

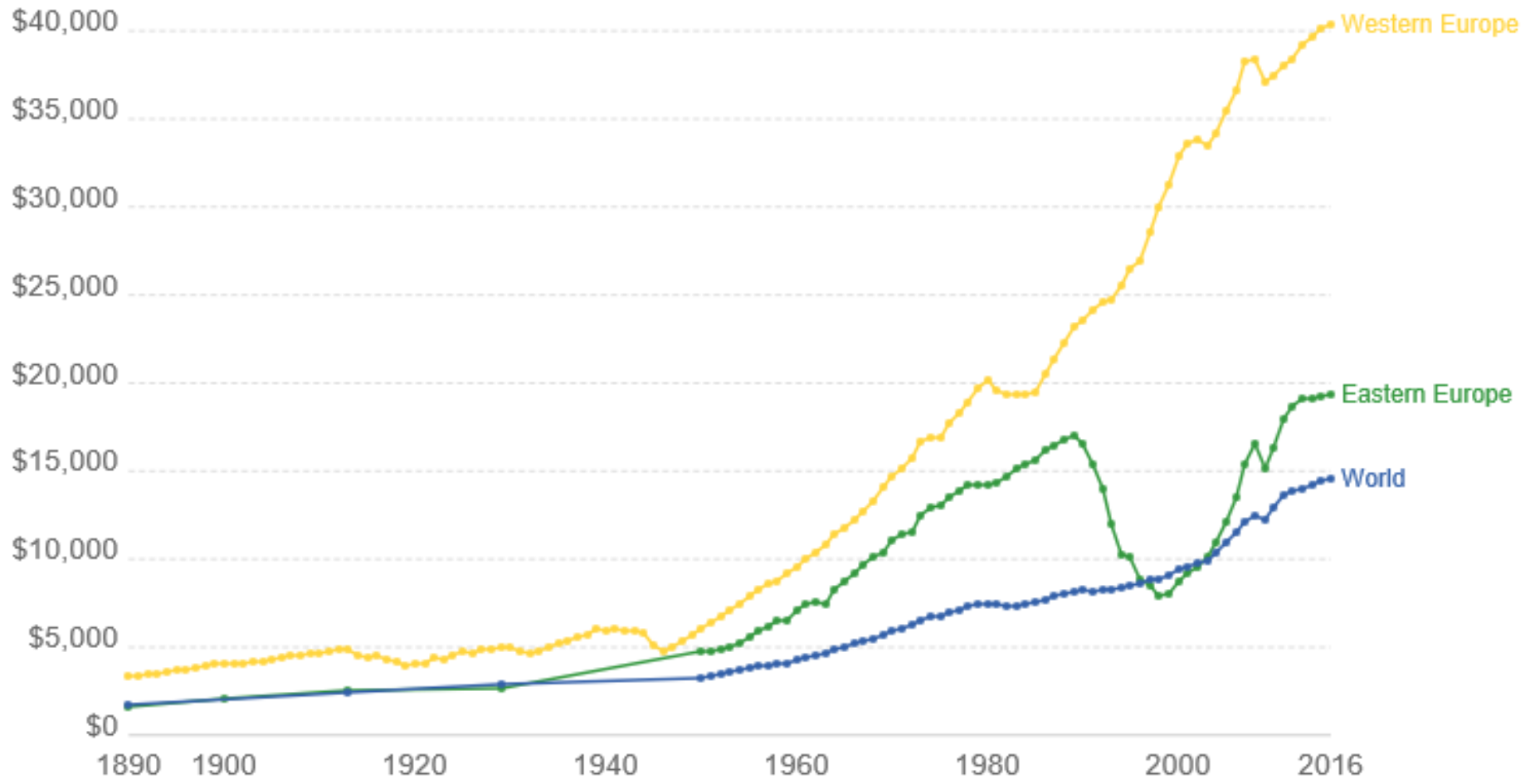
30 Years of Liberty: Why and When Communism Failed, When Transition Ended and What we have Now

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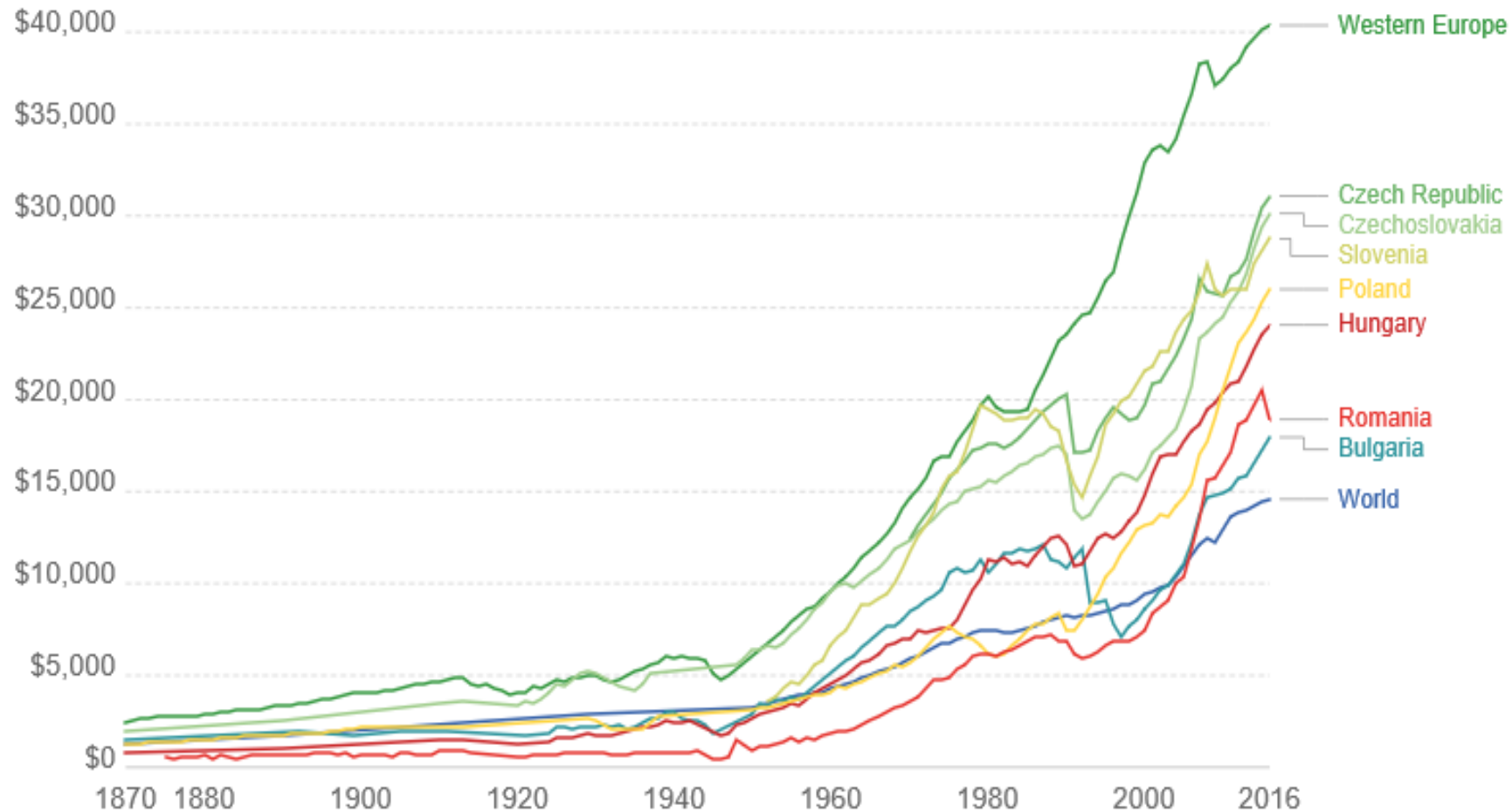
Economics of bizarre phenomena

Some macroeconomic history: 1880-2015

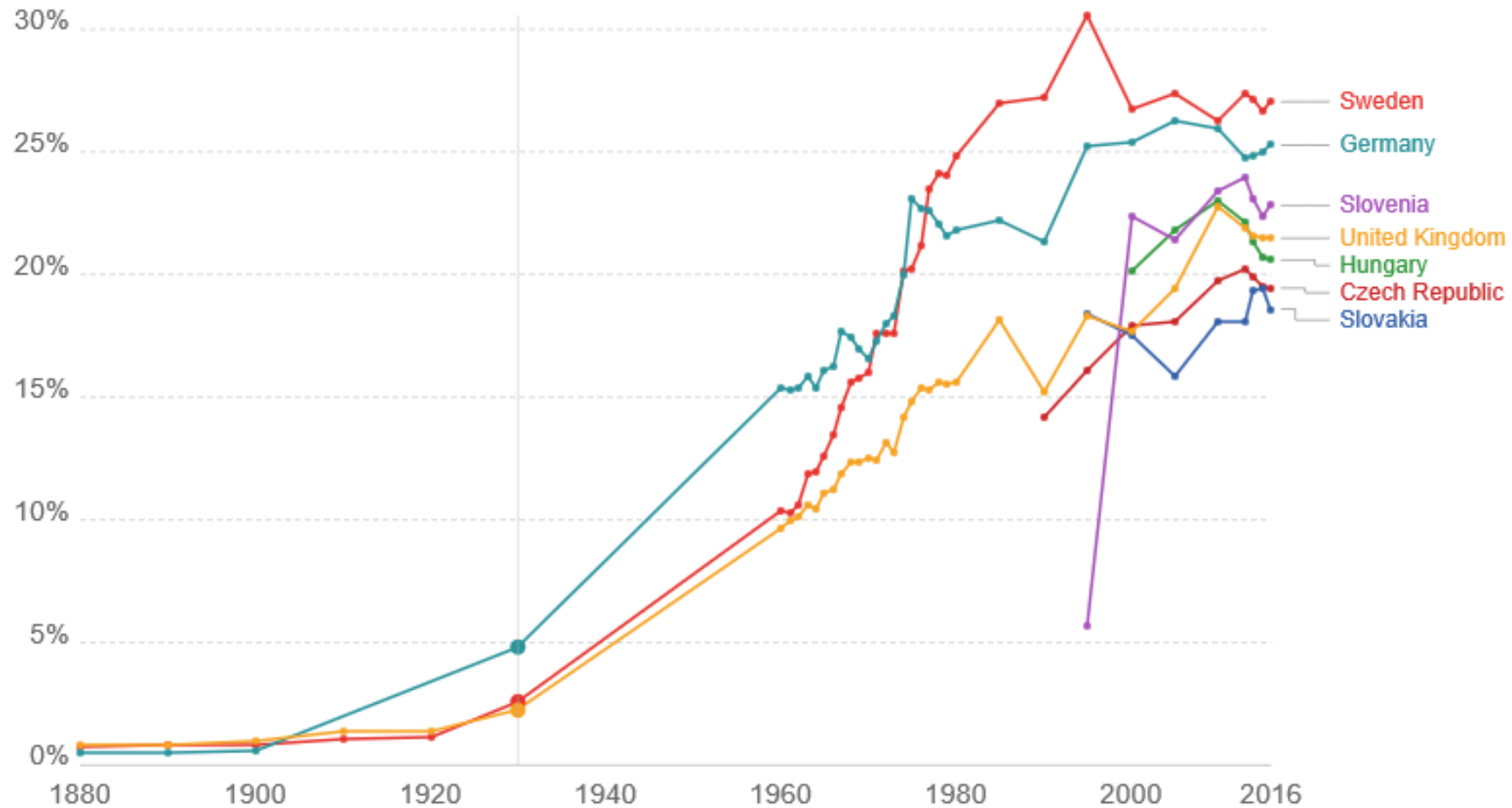
GDP per Capita in 2011 USD



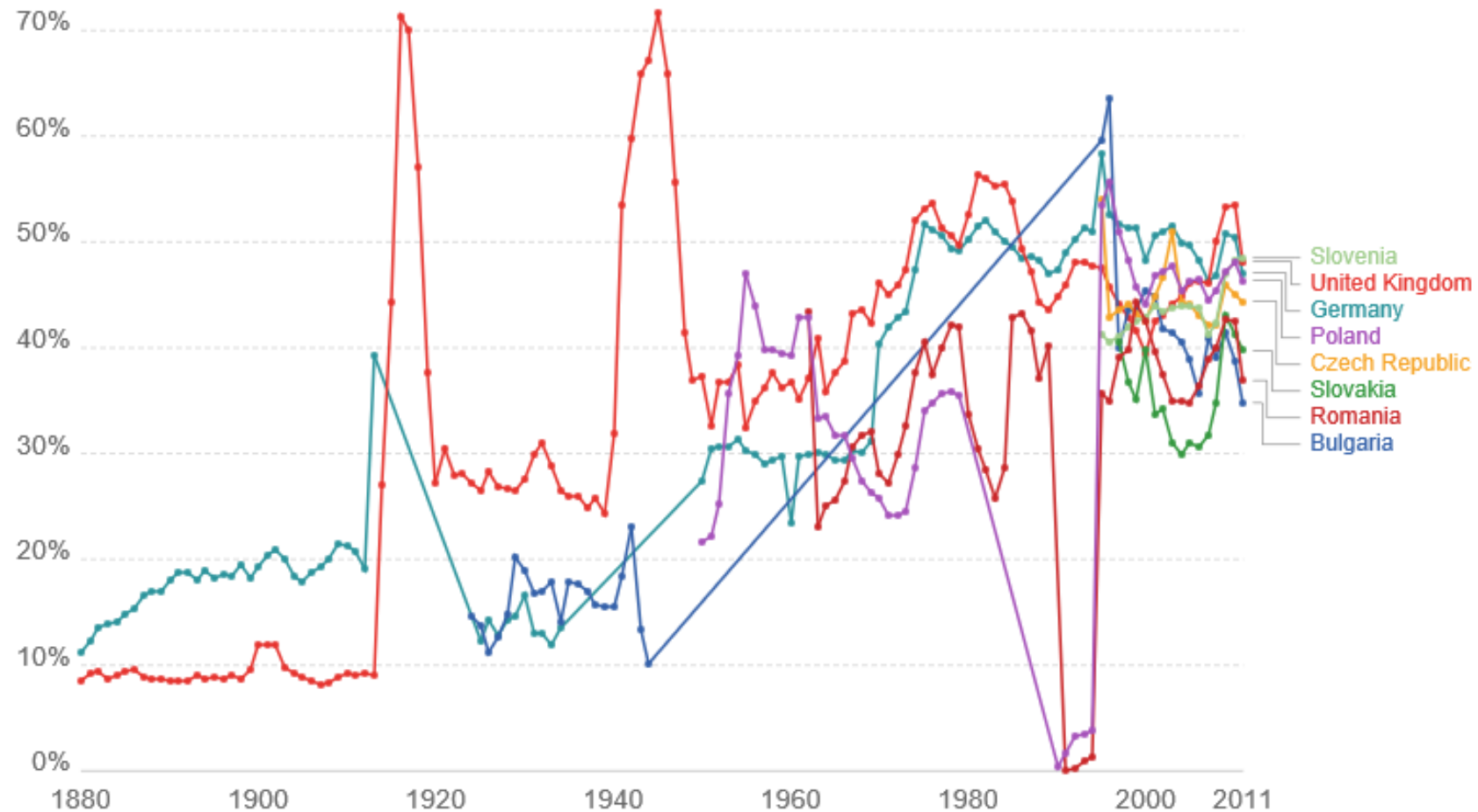
GDP per Capita (New Europe v/s Old Europe and the World (2011 USD))



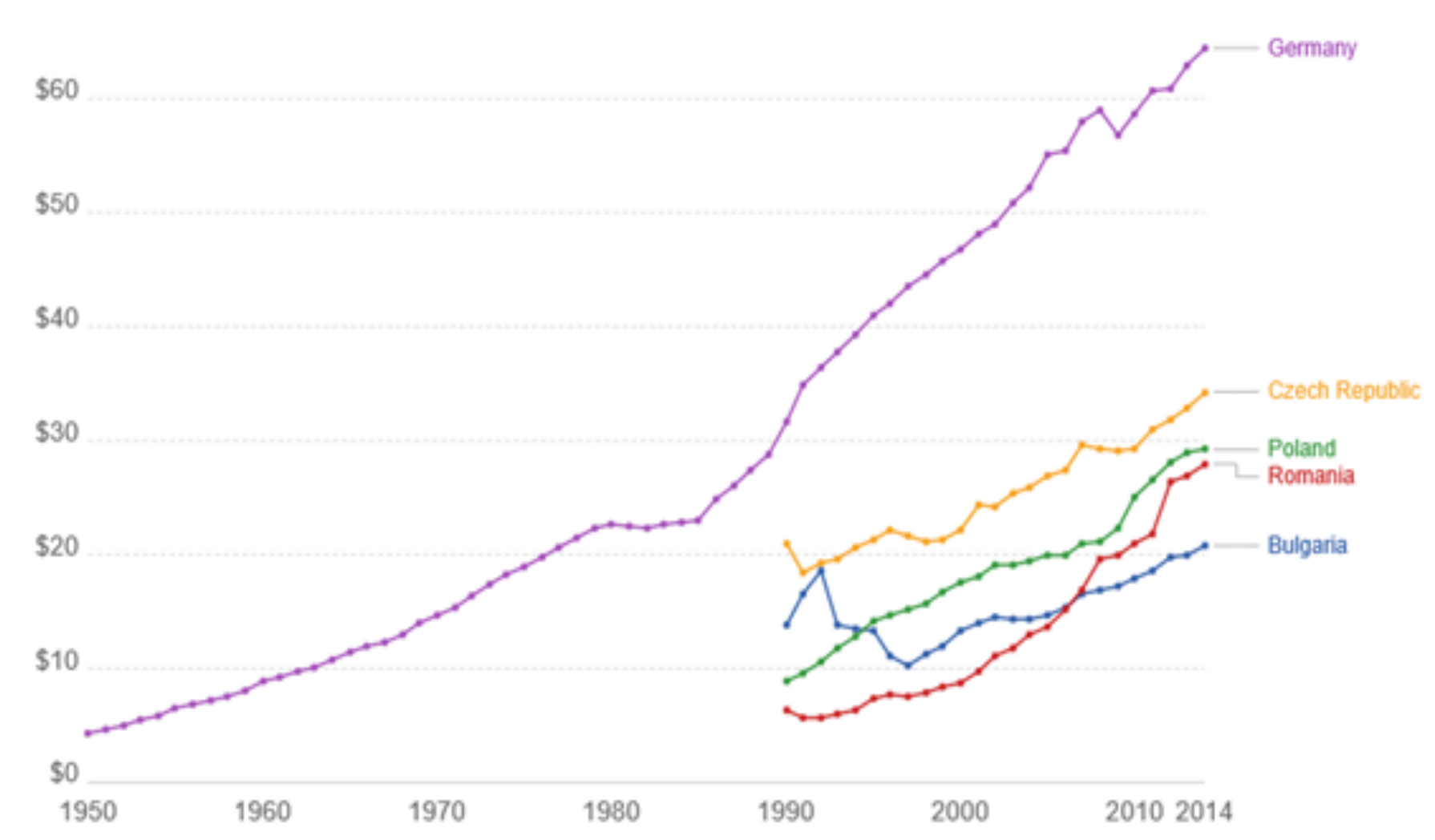
Comparative Social Spending



Government Spending (incl. interest payments) in New Europe compared to Germany and UK



Productivity growth in Bulgaria, Czechia, Germany, Poland and Romania (USD per work-hour, per worker)



Transition to the Past – 1989 -- 1999

The "new system" or regime in 1989 to transit to was the **old capitalist one**, which in terms of Kornai (2000: 29) based on:

- power friendly to market and private property
- prevailing private property
- prevailing market coordination
- hard budget constraints
- buyers' market, rare and temporary shortages, unemployment, typical business (not political) cycles
- Political pluralism and competition

Resistance and “transitions”

Resistance and the “practicalities” of setting the old regime

- “Forest brothers”: 1944-1962
- 4,000 peasants’ revolts against Bolsheviks (1917-1921)
- “The winners take it all” (Anne Applebaum, The Iron Curtain)
- Red army’s role and KGB advisors
- Comintern appointees – in the East, and in the West
- 1948, 1953, 1956, 1968, 1979 and 1989-1990
- Previous experience – 1920-1933
- Deaths, September 1944 – March 1945: 30,000 – 40,000 (Bulgaria), Romania (60-300,000), Yugoslavia (300,000)

R.J. Rummel, Death by Government, 1994:
<https://hawaii.edu/powerkills/NOTE1.HTM>

Footnote on “Forest Brothers”

- The name of the Goryani Movement comes from Bulgarian word “*goryani*” and means “forest dwellers” or “forest men.”
- The anti-Communist Goryani insurgency shared many common features with similar movements in fifteen East European countries: the Ukrainian Insurgent Army (defeated in 1956), the “Forest Brothers” in the Baltic states (extinguished in the early 1960s), the Romanian Resistance Groups of *Haiduks* (or Highwaymen) as people called them in appreciation of their heroic deeds (eventually crushed in 1962), The Polish “Cursed Soldiers” (who organized at least nine guerilla-warfare divisions, the last of which as destroyed as late as 1963), the anti-Soviet revolution in Hungary (October 1956); the partisan movements of Croatia (known as “Crusaders”), Serbian “Chetniks,” “*Četnici*”), the Albanian National Front (a nationalist, anti-communist and republican organization), the Moldovan resistance of Soviet occupation of Bessarabia and Bukovina, and resistance movements in Belorussian and Slovenia were all defeated by the end of the 1940s or early 1950s.

Sources of the “Ideal”: literature and pop

Recent analytical recount of the 1970-1990’s, the newly opened archives and contemporary reading of

- Vaclav Havel,
- Georgy Markov,
- Alexander Solzhenizyn
- Josif Brodsky
- Tomas Venclova
- Paul Goma

Frank Zappa, Beatles, Doors, Rolling Stones, the Plastic People of the Universe, and “all that jazz”...

These and countless other Literati and Bards expressed and created the public anticipation of “normality” ...

HANNES H. GISSURARSON, VOICES OF THE VICTIMS NOTES TOWARDS A HISTORIOGRAPHY OF ANTI-COMMUNIST LITERATURE
VOICES OF THE VICTIMS NOTES TOWARDS A HISTORIOGRAPHY OF ANTI-COMMUNIST LITERATURE: https://newdirection.online/2018-publications-pdf/VOICES_OF_THE_VICTIMS_NOTES_TOWARDS_A_HISTORIOGRAPHY_OF_ANTI-COMMUNIST_LITERATURE.pdf?fbclid=IwAR1DQByE7850l_gofJ3qbOlqDIzce3An4hMjtk3oHZdM2mmYh43GUMqiOml

1968 Generation, discontent, economic reforms and role of KGB

Discontent with

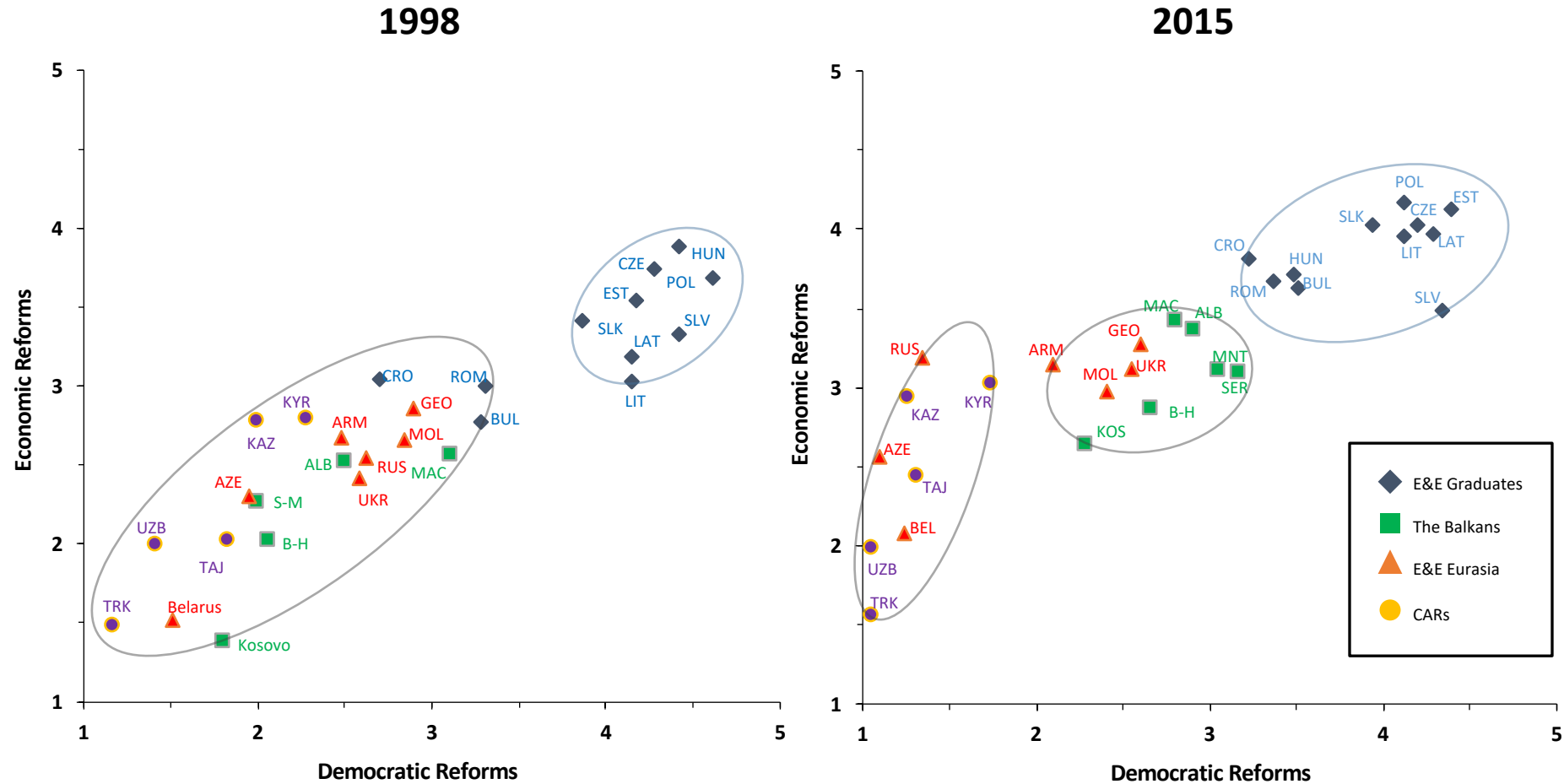
- Destruction of rule of law and human dignity
- Expropriation of country assets, including Poland and Czechoslovakia
- “Expropriation of expropriators”
- Ethnic cleansing
- Lack of economic reforms within countries
- Lack of reforms within ComEcon
- Custom and Monetary Union attempts
- More reforms and blue-prints for reforms
- Export of “socialism” and International Terror
- 1980’s, *Solidarnosc*, Chernobil



Accidents, the Role of the Soviets, KGB and driving discontents with Old Regime. (See: Sebastyen, 2009) and Vladimir Bukovski Lectures.

Timeline of Reforms after 1989 -- 1990

Former Soviet Union (incl. Russia) lag behind ex-Communist countries in EBRD economic reform indicators



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Freedom House, *Nations in Transit* (June 2016); and the European Bank for Reconstruction and Development (EBRD), *Transition Report* (November 2015).

When the communist economic organization was dismantled?

- power friendly to market and private property – 1986-1990
- prevailing private property – as GDP driver 1992-1995; as ownership – 1995-2001
- prevailing market coordination – 1991-1992
- hard budget constraints – 1991-1993
- buyers' market, rare and temporary shortages, unemployment, typical business (not political) cycles – 1991-1992-1998
- Political pluralism and competition -- 1989

Political parties after 2004

Before joining the EU

- Traditional structure
- The status quo parties (which were not necessarily only the ex-Communist) were cornered by the reformist wave, within which political parties differed in more or less traditional left - right spectrum.
- This latter camp (often with successor-communist parties) evolved, by 1998, into parties of the EU-establishment, joint respective political families and envisaged respective political careers for their members.
- By 2004 EU enlargement: political imagination and “return to normality” mood evaporated
- Ideas and personal political connections were almost totally hovered by the "EU agenda": none of them questioned the Union institutional arrangements - be it the EURO, draft basic treaties (Giscard d'Estaing version or the Lisbon Treaty) or obviously economically harmful to New Europe directives and policies, like, e.g. the Working Time Directive (2003/88/EC).

"Populist", i.e. nationalist, interventionist and xenophobic movements, utilizing folklore beliefs and explanations in winning voters' support

- Limited and **declining number** of votes due to:
 - a. Emigration,
 - b. Lesser willingness to vote (mostly due to success of economic reforms);
 - c. Population aging and social welfare;
 - d. Artificial electoral limitations - from party-list systems, to dead souls, to imperfect voter registrations, etc. original "status quo" parties (**ex-Communists**) had shown **some signs of survival and stability** and/or mutated into something different when becoming obsolete (for one reason or another);

Original "**reformist**" were much **more unstable, subject to splits**;

- No option to immediately eliminate old sources of trust, or social capital; new sources - on EU level, EU parliamentary factions, etc. looked suspicious, due remote layers of government in the first place;
- With the success of transition and EU accession, parties values, rhetoric have become big, abstract, vague, and meaningless;
- The EU-fatigue, prosperity gains and EU-reinforced socialist and rent-seeking ideas, allowed for left-populist parties to fill the gap.