

# European Journal of Social Theory

<http://est.sagepub.com>

---

## **What is Central and Eastern Europe?**

Ivan T. Berend

*European Journal of Social Theory* 2005; 8; 401

DOI: 10.1177/1368431005056420

The online version of this article can be found at:  
<http://est.sagepub.com/cgi/content/abstract/8/4/401>

---

Published by:

 SAGE Publications

<http://www.sagepublications.com>

**Additional services and information for *European Journal of Social Theory* can be found at:**

**Email Alerts:** <http://est.sagepub.com/cgi/alerts>

**Subscriptions:** <http://est.sagepub.com/subscriptions>

**Reprints:** <http://www.sagepub.com/journalsReprints.nav>

**Permissions:** <http://www.sagepub.com/journalsPermissions.nav>

# What is Central and Eastern Europe?

*Ivan T. Berend*

UNIVERSITY OF CALIFORNIA, LOS ANGELES, USA

## Abstract

The historical trajectory of Central and Eastern Europe differed significantly from that of the West. The region became the periphery of a transforming West during the early modern centuries. The nineteenth and twentieth centuries were characterized by repeated attempts to catch up with the West. Romanticism brought in Western ideas and generated struggles for national independence and modernization. Failures paved the way for desperate revolts in the inter-war years. Left- and right-wing revolutions engulfed the region. Authoritarian, Fascist and Communist regimes looked for short cuts to finish nation-building and industrialization. In the end, all versions of state-run modernization failed, and the region revolted against them. At least its western rim seems to be successfully returning to Europe at the turn of the millennium.

## Key words

■ economic growth ■ peripheral situation ■ semi-failed modernization ■ state-run modernization ■ unfinished nation-building

In everyday life we use the term ‘Central and Eastern Europe’ with reference to a region within the European continent.<sup>1</sup> Does it really exist as a relatively homogeneous region of various countries with basic similarities? Central and Eastern Europe has, of course, a geographical meaning: an area east from the 19th meridian, or along the River Elbe, that divides Europe in half. It also has a political meaning: in the 1930s and the 1940s, it was a part of the Nazi *Lebensraum*; during the Cold War, it was the ‘Soviet bloc’; and currently, it is the ‘transforming’ countries, or the ‘New Europe’, to use a less acceptable term. But does this region have a historical context? Do the two halves of the continent have different historical development trends and characteristics?

The idea of two Europes, West and East, is as old as modern historiography. Already in the early nineteenth century, Leopold von Ranke differentiated between the peoples and histories of the two halves of the continent (Ranke, 1909). The River Elbe, indeed, separated these two parts of Europe both in 815, when that was the eastern border of the Christian-feudal Carolingian Empire, and markedly different from the partly unsettled, pagan, nomadic east, and in

1945, the American and Russian armies met at the River Elbe and soon created two opposing world systems on its opposite sides.

Indeed, in my interpretation, the vast area of Central and Eastern Europe as a whole shares important characteristics. Compared to the West, history 'began' here only in the ninth–tenth centuries when permanent states were established; Christianity spread; feudal institutions and private ownership, noble privileges and serfdom, as well as agriculture were introduced. This area experienced an approximate 500-year delay in development when compared to the western half of the continent. In the Baltic area, the delay was longer, about 800 years. Even in the thirteenth to the fifteenth centuries, this entire region remained a kind of 'frontier' (N. Berend, 2001), open to Asian and African incursions and long-lasting Mongol and Ottoman occupations. Between the fifteenth and the nineteenth centuries, the region could not follow the rise of the modern, merchant, industrializing Western capitalistic core, with its homogenizing absolute states. Instead it became the raw material and food-supplying periphery, re-feudalized in the capitalist world system (Wallerstein, 1974). Until the mid-twentieth century, this region remained agricultural Europe.

The social fabric also remained different. In contrast to Western bourgeois society with its 'disappearing' peasantry, majority working class, and modern entrepreneurial elite, in Central Europe a 'dual society' became predominant. It preserved the old social layers and structures, the noble elite, the middle-class gentry and the majority peasantry, while a modern, mostly non-indigenous, German and Jewish elite and middle class, and a small working class emerged alongside them and co-existed with them for a long time. In the Balkans, an almost entirely peasant, 'incomplete,' or eliteless indigenous society existed. After the foreign (Ottoman) elite disappeared, a bureaucratic-military elite filled the gap.

With regards to the nation-building process, Oscar Jászi (1964) called this area the 'unfinished part of Europe'. Indeed, nation-building did not follow the Western pattern and went on until the end of the twentieth century. Most countries in the region lost their independence between the fifteenth and the eighteenth centuries and were incorporated into three multi-ethnic empires – Habsburg, Russian and Ottoman – until the late nineteenth or early twentieth centuries. By the mid-twentieth century eight states existed in the region; at the end of the century, there were 26.

In spite of basic similarities within this vast area, however, marked differences separate at least two sub-regions, Central Europe and Eastern Europe. The former – the Czech lands, Poland, Hungary, Croatia, and the Baltic countries – were nearer to and more influenced by the West, while the latter – Russia and the Balkan nations – remained isolated from the West, preserved communal systems and lacked private ownership for much longer. The western rim of the area occasionally gravitated toward the West but would then shift back to the East. An early twentieth-century Hungarian poet, Endre Ady, wrote a memorable characterization on his country in 1905, which may be valid for the Central European sub-region as a whole: 'The thousand people had run ahead and were

becoming European in mind.' Hungary, however, remained 'in the middle of Europe as a living negation . . . in a struggle against Europe for a thousand years . . . , [like a] ferry-boat country sails from the East to the West, but more likely back to the East' (Ady, 1990). The two sub-regions are also easily separable along Catholic/Greek Orthodox religious lines (Gunst, 1996). Thus it is probably not a coincidence that eight Central European countries ('sailing to the West') became members of the European Union in 2004, while countries on the eastern side of the region are waiting or not even being considered for acceptance yet.

Another school of thought prefers a division into 'three Europes'. This idea was introduced by inter-war German writers who used the term of *Zwischen-Europa*, 'in-between' Europe, separating the zone between the Baltic and Adriatic Sea both from the West, on the one hand, and from the Russian East *par excellence*, on the other. This 'Three Europe' concept, one that rejects the basic similarities that characterize both the Central and the Eastern European areas over the course of their entire history, was set out in a brilliant historical argument by Jenő Szűcs (1983).

Several scholars question the possibility of regional generalization because of 'the huge diversity within Central and Eastern Europe . . . [where] the Polish and Hungarian cases were . . . vastly different from the Bulgarian and Romanian' (Good, 1997). John Connelly (1999) prefers speaking about 'several zones of historical development extending gradually eastward in Europe'. They are correct regarding the existence of major differences among countries of the region. They have different languages, different cuisine, different attitudes and national characteristics. The heroic-romantic, rebellious, non-calculating Polish attitude, and the realistic, cautious, compromising, result-oriented Czech mentality are diametrically opposed. Polish history is rich in heroic but failed revolts and poor in negotiated compromises, while Hungary too has experienced dramatic failed revolutions, but these have been followed by successful compromises that regained some of the goals of the rebellions.

Despite these major differences, generalization is possible. Nobody questions the use of the term 'Europe' although it comprises various diverse regions and countries. We use the term Middle East, or Scandinavia, though in both regions there are countries, which differ markedly from one another, such as Syria and Israel, or Denmark and Sweden. We use the term Italy, despite the diversity of Lombardy and Sicily. To take a more commonsensical example, we use the general term 'house', although some are only one level and a hundred square meters, while others are vast, multi-storey compounds. We speak of a 'table', regardless of size, shape, or color, because they all share certain basic characteristics. In my view, when there are important, fundamental similarities, generalization is possible and even unavoidable in history as well. The region's history and historical similarities may explain what Central and Eastern Europe really means.

## The Attempt to Break through the Vicious Circle: The Nineteenth Century

The Central and Eastern European soil was not fertile and cultivated enough to nourish the fruits of the Enlightenment and the Dual Revolution, as Eric Hobsbawm (1962) called the combined French socio-political and the British industrial revolutions. The absolutist state did not become a homogenizing factor or the cradle of the nation-state in this region. Autocratic power was preserved; Enlightenment philosophy and the Newtonian scientific world-view could not take root in petrified societies and among a mostly illiterate population. Industry hardly emerged. The *ancien régime*, in the economic, social and political senses, survived up to the mid-late nineteenth century (Mayer, 1981).

Nothing could, however, halt the spread of inspiring and rejuvenating Western ideas. Turn-of-the-century Romanticism was primarily responsible for introducing the values of freedom, liberty and nation. Romantic 'longing' and 'dreaming' took on a very specific meaning in the region. The longing was for freedom, liberty, national independence, and the dreaming for a just society and the community of the entire nation – an equal part of Europe. Johann Gottfried Herder's linguistic nationalism had a lasting impact on the area. Standardized languages were created. Collected folk songs, poems, national dramas, and operas as well as newborn, myth-creating historiography cultivated national consciousness. Literature emancipated the peasantry before it had really happened. It mobilized enthusiastic emissaries, a handful of enlightened aristocrats, but mostly writers, poets, and intellectuals who looked to the West with great admiration and urged adjustment to the transforming world. Romantic nationalism soon generated political activity and movements. The Polish Stanisław Konarski passionately shouted: 'Let us govern ourselves like sensible people . . . For the God of nature did not search for different clay when he made Poles from what he used for Englishmen.' The Hungarian István Széchenyi complained that he 'feels profound pain' at the situation of his country. 'Our country is sleeping!' Halil Pasha, the Commander-in-Chief of the Ottoman Army warned: 'If we do not adopt European ways, we shall have no choice left but return to Asia.' The fight for national independence and modernization began.

Three major national uprisings in occupied and partitioned Poland between the 1790s and 1860s, though bloodily suppressed, created a nation, and led to the recognition of the need for 'organic work', to industrialize and educate the population, to incorporate the peasantry into the body of nation. Textile, coal, and iron industries emerged and made Poland the third largest industrial center of the Russian Empire. The Baltic countries, also parts of the Russian Empire, were in a similar position, but could exploit their historical advantage; their income level was twice that of Russia herself.

A dramatic Hungarian revolution in 1848–49, although also defeated, was followed by a clever compromise with the Habsburg dynasty (1867) that established Hungarian autonomy. Hungary achieved an agricultural revolution and became the breadbasket of the huge empire, built up modern food processing

and began industrializing. Austrian investments created a highly developed railroad system. The educational reform established modern education and illiteracy rapidly decreased.

The Czech lands remained relatively quiet. Cultural autonomy and the ability to use a national language were the main demands, not political autonomy or independence. But even moderate demands were rejected and resistance defeated. Bohemia and Moravia remained incorporated in the Hereditary Provinces of the Habsburg lands, but paradoxically, they profited most from the mercantilist policy of Maria Theresa and Joseph II. Although politically subordinated, the Czech lands gradually became the only industrialized part of the area, with a modern middle class, unique in the region.

In the Balkans, the entire nineteenth century was accompanied by struggles against robber Janissary troops and Ottoman despotism, which between 1804 and 1878 gradually led to autonomy and even independence for the Balkan nations. Their struggle was assisted by the European great powers, interested in pushing the declining Ottoman Empire out of Europe. Nation-building, however, was not finished: each newly established state struggled for border changes and sought to unite entire nations, namely, the inclusion of those Romanians, Bulgarians, and Serbs who remained outside the national borders. Besides fighting against the Ottoman power, they started fighting against each other and two major Balkan wars led to permanent border changes. With a half-a-millennium Ottoman background, neither Romania, nor Serbia nor Bulgaria could follow in the footsteps of the West. These countries remained mostly illiterate (70–75% of the population), and almost entirely agricultural. Their political systems, ruled by small military-bureaucratic elites, preserved authoritarian, corrupt, and clientelist characteristics. The manufacturing industry hardly developed; in Serbia, for example, it employed only 1 per cent of the active population. The German-built *orientalische Eisenbahnen* crossed the peninsula and represented the bulk of the Balkan railroads (Stavrianos, 1963).

Central and Eastern Europe could not catch up with the West. In 1910, 68 per cent of the population of the region worked in agriculture, while in the West this number was only 36 per cent. The region's income level during this period of desperate modernization efforts lagged further and further behind the West: according to Angus Maddison's calculations (1995), in 1820 the regional average was 59 per cent of the Western average per capita GDP, in 1870, 51 per cent, and by 1913, only 46 per cent.

The nineteenth-century dream to create a nation-state and establish a modern economy and society basically failed, in spite of partial successes in some of the countries. None of the landmark Western achievements – the nation-state, parliamentary democracy, industrialization and the rise of a modern bourgeois society with a sharply declining peasantry, rapidly increasing working and middle class, the elimination of illiteracy – were adopted. Half a century of effort failed for the most part, or was only semi-successful. The region was a hotbed for rebellion – against oppressive, exploitative regimes, against petrified social conditions, landlessness and poverty, and the socio-political exclusion of the bulk

of the population from the body politic. Humiliation and disappointment led to the rejection of Western values and resistance to integration into the internationalized free trade and gold standard system. The seeds of revolt were sown. Extremist ideas and movements, Left and Right alike, began rising. The Bolshevik movement and its split from social democracy (in 1903 and 1912) questioned the entire capitalist system. Slavophil populists blamed selfish and materialistic Western societies and made backwardness a virtue. They wanted to 'avoid' industrialization and build an egalitarian society, based on the ancient, but preserved village communities (*obshchina*).

Political anti-Semitism flooded the region. Pogroms in Russia, Poland, and Romania, blood libels in the Czech lands and Hungary, and the formation of the first anti-Semitic political parties signaled the transformation from Romantic, universalist nationalism to fundamentalist, exclusive and xenophobic ethno-cultural – as Hannah Arendt (1966) called it – 'tribal nationalism'. Romanticism, which carried the values and ideas of the Enlightenment to Central and Eastern Europe in the early nineteenth century, was replaced by an irrational, passionately hostile 'New Romanticism', a term used by the right-wing German Eugen Diderichs (Mosse, 1966). History was derailed.

### Decades of Crisis

World War I opened the floodgates. Instead of the hoped-for renewal, death and poverty, war profiteering, hyperinflation, and deep disappointment followed. Millions of uprooted people joined mushrooming extremist parties. They learned to use weapons and recognized their strength. Political parties established paramilitary organizations. Revolutions engulfed Central and Eastern Europe. The successful Bolshevik Revolution in Russia ignited similar revolutionary movements: the Hungarian Council Republic followed the Soviet pattern. Soviet republics were declared in Slovakia and Bavaria. A left-wing peasant regime took over Bulgaria. Germany and Austria teetered on the brink of revolution, although these were aborted in the end. Military interventions, counter-revolutions and preventive counter-revolutions suppressed most of these attempts. A Fascist revolution triumphantly conquered Italy, but failed in Germany. Fascist movements emerged in Romania and Hungary.

In the exalted and chaotic post-war years, national revolution was the real victor. The unification of independent Poland, and its territorial expansion through war against Soviet Russia, the realization of mini-pan-Slav dreams through the creation of Czechoslovakia (Masaryk, 1927) and Yugoslavia, and the realization of Great Romania generated new nation-building efforts. However, none of these new states were real nation-states. Nearly one-third of the population in Poland and Romania belonged to various minorities. They resisted assimilationist policies. Czechs and Slovaks, Serbs and Croats confronted one another; the minority nations did not accept the idea of a single 'Czechoslovak' and 'Yugoslav' nation. Slovaks and Croats sought

autonomy, and later independence. Bulgarians and Hungarians wanted to regain lost territories and unite all Bulgarians and Hungarians. New national conflicts emerged.

Those who were dissatisfied with the Versailles Treaty and the new borders, those who demanded revision, turned against the victorious Western powers and toward those who offered the fulfillment of their dreams. Fundamental-nationalist movements and governments thus turned to revisionist powers and made alliances with Mussolini's Italy, and, in the 1930s, with Hitler's Germany. The Horthy regime in Hungary, driven by territorial revisionism, formed an alliance with Mussolini in 1927, and with Hitler from 1933. Slovak and Croat nationalists also turned to Hitler and Mussolini in an effort to counter the Czechoslovak and Yugoslav states. A competition began for Hitler's friendship. The Hungarians joined him to regain lost territories, the Romanians did the same to keep territories they had gained.

Fascism and Nazism gained ground by merging with fundamentalist nationalism and territorial revisionism in Central and Eastern Europe. Aside from political goals, harsh economic realities pushed most of these countries into Hitler's arms. Since economic modernization had failed, or was only partially successful before World War I, when virtually the entire continent became part of the Western-led *laissez-faire* economic system, all latecomer peripheral countries, which had accepted these rules of the game, now did a radical about-face. Instead of export-led industrialization, they turned to economic nationalism. During the nineteenth century, they had exported as much as possible of their traditional agricultural products, so as to accumulate and invest capital gained through export incomes into industry and services. But a long agricultural crisis of the last third of the nineteenth century led to downward pressure on agricultural prices, and caused a severe decline in the terms of trade for agrarian exporters. They were deeply disappointed and changed their policy.

The war itself played an important role in this change. The importance of self-sufficiency was a war lesson. Realized national dreams and the creation of new independent states after World War I prompted the new Central and Eastern European countries to equate national independence with self-sufficiency. Economic nationalism, instead of export-led industrialization, built up high tariff walls and other kinds of restrictions and replaced imported goods with domestic production (Manoilescu, 1931). Hungary, Romania, and Yugoslavia rapidly developed their consumer good industries (textile, clothing, leather, paper, and others) and replaced previously imported consumer goods with domestic production. Hungary, which covered 70 per cent of its textile consumption with imports before the war, increased its industrial capacity by leaps and bounds. Textile output increased fourfold, and in the mid-1930s, the country became self-sufficient. Czechoslovakia, on the other hand, stopped importing grain and became self-sufficient; during the 1930s, it was even a grain exporter.

In spite of these important partial results, the Central and Eastern European countries were unable to run self-sufficient economic regimes. Their resources were one-sided and insufficient; they could not eliminate imports of energy and



investment goods. They had to import, and consequently needed to export as well. In other words, they badly needed a more advanced and powerful patron. Both Mussolini and Hitler began building a regional economic alliance system. Nazi Germany, an economic powerhouse, succeeded. Hitler offered safe markets for Central and Eastern European agricultural products and paid higher than world market prices for them. In a series of bilateral trade agreements from 1934, Germany introduced a trade-in-kind system. Countries in deep crisis, having lost their hard currency and gold reserves, happily signed on to the German clearing agreements. In five years, Germany became the number one trading partner for most of the countries of the region. By 1939, in several cases half of foreign trade was already with Germany. Hjalmar Schacht and Hermann Goering successfully established the German *Grossraumwirtschaft* by closely binding and subordinating the Central and Eastern European economies to Nazi Germany. As David Kaiser stated (1980), Hitler had won the first battle of World War II before it even began.

Political and economic ties hooked the region inexorably to the Nazi regime. Fundamentalist nationalism and Fascism–Nazism merged in several countries of Central and Eastern Europe. This trend culminated in the lead-up to World War II, when some of the countries were occupied by Hitler: Austria in March 1938, the Czechoslovak Sudetenland that same October, and in 1939 the Czech lands became a German Protectorate. In September 1939, the German war machine steamrolled Poland, prompting the British and French declaration of war – World War II had begun. After a successful *Blitzkrieg* in the West, Hitler turned again toward the East: in April 1941, Greece capitulated and, at the same time, a German attack on Yugoslavia was a prelude to war with the Soviet Union that began in June 1941. Meanwhile local right-wing fascist regimes, allied with Hitler, took over ‘independent’ Slovakia and Croatia. In September 1940, King Carol abdicated and the fascist Iron Guard, allied with General Antonescu, seized power in Romania. Hungary was a close ally, but when it was necessary in the fall of 1944, Hitler transferred the power to the Hungarian Nazis, the Arrowcross Party of Ferenc Szálasi (Nagy-Talavera, 1970). In Poland, Yugoslavia, and Albania, permanent resistance and partisan warfare kept the idea of national independence alive. Brave actions by scattered resistance groups also occurred in other countries; nonetheless, Nazi occupation and local collaboration were the reality throughout the region during World War II (Ránki, 1993).

The inter-war decades and the war years, or perhaps better, the *Thirty Years War* of the twentieth century between 1914 and 1945, were disastrous for Central and Eastern Europe. This new wave of nation-building generated the most devastating internal and international conflicts, as well as waves of ethnic cleansing, including the slaughter of four million Jews. Attempts at economic modernization, using the policy of economic nationalism, although they helped the development of some branches of industry, mostly promoted those ‘light industries’ that were the leading sectors of the earlier waves of industrialization in the West; these consumer good industries became rapidly obsolete when they were created in Central and Eastern Europe.

Economic growth was extremely slow. Most of the countries struggled to adjust to the new situation. Poland and Austria had zero growth, while Hungary, on average, experienced only a 1.5 per cent increase of the per capita GDP/annum. Just as catching up and adjusting to the West had failed in the *laissez-faire* era before the war, there was nothing to prevent a perpetuation of this failure during the inter-war decades. The gap between the West and Central and Eastern Europe remained unchanged. The region, with the exception of the Czech parts of Czechoslovakia, remained agricultural. In the West, hardly more than one-fifth of the active population worked in agriculture, which produced somewhat more than one-fifth of the GDP in 1950, while in Central and Eastern Europe this number was still 53 per cent of the population, and they produced 41 per cent of the GDP. Comparing per capita GDP levels, Central and Eastern Europe, though somewhat improved, still reached only 51 per cent of the Western average by the mid-twentieth century.

During the war years, occupied or collaborating Central and Eastern Europe became a part of the German war economy. Virtually all of their trade (75 to 80%) was with Germany. One-quarter of the German war expenditures was financed by exploiting the peoples of the enlarged empire.

Soviet Russia represented an exception, turning the corner during the 1930s. Having eliminated the market economy and introduced central planning behind the shield of a ruthless dictatorship, Soviet Russia embarked on an industrialization drive unparalleled in history, doubling its industrial output in a single decade and establishing an industrialized economy. This, however, served to prepare for war, and served this purpose well. In spite of this unique economic performance, however, the huge Soviet state experienced the most extreme version of economic nationalism and isolationism, and practiced the most brutal dictatorial policies. In that regard it did not radically differ greatly from most other parts of the region: it also failed to break the vicious cycle of socio-economic and political backwardness.

In addition, the consequences of World War II were devastating. Some of the countries, Yugoslavia and Poland in particular, were literally decimated and the death toll of the whole region – west of Russia – reached about 9 million people. The Holocaust destroyed the Jewish communities, and more than half of the survivors emigrated. In Lithuania, about 6,000–7,000 Jews survived out of a community of 250,000. In Poland, where 10 per cent of the population was Jewish before the war, only 0.001 per cent remained, and in Romania a population of 1 million Jews dwindled to about 20,000 at the end of the century. The German minority, which had been significant in several countries, disappeared from the region in large numbers, partly by escaping with the withdrawing German army, and partly due to expulsions. In the end, about 13 million Germans left the area.

Borders changed again. Poland shifted west, being compensated with previously German territories, while formerly Polish territory east of the so-called Curzon Line was given to the Soviet Union. Apart from this case, pre-war borders were reconstructed. Hungary gave back all the territories it had acquired with

Hitler's help. Czechoslovakia and Yugoslavia were re-established. Some of the countries, especially Poland, Yugoslavia and Hungary, were in ruins. In Poland, half of the railway capacity was destroyed, Warsaw was leveled and 87 per cent of the buildings were destroyed. In Budapest, all bridges over the Danube and 27 per cent of the buildings were destroyed or severely damaged. Half or even two-thirds of the animal stock, roughly 25–30 per cent of industrial capacity perished. Hyper-inflation and starvation were rampant during the post-war years (Berend and Csató, 2001).

Pre-war regimes collapsed everywhere. Heads of state and government officials were executed as war criminals. In Bulgaria more than 2000 former high officials were executed; in Hungary, 27,000 collaborators were sentenced and 60,000 officials were purged from the state administration. A huge political vacuum separated the post-war era from the pre-war period. In Yugoslavia and Albania, where Communist-led partisan armies had liberated the countries, a Communist regime was immediately introduced. In Czechoslovakia, the first free elections resulted in a Communist victory. In Poland, Romania, Hungary and Bulgaria, the liberating Soviet Army remained, first legally until the peace treaty, and then as an occupying force, though 'legalized' by agreements. Continuity was fatally broken; it was impossible to return to 'normalcy' (Seton-Watson, 1952).

Between 1945 and 1947–48, Central and Eastern Europe, freshly liberated from Nazi rule and recovering from war devastation, was sovietized. The broken war alliance, mutual suspicion and worry gradually led to a deadly confrontation between wartime allies – the United States and the Soviet Union embarked on the Cold War. The former sought to defend its security with a monopoly on nuclear weapons and military bases all over the world. The latter, given traditional Russian military doctrine, built up a huge buffer zone along its western border. The Soviet military presence as well as economic and political pressure, assisted by strengthened and obedient local Communist Parties led to the introduction of the Soviet political and economic model. The countries of the region were subordinated to the Soviet Union: by the re-established Communist International, called Cominform (1947); by an economic agreement, the Council of Mutual Economic Assistance (CMEA, 1949); and by military agreement, the Warsaw Pact (1955). The entire Central and Eastern Europe became part of the Soviet bloc.

### **Detour from the Periphery to the Periphery**

The Soviet bloc countries subserviently copied the Stalinist political and economic model. Multiparty parliamentary systems were abolished and monolithic one-party regimes were introduced. The leading opposition parties were eliminated, their leaders tried and executed (as in the case of the Bulgarian peasant leader, Petkov) or imprisoned (as in the case of the Hungarian and Romanian peasant party leaders, Kovács and Maniu). Some of the more fortunate, such as the Polish Mikolajczyk and the Hungarian Ferenc Nagy, escaped to

the West. The Communist Parties, some of which a few years before had only a handful of illegal members, became state parties, with millions of members. In Romania, every fourth adult joined. The membership of the Czechoslovak Communist Party jumped from roughly 700,000 in mid-1945 to 2.3 million by 1949.

A closed-party hierarchy governed the country. Officially, elected delegates from local party organizations gathered together every fifth year and elected the Secretary General, an absolute leader, and all the leading bodies: Central Committee, Politburo, Secretariat. They made the decisions that were compulsory for the party and the state institutions. The 'leading role of the Party' was institutionalized by new constitutions.

In reality, the almighty Secretary Generals were selected by the Soviets, and the Central Committees were just rubberstamping bodies, not real decision-making ones. The state apparatus became an executive branch of the party. The Parliament had a few sessions per year to enact all party decisions into state law. The prime minister was usually a party boss and the governments executed the party line. Courts were appointed. So-called parliamentary elections became festive demonstrations with one candidate for one seat, compulsory voting, and a glorious 98.7 per cent victory. The Stalinist political system proudly rejected the separation of the different branches of power, and unified the legislature, executive and judiciary. All the important posts, including top managerial or university positions, were under the control of the party, which had veto power over appointments to the top 2000–4000 political, economic, and cultural posts (Kornai, 1992).

Stalinism introduced a closed society: physically – barbed wire fences, minefields and watch towers fortified the borders and traveling abroad was banned; and culturally – information was controlled, and foreign broadcasts were jammed. Culture and the arts had to serve propaganda goals. A 'socialist-realist' style of art was dictated and became compulsory. The regime of terror created an atmosphere of general fear. No one felt secure and no one risked straying from total obedience. Stalin and his henchmen made it clear, from the very moment of the sovietization of the region, that there was only one way to go. As early as 1948, clear signals were given when Władisław Gomułka, the Secretary General of the Polish Communist Party, was accused of 'nationalist deviation' for advocating a 'Polish road to socialism'. Lucretiu Patrascanu, a member of the Politburo and government in Romania, was dealt with similarly by Stalin. A series of high-level purges followed. The victims were top Communist leaders such as László Rajk, the strongman of the party, member of the Politburo and Minister of Interior in Hungary, or Traicho Kostov and Kochi Xoxe in 1949, both of whom were second in the party hierarchy in Bulgaria and Albania respectively; and Rudolf Slansky, the Secretary General of the Czechoslovak Party in 1952 (Hodos, 1987; Kaplan, 1990; Levy, 2001). The show trials with their constructed political context, spectacular confessions, and numerous hangings, represented only the tip of the iceberg of terror. Police power was unchecked, including the right to arrest people and keep them for years without trial in internment camps.

The criminal code institutionalized the testimony or confession of the accused person as primary evidence. Legalized terror severely punished 'anti-party' or 'anti-state' propaganda: critical remarks in the company of at least two other people could be considered to be a political crime. 'Sabotage' and deviation of the compulsory economic plan were criminalized as well as harshly punished, in more serious cases by capital punishment, or 5 to 15 years imprisonment. Peasants were imprisoned (in fact every fourth person was arrested or brutally abused by the police in Hungary) because of inadequate fulfillment of the compulsory delivery orders, or the 'illegal' slaughtering of a pig. During the high-Stalinist early 1950s, 83,000 people were tried in Czechoslovakia and sentenced to an average of 9–10 years in prison, and 24,000 people were sent to 'labor battalions'. In Hungary, one million people were interrogated and half of the victims sentenced to prison, while another 40,000 were sent to internment camps.

Behind the shield of terror, Stalinist state socialism was a modernization dictatorship. By ruthlessly subordinating the entire population, suppressing any kind of resistance, terrorizing the peasantry, and eliminating trade union representation of workers, the regimes introduced a new economic system, targeted the highest possible capital accumulation and most rapid economic growth. The centrally planned economic regime was invented and experimented with in the Soviet Union, beginning in the late 1920s. The market and market-driven prices were eliminated, private ownership was abolished, peasants were forced into collective farms, and the entire economy was directed by a huge, centralized apparatus. Based on the party directives, a detailed central Five-Year Plan prescribed the main targets to achieve. The national plan was 'broken down' by economic branches, and, in the end, by every single company. The five-year target was broken down into annual, quarterly, and even ten-day plans. The planned goals were realized by a set of economic branch ministries and directorates. Hundreds and thousands of compulsory plan directives were addressed to companies and counties. Industrial firms were handled as branches of a huge nation-wide company, managed by a central headquarters. They did not use money but delivered their product to another state-owned company. Trade became distribution. Lacking a market or market pricing, the companies were only interested in fulfilling the plan directives, because the managers' and workers' financial interest was bound to it. Moreover, the plan was enacted by the parliament and became a law. Lack of fulfillment, or 'unnecessary deviation from the plan' was therefore a crime (Nove, 1977).

Agriculture was brutally reorganized. Peasants were forced into collective farms, which had to fulfill compulsory sowing and delivery plans. The state paid little more for the produce than cost of production and exploited agriculture to accumulate as much as possible in the state fund. The non-market system, with its artificial prices and distribution, indeed accelerated capital accumulation, which was traditionally low (around 6%). As a consequence of forced accumulation, roughly 30 per cent of the GDP was accumulated in the 1950s, and it was never less than 20–25 per cent even in later years. This made very ambitious investment plans possible. Millions of peasants, still the majority of the

population in Central and Eastern Europe, were uprooted via collectivization and pushed into construction and industrial jobs. A breathtaking increase of 5–6 per cent per annum in labor input during the 1950s and the 1960s fueled rapid growth.

State socialism realized the most extreme version of economic nationalism. The economies were isolated, and self-sufficiency became the leading principle. Nevertheless, as had been the case in the 1930s, the countries of the region were unable to run a strictly autarkic economy, and, again, a regional economic system was needed to guarantee raw material, energy, and investment good supplies. The Soviet-led Council of Mutual Economic Aid created this regional system in 1949. These centrally planned economies eliminated market influence in foreign trade as well; in 1950, CMEA fixed foreign trade prices for the member countries, and those fixed prices were used unchanged until 1957 as accounting instruments. From the late 1950s, efforts were made to introduce a division of labor among the member countries. In certain products, they began producing for the entire CMEA 'market' and stopped producing certain others, which were 'assigned' to another country. Instead of a national economy, a bloc-wide self-sufficient economic regime was introduced. Although the CMEA price system and coordination changed occasionally, the basic characteristics remained stable (Ausch, 1972).

The result was the fastest ever economic growth in the previously mostly backward, slowly growing agricultural countries. Instead of the inter-war near stagnation, or slow growth, the region reached 3.9 per cent annual increase of per capita GDP between 1950 and 1973 – one of the fastest in the world. Almost all the countries (with the exception of Albania and Romania) became highly industrialized.

During the four decades of state socialist regimes in Central and Eastern Europe, a real social revolution transformed the previously petrified societies. Caste-like social disparities were eliminated; the peasant majority was pushed into rapidly developing industry, and from rural settlements to cities. Urbanization advanced by leaps and bounds, and at the end of the century 60–70 per cent of the population was concentrated in cities. Huge income disparities were eliminated, and altogether, the societies became much more modern than ever before. They were also much more educated: illiteracy, a widespread phenomenon in many countries of the region before, disappeared; elementary and even secondary education, which was elitist and narrow before, exploded and virtually the entire school-age population was enrolled. Higher education accommodated 10–15 per cent of those of college age, instead of the previous 1 per cent.

Isolationism, self-sufficiency, and forced industrialization generated rapid growth, but the state socialist countries were unable to adjust to the new requirements of the unfolding technological revolution. The Soviet industrialization pattern served strategic and defense interests that had predominated in the first half of the century. The peripheral countries were never pioneers of new technology. They lacked sufficient resources and knowledge. As always in history, they profited from technology transfer by advanced countries. This, however, was impossible during the Cold War decades: technology exports to Soviet bloc

countries were banned. The American Congress initiated this embargo in the late 1940s, and 2,000–3,000 items were on the so-called COCOM-list of banned export items until the 1990s. The revolutionary telecommunication and computer age did not arrive in Central and Eastern Europe. The ‘service revolution’ of the West, based on further and further specialization and the separation of various service branches, previously parts of agriculture or industry, created a much more productive economy. A clear trend of ‘tertiarization’ in Western economies was evident in the fact that at the end of the twentieth century, 70–75 per cent of the active population was employed by the service sector. In the Soviet bloc, until its collapse, only one-third to one half of the gainfully employed worked in services. Labor productivity (produced GDP per hour) in the East remained far behind the West: in 1973, calculating the US level as 100, Western European productivity reached 70 per cent, Central and Eastern Europe only 29 per cent.

Instead of successfully catching up with the West, and in spite of all the successes of industrialization, backwardness was perpetuated in the region, and per capita income, 51 per cent of the West in 1950, declined to 47 per cent by 1973. After the oil crisis of the 1970s and a general slowing down, the Soviet bloc was unable to adjust and renew its economy. They tried to bridge the gap with foreign credits and – especially Poland, Hungary, and Bulgaria – walked into a debt trap. Yugoslavia, although not controlled by the Soviet Union, followed a special road of ‘national Communism’ under Tito, but it could not avoid the same destiny. The accumulated debts of about \$100 billion became a heavy burden; in some cases most of the export income was consumed by repayments, and some of the countries, such as Poland and Yugoslavia, became insolvent. Those who avoided indebtedness, such as Czechoslovakia, or repaid all the debts at the price of destroying the economy, like Romania, suffered from a crisis due isolation and maladjustment. All the temporary advantages of the regimes: safety, full employment and rapid growth, were undermined, and even the regime’s elite lost its self-confidence. This erosion paved the way for the collapse of the regimes between 1989 and 1991. The search for a miracle-working model of modernization had failed again. The drive for industrialization and modernization became a detour from the periphery to the periphery – these countries had ultimately stayed on the same old path.

Adjusting to Europe and integrating into its economic system could begin only after the collapse of state socialism. During the early 1990s, however, unavoidable difficulties of transformation coupled with severe policy mistakes led to dramatic economic decline. An entire decade was needed to recover and re-achieve the 1989 income level. This recovery succeeded, however, only in the Central European area. The Balkan countries and the successor states of the Soviet Union are still below that level and certainly need another decade to recover. The gap between East and West is greater than ever: the Soviet Union reached 50 per cent of the West European GDP/capita in 1973, but it was only 21 per cent of it at the end of the century. The other countries of Central and Eastern Europe dropped from 41 per cent to one-third of the Western level (Maddison, 1995).

During the one and a half decades since the collapse of state socialism, the

western rim of the region, or the eight Central European 'ferry boat' countries, began 'sailing to the West' again; finally, they joined the European Union in May 2004, having reached only 45 per cent of the Union's income level. Their economy, nevertheless, has undergone genuine modernizing changes. The agricultural part of the workforce has declined to one-digit figures. Services developed most rapidly, and the communication revolution arrived. In 20 to 30 years, successful economic development at one and a half or two times the speed of the West, may finally lead these countries to catch up – a process which has been attempted many times in modern history and has repeatedly failed. The floodgate is open at last. The western rim of Central and Eastern Europe may gradually be integrated into Europe. The prospects for the Balkans and the successor states of the Soviet Union are gloomier. However, Romania and Bulgaria (and probably Croatia) may join the European Union in a few years. The official deadline is 2007. The radical enlargement process of the European Union may be the end of a separate history of Central Europe. The Czech Republic, Slovakia, Poland, Hungary, and Slovenia, in the case of stable good performance, may become equal parts of the continent in a few decades. Those who remain outside the European Union, most of all Russia and the successor states of the Soviet Union, and some of the Balkan countries, may remain on the periphery for much longer.

## Note

- 1 An interpretation, based on an informal trilogy (Berend, 2003, 1998, 1996) on the region's modern history.

## References

- Ady, Endre ([1905] 1990) 'Morituri', in Ivan T. Berend and Éva Ring (eds) *Helyünk Európában: Nézetek és koncepciók a 20.századi Magyarországon* [Our Place in Europe: Ideas and Concepts in Twentieth-Century Hungary], vol. I. Budapest: Magvető.
- Arendt, Hannah (1966) *The Origins of Totalitarianism*. Cleveland, OH: Meridian Books.
- Ausch, Sándor (1972) *Theory and Practice of CMEA Cooperation*. Budapest: Akadémiai Kiadó.
- Berend, Ivan T. (1996) *Central and Eastern Europe, 1944–1993: Detour from the Periphery to the Periphery*. Cambridge: Cambridge University Press.
- (1998) *Decades of Crisis: Central and Eastern Europe before World War II*. Berkeley: University of California Press.
- (2003) *History Derailed: Central and Eastern Europe in the 'Long' Nineteenth Century*. Berkeley: University of California Press.
- Berend, Ivan T. and Csató, Tamás (2001) *Evolution of the Hungarian Economy 1848–1989*. Boulder, CO: Social Science Monographs.
- Berend, Nora (2001) *At the Gate of Christendom*. Cambridge: Cambridge University Press.
- Connelly, John (1999) Review of *Decades of Crisis: Central and Eastern Europe before World War II* by Ivan T. Berend, *Journal of Economic History* 59(4): 1096–8.



- Good, David (1997) Review of *Central and Eastern Europe, 1944–1993: Detour from the Periphery to the Periphery* by Ivan T. Berend, *H-net Book Review*, March.
- Gunst, Peter (1996) *Agrarian Development and Social Change in Eastern Europe, 14th–19th Centuries*. Aldershot: Variorum.
- Hobsbawm, Eric (1962) *The Age of Revolution: Europe 1789–1848*. London: Weidenfeld and Nicolson.
- Hodos, George (1987) *Show Trials: Stalinist Purges in Eastern Europe*. New York: Praeger.
- Jászi, Oscar (1964) *The Dissolution of the Habsburg Monarchy*. Chicago: University of Chicago Press.
- Kaiser, David (1980) *Economic Diplomacy and the Origins of the Second World War, 1930–1939*. Princeton, NJ: Princeton University Press.
- Kaplan, Karel (1990) *Report on the Murder of the General Secretary*. Columbus: Ohio State University Press.
- Kornai, János (1992) *The Socialist System: The Political Economy of Communism*. Princeton, NJ: Princeton University Press.
- Levy, Robert (2001) *Ana Pauker: The Rise and Fall of a Jewish Communist*. Berkeley: University of California Press.
- Maddison, Angus (1995) *Monitoring the World Economy, 1820–1992*. Paris: OECD.
- Manoilescu, Mihail (1931) *The Theory of Protection and International Trade*. London: P.S. King.
- Masaryk, Tomáš G. (1927) *The Making of a State: Memoirs and Observations, 1914–1918*. London: Allen and Unwin.
- Mayer, Arno J. (1981) *The Persistence of the Old Regime: Europe to the Great War*. New York: Pantheon Books.
- Mosse, George (1966) *The Crisis of German Ideology: Intellectual Origins of the Third Reich*. London: Weidenfeld and Nicolson.
- Nagy-Talavera, Nicholas (1970) *The Green Shirts and the Others*. Stanford, CA: Hoover Institute.
- Nove, Alec (1977) *The Soviet Economic System*. London: Allen and Unwin.
- Ranke, Leopold von ([1824] 1909) *History of the Latin and Teutonic Nations (1494 to 1514)*. London: George Bell.
- Ránki, György (1993) *The Economics of the Second World War*. Vienna: Böhlau Verlag.
- Seton-Watson, Hugh (1952) *The East European Revolution*. London: Methuen.
- Stavrianos, Leften S. (1963) *The Balkans Since 1453*. New York: Holt.
- Szűcs, Jenő (1983) *Vázlat Európa három történelmi régiójáról* [Outline on the Three Regions of Europe]. Budapest: Magvető.
- Wallerstein, Immanuel (1974) *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press.

■ **Ivan Berend**, formerly Professor at the Budapest University of Economics, has been Professor of History at UCLA since 1990. He was President of the International Committee of the Historical Sciences from 1995 to 2000. He is the author of 25 books, 10 of them co-authored with György Ránki. Forthcoming publications include *An Economic History of 20th Century Europe: Economic Regimes*. Address: University of California, Los Angeles, USA. [email: iberend@history.ucla.edu] ■