



CSAC Monographs 14

Power and Institutional Change

in

Post-Communist Eastern Europe

Edited by Birgit Müller

**Centre for Social Anthropology and Computing
University of Kent at Canterbury**

1999



CSAC Monographs 14

Power and Institutional Change

in

Post-Communist Eastern Europe

Edited by Birgit Müller

**Centre for Social Anthropology and Computing
University of Kent at Canterbury**

1999

1. Introduction: Power and Institutional Change in Post-Communist Eastern Europe

Birgit Müller

Institutionalized forms of power are 'the most useful resource in the struggle between individuals and groups for prestige and privilege', wrote Gerhard Lenski (1986). The 'peaceful revolutions' in Eastern Europe did not lead to a turnover in the social hierarchies as might have been expected, but were carried out and supported to a large extent by members of the old elite who realized in time that the planned economy was collapsing and who secured for themselves a place in the new political and economic system. A high continuity in personnel among those who today occupy positions of power in the newly transformed institutions can therefore be observed. Clark and Soulsby even speak of the political and economic upheavals as a catalyst for internal elite dynamics. The structural changes benefited the interests of certain members of the old elite: directors of the planned economy became well-paid managers or even owners of privatised enterprises, former communist bureaucrats in intermediary positions moved to the top carrying out democratic reforms and even initiating them. While many powerholders in the most visible positions were overthrown, members of the elite in waiting held on to or improved a position of institutionalized power when its form changed. What characterizes those in power is the fluidity of their positions and the diversity of strategies to access, build up and maintain positions of power.

Is the power that top managers and administrators now hold a strategic power in Lenski's sense, based mainly on the manipulation of networks of established relationships? The relationship between those in power and those empowering them is much more complex, based on dependencies and shared values that do not necessarily correspond to notions of strategic power nor to notions of contract and legitimation that Talcot Parsons (1963) regarded as the decisive stabilizing factor in power systems. Certain members of the old elite were clearly indispensable for the functioning of their societies even in its new structure; their know-how and experience were recognized as useful by the other mem-

bers of society. Values such as socialist ideals were still shared by large factions of the population and long-established patron-client relationships and old patterns of problem solving continued to be in force and to influence social hierarchies and power struggles. What is the impact of institutionalized power in the struggles for resources and influence that take place in Eastern Europe today and what strategic importance have rather more diffuse symbolic forms of power or personal relations?

Covering mainly the period from 1993 to 1995, the papers assembled in this volume are representative of the period following the time of great expectations and ideals. Members of former socialist societies had to realize with the introduction of market mechanisms that the economic changes did not necessarily improve their living conditions and that they mostly did not profit from the struggle for property and influence that was raging. Democratic reforms and elections in certain places brought political idealists to power who were, however, seldom able to hold their promises in practice and to stand up against the 'foxes' from the old elite. Also, old values of the Real Existing Socialism acquired new importance. When the first period of upheaval was over, ideals became less important and the skill to handle the daily practice and to protect one's position through strategic action became essential. The question of who was going to hold power and also who would benefit from it was then resolved in daily practice largely independently from political debates. The interesting thing about 'power' in this phase of consolidation was much less 'to prevail over the contrary preferences of others, with respect to key issues', but to stay in power, to keep a position, that would allow one to remain influential in the future. It was not so much the realisation of own's aims that counted but the right strategy to success.

To become or remain a member of an elite that Giddens defined as 'individuals who occupy formally defined positions at the head of a social organisation or institution' is also – as several authors (Bodeman, Clark and Soulsby) pointed out – a question of shared values and beliefs and of a normative and social integration, that sets the members of the elite apart from the rest of society. The composition and coherence of the old elite is thereby important for the transition into the new one.

All the authors used non-directive interviewing and/or participant observation as methods to research the cases presented here. To draw general conclusions from these case studies different variables have to be taken into account that influence the outcome and the mechanisms of

the struggle for power. As the papers show, the struggle for institutionalised power in the postsocialist period took place in all the countries of the former socialist block; however, its outcome changed not only from one country to the next but also within the different countries. The personal networks had a different quality depending on whether they were on a local or on a national level. His place in the hierarchy could determine whether a powerholder was prominent enough or sufficiently unimportant to be singled out for replacement. Personal strategies legitimizing positions of power or affirming personal superiority influenced the accounts of the powerholders interviewed by the authors. External influences from Western joint venture partners or political struggles between old and new political parties also had an impact. Economic success or failure changed the parameters for the struggle for power.

In East Germany members of the West German elite-in-waiting played an important role often replacing East Germans in the key positions of local and regional administration. While the political top-elite almost entirely lost its positions, old cadres continued to exercise a non-negligible influence especially in those regions particularly affected by the breakdown of the East German economy. Michal Bodeman enquiring into the almost complete downfall of the former top-elite of the German Democratic Republic found out through life-story interviews with former members that the GDR did not have a stable self-perpetuating elite. The internal relationships among the top politicians were characterized by an absence of dense communicative networks, a highly formalized way of communicating and a lack of internal solidarities that did not go beyond mere declarations of loyalty. The absence of a luxurious milieu and the fact that the top-elite did not accumulate economic resources contributed to the fact that they did not play any role when the resources of the State were privatized after the fall of the Wall.

On the medium level of local and regional elites in East Germany, however, Valerie Lozac'h found a much higher continuity. Studying the political structures of two former socialist model towns with now decaying heavy industry, Hoyerswerda and Eisenhüttenstadt, she discovered that the local administration continued to function according to quite a different scheme in the two towns. Whereas in Hoyerswerda the old cadres were at the bottom of the hierarchy and the local administration got its legitimation through western cadres with a Western model and a mission, in Eisenhüttenstadt the town council was in the hands of members of the PDS, the follow-up party of the SED, and the town administration

continued to be directed by old cadres as section heads who even managed to influence the young West German newcomers and drew their legitimation from old socialist ideals.

Studying local politics in a small town in Saxony, Cordia Schlegelmilch showed that the creation of new political and administrative institutions was not necessarily accompanied by the introduction of new traditions, routines and qualifications. Although local politics was now dominated by the Christian Democrats it continued to be characterized by a lack of open conflict, by the absence of a critical public and by an authoritarian style of leadership with less emphasis, however, on paternalizing welfare than in the old days. For the local politicians and administrators the preservation of their political power had become more important than finding competent solutions to policy questions. Their style of leadership became more distant and less informal than in the times of the GDR and they strongly emphasised towards regional and national authorities their municipal independence.

St. Petersburg was an exceptional case in Russia for the large influence that reformers could gain on the local level. Alexander Duka analysed how after the elections of 1990 the challengers of the old Soviet regime took office. Inexperienced in the practice of day to day politics they hesitated to implement political decisions. In their efforts to fight the administration which stayed basically the same since the Soviet days the newcomers resorted to unconventional political measures, searching for direct support among the interest groups of the public and allowing for a great freedom of the press. Their inexperience, however, exposed their politics to vigorous criticism from the press and from the public. Duka showed how some of the challengers changed their behaviour towards the public after a short time in office. From institutional outsiders they became insiders with vested interests, protecting the inside from the outside. Other challengers were voted out of office again, only to have some of the old Communist Party members return to the key posts.

Studying the institutional changes in the Saratov region Michael Brie and Petra Stykow found out that a conscious rebuilding of institutions and an uncontrolled institutionalisation were used as a strategic resource by the political actors. By 1993 the actor groups in the region became increasingly diverse, while the basic system of social security broke down. Top managers, new entrepreneurs, police and mafia were the groups with the greatest influence. While fighting for the redistribution of the resources of the State and for securing their influence they contin-

ued to communicate and to interact through the informal networks of coordination that had survived from the Soviet period, their common fear being the outbreak of open popular unrest.

In the economic institutions in Eastern Europe most of the managers who would lead the enterprises of the planned economy into the market economy were former Communist directors. Influential positions in the planned economy were almost exclusively staffed with members of the Communist Party. Their know-how and competence, their business connections and networks and their acceptance by the staff proved indispensable for leading the enterprise in the period of change. However not the entire economic elite kept its functions. A new elite was recruited from the old one, that felt the need to distinguish itself in their legitimacy discourses from those who were obliged to leave.

In the transitional period the choice of who was going to stay and who would leave was not based solely on merit. The link of the managers to political bodies and the strength of the networks a manager could dispose of were essential for ensuring that he could continue in or reacquire a responsible position. As Galbraith pointed out, in highly complex capitalist enterprises too, the effective power about decision making and also about recruitment has today changed from the owner to the manager, because power has passed beyond the intellectual reach of the non-participant. The managers recruit each other. It was effectively in the interest of managers in Eastern Europe to have their enterprises privatized as fast as possible to escape the political control of the new political authorities. In the Czech Republic for instance former Communist directors strongly involved with the previous regime were banned by the political authorities from managing State enterprises and returned to influential positions only after privatization. The managers preferred that their workers and employees use their vouchers to privatize the enterprise rather than stay under the political control of the State. Also in joint ventures with Western firms the political past of the managers did not count much as long as they embraced wholeheartedly the new management philosophy.

Interviewing senior managers in four large mechanical enterprises in Moravia, Ed Clark and Anna Soulsby looked at the dynamics of the reformation of the old enterprise elite into the new one. They discovered a post-1989 folklore advanced by the managers who retained their positions to account publicly for their continuing membership in the enterprise elite. These men attempted to distinguish themselves as the 'good'

professional managers who were 'the men of their time', from the 'bad' managers, the 'politicals' who were rightly discarded for incompetence. Clark and Soulsby advanced three hypotheses to account for this continued presence in the functions of power. First the managers were needed for their competence and know-how. Second, the unity of the group was not as great as they wanted to make believe. There were frictions in the group of managers between the 'rose directors' who held on to socialist ideals especially in managing the personnel and the enthusiastic converts to capitalism. Third, the apparent continuity of the old elite might only be a short term process thanks to their still successful strategy for maintaining an elite position.

Collecting constructed life story narratives from Czech managers Vladimir Andrie finds similar legitimacy discourses as Clark and Soulsby. The managers interviewed emphasized that they had been able during their career in the planned economy to accumulate expertise, that made them now the 'men in the right place'. Stressing pre-communist family backgrounds and links to members of the actual government they try to distinguish themselves favourably from those who want to profit from the economic and political changes, the 'never-do-well' that certain revolutions bring about.

The success of privatisation of the chemical plant in Kemerovo, Siberia where Simon Clarke carried out research together with Elena Varshavskaya and Inna Donova was short lived. The newly introduced 'economic' methods of management found acceptance in the firm only as long as the economic benefits were sufficient to silence dissatisfaction of the workforce with growing inequality of income and status and with increased work pressure. Pressure to return to the old system of authoritarian paternalism increased when the benefits eroded. In the process the two main protagonists who had pushed through privatisations became antagonists struggling for power in the plant. One used the old value of paternalism, the other appealed to the old ideal of egalitarianism to legitimate his position. Both, however, also secured for themselves positions outside the firm in politics and business to guarantee their personal advancement even if the firm failed.

Enquiring into the changes in the hierarchy of production in an Hungarian joint venture Krebb-Smith Company, André Czeglédy analysed how the power equilibrium between two factions of the workforce was inverted. In the socialist period the state owned enterprise National Co. was fusionned with the private firm Krebb Co. The workforces of the

two parts kept and cultivated a separate identity in spite of the fact that they had been sharing the same workshops for twenty years. The structural changes initiated by the western partner favoured the Krebbers, who were townspeople and in favour of privatisation, while the Nationals who were people from the countryside and in favour of their enterprise remaining state-owned, lost positions in the hierarchy of authority.

In my own paper I analysed the impact of the management culture of a multinational combine on two East Berlin managers who became responsible for carrying out the fusion of two production lines, one from East and one from West Berlin. I examined the management strategies and discourses of the production managers in respect to the cultural model of the multinational combine. It promoted in a condensed form the values of growth, competition and responsibility of the individual for his/her own success. I showed how this dominant western model was used in the struggles for power within the enterprise without however eliminating the old patterns of attitudes and strategies that had developed in the planned economy and without replacing the old ways of explaining the world.

The political and economic changes in Eastern Europe bring about not only the ideology of a market without boundaries, where each is in competition with the other, but also its reverse, the constitution of collective identities that are inclusive and that exclude others that should be kept away from power. In the Nationalist movements all over Eastern Europe those who promote these values and use them in their own quest for power, do not claim to represent the interests of all but only of some. Oppositions are set up and allegiances claimed from the new leaders who promise in exchange paternalist protection against the newly invented enemy.

Chris Hann and Margit Feischmidt both found in their respective fields in Poland and in Romania that the nationalist movements they observed did not constitute themselves by defining a positive identity for themselves but rather by creating a negative image of the other. Analysing a militant anti-Ukrainian group in the Polish border town Przemysl where thousands of Ukrainians come to trade every day, Hann maintains that the old Polish-Ukrainian antagonisms that lay dormant in the period of socialism provide a store of potent images for skilful politicians to manipulate. A pool of disaffected youth can be easily mobilized to spread the seed of hatred while the nationalist politicians swim on the wave of so-called popular sentiment.

Analysing the symbolical battles in the Romanian town Cluj between Hungarians and Romanians around the monument of Mathias Corvinus, who was in the 15th century king of Hungary, Feischmidt maintains that the opposing nationalist groups of Hungarians and Romanians do not create a feeling of belonging to a 'we-group' but rather construct enemy images of 'them'. This bipolar model that Feischmidt regards as an inheritance from Communist times, favours paternalism and works against real political participation.

It remains an open question which type of society will emerge out of these struggles for power. Will the members of the old elite remain caught up in the networks of personalised relationships that have been their stronghold from the years of Real Existing Socialism? Will the mechanisms of the market economy be so strong, as to break these dependencies and to lead to individualistic strategies for the accumulation of power? What will be the consequence of individualisation for group cohesion and for the reorganisation of Eastern European societies? Will the newborn democracies be able to counter the institutionalization of nationalist movements that claim personal allegiance in place of democratic rights? The case-studies presented here open the debate and call for further research.