01 2008

On the Question of the Transformation of the Elite in Eastern Europe

Ljubomir Bratić

Translated by Aileen Derieg

"Those who currently rule are however the heirs of all those who have ever been victorious. [...]
Whoever until this day emerges victorious, marches in the triumphal procession in which today's
rulers tread over those who are sprawled underfoot."
Walter Benjamin

This essay is based on observations that I have made from the perspective of an outsider, since I live in Vienna, and at the same time from the perspective of a participant, because coming from the region of the Socialist Federal Republic of Yugoslavia, I have never stopped being concerned with developments in this region. To a certain extent, this is an in-between view, which I believe could be interesting in our context. What interests me here is the transformation of the nomenklatura into the post-communist elite involved in administration; in other words, the question of how it came about that the former apparatchiks turned into flag-bearers of

neoliberal capitalism. In our case, the elite are those who function as carriers of social power in the service of their own interests.

I think it is necessary to make a distinction here, specifically in contrast to the way the discussion about the elite in Eastern Europe has recently been conducted in Western Europe. There is a tendency (Veen, Koenen) to invent the elite in the East as the new scapegoats for the failure of the "process of democratization" that is gradually becoming evident. This supplies a justification for the newly acquired power position of the West with a quality divide between the elites, specifically to stabilize what has been achieved. That is not the intention of this essay. On the contrary: when I discuss the elite **there** in the following, I see them as part of the subjugation process guided from **here**. If there is to be a distinction between the elite there and the elite here, then it should be in Gayatri Spivak's sense (2008, 50). Spivak distinguishes three groups of elite in colonial India: first the dominant group of foreigners, then the dominant native groups at the national level, and thirdly the dominant native groups at the local and regional level. This essay deals with the second and third groups, although they are not at all to be considered separately from the first group. The different groups are mutually conditional and cannot act operationally separately from one another.

I consider the transformation process in Eastern Europe as part of the failure of a process of industrialization oriented to emancipation in these regions (Horvat 1993, Hofbauer 2007). Despite all the differences, industrialization was an attempt on the part of these regions to escape from the position and function of the periphery that was attributed to them for centuries. This attempt failed in light of geopolitical conditions, and the region is now being returned to where it has always been in the logic of the West, namely to a semi-colonial relationship to the Western

powers. This certainly does not apply only to Europe – let's not forget that the member candidates first joined NATO and only later became part of the European Union (Anderson, 2007, 21).

The intellectuals, who are sometimes subsumed under the elite, whose role today is exhausted in criticizing, are not the topic of this essay either. For our current situation, it is to be noted that intellectual critique, even radical criticism, which serves its small public, can be endlessly inflated, yet remains without effect. Since the media since 1945 have increasingly become supporters of industrial and financial capital (Kin, 1995, 59), we can observe particularly in Eastern Europe not only how this strategic resource is taken over, but also how new opinions are structured. Since the so-called change, practically the entire press landscape has been transferred into the hands of Western corporations. The interests of the Western funders, however, are highly diversified. In many cases there is no direct influence on critics at all. On the contrary, periodicals are also funded, whose readership consists primarily of critical intellectuals, in which a high value is placed on critique and controversies are carried out among one another. Yet these periodicals are not at all to be regarded as part of a broad societal reality. The themes they deal with are so specialized that the overall development of society, e.g. the unequivocal return to semi-colonial conditions is hardly treated to a satisfactory degree.

Post-colonial theory is not a topic in Eastern Europe, let alone the historical background of the current form of colonialization. The conditions of the scope for critique are hardly reflected. Precarious freedom is conditioned by ineffectiveness at the political level. The only impacts that develop are the effects that this critique achieves within the lines of discourse that are highly specialized in the West as well. The separation of the discourse from the actually occurring socio-political and economic process and from everyday life also

results in a constriction of the view; yet the standpoint is "purified" from all social and directly political content without any direct pressure. The principles that discursive influence follows are different from those of economic influence. Discursive influence takes place through the mechanism of recognition: indeed, not everything is recognized as part of a discourse, not everyone is listened to today ... So the current intelligentsia in Eastern Europe positions itself best by speaking the specific discursive "language" of the West – whose ear they hope to catch. Paraphrasing Spivak (2008), 103), in this sense we can maintain that in terms of the social transformation actually taking place, in terms of the re-colonization of the territory actually taking place, Eastern Europe cannot speak. Here we must note a silence, a kind of silent acceptance of the circumstances. The only resistance against the transformation process in the East is based on the right-wing chauvinist dogma of preserving the property of the nation. In this respect, all we can note so far in relation to Eastern Europe is a failure on the part of left-wing politicians – regardless of whether there or here.

Transformation Process of the Elite

The beginning of the new elite was the fact that the Real Socialist economic systems collapsed – for whatever reason. Despite assertions to the contrary, there was no revolution in Eastern Europe. Competition at the world economy scale played as much a role as dependency on the International Monetary Fund and the World Bank (in the 1970s), and naturally the military race as well. With regard to the latter, it is sufficient to analyze the situation during the "Sputnik shock" in the 1950s and "Star Wars" in the 1980s to clarify how the military dispositive has changed. In the field of international financing the situation arose in the late 1980s

that the Eastern European states were hardly able to cover their debts. Poland, Hungary, Bulgaria and Yugoslavia were paralyzed in a vicious cycle of a constantly growing mountain of debts to the international lenders and due to the ineffectiveness of their economies increasingly oriented to international competition; and this was the case despite cheap labor and support from the USSR, especially in the energy sector. In Romania, which was able to pay its debts with drastic austerity measures, the 1980s saw a massive deterioration in the living standard of the population. The retaliation of the people included the execution of Nikolai and Elena Ceausescu. On the whole, however, the Ceausescus were drastic examples, behind which the other members of the nomenklatura could easily hide – to successfully implement the technique of a change of heart. This, then, is also the thesis of this essay: what is new about the elite in the East is not the people, but rather the words that flow from their mouths. The small difference to before is that this new kind of speaking is materially much more lucrative than that from before the “change”.

In this sense a continuity of institutions is evident as well. It is not the institutional conjunctions that were rescinded, but rather the direction of the socio-political, cultural and economic deployment. Institutions show themselves to be instruments that can be operated, regardless of by whom. With the rescinding of the old operating instructions, a new vocabulary was implemented as well. These continuities can be explained: because it was a collapse, no social forces could coalesce that could be clearly defined as the carriers of an emancipatory change; this was also the case because the given direction following the collapse was also one of restoration – and it is well known that historically the progressive forces have never easily coalesced or even preserved themselves in times like these. Instead, everything has played out in a kind of

disorientation, in which the resultant social vacuum is filled with what is already there, but what is there under new auspices.

The Path of the Elite

The nomenklatura already sensed the new wind with Mikhail Gorbachev's ideas of reform. Alert as they had already been within the old system to various deviating currents within the party apparatus, they quickly recognized the new signs of the time – especially since Khrushchev had already demonstrated to them in the 1960s how everything can change from one day to the next and still remain the same. In a large part of the Eastern European countries the nomenklatura was not overthrown, instead they sanctimoniously turned over power. To whom? To themselves, just under a different name. And this name – the lingua franca of Western modernity, which they proceeded to make use of and still make use of – is nationalism. Exactly that, nationalism is the lever used to gain new control over the people. And this opportunity for control created another perspective as well: the redistribution of collective property in the direction of private property. Jacques Rupnik, who should know, because he was himself an advisor to the Czech dissident and president Vaclav Havel during the crucial phase of privatization between 1990 and 1992, phrased it in this way: "The comprehensive privatization of Eastern Central European economies was the greatest redistribution of resources since World War II. It was economically successful, although it took place without an appropriate legal framework and was accompanied by corruption commensurate with the dimension of the endeavor." (Rupnik, 2007, 27)

Private property is the key word, when the new circle of elites in Eastern Europe is involved. An ironic side note, but certainly

worth mentioning in our context, is the fact that this ideological re-nationalization is rooted in, among other things, the Leninist idea of a national communism. As is well known, Lenin differed from Marx, who foresaw a revolution first of all in the economically progressive countries of capitalism, in being confronted with the necessity of justifying the Revolution in Russia, an economically underdeveloped country, in order to invoke it. The Bolsheviks, who regarded themselves as internationalists, thus split the definition of class conflict into content and form. The content had to be oriented to socialism, but the form had to be national. At the time, this class conflict set itself the task of abolishing private property. This is exactly what the nomenklatura did strategically in the 1990s, just the other way around. This time the content was the restoration of capitalism and the form was again nationalism. At the same time, the task was none other than a radical re-introduction of private property – whereby as much of it as possible was to end up in the hands of Western corporations.

As far as the circle of the elite is concerned, at the beginning of this process it divided up, so that part of them began to play the opposition together with the "dissidents" that had been supported for decades by the West.[1] Nevertheless, they all operated uninhibitedly and incessantly with the concept of one's own nation. They offered the nation as a utopian solution to a "people" that found itself in a sea of insecurity, frustration, drastically growing inequality and repression. The fact is that the nation was written large everywhere in the East at the beginning of the transformation process and that the national idea continues to play a not insignificant role in the most diverse developments up to the present. The new elite in the East had so far largely consisted of members of the secret service, party functionaries and crooks. In

Yugoslavia they were joined by arms dealers, currency dealers, smugglers and other illustrious war profiteers. They were able to use the population's desire for Western goods, for material prosperity and for economic development for their own ends by making use of the ideology of nationalism.

The privatization laws were passed in most of the Eastern European countries in 1990. The organizers of this process of privatization were the state institutions. The state was altogether the central mechanism that worked consistently to the last to oust itself socio-politically and economically along the way to an "ethnically pure" nation-state. This process of the dispossession of the collective by means of state institutions was finished off by the international banks, as they urged the Eastern European states to take over all the loans granted by local bank institutions up to the point of takeover as national debts. These debts guarantee the prescribed vassal role of the state for a practically unlimited time into the future. This means nothing other than that within the framework of the glorious nation-states, the state institutions will be charged with the task of collecting taxes from the non-privileged portions of the population to reduce the debts. The ideological orientation of the state institutions thus underwent a reversal: from social support actions oriented to industrialization and collectivity to a new orientation to security and order policies in the service of the new rulers.

Shock Therapy

The formation of nationalism was optimally suited to the Washington Consensus, which had already had disastrous impacts in Latin American countries in the 1980s. The situation in Eastern Europe is by no means to be regarded solely as an Eastern

European situation. In this respect, we find ourselves on a world stage as well. The Washington Consensus includes macro-economic stabilization, a liberalization of the financial markets and the modernization of outmoded industry. Despite the loudly asserted ousting of the state and its institutions, what was intended was, first and foremost, to convert it. As far as the modernization of industry is concerned, this was to be carried out solely through privatization – which in many cases was understood by the buyer to mean nothing other than getting rid of unnecessary competition. Next to private property, privatization is the second key word in the process of upheaval in the East and was used almost synonymously with "democratization". When, in addition to democracy, human rights, the protection of minorities or civil society were also introduced, these buzz words served and still serve to demand and promote privatization in the form of increasing private property. Neoliberalism came from the outside and nationalism from the inside for the purpose of a neoliberal restoration of capitalism. With the integration of the majority of these states into the European Union, it seems that this endeavor has been successful. Despite repeated expressions of distaste on the part of the responsible intellectual servants, it was evident during the accession negotiations at the latest that nationalism was quite suitable for the EU, for example. One after another the candidates signed the acquis communautaire, and it did not occur to anyone that proceeding collectively against the Brussels commissioners might have turned this ritual of subjugation into real negotiations. How did the transformation occur? It all started with a double shock. On the one hand it was a material shock with a drastic drop in social productivity, which resulted in, among other things, a substantial reduction of wages, an increase in social inequalities, an expansion of poverty and unemployment, and a destruction of existing property relations. This was exacerbated by the

deterioration of health services, education, in the area of women's rights and, not least of all, the lower life expectancy of people, which was reduced by an average of ten years. On the other hand, the shock therapy in Eastern Europe smashed the idea of the connection between ideology and society that had been maintained until then. It was replaced by pure ideology – because society first had to be created. This new ideological discipline has consisted of nothing other than promises of a future: an ideology of democracy that was no democracy in reality and never will be. As Rupnik (2007, 26) summarizes: "The success of the new elite, who placed themselves at the spearhead of the turn from communism, is based on the consolidation of democratic institutions without participation and on the establishment of a consensus at the cost of the political process." Democratic institutions without participation and consensus without a political process are the key words of the new ideological orientation in Eastern Europe. Because the real connection between ideology and material basis was severed – in this case to install a different form of societal organization – what emerged in Eastern Europe was a new form of ideological nominalism; a nominalism that redefines the effect of words beyond the real material circumstances, with the result that those who quickly learn this new-speak and apply it in everyday life experience a tangible increase of material and ideal power. The "right" words materialize in participation in the "greatest social redistribution since World War II," as Rupnik stated further. That is the shock that those who took these measures for the sake of implementing "democracy" were willing to accept. In our case, "democracy" was none other than the seductive face of a tremendous redistribution of collective assets in the direction of private property, in fact a neoliberal restructuring. The means that were offered to cope with this shock, to recover from it, were the same as those that had caused it, namely privatization. The "middle

men", the carriers of democracy intent on personal enrichment, specifically the elite in Eastern Europe who are well situated today, were necessary in this process. Thus the members of the former party cadre turned into successful entrepreneurs. These entrepreneurs are currently securing their position by closely allying themselves with the newly created parties, so that today we may speak of a growing clientelism throughout the entire Eastern European region; a clientelism that has inherited the legacy of former party membership. From a social oligarchy for the purpose of industrialization to a neoliberal oligarchy for the purpose of increasing the profits of international corporations – that is the current socio-political development in Eastern Europe. The only possibility for escaping the poverty trap in Eastern Europe today is either to cultivate good personal connections to the governmental and economic elite, or the alternative that millions of others take, namely to set out in the direction of the European West. Yet that too is only a part of the neocolonial strategy of acquiring cheap labor. At this time, there is no escape.

Literature

Anderson, Perry: Ein Bildnis Europas. Die Union zwischen ökonomischen Erfolg und freiwilliger Knechtschaft. In: Lettre international, Winter 2007, 13-23.

Hofbauer, Hannes (2007) EU-Osterweiterung. Historische Basis – ökonomische Triebkräfte – soziale Frage. Vienna.

Horvat, Branko: Zasto smo danas u ovoj situaciji? U: Filozofija i drustvo, 4/1993,

http://www.komunikacija.org.yu/komunikacija/casopisi/fid/IV/D18/show_html?stdlang=mng_lat (last accessed: 10.01.2008)

Koenen, Krisztina: Von der Plan- zur Clanwirtschaft. Auf: http://www.welt.de/welt_print/article1452705/Von_der_Plan-_zur_Clanwirtschaft.html (last accessed: 10.01.2008)

Kin, Dzon: Mediji i demokratija. Beograd 1995. (John Keane: The Media und Democracy)

Klaus, Georg (1971) Sprache der Politik. Berlin.

Rupnik, Jacques: Katzenjammer in Europa. Über Demokratiemüdigkeit und Populismus in den EU-Beitrittsländern. In: Lettre international, Winter 2007, 25-28.

Sejdinovic, Nedim: Die WAZ und die Medien. Zu den Umwälzungen im Printmediensektor (Süd-) Osteuropa. In: kulturrisse, Vol. 4, December 2007, 28-33.

Spivak, Gayatri Chakravorty (1999) Imperative zur Neuerfindung des Planeten. Vienna.

Spivak, Gayatri Chakravorty (2008) Can the Subaltern Speak? Postkolonialität und subalterne Artikulation. Vienna.

Veen, Hans-Joachim: Alte Eliten in jungen Demokratien. Under: http://www.die-neue-ordnung.de/Nr42004/HJV.html (last accessed: 10.01.2008)

---

[1] Rupnik (2007, 26) describes the role of the dissidents in the transformation process as follows: “In order to carry out radical market economy reforms, one needed (...) much democratic legitimacy, such as that possessed by those who stood for the break with the old totalitarian regimes in 1989.” An irony of history: the dissidents who invoked politics (in the form of free speech) and

democracy (in a multi-party system) were used as a legitimacy factor for one of the most radically anti-democratic and anti-political procedures in history, for a total economic and socio-political dispossession of the demos. When it can to the point of actually implementing their criticism, they proved to be an aggregated symbol, a symbol that could only appeal to the illusionary world of an agitatory manipulation (Klaus, 1971, 57). The function of the dissidents consisted entirely of playing the role of the carriers of "democratic" legitimacy for the new property-owning classes.