

Cucciolla, Riccardo Mario

Article

The unreformable alternative: Rethinking the collapse of communist regimes in Eastern Europe

The Journal of European Economic History (JEEH)

Provided in Cooperation with:

Associazione Bancaria Italiana, Roma

Suggested Citation: Cucciolla, Riccardo Mario (2023) : The unreformable alternative: Rethinking the collapse of communist regimes in Eastern Europe, The Journal of European Economic History (JEEH), ISSN 2499-8281, Associazione Bancaria Italiana, Roma, Vol. 52, Iss. 1, pp. 225-229

This Version is available at:

<https://hdl.handle.net/10419/311362>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

The Unreformable Alternative. Rethinking the Collapse of Communist Regimes in Eastern Europe

Riccardo Mario Cucciolla
University of Naples L'Orientale

“The Triumph of broken promises” is a significant book. It feeds solid arguments into a debate on the collapse of communist regimes in Eastern-Central Europe and, simultaneously, offers an opportunity to broaden a multi-pronged discussion on the end of the Cold War and the rise of Neoliberalism. The discussion points are many for a volume that seems to collect two books in one, and the economic argument of the bankruptcy of communist regimes provides a systematic approach to the history of the end of the Cold War and the crisis of communist regimes. It is enriched with sources, details, arguments, and ideas developed during the narrative.

Bartel’s main point is that the Cold War began as a race to make promises between two countries engaged in constructing their welfare systems, promising stable progress and better living conditions. Then, after the 1973 oil shock, it became a race to dismantle many of the guarantees that had been granted in previous years. In this competition, “democratic capitalism prevailed [...] because it proved capable of breaking promises and imposing economic discipline. Communism collapsed because it could not.” In the West, Neoliberalism became the ideological key to justify this devolution and decrease of the social security in their societies, materialized in “cutting subsidies to powerful interest groups, shutting down unprofitable companies, laying off redundant workers,

imposing monetary and fiscal austerity, and liberalizing trade and capital flows.”

In Bartel’s reconstruction, the peaceful end of the confrontation and the rise of neoliberal capitalism are the outcomes of a common phenomenon of global economic transformation when the energy market and finance “privatized” the Cold War, changing the game’s rules and making economic discipline necessary. The cases examined are valuable and well-written, including a thrilling parallel between Thatcherism and the season of missed reforms in 1970s Poland; the first “capitalist perestroika” carried out by the US Federal Reserve on the dollar interest rates; the Reagan transformation of the US debt and financial deregulation. This makes a splendid account of the political-economic history of the 1980s, looking at the collapse of the Eastern European bloc through the lens of its interconnections with financial markets in the West and of the accumulation of debt and dependence on energy from Moscow.

In his analysis, Bartel also focuses on the Soviet case and the increase of imperial costs connected with the engagement in Afghanistan and – especially for the Soviet – the financial support to the regimes in Eastern Europe. Then, he proceeds to analyze the perestroika transformation and the capitalist stimuli of private profit, corporate bankruptcy, wage inequality, and unemployment needing a price reform, emphasizing how the regime did not implement any of those transformations. He also examines in depth the Polish, Hungarian, and GDR cases, and Gorbachev’s dilemmas. Bartel highlights how it is precisely the ability to reform and renew itself (or in his words, to “break promises”) that has made the survival of the West possible. At the same time, communist regimes collapsed under the weight of their contradictions.

One issue not entirely convincing is a tout court periodization of the Cold War that sacrifices the complexity of four decades of confrontation but also of openness, détente, and even cooperation between the West and the East. The assumption that the Cold War begins as a competition to expand the social contract is misleading as this is a manifestation of Khrushchev’s peaceful coexistence

where indeed competition was being shifted from military to levels of economic and social welfare and where even the first secretary claimed that the USSR could compete with, and even surpass, the West. At that time, the Cold War made by Stalin, the nuclear threats, and the impossibility of dialogue was, fortunately, over. At the same time, Bartel does not seem to embrace the often hagiographic reading of the last Soviet leader who had brought the Cold War to a peaceful end. While we understand the limitations of such an interpretation, we cannot deny that, although in imminent bankruptcy, the USSR still had a presence in the heart of Europe with hundreds of thousands of troops and the options for dealing with crises in communist regimes were nonetheless varied and not obvious. Also, the idea that the last Soviet leader “converged to neoliberalism” is a bit problematic for a protagonist of the 20th century who formally presented his new course as a return to Lenin but proposed a kind of social democracy. The idea of “privatization of the Cold War” is fascinating and opens up further avenues for discussion and makes us wonder to what extent were these “private actors” (were Western banks autonomous or were they connected or even dependent in any case on the political system?).

Differing from the author’s assumption, we can observe that the Soviet Union actually “proved capable of imposing economic discipline on its own citizens,” especially when we study, from a long-term perspective, a history of an economic system where planning, collectivization, and industrialization had been implanted by violence, causing – intentionally or unintentionally – millions of victims. It is fair to assume that perestroika was insubstantial as an economic reform, while the breaking of promises in Russia came in January 1992 with that “Shock Therapy” that aggravated the social crisis of a transitioning economy.

Indeed, after the mid-1960s – considered as the last vital moment of the USSR – the country seemed to be immune to any attempt to reform the system while expanding the basis of social services and access to inferior goods and services. Hence, the attempts to break promises did not deal with the economic sphere but with the reforms

in the nomenklatura that, in the purges of the early 1960s and during the massive anticorruption campaigns of the early 1980s, disrupted entire administrations, apparatuses of regions (or even republics such as the Uzbek SSR) and establishments that were losing their privileges, thus breaking up the “imperial deal” on which the post-war USSR stood.

A broader consideration of the crisis of the West, especially demographically, could be further developed. The Western governments set their welfare systems during the postwar economic miracle – and subsequent population boom with the illusion of necessary, unstoppable, and irreversible progress, economies growing at 5-6% rates of GDP per year, and the illusion that everything was always going to work out for the best. Then, this became unsustainable when economic, and population growth began to slow down. In this perspective, the realism of conservatives has been forward-looking, compared to a left front that started to be barricaded on identity issues and seemed to have lost a view of reality. How long will the breaking promises policy be sustainable during a crisis and redefinition of what the West itself is? With a tendency to cut more and more social spending, and identity issues increasingly divisive and feeding social tensions, there seems to be no other solution. The last illusion (or hope) is that technology will save us.

Instead, it would be essential to develop Bartel’s idea into a parallel consideration of China. The Chinese question is marginally touched upon in a few pages of the book, but it would be interesting to consider what the consequence of the slowdown in Chinese progress might be, whether the system will be adaptable, and if this slowdown can be understood as a breaking promise from the premises that had been created after Deng’s revolution. Once again, we wonder whether, how, and to what extent closed societies are reformable.

Bartel’s book leads us to reason about systems, their limitations, and transformations and again shows the interconnections between economics and politics. The Cold War ended with the collapse of communist regimes, and not necessarily because of that. In that

sense, we face the chicken-egg dilemma of whether it is politics that follows the economy or vice versa. Of course, it depends on the context. A historiography marked by Marxist experience has argued for the prevalence of economic issues over everything else. In Russia, in the 1990s, there was an illusion that economics had triumphed over political interests and enthused the same democratic front that initially supported Yeltsin. Later, with the Russo-Chechen wars, we would see the economy and society itself sacrificed once again for imperial costs; but this seemed like a parenthesis from an (illusory) idea of Russian technocracy, with a strong front man and a solid state apparatus that actually ruled the country. Instead, with the war in Ukraine, once again we can observe how the history of this country remains tied to human and material sacrifice and how politics has taken over everything – administrations, individual lives, and economic interests – for an operation that appears irrational and suicidal across the board.