-century Poland) "lower" than the world-system as merely "modes of labor control." The implication of course is that, strictly speaking, a capitalist world economy with a state socialist bloc of the size of one-third must be the articulation of several modes of production according to followers of Brenner, while the socialist states' effective constitutional ban on private exploitation is

"just" a local mode of labor control, a relatively un-important feature of the capitalist world-system. For more on this, see, Robert Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," New Left Review, 104 (1977): 26-92; Robert B. Denemark and Kenneth P. Thomas, "The Brenner-Wallerstein Debate," International Studies Quarterly, 32, 1 (Mar 1988): 47-65.

[18] See, e.g., my "Dual Dependency and Property Vacuum. . .", and József Böröcz, "Dual Dependency and the Informalization of External Linkages: The Case of Hungary," Research in Social Movements, Conflicts and Change, 14 (1992):189-209.

[19] The "state capitalism" view of course fails to account for the immense geopolitical tensions around the bloc's existence and the cathartic geopolitical experience of its collapse.

[20] All this of course raises the thorny issue of the appropriate level of analysis, a major bone of contention between the world-systems and comparative-historical schools within sociology. If we agree with Giovanni Arrighi's injunction that "comparative research must 'reach out of the ghetto of nation-states' to compare continents and regional blocs of states," (Giovanni Arrighi, "Globalization and Historical Macrosociology," pp. 117-33 in Janet Abu-Lughod (ed.) Sociology for the Twenty-First Century: Continuities and Cutting Edges. Chicago: University of Chicago Press, 1998, 12.), the logical reverse of the same observation can be made regarding a mechanistic application of the holistic principle in world-systems theory as well: In order to be able to apprehend effectively processes that operate in levels of aggregation that are "higher" than the boundaries of nation states but are not quite fully global in scope—as the for instance experiences of the various institutions of the former Soviet bloc (most

prominently, the Warsaw Pact and CMEA), or more generally, the group of state socialist states as an analytically dissimilar entity within global capitalism—macro-historical research must reach out of, or perhaps "down" from, the level of the world-system. (I first made this argument in The European Union and Global Social Change. . .,--there the focus was the paucity of empirical work on another supra-state, sub-global entity, the European Union. See especially "Introduction." This is all the more warranted as there exists very respectable work that does routinely reach "down" from the fully holistic level of the world-system when it comes to analyzing such supra-state, but not quite fully global, phenomena as value chains, supra-state systems of inequalities, or the mobility of groups of states.

[21] See, e.g., Piotr Sztompka, "Civilizational Incompetence: The Trap of Post-Communist Societies," Zeitschrift für Soziologie, 22,2 (1993):85-95.

[22] We can apprehend this tendency, for instance, in the analytically murky notion of "emerging markets," as it is applied to former-state-socialist societies, implying that they had no "markets" before the collapse of state socialism. For a splendid example in an academic text, consider the following quote a 1990 study by David Lipton and Jeffrey Sachs, who take such political judgments as their point of departure and devise an analytical approach to post-state-socialism on that basis: "[. . .] The postcommunist democratic governments will begin, in 1990, a process of comprehensive change aimed at the creation of market economies. Each government will face questions about the content of market reforms, the pace of change, and the design of international assistance in support of comprehensive change. The strategy for change must take into account the specific historical circumstances of Eastern Europe as of 1990. Lessons

from other regions and other periods are vital to an understanding of the likely economic consequences of possible actions, but for important reasons, the Eastern Europe context a special course of action. In particular, a *rapid* transition to a market economy, with a heavy emphasis on economic integration with Western Europe—through free trade, active participation of foreign firms in the domestic economy, and closer political ties—will permit the Eastern European economies to overcome some of the thorniest problems of transition, both economic and political." David Lipton and Jeffrey Sachs, "Creating a Market Economy in Eastern Europe: The Case of Poland," Brookings Papers on Economic Activity, 1990,1:75-147, 77.

[23] Given the centrality of the idea of "incorporation" of previously non-integrated parts of the world in the world-system, and the elaborate, and nuanced literature on this subject in world-systems anaylsis, it is crucial to point it out that, when it comes to the former-state-socialist part of the world, incorporation is not what is taking place.

[24] The European Union and Global Social Change. . ., especially the chapter entitled "Global economic weight in the *longue-durée*: nemesis of west European geopolitics."

[25] No doubt, there is a large number of important dimensions along which this transformation could, and should, be analyzed, so that these two represent an—in my mind, very important, but still—partial subset of the relevant "angles."

[26] By geopolitics I mean simply the ways in which organizations project their power into the world outside their borders.

[27] For more on the implications of this two-dimensional view of the global trajectories of states, see The European Union and Global Social Change. . ., especially the chapter

entitled “Global economic weight in the *longue-durée*: nemesis of west European geopolitics.”

[28] Geary-Khamis USD. For more detail on the estimation procedure, see The World Economy. A Millennial Perspective. . . , and The World Economy. Historical Statistics. . .

[29] The World Economy. A Millennial Perspective. . . , and The World Economy. Historical Statistics. . . One limitation of Maddison’s otherwise uniquely comprehensive dataset is that the most recent data point it offers is for 2001, so my analysis covers only the first 12 years of the transformation after state socialism.

[30] This section, explaining the logic of the presentation of the empirical data, follows closely the way in which the technique is introduced in my book The European Union and Global Social Change . . . For more detail, please consult the chapter entitled “Global Economic Weight in the *Longue Durée*: Nemesis of west European Geopolitics.”

[31] Ibid.

[32] I have omitted from this figure, as well as all subsequent figures representing “real-life” data, most of the world’s 200+ states. This was necessary because their inclusion would make some parts of the graph, especially the peripheral-lightweight and semiperipheral-lightweight cells so cluttered that it would be impossible to discern the patterns I seek to focus on here. It is important, therefore, to keep in mind that, were this a fully inclusive graph, most of the world’s states would be found in the left bottom and left middle cells.

[33] To be noted is that the temporal cutoff points (1955 to 1991) are slightly different than in Figure 3, reflecting the establishment and dissolution of the Warsaw Pact.

[34] The starting dates vary slightly, owing to differences in the times when the successor states were established.

[35] For more on this, see my paper on "The 'Rise of China' and the Changing World Income Distribution." Chapter 5 (pp. 86-108) in Hung, Ho-fung (ed.) China and the Transformation of Global Capitalism. The Johns Hopkins University Press, Baltimore, 2009.

[36] Dorothee Bohle and Béla Greskovits, "Neoliberalism, Embedded Neoliberalism and Neocorporatism: Towards transnational capitalism in Eastern Europe," West European Politics, 30,3 (May 2007): 443-66.