

What Happened in Eastern Europe in 1989 and What Has Happened Since Then?

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In 1989, astonishingly fast, the communist parties in Eastern Europe lost power. This was one of the fastest major political changes in modern history, and one of the least expected. Yet it took place with relatively little violence, and without wars, even though in some places the collapse produced later wars. The first question to ask is why did this happen to communist systems that had seemed firmly in control a few years earlier?

I. All these countries were different, of course, and had their own cultures, languages, and histories, but there were some common elements. The most important was nationalism, or rather the failure of communist parties to gain nationalist legitimacy.

A. In Poland, Hungary, Czechoslovakia, Romania, and Bulgaria, communism was imposed by the Soviet Union after the Soviets defeated Germany in World War II and occupied the region. These were not domestic revolutions achieved by native parties. In fact in Poland, Hungary, Romania, and Bulgaria communist parties before 1944 were small and weak. In Czechoslovakia the communists were more popular, but could never have gained total power in 1948 without the presence of Soviet troops. As for East Germany, it was conquered as a result of Germany's collapse in the war. Yugoslavia and very small Albania were different, but I'll say something about them later.

Over time, the communist regimes in Eastern Europe tried to gain more legitimacy by trying to be more nationalistic, but their people never ceased to think that communism was forced on them by foreign, that is Soviet, or as most people put it, Russian rule. So, when the threat of Soviet intervention diminished under Mikhail Sergeyevich Gorbachev's rule, the communist regimes in Eastern Europe had little nationalist legitimacy to fall back on. Even in Czechoslovakia, where they had been somewhat more popular, the fact that in 1968 promising reforms proposed by the Czechoslovak Communist Party were crushed by a Soviet military invasion meant that communism in the 1980s was seen as an entirely foreign imposition.

B. The second big reason for the failure of communism in Eastern Europe was economic. None of these countries, with the exception of Albania, was poor in the 1980s by world standards. Actually, at that time, they were all richer per capita than Viet Nam

or China. East Germany and Czechoslovakia had higher standards of living than most countries in the world except for the Western countries, Japan, and a few exceptional Asian ones: Singapore, Hong Kong, perhaps South Korea, and Taiwan. Even Romania, which was much poorer, was still richer and healthier than most Asian and certainly all African countries. But Eastern Europeans did not compare themselves to Asia or Africa. East Germans compared themselves to the much richer West Germans, whose radio and television they could see, and whose tourists they could witness. All East Europeans compared themselves to West Europeans, and asked themselves why, after 40 years of communism, they were so much poorer than West Germany, Austria, Italy, or even Greece that all had been destroyed by World War II and emerged very poor after the war. In Eastern Europe many educated people spoke German, or French, sometimes English, or in the Balkans Italian, and their countries were open to tourism and information from outside, so they knew they were poor compared to the West.

1. Here it is necessary to ask why Eastern Europe was relatively poor. The literacy rate was high. They had pretty good schools and even some decent universities. They had rich intellectual traditions and quite skilled work forces. In large part it was because their economies were too centralized and too inflexible to adapt to changing technologies and conditions. They were too dominated by large state owned firms and by old fashioned, increasingly inefficient heavy industries – coal, steel, and chemicals. These are important, of course, but they relied too much on them. Why?

For this it is important to look at the ideology that guided them. Vladimir Illich Lenin was born in 1870. He was a brilliant analyst of Marxist theory, a great economic historian, a superb political organizer, and very skillful in arguments and revolutionary tactics. He was also theoretically flexible, and adapted the ideas of Karl Marx and Friedrich Engels to the realities of early twentieth century Russia. Joseph Vissarionovich Stalin was born in 1879, and he was the one who took over from Lenin and made Lenin's dream work by also adapting it to the circumstances after defeating his rivals and taking complete power in 1928.

For Lenin and Stalin their model of what a powerful economy was like was based on their knowledge of Great Britain, Germany, somewhat France, and also the United States. In the late 19th and early 20th centuries these economies were dominated by giant firms producing heavy industrial goods: steel, railroads, giant chemical plants, and electrical power, and this gave them the ability to produce heavy weapons, battleships, and all the tools of international power. Such firms as the steel maker Krupp in Germany, or Andrew Carnegie's United States Steel seemed to be the backbone of the most advanced economies. Lenin and Stalin's generation of communist leaders observed the great power of the American billionaire John D. Rockefeller's Standard Oil, and later the rise of a fabulously successful new mass producer of automobiles led by Henry Ford. So their goal became to reproduce these successes, except that their giant firms would be owned by the state. Henry Ford was a particular inspiration and Lenin and Stalin saw no reason why they could not achieve such results even better under socialism. In other words, their model, and the one Stalin imitated in many ways, was to build an economy based on giant heavy industry firms, huge dams to produce electricity, and all of this aimed at quickly building up the Soviet Union's military capacities. At a huge sacrifice – millions died – Stalin succeeded, and this made it possible for the Soviet Union to survive and win World War II. Part of the system he built, we should remember, was based on collectivizing agriculture in order to control production and marketing and provide the surplus to feed the growing industrial cities, but this also was terribly costly in lives, and made agriculture particularly inefficient.

2. When the Soviet Union imposed its system on Eastern Europe, this was what it forced on them: economies focused on heavy industrialization dominated by huge state firms, rigid state control, and the use of political repression to make the system work. After all, for Stalin, this is what had succeeded in his country, and he was convinced that this was the way to create socialism.

But even after Stalin's death in 1953, the same model remained. This is what Soviet leaders knew, and what communist leaders in Eastern Europe believed was success.

3. Unfortunately, by the 1980s, despite some modifications, and some relaxation of political repression, this was still the system in Eastern Europe and the Soviet Union, but by then it was obsolete. The American and Western European economies were no longer dominated by firms like United States Steel and Krupp, both of which were, by the way, bankrupt by this time. New firms and industries had come up. Services and consumer goods were more important than old-fashioned heavy industries, and old firms that had held on for too long to outdated methods were pushed aside. Of course, since the state controlled such firms in Eastern Europe and the Soviet Union, they could not be pushed aside, and it was much more difficult to adapt to change.

C. The third factor that played a role in many of the East European countries was the feeling of many of its people that they were trapped. This I remember very personally from knowing young people in the Communist Party of Romania when I worked in a research institute there in 1970. It was part of the youth wing of the Party, and was connected to the Central Committee under the protection of some very important Politburo figures, so it was loyal to the regime. But young researchers I knew felt it was impossible to make the system more flexible, and they felt that on the rare occasions they were allowed to travel abroad, this might be the last time. So, even as loyal Party members they were tempted to think in terms of escape, and they were frustrated. I could observe how the Romanian regime of Nicolae Ceausescu turned its most intelligent, best educated, and potentially most loyal young people into cynics and doubters. None of the young people – I was young myself then – in this institute were in the opposition, or even thought of not being communists. They were the most loyal potential future leaders. But their energy and idealism was frustrated and blocked, and as I returned on visits after 1970, I could see them all becoming passive and depressed, and finally, trying to find ways of escaping.

D. Nevertheless, if all of these regimes had had nationalist legitimacy, and their people had felt that communism was something that had brought their nations a measure

of independence and power, even with all these handicaps the communist regimes of Eastern Europe would have had time to reform. But they lacked such legitimacy because ultimately Eastern European communism was not perceived to be anything but a Soviet, or Russian imposition.

III. Now, a note on Yugoslavia and Albania.

A. Yugoslavia was very different. Its communist party had led the resistance to German and Italian occupation in World War II, and conquered power on its own. It had strong nationalist credentials, and its leader, Josip Broz, known as Tito, was a genuine national hero. This allowed him to break with Stalin in 1948, and in the 1950s he set Yugoslavia on a different development course. Yugoslavia was more open to the West, its economy was more flexible, it paid more attention to market forces, and by the 1960s its people were allowed to travel freely. Tito was a dictator and the Party was politically supreme, but much more open discussion was allowed than in other East European communist regimes. Yugoslavia should have emerged as the European communist country best suited to survive the changes of 1989, but in fact it suffered the worst fate of all.

Tito never managed to unify the competing and often hostile nationalities within Yugoslavia. Slovenes and Croats, who had once been part of Austria-Hungary, were more advanced and resented having to support the poorer other parts of Yugoslavia. Serbs were the dominant nationality, but were not a majority, and were disliked by the others. Kosovo Albanians, who were Muslims and poorer, disliked the Serbs who dominated them. Bosnia was a mixture of Muslims, Serbian Orthodox Christians, and Croatian Catholics who had different national identities. After Tito died in 1980, and because of some relatively bad economic times in the 1980s, these different nationalities could not agree on how to cooperate with each other to solve their problems, and they broke apart, provoking a set of terrible civil wars in the 1990s that are still far from being resolved.

B. Albania is too small to get much attention – a mere 3 million people. But it is a particularly strange case. It too had a Communist Party that fought against the Italians and Germans during World War II, and it too was independent. It first broke away from Yugoslav domination by getting aid from the Soviet Union. Then it broke

from the Soviet Union by getting aid from China. Finally, it became hostile to China, also, and became totally isolated. Under its paranoid leader it came to resemble Kim Il Sung's North Korea – proud, independent, isolated, repressed, and terribly poor. When I visited Albania two years after the fall of its communist regime, I was shocked by its poverty. It felt more like an African country than a European one, and was far, far behind even the poorest East European countries like Romania and Bulgaria.

IV. And what about the Soviet Union? Of course this is too complicated a matter to treat in this talk, but I just want to add that it also fell apart because of internal nationalist divisions. The Soviet Party was viewed by many, probably most Russians as genuinely heroic for having won World War II and making Russia a great world power. The Soviet Union suffered, of course, from the economic problems I have described, and that was why Gorbachev was brought to power, to make changes. But many of the non-Russians in the Soviet Union, particularly in the Baltic, Estonia, Latvia, and Lithuania, were not happy about Russian domination, and some Ukrainians shared this sentiment, as did many of the Muslim populations in the Caucasus and Central Asia. What killed the Soviet Union, however, was a kind of accident and huge miscalculation. After the failed coup against Gorbachev in 1991 conducted by inept conservatives hoping to resist change, Boris Nikolayevich Yeltsin, who hated Gorbachev, but was the leader of the Russian Republic within the Soviet Union, used his position to oust Gorbachev by withdrawing Russia from the Soviet Union. By that time the Soviet Party had lost its hold on power, and the Soviet Union broke up into its 15 Republics. Now, Yeltsin hoped to reunite most of them, but totally miscalculated, as local party leaders in all the republics decided it was better to be their own bosses. This was a political failure that was unexpected and far from inevitable, but again, more than just miscalculation, the key was that the Soviet Union, like Yugoslavia, contained national groups who were not loyal to Russia, and the Russians themselves had become increasingly hostile to the fact that they had to subsidize all the others. I am simplifying too much, but I do want to emphasize that ultimately, a state in which a very large portion of the population do not feel a common sense of nationalism is going to have a very difficult time surviving any major economic or political crisis.

V. So, what happened in Eastern Europe in 1989 was that the communist parties lacked nationalist legitimacy, and this made it impossible for them to survive their economic and political troubles. There were many differences between all these cases, but there was that one common element. In the modern world nationalism is a force that is necessary to hold states together, and if regimes are unable to claim nationalist legitimacy, they are unlikely to be able to carry out major reforms and changes.

VI. Now, to close, I should say a few words about what has happened since 1989 in Eastern Europe.

A. All of the countries of Eastern Europe, with the exception of parts of war torn Yugoslavia, are much better off – richer, more advanced in most ways – than before 1989. In all cases, however, many suffered during the transition, particularly older people on pensions or older workers in state industries that just collapsed. There is more inequality than before, but also more opportunity. Few people in any of these countries want to go back to communism, and all are genuinely pleased to be free of Russian domination.

B. Still all of them have major problems. East Germans, who received a huge amount of aid from West Germany, still are somewhat resentful of having had to change so quickly. Poland is the biggest and in many ways the most successful of the East European countries, but the changes have hurt peasants and workers in old-fashioned industries. The Polish state, however, has nationalist legitimacy and is not threatened. Czechoslovakia broke in two, again because Slovaks and Czechs have different nationalist identities, but they did it peacefully, and both countries are doing quite well. Hungary has borrowed too much and has economic problems, but its government functions well and there is no danger of any kind of collapse. Romania, a country well known for its extreme corruption before World War II, is exceptionally corrupt today, as is Bulgaria. But all of these countries are functioning better than they did in the 1990s, and most of all, they are relatively stable and becoming increasingly capable of maintaining market based economies.

C. A very big part of Eastern Europe's success has been that most of them, leaving aside parts of Yugoslavia, and Albania, have been accepted in the European Union and have received aid and investment from Western Europe. This has forced them

to be more open, more tolerant of their own minorities, and to conform to Western European standards of democracy. It has also given them a sense of security that creates a good climate for investment.

It is interesting that none of the East European countries has had economic growth as fast as that experienced in the 1990s and 2000s by Viet Nam and China. And all of them have a long way to go before they can hope to catch up to Western Europe. Getting rid of the Soviet legacy of too much investment in heavy industry, too much centralization, and too much bureaucracy has proved to be slow and difficult. But at least Eastern Europe is no longer an unstable and dangerous region, and on a world scale, it is not so poor. Unlike in 1989, there is almost no chance that any of these countries is going to witness any kind of political or economic collapse.

D. Unfortunately, that is not the case with most of the former Soviet Union. Many of the republics that became independent in 1991 are unstable. There are civil wars within the Russian Northern Caucasus, and the possibility of more wars between Russia and Georgia and also between Azerbaijan and Armenia. Central Asia is highly unstable and repressive. The latest troubles there are very recent, with thousands of Uzbeks being killed in Kyrgyzstan, and serious political instability. Ukraine is also unstable and not doing well economically, and it suffers from a major split between its Russian and Ukrainian populations. Belarus has not undergone many reforms and is still run in the old Soviet style. Moldova, where a majority speaks Romanian, is actually much poorer and unstable than Romania itself, and also has an ethnic and nationalist problem between its Russian and Romanian populations. Even Russia, which has regained its stability, remains much too highly dependent on oil and gas exports, and its economy has not developed outside of those sectors very well. Russia also has serious ethnic and internal nationalist conflicts, especially in the northern Caucasus with its large Muslim minorities. So, the Soviet legacy, where it was strongest, has made it difficult to adapt to the modern world, particularly where ethnic and nationalist problems exist. At least in Russia, however, the regime has been able to claim nationalist legitimacy within its majority ethnic Russian population, and therefore has a lot of time to carry out reforms. It remains true in the former Soviet Union, as in Eastern Europe, that in

countries with a strong sense of nationalist unity, where governments can claim to be defending their nation, it is easier to maintain stability and improve economic institutions.

VII. There is much more to say, but for today that is enough. I hope that these remarks help you understand a little better why communism proved to be too inflexible in Eastern Europe, and why the lack of nationalist legitimacy gave these regimes too little chance to change. This may sound like too simple a conclusion, but in my mind, that remains the key to understanding why 1989 happened the way it did.